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Greenhushing: Defensive Tactic or Missed Chance?

*Salvatore Esposito De Falco**

No abstract is available for this article

Introduction

This editorial opens with a theme of great importance and timeliness – that of greenhushing. The relevance of this topic to corporate governance studies is such that we are already working on preparing a Special Issue dedicated to it, to be published in the next issue of the journal.

Through these few lines, we aim to introduce an increasingly significant issue that has grown in parallel with the development of the debate on ESG policies. The origin of this topic dates back to the 1990s, with the emergence of greenwashing, a now well-known practice consisting in presenting products or services as environmentally friendly when, in fact, they are not.

Until recently, companies have not hesitated to make public promises in favor of the environment, often announcing their commitment to achieving carbon neutrality within a more or less extended timeframe. The problem, however, is that words were not always followed by actions, leading to abuses and misleading commercial practices.

In recent times, in contrast to behaviors aimed at communicating more than what is actually done, a more cautious approach seems to be emerging. Many companies have indeed stopped communicating their environmental commitments in order to avoid exposure to the scrutiny of public opinion, customers, investors, and the media, as well as to protect themselves from potential legal proceedings.

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The term greenhushing was introduced by the consulting firm Treehugger (2008) to describe the act of companies intentionally hiding information about their environmental initiatives out of fear of being denounced or exposed.

Expanding on this, the Swiss consulting firm South Pole, in its annual report “*The South Pole Net Zero Report*”, recently analyzed the progress made by companies worldwide toward achieving net-zero emissions. The report examines over 1,400 companies with dedicated sustainability roles, operating across 12 countries and 14 industries.

From this analysis, several key global trends emerge:

- For the first time, the data reveal the extent of greenhushing: in 9 out of 14 sectors analyzed, the majority of companies are actively reducing external communication about their net-zero plans;
- Nevertheless, the vast majority (81%) of companies believe that communicating their net-zero goals is beneficial for profits; however, almost half (44%) find it more difficult than before, citing a lack of clarity and regulatory changes as the main causes;
- Beyond meeting customer and market expectations, risk management and resilience building have become the main drivers behind setting net-zero targets – for the first time surpassing brand leadership as a motivating factor.

Overall, the report shows a worrying trend that could slow down virtuous climate actions, hindering collaboration, innovation, and accountability.

“By avoiding imperfect steps for fear of being criticized, there will be no progress”, warns Nadia Kähkönen, Director of Communications at South Pole and author of the survey. “The negative impacts will be far-reaching, putting our planet at serious risk”.

The author, however, believes that greenhushing is not simply the opposite of greenwashing, but rather a rational response to incentives and constraints that vary from country to country. The literature defines it as a strategy of under-communication, distinct from the deceptive emphasis typical of greenwashing, and observes that it can arise when the reputational or legal risks of communication outweigh the expected benefits in the context in which a company operates.

In other words, truly sustainable companies may choose selective silence, not out of “shame”, but as a deliberate strategic choice influenced by several factors – among them, the regulatory and political design of certain markets, which can make public visibility of environmental results costly.

In this sense, the phenomenon appears to be steadily growing, particularly in connection with sustainability-related litigation: in 2024, climate change litigation has shown several developments (Kyriacou, 2025). While the

growth rate of climate lawsuits is slowing down, strategic cases – those capable of influencing political and economic decisions – are increasing¹. From courtrooms to international organizations, and from major oil companies to governments, climate litigation is proving to be one of the most powerful tools to drive concrete action against the climate crisis.

The new report by the Grantham Research Institute on Climate Change and the Environment, “Global Trends in Climate Change Litigation: 2025 Snapshot”, released on June 25, captures a rapidly evolving phenomenon: in 2024, at least 226 new climate-related legal proceedings were filed, bringing the total number of recorded cases to 2,967 worldwide, across nearly 60 countries. Moreover, more than 80% of the lawsuits filed last year can be classified as “strategic”, meaning they were designed to influence political decisions and regulatory standards.

The United States remains the country with the largest number of cases (164 in 2024 alone), although there is growing momentum in the poorer regions of the world. Thanks in part to the role of young people, since 2020 almost 60% of all cases have been initiated in the Global South. From 2015 to 2024, 276 cases reached supreme or constitutional courts – 117 in the U.S. and 159 in other countries. More than 80% of these lawsuits targeted governments, but cases against companies have shown higher success rates.

In this context, it is therefore unsurprising that greenhushing may emerge as a defensive response by companies, willing to limit their sustainability communication in order to reduce exposure to potential litigation.

At this point, it becomes crucial to ask which factors might lead companies to conceal or downplay their sustainable behavior.

¹ A German court dismissed the climate lawsuit filed by Peruvian farmer Saul Luciano Lliuya against RWE, which was accused of having put the farmer’s home at risk of glacial flooding. However, the ruling also confirmed that companies can be held liable for climate-related damages in civil proceedings. Therefore, even though in the Lliuya case the compensation claim was rejected because the risk did not meet the legal threshold, the judgment clearly established that a causal link between the emissions of a specific company and real-world climate impacts can be legally demonstrated. The court thus confirmed that companies may be held civilly liable for climate damages caused by their carbon emissions – a highly significant legal precedent for future climate-related compensation cases. AA.VV., 2025, 51-52.

1. The Exogenous Factors of Greenhushing

1.1. The impact of different regulatory choices on defensive under-communication strategies

If we were to examine the phenomenon of greenwashing, we would approach the issue from the specific perspective of opportunistic and legal compliance. It is therefore necessary to understand whether, in the case of greenhushing, the same analytical perspective can be applied.

One of the most interesting aspects in studying greenhushing concerns the different regulatory choices that characterize various competitive contexts. In environments where ESG-friendly attitudes prevail, companies are encouraged to communicate their sustainable behaviors as effectively as possible; conversely, in contexts where anti-ESG directives emerge, firms tend to be more cautious or silent.

Analyzing current regulatory frameworks, one can clearly observe strong normative contradictions. In this regard, the European Union stands out for taking a direction opposite to greenhushing. With the Corporate Sustainability Reporting Directive (CSRD), large European firms – and many non-EU firms with significant operations in the EU – are required, starting from the 2024 financial year (reporting in 2025), to provide detailed sustainability reports, integrating financial and non-financial disclosures.

Subsequently, the Corporate Sustainability Due Diligence Directive (CSDDD), in force since July 25, 2024, introduces due diligence obligations on human rights and environmental impacts across value chains, with a phased implementation over the coming years.

In parallel, on the commercial practices front, the EU has adopted the Empowering Consumers Directive, which tightens restrictions against misleading environmental claims.

These regulatory instruments reduce the room for discretionary communication: in fact, the absence of disclosure becomes an anomaly to be explained, rather than a prudent choice.

Conversely, the U.S. context presents a very different scenario. At the federal level, the SEC had adopted a climate disclosure rule in 2024, requiring companies to report climate-related risks. However, amid immediate lawsuits and political shifts, the rule was first suspended, and then, in March 2025, the SEC itself withdrew its legal defense of the climate disclosure rule, leaving its application uncertain. This move, together with the U.S. withdrawal from the Paris Climate Agreement, reflects Trump's plans to steer his administration away from Biden's environmental goals through a deregulation program and an expansion of domestic oil production.

Fragmentation has intensified at the state level. States such as Florida and Texas have introduced laws that restrict or penalize the use of ESG criteria in the management of public funds and in relations with public authorities – even maintaining blacklists of entities deemed “hostile to fossil fuels” for exclusion or divestment purposes. Several other U.S. jurisdictions have passed or are considering similar legislation, creating a shifting mosaic of prohibitions, obligations, and definitions.

The consequences of these strong contradictions are evident: such dynamics have generated a transnational communication dilemma. On one side, European clients, EU-regulated financiers, and supply chains operating under CSRD/CSDDD frameworks demand data, plans, targets, and auditability; on the other, North American business units and stakeholders operate in an environment where “ESG” has become a politically polarized term, and over-disclosure may trigger greenwashing lawsuits under advertising laws or lead to contractual exclusions from state-level public markets.

Meanwhile, the United Kingdom is tightening its oversight on “green claims” through the Competition and Markets Authority’s Green Claims Code, a guidance framework that has already led to sectoral investigations and has made unverifiable promotional communication risky.

The combined effect of these developments is a strong incentive toward sober, verifiable communication – and, at times, toward “compliance without storytelling”.

From this perspective, greenhushing becomes a mechanism for managing agency risk. A company may choose to “speak through data” opportunistically – complying strictly where the law imposes rigorous standards (for instance, by publishing a sustainability report aligned with CSRD and ESRS, and integrating CSDDD due diligence requirements) – while adopting a minimal, financially material, and value-neutral communication style in jurisdictions where ESG is politically contested.

In practice, this marks a shift from “virtue signaling” to “compliance signaling”: firms disclose metrics, internal controls, and assurance statements where required, while elsewhere maintaining confidential B2B communication channels to meet the documentary demands of clients and suppliers without engaging in the local political arena.

1.2. The role of conservatism and the influence of political–institutional factors in greenhushing decisions

The problem of greenhushing is not always linked to different regulatory choices, but rather to cultural, institutional, and socio-political differences

among contexts, which often foster isomorphic behaviors and patterns across firms. The cognitivist approach in organizational theory teaches us that such factors shape the mental frameworks through which actors perceive, interpret, evaluate, and act.

In this regard, a recent study by Tao (2024) refers to conservatism not as a political phenomenon, but as a cognitive, microeconomic, and behavioral one, focusing on the tendency of decision-makers to avoid taking excessive risks, especially in situations perceived as particularly significant. In this specific case, the lack of a clear and well-defined regulatory system results in limited information available to companies, thereby increasing uncertainty and, consequently, conservative tendencies.

The concept of conservatism is thus tied to the emergence of prudence and risk-averse behavior in response to contextual changes and uncertainty – effectively serving as a bridge between reputational risk and greenhushing. When perceived risk increases, the conservative stance intensifies, raising the likelihood of under-communication: in contexts marked by regulatory ambiguity or aggressive enforcement, a degree of conservatism can protect companies from accusations of greenwashing. However, it becomes counterproductive when it prevents firms from providing clients, investors, or regulators with the information needed to accurately assess performance and make informed decisions.

In practice, conservatism can be recognized through several recurring indicators:

- very high internal thresholds for approving environmental communications;
- a rigid “only if required” policy rather than going “beyond compliance”;
- a fear of publishing intermediate targets or results until they are 100% certified;
- a tendency to shift information to closed B2B channels or data rooms, remaining silent on public platforms.

Conversely, when a company works to mitigate conservatism “the right way”, it develops clearer disclosure frameworks (with explicit methodologies, limits, and uncertainties), external assurance on key indicators, and governance mechanisms that distinguish between promotional claims and decision-useful information. In doing so, firms can preserve prudence without falling into silence.

2. Internal Factors

2.1. *The Organizational Dimension of the Firm*

Several studies examine the relationship between organizational structure, firm size, and corresponding strategies for disclosing environmental performance. Medium-sized firms – those that Tagliacarne describes as the most advanced – tend to fully disclose their environmental performance. In contrast, both large and small companies tend to under-report their environmental results.

For medium-sized firms, transparency is not merely a matter of compliance, but rather a strategic move aimed at protecting and enhancing their organizational status.

Large corporations, on the other hand, are highly exposed to market pressures and often seek to avoid increasing demands from stakeholders and investors while maintaining their leadership position. As a result, they frequently under-report environmental outcomes. Large firms, in particular, face pressure from institutional investors, who – concerned about reputational risks linked to compliance mechanisms or potential litigation – often prefer minimalist communication strategies.

Similarly, small firms tend to under-report due to concerns about high compliance costs and uncertainty regarding reporting outcomes. This behavior is driven by two main factors:

- On the one hand, the complexity of reporting systems, which requires an expensive and often sophisticated organizational structure;
- On the other hand, the administrative and even criminal sanctions associated with reporting errors.

A study by the Politecnico di Milano found that in Italy, 85% of SMEs do not have a dedicated ESG officer – a fact that clearly has negative effects on sustainability reporting, increasing the uncertainty and unreliability of results. In summary, the findings highlight the following dynamics:

1. *External Pressures vs. Internal Costs*

- Large firms are highly exposed to institutional investors, stakeholders, and the market. To avoid reputational risks or litigation, they prefer minimalist communication strategies, thereby under-reporting as a form of strategic defense;
- SMEs, on the other hand, struggle primarily with compliance costs and the organizational complexity of reporting: they under-report due to structural and resource constraints.

2. *Different Risk Motivations*

- Large firms aim to protect themselves from reputational risk, opting for limited disclosure;
- SMEs seek to avoid regulatory and organizational risks, given their lack of expertise and dedicated personnel (as evidenced by the fact that 85% lack an ESG manager).

In short, large companies under-report for strategic reasons – primarily related to image and reputation management – whereas SMEs under-report due to structural and economic limitations.

2.2. *Degree and Level of Reputational Risk Perceived by the Firm*

When we talk about reputational risk, we essentially refer to the gap between what a company actually does, what it says it does, and what stakeholders expect it to do. The larger this gap, the more fragile trust becomes. Reputation is not an abstract attribute – it has very concrete effects on revenues, cost of capital, talent attraction, and on relationships with supply chains and regulators. It is an intangible asset built over time but one that can deteriorate quickly, often not because of a single “mistake”, but due to repeated inconsistencies between behavior, communication, and social expectations.

In this sense, greenhushing and reputational risk are interconnected, because from a risk management perspective, greenhushing is often seen – especially by legal and compliance functions – as a defensive strategy:

“If I communicate less, I reduce the risk of being accused of greenwashing or of publishing imperfect data”.

In this way, greenhushing helps to reduce short-term reputational exposure; however, it ultimately fuels a “reputational backlash” risk in the medium term, since the lack of data breeds mistrust, lowers ESG scores – especially those linked to disclosure quality – and, in the worst cases, can lead to non-compliance findings (as seen in the evolving European regulatory framework on reporting).

In summary, reputational risk stems from inconsistency between actions, communication, and expectations; greenhushing is a defensive response that reduces immediate exposure but may undermine credibility over time.

Reputational risk has a direct influence on greenhushing: the more a firm fears moral hazard as perceived by stakeholders, the more it tends to lower the visibility of its initiatives – often by adopting more cautious accounting and communication procedures and narratives.

Moreover, transparency in disclosure is not merely an informational “veil”, but a strategic lever for risk mitigation. When uncertain about the

ability to clearly label a product as sustainable, even virtuous companies may prefer not to expose themselves: they provide minimal statements to the market (limiting themselves to what is strictly required by reporting obligations or comply-or-explain regulations) to avoid the risk of divergent assessments by supervisory authorities or through litigation – which could have a significant impact on the firm’s medium – to long-term profitability.

By doing so, companies prevent reputational risks arising from claims of sustainability that might later be deemed unfounded or insufficiently substantiated by public authorities.

In markets where laws, enforcement intensity, or socio-political climates make the risk of being labeled hypocritical, opportunistic, or politicized particularly salient, even genuinely sustainable firms may choose to downplay – or even conceal – their achievements to avoid misunderstanding or reputational sanctions.

From this perspective, greenhushing functions as a risk management device: it reduces exposure to domestic controversies, but also creates friction with the opposite demands arising from global value chains – clients, banks, funds, and foreign authorities that reward standardized disclosure.

It is here that high-quality transparency becomes crucial once again: research suggests that clear, verifiable, and comparable information mechanisms help to reduce the scope for hostile interpretation and, in certain contexts, neutralize the very conservatism that leads to silence.

3. Consequences Arising from Greenhushing Behaviors

The damage caused by greenhushing, both economic and cultural, is subtler and less immediately perceptible than that resulting from greenwashing²:

1. One of the first issues that arises with respect to greenhushing strategies – which remove corporate sustainability policies from public scrutiny – concerns the overall reduction in stakeholder engagement. This, in turn, reinforces the tendency of governance bodies to prioritize shareholderism in corporate activity. In this way, greenhushing hinders the neo-institutionalist reinterpretation of corporate management and the social purpose of the firm;
2. In cases where greenhushing becomes widespread, there is a risk that legislators may be deprived of crucial information needed to properly calibrate their regulatory benchmarks (such as Regulatory Technical Standards and Technical Screening Criteria, essential for implementing the EU

² Davola A., 2024, 342-354.

Taxonomy Regulation and the Sustainable Finance Disclosure Regulation). These are necessary both for market communications and, indirectly, for determining the scope of sustainability disclosure obligations imposed on financial intermediaries. The concrete risk – within a context such as sustainable finance, where lawmakers are structurally confined to the role of information-takers – is the triggering of a “race to the bottom” in the definition of sustainability standards, caused by communication that is distorted by the silence of virtuous operators;

3. From the same perspective, greenhushing also produces negative effects on financial education. The lack or reduction of communication regarding the ESG characteristics of financial products diminishes public awareness of the importance of sustainable development and hinders the financial market’s ability to generate positive network effects, both within itself and across downstream markets influenced by its leverage. This aspect is particularly significant given the crucial role of financial literacy in sustainability within the broader process of ecological transition;
4. The combination of these factors ultimately risks undermining the financial market’s ability to evolve toward a system grounded in sustainability. Furthermore, if sustainability benchmarks are set at lower levels due to the lack of available information, the long-term outcome may be a reduction in the number of sustainable products introduced to the market, or at least a misalignment between the industry’s potential and regulatory expectations.

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ESG as a Catalyst for Economic Growth: Insights from Emerging Economies

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Abstract

Environmental, Social and Governance (ESG) principles constitute a vital framework for advancing sustainable development, particularly in emerging economies, where rapid economic growth frequently entails substantial social and environmental costs. This study investigates the influence of ESG criteria on economic growth across ten emerging economies (China, India, Brazil, South Africa, Turkey, Indonesia, Mexico, Morocco, Thailand, and Poland) over the period 2012-2022. Employing panel data regression methods, including the Fixed Effects Model (FEM) and the Generalized Method of Moments (GMM), the analysis examines the direct effects of ESG as well as the moderating roles of key economic factors, such as investment

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rates, inflation, trade openness, and population growth. The findings indicate a positive and statistically significant relationship between ESG and economic growth, encompassing each of the ESG dimensions. By offering empirical evidence from a heterogeneous set of emerging economies, this study contributes to the expanding literature on ESG, underscoring the necessity of aligning ESG initiatives with supportive economic conditions to foster sustainable and inclusive development.

Key words: Environmental, Social and Governance (ESG), Economic Growth, Emerging Economies

ESG come catalizzatore della crescita economica: approfondimenti dalle economie emergenti

Sommario

I principi ESG (Environmental, Social and Governance) costituiscono un quadro fondamentale per promuovere lo sviluppo sostenibile, in particolare nelle economie emergenti, dove la rapida crescita economica comporta spesso notevoli costi sociali e ambientali.

Questo studio analizza l'influenza dei criteri ESG sulla crescita economica in dieci economie emergenti (Cina, India, Brasile, Sudafrica, Turchia, Indonesia, Messico, Marocco, Thailandia e Polonia) nel periodo 2012–2022. Utilizzando metodi di regressione su dati panel, tra cui il Modello a Effetti Fissi (FEM) e il Metodo dei Momenti Generalizzati (GMM), l'analisi esamina sia gli effetti diretti dei fattori ESG, sia i ruoli moderatori di alcune variabili economiche chiave, come il tasso di investimento, l'inflazione, l'apertura commerciale e la crescita demografica.

I risultati mostrano una relazione positiva e statisticamente significativa tra ESG e crescita economica, includendo ciascuna delle tre dimensioni ESG. Offrendo evidenze empiriche su un insieme eterogeneo di economie emergenti, lo studio contribuisce alla letteratura crescente sul tema ESG, sottolineando la necessità di allineare le iniziative ESG a condizioni economiche favorevoli per promuovere uno sviluppo sostenibile e inclusivo.

Parole chiave: Environmental, Social and Governance (ESG), Crescita economica, Economie emergenti

1. Introduction

Environmental, Social, and Governance (ESG) criteria have emerged as a critical framework for assessing the sustainability and ethical impact of investments and public policies (Mert *et al.*, 2025). Initially popularized in developed countries, these principles are gaining significant traction in emerging economies, where economic, social, and environmental challenges

are particularly pronounced (Omidvar *et al.*, 2025). These nations, while experiencing swift economic expansion, often display significant internal imbalances and must contend with persistent challenges including widespread poverty, corruption, environmental harm, and weak institutional structures (Alharbi, 2024). Incorporating ESG principles offers a strategic pathway to foster economic growth that is both sustainable and socially inclusive. Emerging economies play an increasingly crucial role in the global economy, contributing significantly to global production and international trade (Izadi *et al.*, 2025). However, their economic growth often comes with high social and environmental costs (Panait *et al.*, 2022). For instance, the intensive exploitation of natural resources and greenhouse gas emissions have devastating impacts on the environment, while social inequalities and poor governance hinder human development and political stability. ESG criteria offer a holistic framework to address these challenges in an integrated manner.

This study analyses the impact of ESG criteria on economic growth in emerging economies, with a particular focus on ten key countries (China, India, Brazil, South Africa, Turkey, Indonesia, Mexico, Morocco, Thailand, and Poland). These countries were selected due to their substantial contributions to global GDP, their heterogeneous economic structures, and their varying levels of ESG performance. Collectively, they provide a representative cross-section of emerging markets, allowing for nuanced insights into the ways in which ESG practices influence economic growth across diverse regional and institutional contexts. The study addresses the following central questions: How do ESG practices affect long-term economic growth? What mechanisms underpin this influence? And how can policymakers and investors optimize the economic benefits of ESG adoption?

Recent research on ESG and economic performance highlights several notable trends. Friede, Busch, and Bassen (2015) identify a positive relationship between ESG performance and corporate financial outcomes, which is attributed to mechanisms such as risk mitigation, reputational enhancement, and improved operational efficiency. Their meta-analysis of over 2,200 empirical studies confirms that firms with strong ESG practices tend to achieve superior long-term performance relative to their peers. In the context of emerging economies, Khan, Serafeim, and Yoon (2016) demonstrate that ESG adoption can attract foreign direct investment (FDI) and contribute to greater economic stability, noting that international investors increasingly account for ESG-related risks when making investment decisions. Furthermore, a recent World Bank report (2022) indicates that emerging countries with higher ESG scores exhibit greater resilience to external shocks, including financial crises and natural disasters.

The paper focusses on data from 2012 to 2022, allowing the exploration

of the relation between ESG criteria and economic growth in the selected countries. The extended time frame captures the evolving implementation of ESG practices and their effects on economic performance, while the selection of China, India, Brazil, South Africa, Turkey, Indonesia, Mexico, Morocco, Thailand, and Poland ensures a diverse representation of emerging economies, facilitating robust and generalizable insights into the role of ESG in promoting sustainable economic growth. The remainder of the article is structured as follows. The next section provides a detailed review of the literature on ESG and economic growth. The third section outlines the methodology employed in the study. The fourth section presents the results of the quantitative and qualitative analyses. The fifth section discusses the policy and investment implications of the findings, conclusions and future research.

2. Literature Review

The linkage between Environmental, Social, and Governance (ESG) factors and economic growth has attracted considerable scholarly interest in recent years, driven largely by the increasing urgency of global challenges such as climate change, social disparities, and governance shortcomings. This section provides a critical review of the existing literature on ESG and its influence on economic development, with particular emphasis on emerging economies, and subsequently develops a set of hypotheses to inform the empirical investigation.

2.1. ESG and Economic Growth: Theoretical Foundations

The theoretical foundations of ESG's impact on economic growth are rooted in several key concepts in economics and sustainability studies. First, the resource-based view theory suggests that companies and countries that effectively manage their environmental and social resources can achieve sustainable competitive advantages (Barney, 1991). ESG practices, such as efficient resource use and social responsibility, align with this view by promoting long-term value creation. Second, the stakeholder theory posits that organizations should consider the interests of all stakeholders, including employees, communities, and the environment, rather than focusing solely on shareholders (Freeman, 1984). ESG criteria operationalize this theory by encouraging businesses and governments to adopt practices that benefit a broader range of stakeholders, thereby fostering inclusive growth. Finally, the sustainable development framework emphasizes the interdependence of

economic, social, and environmental systems (Brundtland Report, 1987). ESG criteria provide a practical tool for aligning economic activities with sustainable development goals (SDGs), particularly in emerging countries where the trade-offs between growth and sustainability are most acute.

2.2. Empirical Evidence on ESG and Economic Growth

Environmental Criteria: Environmental sustainability is a critical component of ESG, particularly for emerging countries that often face severe environmental challenges such as deforestation, pollution, and climate vulnerability. Studies have shown that countries with robust environmental policies tend to experience more resilient economic growth. A study by the World Bank (2022) found that emerging economies with higher environmental performance indices (EPI) were better able to withstand external shocks, such as natural disasters and commodity price fluctuations. This resilience is attributed to factors such as improved resource efficiency, reduced dependency on fossil fuels, and enhanced innovation in green technologies.

Social Criteria: Social factors, including labour standards, education, and healthcare, play a crucial role in fostering inclusive economic growth. Research by Khan *et al.* (2016) demonstrates that firms with strong social performance metrics tend to have higher employee productivity and customer loyalty, which translate into better financial performance. At the macroeconomic level, countries that invest in social infrastructure, such as education and healthcare, are more likely to achieve sustainable growth by developing human capital and reducing inequality (IMF, 2021).

Governance Criteria: Good governance is a cornerstone of economic development, particularly in emerging countries where institutional weaknesses often hinder growth. Studies have shown that strong governance practices, such as transparency, accountability, and the rule of law, are positively correlated with economic performance. For instance, a report by the International Finance Corporation (IFC, 2020) found that effective governance reduces corruption and enhances public trust, creating a more favourable environment for business and investment.

2.3. ESG in Emerging Countries: Unique Challenges and Opportunities

Emerging countries face unique challenges in implementing ESG practices, including limited financial resources, weak regulatory frameworks, and competing development priorities. However, these countries also have

significant opportunities to leverage ESG for sustainable growth. For example, moving towards renewable energy provides emerging markets with an opportunity not only to curb emissions and lessen their environmental impact but also to stimulate new industries and generate employment (IRENA, 2023). Similarly, investments in social infrastructure can address long-standing inequalities and unlock the potential of marginalized populations. Recent studies have highlighted the growing importance of ESG in emerging markets. For instance, a report by McKinsey & Company (2022) found that companies in emerging economies that adopted ESG practices experienced higher revenue growth and lower operational risks compared to their peers. Similarly, a study by the United Nations Development Programme (UNDP, 2021) emphasized the role of ESG in achieving the SDGs in developing countries, particularly in areas such as poverty reduction, gender equality, and climate action.

2.4. Hypothesis Formulation

Based on the theoretical foundations and empirical evidence reviewed above, we formulate the following hypotheses to guide our analysis:

H1: The aggregate influence of ESG criteria exerts a positive effect on economic growth in emerging economies

H1a: Environmental criteria individually contribute positively to economic growth in emerging economies;

H1b: Social criteria individually contribute positively to economic growth in emerging economies;

H1c: Governance criteria individually contribute positively to economic growth in emerging economies;

H2: The impact of sovereign ESG performance on economic growth in emerging economies is influenced by prevailing external economic conditions

H2a: Elevated levels of investment amplify the effect of ESG performance on economic growth in emerging economies;

H2b: Higher inflation rates intensify the relationship between ESG performance and economic growth in emerging economies;

H2c: Increased trade openness strengthens the favorable association between ESG performance and economic growth in emerging economies;

H2d: Population growth augments the link between ESG performance and economic growth in emerging economies.

Hypotheses will be tested using annual data covering the period from 2012 to 2022, allowing for an in-depth examination of the evolving interactions between ESG performance and economic growth amid a decade characterized by substantial global and regional economic transformations.

3. Methodology

3.1. Data Selection and Timing

This study employs annual data covering the period from 2012 to 2022, a timeframe chosen due to its significance in relation to the increasing integration of ESG criteria within emerging economies. This decade encompasses pivotal global and regional developments, including the adoption of the United Nations Sustainable Development Goals (SDGs) in 2015, heightened global attention to climate change mitigation, and the progressive incorporation of ESG principles into corporate and governmental policymaking. The period also aligns with the growth of ESG-focused investments and the implementation of sustainability-oriented reforms across a range of emerging markets. Focusing on this interval allows the study to capture both short-term fluctuations and longer-term trends in the relationship between ESG practices and economic growth, providing a nuanced understanding of their interplay. The empirical analysis targets ten major emerging economies – China, India, Brazil, South Africa, Turkey, Indonesia, Mexico, Morocco, Thailand, and Poland – selected based on their substantial contributions to global GDP, diverse economic structures, and varying levels of ESG performance. This selection ensures a representative and heterogeneous sample, enabling a comprehensive assessment of ESG impacts across different emerging market contexts.

The data used in this study are drawn from a variety of primary sources to ensure reliability and comprehensiveness. Key resources include international databases such as the World Bank, which provides economic and social indicators like GDP growth, education levels, and healthcare access; the International Monetary Fund (IMF), which offers macroeconomic data on fiscal policies, trade balances, and inflation; and the United Nations Development Programme (UNDP), which supplies metrics on human development and progress toward the SDGs. Additionally, data from ESG rating agencies like MSCI, Sustainalytics, and Bloomberg are used to assess ESG performance.

These agencies provide standardized ESG scores, enabling cross-country comparisons and robust analysis. Governmental reports from national statistical offices and central banks, as well as publications from non-

governmental organizations (NGOs) and academic institutions, further enrich the dataset by offering country-specific insights and qualitative context. The data collection process involved gathering annual data on key indicators, including economic metrics (e.g., GDP growth, investment rates), environmental metrics (e.g., carbon emissions, renewable energy adoption), social indicators (e.g., education, healthcare, inequality), and governance metrics (e.g., corruption indices, regulatory quality). To account for other factors influencing economic growth, control variables such as investment rates and population growth were also included. These variables are critical for isolating the impact of ESG criteria and ensuring that the observed relationships are not confounded by other economic factors.

To ensure consistency and comparability, the data were cleaned to address missing values and outliers, standardized across countries, and aggregated to create composite ESG indices. Time-series analysis was then conducted to identify trends and patterns over the study period. Advanced econometric techniques, such as panel data analysis and instrumental variable approaches, were employed to control for confounding factors like political instability and global economic fluctuations, ensuring the robustness of the findings.

Although the dataset employed in this study is extensive, certain limitations are acknowledged. In particular, some emerging economies exhibit inconsistencies or gaps in reporting, especially regarding social and environmental indicators. To address these shortcomings, advanced statistical imputation techniques were applied to estimate missing values, and sensitivity analyses were conducted to ensure the strength of findings. Furthermore, evaluating the influence of ESG criteria on economic growth necessitates careful consideration of external factors, including global market fluctuations and geopolitical developments. By applying rigorous methodological approaches and drawing upon diverse and high-quality data sources, this study mitigates these challenges and provides a more refined understanding of the nexus between ESG practices and economic growth in emerging markets.

The focus on the 2012-2022 period, combined with the utilization of comprehensive and heterogeneous datasets, strengthens the reliability of the analysis. Incorporating control variables enables the isolation of the specific effects of ESG performance, thereby offering a clearer insight into its contribution to sustainable economic development. Through the integration of meticulous data processing with advanced analytical techniques, this research delivers meaningful contributions to the growing literature on ESG and sustainable development, while also generating practical implications for policymakers, investors, and scholars seeking to promote long-term, responsible growth in emerging economies.

3.2. Methods and Model

The main aim is to investigate the effects of ESG criteria on economic growth in emerging economies and to examine the moderating influence of external economic factors on this relationship. These objectives are operationalized through two sets of hypotheses. H1 addresses the direct impact of ESG criteria, considering both the aggregated ESG measure and its individual dimensions (ESG). H2 examines the extent to which external economic factors condition or moderate the relationship between ESG performance and economic growth. To empirically test hypotheses, we employ a comprehensive panel data regression framework, utilizing advanced econometric techniques to ensure the robustness and reliability of the results.

Model 1: Direct Effects of ESG Criteria. Model 1 is specified to analyse the effects of ESG criteria. It focuses on both the combined ESG measure and its constituent dimensions, providing a structured assessment of the individual and aggregate contributions of ESG to economic performance.

$$\text{GDP Growth}_{it} = \beta_0 + \beta_1 \text{ESG}_{it} + \beta_2 \text{Environmental}_{it} + \beta_3 \text{Social}_{it} + \beta_4 \text{Governance}_{it} + \beta_5 X_{it} + \alpha_i + \lambda_t + \epsilon_{it}$$

Where:

- *GDP Growth_{it}*: The dependent variable, representing the annual GDP growth rate of country *i* in year *t*.
- *ESG_{it}*: The composite ESG score of country *i* in year *t*, capturing the combined effect of environmental, social, and governance criteria.
- *Environmental_{it}*: The environmental score of country *i* in year *t*, capturing metrics such as carbon emissions, renewable energy adoption, and natural resource management.
- *Social_{it}*: The social score of country *i* in year *t*, reflecting indicators like education levels, healthcare access, and income inequality.
- *Governance_{it}*: The governance score of country *i* in year *t*, measuring factors such as corruption, regulatory quality, and rule of law.
- *X_{it}*: A vector of control variables, including investment rates, inflation, trade openness, and population growth, to account for other factors influencing economic growth.
- *α_i*: Country-specific fixed effects, capturing unobserved heterogeneity across countries (e.g., cultural, historical, or geographical factors).
- *λ_t*: Time-specific fixed effects, controlling for global shocks or trends that affect all countries in a given year (e.g., financial crises, pandemics).
- *ε_{it}*: The error term, assumed to be normally distributed with a mean of zero.

