

# RESEARCH REPORTER

Faculty of Business Research Newsletter | Issue 4 Summer 2016



*UK public  
spending cuts*  
one of the longest in a century

*Making a difference to business*

# Hello and welcome...

...to the fourth edition of the Research Reporter. This publication showcases examples of the recent research activities taking place in the Faculty of Business at Oxford Brookes University.



In this edition, we feature new research from the department of Accounting Finance and Economics, which suggests that since 2010 the UK has experienced one of the longest periods of public spending cuts.

We find out 'what makes a good customer?' in an article from the department of Marketing, as well as what restaurants can do to better cater for the family market from the Oxford School of Hospitality Management.

We report on what we can learn from global research partnerships by focusing on a study by colleagues in the Oxford School of Hospitality Management, which compares the environmental policy development in South Wales and São Paulo.

In this edition, we feature new research from the department of Accounting, Finance and Economics on how charities can use IT monitoring systems to improve their business performance.

We also introduce you to Professor Levent Altinay, Research Lead in the Oxford School of Hospitality Management who is currently developing a project that aims to tackle loneliness in the elderly.

I would also like to take this opportunity to welcome you to sign up for our International Research Conference that is taking place on Thursday 16 June 2016. Over thirty papers from academics across the faculty will be presented in order to share our latest research with the rest of Oxford Brookes as well as potential and current collaborators in other universities, both in the UK and internationally.

**Louise Grisoni, Associate Dean  
Research and Knowledge Exchange**

**"It's inspiring to be among a thriving research community and it means you can discuss your research with experts in the field."**

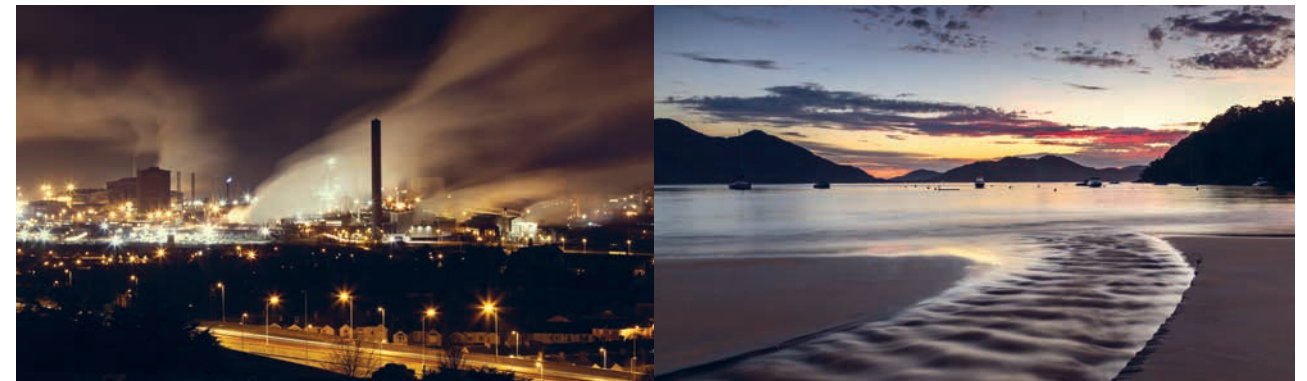
*Rosa Codina Sotomayor, PhD Student and Senior Lecturer, Oxford School of Hospitality Management*



## From South Wales to São Paulo

### *What we can learn from comparing environmental policy development across the globe*

**Dr David Botterill**, Senior Research Fellow in the Oxford School of Hospitality Management, explains his Newton Fund project and what we can learn from global research partnerships.



In recent years, the world's gaze has often focused on Brazil. Much of this attention has centred on global sporting events with the hosting of the FIFA World Cup in 2014 and the upcoming Olympic and Paralympic Games. Commentators in developed nations have also put the spotlight on Brazil, alongside Russia, India and China, as one of the BRIC nations which are seen as emerging knowledge-based economic powerhouses. It is within this context that an innovative research project I have been involved in contrasted environmental regulation on the North Coast of São Paulo State and the coast of South Wales.

The study's findings are the result of a collaboration between the Oxford School of Hospitality Management and colleagues from the State University of Campinas in Brazil, the University of Reading and Cardiff University. The project was supported by £40,000 from the Economic and Social Research Council as part of a Newton Fund grant and funding from the São Paulo Research Foundation. Through this we explored best practice in transnational policy development relating to the governance of environmental quality and crime reduction. It involved comparative analysis of policy and practice in the North Coast region of São Paulo State and South Wales.