This model allows us to test H1 (the combined effect of ESG criteria) and

its sub-hypotheses (H1a, H1b, and H1c), which focus on the individual impacts of ESG criteria, respectively.

Model 2: Moderating Effects of External Economic Factors. The second model extends the first by introducing interaction terms between the composite ESG score and external economic factors, testing whether these factors enhance the positive relationship between ESG performance and economic growth. The model is specified as follows:

$$\text{GDP Growth}_{it} = \beta_0 + \beta_1 \text{ESG}_{it} + \beta_2 X_{it} + \beta_3 (\text{ESG}_{it} \times X_{it}) + \alpha_i + \lambda_t + \epsilon_{it}$$

Where:

- X_{it} : A vector of external economic factors, including investment rates, inflation, trade openness, and population growth.
- $\text{ESG}_{it} \times X_{it}$: Interaction terms between the composite ESG score and each external economic factor, capturing the moderating effects of these variables.

This model allows us to test H2 (the moderating role of external economic factors) and its sub-hypotheses (H2a, H2b, H2c, and H2d), which focus on the specific moderating effects of investment rates, inflation, trade openness, and population growth, respectively.

We employ the Fixed Effects Model (FEM) to control for unobserved heterogeneity across countries and time. The FEM eliminates country-specific effects (α_i) by demeaning the data, ensuring that the estimates are not biased by time-invariant characteristics of individual countries. This approach is particularly useful in this study, as emerging countries often have unique historical, cultural, or institutional contexts that could influence their economic performance.

4. Findings

4.1. Descriptive Statistics

This section presents the empirical findings of the study, beginning with descriptive statistics to summarize the key variables and their distributions, followed by a correlation analysis to explore the relationships between the variables. These analyses provide a foundation for understanding the data and interpreting the results of the regression models. Descriptive statistics offer a summary of the central tendencies, variability, and distribution of the key variables used in the study. The dataset includes annual observations from 2012 to 2022 for a sample of 10 emerging countries, depending on data availability. Below, we present the descriptive statistics for the dependent

variable (economic growth), the independent variables (ESG scores and their individual dimensions), and the control variables (investment rates, inflation, trade openness, and population growth).

The following table 1 presents the descriptive statistics for the key variables in the dataset:

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Observations
GDP	4.12	2.34	-10.50	10.80	300
ENV	52.34	12.45	25.60	85.20	300
SOC	48.76	10.89	20.30	80.50	300
GOV	45.67	11.23	18.90	78.40	300
INV	23.45	5.67	10.20	40.30	300
INF	5.89	4.56	-2.10	25.60	300
TRD	75.34	20.12	30.50	150.80	300
POP	1.56	0.89	0.20	4.50	300

The analysis of descriptive statistics reveals key insights into the dataset, which includes annual observations from 2012 to 2022 for a sample of 10 emerging countries. The average GDP growth rate is 4.12%, with significant variability ranging from -10.50% during economic contractions to 10.80% during periods of rapid expansion. The ESG scores exhibit considerable disparities, with average values of 52.34, 48.76, and 45.67, respectively, reflecting varying levels of sustainability performance across countries. Control variables such as investment rates (23.45% on average) and trade openness (75.34% on average) show moderate variability, while inflation rates (5.89% on average) and population growth (1.56% on average) highlight diverse economic and demographic conditions. The correlation matrix further indicates positive and statistically significant relationships between ESG scores and GDP growth, as well as synergies among the ESG dimensions, supporting the hypotheses ESG criteria positively influence economic growth in emerging countries. These findings provide a solid foundation for the subsequent empirical analysis.

4.2. Correlation Analysis

To assess the relationships between the variables, a correlation analysis is presented below. It provides insights into the strength and direction of these relationships, particularly focusing on the connections between GDP

growth and the three ESG dimensions. This analysis helps identify potential synergies and patterns that will inform the subsequent regression models and hypothesis testing.

The results reveal positive and statistically significant correlations between GDP growth and each ESG dimension, as well as strong interconnections among the ESG scores themselves, suggesting that environmental, social, and governance factors collectively contribute to economic performance. These findings lay the groundwork for a deeper exploration of how ESG criteria influence economic growth in emerging countries. Table 2 presents the correlation matrix, highlighting key relationships among the variables in the dataset.

Table 2: Correlation Analysis

Variable	GDP	ENV	SOC	GOV	INV	INF	TRD	POP
GDP	1.00							
ENV	0.32	1.00						
SOC	0.28	0.45	1.00					
GOV	0.35	0.50	0.60	1.00				
INV	0.40	0.25	0.30	0.35	1.00			
INF	-0.15	-0.10	-0.12	-0.18	-0.20	1.00		
TRD	0.22	0.18	0.20	0.25	0.30	-0.10	1.00	
POP	-0.05	-0.08	-0.06	-0.10	-0.12	0.05	-0.08	1.00

Significant at the 5% level.

The composite ESG score exhibits a positive and statistically significant correlation with GDP growth (0.35), providing preliminary support for the hypothesis that ESG practices contribute positively to economic performance. The individual dimensions of ESG, environmental (0.32), social (0.28), and governance (0.30), also demonstrate positive and significant correlations with GDP growth, indicating that each dimension independently influences economic outcomes.

Among the control variables, investment rates (0.40) and trade openness (0.22) are positively correlated with GDP growth, consistent with established economic theory, whereas inflation (-0.15) shows a negative correlation, reflecting its destabilizing effect on the economy. Population growth exhibits a weak and statistically insignificant relationship with GDP growth (-0.05).

Furthermore, the ESG dimensions are positively correlated with one another, suggesting potential synergies among environmental, social, and governance practices. These results provide initial evidence of the

interconnectedness of ESG factors and their collective relevance for economic growth, forming a foundation for the subsequent, more rigorous regression analyses.

4.3. Regression Analysis

The regression analysis is the core of this study, designed to test the hypotheses and examine the relationships between ESG criteria, external economic factors, and economic growth in emerging countries. This section presents the results of the regression models. The analysis is conducted using panel data regression techniques, and the results are presented in tables for clarity and ease of interpretation.

4.3.1. Direct Effects of ESG Criteria

Model 1: Combined Effect of ESG Criteria. Model 1 examines the effect of ESG criteria on economic growth, controlling for investment rates, inflation, trade openness, and population growth. The results are presented in Table 3.

Table 3: Effect of ESG Criteria on Economic Growth

Variable	Coefficient	Std. Error	t-value	p-value
ESG Score	0.045***	0.012	3.75	0.000
Investment Rate	0.120***	0.035	3.43	0.001
Inflation	-0.085**	0.040	-2.13	0.034
Trade Openness	0.032*	0.018	1.78	0.076
Population Growth	-0.015	0.025	-0.60	0.548
Constant	2.345***	0.456	5.14	0.000
R-squared	0.412			
Observations	300			

*** p < 0.01, ** p < 0.05, * p < 0.10

- The ESG score has a positive and statistically significant impact on economic growth (coefficient = 0.045, p < 0.01), supporting H1. A one-unit increase in the ESG score is associated with a 0.045% increase in GDP growth.
- Investment rates and trade openness also show positive and significant effects on economic growth, while inflation has a negative and significant effect. Population growth is not statistically significant.

Model 2: Individual Effects of ESG Dimensions. The second model examines the individual effects of ESG criteria on economic growth, controlling for the same set of variables. The results are presented in Table 4.

Table 4: Individual Effects of ESG Dimensions on Economic Growth

Variable	Coefficient	Std. Error	t-value	p-value
Environmental Score	0.038***	0.014	2.71	0.007
Social Score	0.030**	0.013	2.31	0.022
Governance Score	0.042***	0.015	2.80	0.005
Investment Rate	0.115***	0.034	3.38	0.001
Inflation	-0.082**	0.039	-2.10	0.036
Trade Openness	0.030*	0.017	1.76	0.079
Population Growth	-0.014	0.024	-0.58	0.562
Constant	2.310***	0.450	5.13	0.000
R-squared	0.425			
Observations	300			

*** p < 0.01, ** p < 0.05, * p < 0.10

- All three ESG dimensions have positive and statistically significant impacts on economic growth:
 - *Environmental Score*: Coefficient = 0.038, p < 0.01 (H1a).
 - *Social Score*: Coefficient = 0.030, p < 0.05 (H1b).
 - *Governance Score*: Coefficient = 0.042, p < 0.01 (H1c).
- The control variables show similar effects as in Model 1, with investment rates and trade openness positively influencing growth, inflation negatively influencing growth, and population growth having no significant effect.

4.3.2. Moderating Effects of External Economic Factors

Model 3: Moderating Effects. The third model introduces interaction terms between the composite ESG score and each external economic factor to test the moderating effects. The results are presented in Table 5.

Table 5: Moderating Effects of External Economic Factors

Variable	Coefficient	Std. Error	t-value	p-value
ESG Score	0.040***	0.011	3.64	0.000
Investment Rate	0.118***	0.033	3.58	0.000
Inflation	-0.080**	0.038	-2.11	0.035
Trade Openness	0.031*	0.017	1.82	0.070
Population Growth	-0.013	0.023	-0.57	0.570
ESG × Investment Rate	0.025**	0.010	2.50	0.013
ESG × Inflation	-0.018*	0.009	-2.00	0.046
ESG × Trade Openness	0.020**	0.008	2.50	0.013
ESG × Population Growth	0.012	0.007	1.71	0.088
Constant	2.320***	0.440	5.27	0.000
R-squared	0.450			
Observations	300			

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

- Investment Rates: The interaction term (ESG × Investment Rate) is positive and significant (coefficient = 0.025, $p < 0.05$), supporting H2a. Higher investment rates enhance the positive relationship between ESG and economic growth.
- Inflation: The interaction term (ESG × Inflation) is negative and significant (coefficient = -0.018, $p < 0.05$), supporting H2b. High inflation weakens the positive relationship between ESG and economic growth.
- Trade Openness: The interaction term (ESG × Trade Openness) is positive and significant (coefficient = 0.020, $p < 0.05$), supporting H2c.
- Population Growth: The interaction term (ESG × Population Growth) is positive but only marginally significant (coefficient = 0.012, $p < 0.10$), providing weak support for H2d.

The regression analysis provides robust evidence supporting the hypotheses. The combined and individual effects of ESG criteria are positive and significant, while external economic factors such as investment rates, inflation, and trade openness moderate the ESG–economic growth relationship. These findings highlight the importance of ESG integration and the role of economic context shaping its impact on growth in emerging countries.

4.4. Estimation Method: Fixed Effects Model (FEM)

The Fixed Effects Model (FEM) serves as the principal estimation technique in this study to examine the relationships between ESG criteria,

external economic factors, and economic growth in emerging economies. The FEM is particularly appropriate for panel data analysis because it accounts for unobserved, time-invariant country-specific characteristics, such as cultural, historical, or geographic factors, which might otherwise bias the estimates. By leveraging within-country variation over time, the FEM generates more precise and reliable estimates of the effects under investigation. The methodology is presented in detail below, with accompanying tables that illustrate key steps, diagnostics, and model specifications. The empirical results derived from the Fixed Effects Model are reported in Table 6, which presents the estimated coefficients, standard errors, t-statistics, and associated p-values for the variables of interest.

Table 6: Fixed Effects Model Results

Variable	Coefficient	Std. Error	t-value	p-value
ESG Score	0.045***	0.012	3.75	0.000
Investment Rate	0.120***	0.035	3.43	0.001
Inflation	-0.085**	0.040	-2.13	0.034
Trade Openness	0.032*	0.018	1.78	0.076
Population Growth	-0.015	0.025	-0.60	0.548
Constant	2.345***	0.456	5.14	0.000
R-squared (Within)	0.412			
Observations	300			

*** p < 0.01, ** p < 0.05, * p < 0.10

- The ESG score has a positive and statistically significant impact on economic growth (coefficient = 0.045, p < 0.01), supporting H1. A one-unit increase in the ESG score is associated with a 0.045% increase in GDP growth.
 - Investment rates and trade openness also show positive and significant effects on economic growth, while inflation has a negative and significant effect. Population growth is not statistically significant.
- To ensure the robustness of the FEM, we conduct several diagnostic tests, the results of which are presented in Table 7.
- The *F-test for Fixed Effects* confirms the presence of significant country-specific effects (p < 0.01), justifying the use of the FEM.
 - The *Breusch-Pagan test* indicates the presence of heteroskedasticity (p < 0.01), supporting the use of robust standard errors.
 - The *Wooldridge test* indicates the presence of autocorrelation (p < 0.01), further justifying the use of robust standard errors.
 - The *Variance Inflation Factor* (VIF) for the ESG score is 1.45, well below the threshold of 10, indicating no significant multicollinearity.

Table 7: Diagnostic Tests for the Fixed Effects Model

Test	Statistic	p-value	Conclusion
F-test for Fixed Effects	12.34	0.000	Significant country-specific effects
Breusch-Pagan Test	15.67	0.000	Presence of heteroskedasticity
Wooldridge Test	9.45	0.002	Presence of autocorrelation
VIF (ESG Score)	1.45	-	No multicollinearity

The Fixed Effects Model provides a robust framework for analysing the relationship between ESG criteria, external economic factors, and economic growth in emerging countries. By controlling for unobserved heterogeneity and focusing on within-country variation, the FEM ensures that the results are precise and reliable. The diagnostic tests confirm the validity of the model, and the use of robust standard errors addresses potential issues of heteroskedasticity and autocorrelation. This approach yields credible and actionable insights for policymakers, investors, and academics.

4.5. GMM

We employed the Generalized Method of Moments (GMM) estimation technique. The GMM approach is well-suited for panel data analysis as it effectively addresses potential concerns such as endogeneity, heteroskedasticity, and omitted variable bias, which may arise from unobserved heterogeneity or simultaneity between ESG performance and economic growth. By using internal instruments derived from lagged variables, the GMM framework allows for consistent and efficient estimation even in the presence of endogenous regressors. This supplementary analysis complements the Fixed Effects Model (FEM) results by providing additional rigor and confidence in the estimated relationships. Specifically, it enables a more precise examination of the direct effects of ESG criteria, the moderating influence of external economic factors, and the interaction terms on economic growth across emerging economies. The combined use of FEM and GMM ensures that our conclusions are robust and reliable, reinforcing the empirical evidence on the critical role of ESG practices in promoting sustainable economic development (table 8).

The results obtained from the GMM analysis reveal a positive and statistically significant association between ESG performance, external economic variables, and their interaction effects on economic growth, providing empirical support for the proposed hypotheses.

Table 8: Findings from GMM Analysis

Variables	GMM Coefficient	z-value
Constant	0.0614 ***	(3.65)
Lagged GDP Growth	1.3660	(1.53)
ESG Score	0.3760 ***	(4.86)
Investment Rate	0.7667 **	(2.29)
ESG × Investment Rate	0.1567 ***	(17.21)
Inflation	-0.0038	(-1.48)
Trade Openness	0.5246 ***	(24.45)
Population Growth	-0.0001	(-0.12)
Year Fixed Effects	Yes	
Country Fixed Effects	Yes	
Number of Observations	132	
F-statistic	739.25 ***	
Adjusted R ²	0.2344	
GMM AR (1) Test (p-value)	-0.47	
AR (2) Test (p-value)	-3.93 ***	
Hansen J-test (p-value)	0.35	

***, ** indicate significance at 1%, 5%, respectively.

Rigorous diagnostic evaluations further confirm the robustness and reliability of these outcomes. According to the Hansen J-test ($p = 0.35$), the instruments were validated, and the Arellano-Bond AR (1) test ($p = -0.47$), there was no evidence of first-order autocorrelations. As an additional confirmation, the AR (2) test confirms the absence of second-order serial correlation. The observed robustness of the positive effects of investment rates and trade openness underscores the enduring significance of these macroeconomic factors in shaping the growth trajectories of emerging economies. Importantly, the interaction terms demonstrate that favourable external economic conditions amplify the positive influence of ESG initiatives, underscoring the synergistic interplay between sustainable governance, environmental stewardship, social development, and macroeconomic determinants. The findings emphasize the strategic value of aligning sustainable ESG practices with conducive macroeconomic conditions to foster enhanced growth outcomes. Such integration not only promotes more resilient and stable economic systems but also facilitates the effective translation of sustainability-oriented reforms into tangible developmental gains.

5. Discussions

This study provides robust evidence that ESG criteria, together with external economic factors, play a critical role in promoting economic growth in emerging economies. The empirical results demonstrate a positive and statistically significant effect of ESG performance on economic growth (H1), highlighting the importance of sustainable governance, environmental stewardship, and social inclusion in fostering development. These findings align with previous research, which emphasizes that ESG practices can improve resource efficiency, reduce operational and financial risks, enhance corporate reputation, and encourage innovation (Friede *et al.*, 2015; Khan *et al.*, 2016).

By examining the individual dimensions of ESG (H1a, H1b, H1c), the study reveals that each component contributes uniquely to economic performance. For example, strong environmental policies attract green investments and stimulate the development of renewable technologies, while effective governance improves institutional quality, strengthens investor confidence, and reduces transaction costs. Social initiatives, including labour protections and community engagement, enhance human capital and support more inclusive economic growth. The achieved results underscore the necessity of a new approach to ESG integration, in which all dimensions are simultaneously addressed to maximize economic benefits.

The moderating effects of external economic factors (H2a–H2d) further elucidate the mechanisms through which ESG initiatives influence growth. Higher investment rates amplify the positive effect of ESG on economic growth (H2a), indicating that adequate financial resources are essential for implementing sustainable practices and scaling their impact. Similarly, trade openness strengthens the relationship between ESG and economic performance (H2c), suggesting that integration into global markets facilitates access to advanced technologies, knowledge transfer, and foreign capital, all of which enhance the effectiveness of ESG initiatives. Conversely, high inflation dampens the ESG–growth relationship (H2b), illustrating the challenges posed by macroeconomic instability, which can erode the value of investments in sustainable practices and undermine long-term planning. Population growth, while less significant in this study, may interact with ESG initiatives in more nuanced ways, for example by affecting labour market dynamics and social policy needs. These results collectively indicate that the economic context plays a pivotal role in shaping the outcomes of ESG adoption, and that policies promoting investment, trade openness, and macroeconomic stability can significantly enhance the benefits of ESG implementation.

Our findings are consistent with and extend recent studies on ESG in emerging markets. For instance, McKinsey & Company (2022) reports that companies adopting ESG practices achieve higher revenue growth and lower operational risks, while the United Nations Development Programme (UNDP, 2021) emphasizes ESG's role in advancing the Sustainable Development Goals (SDGs), particularly in poverty reduction, gender equality, and climate action. Similarly, the World Bank (2022) finds that emerging countries with higher ESG scores demonstrate greater resilience to external shocks, such as financial crises and natural disasters, due to enhanced resource efficiency, reduced dependence on fossil fuels, and increased innovation in green technologies.

This study builds on these insights by demonstrating that external economic factors, including investment levels and trade openness, further amplify the positive effects of ESG initiatives, highlighting the interplay between sustainable practices and supportive macroeconomic conditions.

While governance has traditionally been emphasized as a key driver of foreign direct investment (IFC, 2020), our results indicate that governance should be considered as part of a broader ESG framework that integrates environmental and social dimensions. In emerging economies, where governance challenges often coexist with environmental degradation and social inequalities, adopting a comprehensive ESG strategy allows policymakers and investors to address multiple structural issues simultaneously, resulting in more sustainable and inclusive growth outcomes. By considering all three dimensions of ESG in tandem, stakeholders can enhance the resilience, efficiency, and inclusiveness of economic development.

6. Conclusions, limitations and future research

The robustness of the findings is further supported by the consistency between the Fixed Effects Model (FEM) and the Generalized Method of Moments (GMM) analyses. The GMM approach, which corrects for endogeneity and dynamic effects, confirms the reliability of the FEM results. Diagnostic tests, including the Hansen J-test and the Arellano-Bond AR (1) and AR (2) tests, validate the instruments used in the GMM estimation and confirm that the results are not driven by methodological artifacts. The convergence of findings across both estimation methods provides strong evidence for the hypothesized relationships and enhances the credibility of the conclusions regarding the role of ESG and external economic factors in driving growth.

Despite its contributions, this study has certain limitations. Data

availability for ESG metrics remains uneven across emerging economies, which may limit the generalizability of the findings. Additionally, using composite ESG scores may obscure variation in the performance of individual ESG dimensions. Future research could address these limitations by examining regional differences, extending the temporal scope to capture longer-term effects, and incorporating qualitative analyses to explore the mechanisms through which ESG initiatives affect economic outcomes. Investigating sector-specific impacts and firm-level dynamics would also provide a more granular understanding of how ESG contributes to broader macroeconomic growth.

This study highlights the critical importance of integrating ESG criteria with supportive economic conditions to stimulate economic growth in emerging economies. By combining sustainable governance, environmental stewardship, and social inclusion with policies that encourage investment, trade openness, and macroeconomic stability, policymakers and investors can unlock the full potential of ESG initiatives. The application of advanced econometric techniques, such as GMM, ensures the robustness and reliability of the results, providing a comprehensive understanding of the complex interactions among ESG performance, external economic factors, and economic growth. These findings offer actionable insights for achieving sustainable and inclusive development, demonstrating that ESG adoption is not only a corporate or social responsibility imperative but also a strategic economic growth lever for emerging economies.

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Sustainable Digital Transformation: SDG-Aligned Bibliometric Mapping

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Abstract

Although interest in the intersection of sustainability and digital transformation is growing, Sustainable Digital Transformation (SDT) remains under-defined and empirically thin. A comprehensive review of the SDT literature was done in this study to assess the extent of empirical research. Searches of Scopus and Web of Science were refined for relevance and complemented by bibliometric mapping and SDG alignment. Findings indicate a post-2018 publication surge, with six thematic clusters, and SDG attention concentrated on SDG 9 and SDG 13 (with links to SDG 11). Use of “sustainable” is often rhetorical, with few designs tracing outcomes to specific SDG targets. Results show that SDT research remains fragmented, and that clearer concepts, SDG-linked indicators, and designs demonstrating measurable SDG outcomes are needed to inform policy and practice.

Keywords: sustainable digital transformation, digitalisation, sustainability, SDG mapping

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Sommario

Sebbene l'interesse verso l'intersezione tra sostenibilità e trasformazione digitale sia in aumento, la Sustainable Digital Transformation (SDT) rimane concettualmente poco definita e con basi empiriche limitate. Il presente studio conduce un'analisi sistematica della letteratura sulla SDT per valutare l'estensione della ricerca accademica disponibile su questa tematica. Le ricerche su Scopus e Web of Science sono state affinate per pertinenza e integrate con mappatura bibliometrica e allineamento agli SDG. I risultati evidenziano un forte aumento delle pubblicazioni dopo il 2018, sei cluster tematici, e una focalizzazione sugli SDG 9 e 13 (con collegamenti all'SDG 11). L'uso del termine "sostenibile" risulta spesso retorico, con pochi disegni di ricerca capaci di collegare gli esiti a target SDG specifici. I risultati mostrano che la letteratura scientifica sulla SDT è ancora frammentata e che sono necessari una concettualizzazione più chiara, indicatori collegati agli SDG e disegni in grado di dimostrare esiti misurabili in logica SDG per orientare policy e pratica.

Parole chiave: trasformazione digitale sostenibile, digitalizzazione, sostenibilità, mappatura SDG

1. Introduction

Recent technological advances are forcing organisations to adapt in two ways: digitalisation – using technology to support routine activities, and digital transformation – reconfiguring processes and business models to gain and sustain competitive advantage. Shifts in academia and industry indicate major production – and consumption-side changes driven by digital applications. Technology is advancing rapidly and causing significant changes to business models in a short amount of time (Savastano *et al.*, 2022a). Innovative technologies such as artificial intelligence (AI), big data analytics, robotics, blockchain, additive manufacturing and the Internet of Things (IoT) are having a major technological breakthrough characterised by the dimensions of flexibility, adaptability and learning. Digital ecosystems are revolutionising the global economy and serving as a critical engine for growth (Shang and Zhang, 2022); physical spaces across all industries and sizes have transformed into digital environments (Yacob and Peter, 2022). With whole industries dedicated to digitalisation, this transformation is generally seen as positive (Pūraitė *et al.*, 2020).

Given the constant emergence of new technologies, staying up to date has become essential to remaining competitive in the market (Ginting *et al.*,

2022). Today, for most companies to stay ahead and maintain their competitive advantages, they must continuously adapt to the ongoing digital transformation (Nurova and Freze, 2021). This challenge has led to two concepts, digitalisation and digital transformation, which are often used interchangeably but actually refer to distinct processes (Bican, Brem, 2020). The meaning and context of these terms and the difficulties they present are particularly highlighted in the industrial sector (Abdallah *et al.*, 2022). The rise of digitalisation, fuelled by advancements in technology, is revolutionising society by enabling increased connectivity and networking that improve communication, services, and trade (Linkov *et al.*, 2018). Digitalisation has slowly but surely impacted civilisation, economic growth, industry innovation, and organisational effectiveness (Zamiri *et al.*, 2021).

There is no universally accepted definition of digital transformation (DT), as its scope and scale vary depending on the industry in which it is applied (Abdallah *et al.*, 2022). One proposed definition of digital transformation, according to (Bican and Brem, 2020), describes it as the outcome of digital interaction, shaped by internal organizational dynamics and external cooperation, while involving substantial changes and implications. Similarly, DT has also been described as a process of implementing fundamental changes across a business, rather than merely enhancing or upgrading specific functions (Saraji *et al.*, 2021). Accordingly, in the recent literature, DT is being described as an organisational change process in which the organisation, at all levels, develops new ways of using technologies to innovate products, services and business processes (Savastano *et al.*, 2022b). This process involves both the exploitation of digital technology to enhance existing processes and the exploration of digital innovation, which has the potential to fundamentally transform business models (Ginting *et al.*, 2022). Despite this lack of agreement on the DT definition, it was recently claimed by McKinsey that a DT strategy is critical for organisations to not only compete but also survive (Lamarre *et al.*, 2023).

In addition to the challenges related to business strategies and market competition, research on environment and climate change has gained momentum due to global initiatives such as the Paris Agreement, the United Nations' 2030 Agenda, and the Sustainable Development Goals (SDGs) (Saraji *et al.*, 2021). The idea of sustainability has expanded beyond environmental concerns and now includes a company's capacity to utilise digital technology, data resources, and service-dominant logic to enhance its financial performance on an ongoing basis (Chen *et al.*, 2023). Furthermore, within the new EU industrial strategy, the green transition based on the decarbonisation objective is coupled with the role of new digital technologies in making factories environmentally more efficient, smarter and competitive

(EC, 2020). Therefore, green and digital transitions are the two sides of the same coin, fundamentally linked to be considered as “twin transition” and to represent a combined policy mandatory target in the National Recovery and Resilience Plans for EU Member States (Montresor and Vezzani, 2023). Integrating new and innovative technologies with renovated business strategies is necessary, and digital technology development can significantly benefit both the environment and human health (Saraji *et al.*, 2021). DT is crucial in achieving the SDGs since without transforming present businesses, future economic and environmental challenges cannot be sustainably addressed (Bican and Brem, 2020).

Digital technologies can help tackle sustainability challenges that were previously out of reach (Geyda *et al.*, 2021). In sustainable development models, information about the likely outcomes of present and future actions is used to minimise negative impacts and maximise positive ones across planning horizons to meet current and future needs (Geyda *et al.*, 2021). Integrating digital tools extends this logic by improving prediction, coordination, and monitoring of activities, enabling more effective, outcome-oriented management of sustainability goals. Although the importance is given at the global level to the “twin transition”, describing the synergies between technological advancements and environmental sustainability, research studies still present a gap in its conceptualisation and definition (Lankhuizen *et al.*, 2023). Therefore, this paper seeks to clearly represent the state of the art and the evidence published so far in academic literature.

Sustainability and digitalisation-related concepts have recently gained tremendous attention (Szabó *et al.*, 2023), giving rise to a new concept called sustainable digital transformation (SDT). In an effort to define the concept of SDT (Rupeika-Apoga and Petrovska, 2022) state that it is the process of digitizing the economy in a durable, environmentally friendly, and natural manner, leveraging its core strength – innovative companies and their interconnected business ecosystems. However, the ongoing development of DT and the lack of a clear definition contribute to the challenges associated with understanding this phenomenon. The literature highlights the importance of defining and distinguishing terms and concepts related to the digital movement and the emergence of the new SDT concept. Therefore, it is crucial to have a shared understanding of these terms and concepts to exchange knowledge and apply *digital* to sustainable economic and environmentally friendly actions (Bican and Brem, 2020).

To address these practical and theoretical gaps, this research aims to take an opportunistic approach *to establish the foundation for advancing the subject of sustainable digital transformation*. In particular, the guiding research goals (RG) are as follows:

- to examine how research in SDG area has evolved over the last two decades (RG1),
- to map the existing literature with regard to SDGs (RG2).

The remainder of this paper is structured in the following manner. In section 2, a concise explanation is given of the methods utilised to recognise the pertinent research incorporated in this review. Section 3 presents the research results, including the major themes found in the literature on SDT. Section 4 discusses the crucial aspects of the research, highlights limitations, and provides potential avenues for future research. Final conclusions are provided in Section 5.

2. Methodology

To map and organise scientific literature on SDT the authors first agreed upon keywords aligned with the paper's aims and defined RGs. To examine the broader literature and map it according to SDGs, we followed qualitative design guidelines and complemented the results with a bibliographic analysis.

2.1. Paper Identification

This paper applied a keyword search-based approach for finding relevant papers (Creswell and Creswell, 2018). Thus, the selection of relevant literature started with the initial search of keywords digital* and sustainab* via Scopus and Web of Science (WoS) scientific databases. This search initially yielded over 50000 papers in total. Therefore, to access the most focused literature on the chosen topic, the search was limited to sustainab* and digital* keywords only in the paper title. Results were confined to articles, conference papers, and the English language. The initial (broader) search query was: (TITLE (sustainab*) AND TITLE (digital*)) AND (LIMIT-TO (DOCTYPE, "ar") OR LIMIT-TO (DOCTYPE, "cp")) AND (LIMIT-TO (LANGUAGE, "English")).

Results were further analysed, and for the purpose of mapping the literature about SDGs, we considered the content of titles and abstracts according to the most frequent keywords for each SDG from the methodology developed by (Rivest *et al.*, 2021). The keywords used for each SDG are based on the latter study's model, whose goal was to improve the Scopus and Aurora queries for identifying papers that support the UN SDGs by applying the machine learning approach (Rivest *et al.*, 2021). This procedure was carried out using Excel.

Aligned with the tried-out methodology (Manfreda, Mijač, 2024; Tricco *et al.*, 2018) and guided by the research goals of our paper, after screening the titles of collected papers from the broad search, we identified that too many irrelevant papers appeared in the list. Based on that, we repeated the process but with modifying the search query. We decided to search for a narrower query: (TITLE (“sustainab* digital*”) AND (LIMIT-TO (DOCTYPE, “ar”) OR LIMIT-TO (DOCTYPE, “cp”)) AND (LIMIT-TO (LANGUAGE, “English”))).

The same search query was deployed both on Scopus and WoS databases on January 30, 2025.

2.2. Science Mapping

The bibliometric review was conducted on the results of the second query. Bibliometric reviews of the literature have the advantage of processing a larger volume of studies published over a more extended period, requiring fewer resources and less time while still providing a comprehensive overview of the research topic (Ninčević Pašalić and Mijač, 2023).

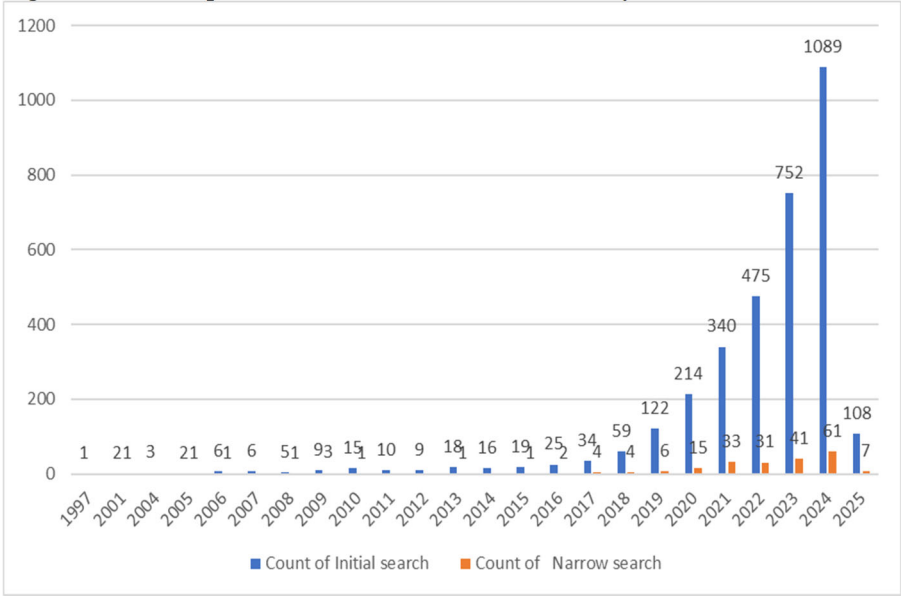
3. Results

3.1. Evolution of significant SDT literature

Seeking a relevant scientific corpus started with a broader search, which resulted in 2297 papers from WoS and 3343 from Scopus. After removing the duplicates, the unique number of papers was 3343. Among these yielded papers (n=3343), one paper originated from the year 1997. However, a substantial intensification in the number of published papers on this topic was noted from the year 2018. The number of papers in 2024 reached 1089. The second query (narrower) yielded 228 papers from Scopus and 143 from WoS. After removing the duplicates, the total number of papers was 214.

However, the second search yielded more recent papers, and the peak was in 2024 (n=61). A comparison between these two searches, regarding the year in which papers were published is presented in Figure 1.

Figure 1: Year of publication: initial versus narrow keyword search



Source: Authors' elaboration.

3.2. Mapping the literature on SDT in the context of SDGs

This part of the study aims to map the existing literature on SDT matched with SDGs. As mentioned before, the broader search resulted in 3343 documents, and the mapping was conducted using the abstract fields of each document, focusing on the top three keywords linked to each SDG. The keywords associated with each SDG are derived from the study conducted by Rivest *et al.* (2021) that aimed to identify research that supports the UN SDGs. The authors mapped the corpus according to the top three keywords of the mentioned study. List of 16 SDGs and top 3 keywords as shown in the table in continuation. This analysis was conducted using Excel by applying the formula ‘IF(COUNTIF(G2; “*poverty*”);1;0)’.

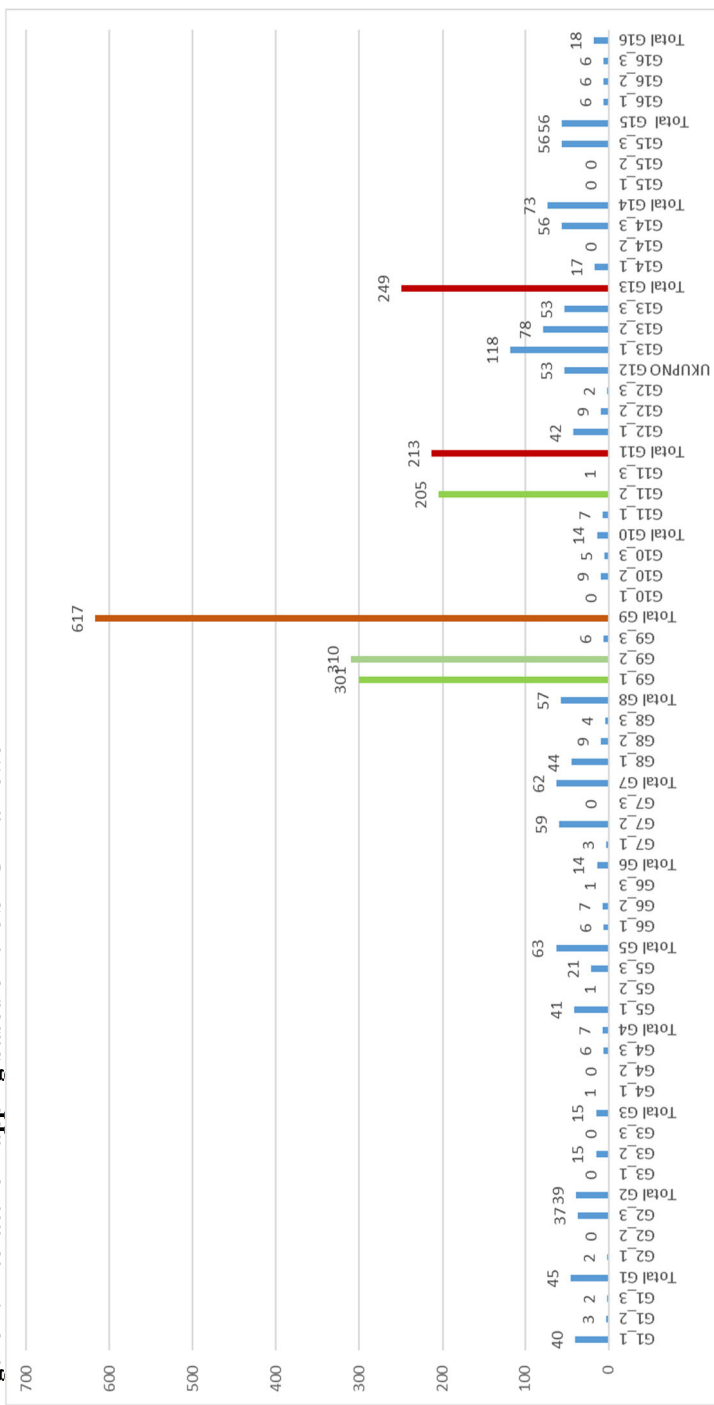
After completing the mapping process, it was found that only 488 out of 1451 documents (33%) could be successfully mapped using this approach. The results show that research on SDT in alignment with the SDGs *remains limited*. The mapping indicates that most of the research related to the SDGs focused on SDG 9 (Industry, Innovation, and Infrastructure), followed by SDG 13 (Climate action). The five most frequently mapped keywords were “manufacturing” (n=310) and “infrastructure” (n=301) from SDG 9, followed by “urban” (n=205) from SDG 11 and “climate change” (n=118) from

SDG 13. Most of the mapped documents were journal articles (68%). These findings are illustrated in Figure 2.

Table 1: Top three keywords associated with each SDG (based on Rivest *et al.*, 2021)

SDG	Keywords used
GOAL 1: No Poverty	Poverty; social protection; health insurance
GOAL 2: Zero Hunger	Malnutrition; biological control; food security
GOAL 3: Good Health and Well-being	Cancer; aids; stroke
GOAL 4: Quality Education	Trainees; apprenticeship; professional training
GOAL 5: Gender Equality	Gender; std; women
GOAL 6: Clean Water and Sanitation	Wastewater; water management; water quality
GOAL 7: Affordable and Clean Energy	Photovoltaic; energy efficiency; biodiesel
GOAL 8: Decent Work and Economic Growth	human capital; labor market; labour market
GOAL 9: Industry, Innovation and Infrastructure	Infrastructure; manufacturing; internet access
GOAL 10: Reduced Inequality	Medicaid; social justice; financial crisis
GOAL 11: Sustainable Cities and Communities	solid waste; urban; road network
GOAL 12: Responsible Consumption and Production	Recycling; recycle; composting
GOAL 13: Climate Action	climate change; co2; co2 emissions
GOAL 14: Life Below Water	Marine; oil spill; conservation
GOAL 15: Life on Land	Bioremediation; extinction; conservation
GOAL 16: Peace and Justice Strong Institutions	human rights; corruption; community engagement
GOAL 17: Partnerships to achieve the Goal	N/A

Figure 2: Literature mapping based on the SDG Framework



Source: Authors' elaboration.

3.3. Bibliographic analysis of SDT literature

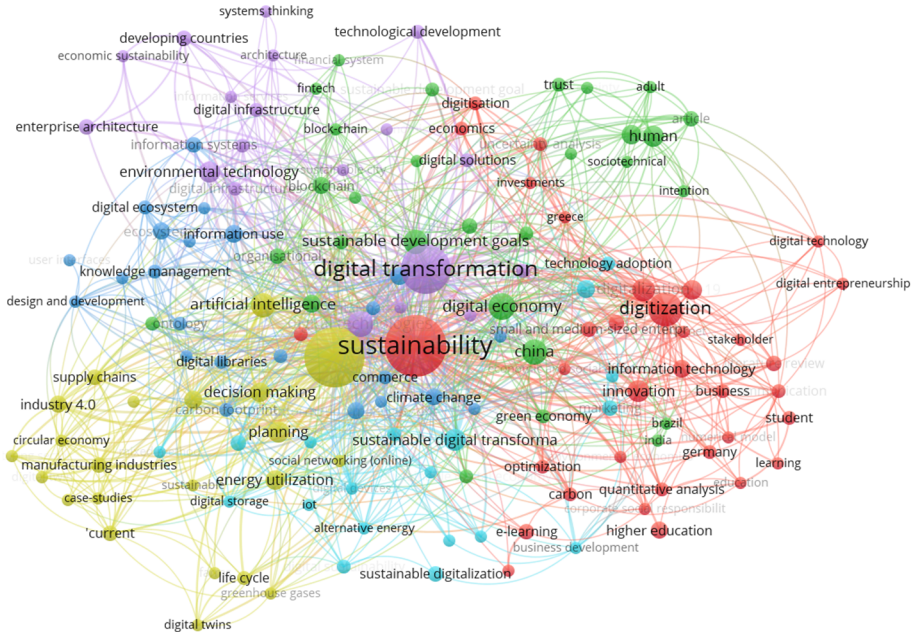
To provide further insight, bibliographic data for all the retrieved records (120) from Scopus and WoS have been downloaded and visualised. From the total of 1983 keywords, after setting the minimum number of occurrences, 3147 keywords met the threshold. Figure 3 shows a visual map of the keywords. It can be seen from the results that the keyword *sustainability* has the highest number of occurrences and therefore is represented with the largest circle. After the in depth analysis, six clusters were identified, and cluster names were proposed in accordance with the keywords contained:

- *Sustainability* (red cluster). This cluster refers to keywords such as: sustainability, digitisation, digitisation performance assessment, and innovation;
- *SDG* (green cluster). Relevant keywords related to this cluster are: human, intention to use, digital literacy, sustainable practise, software, and communication;
- *Technology* (dark blue cluster). The most relevant keywords in this cluster are development big data, artificial intelligence data visualization, information systems, and interoperability;
- *Sustainable development* (yellow cluster). Manufacturing, digital twin, industry 4.0, supply chain, decision making, energy utilisation;
- *Digital transformation* (purple cluster). Design, system thinking, business model, architecture, technological development, digital infrastructure, and system architecture;
- *Sustainable digital transformation* (light blue colour). Environmental impact, IoT, alternative energy, business development, digital services, digital sustainability.

Sustainability is a central concept, highlighting that sustainability topics are crucial in the discourse on digital transformation. Digital transformation is strongly linked to energy efficiency, artificial intelligence, and economic aspects. There is a clear connection between digitalization and business strategies, education, and innovation. Industry 4.0 and digital technologies such as IoT, digital twins, and artificial intelligence play a significant role in sustainable digitalization. The smallest cluster is the one sustainable digital transformation.

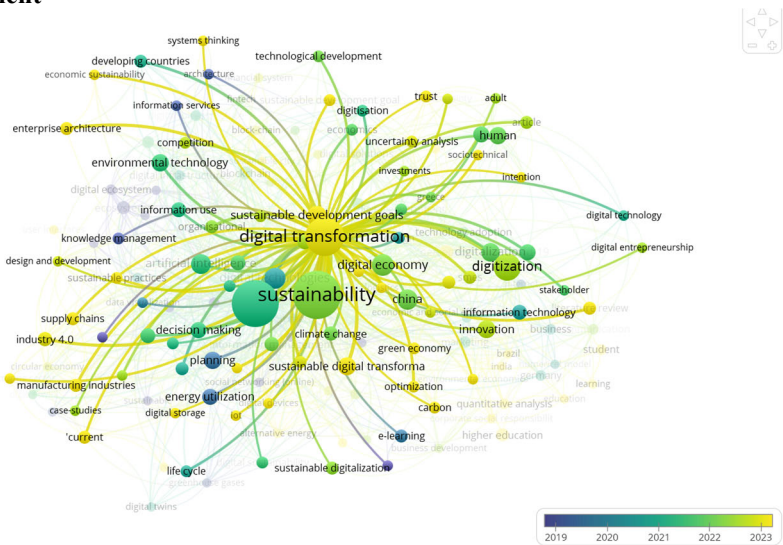
To complement the previous results, the same visualisation has been provided for each publishing year to describe the evolution trends. The yellow colour refers to the most recent topic. Thus, it is confirmed that sustainable digital transformation is a very relevant and current topic yet to be developed. This explains why the cluster sustainable digital transformation is the smallest one.

Figure 3: Keyword map visualisation



Source: Authors' elaboration using VOS viewer software.

Figure 4: Historical visualisation of the sustainable digital transformation development



Source: Authors' elaboration using VOS viewer software.

4. Discussion

As the world progresses towards digitalisation, it is becoming increasingly clear that businesses must adapt by developing new products and processes to stay competitive. With the rising focus on environmental issues and climate change, the concept of SDT has emerged and gained significant attention from both industry and academia, leading to a rapid increase in related publications. New, integrated frameworks for SDT combine technological advancement with environmental management, considering economic, social, and environmental perspectives (Liao, 2024) while Green IT focuses specifically on minimizing the environmental impact of IT operations and infrastructure (Rosati *et al.*, 2024).

Digital technologies are seen as pivotal in combating climate change and reducing environmental harm while also providing opportunities for economic leadership and independence in key industries (Lankhuizen *et al.*, 2023). The goal of this paper was to examine and organise existing literature on the concept of *sustainable digital transformation*. Results have shown that when considering a much broader view, literature is extensive, but when focusing on a much narrower topic of research, there is a clear lack of it.

Although this literature review identified papers by examining the title of papers and abstracts (that should be relevant and clearly related to the paper), only a few papers used this concept as the main focus of their analysis. Despite the substantial volume of scientific literature available on the topics of sustainability and digital transformation independently, there exists a significant gap in research specifically addressing their intersection. This indicates a pronounced deficiency in scholarly work dedicated to exploring and investigating the complexity of sustainable digital transformation. Moreover, while the term “sustainable” is embedded within the concept, its application appears to be more rhetorical than substantive. The SDG mapping revealed that the use of “sustainable” in this context often lacks a concrete connection to the specific, measurable targets outlined by the SDGs. This disconnect underscores a broader issue within the field: the popularity of the term does not equate to a robust, actionable framework aligned with SDGs.

Consequently, we can conclude that the notion of sustainable digital transformation is still emerging, characterised by a lack of clarity and direction. *This phase is marked by an urgent need for rigorous research aimed at defining and operationalising the concept. This includes developing comprehensive models and methodologies that can bridge the gap between theoretical discourse and practical implementation.*

A significant and realistic confirmation of the urgent need for more attention on these interconnected topics and areas of application comes directly

from the degree of achievement of the SDGs and their targets only seven years before the Deadline of 2030. The global-level data and assessments depicted in the latest SDG report from UN paints a concerning picture (United Nations, 2023): of the approximately 140 targets that was possible to evaluate, half show moderate or severe deviations from the desired trajectory. Moreover, over 30% of the targets have either made no progress or have worsened, falling below the 2015 baseline. This evaluation highlights the critical need for enhanced efforts to advance the SDGs and achieve a sustainable future. In light of these findings, it is imperative for governments, organizations, and individuals to collaborate more effectively and implement innovative strategies that can accelerate progress toward the goals.

5. Conclusion

Despite the frequent mention of sustainable digital transformation in mainstream media and its apparent prevalence in everyday life, *the scientific exploration of this concept remains in its early stages*. The current body of research is insufficient to provide a solid foundation for understanding and advancing sustainable digital transformation in a way that is both meaningful and aligned with broader sustainability goals. More specifically, despite the significant volume of research on sustainability and digital transformation as separate entities, there is a conspicuous absence of scholarly work that effectively bridges these two domains. Moreover, despite the growing attention SDT has received in recent years, this study highlights the continuing need for further research that aligns with the SDGs. The mapping approach (re-) employed in this study offers an effective framework for systematically organizing and assessing the current body of literature on sustainable digital transformation, thereby guiding future research efforts.

Finally, several limitations of this study need to be highlighted. The second query search was very limited, focusing on phrases; thus, it could happen that some relevant papers tackled this issue but have been unintentionally omitted. As noted, this is currently a hot topic, so the number of papers is increasing almost every day. Future research should include also empirical based evidence regarding sustainable digital transformation. Despite the vast number of scientific records when querying sustainable and digital transformation, there is a limited list of records tackling this particular issue. Additionally, even though the concept includes the term “sustainable”, the results of SDG mapping indicated that it is merely a popular term, not closely related to well-defined SDGs.

While the idea of sustainable digital transformation holds significant

promise, realising its full potential will require a concerted effort from the research community. This effort should focus on developing clear definitions, robust operational frameworks, and empirical studies that can guide both policy and practice. Only through such dedicated scholarly inquiry can we hope to transform the concept from a nascent idea into a well-defined and actionable reality.

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Physical Appearance and the Role of Gender in Tourism: A Comparative Analysis of Male and Female Employees in the Context of Erotic Capital

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Abstract

This research examines how the concept of “erotic capital” – widely recognized in social sciences but often viewed negatively – is softened by adjectives like “presentability”, “physical beauty”, and “extroverted” within the labor-intensive tourism sector. It investigates how this concept commodifies both female and male employees and how businesses implement discriminatory policies based on it. Central focus is on how male and female employees perceive erotic capital, their similar or different experiences, and the benefits and harms they associate with it. The methodology consists of a qualitative, phenomenological approach to examine participants’ perceptions of erotic capital deeply. Data collection involved semi-structured, in-depth interviews with open-ended questions aligned with research goals. Descriptive analysis was preferred for data. The findings demonstrate that erotic capital operates as a complex and ambivalent form of capital in the tourism sector, and its effects vary according to gender. Women are more frequently subjected to expectations of grooming and objectification, while men benefit from certain advantages yet face scrutiny based on their appearance.

Keywords: Erotic Capital, Physical Appearance, Gender, Tourism

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Il ruolo dell'aspetto fisico e del genere nel turismo: un'analisi comparativa tra lavoratori e lavoratrici nel contesto del capitale erotico

Sommario

Questa ricerca esamina come il concetto di “capitale erotico” – ampiamente riconosciuto nelle scienze sociali ma spesso percepito in modo negativo – venga attenuato da aggettivi come “presentabilità”, “bellezza fisica” ed “estroversione” nel settore turistico ad alta intensità di lavoro. Lo studio indaga come questo concetto porti alla mercificazione sia delle lavoratrici che dei lavoratori e come le aziende implementino politiche discriminatorie in base a ciò. L'attenzione centrale è rivolta a come i dipendenti, uomini e donne, percepiscano il capitale erotico, alle loro esperienze, simili o diverse, ed ai benefici e danni ad esso associati. La metodologia adottata è qualitativa, con un approccio fenomenologico volto ad analizzare in profondità la percezione dei partecipanti riguardo al capitale erotico. La raccolta dei dati è stata effettuata tramite interviste semi-strutturate e in profondità, con domande aperte allineate agli obiettivi della ricerca. Per l'analisi dei dati si è preferita un'analisi descrittiva. I risultati mostrano che il capitale erotico opera come una forma di capitale complesso e ambivalente nel settore turistico e che i suoi effetti variano in base al genere. Le donne sono più frequentemente soggette ad aspettative legate alla cura dell'aspetto ed all'oggettivazione, mentre gli uomini beneficiano di alcuni vantaggi ma subiscono comunque valutazioni e scrutini basati sul loro aspetto fisico.

Parole chiave: Capitale erotico, aspetto fisico, genere, turismo

1. Literature Review

In this study, the erotic capital experiences of female and male employees in the tourism sector are analysed within the framework of gender theories. The aim is to explore how female and male employees perceive and experience this capital, as well as the structural inequalities they encounter in this process. To this end, the study employs theories of gender social construction. According to Judith Butler (1990), gender is not a characteristic inherent to an individual's biological sex, but a performance constructed through social practices and reinforced through repetition. Butler (1990) contends that gender is not an inherent trait but a “state of being” shaped over time by social norms and cultural influences. This theoretical lens is especially useful for understanding how erotic capital becomes embedded in everyday workplace behaviours. In this framework, erotic capital also ties into how gender is performatively presented. Expectations for female workers in tourism to act “attractive, well-groomed, and polite” and for male

workers to display “confidence and charisma” demonstrate how gender roles are constructed in the workplace.

Connell (1995) describes the dominant form of masculinity in society as “hegemonic masculinity”. This perspective views masculinity not just as a biological trait but as a socially and historically shaped form of power relations. When placed alongside Butler’s performativity, Connell’s perspective helps reveal not only how gender is enacted but also why certain gendered performances – particularly men’s confidence and authority – are structurally privileged over others. In fields with close customer interactions, like tourism, men’s erotic capital is typically characterized by charisma, leadership, and confidence. In contrast, women’s erotic capital is often judged based on physical attractiveness, sexuality, and their ability to serve customers. This situation creates disparities in role and reward between female and male employees. Thus, Butler’s focus on enactment and Connell’s focus on hierarchy complement each other, offering a more coherent theoretical foundation for analysing erotic capital in tourism settings.

Butler’s (1990) focus on gender as a performance explains how employees in the tourism industry’s appearance and behavior are reproduced in accordance with institutional expectations. In this performative process, the expectation that women be “attractive and polite” and men be “charismatic and confident” demonstrates that erotic capital is constructed in a gendered manner. Connell’s (1995) approach to hegemonic masculinity reveals that these performances are not only different but also acquire hierarchical value within social power relations. Thus, while men’s erotic capital, defined through charisma and leadership, carries higher institutional value, women’s evaluation based on physical attractiveness reproduces structural inequalities. When Butler and Connell are considered together, erotic capital is conceptualized not as the sum of individual characteristics but as a type of capital shaped by social norms and gender-based power structures.

1.1. The Concept of Erotic Capital

Green (2008) and Hakim (2010) introduced the concept of erotic capital as a fourth type of capital, alongside the three main capital approaches – economic, social, and cultural – developed by Bourdieu (1986). This new type of capital was described as a form based on sexual attractiveness that provides social and economic advantages to individuals. However, Bourdieu (1986) did not limit the concept of capital solely to economic capital; he defined it within a broad framework that also includes social and cultural structures. Connecting erotic capital back to Bourdieu’s framework clarifies

that attractiveness-based advantages should also be understood as shaped by social fields and power relations, not merely personal traits. In this context, capital is seen as the resources individuals possess that provide advantages in social fields, and capital is examined under three headings: a) economic capital, b) cultural capital, and c) social capital. Economic capital encompasses material resources, financial assets, and any assets that carry economic value. In contrast, cultural capital is a type of capital expressed through individuals' education, knowledge, skills, and culture accumulation. Social capital, on the other hand, comprises the connections and relationships individuals have within the network of social relations, as well as the benefits derived from these relationships.

Green (2008: 29) defines erotic capital as “the qualities and quantities that a person possesses and that evoke an erotic response in others”. Similarly, Farrer (2010) describes it as a form of capital used to attract attention, achieve sexual satisfaction, or exchange with other types of capital, aligning with Green's view. Hakim (2010), however, emphasizes that erotic capital predominantly benefits women and plays a crucial role in their liberation and economic independence. This perspective is supported by Lucas (2019) and numerous researchers (Trysnes, 2019; Wojtaszczyk and Syper-Jedrzejak, 2023; Montemurro and Hughes, 2024). According to this concept, physically attractive individuals tend to receive more positive reactions and attitudes, giving them an advantage in various aspects of life. Nonetheless, adverse outcomes can occur. While erotic capital can offer social and economic benefits, it also entails risks such as body commodification and potential exploitation (Wojtaszczyk and Syper-Jedrzejak, 2023; Montemurro and Hughes, 2024). These contrasting evaluations demonstrate that erotic capital is embedded in broader social inequalities rather than functioning as a neutral resource.

Martin and George (2006) discussed the idea of erotic capital, which they referred to as “sexual capital”. Researchers see sexual capital as a form of capital with limited flexibility and distinct, specific dynamics. Over time, sexual capital has become separate from economic capital and has established itself as a unique form of capital. Scholars agree that sexual capital cannot be understood solely through physical traits and recognize that an individual's relationships and behaviors significantly influence it. According to Martin and George (2006), sexual capital should be assessed differently from cultural capital because it is shaped by societal views on sexuality and social dynamics, and it can hold value independently of social status. This distinction sets sexual capital apart from other forms, like cultural and social capital. Placing Martin and George's perspective next to Hakim's multidimensional framing highlights both the relational and embodied nature of erotic capital.

According to Hakim (2010: 500), who explores the facets of erotic capital, it includes five dimensions: a) beauty, b) sexual attractiveness, c) social traits, d) liveliness, and e) social presentation. Beauty relates to a person's inherited physical traits; sexual attractiveness is about the ability to draw others and stimulate sexual interest; social traits involve practical and comfortable communication; liveliness reflects positive and confident behaviors; and social presentation reveals social status through choices like clothing, makeup, perfume, and accessories. These dimensions illustrate how erotic capital is simultaneously bodily, interactive, and socially coded.

Green (2013) criticizes Hakim's concept of erotic capital for being overly broad, inconsistent, and poorly connected to its sociological origins. The review points out that Hakim (2010) muddies the concept by merging character, social skills, style, and attractiveness into a single concept. Moreover, this depiction of erotic capital as a portable personal asset that ignores factors like age, class, and race – despite claiming a broad scope – draws heavy criticism. The focus on beauty and sexual appeal, coupled with inconsistent language, is also marked as problematic. These criticisms reinforce the need to analyze erotic capital within structural and intersectional contexts – an approach this study adopts in the tourism sector.

Requena (2017), while viewing erotic capital as a form of power and status that a person possesses, compared it to social, cultural, and economic capital. It is noted that accessing erotic capital might be easier even when access to these other forms of capital is restricted. The researcher emphasized that this accessibility is what makes erotic capital distinct from other types. Additionally, Konjer *et al.* (2019) highlighted that erotic capital has emerged as an important new form of capital, alongside Bourdieu's established types. While erotic capital plays a role in appearance, attractiveness, and influence, it differs from other capital forms. Unlike these, erotic capital is rooted in social inequalities and structures, focusing on the individual's body. This perspective aligns directly with the gendered labour dynamics observed in tourism jobs, where bodily presentation and emotional labour are central components of work.

The application of erotic capital, as discussed above, has various aspects in practical business settings. It can provide benefits to individuals but also comes with certain downsides. It is important to remember that physical attractiveness alone does not guarantee success in the business world, even though it may be seen as an advantage.

People in the service industry often engage in both aesthetic and emotional labor. Therefore, erotic capital can be advantageous when combined with other forms of capital, such as economic, social, and cultural capital, rather than used solely in professional settings. However, this benefit can

also lead to an unequal labor market environment. Since the traits that constitute erotic capital depend on qualities that individuals cannot always alter, it naturally promotes unfair competition. While it can help women oppressed by patriarchy to challenge workplace inequalities, capitalist pursuits of profit often result in women being objectified and commodified (Green, 2013; Hakim, 2010; Hochschild, 1983; Seçkin, 2014). Thus, the literature shows that erotic capital operates at the intersection of individual embodiment and structural gendered inequalities – an issue central to this study’s analysis of tourism employees.

1.2. Erotic Capital in Business Life

The extra value of erotic capital in a person’s career largely depends on employers’ biases, values, and perceptions of beauty (Anýžová and Matějů, 2018; Lucas, 2019). As a result, the economic benefits it provides in the workplace differ across various situations. Hamermesh and Biddle (1994) examined how physical attractiveness impacts earnings differences in the labor market. Using a survey method, they found that more physically attractive workers typically earn 5-10% higher wages, indicating that attractiveness has a significant influence on earning potential. The study also highlighted that attractive employees are more likely to work in sectors where physical attractiveness enhances productivity.

Seçkin (2014) argued that young, attractive individuals hold a form of capital rooted in social, emotional, and physical effort, which makes them appealing to both employers and customers. This phenomenon, mainly seen in the service, finance, and communication sectors, is tied to consumer culture and capitalist production. The focus on physical appearance in hiring and job performance can cause physical and emotional stress for workers. For women, the high demand for aesthetic labor in hospitality and retail not only reinforces gender stereotypes but also leads to unfair workplace conditions for women (Bilir, 2018; Can *et al.*, 2023; Warhurst and Nickson, 2007). Montemurro and Hughes (2024) further strengthen this argument by demonstrating that erotic capital, particularly in service-oriented and customer-facing industries, often becomes a mechanism through which women’s bodies are commodified and regulated. Their findings highlight how the interplay between aesthetic labour and capitalist demands transforms erotic capital from a potentially empowering resource into one that exposes women to heightened vulnerability and institutional control.

Although often overlooked, erotic capital plays a significant role in social

interactions, influencing personal circumstances and human resource decisions concerning the individual who possesses it (Wojtaszczyk and Syper-Jedrzejak, 2023, p. 396). Specifically, physical appearance is crucial during recruitment before formal hiring. Williams and Connell (2010) examined how aesthetic labor influences retail recruitment, demonstrating that stores prioritize candidates' appearances based on their customer profile and brand image. Their research indicates that physical appearance is a major factor in selection, as employers see a worker's appearance as part of the business's overall appeal.

Gordillo *et al.* (2019) examined how physical attractiveness on job application evaluations in Ecuador. They used photographs rated by independent panels, which were then included in fabricated resumes for job applications. The findings indicated that more attractive candidates received more positive responses compared to less attractive ones. Likewise, Bozkurt and Kıran (2022) studied job ads in the TR61 region, including Antalya, Burdur, and Isparta, and discovered that aesthetic effort significantly impacts the hiring of female workers. Their research concluded that female applicants are expected to show aesthetic effort alongside other “feminine” traits.

Taken together, these studies align with recent theoretical discussions emphasizing that erotic capital is not an individually defined asset but a socially structured form of value that reproduces gendered expectations. This perspective is further echoed in post-2020 scholarship, which stresses that attractiveness operates within socially reinforced labour hierarchies rather than as a neutral hiring criterion.

Similarly, Toksoy *et al.* (2023) concluded that people with visible facial differences caused by rare disorders face discrimination in the workplace, influenced by societal beauty standards. Practices like asking for a photograph during job applications perpetuate appearance-based biases and unfairly disadvantage candidates with skin conditions. Another relevant study was conducted by Oluyadi and Dai (2023). The study highlights that companies in the ready-to-wear retail industry expect female staff to appear attractive and communicate with a warm, feminine tone. These expectations differ depending on employees' demographic backgrounds. Specifically, higher standards are placed on the appearance of white female employees. In contrast, Asian female employees are judged more on their accent and eloquence, with higher expectations that they have an accent, an exotic flair, and a feminine speaking style.

These differentiated standards resonate with contemporary debates on intersectionality, demonstrating that erotic capital operates differently across racialized and gendered bodies. The 2020s literature underscores that attractiveness-based value is not universal; instead, it is filtered through existing

power structures, making erotic capital a deeply stratified and context-dependent resource.

Li *et al.* (2019) investigated the impact of employees' physical attractiveness on customer behavior in the service industry, including gyms and training centers, through a scenario-based research study. Their findings indicated that attractiveness generally enhances customer responses, although this effect depends on factors like customer social interaction anxiety and consumption patterns. In 2010, Melissa Nelson, a dental assistant, was fired by her employer for being deemed "too attractive", raising concerns about her fidelity to her spouse. Nelson's lawsuit resulted in a court ruling that his employment termination was not due to gender discrimination. However, it was meant to protect the institution of marriage, leading to the charges being dismissed (The New York Times, 2013). Meanwhile, a report by the Spanish newspaper El País (El País, 2008) details how 10 nurses at the San Rafael Clinic in Cádiz, Spain, opposed the mini-skirt dress code. They argued that this dress code restricted their mobility and hindered their ability to provide comfortable, effective patient care, leading them to wear trousers like their male colleagues. Following this decision, the clinical management imposed a penalty by withholding the nurses' monthly 30-euro productivity bonus. The nurses contended that this was illegal, claiming they had the authority to set the clinic's dress code policy, and persisted in their opposition by asserting their actions were lawful.

A BBC report (BBC, 2016) detailed that Nicola Thorp, a 27-year-old employee of Portico was fired for refusing to wear high heels measuring 5 to 10 centimeters. Thorp highlighted that there was no dress code for men at her workplace. After she brought her case to the media and initiated a petition, public backlash against the company intensified, prompting management to reconsider the policy. This incident illustrates what recent research continues to demonstrate: erotic capital can function as a disciplinary tool, compelling women to comply with gendered aesthetic norms in order to maintain employability. Such examples highlight the structural pressures that make erotic capital a precarious resource rather than an unequivocal advantage.