From the mid-20th century, both locations have seen rapid decline of previously thriving maritime ports serving traditional industries – fishing and agriculture in São Paulo State and coal and steel in South Wales. Consequently, the economic base of both has shifted towards consumption and service industries. Central to the service economy in both the UK and Brazil is an increasing dependence on tourism and leisure, and a consequent growth in the creation of new tourism spaces. In Brazil, whilst there is an apparent commitment to protecting the coastal environment – primarily through legislation – the project raised questions about the effectiveness of government-led enforcement initiatives. In the UK, it was highlighted that challenges of governance stem from public funding cuts restricting agencies' capacity to protect natural resources. The outcomes of our project focused on non-traditional and more effective means of alleviating poverty through tourism development, whilst protecting the environment and managing crime rates.

We are now disseminating our findings through journal articles and presentations to improve understanding both in the UK and Brazil and any other territories which are affected by similar issues.

On my final trip to Brazil as part of this research project I paid a visit to the University of Brasilia to make new contacts at two research centres – the Centre for Excellence in Tourism and the Centre for Sustainable Development.

Following a lecture I delivered, and discussions with leaders from both centres, an application was made by one of our UK collaborators as part of the call for British Council-Newton Fund Research Links workshops in Brazil.

This was successful and I will be working with my colleague Dr Rebecca Hawkins from the Oxford School of Hospitality Management and Professor Trevor Jones of Cardiff University. Together, we will be taking a group of 12 UK early career researchers to meet with colleagues from the University of Brasilia and Brazilian early career researchers for a week of workshops. The intention is to build further joint UK and Brazilian research collaborations and this highlights the international interest in our research findings. This on-going research project fits neatly with Oxford Brookes' International Strategic Objective of "establishing the university's international strategic partnerships" and in "supporting the development of a worldwide presence."

# Current UK cuts to public spending 'one of the longest in a century'

New research by **Dr Rozana Himaz**, Senior Lecturer in the Department of Accounting, Finance and Economics, in collaboration with **Professor Christopher Hood** (Oxford University) suggests that in recent decades there has been a striking change in the length and depth of 'fiscal squeezes' imposed by UK government. That is, political effort to cut public spending, raise taxes or both.

Since 2010, the UK has already experienced one of the longest periods of public spending restraint over the last century. But it also finds that year-to-year cuts in public spending were notably less deep than after both World Wars or the 'Geddes Axe' cuts of the 1920s.

The term 'austerity' is widely used to describe the UK government's tax raising and public spending policies since 2008-09. However, in their forthcoming book, *A Century of Fiscal Squeeze Politics*, Dr Rozana Himaz and Professor Christopher Hood examine successive fiscal squeezes between 1900 and 2015, showing how governments have clamped down on public spending and/or raised taxes over the past 100 years in Britain.

They liken recent government policy to 'boiling a frog alive by heating the water slowly', in the sense of preferring relatively small year-to-year reductions over a longer period to the 'surgery without anaesthetics' approach of concentrating the pain over a shorter period. The research also suggests that increases in tax revenue (particularly since 2010) seem to have played a smaller part in fiscal austerity packages in the UK over the last 30 years than in earlier periods.

Big tax hikes that pushed up revenue both in constant-price terms and relative to GDP were commonly used by earlier governments often as a prelude to a spending squeeze. However, according to the research, they have not played such a big part in

the most recent period of austerity, but whether that means that big revenue increases have gone for good as an option for fiscal squeeze is not clear.

They identify a total of 18 key UK 'fiscal squeeze' episodes, defining them as 'soft' or 'hard'. Hard squeezes mean increases in tax revenue or falls in public spending both in absolute (constant price) terms and relative to GDP, while soft squeezes mean revenue rises or spending falls in only one of those ways. Over the whole century, one of the most notable episodes was in 1981, when Margaret Thatcher's Conservative government imposed the second heaviest tax squeeze in peacetime. But the researchers say that despite that government's aspirations to 'roll back the state', it did not succeed in cutting public spending until its second term, and even then did so only relative to GDP rather than in absolute (constant price terms).

They find the rarest type of fiscal squeeze is 'double hard' when governments reduce public spending and increase tax revenue both in real terms and as a proportion of GDP. According to the research, such an episode is unusual both internationally and in the UK. It has only happened once in Britain in the last 100 years, just after World War I (between 1919 and 1921) when high wartime tax rates were retained along with massive post-war demobilisation.

Professor Christopher Hood commented: 'What is distinctive about the UK's most recent fiscal squeeze is

that it has not featured a 'hard' revenue squeeze of tax rises, while comprising one of the longest spending squeezes over a century. This outcome raises interesting questions about whether the structure of modern state spending makes it harder than before to put the brakes on.'

Dr Rozana Himaz added: 'One option we have to consider is whether the Conservatives were tempered by their Coalition partners and prevented from bringing in sharper tax rises or spending cuts. This research also leads us to ask whether the "boiling the frog" approach is here to stay and likely to be favoured by future governments.'

This research will be published in summer, 2016 as:

Hood, C and R. Himaz (forthcoming, 2016) *A Century of Fiscal Squeeze Politics: 100 Years of Austerity, Politics and Bureaucracy in Britain*, Oxford University Press

The work is a part of a larger ESRC funded project 'When the Party is Over: The Politics of Austerity in Public Services'

<http://xgov.politics.ox.ac.uk/index.php/esrc-project.html>

For more information, please contact **Dr Rozana Himaz**, [rhimaz@brookes.ac.uk](mailto:rhimaz@brookes.ac.uk), 01865 482929

# What makes a 'good' customer?

Customers differ in the value that they generate for an organisation. Some generate revenues well above the costs of serving them. Others, a net loss. Others, still, are outright disruptive, engaging in behaviour that is very costly to the firm. Accordingly, the marketing literature (particularly, in the field of relationship marketing) recommends that managers should concentrate marketing resources on acquiring and retaining 'good' customers.

## But what makes a customer 'good'?

Conceptually, a good customer is one whose expected revenue streams exceed the expected costs of acquiring, serving and keeping them. So, finding these customers requires predicting their future behaviour.

In the case of personal credit, for instance, a good customer is one who will repay their debt. As repayment takes place several years after the loan is granted, lenders collect data about various aspects of the applicant's identity and behaviour, to infer their 'credit worthiness' – such as, the applicant's credit history; their occupation; length of employment; credit rating; marital status; bank account; neighbourhood; collateral; length of residence; income; and gender.

However, that is not the whole story. Professor Sally Dibb (The Open University) and I have long been

interested in how firms decide which customers to promote or demote. As part of that research agenda, we studied lending practices in the UK, examining how the definition of a good customer (in this case, 'good' = credit worthy customer) varied across different institutions and over time. Specifically, we followed lending practices at the following six retail banks, over a period of 10 years, from 2003 to 2013.

- A global retail bank, among the top 10 largest in the world
- A UK-based bank, one of the oldest and largest in the country, with some limited overseas operations
- A former building society, now part of an international financial group
- An Internet-only bank, wholly owned by an international financial group, and targeting high-end consumers

- A lender perceived to be owned by a UK-based retailer, though it is part of an international financial group. Targeted the customers of the retailer brand it was associated with. Products are promoted in the retailer's stores, and online
- A lender owned by one of the largest multinational retailer businesses in the world. Products are promoted online, and through the chain of supermarket stores owned by the group.

We found that, at the height of the credit crunch crisis of 2008, which triggered an economic recession in the UK, it was much more difficult for loan applicants to obtain credit because many mainstream creditors had changed their lending criteria and practices.

For instance, all six case studies withdrew certain products from the market, particularly 100% mortgages

and secured loans that allowed homeowners to borrow money against equity held in their properties. Most lenders closed credit lines, or stopped taking new customers altogether. And all but one lender in our sample said that they had raised the lending threshold levels because of:

- Changes in strategic objectives (e.g., desired market share in a particular market)
- Lower willingness to take risks
- Some lenders faced cash flow problems.

For the remaining products, in five out of the six case studies, loan applicants had to obtain higher credit scores to be granted a loan in 2008, than in 2003.

Furthermore, our analysis showed that some of the changes in lending practice brought in in 2008, were still in place in 2013. That is, customers who would have been deemed 'good' in

2003 saw their status change by 2008 or 2013, not because of a change in their personal circumstance or behaviours, but because of changes in the supply side.

Yet, supply side factors are not part of the widely accepted and used definitions of customer quality.