Temel's (2023) research also showed that physical attractiveness plays a significant role in the banking industry, especially in private banks, where female employees often face exploitation of aesthetic labor. The study further revealed that employees who do not meet aesthetic standards are often subjected to harassment, obstacles to promotion, and even dismissal by their supervisors. These findings closely align with Montemurro and Hughes (2024), who argue that contemporary labour markets increasingly reward bodies that conform to aesthetic ideals while penalizing those that do not, thereby reinforcing inequities tied to gendered and embodied expectations.

Kahya (2024) explored how appearance influences professional life. Based on data from 279 participants, the study found that appearance has become increasingly significant in the workplace. It also revealed perceptual differences between male and female employees regarding the role of physical appearance. Men tend to perceive physical attractiveness as more impactful in the workplace than women do. Moreover, the outcomes of erotic capital – how attractiveness affects professional success – can vary by gender. Kahya's (2024) contribution is particularly relevant because it provides contemporary empirical evidence that erotic capital is gender-differentiated in both perception and outcome, reinforcing the need to analyze attractiveness within broader gendered power relations – especially in sectors like tourism where aesthetic expectations are pronounced.

Similarly, Kukkonen *et al.* (2024) reviewed 58 articles to analyze how physical appearance affects the labor market. The findings suggest that appearance benefits men in terms of career success and income, especially in male-dominated fields. Conversely, attractive women in these fields may face prejudice, while men do not experience these adverse effects. This systematic review further deepens the theoretical argument by confirming that erotic capital does not operate symmetrically across genders; instead, its benefits and penalties are shaped by the gendered organization of labour markets. Such insight is crucial for understanding how erotic capital functions within structurally unequal workplaces.

However, erotic capital's influence is not exclusive to women; it can also have adverse effects for men. For example, Fowler *et al.* (2016) studied Chinese male models in advertising. Initially, a muscular physique was considered ideal, but over time, a slimmer body became the standard. This shift made some models feel insecure and powerless, as they struggled to meet the changing beauty ideals. Recent studies show that this change shows that erotic capital is a form of capital that changes over time. It is a form of capital that is influenced by social norms about beauty. Therefore, erotic capital depends on broader societal expectations rather than on individual attributes alone.

1.3. Erotic Capital in the Tourism Sector

The tourism and hospitality industries heavily rely on the physical appearance of employees, especially women, to attract and impress customers. This commodification includes dress, behavior, and social presentation (Basnyat *et al.*, 2021). Attractive women and/or handsome men are often hired for customer-facing roles where their “friendliness” and “hospitality”

are crucial (Mathies and Burford, 2011). The industry's focus on attractiveness can lead to discriminatory hiring practices against individuals who do not meet superficial beauty standards, with physical appearance often evaluated early in the recruitment process and attractiveness sometimes judged more harshly after service failures (Li *et al.*, 2022; Fang *et al.*, 2020). Ultimately, “erotic capital” is a tangible factor contributing to economic gains in tourism, but it raises significant questions about equality and service delivery approaches (Basnyat *et al.*, 2021). These dynamics illustrate how erotic capital becomes embedded within organizational logics, where employee bodies are evaluated as marketable assets rather than neutral carriers of labour. This aligns with broader literature suggesting that the tourism sector institutionalizes attractiveness as a component of service quality, reinforcing gendered expectations and unequal power relations. Beyond economics, erotic capital is viewed as crucial for achieving gender equality and promoting corporate responsibility (Basnyat *et al.*, 2021). The dynamics between men and women are particularly noteworthy. This framing highlights that erotic capital in tourism is not only a tool for profit-making but also a site where gendered norms are reproduced, making industry-wide policies on equity and representation especially consequential.

The literature offers limited sources discussing the tourism sector in relation to “erotic capital”, with most references focusing on the food and beverage industry. This study, in concordance with extant literature, underscores the significance of physical attractiveness in the tourism industry. This notion has been previously documented by Basnyat *et al.* (2021); Li *et al.* (2019); Luoh and Tsaur (2009); Jin and Merkebu (2015), and Li *et al.* (2021). The findings of these studies suggest that the tourism industry should be more cognizant of the potential benefits and risks associated with the commodification of beauty and attractiveness. Basnyat *et al.* (2021) argue that hotels and restaurants in the tourism industry should adopt practices to alter perceptions and redefine women's roles. When considered as a whole, these studies show a clear pattern: the idea of attractiveness is firmly rooted in how tourism organizations think about value creation. This means that erotic capital is seen as both an economic resource and a gendered area of vulnerability.

In the service industry, especially, physical appearance plays a crucial role in recruitment, as companies often prioritize attractiveness under the pretext of enhancing image and satisfying customers (Nickson *et al.*, 2005). Consequently, in the tourism sector, the commodification of erotic capital, beauty, and physical attractiveness – using these traits to create economic value – is particularly significant. As noted earlier, erotic capital refers to the idea that an individual's aesthetic, visual, physical, social, and sexual appeal can be a valuable personal asset. It is well documented that the physical appearance

of tourism workers, especially women, is actively used as a tool to attract and influence clients. This commodification extends beyond mere looks to clothing, behavior, and social presentation (Basnyat *et al.*, 2021). Erotic capital is often applied, especially for women, in ways that reinforce traditional gender roles. Women are often employed in roles that require customer interaction, where warmth and hospitality are highly valued (Mathies and Burford, 2011). This indicates that erotic capital is mobilized selectively depending on gender, with women disproportionately positioned in roles where their appearance is treated as part of the service itself -reflecting a broader patriarchal logic within the tourism labour market.

This pattern is also seen in airlines, where female cabin crew are often regarded as the company's face, and in restaurants, where attractive female staff are seen as a draw for male customers (Abubakar *et al.*, 2019). Because female employees' physical attractiveness is frequently considered a source of economic advantage, attractive waitstaff tend to receive more tips (Parrett, 2015). In this context, Luoh and Tsaur (2009) studied how stereotypes about physical attractiveness influence perceived service quality. Their sample consisted of 480 customers from fine-dining restaurants in Taiwan. Customers were presented with various scenarios and staff photographs and asked to rate the service quality across dimensions such as reliability, responsiveness, assurance, and empathy. The study found that staff with high physical attractiveness were perceived by customers as providing better service quality. Jin and Merkebu (2015) conducted a similar investigation, focusing on how employees' physical attractiveness and positive mood in luxury restaurant settings affect customer experience, trust, gratitude, and loyalty. Their sample consisted of 398 participants, and the results showed that physical attractiveness has a positive impact on customer satisfaction. Additionally, men sometimes view beauty, physical attractiveness, and sex appeal as challenging qualities to attain, which can enhance the perceived value of services offered by attractive women (Basnyat *et al.*, 2021). These findings collectively underscore that attractiveness functions as a service cue in tourism, shaping customer expectations and interactions in ways that elevate erotic capital as a determinant of perceived service quality.

Physical attractiveness can encourage social interaction, which, in turn, influences customer loyalty. Customers are generally more likely to engage with employees they find attractive (Fang *et al.*, 2020). Additionally, they tend to rate services provided by attractive individuals more favorably (Li *et al.*, 2021). However, this is not always the case, as cultural and temporal differences can influence perceptions of beauty and attractiveness. Furthermore, what is considered erotic capital in one context might be viewed dif-

ferently elsewhere (Li *et al.*, 2022). This variation illustrates that erotic capital is not a fixed or universally valued resource; rather, its meaning fluctuates according to cultural norms and situational expectations, reinforcing its socially constructed character.

Conversely, commodifying beauty by prioritizing appearance over skills and talents can diminish women's roles in the tourism and hospitality industries (Basnyat *et al.*, 2021). This process may also perpetuate women's subjugation within a patriarchal system (Rudman and Fetterolf, 2014; Basnyat *et al.*, 2021). The overemphasis on physical attractiveness has been linked to discriminatory hiring practices, especially against those who do not conform to narrow, popular standards of beauty. Li *et al.* (2021) argue that in-service training and skill development should be prioritized over appearance. In Basnyat *et al.*'s (2021) study, some female service workers recognize that they are stereotyped but may accept it due to cultural norms or view it as a marketing tactic. The influence of physical attractiveness on customer perceptions is complex (Basnyat *et al.*, 2021; Fang *et al.*, 2020; Li *et al.*, 2021). Factors such as the required level of service expertise, gender compatibility between customer and employee, and the significance of service errors can also play a role. For instance, in less successful situations, an employee's attractiveness might be ignored (Li *et al.*, 2022; Fang *et al.*, 2020). These nuances highlight that erotic capital does not guarantee positive outcomes; instead, it interacts with contextual factors such as expertise, service complexity, and gender dynamics, demonstrating its conditional and often unstable value.

Tsai *et al.* (2015) examined how physical attractiveness, sense of humor, and seniority of tourist guides influence tourists' attention and the guide's authority within the group. They used a quasi-experimental design, presenting senior and novice guides with varying levels of attractiveness and humor to a group of university students. The study found that physical attractiveness has a positive impact on tourists' perceptions; however, it is insufficient on its own. Tour guides should also focus on other qualities, such as a good sense of humor and relevant experience.

Abubakar *et al.* (2019) examined the effects of the concept of "erotic capital" on managerial bias in the accommodation sector. Semi-structured in-depth interviews were conducted with five hotel managers and 20 employees at 4- and 5-star hotels in the Turkish Republic of Northern Cyprus. The study concluded that erotic capital offers advantages, including enhancing the hotel's brand image, gaining a competitive edge, increasing sales, improving customer experience, and attracting more customers. However, it also leads to adverse outcomes, such as workplace bias, low perceptions of fairness,

decreased job satisfaction, information withholding, and customer dissatisfaction (Abubakar *et al.*, 2019). Such findings demonstrate that erotic capital simultaneously generates symbolic and economic value while contributing to organizational inequities, revealing its dual function as both an asset and a source of workplace tension.

Fang *et al.* (2020) investigated the impact of service-sector employees' physical attractiveness on customers. Using a mixed-methods approach, they conducted in-depth customer interviews and three scenario-based experiments. Results showed that customers respond favorably to employees' sexual attractiveness, and erotic capital enhances customer satisfaction. However, for roles requiring expertise, the employee's knowledge was deemed more important than their erotic appeal. Similarly, Li *et al.* (2021) investigated the effect of tourism employees' physical attractiveness on customers' evaluations of service quality. Their empirical research, conducted with 334 guests at Guangzhou Chimelong Tourism Resort in South China, found that attractive tourism employees positively affect tourists' perceptions of service quality. These studies demonstrate that erotic capital influences customer behavior, but it is less important than expertise in contexts where professional knowledge is highly valued. This suggests that being attractive is not enough to ensure continuous service excellence.

Besides being a tangible factor that boosts economic gains in tourism through erotic capital, it is considered highly significant for gender equality and corporate responsibilities (Basnyat *et al.*, 2021). This also highlights the different interactions between women and men. While most research emphasizes women's roles, it is also important to examine men's positions within erotic capital and their perceptions of each other, as these are notable aspects. The primary focus of this study is to explore how women and men in the tourism industry view erotic capital, their similar or differing experiences, and the perceived benefits and drawbacks. This orientation is essential for understanding erotic capital as a gendered and relational phenomenon: one that affects not only how women navigate appearance-based expectations but also how men interpret and respond to the aesthetic norms that structure interactions within the tourism workforce.

1.4. Corporate Governance, Ethical Management, and the Regulation of Aesthetic and Erotic Capital

As the literature demonstrates, expectations regarding employee appearance are not solely interpersonal or subjective but are embedded within organizational policies, codes of conduct, and performance evaluation systems

(Wu *et al.*, 2020; Stevens and Connelly, 2024). Therefore, examining employees' experiences without attending to these institutional mechanisms would provide an incomplete understanding of how erotic capital operates within tourism workplaces.

Research in hospitality management demonstrates that physical appearance is intentionally managed at the organizational level as a component of service delivery. Wu *et al.* (2020), for example, illustrates how aesthetic labour becomes institutionalized when businesses integrate employee appearance and presentation into their brand identity. Such findings suggest that expectations regarding appearance reflect organizational standards of performance rather than merely aesthetic preferences.

The literature also highlights how these expectations become embedded within corporate mechanisms such as hiring policies, codes of conduct, and performance evaluation systems. Appearance standards, often justified through “brand consistency”, can become formalized as normative requirements within organizational policies (Wu *et al.*, 2020). Stevens and Connelly (2024) further show that assessments of appearance intersect with gender, race, and other social categories, and that the discourse of “organizational fit” may legitimize discriminatory practices. These insights point to the need to understand aesthetic and erotic capital as phenomena produced through institutional processes rather than solely through interpersonal dynamics.

It is indicated by these studies that aesthetic and erotic capital function as governance domains regulated through organizational policies, codes of conduct, and evaluation procedures. These regulatory mechanisms influence employees' positions within organizations, career progression, and perceptions of fairness. Thus, the governance of appearance has implications for gender equality and broader ethical and managerial practices in the tourism sector.

Considering all aspects in the literature, the following research questions have been generated:

- RQ1. How do female and male employees in different occupational positions within the tourism sector (e.g., front-office, food & beverage, house-keeping) define and interpret the concept of erotic capital in their daily work interactions?
- RQ2. In what specific ways do women and men report similar or divergent experiences regarding the use, expectation, or evaluation of erotic capital in their workplace roles and customer interactions?
- RQ3. What concrete advantages and disadvantages do female and male employees associate with erotic capital, and how do these perceived outcomes differ by gender?

2. Methodology

This research uses a qualitative, phenomenological approach to examine participants' perceptions and experiences of erotic capital deeply. The aim is to uncover meanings derived from personal experiences. Data collection involved semi-structured, in-depth interviews with open-ended questions aligned with the research goals. These interviews were audio-recorded and transcribed verbatim. In this study, "descriptive analysis" was preferred for data analysis. In the descriptive analysis technique, data obtained according to the themes established in the theoretical framework are summarized and interpreted (Wolcott, 1994). Furthermore, in this analysis technique, direct quotations are frequently used to reflect the participants' views in an unbiased manner (Yıldırım and Şimşek, 2013). In this context, the themes were developed within the descriptive analysis framework, based on a review of the relevant literature and expert opinions. In line with the phenomenological design, the interviews were structured to elicit rich descriptions of lived experiences. Therefore, the interview protocol included probes encouraging participants to reflect on concrete situations (e.g., customer interactions, recruitment processes, workplace expectations) rather than abstract opinions. This allowed the researcher to access participants' subjective meaning-making processes, which is central to phenomenological inquiry.

Participants included male and female staff from Turkey's tourism sector, including hotels, restaurants, entertainment venues, guides, and other related industries. To ensure diversity, maximum variation sampling – a purposive method – was employed based on demographics and professional traits, including age, gender, role (front desk, housekeeping, entertainment, management), and experience. Sample selection followed clear inclusion criteria: (1) active employment in the tourism sector, (2) at least six months of work experience to ensure familiarity with workplace practices, and (3) willingness to discuss personal experiences related to appearance and customer interaction. Maximum variation sampling ensured the representation of different occupational groups, and this diversity enabled the comparison of patterns across job categories. The final sample consisted of 16 participants, selected when data saturation was reached through repetitive responses. The sample was evenly split, with 8 women and 8 men. Data saturation was determined by monitoring recurring concepts and the point at which no new themes emerged during consecutive interviews. In this study, saturation became evident after the 14th interview, and two additional interviews were conducted to confirm that no new information was being introduced.

In qualitative research, as in quantitative research, attention must be paid to the validity and reliability criteria of the research. In this context, Guba

(1981)'s reliability and validity model has been adapted to ensure the validity and reliability of the study. This model encompasses the concepts of credibility, transferability, dependability, and confirmability. To ensure the credibility of the research, care was taken to ensure that the participants interviewed were volunteers, and the purpose of the study was explained to them before it began. They were assured that their names would remain confidential. Furthermore, the data were analyzed by two independent researchers to ensure the reliability of the study. To capture the criterion of transferability, the study specified the number of participants interviewed, the data collection technique, the dates on which the data were collected, and the constraints related to the participants in detail. In addition, to ensure consistency, the design and subject of the study were also described in the methods section. Finally, the researchers attempted to enhance the validity of the study by acknowledging its limitations and explaining the rationale behind the chosen qualitative method. To strengthen dependability and confirmability, an audit trail was maintained, documenting coding decisions, theme development, and reflections during analysis. The involvement of two independent coders contributed to analytical triangulation and minimized researcher bias.

The interviews were conducted between May 14, 2025, and June 2, 2025. Before starting the interviews, participants were informed about the purpose of the research and assured that their names would remain confidential and that the data would be used for scientific purposes. The aim was to gain the participants' trust in the researcher and to obtain reliable answers to the questions. It is also stated that the research has obtained ethical approval from the relevant authority of the institution to which the researchers are affiliated. The interviews lasted between 25 and 40 minutes. Before starting the interviews, participants were asked for permission to record the interviews with a voice recorder. All participants agreed to the use of a voice recorder during the interviews. The participant who did not want the interview to be recorded cited previous security concerns as the reason. The responses given by the participants in the interview that was not audio recorded were noted by the researcher. The interviews, recorded with an audio recording device, were transferred to a computer. To protect the anonymity of the participants, their names were kept confidential, and they were assigned codes, such as P1, P2, P3, P4, ... P16. During transcription, paralinguistic cues (pauses, hesitations, tone shifts) were documented when relevant to meaning-making. These elements provided additional interpretive depth during coding. The demographic table included in the findings section was used only for descriptive purposes. Theme extraction followed a multi-step process: (1) initial open coding of all transcripts, (2) grouping of codes into conceptual categories, and (3) refinement of categories into overarching themes aligned with the theoretical framework. These ensure

that the analytical terms remain grounded within the narratives, whilst still acknowledging the overarching conceptual themes.

Details of the demographic variables of the interviewed participants can be seen in Table 1.

Table 1: Demographic Variables

Participant	Gender	Occupation	Work Experience
P1	Female	Reservation Manager	20 years and above
P2	Male	Guest Relations Officer	2-5 years
P3	Male	Tour Guide	11 years
P4	Female	Food and Beverage Manager	11 years and above
P5	Male	Entertainment	6-10 years
P6	Male	Food and Beverage Staff	11 years and over
P7	Female	Kitchen & Housekeeping Staff	1 year
P8	Female	Guest Relations Assistant	6-10 years
P9	Male	Front Desk Agent	11 years and above
P10	Female	Tour Guide	11 years and above
P11	Male	Food and Beverage Staff	20 years and over
P12	Male	Front Desk Clerk	6-10 years
P13	Male	Tour Guide	6-10 years
P14	Female	Front Desk Manager	11 years and above
P15	Female	Guest Relations Supervisor	6-10 years
P16	Female	Front Desk Manager	20 years and above

These demographics are mentioned with the objective of emphasizing their diversity with regard to their backgrounds, as well as their extensive experience within this industry.

3. The Influence of Physical Appearance on Women's Careers: Perspectives of Female Participants

Female participants emphasized that physical appearance plays a crucial role in the tourism industry, particularly in hiring and task assignment. The majority agreed that attractiveness has a significant impact on these aspects. This appearance is sometimes assessed directly and sometimes indirectly; candidates' physical posture and looks are evaluated during the hiring process. They noted that physical appearance creates a positive first impression in guest relations, but they believe that friendliness and sincerity are more effective in

ensuring guest satisfaction. They also mentioned that although physical appearance can influence initial perceptions, guests primarily value friendliness, sincerity, and honesty. Communication skills and personal attitudes are considered more important than physical attractiveness in achieving guest satisfaction. This underscores the industry's human-centered nature and highlights the importance of service quality. Therefore, while physical appearance affects first impressions, guest satisfaction and loyalty are more strongly influenced by employees' professional attitude and approach.

Some participants mentioned that a certain physical standard is often expected for specific roles. P15 shared her view on this topic as follows:

“At our hotel, they tend to be quite straightforward. When hiring, they focus first on physical posture and appearance to determine if someone is a good fit for the role. For example, a girl visited us; unfortunately, she was overweight. While she had excellent language skills, she wasn't considered suitable for the guest relations department. Instead, she was hired into a quieter, behind-the-scenes department. This honest approach can sometimes feel a bit direct, but it helps ensure the best fit for both the team and the guests”.

A pertinent example, as highlighted in P15's case, describes appearance as a gatekeeping device that is not only linked with job allocation, but also takes precedence over skill-based credentials. Conceptually, this correlates with Connell's (1995) investigation into the structuring of gender-based forms of “institutionalised” power, whereby women whose appearance did not measure up to the “idealised feminine aesthetic” were purposefully channelled towards invisibility.

In the long run, an employee's communication skills, experience, and professionalism are more important than their physical attractiveness. P16, with twenty years of experience in the tourism industry and currently a front desk manager at a chain hotel affiliated with a corporate group, shared her insights, which differed from those of the other female participants.

“At first glance, it might seem that physical appearance is really important when it comes to professionalism and communication, but honestly, I don't believe it's very effective in the long run. Over time, skills such as effective communication, knowledge, teamwork, and the ability to connect with others in our industry become increasingly valuable. These qualities tend to stand out more and hold greater significance. This view might also be influenced by how companies and the corporate world see things. Having worked at my company for many years, I've come to realize that these personal qualities aren't always the most prominent. What really matters in our industry is the physical characteristics – and by that, I don't mean looks, but rather a well-groomed appearance. We believe that presenting ourselves neatly is more important”.

It is generally agreed that a strong level of grooming and cleanliness is a minimum expectation within the workplace. Although the importance of appearance is predominantly linked to initial impressions and customer-facing aspects, issues beyond appearance also strongly affect employee output. P16 further expands on this by defining both “beauty” and “grooming”, elucidating organizational preferences for cleanliness rather than mere appearance. Indeed, the inference gained here would suggest that although success may be linked with expertise, the establishment of a presentable appearance remains a prerequisite, thus supporting Butler’s (1990) claim that gender is enacted through appearance, as part of day-to-day, professional interaction.

3.1. Perspectives of Male Participants

Male participants also emphasized the importance of physical appearance in the tourism industry and in professional settings, as did women. P2 mentioned, “I guess they say you have to be presentable; when guests see you, they need to recognize from your appearance that you’re here to provide good service (...)” suggesting that a tidy appearance builds customer trust and professionalism. P6 highlighted that physical appearance impacts decisions, mentioning, *“Since tourism is partly a service industry, it’s expected to appeal visually and engage the senses. Even if this is secondary or tertiary, they prefer employees and tasks that align with these qualities”*.

Visual appeal in P6’s statement suggests that appearance judgments apply equally to men, although their wording is much less forceful than that found in the female interviews. This reflects the larger dynamic, as men acknowledge the importance of appearance but do not see this as something that is foreclosing or constitutive of their identity, as Butler describes, with gender performativity being unequally adjudicated.

Participants have observed that professional competence has become more important in recent years, while the focus on appearance has shifted. P9 added, *“In the past, hiring a young person with a good physique, clear skin, and attractive features was straightforward. Nowadays, there’s more emphasis on skills”*. This shift indicates a move toward competency-based employment, where appearance still matters but professional skills are gaining precedence.

In terms of its analysis, the male stories within Theme 1 show that, although appearance is important to men, this is interpreted as a minimum professional necessity, as opposed to being a strongly gendered display. Compared with female employees, male employees experience fewer forces,

fewer cosmetic duties, and a weaker correlation between appearance and vulnerability. This distinction shows a difference in terms of gender, which emerges clearly if analyzed through the theories associated with Connell (1995) “hegemonic masculinity” and “performance” as outlined in Butler (1990).

4. The Effect of Appearance on Hiring and Job Placement: Perspectives of Female Participants

Female participants emphasized that physical appearance has a significant impact on hiring decisions and task assignments. They observed that female employees face greater pressure regarding their looks compared to their male colleagues. Women tend to be more attentive to their appearance, engaging in grooming and beauty routines more frequently. Conversely, men generally have more modest expectations about their appearance, and male employees sometimes need reminders about their grooming. This leads to inequality in hiring and promotion, undermining fairness in organizations. They also noted that the majority of those hired or promoted based on looks were women, resulting in unequal opportunities and unfairness. P4 noted that the pressure on female employees is even more intense than on males, stating:

“More is expected of women. Men would come to work unshaven and be forced to shave. But women had to wear that skirt, for example. During meetings, I often saw my male coworkers unshaven and wearing white socks, despite the company policy prohibiting this attire. But, for example, black socks were mandatory, and he came wearing white socks. But I still had to wear that skirt”.

P4’s explanation shows the structural gendered double standard. Men are punished for poor grooming, whereas women are expected to conform to appearance standards. This is consistent with Connell’s (1995) views on “hegemonic masculinity”, whereby organizational culture treats women’s bodies as places that must be managed through appearance.

However, P10 mentioned that her profession does not make such distinctions:

“In guiding, this equality is higher than in other sectors. Guiding is a job that relies more on knowledge. In fact, you are more prominent with your knowledge and language. So what you wear doesn’t matter much as long as customers appreciate you. Of course, at first or while working, etc. Yes, you may get such reactions from other people. But in guiding, you see greater equality. In other sectors, expectations are much higher”.

P10's account differs in that it shows the strategic deployment of erotic capital with regard to different occupations. Where the job emphasizes knowledge, the expectation linked with appearance is diminished. This is clearly important for purposes of analysis, as it shows that there is not an equal distribution of erotic capital, as different occupations will likely yield different results.

While erotic capital can benefit women, it also has drawbacks, like increasing harassment. In workplaces, women often wear makeup or focus on their appearance – whether by choice or due to workplace norms – while men do this less frequently. Female employees face more pressure to present a certain image, paying closer attention to grooming and appearance. Taken together, the results show that appearance is a resource as well as a vulnerability for women in the workplace. On the theoretical level, this mirrors feminist theories of erotic capital, proving that it can offer strategic benefits as well as position women within a system of surveillance.

4.1. Perspectives of Male Participants

Male participants highlighted that physical appearance plays a significant role in hiring decisions and role assignments in the tourism industry. They observed that factors such as height, posture, and appropriate attire are especially important for roles that involve direct customer interaction. P2 explained, *“You can’t seat a short person at the desk; our desks are barstool-style, and when a short person sits there, it looks unprofessional from the entrance. These considerations influence role allocation or hiring... In guest relations, particularly at the entrance greeting, some hotels focus on appearance, height, posture, and how well staff uniforms fit on those welcoming guests”*.

This adds that male employees, too, undergo appearance-based assessment, although their appearance standards call for “professional fit” rather than “aesthetic desirability”. They, as opposed to being assessed in terms of their “charm”, “sexual appeal”, or “beauty”, must meet standards such as “height”, “posture”, and “uniform fit”, which confirm professional expectations along masculine norms of hegemony, as opposed to “charm”, “sexual appeal”, associated with “feminine” ideals. Thus, appearance becomes a determinant for men as well, although in a more “utilitarian” and “non-judgmental”, as opposed to “objectified”, “normalized”, form. Thus, this further recognizes that male employees, with regard to appearance, subscribe to organizational ideals of “reliability” rather than “attractiveness”. Applying

Butler's theoretical formulation, male employees' "gender performances" remain "constructed" through ideals of "professionalism", as opposed to appearance enhancement.

However, in other businesses, attractive employees are often given privileges, which can lead to unfair treatment and inequality. P11 noted, *"I have encountered situations where a person who was more deserving of a job or position did not get it because their physical abilities and physical superiority were lower"*. This reveals that physical appearance can affect promotion opportunities. Similarly, P9's statement below also points to unfairness in corporate policies:

"Unfortunately, in hiring, especially for sales positions such as banquet sales, group sales, or special tour sales, ladies with a neat appearance, well-groomed hair, proper care, and makeup are preferred".

P9 further stressed that gender and appearance influence task distribution.

"In the coastal region, airlines particularly favor women who are physically fit, well-groomed, and wearing makeup for charter flights from abroad. They consistently prefer female staff who meet these criteria. Men are less preferred for roles involving transportation, transport, and airport reception".

Male participants clearly indicate that the expectations placed on their appearance are less burdensome than those placed on women, exemplifying how organizations attribute economic value to female beauty, thus consecrating gender divisions of labor as defined within theories of erotic capital. Such practices embody the scripting of femininity as the "front stage, hospitable self", with "logistical" views being associated with masculine roles. Such divisions of roles subscribe to Butler's (1990) formulation of "gender performativity", whereby organizations legitimate or enforce expectations linked to the appearance, conduct, and presentation of employees.

5. Erotic Capital's Role in Corporate Justice: Perspectives of Female Participants

Female participants generally viewed erotic capital with caution, noting it involves conscious or unconscious use of physical appearance in professional contexts. Most were unfamiliar with the term, and during the study, they associated it with sexuality and approached it carefully. P1, who had heard of the term previously, provided this definition: *"When I hear 'erotic capital', I understand it as making something attractive or valuing the high erotic appearance of the people working there"*.

This statement shows that for the female participants, their erotic capital

is largely associated with “the sexual connotations of appearance”. Thus, the term not only serves as a resource or social value for the female participants but also constitutes a space of enactment fraught with the dangers of misinterpretation. Using Butler’s (1990) theories of gender performativity, the female employees in this scenario are constantly embodying their roles based on their appearance, as explained in the performativity of gender. This performance reproduces normative expectations of femininity within the institution, which are defined by societal standards of what it means to be a woman.

Besides, female participants noted that erotic capital can undermine concepts of equal opportunity and fairness in the workplace. They provided examples of implicit policies based on appearance, where employees with certain physical features were preferred for specific roles. This was seen to lead to discrimination in hiring or task assignment.

“In public relations and guest services, it’s common to see staff who are often tall, model-like women or well-groomed young people working at the front desk. These team members typically have neat hands, faces, teeth, and overall appearance, which can be appreciated in their roles. While looks may not be as essential for positions like housekeeping, they are usually considered important for those at the reception or in guest relations, and this is an aspect people are mindful of during hiring. Naturally, attractive and pleasant women aren’t typically assigned to tasks like washing dishes. However, it’s important to recognize that a woman who has completed excellent courses, graduated successfully from university, and improved her foreign language skills might still encounter challenges reaching high positions in tourism if she doesn’t meet certain beauty standards”.

P1 expressed her views on this matter as follows:

“I believe this situation causes inequality of opportunity and corporate injustice. I mean, of course, I believe that ultimately, our physical features are not something any of us can control. We are all born like this. Yes, in terms of appearance, I unfortunately think it harms justice. Even though I think it’s necessary. Maybe I’m explaining it in a way that seems contradictory. However, I think it’s necessary, so I believe it’s done. However, I don’t believe a woman is an unattractive woman. Or an unattractive man. I believe that with the right care, hygiene, and clothing, every person can definitely enhance their own attractiveness. So, if someone faces this injustice because they don’t take care of themselves, there’s nothing you can do about it. But yes, if someone isn’t hired or promoted because they are obviously unattractive, then yes, that is an injustice. Because none of us are the owners of our physical features”.

P1's reasoning illustrates the internalization of beauty standards as appearance-based norms, despite recognizing inequality, because beauty standards are, in fact, defined as "necessary". According to Butler (1990), this complexity in appearance-based expectations within the workplace can be explained by a script that normalizes them through repetitive practices, to the point that individuals, despite their negative effects, still experience them as necessary. Similarly, Connell's (1995) theory explains that individuals in organizations often perpetuate inequality through commonly accepted forms of femininity that closely align with value-oriented appearance standards. Finally, within the realm of analysis, the female participants acknowledge that, despite its negative effects within corporations, inequality relates closely to structural appearance hierarchies, as "erotic capital" is not simply an individual resource, but requires structuring.

Female participants also noted that erotic capital can undermine equal opportunity by reinforcing appearance hierarchies and shaping job roles accordingly. This dynamic creates both visible and invisible boundaries in workplaces.

Analyzing the collected data from female participants, the dual nature of the aspect of erotic capital, as explained, emerges. It consists of two aspects: firstly, the most beneficial aspect is linked with visibility, approval, and the availability of specific roles. Secondly, the discriminatory, misunderstanding, security risk, as well as the consequences linked with "emotional labor".

Applying Butler's (1990) "performance theory", it clearly illustrates that "female participants" face constant pressure "to express a specific image through their appearance". Similarly, "performance" as per Connell's (1995) "hegemonic masculinity" thesis, illustrates that this "performance" helps in sustaining "power dynamics" within the staff.

5.1. Perspectives of Male Participants

Awareness levels regarding the concept of erotic capital differ among male participants. Participant 3 clearly stated that he had never heard of the concept and could not define it, saying, "*Capital? I don't understand*". Similarly, P5 indicated that he was unfamiliar with the concept, responding, "*I haven't heard of it*". P6 emphasized that he could not establish a connection between the concept and the sector, saying, "*The concept of erotic capital... I don't think this has much to do with tourism*".

These results indicate that male participants may see the importance of erotic capital as irrelevant or unremarkable compared with their own experiences. This is consistent with Connell's (1995) idea of hegemonic masculinity, which argues that men's bodies do not undergo the same kind of aesthetic

scrutiny as females'. Men, therefore, do not regard their appearance as something that might be considered "capital". From a Butler (1990) perspective, "masculine" is "constructed" as "neutral", meaning men are less aware of their own performative obligations compared with women.

However, some participants noted the necessity of exercising caution in the utilisation of erotic capital; otherwise, there is a risk of being labelled and misunderstood. P11's statement, *"I think it's a very fine line where you can encounter misunderstandings and labeling"*, clearly shows that erotic capital carries certain risks. Male participants stated that their own physical attractiveness also provided an advantage in customer interactions. P11 shared his personal experience on the subject: *"Because my job requires me to be very much in the foreground in the service sector, I was able to use my physical superiority in many jobs"*. Similarly, P12 stated, *"I think I got the job more easily. I think I communicate with confidence (...)"*. This indicates that physical appearance may provide an advantage in professional life.

This analysis shows that men acknowledge appearance-based injustice only if it occurs towards other men or through organizational notions of favoritism, as opposed to recognizing its association with the organization of gender. In narratives of male experiences, appearance-based injustice is seen as procedural (concerning promotion, favor, and other forms of organizational benevolence) rather than existential (concerning identity, security and dignity) in narratives of female experiences.

The narratives of the male participants reveal two crucial points:

- a) The ideology of masculine supremacy makes it clear that men should reap the rewards of their erotic capital. This is considered normal. However, a lack of awareness relates to the concept of hegemonic masculinity. In this case, men retain benefits from appearance without recognizing their own demonstration of "aesthetic labor" practices.
- b) The risks, as identified within the male participants (misunderstanding, labeling), compared with those identified within the female group, appear less severe. This suggests that the methodology of "erotic capital" is not linear across genders. Thus, "erotic capital" remains a resource that is embedded within a "gender divide".

6. Psychological & Sociological Effects of Gender-Based Discrimination: Perspectives of Female Participants

Most women participants noted that men and women differ in how they utilize erotic capital, with it being less important for men. Several participants highlighted that physical appearance and gender expectations can lead

to negative outcomes, such as harassment, impacting mental health. Some specifically mentioned female employees facing verbal and physical harassment due to their appearance. P15, a guest relations supervisor, shared her experience:

“I was verbally and physically harassed by a guest at the hotel. I had gone to the smoking area, which was dark and camera-covered. He was intoxicated and followed me. He had drunk a lot of alcohol, and I thought he was asking for directions. It was a dark area, out of sight of the cameras. I told him he shouldn’t be there, but he harassed me. I reported it to the security manager, and he was removed from the hotel”.

This account demonstrates how erotic capital can transform from an economic “advantage” into a source of personal vulnerability. The participant’s experience illustrates that women’s bodies are simultaneously commodified and policed in the tourism industry. This duality creates heightened safety risks, showing how erotic capital intersects with power, surveillance, and customer entitlement – dynamics consistent with the structural inequalities highlighted by Connell (1995).

Workplace use of erotic capital has sometimes resulted in unwelcome harassment, harming employees’ confidence and mental health. P15 noted that after harassment, she felt pressured to appear less well-groomed and hesitated to speak up:

“We all wear uniforms and dress similarly, but our makeup standards vary. Some don’t wear makeup at all, others do. If I wear makeup and someone harasses me, does that make it okay? No. I see my colleague next to me, who doesn’t wear makeup, doing the same job without harassment. I’ve reduced my makeup and become less warm in my interactions... From a male perspective, I think this is probably more prominent for women. Men don’t have much to bring to the forefront because, ultimately, they don’t have as much as women. So yes, I think women are more inclined to use it more in terms of grooming, hair, trinkets, or new clothes”.

It was noted that harassment can occur both among employees and from customers, which undermines professional quality of life and motivation. However, it was also noted that most businesses rely primarily on training, support mechanisms, and interventions to combat harassment. The importance of organizations proactively creating a safe working environment was emphasized.

6.1. Perspectives of Male Participants

Male participants also noted that gender discrimination and erotic capital have both social and psychological effects, often causing more serious negative impacts on female workers. They mentioned that while erotic capital and gender discrimination can sometimes strengthen social bonds sociologically, they may also lead to harmful mental and professional outcomes. P6 commented, *“It can be a positive situation. You get to know more people, engage in more interactions”*. He added, *“I expect it to negatively influence my professional life because this situation will carry a label, prejudice, and many people who think differently may appear during the process. That could also hinder my progress”*.

P3 shared that his experience shows female guides often face traumatic events that lead to long-term psychological damage. His statements highlight that female guides face significant security risks in their work, which leads to psychological harm. He describes the impact on employees’ mental health

“Of course. Female guides in particular suffered greatly in this regard. They were subjected not only to tourists but also to their captains, to their gaze, so to speak. Unfortunately, such incidents occur quite often in the tourism sector, and female guides often lock their hotel rooms. We make absolutely sure they lock them, and they feel the need to wedge something under the door. Because some guests, especially male guests, sometimes unfortunately misunderstand a smile in this context. The social, psychological, and various effects are quite severe. Women start to withdraw into themselves. They begin to lose trust in the opposite sex. It makes them highly prone to depression (...) Additionally, it can lead to various problems in their personal lives. Currently, tourism workers are often seen negatively. In Turkey, there’s a perception that we engage in sexual relations with every guest, which I believe is a misconception shared worldwide. So, consider a tour guide – regardless of whether they have a partner of the same or opposite sex – their partner might wonder, ‘Are they looking at someone else? Was someone interested in them?’. Unfortunately, this suspicion can strain relationships”.

These detailed narratives reinforce a critical analytical point: erotic capital imposes profoundly unequal psychological risks across genders. Women experience fear, hypervigilance, trauma, and relational distrust, while men mainly observe these harms from a distance. Connell’s (1995) hierarchy of masculinities explains why men face fewer direct consequences: their social position affords them bodily autonomy and protection from sexualized vulnerability. Butler’s (1990) theory further helps clarify how women’s gender performance (friendly demeanour, smiling, politeness) becomes misread as sexual availability – an interpretive distortion that men rarely face.

7. Corporate Policies and Business Attitudes: Perspectives of Female Participants

Female participants stated that companies' policies on physical appearance and erotic capital directly affect the employee experience, and that there are implicit expectations in some companies. Companies' formal or informal policies on physical appearance and erotic capital directly affect the employee experience. Although some businesses do not have written, explicit rules, they often have implicit and established practices. P1 expressed her thoughts on this subject as follows:

"From my experience, I haven't come across an open policy at any hotel I've worked at. However, I can't help but feel that, even if it isn't obvious, more attractive men and women often seem to be hired and then treated with extra care as the process goes on. I just noticed these things".

P8 explained the implicit policy at their workplace in the accommodation business as follows:

"In both hotels I worked at, for example, even if it was implied, we were expected to wear makeup, have our hair look nice, and our clothes were already prepared by the laundry, but looking well-groomed was always desired and expected".

P16, who works as a front desk manager at a chain hotel owned by a corporate company, expressed the company policy as follows:

"So, what's important here, in my opinion, as I always say, is that we also had very overweight colleagues working very hard in our department. We also worked with colleagues who were over 45 or 50 years old, whom we could understand because of the fatigue that comes with age. But, of course, what's important here, as I always say, is communication skills, knowledge effectiveness, ethical behavior, compliance with our corporate rules, being results-oriented, and solution-oriented. These are all very important factors, and in my sector, one of the most important expectations the company has of my colleagues is a friendly demeanor. So, no matter how ideal the golden ratio is, no matter how ideal the body proportions are, if there is no communication skill and no cheerfulness, it is not possible for them to fit into our company at least".

P16 offers a contrasting narrative: an organizational culture where competence and interpersonal skills outweigh aesthetic pressures. This suggests that corporate governance models differ by type of institution. However, even in this description, the requirement that employees must maintain a "friendly demeanour" indicates the presence of emotional labour expectations – showing that different forms of performativity co-exist. Connell's (1995) hierarchy is visible here as well: aesthetic demands may be softened,

but gendered expectations (cheerfulness, friendliness) remain disproportionately placed on women.

Conversely, institutionalized companies promote employee grooming without imposing strict appearance standards, fostering an egalitarian work environment. Participants emphasized that policies and training are vital for safeguarding employees' rights and reducing adverse experiences. They also emphasized the importance of ongoing awareness efforts and prompt intervention in cases of harassment. Although most participants reported not having received training on this topic at their workplaces, those employed at corporate companies were generally seen to have undergone such training.

7.1. Perspectives of Male Participants

Male participants also noted that corporate policies vary in their stance on physical appearance and gender, with some companies adopting an egalitarian approach and others setting appearance-focused expectations. Participants mentioned that some companies aim for gender equality in hiring, while others emphasize appearance and impose expectations on female employees. Participant 9, *"Not in my company"* adding, *"But they definitely did..."* suggesting that the situation differs across the industry. Similarly, Participant 3 said, *"We don't have that in our company, but there are many examples in the industry"*. P13 replied to whether erotic capital influences corporate justice by saying, *"Of course it does"*.

P6 mentioned that, "Generally, there are more male employees, and this trend continues in management with more male managers. Naturally, this results in higher expectations from the male side. Those who meet, fail to meet, or reject these expectations are treated accordingly" highlighting male-dominated pressures at the managerial level. This evidences Connell's (1995) hegemonic masculinity directly: male-dominated leadership structures shape aesthetic and behavioural expectations, reinforcing unequal power relations. Women carry the burden of conforming to appearance norms, while men enforce those norms from positions of authority.

In summary, male participants reported that corporate policies within the tourism sector varied in their consideration of physical appearance and gender. Some organizations exhibited an egalitarian approach, whereas others enforced appearance-related expectations on female employees. Participant statements reveal that male dominance in management and explicit regulations concerning physical appearance are implemented in certain businesses in a manner that directly instrumentalizes erotic capital. This situation sig-

nificantly affects both the perception of justice and the experiences of employees.

8. Discussion and Conclusion

The findings of this study support the notion that physical appearance and erotic capital are significant determinants of labor dynamics in the tourism sector, influencing recruitment, task allocation, and customer interactions. Overall, this research enhances the literature on erotic capital by providing a comparative gender perspective. While women face more intense pressures and risks, men are also affected by appearance-based expectations. Consequently, erotic capital in tourism should be viewed as both gendered and flexible, influencing not only personal experiences but also organizational practices and industry standards. However, the notion of “gender flexibility” should not be interpreted as a generalizable conclusion beyond the data; rather, the interviews show that while both genders engage with appearance-based expectations, they do so in different, context-specific ways shaped by organizational norms and role requirements.

This research demonstrates that erotic capital operates as a complex and ambivalent form of capital in the tourism sector. While physical appearance influences recruitment, promotion, and customer interactions, its effects differ according to gender. Women are more frequently subjected to grooming expectations and objectification, while men derive certain advantages but nonetheless face appearance-based scrutiny. These findings both affirm and complicate theoretical accounts of gender performativity (Butler, 1990) and hegemonic masculinity (Connell, 1995), illustrating how organizational and cultural norms co-construct the embodied experiences of employees. Importantly, the data indicate that these theoretical constructs manifest through specific organizational mechanisms – such as role assignment procedures, managerial oversight, and informal behavioural expectations – which mediate how gendered performances are enacted and interpreted in everyday practice.

Interview data indicate that physical appearance and erotic capital are initially important in the tourism industry; however, in the long run, employees are evaluated based on their communication skills, knowledge, and professionalism. Female employees face higher expectations and more options regarding grooming and appearance, whereas male employees tend to maintain a more “moderate” look. This sometimes results in negative consequences, such as harassment, which can harm employees psychologically and reduce motivation. Corporate policies and training are essential in addressing these

issues, protecting employees' rights, and ensuring a fair working environment. Ultimately, in guest relations, friendliness and sincerity are more critical than physical attractiveness.

By foregrounding the voices of both male and female employees, this study contributes to the evolving debate on erotic capital, moving beyond female-centered analyses to highlight the complex gender dynamics of this concept. Rather than offering moral or normative judgments, the analysis underscores empirical patterns concerning how employees perceive and navigate appearance-based expectations within organizational constraints.

8.1. Contribution to the Literature

This study advances the literature on erotic capital by providing a comparative gendered analysis in the context of the tourism sector. Prior research has predominantly emphasized women's experiences of commodification and aesthetic labor (Warhurst and Nickson, 2007; Basnyat *et al.*, 2021). The findings here confirm that women are disproportionately subjected to appearance-related pressures, reinforcing gendered occupational hierarchies. At the same time, this study extends existing work by demonstrating that men are not exempt from aesthetic expectations. Male participants reported that grooming, posture, and height continue to influence hiring and role allocation, despite a growing emphasis on professional competence. This insight complicates earlier accounts that depict erotic capital as a predominantly female domain (Hakim, 2010; Li, Zhang *et al.*, 2019) and aligns with more recent evidence of male vulnerability to shifting beauty ideals (Fowler *et al.*, 2016; Kahya, 2024; Kukkonen *et al.*, 2024).

Moreover, the study highlights the ambivalence of erotic capital: it functions simultaneously as an asset and a liability. While attractiveness may enhance customer engagement and short-term opportunities, it also exposes employees to risks such as harassment, stereotyping, and unequal treatment. This duality, observed in participants' narratives, corroborates Abubakar *et al.* (2019) and Temel (2023), who emphasize the "dark side" of erotic capital in service industries. By capturing both male and female perspectives, this research contributes to a more nuanced understanding of how erotic capital is embedded in organizational practices and customer interactions.

The data also illustrate that these outcomes cannot be understood solely at the individual level; they emerge from patterned organizational dynamics-including managerial discretion, performance criteria, and customer-service expectations-that systematically shape how erotic capital is recognized and valued.

Female participants consistently emphasized that physical attractiveness

is evaluated more rigorously for women than for men. This result accords with prior scholarship on aesthetic labor and gendered workplace expectations (Warhurst and Nickson, 2007; Bilir, 2018; Oluyadi and Dai, 2023). In line with Basnyat *et al.* (2021), the present study demonstrates that women in the hospitality industry are disproportionately commodified through grooming, attire, and bodily presentation requirements, thereby reinforcing conventional gender roles.

Simultaneously, the data enrich the literature by showing that male employees also face aesthetic pressures, though in different ways. Participants noted that professional skill has become a more significant factor in recent hiring decisions; however, appearance-especially height, posture, and grooming-still plays a key role in customer-facing positions. This aligns with recent studies indicating that physical attractiveness can improve men's professional prospects in certain situations (Kahya, 2024; Kukkonen *et al.*, 2024), while also challenging earlier research suggesting that women are the primary beneficiaries of beauty advantages (Li *et al.*, 2019).

The dual nature of erotic capital-as both opportunity and liability-was also evident in the participants' accounts. Female employees described experiences of harassment and discrimination linked to appearance, confirming earlier discussions of the "dark side" of erotic capital (Abubakar *et al.*, 2019; Temel, 2023). Reports of women deliberately reducing grooming to avoid unwanted attention mirror Rudman and Fetterolf's (2014) concerns about the psychological costs of sexual objectification. Male participants similarly acknowledged the potential benefits of attractiveness in customer engagement, while also highlighting risks of labeling and stereotyping, which correspond with Fowler *et al.*'s (2016) observations on male vulnerability to shifting aesthetic ideals.

Organizational policies played a key role in influencing these dynamics. Some participants mentioned explicit or implicit expectations to meet certain aesthetic standards, while others pointed out more egalitarian approaches within corporate environments. This tension highlights the difference in the literature between firms that strategically utilize erotic capital to enhance competitiveness (Williams and Connell, 2010; Bozkurt and Kıran, 2022) and those that prioritize competence and training over physical appearance (Li *et al.*, 2021). These findings underscore that erotic capital is not merely an interpersonal dynamic but a structural and organizational mechanism reproduced through HR policies, managerial norms, codes of conduct, and customer-service procedures. The interviews reveal how performance evaluation systems, tacit expectations, and managerial interventions can institutionalize appearance-based inequalities.

Ultimately, the findings reveal that physical attractiveness can positively

impact first impressions in customer interactions; however, long-term satisfaction and loyalty are more strongly influenced by professionalism, sincerity, and competence. This aligns with Luoh and Tsaur (2009), Jin and Merkebu (2015), and Li *et al.* (2021), who also discovered that although attractiveness may enhance perceived service quality, it cannot replace expertise or genuine emotional labor.

9. Practical Implications

The findings carry significant implications for the tourism industry. First, they suggest that reliance on physical appearance in recruitment and promotion undermines principles of equality and organizational justice. Companies that privilege attractiveness risk perpetuating gender discrimination and reinforcing patriarchal norms, as illustrated by participants' accounts of hiring biases and unequal expectations. Rather than approaching the question from a moral standpoint, this analysis focuses on its organizational implications: appearance-based discrimination cloud the transparency of human resource practices, creating organizational barriers within which individuals with greater appearance-based attributes do not advance based on their organizational merits

Second, the study underscores the importance of corporate policies and training. Where organizations adopt transparent, competency-based criteria and provide training on harassment prevention, employees report a greater perception of fairness and safety. This reflects best practices identified in earlier research (Abubakar *et al.*, 2019; Li *et al.*, 2021). Finally, this information suggests that, compared with informal organizational practices, the most effective method for remedying appearance-based discrimination is through the use of organizational policies, as this helps limit subjective management practices and promotes greater employee rights.

Additionally, the findings suggest that physical attractiveness influences guest perceptions primarily at the initial stage of interactions. Long-term guest satisfaction and loyalty are more strongly influenced by friendliness, sincerity, and professionalism, as evidenced by Luoh and Tsaur (2009), Jin and Merkebu (2015), and Li *et al.* (2021). Tourism organizations should therefore invest in skill development, emotional labor training, and inclusive workplace practices rather than overemphasizing aesthetic labor.

Therefore, the implications are twofold. First, tourism organizations must critically reassess policies that privilege appearance over competence, as such practices perpetuate structural inequality and undermine organizational justice. Second, organizations should strengthen anti-harassment protocols,

revise performance evaluation standards to reduce appearance bias, and adopt governance mechanisms that integrate employee well-being into corporate responsibility agendas.

10. Future Research Recommendations

Future studies should explore several avenues. First, broader quantitative research could assess the prevalence of appearance-based discrimination and its effects across different sectors of the tourism and hospitality industries, enabling more generalizable conclusions. The research should also examine cultural and contextual differences in how erotic capital is used and whether industry practices could shift toward greater inclusivity and fairness. Cross-cultural studies would clarify how local customs and global industry standards influence the significance of erotic capital. Long-term research might evaluate if attractiveness becomes less influential over time in careers, as some respondents noted, and how skill development affects this trend. Finally, additional research into the experiences of male employees would deepen the existing literature, especially in settings where changing standards of masculinity modify expectations related to appearance and charisma. Further explorations, which seek to assess the organizational or structural impacts of organizational human resource practices, governance, and appearance-based discrimination, would allow further studies on this topic to merge the organizational experiences with the macro-level structural dynamics. Thus, this further research would allow for cross-cultural studies, comparative studies, or surveys that seek to confirm the organizational elements that emerge within this topic.

10.1. Limitations of the Study

Despite its contributions, the study has several limitations. Interviewer bias may be a concern in the study, as the researcher's presence, tone, or words may inadvertently impact participants' answers. Although a semi-structured interview was used, participants may respond with their own considerations of interview expectations. Also, considerations of organizational level as a point of bias must be considered. Participants with less organizational seniority may be inhibited in speaking about management, appearance expectations, or harassment issues. Participants in more senior organizational roles may downplay or reinterpret experiences of discrimination to conform to desirable social conduct.

Second, there is a concern about the cultural specificity of the Turkish tourism industry. Social norms regarding issues such as gender, appearance, and workplace interactions may be determined within a sociocultural framework that differs completely from that of other cultures. As mentioned, cultural specificity may limit the applicability of this finding to other regions.

Although this was suitable for phenomenological research, the relatively low number of participants further narrowed down the scope of the conclusions. A greater pool of participants, particularly from different aspects of tourism, would have facilitated better saturation of themes and comparisons.

Moreover, cultural and organizational contexts may influence the salience of erotic capital; thus, the findings may not be directly transferable to other national or industry settings. Future research should therefore incorporate cross-cultural comparisons, mixed-methods designs, or quantitative surveys to test the consistency of the themes identified here. Such approaches would also make it possible to examine structural factors -such as national labour laws, organizational governance systems, and HR policies – more systematically.

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Relational Erotic Capital and Board Dynamics in the Context of Team Production and Value Creating Boards

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Abstract

What is erotic capital, and how is it influencing board dynamics? How can we develop research and knowledge about board dynamics and board members' erotic capital? Is erotic capital an enabler cross-cutting other capitals, or is it an independent board capital? In this reflection paper I try to identify how erotic capital can influence board dynamics, team production and corporate value creation.

The theoretical background and starting point in this paper is the extended team production theory (Gabrielsson and Huse, 2023) and Hakim's publications on erotic capital (2010, 2011a). Board dynamics is about power and the human side of corporate governance, and erotic capital has hardly been used in the board literature. I argue that erotic capital today may be an important concept for exploring board dynamics and power. Two types of erotic capital are identified. Relational erotic capital is about attraction, while social erotic capital is about attractiveness. Relational erotic capital may have significant impact on board dynamic, for example by energizing the board as a team, creating cohesion and developing a boardroom culture. Social erotic capital is directly linked to distant stakeholders and contributes legitimacy and reputation.

The paper thus concludes that erotic capital can moderate relations between other types of capital and board task performance as well as being an independent part of other capitals. Erotic capital has been seen as a taboo topic in board research and discussions. It has also been argued that it is impossible to do research on erotic capital. I disagree with this, and thus I outline research paths that can help us understand board dynamics as a result of erotic capital.

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Il capitale erotico relazionale e le dinamiche del Consiglio di Amministrazione nel contesto della team production e dei Board orientati alla creazione di valore

Sommario

Che cos'è il capitale erotico e in che modo influenza le dinamiche del consiglio? Come possiamo sviluppare ricerca e conoscenza sulle dinamiche consiliari e sul capitale erotico dei membri del consiglio? Il capitale erotico è un abilitatore trasversale ad altri capitali, oppure costituisce un capitale consiliare autonomo? In questo paper di riflessione cerco di identificare come il capitale erotico possa influenzare le dinamiche del consiglio, la produzione di team e la creazione di valore aziendale.

Il quadro teorico di riferimento e punto di partenza è la teoria estesa della team production (Gabrielsson e Huse, 2023) e le pubblicazioni di Hakim sul capitale erotico (2010, 2011a). Le dinamiche consiliari riguardano il potere e la dimensione umana della corporate governance, e il capitale erotico è stato scarsamente utilizzato nella letteratura sulla governance. Sostengo che oggi il capitale erotico possa rappresentare un concetto importante per esplorare le dinamiche di potere e le interazioni nei consigli di amministrazione. Vengono identificati due tipi di capitale erotico.

Il capitale erotico relazionale riguarda l'attrazione, mentre il capitale erotico sociale concerne l'essere percepiti come attraenti. Il capitale erotico relazionale può avere un impatto significativo sulle dinamiche consiliari, ad esempio energizzando il consiglio come team, creando coesione e sviluppando una cultura di boardroom. Il capitale erotico sociale è collegato direttamente a stakeholder distanti e contribuisce alla legittimità e alla reputazione del board.

Il paper conclude quindi che il capitale erotico può moderare le relazioni tra altri tipi di capitale e la performance dei compiti consiliari, oltre a costituire una componente autonoma di altri capitali. Il capitale erotico è stato considerato un tema tabù nella ricerca e nel dibattito sulla governance. È stato anche sostenuto che sia impossibile svolgere ricerca sul capitale erotico. Non condivido questa posizione e per questo delinea alcuni percorsi di ricerca che possono aiutarci a comprendere le dinamiche consiliari come risultato del capitale erotico.

Parole chiave: Autoetnografia, Capitale del Board, Capitale erotico, Teoria estesa della team production, Consigli di amministrazione orientati alla creazione di valore.

1. Developing a Language to Explore Board Dynamics

How is erotic capital influencing board dynamics? In this paper I apply the extended team production theory and a value chain approach to address this question. My ambition of conducting pathbreaking research has taken

me to be curious about what Hakim (2010, 2011a) labels “erotic capital” – and how it may relate to actual board behavior. Hakim considers erotic capital as a fourth personal asset, in addition to Bourdieu’s economic, cultural and social capital (Bourdieu, 1986). In this paper I address concepts and approaches that have received limited attention. These concepts are not new but may take research about boards and governance to new levels.

The research stream about value creating boards is the starting point, and it may take us some steps forward (Huse, 2007, 2018, 2023). The stream has a focus on actual board behavior and its impact on company performance. It leans on behavioral sciences and the human side of boards and governance (Ees, Gabrielsson and Huse, 2009). The stream is applying theories about entrepreneurship, strategy, teams and leadership more than traditional corporate governance approaches from law, accounting, finance and economics. The paper by Forbes and Milliken (1999) is one of the contributions leading the way to explore board dynamics. I will in this paper in line with the contributions of Forbes and Milliken (1999), challenge academics to do path setting and groundbreaking research about corporate governance and organizational behavior.

This paper moves beyond conventional approaches by introducing a human-centered perspective on the relational, affective and symbolic dimensions of board behavior. The integration of erotic capital with the concepts of board dynamics and team production offers a novel interpretation lens for how boards create and sustain values in complex organizational settings. The paper is interdisciplinary as it bridges sociology, management studies and behavioral governance.

I try to open the eyes of the readers for language development. What we are seeing and understanding is largely a result of our language. A language typically consists of a vocabulary and a grammar. The vocabulary helps us see, and the grammar helps us make inferences based on what we see. The more nuanced and developed vocabulary, the more we notice. The vocabulary contains the concepts and variables we may use in our reflections and analyses. The grammar is the theories that make us reflect on relationships among the various concepts. The main concept focused on in this paper is erotic capital. The erotic capital concept is important not only for the bedroom, but also for the boardroom. The value chain approach (Huse, 2023) contains important concepts that help us position erotic capital in terms of board dynamics.

The paper moves beyond conventional approaches by introducing perspectives on relational and affective dimensions of board behavior. Polymorphic and unconventional research methods are approached (Alvesson, Gabriel and Paulsen, 2017). This is required as the topic of erotic capital is both

considered as a taboo and as impossible to study. Challenging approaches to data collection and dissemination are suggested. The paper opens paths to exploring new elements, new purposes and new impulses on board and corporate governance with a focus on the human side. The paper stimulates conducting research on important, innovative and interesting topics that may be difficult to access. The philosophy behind this paper is that when moving into dark areas, we may discover issues of great importance.

The paper has six sections. Section 2 presents the extended team production theory, the value chain approach and board capitals. Section 3 is about Hakim's erotic capital and how it relates to other board capitals. Two distinct parts of erotic capital are explored. Section 4 presents a summary and discussion with suggestions for a research agenda. Section 5 suggests ways to explore erotic capital in the context of board dynamics. A conclusion is presented in section 6.

2. Board Behavior, Team Production, the Value Chain and Board Capitals

The uniqueness and underlying theme in Huse (2007) are the human side of corporate governance, including board dynamics and the interactions between various actors inside and outside the board. Most research about boards and corporate governance has been dominated by input-output approaches. Thus, board dynamics and actual board performance have generally been explored by proxies that may be far from the concepts studied. Board member capabilities and board capital (Hillman and Dalziel 2003) have rarely been studied in detail. The strategy and leadership literature recommends exploiting intangible resources, but hardly any study about boards and corporate governance goes beyond the surface when exploring board capitals. Hakim (2010, 2011a, 2012) is following Bourdieu (1986), and she considers erotic capital as a fourth personal asset, in addition to economic, cultural and social capital.

What is erotic capital in the setting of boards of directors, and how can it be studied? Zahra and Pearce (1989) showed that board performance and contributions must be studied in intermediate steps. The impact of board capital on task performance and value creation is mediated by board processes (Zahra and Pearce, 1989). The processes include team production, including leadership, use of knowledge and skills and group dynamics (Forbes and Milliken, 1999). Cohesiveness is according to Forbes and Milliken an important part of team production. I argue in Huse (2007) that actual board behavior takes place in an open system with interactions also with people not

being board members. Ees, Gabrielsson and Huse (2009) applies the behavioral theory of the firm to boards and governance.

I argue that boards are performing tasks that are supposed to contribute to value creation (Huse, 1994, 2007, 2023). It is not only one board task, but there are in practice many sets of tasks that can contribute to the corporate value chain. Not all sets of board tasks take place inside the boardroom or among the board members. The various tasks are thus not equally vulnerable to the board or team dynamics.

Board members are not all identical – neither across nor within boards. In the boards there are different aspects of diversity, identity, incentives, capitals and capabilities (Huse *et al.*, 2011). The attributes of the board members do not relate directly to company or board task performance. Their contributions influence and are being influenced in various steps. Some board capital attributes influence board tasks and company performance directly or as mediators, while other board capital attributes may influence more indirectly as moderators. However, the differences and similarities need to be explored beyond the surface. How may erotic capital influence board task performance and corporate value creation?

2.1. Team Production Theory¹

There have been calls for grand theories of board and corporate governance – theories that can challenge or replace agency theory. Most of the responses to these calls have only relaxed on some of the assumptions in agency theory, for example stakeholder theory and stewardship theory. They still have a focus on agency relationships, opportunism and asymmetric information. I find that extensions of the property rights theory (Alchian and Demsetz, 1972) have another focus. These extensions give some directions for alternative grand theories. One step in this direction is the team production theory. However, team production theory, as developed by Blair and Stout (1999) with a background in law and economics, does not take any steps to include the team literature about entrepreneurship, strategy, diversity and leadership. The Blair and Stout version of team production theory does not integrate these behavioral aspects and the human side of corporate governance. However, Blair and Stout opened the floor for management scholars to make extensions. The Blair and Stout (1999) version of team production theory explains why boards should act like teams. Their core feature of the

¹ Extended presentations and details of this section are presented elsewhere, e.g. Gabrielsson and Huse 2023.

theory is that a firm is considered as a nexus of team-specific assets, and the main purpose of the firm is to contribute to sustainable value creation. The main role of the board is to contribute to value creation through team production, and the main qualification of board members is to be committed and impartial.

Through a long series of articles, Gabrielsson, Huse and other colleagues introduced the extended team production theory of boards and corporate governance (Huse, 2018: 20-28). These features significantly differ from agency theory recommendations. The extended version of team production theory shows paths for how human behavior can be integrated into the law and economics arguments. See table 1.

Table 1: The extended team production theory

Team production theory: Why boards should act as teams (Blair and Stout 1999)	<i>Theoretical background</i>	Law and economics
	<i>What is a firm</i>	Nexus of team-specific assets
	<i>Main purpose of a firm</i>	Contribute to sustainable value creation
	<i>Main role of board</i>	Value creation through team production
	<i>Core actors</i>	Focus on long-term stakeholder commitments
Extended team production theory: When and how boards should act as teams (Gabrielsson and Huse 2023)	<i>Entrepreneurship and value creating activities</i>	Focus on the upside – supporting the creation of value, e.g. through innovation
	<i>Strategy – inputs from industrial economics</i>	Boards should identify and be used where they create the most value, e.g. based on a value chain approach
	<i>Strategy – inputs from resource-based approaches</i>	Applying core competencies, dynamic capabilities, absorptive capacity and ambidexterity, e.g. social, human, relational, intellectual and cultural capitals.
	<i>Strategy as practice inputs</i>	Understanding and regulating dynamics inside and outside the boardroom
	<i>Team literature inputs</i>	Diversity and process-oriented decision-making, including involvement, openness, generosity, criticality and being impartial
	<i>Leadership literature inputs</i>	Leadership, e.g. goal setting, coaching, motivating, mentoring, evaluating, and developing

Source: Gabrielsson and Huse 2023.

The extension in the extended version does not only show why, but also when and how boards should act as teams. This version includes lessons from the literature about the human side, including entrepreneurship, strategy and leadership. The extended team production theory has a focus on the upside of value creation through innovation. The industrial economics input includes that the boards should be used where they add the most value. Lessons from the resource-based approaches are about when and how to apply core competencies, dynamic capabilities, absorptive capacity and ambidexterity, including distinguishing between tangible and intangible resources as social, human, relational intellectual and cultural capitals. The strategy as practice literature addresses the understanding and regulation of dynamics inside and outside the boardroom. Inputs from the leadership literature include goal setting, coaching, motivating, mentoring, evaluating and developing. Input from the team literature includes process-oriented decision-making culture, including involvement, openness, diversity, generosity, and creativity (see for example Forbes and Milliken, 1999). The extended team production theory implies balancing the use of various intangible capabilities and capitals. The extended team production theory is an important input for understanding board dynamics and its relation to value creation. The framework from the extended team production theory provides a vocabulary to identify and explore erotic capital.

2.2. The Value Chain, Board Tasks and Board Capitals²

Boards are most often involved in several tasks. Monitoring and service are the labels of two sets of tasks frequently referred to in the board literature. However, more than twenty distinct board tasks having specific contributions to value creation can easily be observed from literature and practice. Aspects of the large number of board tasks were explored in a series of large-scale survey studies about value creating boards (Huse, 2007, 2008a). Principal Component Analyses, based on these surveys³, showed how thirty different board tasks could be sorted conceptually and theoretically, for example related to a value chain analysis. This is displayed in Table 2.