Our study documented how firm-related factors such as strategic targets, stakeholder structure, capitalisation structure, or risk appetite shape who is and is not a credit worthy customer – that is, who is a good customer. This is important from a conceptual perspective, because it shows that 'customer quality' is not only subjective (varying from firm to firm) but also extrinsic to the customer. The definition(s) of customer quality and value do not reflect this reality.

Our study also showed that the young, migrants and socially excluded groups were at risk of further marginalisation during the recession, while customers

not traditionally referred to as 'vulnerable', found themselves in financial difficulties in the period under analysis. This is important from a practical perspective because access to credit allows consumers to acquire products that are essential for their well-being and increases their confidence and ability to participate in society. While there are various governmental and charitable initiatives tackling financial vulnerability, they tend to focus on personal factors, whereas our study showed that the context determines vulnerability.

This material originally appeared on the author's personal blog on 15 March 2016, and is reposted here with their permission.

For more information please contact **Ana Canhoto**:  
[adomingos-canhoto@brookes.ac.uk](mailto:adomingos-canhoto@brookes.ac.uk)



## How restaurants can create exceptional experiences for families

Families represent an important market segment for restaurants and cafés. A study conducted by researchers at the Oxford School of Hospitality Management, Oxford Brookes University, and the University of Queensland sheds light on how to create exceptional experiences for parents, carers and children that keep them coming back!

Following the study they put together top tips for hospitality operators to keep parents, carers and children coming back, including:

### **The experience starts before people enter the venue**

Poor access puts people off venues. Lack of parking, awkward access between the car park and the venue and even narrow doorways may discourage parents from going near your venue, especially if they have to manoeuvre buggies.

### **Mind that child**

Focusing on the children as active decision makers is valued by parents and children. Nobody likes being ignored or talked over, including children. Engaging children in conversations, explaining dishes and encouraging them to make choices can lead to happier little customers.

### **Happy child – happy parent – happy customers**

Talking with children, entertaining them and prioritising serving them before their parents can help to settle them. Keeping children content means their parents can relax. There is also less chance of them disturbing others.

### **Your hospitality is part of their childcare**

Parents of very young children fit their restaurant visits around their children's need to eat. Helping parents by providing small additional services like offering warm water for baby food, for example, helps them to stay for longer whilst keeping their children happy.

### **Their snack is your gain**

Don't be scared of parents bringing the occasional snack or drink for small children. Adults may love your products, and they will buy them for themselves, but they may not feel that your products are suitable for

their children. As long as parents are consuming, consider being a little lenient. Observing what food and drink they bring can also give you valuable tips about what you could be offering.

### **Design for distraction**

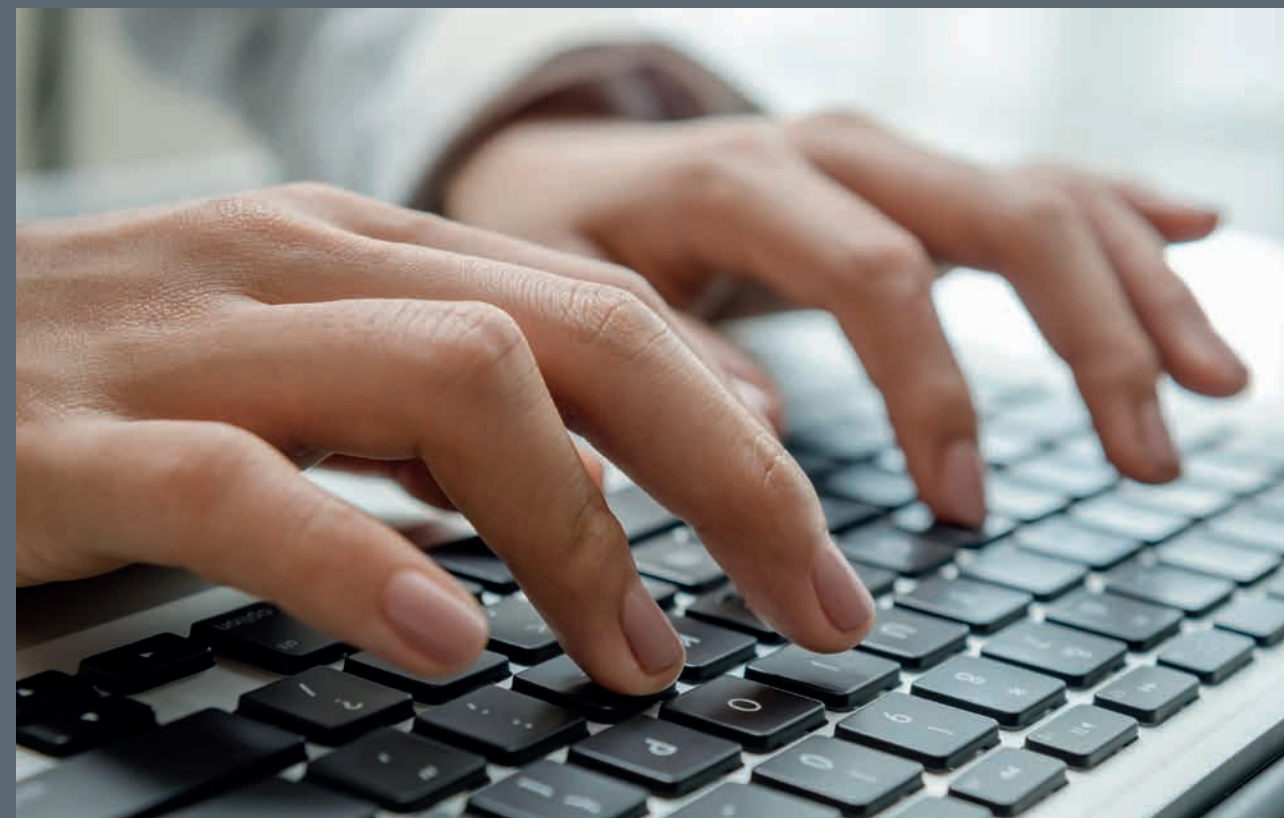
Open kitchens, drawings on the wall and other quirky design features are great for distracting children while they are waiting for food and drink. Visual treasure hunts keep young eyes and minds occupied.