A value chain approach may contribute to explaining board task performance (Huse, 2023). This approach argues that boards should be involved in different tasks depending on how values are created in the various phases of a value chain. Huse (2007) showed how the component consisting of

² Extended presentations and details of this section are presented elsewhere, e.g. Huse 2023.

³ The data is available at BI Research Depository (BIRD).

legitimacy, lobbying and networking was correlated to resource acquisition and inbound logistics, the cluster of advising, supporting and mentoring to operation, and that the cluster of strategic participation tasks to innovation, strategic development and renewal. Further, the cluster consisting of monitoring and board decision-making tasks was correlated to strategy ratification and resource allocation, the cluster of internal control and crisis management was correlated to implementation, risk management and control, and finally output control and embedding, including CSR control to value distribution.

Table 2: The value chain, sets of board tasks and board dynamics

Value chain, company value creation	Input logistics, resource acqesition	Operation	Innovation	Decision- making	Risk management and control	Value distribution
Sets of board tasks	Legitimacy, lobbying, networking	Advising, supporting, mentoring	Strategic participation, strategy development, collaboration	Monitoring, decision- making, strategic controls	Internal controls, behaviorial control, operational control, crisis management	Output control, financial controls, embedding, negotiations
Board dynamics attributes	Limited activities inside the boardroom and among board members	Board members’ support to management – often outside the boardroom	Dynamics among board members inside the boardroom	How the board chair coordinates decision- making	Evaluations of company activities in between boardmeetings	Meeting expectations of stakeholders

Source: influenced by Huse (2007; 2023).

There are differences among the sets of board tasks as to where they need to be performed. Only few of the tasks need to be performed during board meetings with physical presence. This is particularly the case for strategy development, while the contributions to legitimacy and lobbying tasks in general take place outside the board meetings. The advising, monitoring, and controlling tasks may take place inside as well as outside the board meetings. In practice they often take place outside formal board meetings with physical presence. Board dynamics is typically discussed as processes taken place among the board members inside the boardroom. In the following, board dynamics is thus presented as dynamics among board members with a focus on strategic development and innovation.

The board capitals concept is largely stemming from sociology and the work of Bourdieu (1986) and Becker (1994). Amy Hillman contributed to introduce capital concepts to corporate boards (Hillman and Dalziel, 2003). Capitals are resources that individuals or groups can use to gain advantages or achieve goals. She introduced board capital as the sum of the individual board members’ human and social capital. Hillman and Dalziel presented

human and social capital as an “individual’s expertise, experience, knowledge, reputation, and skills”. Later she specified social capital as “the sum of the actual and potential resources embedded within, available through, and derived from, the network of relationships possessed by an individual” (Haynes, Hillman, 2010: 1146). Haynes and Hillman (2010) proposed that the different types of board capital should be combined. They argued that the main dimensions of the board capital construct are composed of “breadth” and “depth”. The breadth is the sum of various types of board capitals.

Bourdieu (1986) distinguishes between economic, cultural, social and symbolic capital. Becker’s (1994) contribution is the human capital theory. However, using capital concepts is not generally accepted when discussing board processes, organizational behavior and the human side of corporate governance. The capital concepts easily reflect economic, rational and neo-liberal ways of thinking. Many working with processes and behavioral perspectives want to distance themselves from such neo-liberal thinking. However, this is not the core in the reasonings of, for example, Hillman or Bourdieu. The concept of capital has been expanded beyond the work of Bourdieu to consider other categories of capital, including various embodied forms of capital.

The different board tasks require their specific capital or capabilities (Huse, 2007). See table 3. For example, social capital can be applied to legitimacy, lobbying and networking. Human capital can be applied to advising and supporting tasks. Relational capital can be applied to strategic participation tasks, and analytic or intellectual capital to monitoring and decision-making tasks. Cultural capital, including board and business experiences, can be applied to tasks related to internal controls and crisis management, and integrity and negotiating capital to output control and tasks related to value distribution.

I have, as mentioned above, argued in several recent papers that most board tasks are being performed outside the boardroom (Gabrielsson and Huse, 2023; Huse, 2023). Of the six sets of board tasks presented in tables 2 and 3, it is strategic participation that mostly depends on physical presence in the boardroom for successful value creation. The strategic participation tasks are thus the tasks requiring the most from the team or board dynamics. This is where the relational capital is important. The board tasks relating to legitimacy, lobbying and network require high degrees of social capital, but it has only limited relations with board dynamics.

Social capital is a concept with many definitions and applications. In general, social capital focuses on social structures that have productive benefits. Bourdieu’s contributions are often used to argue for different types of social capital. Putnam (1993) treated social capital as a feature of social organizations, and it facilitates action and cooperation.

Table 3: Board task performance and board capitals

Board task performance	Legitimacy, lobbying, networking	Advising, supporting, mentoring	Strategic participation	Monitoring, decision-making	Internal controls, crisis management	Output control, embedding
Board capitals, capabilities	Social capitals (uni-directional)	Human capitals (knowledge)	Relational capitals (bi-directional)	Analytic/ intellectual capitals	Cultural capitals (experiences)	Negotiating capital (integrity)
Erotic capital	Appearance - Social erotic capital	? Attention	Attraction – Relational erotic capital	? Artfulness	? Arrangement	? Agency

Source: building on Huse 2023.

Relational capital, also called interpersonal capital, is often used interchangeably with social capital. In my recent work I use them as two distinct, but related concepts. I argue that relational capital is different from social capital as the former typically is an interactional or bi-directional concept. I use social capital mostly as a uni-directional concept. Relational capital refers to those resources created through actors’ interactive relationships. A relational approach emphasizes core interpersonal values such as compassion, cooperation, humility, respect, inclusiveness, and honesty. It acknowledges the important role that personal relations play in our lives. In some of my studies I have observed how relational capital leads to cohesiveness and to raise effort norms in boards.

The next challenge is to explore how erotic capital fits into the above framework. It has clearly features of social and relational capital. Erotic capital is not only about what happens in the bedroom. Erotic capital may influence board dynamics and how various board capitals are impacting board task performance. I will in this paper treat the existence or use of erotic capital as a moderator between various board capitals and board task performance. Table 3 indicates that there are different ways erotic capital intentionally can influence board task performance, for example through ways of manipulation. I will after the presentation of erotic capital in the coming section, return to impacts of erotic capital on social and relational capital.

3. Erotic Capital: “From the Bedroom to the Boardroom”

Some years ago, I gave some academic presentations about board members’ relational capital. People in the audience then advised me to explore erotic capital. What is erotic capital? The references were to various contributions by the sociologist Catherine Hakim (2010, 2011a, 2012) from London School of Economics. She follows Bourdieu (1986), but considers erotic

capital as a fourth personal asset, in addition to Bourdieu's economic, cultural and social capital. Hakim argues that erotic capital is like human capital. It requires some basic level of talent and ability, but can be trained, developed, and learnt, so that the final quantum goes far beyond any initial talent. Some aspects of erotic capital are permanent, but other aspects, like performance, can be turned on and off. I got an interest in learning more about erotic capital, its components, and its effects. How are people and boards being influenced by erotic capital?

3.1. Catherine Hakim and Erotic Capital?

I did not know about the work of Catherine Hakim before I in 2017 was advised to include erotic capital in my reflections and research. Hakim is highly published, and her main contributions have been on using preference theory to explore work-lifestyle choices (Hakim, 2000, 2006) and for her work on designing social research (Hakim, 1987, 2012). For many years she published intensively on women's work-lifestyle choices. Her influential publications on erotic capital started in 2010 with a paper in *European Sociological Review*. In 2011 she published two books about erotic capital. "Erotic capital: The power of attraction in the boardroom and the bedroom" by Basic Books (2011a) and "Honey money: The Power of erotic capital" by Penguin (2011b). Catherine Hakim has several publications, even recent, on the sex industry.

Erotic capital is a multi-faceted combination of physical and social attractiveness. Sexual pleasure is a part of it. She argued that women and men should employ their erotic capital to advance within society. Through her books she explored applications and significance of erotic capital. The two books present similar arguments, but to different audiences- academic (2011a) and public (2011b). She examines how women and men learn to exploit erotic capital throughout their lives and how erotic capital differs across cultures. The books are calls to recognize the political, economic and social value of erotic capital. "Why do some people seem to lead charmed lives? They are attractive, but also lively, friendly and charismatic. People want to be around them. Doors open for them". Her answer is the power of erotic capital. A main argument in her theories for how women have more erotic power than men is about the male sexual deficit (Hakim, 2015). However, men and women have different ways of developing their erotic capital.

Hakim argues that erotic capital is important in almost all aspects of life. She argues about the relationship between erotic capital and money, and that all types of capital can be converted into money. Their value for all capitals

depends on scarcity. However, while the three types of Bourdieu's capital may have a direct impact on money, the impact of erotic capital will be indirect and contingent. Hakim argues that erotic capital can be used purposefully and that it is possible to turn it on and off depending on the purpose.

There are additional questions about the topic of erotic capital that may be important for understanding board dynamics and need further exploration. They include: Which are the main characteristics or elements of erotic capital? How does erotic capital relate to social capital as well as to relational capital? Consequences of erotic capital? Who are subjects of erotic capital – who are the persons having it? And who are objects or observers – those being influenced by it? How is it related to board power and board dynamics?

Catherine Hakim was not the first in modern times to write about erotic capital. Webster and Driskell (1983) distinguish between attractiveness and attraction, but they limit the concept to a single dimension of beauty or physical attractiveness. However, both men and women may be helped by attractiveness, and attractiveness is not depending on the gender of the observer. Attractiveness affects perceived abilities (human capital) and interaction (relational capital) when combined with attraction. This makes attractive people more powerful in getting what they want – in the workplace, in business as well as in private relationships. Attractive people possess many types of social advantages. Attractiveness is an important determinant of popularity, persuasiveness, ability and competence, influence, and successful affairs.

Can attraction and attractiveness be manipulated? The attraction and/or performance question has been important in research about erotic capital. Simone de Beauvoir (1976) pointed out already around 1950, that lovemaking and sexuality is in large part an art or a performance. Beauty and sex appeal, and female beauty in particular, are a creation, a work of art, which can be achieved through training. Zetterberg (1966) approached erotic capital and erotic power through the concept of erotic ranking, erotic hierarchies, erotic achievements and erotic stratification. He used examples from the private as well as from the professional spheres, including that of getting academic promotions. He defined erotic rank as people's privately known probability of being able to induce a state of emotional surrender in persons of the opposite sex. He considered erotic rank to be relatively invisible, secret, and interactional. He argued that this makes it impossible to do research on the phenomenon, even if it is recognized in common sense. Hakim holds that while erotic capital may be slightly different in various areas of human life, it should be emphasized that it is a major asset in everyday social interaction.

Green (2008a) defined erotic capital as attributes individual persons may have and that elicited erotic responses in another. Hakim presents some evidence that powerful, rich and wealthy people have more erotic capital than

others, but there are differences with respect to intrinsic and extrinsic elements of erotic capital. Erotic capital can be used purposefully, but it depends on its attributes and the “field”. The power of erotic capital will vary. It is possible to turn it on and off depending on the purpose and the context/field (Green, 2008b, 2013). Some elements of erotic capital may be seen as a portable personal asset (Hakim, 2011a). Attractiveness and appearance in general tend to be important in the sexual fields.

3.2. Criticism of Hakim

There has been considerable academic debate around Hakim’s arguments and use of the erotic capital concept. The criticism of Hakim indicates many of the core issues about erotic capital. Hakim’s presentations are criticized for a) lacking good operationalizations, b) being superficial and lack cohesion, c) that the field or context of erotic capital not is clarified, d) that she does not properly distinguish between the private and professional spheres, e) being negative in the context of feminist thinking, and f) lacking a discussion of the contributions of having or using erotic capital.

Many scholars acknowledge that Hakim’s original formulation has significant weaknesses. The concerns about lack of operational clarity, failure to fully integrate context (Bourdieu’s “field” theory), and an underdeveloped analysis of the professional sphere are consistently raised in the literature. While the critiques are valid, many scholars believe Hakim’s work was valuable in bringing the topic of attractiveness and charm into serious sociological debate. It has made the discussion on human attractiveness much louder in fields like management studies, inspiring subsequent research that aims to address the original theory’s flaws. Sociologists working within the “sexual fields” framework (like Green) argue that compared to Hakim’s work, their pre-existing concepts of sexual/erotic capital offer a more robust and sociologically grounded analysis of power and desirability. The “fields” framework better accounts for structures like race, class, and age.

The anti-feminist critiques remain central to the controversy. Many feminist scholars argue that encouraging women to leverage their appearance reinforces patriarchal norms and essentialist views of gender, rather than promoting genuine equality through economic and social capital.

Those being objects or attracted by erotic capital do not need to have erotic capital themselves, but there may be a mutual attraction exchange and relationship. The subject and object do not need to be of different sexes. Furthermore, erotic capital is not the same as sexual capital, and erotic attractiveness is not the same as physical attractiveness.

Erotic capital has both an intrinsic and an extrinsic part. Erotic capital is a source of attraction, but attraction is not a direct result of attractiveness. Wojtaszczyk & Syper-Jędrzejak (2025) found that intrinsic part of attractiveness, as social attractiveness and liveliness, are more important than the external parts as beauty and sexual attractiveness. Social presentation is neither an important part of erotic capital. A conceptualization of Hakim’s attributes and Wojtaszczyk & Syper-Jędrzejak (2025) measures of erotic capital is found in table 4.

Table 4: Elements of erotic capitals

Features of internal erotic capital			Features of external erotic capital		
Attractiveness	Attraction/ liveliness	Sexual at- tractiveness	Beauty	Presentation	Sexual skills (Ha- kim 2011)
<i>Friendliness</i>	<i>Energetic / vigorous be- havior</i>	<i>Sexy look</i>	<i>Regular features and sym- metry of the face</i>	<i>Appropriate outfit</i>	<i>Not meas- ured by Wojtaszczy k & Syper- Jędrzejak</i>
<i>A way of be- havior that makes you feel comforta- ble about that person</i>	<i>Showing sense of hu- mor</i>	<i>Highlighting personal as- sets (physical and intellec- tual)</i>	<i>Clear face skin</i>	<i>Well-groomed hairstyle</i>	<i>Libido</i>
<i>Inspire re- spect</i>	<i>Reacting warmly to others</i>	<i>Showing fem- ininity / mas- culinity</i>	<i>Adequate body weight</i>	<i>Aesthetic make-up / fa- cial hair</i>	<i>Desire</i>
<i>Benevolence</i>	<i>Curiosity about the world/other people</i>		<i>Propor- tional body</i>	<i>Jewelry and other acces- sories appro- priate to the situation</i>	<i>Sexual competence and energy</i>
<i>Sensitivity / empathy</i>	<i>Optimism</i>				<i>Erotic im- agination</i>
<i>Ability to make contact</i>					<i>Playfulness</i>

Source: according to Hakim 2011a and Wojtaszczyk & Syper-Jędrzejak 2025.

The table indicates differences between social and physical forms of erotic capital. Attractiveness is uni-directional while attraction is bi-directional. There is also a distinction between physical beauty and how to present it. Erotic capital can be presented without including sexuality.

Hakim argues that women may have more erotic capital and more erotic power than men, but she also observes that men now are confronting stronger pressures to pay attention to their looks, as men can no longer trust in their earning power alone. Sarpila (2014) made similar finding in her research in

Finland. Power dynamics between men and women are changing – both in the private and professional spheres – including on the arena of corporate governance in the new capitalism. Thus, there are also changes between women and men in the existence and use of erotic capital and erotic power.

3.3. Social and Relational Capitals: A Language for Understanding Erotic Capital in the Board Context

The objective of this paper is to explore how erotic capital may influence board dynamics. Board dynamics is highly influenced by relational capitals. This was presented in section two. Here in section three, the focus is on how erotic capital may influence board capitals and board dynamics. Erotic capital, social capital and relational capital are all intangible assets that may provide advantages. They differ in their source, focus and whether they are individual or collective assets. Erotic capital is an individual asset, social capital is a collective asset, and relational capital is a group asset. Erotic capital is related to both social capital and relational capital. Erotic capital may have direct and indirect impact on the various sets of board tasks. Erotic capital involves both attraction and attractiveness (Weber and Driscell, 1983). Social capital is influenced by attractiveness, but not necessarily by attraction. It is the other way with relational capital. Social capital can involve uni-directional (one way) erotic capital, while relational capital is bi-directional (among/between).

Hakim (2011a) suggests that erotic capital has indirect contributions through other capitals, and in practice this will mostly be in how it may contribute to social and relational capitals. To explore moderating impacts, I distinguish between relational erotic capital and social erotic capital, and their impacts on board task performance. Relational erotic capital is how erotic capital may transform relational capital, while social erotic capital is how erotic capital may contribute to social capital.

Table 5 includes a summary of erotic capital attributes and how they may relate to boards and board dynamics. Relational erotic capital is about internal attraction such as charm, social grace and liveliness. Social erotic capital is about external attractiveness such as physical beauty, style, etc. Relational erotic capital has a focus on actors in regular contact such as board members. Social erotic capital has a focus on distant stakeholders. The table does not include the sexual aspects of erotic capital.

Social erotic capital refers to the broad and diffuse social advantage individuals may gain. Relational erotic capital is targeted to build relationships – often long-term sustainable relationships. Social erotic capital is passive,

while relational erotic capital is active and intentional. Social erotic capital is broad and diffuse. It can lead to unconscious favoritism or enhanced perceived status. On the other hand, can relational erotic capital involve conscious cultivation of trust and loyalty. Relational erotic capital will be targeted and specific to strategic relationships within or outside the team. It may enhance cooperation and problem-solving and give access to resources within relationships.

Table 5: Board dynamics and erotic capitals: Characteristics and comparisons

Features of erotic capital	Social erotic capital	Relational erotic capital
Internal/external features	<i>Attractiveness, beauty and presentation (e.g. physical beauty, style, etc.)</i>	<i>Attraction (e.g. charm, social grace, liveliness, energizing)</i>
Field/context – focus	<i>Distant stakeholder (market perceptions, public image)</i> <i>General (aimed at a wide audience)</i>	<i>Actors in regular contact (other board members, management team, etc)</i> <i>Targeted (focused on strategic relationships within or outside the team)</i>
Objective	<i>Broad and diffuse social advantage</i>	<i>Build relationships – often long-term sustainable relationships</i>
Intentionality	<i>Passive (advantage is often inherent to appearance, not actively deployed in a strategic conscious sense)</i>	<i>Active (involves conscious cultivation of trust and relationship)</i>
Directional	<i>Uni-directional/one way (influence flows from the individual's appearance to a broad audience)</i>	<i>Bi-directional/both ways (influence is part of an interactive, mutual relationship-building process)</i>
Contributions to board tasks and value creation	<i>Directly to legitimacy (perceived status and enhanced reputation to external parties)</i>	<i>Indirectly to innovation and strategy development through board dynamics (enhancing cooperation, communication, and cohesion within the team).</i>
Theoretical support	<i>Resource Dependence and Agency theory (external focus on legitimacy and attracting resources, including investors)</i>	<i>Team production theory/Resource-Based theories (internal focus on team effectiveness, dynamics and the employment of unique capabilities)</i>
Scope	<i>Broad and diffuse across general interactions (affecting general perception)</i>	<i>Strategic relationships within or outside the team (focused influence on key actors)</i>
Consequences	<i>Unconscious favoritism or enhanced perceived status (general social benefits)</i>	<i>Enhance cooperation and problem-solving and give access to resources within relationships</i>

Table 5 presents value creating board attributes that may be influenced by erotic capital. Relational erotic capital may contribute to cohesiveness in the boardroom and thus energize the boards and the board members. However, possessing erotic capital does not necessarily guarantee benefits to the possessor (Montemurro and Hughes, 2025).

The agency theory language (Fama and Jensen, 1983) has dominated the understanding of boards and corporate governance. The main assumptions in agency theory are about opportunism and information asymmetry among corporate governance actors. These assumptions make the actors subjects or objects for erotic capital. Erotic capital may with such assumptions be used and understood as manipulations, for example through artfulness, arrangements, agency or even attention. Erotic capital will, based on these assumptions, have a focus on the downside and short-termism of value creation. As agency theory has an outside-in approach to actual board behavior, external principals will mostly rely on the social capital of the board members, and not about how boards are working. Resource dependence theory (Pfeffer and Salancik, 1978) has a focus on securing or attracting important resources. This can be supported by the board members erotic capital.

4. Summary, Discussion and Research Agenda

I have taken steps to develop a language to explore erotic capital, and how erotic capital may influence board dynamics and value creation. A board's contribution to value creation should be studied in several steps (Huse, 2007, Zahra and Pearce 1989). It is important to understand step by step the board members and their capitals, board dynamics, the various sets of board tasks and then the contribution in corporate value chain. The theoretical background in this paper is the extended team production theory. See table 1. This theory has a focus on the upside of value creation, and the board is considered as a team (Gabrielsson and Huse, 2023). Board activities are not only conducted inside the boardroom, but value creation takes place in interactions among internal and external actors.

It has been considered taboo and almost impossible to study erotic capital in the context of boards of directors. I have for this paper been stimulated by Catherine Hakim (2010, 2011a) to explore erotic capital and how it may impact boards of directors. The paper has a focus on how erotic capital may influence board dynamics. Board member's relational capital has been particularly important for understanding board or team dynamics. Social capital has similar features as relational capital, but its impact on value creation is different. I have in this paper tried to understand how erotic capital a moderator of the board members' relational and social capitals' contributions can be to value creation. I found that erotic capital can be a cross-cutting enabler. This is the case for how it is contributing through relational capital on board dynamics. However, it can be an independent part of other capitals. This is the case for erotic capital on social capital. The attraction part of erotic capital

is important for relational erotic capital, while the attractiveness, beauty and performance elements may be the most important for social erotic capital.

The study showed that the understanding of erotic capital should be divided into social erotic capital and relational erotic capital. The differences between the two types of erotic capital are presented in table 5. The table is conceptual and so far, it has only limited empirical support. However, it is important to reflect on how the various logics from the erotic capital, value chain and team production theory, empirically, can be supported. The table indicates that it is meaningful to distinguish between social erotic capital and relational erotic capital.

Core lessons from this study can be summarized in four propositions:

1. There are two main types of erotic capital: relational and social erotic capitals.
2. Relational erotic capital is targeted on strategic relationships with the team and team members. Social erotic capital is general and targeted at distant stakeholders.
3. Relational erotic capital is bi-directional and social erotic capital is uni-directional.
4. Relational erotic capital is moderating relationships between other board capitals and board task performance, while social erotic capital has a direct relationship with board task performance.

The present study contributes to developing a language to explore board dynamics and value creating boards. It would be a hole in our understanding and research if we do not include concepts and issues related to erotic capital. We know that erotic capital exists and will exist – not only in the bedroom, but also in the boardroom. The focus in this paper has been on how erotic capital moderates the contributions of relational and social capitals on board dynamics. Relational erotic capital may have several contributions to board dynamics and how it is targeted. Relational erotic capital is conscious and may contribute to strategic relationships within and outside the team. Social erotic capital is contributing to distant stakeholders, and the objective may be a broad but diffuse advantage.

Will studies of erotic capital be groundbreaking? Is it important or is it something we should keep away from studying because of potential negative consequences? Can studies of erotic capital lead to gender or sexual discrimination or harassment? There are some papers about attraction or attractiveness relating to boards of directors. This paper is one of few papers on the importance of erotic capital for board behavior. I have previously studied women's role and perceptions of board power dynamics including the use of flirtation (Huse and Solberg, 2006). There are some studies on the role of erotic capital or attraction/attractiveness for recruitment to the board (Geiler,

Renneboog and Zhao, 2018; Stern and Westphal, 2010; Westphal and Stern, 2006) or for compensation (Ahmed *et al.*, 2023). However, this may be the first paper having a focus on erotic capital and board dynamics.

Are there cultural differences in the existence and use of erotic capital. Green (2008b) argued that it differed depending on race, religion, class and age. What will this mean for the boardroom? Will there be differences depending on national cultures – even among countries in the western world?

Are there general differences between men and women with respect to having and using erotic capital? And will there be different consequences for men using it compared to women using it. Here we may get into the development of the #metoo and sexual harassment discussion. Hakim and other scholars are arguing about differences, and that women are those having erotic capital and power. However, society is changing. This also relates to boards of directors. In most European countries there are gender quotas for getting women on boards. There is a growth in the number of women getting into powerful position in business and society, and men are more attentive to what they are looking like. These differences are not explored in this paper but should be the object for further analysis. Can we learn something from the lean-in, woke, anti-woke and the tradwife discussions? There are studies showing that athletes have advantages in the boardroom (Dong *et al.*, 2019).

The sexual part of erotic capital is not explored in this paper, only the attraction and attractiveness parts, including beauty and presentation. See table 4. The sexual parts may be important, but that will then need to be approached elsewhere. Sustainability has been mentioned in the analyses, but I have not explicitly explored societal value creation and societal sustainability. The focus has been as indicated in table 2 on corporate or internal organizational value creation. However, there are ways erotic capital may influence other ways of value creation, for example through attention, artfulness, arrangements or agency. See table 3. These possibilities should receive attention to future contributions. While this paper leans on the extended team production theory and positive contributions, it may also be valuable to explore consequences when leaning on theories with assumptions of opportunism and information asymmetry.

The points in this discussion section signal the importance of an agenda for further inquiry about erotic capital and board dynamics. However, how can such research projects be conducted?

5. Researching Erotic Capital and Board Dynamics

Can erotic capital be studied? I have been told several times that it is impossible to study erotic capital. There is still a lack of holistic studies about erotic capital. The cohesion in the understanding of erotic capital is missing. Here are some points that may be used when developing a language of erotic capital in the context of board or team dynamics. Researching erotic capital in the boardroom can be difficult, dangerous and time consuming. However, I have concluded that the exploration of erotic capital is important for understanding board dynamics and thus also value creating boards.

Various methods exist for exploring aspects of erotic capital. It is possible to make reflections and inferences from other studies of erotic capital and apply it to the understanding of boardroom dynamics. When making literature reviews of the topic, we need to pay attention to how various concepts have been used and developed, and how the topic is addressed in various scientific disciplines. Thus, I have not attempted to present any systematic review in this paper, but I will suggest some alternative and venturesome approaches.

Erotic capital and board processes can on the one side be explored through secondary data, but on the other side also be studied by direct observations and participation. In between there are many alternatives. Board power and dynamics have been studied through proxies. There may also be proxies indicating erotic capital. Gender and age can be used in developing proxies. Most of Hakim's research is based on secondary data. Available data often contains information about gender, age, race, ownership, education, nationality, titles, tenure, various types of experience and even family relations. Such data mostly reflects surface level information about tangible issues. They may indicate aspects of power, identity, networks and knowledge. The 2023 Nobel Prize winner Claudia Goldin was awarded for having advanced our understanding of women's labor market outcomes. She changed economics by making it acceptable and mainstream for other researchers to work on women topics, including sex, marriage bars and contraceptive pills. In her work she used natural experiments, survey research and economic history.

Studies of pictures or films. Ahmed *et al.* (2023) and Webster and Driskell (1983) used pictures when identifying physical attractiveness and beauty. They combined the pictures with questionnaires. Beulaygue (2012) applied picture analyses in her PhD work about flirting with erotic capital. There are also examples of using sexual marketing and social media to learn about aspects of erotic capital. In a previous study (Rigolini and Huse, 2021) we started by studying pictures of women being board members. The picture

could say something about facial beauty and how the women were dressing when appearing in public photos. Unfortunately, we did not see that it gave us much in our attempts to understand erotic capital.

Surveys and interviews. Some studies of erotic capital have used survey methods. I have already presented Wojtaszczyk and Syper-Jędrzejak's survey research that helped define and operationalize erotic capital. They also published survey results about the impact of erotic capital for recruitment. Requena (2017) used a survey in the study of erotic capital and well-being. Sarpila (2014) used a questionnaire survey as she explored attitudes towards performing and developing erotic capital in consumer culture in Finland. I have also in some studies tried to catch aspects of erotic capital through survey questionnaires. Montemurro (2014) and Montemurro and Hughes (2024) used interviews and stories in their studies of erotic capital. Mansoor and Saher (2024) used qualitative data in their study of erotic capital in academia. I used women's board life stories collected through interviews as I explored aspects of erotic capital (Huse and Solberg, 2006). I found such stories helpful. However, my focus on these studies was not on erotic capital. It was rather about board dynamics.

On the other side of the scale, we find scholars that claim that dynamics and processes only can be studied by processual studies. Pettigrew (1997: 342) describes what a processual analysis is. The analysis should embed the dynamics over time in the various layers of context in which streams of activities occur. Process scholars need, according to Pettigrew, to search for holistic rather than linear explanations. Process studies include research from passive observations and to active participation, for example as "fly on the wall" studies are on the one side, while being "one of the lads" on the other side (Huse, 2008b; Huse and De Silva, 2023).

Cases or ethnographies. Bell and Sinclair (2014) used autoethnographies in their study of erotic capital in academia. The ethnographies may be about other people and their experiences, or about the authors' own experiences (Ellis, Adams and Bochner, 2011). There are many alternatives in between other people's autoethnographies and own autoethnographies. In between we find for example relational autoethnographies, collective autoethnographies, collaborative autoethnographies and own autoethnography. In a recent research initiative, initiated with a previous student, we applied collaborative autoethnography. The project was unfortunately temporarily stopped because my research partner had problems in revealing her experiences of board dynamics. She was a professional and full-time board member, and she had to consider expectations about "what take place inside the boardroom should be kept secret". The experiences of erotic capital were not the problem, but that of revealing dynamics in recognizable boards.

Research should be important, innovative and interesting. Polymorphic research about erotic capital, as with the champagne method, contributes to this. Polymorphic research may include alternative topics and assumptions, alternative theories, alternative types of data collection, alternative audiences and alternative ways of dissemination (Alvesson *et al.*, 2017; Huse, 2020). Polymorphic research may not fit into the publish-or-perish form of research. The champagne method, participant observation and introspection represent polymorphic research approaches.

An introspective approach is rooted in reflecting on who I am and how my research and other experiences have taken me to my present understanding (Ellis, 1991). Introspection is a core approach in autoethnographies. During recent years I have applied the champagne method in my research. I am including the champagne method into a group of polymorphic approaches to conduct research (Huse, 2020; Huse and de Silva, 2023). Knowledge about a topic or within a research area is not only based on formulaic publications, but on life-long experiences. My knowledge about board processes and board capitals goes beyond what I or others have published on these topics. The champagne method leans on introspection. The champagne method includes elements of relational erotic capital in participating action research. My main experiences with the champagne method have been in long-term projects to contribute to societal change. However, it may also be important in individual and team/board mentoring relationships. Results may be measured beyond journal publications, but dissemination may for example take place through various types of autoethnographies.

In a previous study about gender dynamics, I reported that we must seek to understand the impact flirtation may have on board performance (Huse and Solberg, 2006). However, while some will identify with women's ability to use their erotic capital as an asset, I want to draw attention to erotic capital as an asset also for men – for making careers and even for getting to board positions. One of the challenges for myself and my colleagues is whether we want to be labeled as “erotic capital scholars”. Nevertheless, I will challenge academics to conduct path setting and groundbreaking research on erotic capital and boards.

6. Conclusion: Social and Relational Erotic Capital

“Eros is not primarily about sex, but rather the wish for deeper connection and continuity that may be mediated through forms of language, knowledge and the body” (Bell and Sinclair, 1984: 276).

What is erotic capital? Hakim (2010, 2011a) argues that erotic capital is

growing in importance in the individualized neo-liberal modern society. The present paper is among the first attempts to explore the role of erotic capital in the context of board dynamics. Understanding board dynamics is important for team production and value creation. In this paper I have taken steps to develop a language to explore how board dynamics can be influenced. Board processes and board dynamics are about actors and interactions. Attraction and attractiveness are important in human interactions. Erotic capital is about attraction and attractiveness. I have in this paper introduced erotic capital into the language of board dynamics and value creating boards.

Two types of erotic capital are identified. Relational erotic capital is about attraction, while social erotic capital is about attractiveness. Relational erotic capital may have significant impact on board dynamic, for example by energizing the board as a team, creating cohesion and developing a boardroom culture, cultivating trust and relationships. Developing a positive board dynamic is particularly important for the board's strategic involvement and contribution to innovation. We have also observed that social erotic capital is directly linked to distant stakeholders and contributes legitimacy, reputation and bridging networks. The paper thus concludes that erotic capital can moderate relations between other types of capital and board task performance as well as being an independent part of other capitals.

The existence and use of erotic capital is often embedded in secrecy. Thus, it is often difficult to research erotic capital, and alternative and venturesome research methods may thus be needed. In this paper I have indicated several topics related to erotic capital and board dynamics that need to be explored. However, how can we study the role of erotic capital empirically? There are various approaches or methods available. One of the objectives for this paper is to stimulate path setting and groundbreaking research. This can be done through polymorphic research approaches, including introspection and autoethnographies. Through this paper I have taken steps towards polymorphic approaches of research.

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Smart Agribusiness: Governance Change, Hybridisation, and New Entrepreneurship

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Abstract

In recent years, innovation has increasingly influenced productivity, sustainability, and governance in agriculture. While many studies have addressed the effects of specific technologies and methods in agribusiness, the broader impact of the smart industry remains underexplored. This exploratory study employs a qualitative analysis approach to examine how Industry 4.0 technologies, skills, and competencies originating from different sectors influence the emergence of new entrepreneurial ventures and the reshaping of value chains, business models, and governance structures of existing companies.

Key words: Smart Agribusiness, Innovation, Governance, New Entrepreneurship, Precision Agriculture

Smart agribusiness: cambiamento della governance, ibridazione e nuova imprenditorialità

Sommario

Negli ultimi anni l'innovazione ha esercitato un'influenza crescente sulla produttività, la sostenibilità e la governance nel settore agricolo. Sebbene numerosi studi

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abbiano analizzato gli effetti di specifiche tecnologie e metodologie nell'ambito dell'agroindustria, l'impatto più ampio della *smart industry* rimane ancora poco esplorato. Questo studio esplorativo adotta un approccio analitico qualitativo per esaminare come le tecnologie, le competenze e le abilità riconducibili all'Industria 4.0, provenienti da diversi settori, influenzino la nascita di nuove iniziative imprenditoriali e la trasformazione delle catene del valore, dei modelli di business e delle strutture di governance delle imprese esistenti.

Parole chiave: Industria Agroalimentare Intelligente, Innovazione, Governance, Nuova Imprenditorialità, Agricoltura di Precisione.

1. Introduction

In recent years, business and academic interest in agricultural digitisation has increased, as evidenced by the adoption of technologies aimed at improving sustainability, food safety, and the efficiency of agri-food supply chains (Osservatorio Smart AgriFood, 2019; Derakhti *et al.*, 2023). They respond to increasing demands to produce more with fewer resources, a goal achievable only through technological innovation in agrifood (Oltra-Mestre *et al.*, 2021). The agri-food chain comprises diverse yet interconnected domains: production (agriculture, forestry, fishing, processing), distribution and commerce (e.g. large-scale logistics), and ancillary services across all stages (Yadav *et al.*, 2022).

In recent years, innovation in the agricultural sector has affected not only efficiency but also the coordination and governance mechanisms within agribusiness (Klerkx *et al.*, 2019). Smart agribusiness can thus be viewed as a process that connects technological innovation with institutional and managerial evolution (Lajoie-O'Malley *et al.*, 2020; Bronson, 2022). Recent studies have shown that the involvement of actors from outside the agribusiness domain has fostered the creation of new configurations, enabling inter-sectoral partnerships that promote innovation not only in products but also in methods and organisational models (Finger, 2023). Hence, innovation should be considered not merely in terms of technological progress, but also as a driver of change in relationships, competences and decision-making processes along value chains, requiring renewed governance approaches and influencing entrepreneurial dynamics as well (Riccaboni *et al.*, 2021; Bigliardi and Filippelli, 2022).

Despite early adoption of precision farming in the late 20th century (Trivelli *et al.*, 2019), the sector still faces unexploited digital opportunities (Maffezzoli *et al.*, 2022). These trends have increased scholarly interest and publications (Karunathilake *et al.*, 2023), yet more work is needed to explore how

technology fosters entrepreneurship and cross-fertilization across the supply chain, particularly regarding interactions among stakeholders, including customers. Most existing studies have mainly addressed the technological dimension of digital transformation in agribusiness (e.g., Trabelsi *et al.*, 2023), while only recently have some begun to explore its organisational and governance implications (Fasciolo *et al.*, 2024). Yet, limited attention has been paid to how Industry 4.0 technologies stimulate the emergence of new entrepreneurial ventures within the agri-food sector (Ali *et al.*, 2025).

This study seeks to close this gap by examining how technologies, skills and knowledge originating outside agriculture contribute to the formation of hybrid enterprises and to the evolution of governance models across agri-food value chains. In doing so, it offers insights that are relevant to both entrepreneurship theory and innovation management in cross-sectoral settings.

2. Theoretical Background

Precision agriculture employs various technologies, including data transmission systems, sensors, geolocation, data storage and analysis, semi-automatic or self-driving tractors, and smart systems for applying fertilisers, water, or plant protection products, as well as drones and augmented reality (Kamilaris *et al.*, 2017; Braun *et al.*, 2018; Khaspuria *et al.*, 2024). More recently, Industry 4.0 technologies, such as IoT, big data analytics, robotics, and AI, have driven its evolution into digital agriculture (Senturk *et al.*, 2023).

IoT enables continuous crop monitoring, reducing natural resource usage and limiting environmental damage from chemicals (Fatima *et al.*, 2021). Additional Industry 4.0 tools (e.g. sensors, drones, satellite imagery, image recognition) improve decision-making through better-organised data (Senturk *et al.*, 2023).

Industry 4.0 seeks to transform manufacturing and agribusiness through the digitalisation of processes and products (Abbasi *et al.*, 2022). GPS enables autonomous agricultural machinery, while Industrial Internet of Things (IIoT) sensors support monitoring of climate conditions, crop status and growth, and livestock health (Aleksieva *et al.*, 2021). These technologies also enhance understanding of customer needs and competitive positioning (Hassoun *et al.*, 2023). Greater integration facilitates continuous information exchange across the supply chain (Verdouw *et al.*, 2014).

However, this transformation remains complex, with numerous challenges related to standardisation, communication gaps between agricultural actors and digital developers, and both technical and social issues associated with big data (Liu *et al.*, 2021).

However, it is interesting to notice that agribusiness has been the one with the highest number of startups and innovative solutions in Italy (Osservatorio Smart AgriFood, 2019).

Notably, agribusiness in Italy shows a high level of start-up activity and innovation (Osservatorio Smart AgriFood, 2019). Environmental and resource efficiency goals drive the shift from traditional practices to Industry 4.0-based models (Yap and Al-Mutairi, 2024). Agriculture has thus evolved into Agriculture 4.0 (A4.0). However, these benefits rely on proper implementation, which requires mindset shifts, new knowledge, and dedicated training (Ewert *et al.*, 2023), possibly supported by innovation brokers (Trivelli *et al.*, 2019). Despite numerous studies on technology applications in A4.0, little attention has been given to cross-fertilisation effects in entrepreneurship and governance. This study addresses that gap through an exploratory qualitative analysis, according to the following research questions: *what are the effects of I4.0 technologies and paradigm in agribusiness? Is there any effect on governance and potential emergence of new entrepreneurial initiatives in the agribusiness sector? How does cross-fertilisation reshape business models and affect the governance of agribusiness companies?*

3. Methodology

A qualitative approach was chosen due to the exploratory nature of the research and the novelty of the phenomenon (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2003).

Four companies located in central Italy, were selected, given the regional technological potential and prominence in a sector typically viewed as traditional (Bertini, 2017; CERVED, 2019). The presence of universities and research centres further reinforced the choice.

Initial screening was conducted using regional lists of public funding recipients (e.g. Tuscany Region, MET, Confagricoltura, Irpet, Cia, Federalimentare, Confindustria, Ikigai, Coldiretti).

The four companies were chosen based on their distinctive characteristics relevant to technology application in agribusiness.

Data collection combined in-depth interviews with founders and CEOs lasting 60 to 90 minutes and triangulation with archival sources (Gibbert *et al.*, 2008; Yin, 2003) to ensure internal validity. All interviews were recorded and carefully transcribed, allowing the identification of entrepreneurial potential, new supply chain relationships, and emerging critical issues via content analysis.

4. Results

The interviews explored company histories and founder skills, with a focus on the influence of the 4.0 paradigm, emerging entrepreneurial potential, and impacts on governance, partners, and customers. The technologies adopted and the motivations for entering the agribusiness sector were also examined, along with the role of skills and technology in shaping the business model. The study further investigated changes to business plans and models during the development process, the main challenges encountered, and integration into the value chain. Finally, respondents were asked to assess the benefits of technologies for both the end customers and the company itself.

4.1. Within Case Analysis

Case A concerns a start-up in digital agriculture, founded by a former international finance manager. The transition stemmed from personal agricultural experience, which revealed a specific problem and spurred innovation. This bottom-up process reflects experiential innovation rooted in direct sector needs. The company developed all technological components internally: *“We developed everything: hardware, software, firmware (...)”*, with some already patented. The solution integrates Industry 4.0 features such as *“AI algorithms, neural networks, blockchain, GPS, cloud...”*, and is adaptable for specific uses (e.g. insurance). Some modules were co-developed with external partners, forming a hybrid model. Market information was scarce: *“We did not do direct market research (...) [because] the market does not yet understand the need”*. As a result, the target remained undefined, shifting between structured and unconventional farms. Funding combined personal capital, public microfinance, and an institutional investor. A key barrier was the lack of sector-specific skills, which paradoxically added value. Interestingly, *“the presence of other [competitors] is positive, because it is understood as implicit validation of the need”*. Benefits include *“75% reduction in treatments, increase in productivity and quality”*.

Case B examines a firm in soilless agriculture, created by an entrepreneur from construction seeking resilience beyond sector cycles. The model evolved through exposure to Dutch practices not yet industrialised in Italy. The start-up phase involved academic collaboration for *“scientific validation”* of combined technologies: *“Existing technologies: united and industrialized”* featuring *“Climate control, sensors, blockchain, intelligent systems”*. The business model shifted from selling systems to delivering full-scale production projects. Though aimed at health-focused, sustainable, certified

markets, identifying a receptive client base proved difficult: *“Agricultural producers were not very receptive”*. Later, external investors became involved in diversifying into agritech. The company adopted co-design and support practices with clients, necessitating major internal adjustments: *“90% water savings, 98% waste reduction, increased quality, ergonomics, improvement of public health”*.

Case C features an academic spin-off founded by a multidisciplinary team focused on environmental and social sustainability. The goal is to reform forest management via technology supporting circular economy principles. The idea emerged from *“the abandonment of a large portion of the private forest heritage, fragmentation and disinterest”*. They developed a *“platform to connect supply and demand in the forestry supply chain”*, enabling *“Modular, vertical solutions, adapted to the needs of the forest (...) co-design with customers”*, using 4.0 tools like *“Software, drones, sensors, satellites, algorithms”*.

The model promotes shared, tech-supported, small-business-inclusive management, grounded in research partnerships and flexible co-creation.

Case D relates to a start-up launched by a sustainability-oriented professional with consulting experience. The business arose from *“direct observation of human-wildlife conflicts”*, leading to the creation of a new deterrent system. The team includes engineers, faunists, and bioacoustics experts: *“Team with engineers, faunists, bioacoustics”*. They developed an open platform using *“Ultrasonic deterrents, open platform, sensors, LoRa, telemetry”*, with strategic use of environmental data (telemetry, weather, fauna). Open architecture allows integration with fire monitoring, micro-meteorology, and precision agriculture. Despite strong partnerships with research and sector actors, *“there are no reference benchmarks”*.

4.2. Cross Case Analysis

4.2.1. Origin of Innovation

The entrepreneurial paths of the companies analysed reflect different generative logics. In at least three out of four cases, the founders transferred skills from non-agricultural sectors, recognising opportunities for application in agribusiness. These seemingly unrelated experiences became strategic resources for innovation.

Cross-sectoral competences appear to enable innovation and, in some cases, led to the identification of new opportunities complementary to the core agribusiness idea. However, these were not pursued due to difficulties in accessing funding.

4.2.2. Technology

Technologies such as IoT, geolocation, data analysis, and sensors were central to the innovations observed. Case A developed embedded sensor technology, while Case B focused on integrated systems for soilless cultivation. Case C implemented a digital platform using GIS and satellite data. Case D combined ultrasound hardware and telemetry in a modular infrastructure. This approach has fostered new entrepreneurial initiatives in agribusiness, marking a shift from traditional to precision agriculture. All companies aimed to incorporate further 4.0 technologies to deliver high value-added services. Their adoption supported the creation of interconnected solutions that enhanced customer-perceived value. In Case A, the device was the core of the innovation, whereas in Case D, the idea came from applying sound deterrent technologies in a new context.

4.2.3. Customers as Co-Creators

Customers were regarded as key partners from the beginning, actively contributing to product and service design. However, the nature of interaction varied across cases. In Case A, the relationship was direct. In Case B, a co-design approach was adopted, with close involvement throughout the design process. Flexibility was also central in Case C and partly in Case D. All companies emphasised customisation, training, and listening to user feedback.

This points to a broader tendency among innovative agri-food firms to adopt flexible, iterative relationships with customers, aligning with their evolving needs.

4.2.4. Networks and Partnerships

All companies relied on external support and strategic collaborations to develop their offerings. These extended beyond standard supply relationships, evolving into nuanced partnerships involving suppliers, customers, and institutions.

Firms often acted as intermediaries between traditional agribusiness players and external sectors such as automotive, electronics, or sensors. For instance, Case A involved both technological and institutional partners, Case B worked with agro-industrial suppliers and investors, Case C with universities and local authorities, and Case D with local and artisanal actors. Universities played a significant role in co-developing innovation (Cases B, C, D). None

of the companies adopted a closed innovation model; all pursued external collaborations to develop quality solutions, aligning with an open innovation perspective. Although production and assembly were outsourced for budgetary reasons, they maintained a focus on design and R&D. Case analysis suggests that training and prior experience influenced managerial ability to define market targets. Prior experiences influenced managerial capacity to identify market targets. Each case involved professionals from other sectors: engineers (A, D), nutrition and process experts (B), GIS specialists (C). This redefined customer-supplier relationships and strengthened partnerships as cognitive and operational infrastructures. Across all interviews, the need to compensate for internal knowledge gaps through reliable external partners emerged as a recurring theme.

Given the founders' diverse backgrounds, a key commonality was their ability to manage and engage effectively with a heterogeneous network of collaborators and partners who supported them in addressing various challenges. These skills appear to be decisive in requiring distinct managerial efforts to overcome the barriers encountered.

4.2.5. Business Model

All interviewees reported that their business models evolved, either by design or in response to market dynamics. In most cases, the initial market encounter triggered key technological or organisational adjustments, including target redefinition. A central element for all cases was the role of key partners, which enabled the acquisition of specialised knowledge to reduce technological uncertainty and sustain integration within a collaborative and dynamic environment. Although business plans were prepared, the lack of market data for their innovative offerings often made them unreliable. Case A maintains product-centred logic but enabled by intelligent components. Case B creates turnkey projects adapted to different contexts. Case C proposes a modular platform accessible under license, while Case D pushes towards a servitized logic based on data management and enhancement.

This variation in market approaches influenced both business plan formulation and the development of appropriate models. Founders with real estate backgrounds were less effective than those with marketing expertise in identifying target segments, leading to reactive rather than proactive strategic adjustments. All cases highlighted the Minimum Viable Product (MVP) as essential for testing and adjusting their technological propositions.

4.2.6. Impact and Sustainability

All cases operated within a value framework oriented toward sustainability, though each interpreted it differently. Case A focused on reducing chemical inputs, Case B on food and ethical sustainability, Case C on participatory environmental resource management, and Case D on mitigating wildlife damage and ensuring ecological traceability. Sustainability represents a design and identity lever that influences technological choices, supply chain relations and communication with the market. In this sense, the reference to environmental sustainability does not appear instrumental, but deeply integrated into organizational and strategic models.

4.2.7. Sectoral Hybridization and Limitations of Classifications

The analysis shows cross fertilization between previously unrelated sectors, driven by the diffusion of the 4.0 paradigm in agriculture. This is the common factor linking all case studies.

As a result, classifying these firms within conventional institutional categories is difficult. Their models blend agriculture, mechatronics, software, and environmental data management. For example, Case C integrates forest management, satellite technology, and participatory governance; Case B combines plant manufacturing and food production. Such hybridisation renders traditional sector codes, such as the Italian ATECO system, inadequate for describing the complexity of agritech firms.

Across the four cases, access to credit emerged as a shared challenge. Although public funding opportunities were known, they were perceived as uncertain and hard to access. Consequently, companies kept lean and flexible structures, constrained by a lack of trust in conditions that would enable greater R&D investment.

5. Conclusions and Limitations

This exploratory study cannot be generalised but offers useful initial outcomes for discussion and insights for further research. It examined how emerging firms in agriculture 4.0 adopt new technologies and establish interconnections with existing players, adopting innovative business models and changing the ones of partners and customers, having an effect on the governance of agribusiness companies, too. We tried to understand the mechanism of introduction of 4.0 technologies in agribusiness and the organizational models and interconnection between new and existing companies.

Empirical analysis suggests that 4.0 technologies have contributed significantly to new entrepreneurship in agribusiness. In several cases, applying existing technologies from other sectors triggered innovation and marked a shift from traditional to 4.0 agriculture. These technologies are not only operational tools but also foundational elements of the business.

In the cases analysed, the technologies already existing in other sectors become a necessary condition for the birth and legitimization of the innovative entrepreneurial project.

Another key aspect is the search for specialist knowledge, often unrelated to agriculture. Many founders entered the sector from other fields, adapting prior expertise to address unfamiliar challenges. This required firms to rethink governance structures and redefine relationships with key customers and suppliers, leading to new supply chain dynamics, with partnerships becoming essential to coordinate integration and co-development. The supply chain is now interconnected and capable of general value thanks to everyone's contribution. Thanks to companies such as those examined, it is possible to profoundly renew the way of doing business in the agrifood sector. A partnership-oriented approach is identified. These partnerships, often involving suppliers, clients, and research institutions, enabled co-design and modular solution development.

Another relevant aspect concerns Agriculture 4.0 firms, which are transforming the traditionally resistant primary sector through the adoption of innovative technologies originating from external industries and supply chains. A further element was the hybridisation of business models. These companies blurred the traditional boundaries of agribusiness, making existing classification systems inadequate. The ATECO codes, for example, fail to represent these multi-sector realities. This implies having to open a broader theoretical reflection linked to sectoral boundaries and production hybridization.

Finally, prior competences proved essential. Founders adapted them to create new businesses through 4.0 technologies while maintaining a sustainability-driven approach, shaping technology use, stakeholder relationships, and product development.

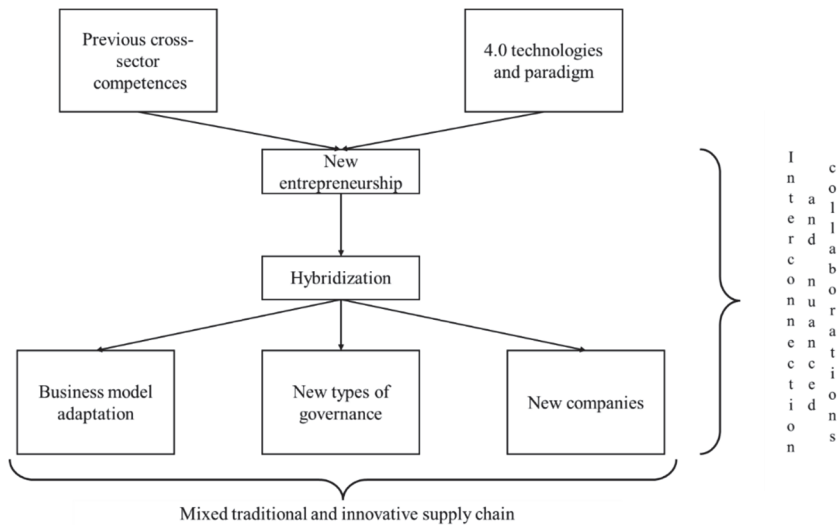
This initial study highlights how prior knowledge and cross-sector technology transfer can generate innovative firms in a hybrid, interconnected agrifood system. New businesses can not only be purely agricultural, but also companies that work in the agrifood sector with external skills, or even companies that can offer their products/services indifferently to the agribusiness sector or to other sectors. All this creates a varied and innovative value chain, in which there is full interconnection between the different subjects, including customers, for the creation of value.

The blurring of organisational and sectoral boundaries requires further theoretical reflection.

In summary, this paper offers an initial interpretative framework for understanding how I4.0 technologies shape governance and the emergence of entrepreneurship within the agribusiness sector. It also points towards future research directions aimed at further conceptualising governance change and process hybridisation, while considering managerial dimensions and policy implications across diverse market and regulatory contexts.

The study has limitations, particularly the small number of cases and geographic focus. Although Italy is relevant in the European context, broader studies across regions and countries are needed to validate these findings. Figure 1 summarises the interpretative framework proposed for understanding and expanding future research.

Figure 1: Interpretative framework



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Impact of the Managers' Network of Influence on the Productivity of SMEs: The Case of Advertising Agencies in Southern France

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Abstract

The paper presents two econometric models aimed at analyzing the role of managers and the impact of their professional connections on company performance, focusing on how these can enhance the productivity of small and medium-sized enterprises (SMEs). To this end, a sample of companies was examined through an empirical study based on both quantitative and qualitative data. The results demonstrate that the professional relationships of Board of Directors (BoD) members significantly influence corporate performance and financial stability, as theorized and hypothesized. It follows that a manager's ability to establish and manage a network of business connections can have a substantial impact on the success of the company. Moreover, SMEs can derive concrete benefits from the interconnections of their BoD members, gaining access to resources, knowledge, and opportunities available only through their ties with other organizations.

Keywords: managers, professional relationships, connections, costs, performance, SMEs

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Sommario

Il paper presenta due modelli econometrici finalizzati ad analizzare il ruolo dei manager e l'impatto delle loro connessioni professionali sulle performance aziendali, con particolare attenzione a come queste possano incrementare la produttività delle piccole e medie imprese (PMI). A tal fine, è stato analizzato un campione di imprese attraverso uno studio empirico basato su dati sia quantitativi che qualitativi. I risultati dimostrano che le relazioni professionali dei membri del Consiglio di Amministrazione (CdA) influenzano in modo significativo le performance aziendali e la stabilità finanziaria, come teorizzato e ipotizzato. Ne consegue che la capacità di un manager di creare e gestire una rete di connessioni professionali può avere un impatto sostanziale sul successo dell'impresa. Inoltre, le PMI possono trarre benefici concreti dalle interconnessioni dei membri del proprio CdA, ottenendo accesso a risorse, conoscenze e opportunità disponibili solo attraverso i legami con altre organizzazioni.

Parole chiave: manager, relazioni professionali, connessioni, costi, performance, PMI

1. Introduction

In recent decades, managers' professional networks have become crucial for the growth and competitiveness of small and medium enterprises (SMEs), influencing access to financial resources, knowledge flows, and innovation. Despite SMEs comprising over 99% of businesses and driving employment and GDP (Savlovski and Robu, 2011), the direct impact of managerial networks on SME productivity remains underexplored, with existing studies often focusing on large firms (Moro and Fink, 2013), management (Cisi *et al.*, 2018), and competitive advantage (Nu'man *et al.*, 2020). This study analyzes how managerial networks affect revenue, net profit, and ROE in 116 advertising agencies located in Southern France, a sector selected for its strong reliance on professional relationships for securing knowledge, reputation and new businesses. The theoretical framework integrates Granovetter's (1973) weak ties, Burt's (1992) structural holes and Nahapiet and Ghoshal's (1998) structural social capital theory, to assess how diversified managerial ties influence SME resilience and growth. Leveraging data from two major sources, "*Société.com*" and "*Dirigeant.com*", the analysis provides a comprehensive mapping of managerial influence networks, allowing for an in-depth assessment of their impact on SME performance. Findings highlight networks strategic value in revenue generation but show limited effect on

profitability. This research aids SMEs strategy by clarifying how board connections help access resources, attract investment, and enhance competitiveness in network-driven markets.

2. Theory and Hypothesis

2.1. Managerial relationships and their role in small and medium-sized enterprises (SMEs) performance

Managers are vital to SME performance, leveraging networks to access resources and shape strategy. Professional ties influence decisions, financing, and innovation (Cisi *et al.*, 2018; Nu'man *et al.*, 2020). In resource-limited SMEs, social capital substitutes formal mechanisms, enabling adaptability (Capoani and Izzo, 2024). These networks facilitate knowledge sharing, enhance reputation, and foster partnerships. Managers typically prioritize long-term network value over short-term gains (Gerschewski *et al.*, 2020). Furthermore, broad ties foster trust and improve capital access (Moro and Fink, 2013), even in contexts without direct financial intermediation (Ghar-salli, 2019).

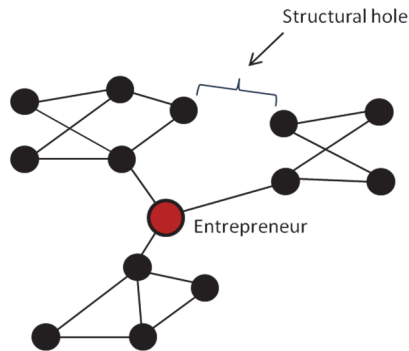
2.2. The Theory of Weak Ties and Structural Holes

This study is guided by two key social network theories: Granovetter's (1973) theory of weak ties and Burt's (1992) theory of structural holes. According to Granovetter, weak ties, defined as casual or non-redundant relationships, provide access to new ideas and opportunities, while strong ties often limit information diversity. Burt's concept of structural holes highlights gaps between disconnected groups. Managers who bridge these gaps, acting as brokers, control information flow and access exclusive resources (Burt, 2004), thereby enhancing innovation and creating strategic advantage. Figure 1 illustrates a simplified professional network where the entrepreneur connects otherwise disconnected clusters of actors. This "bridging" role across the structural hole grants access to unique flows of information and influence, positioning the entrepreneur as a key facilitator in the network (Adams *et al.*, 2014).

This bridging function is further exemplified in more complex systems (Figure 2), where managers link entire subgroups, enabling resource exchange and communication across structural gaps that would otherwise limit

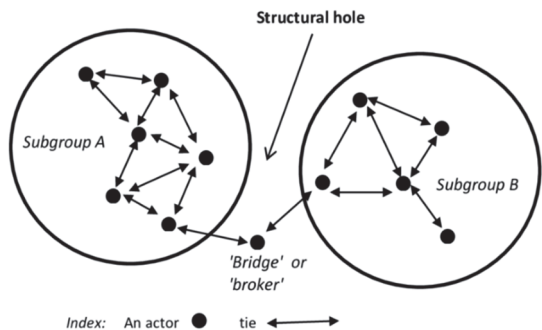
organizational reach and adaptability (Ward, 2016). This demonstrates how a manager’s network position can enhance firm-level resilience and competitiveness.

Figure 1: Structural holes in a social network



Source: Adams et al., 2014.

Figure 2: A “Structural hole” and the role of the “bridge” actor in providing information or resources between two subgroups



Source: Ward, 2016.

In this context, a manager’s networking approach can be characterized by their willingness to build networks, the range and intensity of their relationship-building activities, and their prestige (Ostgaard and Birley, 1994; Barnir and Smith, 2002). The subsequent analysis examines how these networks influence knowledge diffusion, resource sharing, and innovation, thereby elucidating the link between social structure and business performance.

2.3. Research Hypotheses on the Impact of Managers' Professional Networks on SME Performance

Building on existing theories, this study develops three hypotheses:

1. Direct professional connections boost SME revenue. Board members' direct ties with other companies provide access to strategic resources and business opportunities (Granovetter, 1973). Higher number of direct connections will be associated with increased revenue.
2. Indirect professional connections enhance financial stability. Indirect ties, connections mediated by third parties, offer access to unique information and resources (Burt, 1992). We hypothesize that more indirect connections lead to greater financial resilience and profitability.
3. Stronger governance amplifies the impact of professional networks on business performance is stronger in SMEs with a more structured governance system. SMEs structured governance system and diverse BoD can better leverage professional connections due to more effective management of social capital.

This study tests the hypotheses, by analyzing how managerial networks influence SME performance and how governance structures shape these effects. The findings will highlight the strategic role of professional connections for financial growth and stability.

3. Methodology and Data

3.1. The Conceptual Model and Research Hypotheses

This study focuses on the advertising sector in Southern France, where professional relationships are crucial for knowledge sharing, opportunity creation, and reputation building. The sample consists of 116 advertising agencies, selected based on size (5-50 employees), location (Southern France), and financial data availability from 2010 to 2024. This selection ensures sample homogeneity and reflects the industry's reliance on networking. Data were sourced from two primary databases: "*Société.com*" and "*Dirigeant.com*". The former provides comprehensive financial and legal data on French companies, while the latter specializes in corporate governance and managerial network mapping, enabling the reconstruction of professional ecosystems around each firm.

Table 1: Initial variables considered for the analysis (LR=linear regression, PCA= principal component analysis)

Variable	Description	Source	Type	Method
Number of employees	Number of employees between 5 and 50 for all companies.	Société.com	Independent	LR, PCA
Company seniority	Number of years the company has been active since its founding.	Société.com	Independent	LR, PCA
Revenues	The total revenue from the sale of goods or services during a fiscal year, excluding taxes. Revenue is a good indicator of a company's activity and size.	Société.com	Dependent	LR, PCA
AV	Added Value: the difference between the value of produced goods and services and the costs incurred in their production. It measures the value created by the company in its production process.	Société.com	Independent	LR
EBITDA	EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization): the company's profit before deducting taxes, interest, depreciation and amortization.	Société.com	Independent	LR
Net profit	The difference between a company's total revenues and expenses. It represents the actual profit made after all production costs and expenses have been deducted.	Société.com	Dependent	LR
Number of indirect connections with other companies (for the company)	The number of indirect links the company has with other companies.	Société.com	Independent	LR, PCA
Number of direct connections with individuals (for the company)	The number of direct links the company has with managers.	Société.com	Independent	LR, PCA
Added value rate	The percentage efficiency of the company's production tool, representing its contribution to the value of the production.	Société.com	Independent	LR
Number of terms	The total number of mandates held by members of the board of directors. In case of multiple board members, the number indicated will be the average for their mandates.	Dirigeant.com	Independent	LR, PCA
Leader's age	The age of the company's manager.	Dirigeant.com	Independent	LR, PCA
Number of direct connections with other companies (for the manager)	The number of direct links the manager has with other companies (manager-company connections). In case of multiple board members, we considered shared activities only once.	Dirigeant.com	Independent	LR, PCA

Number of indirect connections with individuals (for the manager)	The number of indirect links the manager has with individuals (manager-company-individual connections). These individuals are co-agents of the manager for companies they share. In case of multiple board members, shared connections are counted only once.	Dirigeant.com	Independent	LR, PCA
Number of total connections with other companies	The sum of all direct and indirect connections with companies.	Elaboration	Independent	LR
Number of total (business) connections with individuals	The sum of all direct and indirect connections with individuals.	Elaboration	Independent	LR
Number of total connections	The total sum of connections between companies and individuals.	Elaboration	Independent	LR
ROA (Return on Asset)	The percentage ratio of net profit income to total assets. It is an indicator of the company's profitability, showing its ability to generate profit using its total assets.	Elaboration	Dependent	LR
ROE (Return on Equity)	A measure of the company's profitability, calculated as the ratio of net income to shareholder equity.	Elaboration	Dependent	LR

The analytical approach integrates Granovetter's (1973) weak ties theory and Burt's (1992) structural holes theory. We employed multiple linear regression to examine the relationship between corporate performance (revenue, net profit) and managerial traits (e.g., age, education, direct connections). Principal Component Analysis (PCA) was used to reduce data complexity, indeed robustness checks included Variance Inflation Factor (VIF) for multicollinearity, residual diagnostics for normality and homoscedasticity, and Bayesian Information Criterion (BIC) to ensure parsimony and informativeness.

3.2. *Explanation of the Variables and the Correlation Matrix*

The two databases can be described as follows. The “*Société.com*”, is a leading platform with financial and legal data on over ten million French companies. It aggregates public (RNCS, INSEE, INPI) and private data, offering updated reports and key financial indicators – ratings, balance sheet health, and profitability – for complete company assessment. Complementing this, “*Dirigeant.com*” focuses on corporate governance and managerial networks. It offers interactive visualizations of board members' links across firms, helping trace direct and indirect relationships and reconstruct the professional ecosystems around each company and its leadership.