Dr Peter Lugosi, Reader at the Oxford School of Hospitality Management and principal investigator of the study said: "For parents, a visit to a café or restaurant is often work as much as it is leisure. Our interviewees have highlighted that little things can make visits pleasurable or frustrating. Our study identifies a number of implications for management practice and several avenues for future research."

For more information please contact  
**Dr Peter Lugosi:**  
[plugosi@brookes.ac.uk](mailto:plugosi@brookes.ac.uk)



## Researchers recommend how charities can use IT to enhance their business performance



Faculty of Business academics have produced a report exploring how charities can use IT monitoring systems to improve their business performance.

The report, published by The Charity Finance Group, was written by four academics from the department of Accounting, Finance and Economics; **Dr Diana Limburg, Cathy Knowles, Maureen McCulloch** and **Professor Laura Spira**.

Charities operate in an increasingly demanding and complex social and economic environment. They often work in partnerships and networks to fulfil their charitable purpose, increasing the complexity of their internal organisation. Against this background, charity trustees need accurate, relevant and timely information.

The study explores how charities might benefit from IT, in particular Enterprise Performance Management (EPM) systems, to address this challenge.

Dr Diana Limburg said: "We found that

using EPM can enhance insight into a charity's performance and inform strategic decision making, partly by providing better information to trustees.

"The systems can support the use of data from multiple, diverse sources and can analyse and present this data in various formats to meet with organisational needs. Using such systems could therefore better enable charities to provide their trustees, and other stakeholders, with key information."

The study also found that while information is a crucial element in trustees' ability to fulfil their role, trust, knowledge and informal communication are essential supporting factors.

Diana continues: "Charities also need to look beyond reporting, and consider that trustees need to have appropriate expertise, engage in informal communication, and to build a trusting relationship with charity managers. IT systems that support communication and information

sharing can facilitate this."

The report, funded by the Institute of Chartered Accountants of Scotland (ICAS) and the ICAS Foundation, is based on extensive literature review and 27 interviews in six UK charities, representing a wide variety of charity characteristics (size, scope, sector, age, income sources, and structure).

It includes a number of recommendations for charities and policy makers, particularly related to their use of IT, in order to address the challenges and enhance their EPM.

A key recommendation is that the Code of Good Governance for charities specifically includes a role for trustees in encouraging strategic use of IT in their charity.

For more information please contact **Diana Limburg:**  
[dlimburg@brookes.ac.uk](mailto:dlimburg@brookes.ac.uk)



## Spotlight on:

**Levent Altinay, Research Lead in the Oxford School of Hospitality Management and Europe Editor for the International Journal of Contemporary Hospitality Management.**

Since starting his PhD in 2001, Levent Altinay has held a number of academic roles before becoming a Professor in 2012. He is also the research lead in the Oxford School of Hospitality Management and his interests are in the areas of entrepreneurship, strategic alliances and international business.