Table 2: The table shows the Pearson correlation coefficients

	Number of employees	Turnover	Log(turnover)	Company's seniority	Net income	Direct connections with individuals	Indirect connections with companies	Added value	Value-added rate	EBITDA	Number of mandates	Leader's age	Direct connections with companies	Indirect connections with individuals	Total connections with companies	Total connections with individuals	Total connections	Roa	Roe
Number of employees	1,000																		
Turnover	0,5920	1,000																	
Log(turnover)	0,5834	0,8495	1,000																
Company's seniority	0,0845	0,1488	0,2687	1,000															
Net income	0,2715	0,3400	0,3845	0,0198	1,000														
Direct connections with individuals	0,3307	0,1412	0,1237	-0,1075	0,0881	1,000													
Indirect connections with companies	0,1237	0,2575	0,3256	-0,0545	0,3134	0,0344	1,000												
Added value	0,8197	0,6938	0,7063	0,0841	0,5521	0,2734	0,1988	1,000											
Value-added rate	-0,0295	-0,3789	-0,4532	-0,2357	0,1485	0,1373	-0,2037	0,0430	1,000										
EBITDA	0,3206	0,5754	0,5314	0,0782	0,8456	-0,0133	0,2744	0,6486	-0,0312	1,000									
Number of mandates	0,0480	0,2058	0,2800	-0,0295	0,2815	-0,1544	0,5312	0,1195	-0,2099	0,3605	1,000								
Leader's age	0,0411	0,1928	0,2121	0,1229	-0,0489	-0,0385	-0,0259	0,0189	-0,2438	-0,0574	-0,0286	1,000							
Direct connections with companies	0,0860	0,2189	0,2934	-0,0578	0,3076	-0,0116	0,9610	0,1456	-0,1981	0,3529	0,5685	-0,0253	1,000						
Indirect connections with individuals	0,1023	0,3054	0,2541	-0,1053	0,3604	0,3618	0,5380	0,2155	-0,0217	0,3440	0,5028	-0,0491	0,5489	1,000					
Total connections with companies	0,1111	0,2407	0,3127	-0,0567	0,3136	0,0116	0,9803	0,1741	-0,2029	0,3673	0,5591	-0,0259	0,9901	0,5466	1,000				
Total connections with individuals	0,1696	0,3051	0,2553	-0,1182	0,3414	0,5585	0,4647	0,2566	0,0134	0,3027	0,4103	-0,0502	0,4835	0,9751	0,4889	1,000			
Total connections	0,1369	0,2813	0,3306	-0,0779	0,3526	0,1479	0,9673	0,2123	-0,1704	0,3891	0,5223	-0,0345	0,9668	0,7084	0,9796	0,6650	1,000		
Roa	0,0473	0,0921	1868	-0,0011	0,5384	0,0837	0,1465	0,2039	0,2239	0,3861	0,1232	-0,0434	0,1436	0,1296	0,1465	0,1375	0,1593	1,000	
Roe	0,1129	0,1258	0,1833	0,1345	0,1355	0,0721	0,0174	0,1356	-0,0026	0,1144	0,0101	0,0867	0,0117	0,0791	0,0147	0,0874	0,0341	0,2314	1,000

Source: personal elaboration in R.

Before building the regression models, we examined the linear relationships between variables using a correlation matrix. This tool provided an overview of the associations between professional influence networks and productivity, helping select the variables for inclusion in the regression models. The correlation matrix was not used to directly selecting independent variables solely based on pairwise correlations. Instead, it served as a preliminary diagnostic tool to identify potential multicollinearity issues and assess the consistency of relationships among variables before conducting the regression analysis.

3.3. Theoretical and Empirical Justification for Model and Variable Selection

The choice of models and variables is rooted in established theory and empirical evidence. Linear regression, widely applied in studies on social capital (Nahapiet and Ghoshal, 1998) and social networks (Granovetter, 1973), enables the quantification of managerial network effects on firm performance. Principal Component Analysis (PCA) complements this by addressing the complexity of interrelated network variables, aligning with inter-firm network theory and prior empirical approaches. Dependent variables were selected for both their managerial relevance and economic interpretability. Revenue reflects financial stability and the capacity to attract business

through networks (Gerschewski *et al.*, 2020), while net income, ROA, and ROE assess profitability, acknowledging that revenue alone does not imply operational efficiency (Jackowicz and Kozłowski, 2019). Independent variables were grounded in network theories. Direct connections with other firms reflect Burt's (1992) structural holes, enhancing access to exclusive information and boosting productivity (Ciulli *et al.*, 2019). Indirect connections, as per Granovetter's (1973) weak ties theory, offer access to new opportunities and funding (Muna *et al.*, 2023). Board mandates signal managerial experience and negotiation strength (Nahapiet and Ghoshal, 1998; Capoani and Izzo, 2024), while leader's age proxies for network development capabilities (Marconatto *et al.*, 2022). Company age and number of employees control for firm size and stability (Iurkov and Benito, 2020). Added value rate and EBITDA serve as performance indicators of productivity and efficiency, linked to managerial networks' capacity to streamline operations (Foltean *et al.*, 2019).

4. Linear Regression

4.1. The Model

To analyze the role of managerial networks in business performance, we applied a multiple regression model using the Ordinary Least Squares (OLS) method. This approach enabled us to examine how the characteristics of professional connections influence the economic and financial dynamics of firms. We compared different model specifications using the Bayesian Information Criterion (BIC) to identify the most suitable structure for the analysis. To ensure the robustness of the estimation, we assessed multicollinearity and tested for heteroscedasticity in the residuals. The analysis aims to determine whether and to what extent direct and indirect managerial connections affect firms' growth opportunities and financial stability, distinguishing between immediate effects and potential long-term strategic advantages. The model is defined as follows:

$$p = B_1D + B_2A + \varepsilon$$

The dependent variable p represents business performance (e.g., revenue, ROA, etc.), D refers to a set of independent variables related to the board member (such as age, connections, etc.), and A represents another set of in-

dependent variables related to the company (like number of employees, company age, etc.). B_1 and B_2 are the corresponding coefficients.

4.2. Choice of Variables

We tested multiple models using a business performance indicator as the dependent variable. Our analysis found that ROA and ROE were not suitable for a predictive model, as they did not yield significant regression parameters (i.e., F-test with $p > 0.01$). Regression results show that managerial networks boost revenue but have no impact on profitability. This suggests that while connections drive business growth and financial stability, they don't directly improve operational efficiency or return capital. Their main role lies in attracting opportunities, contracts, and funding, aligning with social capital theory. Profitability, however, depends on internal factors, such as cost control, pricing, and resource optimization. While networks open doors to new markets, turning opportunities into profits requires efficient operations. For example, a SME may grow revenue through managerial connections, but if costs rise proportionally, profitability remains unchanged. Additionally, highly connected managers prioritize expansion, reinvesting earnings into growth rather than maximizing short-term profits, a pattern seen in studies of growing SMEs. The best model uses the log of revenue $[\log(\text{revenue})]$ as the dependent variable, incorporating selected managers and company attributes. The logarithmic transformation improves distribution symmetry and allows coefficient interpretation in percentage terms (West, 2021). We tested multiple models and selected one with the lowest Bayesian Information Criterion (BIC) value. Based on the criteria outlined previously, we chose to analyze model (4), which has been highlighted in the preceding section.

The final equation for this model is as follows:

$$\begin{aligned} \log(\text{Turnover}) = & \beta_0 + \beta_1(\text{number of employees}) + \\ & \beta_2(\text{Company seniority}) + \beta_3(\text{Added value rate}) + \beta_4(\text{Leader's age}) + \\ & \beta_5(\text{Direct connections with companies}) + \\ & \beta_6(\text{Indirect connections with individuals}) \end{aligned}$$

To maintain data consistency, we excluded three data points (*Mediacite*, *Rouge et Noir Image*, and *FunandSmile*) due to anomalous residual values they produced. Following this adjustment, the recalculated R^2 coefficient increased from 0,5795 to 0,6706, and the new BIC value was -6.99. In this

regression, the marginal effect of one more unity of the independent variables is associated with an increase, or decrease, of the dependent variable equal to $\beta * 100\%$.

Table 3: Estimates of the coefficients using linear regression between the dependent variables (columns) and the independent variables (rows). The t-values are shown in parentheses

	(1) Roa	(2) Roa	(3) Roe	(4) Revenues	(5) Revenues	(6) Revenues	(7) Net Income	(8) Net Income
Number of employees	-8,025e-03 (0,341)	-1,945e-03 (-0,914)	0,09487 (0,877)	0,027358 (8,690)	2,147e-03 (0,383)	0,027345 (8,570)	4591,2 (2,870)	4076 (2,795)
Company's seniority		-3,707e-04 (-0,237)	0,11278 (1,368)	0,005931 (2,389)	7,943e-03 (3,315)	0,006045 (2,414)	470,7 (0,410)	
Added value	1,435e-07 (-2,246)				4,295e-07 (5,761)			
Value-added rate				0,007049 (-5,396)		-0,007267 (-5,708)		
EBITDA		3,835e-07 (4,066)						
Number of mandates							-13516,0 (-0,943)	4500 (1,384)
Leader's age		-2,208e-04 (-0,140)	0,06376 (0,767)	0,003803 (1,515)	7,182e-03 (2,989)		-782,9 (-0,633)	
Direct connections with individuals					-4,202e-02 (-0,815)		-43480,5 (-1,443)	
Indirect connections with companies					8,777e-03 (0,409)		3793,1 (0,369)	
Direct connections with companies				0,010147 (1,388)	8,867e-03 (0,399)		12526,8 (0,783)	
Indirect connections with individuals				0,030010 (2,135)	1,322e-02 (0,844)		21320,0 (2,862)	17203 (2,729)
Total connections with companies		-2,314e-04 (-0,102)						
Total connections with individuals		2,277e-03 (0,291)	0,34989 (0,969)					
Total connections	2,008e-03 (2,952)					0,008755 (3,286)		
Intercept	1,009e-02 (1,170)	3,889e-02 (0,412)	-9,3892 (-1,885)	5,668975 (30,480)	5,122 (32,083)	5,877793 (53,460)	56049,3 (0,699)	-25710 (-1,211)

BIC	-73,9	-67,7	846	29,7	38,3	30	3073	3052
Adjusted R-squared	0,07214	0,1108	0,006584	0,5795	0,5737	0,5707	0,1615	0,1777
Observations	116	116	116	116	116	116	116	116

Source: personal elaborations in R.

4.3. Statistics on Multicollinearity

To determine the presence of multicollinearity, we analyze the variance inflation factors (VIF), which measures the extent to which an explanatory variable can be explained by the other explanatory variables in the equation. If the VIF is greater than 10, multicollinearity is considered high. In our case, the VIF is low for all variables (Table 4), confirming the absence of multicollinearity.

Table 4: VIF values of the individual variables

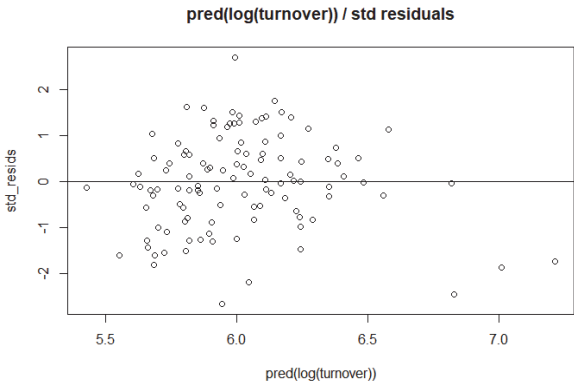
Variable	VIF
Number of employees	1.033296
Company seniority	1.114423
Added value rate	1.237757
Leader's age	1.078670
Direct connections with companies	1.450812
Indirect connections with individuals	1.433867

Source: personal elaborations in R.

4.4. Residual Diagnosis

A regression residual is the difference between an observed and an estimated *y value*. A residual plot helps assess whether residuals follow a pattern. The plot confirms homoscedasticity meaning the errors have constant, unpredictable variance. The random scatter of points suggests the model is appropriate and reliable.

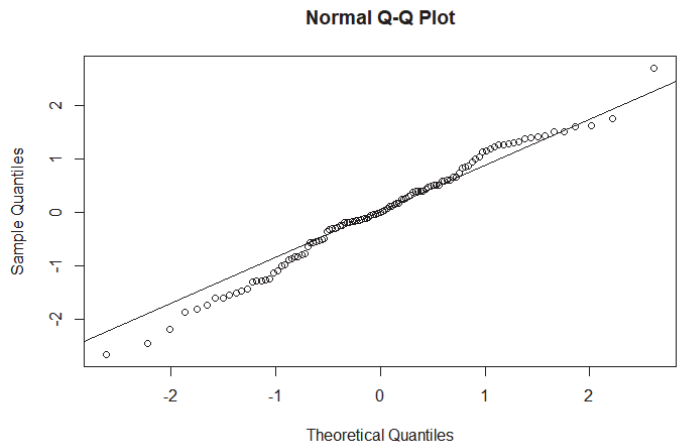
Figure 3: Residuals scatter plot



Source: personal elaborations, graph produced in R.

In heteroscedasticity, residual variability increases, making the relationship between variables inconsistent. The error structure narrows at the origin and widens outward (the *Megaphone Pattern*) with the variance decreases as Y increases. Figure 4 (the “quantile-quantile plot”) checks model validity by comparing residuals to a normal distribution. If the residuals align closely, the linear model assumption holds.

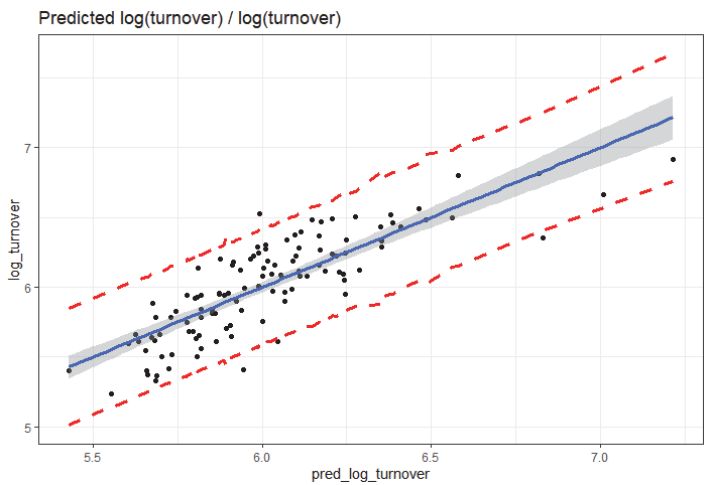
Figure 4: Graph Q-Q



Source: personal elaboration, graph produced with R.

In our case, the key property of homoscedasticity appears to be satisfied. This condition can be assessed through the *F-test*, which checks whether the variables under analysis exhibit the same variance. In Figure 5, we observe the confidence interval for the predicted values compared to the observed ones: nearly all the points lie within the expected range and are very close to the line.

Figure 5: Prediction interval for the expected values



Source: personal elaboration, plot created with R.

4.5. Results

The analysis shows that revenue is positively influenced by managerial connections and company size with additional variables, such as accounting indicators, company age, and leader’s seniority. However, board members’ networks only partially impact performance and financial stability, as indicated by the regression results. Rather than exploratory, the regression tested established hypotheses from social network and social capital theories, ensuring alignment with prior research. The findings confirm that managerial networks primarily drive revenue growth by generating business opportunities rather than immediate profitability, reinforcing the theoretical framework and empirical evidence on network-driven business performance.

5. Principal Component Analysis

5.1. Objectives and Stages of the Method

We applied Principal Component Analysis (PCA) to reduce dataset dimensionality and identify underlying patterns in managerial networks. By analyzing the correlation matrix, PCA grouped correlated variables into key factors, minimizing redundancy and optimizing interpretability. This technique groups correlated variables into key factors, thereby minimizing redundancy and optimizing interpretability. The PCA was combined with multiple regression to assess the impact of managerial networks on SME performance, particularly revenue growth and financial stability. This integrated approach simplified the dataset, improved model interpretability, and mitigated multicollinearity.

Table 5: Analysis of the relationships between observed variables (partial)

	employees_nu mber	turnover	company_age	mandates_nu mber	leader_age	dir_links_w_co mpanies	indir_links_w_i ndividuals	dir_links_w_in dividuals	indir_links_w_ companies
employees_nu mber	1,00000								
turnover	0,59202	1,00000							
company_age	0,08453	0,14880	1,00000						
mandates_nu mber	0,04804	0,20577	-0,02962	1,00000					
leader_age	0,04114	0,19281	0,12295	-0,02797	1,00000				
dir_links_w_co mpanies	0,08600	0,21891	-0,05783	0,96850	-0,02526	1,00000			
indir_links_w_i ndividuals	0,10232	0,30541	-0,10533	0,50282	-0,04613	0,54690	1,00000		
dir_links_w_in dividuals	0,33074	0,14124	-0,10752	-0,15441	-0,03853	-0,01161	0,36183	1,00000	
indir_links_w_ companies	0,13368	0,25750	-0,05447	0,93122	-0,02594	0,96098	0,53596	0,03435	1,00000

Source: personal elaborations in R.

Since the variables in the rows and columns are identical, the diagonal of the matrix contains all values equal to 1. Each row variable shows either a positive or negative correlation, with varying strengths (high or low) relative to the column's variables.

5.2. Selection of Eigenvalues and Eigenvectors

Eigenvalues indicate the variance explained by each principal component. Each eigenvalue corresponds to a component, and their sum equals the total variance of all variables. The associated eigenvectors form the rotation matrix *V*, used to compute the new variables, and these eigenvectors must have unit length and be orthogonal (dot product = 0).

Table 6 displays the eigenvalues, total variance and the cumulative percentage variance. The eigenvalues are arranged in descending order highlight the most significant factors explaining data variability. In total, the cumulative variance of the first 3 factors accounts for 71.913% of the total variance. In the analysis of a correlation matrix, the sum of the eigenvalues is equal to the number of variables from which these factors were derived. In our case, there are 9 eigenvalues, with the average eigenvalue being 1.

Table 6: correlation matrix: eigenvalues, percentage of total variance and cumulative percentage

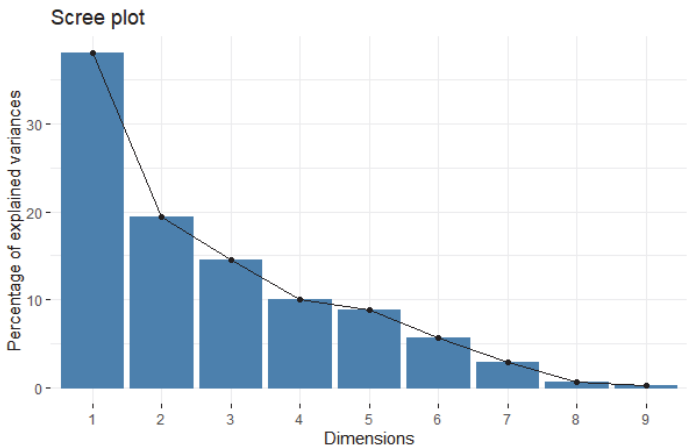
<i>Dimensions</i>	<i>Eigenvalues</i>	<i>Percentage variance</i>	<i>Cumulative percentage variance</i>
<i>Dim.1</i>	3.422	38.024	38.024
<i>Dim.2</i>	1.744	19.377	57.401
<i>Dim.3</i>	1.306	14.512	71.913
<i>Dim.4</i>	0.899	9.989	81.901
<i>Dim.5</i>	0.789	8.762	90.663
<i>Dim.6</i>	0.513	5.700	96.363
<i>Dim.7</i>	0.258	2.866	99.229
<i>Dim.8</i>	0.0505	0.562	99.790
<i>Dim.9</i>	0.0189	0.210	100

Source: personal elaborations in R.

5.3. Selection of Principal Components (Axes of Factors)

Principal Component Analysis begins with the synthesis of the variables p . This data synthesis involves considering only the factors with eigenvalues greater than 1 (*the Eigenvalue-one Criterion or Kaiser Criterion*). To determine the number of factors to interpret, we can also refer to the ‘Scree Plot’ (generated using *Factoextra*).

Figure 6: Scree plot



Source: personal elaborations, plot created in R.

The graph, shown in Figure 6, indicates the percentage of variances explained, from the highest value to the lowest, with respect to the number of factors. In our case, the leveling point occurs at dimension 3.

5.4. Factor Coordinates of the Variables (Factor-Variable Correlation) and Their Contributions

The Table 7 shows the relationship between variables. In Table 8, the variables “Direct links with companies”, “Indirect links with companies” and “Number of mandates” represent a primary dimension based on the correlation between the original variables and the components derived from the analysis. These can be considered the variables with the greatest “weight” in representing the factor. The company’s strength/size (defined by the number of employees, turnover and direct links with individuals) and its years of operation represent the second and third factors. Addi-

tionally, seniority plays a crucial role in the company's composition. To assess the quality of the representation provided by the values in relation to the actual data, absolute and relative contributions of the variables are used. These are obtained by comparing the observed variable with the predicted variable. The absolute contribution indicates the role of the variable in reconstructing the variation along the factor axis, as expressed by the eigenvalue.

Table 7: Relationship between the respective variable and its factor

Variables	Comp.1	Comp.2	Comp.3	Comp.4	Comp.5	Comp.6	Comp.7	Comp.8	Comp.9
<i>Employees_number</i>	0.135	0.602	0.254	0.365	0.355	0.542			
<i>Turnover</i>	0.226	0.532	0.227		0.264	-0.516	-0.523		
<i>Company_age</i>		0.568	0.420	-0.685					
<i>Mandates_number</i>	0.501	-0.223	0.131		0.103			-0.547	-0.606
<i>Leader_age</i>	0.187	0.468	-0.840		0.160	0.106			
<i>Dir_links_w_companies</i>	0.516	-0.171			0.190			-0.262	0.768
<i>Indir_links_w_individuals</i>	0.379	0.111	-0.297	-0.162	-0.377	-0.575	0.501		
<i>Dir_links_w_individuals</i>		0.433	-0.544	-0.148	-0.422	0.385	-0.368	-0.142	
<i>In-dir links w companies</i>	0.514	-0.126			0.226	-0.163		0.778	-0.185

Source: personal elaborations in R.

Table 8: Contribution of the variables in percentage (partial)

Variables	Dim.1	Dim.2	Dim.3
<i>Employees_number</i>	1.83	36.286	0.053
<i>Turnover</i>	5.109	28.259	5.131
<i>Company_age</i>	0.096	2.521	32.301
<i>Mandates_number</i>	25.11	4.966	1.717
<i>Leader_age</i>	0.004	3.483	21.883
<i>Dir_links_w_companies</i>	26.608	2.923	0.272
<i>Indir_links_w_individuals</i>	14.391	1.223	8.847
<i>Dir_links_w_individuals</i>	0.393	18.752	29.637
<i>Indir_links_w_companies</i>	26.46	1.588	0.161

Source: personal elaborations in R.

The relative contribution shows how accurately the variable is represented on the axis: the more accurate the representation, the closer the angle

value is to 1. As seen in Table 9, the variables closest to a good representation are “Direct links with companies” and “Indirect links with companies”.

Table 9: Square of the cosines (partial, only the first 4 dimensions)

<i>Variables</i>	Dim.1	Dim.2	Dim.3	Dim.4
<i>Employees_number</i>	0.063	0.633	0.001	0.058
<i>Turnover</i>	0.175	0.493	0.067	0.003
<i>Company_age</i>	0.003	0.044	0.422	0.159
<i>Mandates_number</i>	0.859	0.087	0.022	0.002
<i>Leader_age</i>	0	0.061	0.286	0.634
<i>Dir_links_w_companies</i>	0.911	0.051	0.004	0
<i>Indir_links_w_individuals</i>	0.493	0.021	0.116	0.024
<i>Dir_links_w_individuals</i>	0.0134	0.327	0.387	0.02
<i>Indir_links_w_companies</i>	0.906	0.028	0.002	0

Source: personal elaborations in R.

5.5. Information on Observations: The Calculation

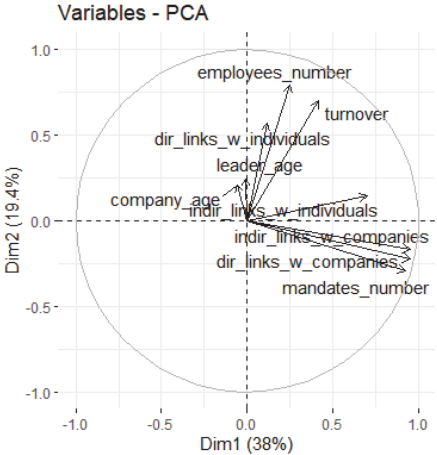
To determine the position of a dimension that synthesizes the informational structure contained in the original data matrix, one must analyze both the positions of the companies (or “observations”) and the positions of the variables. The former interprets the significance of each variable, while the latter helps manage the order in which they appear relative to each unit. As with the variables, the calculation of observations begins with analyzing the values in the correlation matrix, arranged in descending order such that the values for Dim.1 are greater than those for Dim.9. At this stage, it is crucial to determine which eigenvalue satisfies the orthogonality and unity criteria. Once this is done, the coordinates of the observations can be calculated as the result of the row-column product between the matrix of transformed data x and the matrix of observations on the new axes (Dim.1 and Dim.2).

5.6. Factorial Coordinate Graphs

In the factorial coordinate graphs, variables pointing in the same direction along the circumference indicate a positive correlation, when one increases

the others follow. Perpendicular variables are independent, while those in the opposite directions are negatively correlated. Figure 7 shows the projection of the factorial coordinates onto the plane corresponding to the first two principal components (Dim.1 and Dim.2), which together explain 57.4% of the total variance. The unit circle represents the highest value of the factorial coordinates, ensuring their total does not exceed 1. A more precise representation can be achieved using the Varimax rotation (Table 10), which optimizes the alignment between the original variables and the factors.

Figure 7: Factors coordinate graph



Source: personal elaborations, graph produced in R.

Table 10: Contribution of the variables after Varimax rotation

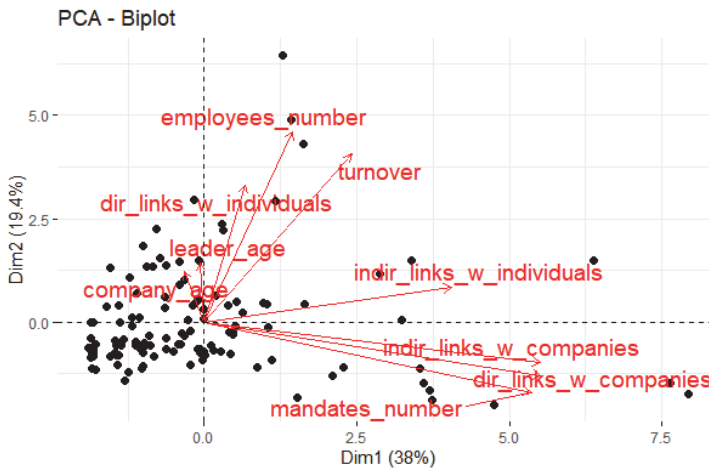
Variables	RC1	RC2
Employees_number	2.28	97.72
Turnover	14.03	85.97
Company_age	16.64	83.36
Mandates_number	97.64	2.36
Leader_age	3.93	96.07
Dir_links_w_companies	99.38	0.62
Indir_links_w_individuals	87.70	12.30
Dir_links_w_individuals	0.22	99.78
Indir_links_w_companies	99.96	0.04

Source: personal elaborations in R.

5.7. Observations: A Graphical Representation

We evaluate the distribution of the points (i.e., the 116 companies) within the previously proposed factorial design 1-2 (see Figure 8). The further a point is located to the right or left within the graph, the more it deviates positively or negatively from the mean. Points situated at the top of the graph represent the best values for the considered factor, while those at the bottom represent the worst values.

Figure 8: PCA – graphical representation of variables and observations.



Source: personal elaborations, chart produced in R.

5.8. Conclusions Regarding the Model

The model reveals two main dimensions: Dim.1 includes “Direct connections with companies”, “Indirect connections with individuals”, “Indirect connections with companies”, and “Number of mandates”, representing managerial characteristics. Dim.2 includes “Company age”, “Board member age”, “Turnover”, “Number of employees”, and “Direct connections with individuals”, summarizing company characteristics. The factor analysis thus confirms the initial hypothesis by identifying two distinct dimensions: one related to the managers and the other to the company. However, it is important to note that this process results in an information loss of approximately 43%. Finally, the analysis of the segmented variables reveals a positive correlation between the managers’ professional relationships and the company’s financial stability.

6. Results and Interpretation in Relation to the Theoretical Framework

6.1. Impact of Managerial Networks on Business Growth

The results confirm the critical role of managerial networks in SME growth, identifying two main dimensions. The first, including board mandates ($\beta = 0.21$, $p < 0.05$) and direct company ties ($\beta = 0.34$, $p < 0.01$), positively correlates with revenue, supporting the idea that structured networks enhance access to strategic resources. The second dimension, reflecting indirect ($\beta = 0.07$, $p = 0.31$) and individual connections ($\beta = -0.05$, $p = 0.42$), showed no significant immediate effect on revenue. While networking drives revenue growth, it does not significantly impact on profitability (ROA, ROE), suggesting their primary value lies in expansion rather than efficiency. Regression analysis confirms the strong effect of direct connections on revenue, validating Hypothesis 1, and indicated that professional connections have a stronger effect in companies with structured governance systems, thus supporting Hypothesis 3. These findings align with the concept of collaborative business ecosystems described by Graça and Camarinha-Matos (2015), highlighting that SMEs thrive within interconnected systems where cooperation is essential for success. Managerial networks provide SMEs access to shared resources, knowledge, and expertise, reducing costs and enhancing adaptability to market changes, critical factors for sustained growth. Thus, direct ties positively correlate with revenue by helping SMEs overcome structural limitations and strengthen competitiveness, positioning SMEs as active contributors to collective innovation and growth within entrepreneurial ecosystems.

6.2. Strategic Value and Limits of Managerial Networks

The empirical findings provide strong support for the structural social capital theory (Nahapiet and Ghoshal, 1998), confirming that well-connected managers access strategic resources and opportunities more easily. The significance of direct connections aligns with Burt's (1992) structural holes theory, whereby managers bridging disconnected firms gain privileged access to information and advantageous market positions. Likewise, the number of board mandates emerges as a key factor in attracting investment and building partnerships, supporting the idea that broader networks lead to business expansion. These findings confirm Hypothesis 1, reinforcing Granovetter's

(1973) weak ties theory: external connections help increase firm revenue and access new opportunities. However, the analysis reveals no significant effect of managerial networks on profitability indicators, such as ROA ($\beta = 0.02$, $p = 0.78$) and ROE ($\beta = -0.03$, $p = 0.65$). This suggests that while professional ties support revenue generation, they do not translate into improved operational efficiency. Profitability is more influenced by internal factors like cost control and strategic resource allocation. Firms may also reinvest network-generated revenues in long-term growth rather than short-term margin maximization. This partially validates Hypothesis 3, as companies with larger and more structured Boards of Directors (BoD) appear better equipped to capitalize on social capital, consistent with governance literature (Cisi *et al.*, 2018). Lastly, Hypothesis 2 receives weaker support: indirect connections show only limited impact on financial stability. Their benefits may materialize in the long term, favoring innovation and adaptability more than immediate financial returns. The combined regression and PCA results thus distinguish between direct firm-to-firm ties, which influence short-term performance, and indirect or individual-level connections, which play longer-term strategic roles. They show that direct managerial ties, especially firm-to-firm links and board mandates, drive revenue growth, confirming Burt's (1992) structural holes theory. Managers with multiple mandates contribute to strategic collaboration, knowledge sharing, and access to resources, driving business expansion. In contrast, the limited statistical significance of indirect ties supports Granovetter's (1973) weak ties theory, which suggests that such connections generate economic value over the long term, particularly through innovation and adaptability rather than immediate revenue gains.

7. Conclusions

This study demonstrates the critical role of managers' professional networks in enhancing SME performance, particularly within the advertising sector. Our findings confirm that both direct and indirect board connections facilitate access to strategic resources, supporting Granovetter's (1973) weak ties theory and Burt's (1992) structural holes concept. The analysis reveals that managerial networks primarily foster growth and resilience rather than just financial access, consistent with Jackowicz and Kozłowski (2019). Using Principal Component Analysis (PCA), we identified two dimensions: managerial characteristics (e.g., board mandates, direct company connections) and financial health (e.g., company age, turnover, employees). While managerial resources positively correlate with turnover, though the link be-

tween professional relationships and profitability is weaker. Linear regression confirms that board networks influence stability in turnover and net profit but have limited impact on broader financial performance. This indicates that SMEs must balance technical competencies with social capital development. To achieve sustainable competitive advantages, SMEs should invest on board training, encourage cross-functional collaboration, and integrate digital networking tools for faster access to resources and market opportunities. Our study provides two key insights: first, managerial competencies are essential for resource management and strategic planning. Second, professional networks provide critical access to financing and market intelligence but require ongoing investment to maintain. Several limitations must be considered. The study's focus on advertising SMEs in southern France restricts its broader applicability, as network dynamics vary by regions and sectors. Additionally, the sample reduction, from approximately 150 to 116 companies due to missing data, introduces potential selection biases and self-reported managerial network data could affect accuracy. Despite these limitations, our findings confirm a positive correlation between managerial networks and SME performance, emphasizing the importance of strategically nurturing professional relationships. Managers should actively identify network "bridges", foster diverse connections, invest in networking skills, particularly digital, and continuously monitor network effectiveness to adapt strategies accordingly.

In conclusion, our analysis supports the strategic value of maximizing the effectiveness and breadth of managerial professional networks to enhance SME stability and growth. Alongside traditional methods, digital technologies increasingly represent a vital networking component. This study lays a foundation for future research aimed at identifying effective managerial strategies to strengthen SME competitiveness globally.

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