Internationality and interdisciplinarity are two important and prominent characteristics of Levent's research.

He said: "I try to understand how the power struggle and politics between different stakeholders, including the private sector, government, community groups and entrepreneurs can work in tandem to contribute to the overall development of a destination."

Levent also sees the value of internationalisation in all areas of education within the school.

He said: "It is important to recruit international students because they bring diversity and enrich the content of the curriculum. It is also important in the recruitment of staff and the collaborations we establish. As well as addressing problems related to the UK, our research goes beyond national borders and tackles international problems. It's rewarding to be part of the school; there's a strong element of collegiality and people constantly challenge existing thinking and introduce new ideas."

Levent has a strong record of attracting external funding. One of his recent projects was funded by the Economic and Social Research Council and looked at the growth of Chinese and Turkish speaking ethnic minority entrepreneurial businesses in London. His findings show it is important to manage their businesses in such a way in order to break out into the mainstream market. It is crucial, not for their competitive advantage but also so they can contribute to the social, economic and business environment in the UK.

Levent said: 'I worked closely with community based adviser organisations and they're using our findings to train different ethnic minority business owners. The findings were also fed back to the business advisory group in parliament and have informed policy.'

One of Levent's current research projects is in collaboration with and funded by Hong Kong Polytechnic University. It looks at how hospitality services can facilitate social connectedness to tackle the global issue of loneliness in the elderly.

The idea for the project partly stemmed from his own experiences growing up in Cyprus where elderly people regularly connect and interact with society.

Levent said: "Here in the UK the elderly need to communicate with others on a more regular basis. So I got into the habit of saying hello to people that I walk past every day. At first they are suspicious; they don't understand why someone would be so friendly. Now I am at the point where they stop and ask me how I am and sometimes I offer to help carry their bags. Even if we don't know each other by name we interact and we communicate and I feel that I am helping them to socially connect.

"This made me think about what role small businesses could play in creating a social space for the elderly but at the same time generate business for themselves. That's the topic that I am trying to tackle."

Levent is currently collecting data in the UK and his colleagues at Hong Kong Polytechnic will be doing the same thing in Hong Kong.

Levent also teaches Research Methods at postgraduate level and supervises five PhD students in topics relating to his research areas. He can be contacted at: [laltinay@brookes.ac.uk](mailto:laltinay@brookes.ac.uk). Open access publications:

<https://oxfordbrookes.academia.edu/LeventAltinay>

# Research in the Faculty of Business

Within the Faculty of Business at Oxford Brookes University we have been building a research culture and expanding our research community with wide-ranging interests in many specialist areas. We have three research centres, which bring distinctiveness to the work of the faculty, and four departments with identified research clusters that bring focus to the subject areas.

## RESEARCH CENTRES

### ASKe Pedagogy Research Centre

Director: **Prof Margaret Price**

The impact of this centre is widespread and influences learning and teaching practices around the world.

### The Centre for Diversity Policy Research and Practice

Director: **Prof Simonetta Manfredi**

This centre takes a multidisciplinary approach linking legal and human resource management perspectives.

### The International Centre for Coaching and Mentoring Studies

Director: **Dr Tatiana Bachirova** and **Dr Elaine Cox**

This centre specialises in coaching and mentoring, education and supervision for coaches and mentors at master's and doctoral levels.

## DEPARTMENTS

### Accounting, Finance and Economics

Research Lead: **Dr Samantha Miles**

Clusters: **Accounting, Accountability and Responsibility; Applied Microeconomics; Applied Macro, Public and Financial Economics; Development and Environmental Economics.**

### Business and Management

Research Lead: **Dr Juliette Koning**

Clusters: **Critical Management Studies and Work and Organisation.**

### Marketing

Research Lead: **Prof Janine Dermody**

Clusters: **Brand Strategy; Consumers and Consumption; Digital Marketing.**

### Oxford School of Hospitality Management

Research Lead: **Prof Levent Altinay**

The Oxford School of Hospitality Management is recognised as a centre of excellence for research in international hospitality and tourism.

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For more information about research opportunities  
and doctoral study in the Faculty of Business

**tel:** +44 (0)1865 48 58 58

**email:** [business@brookes.ac.uk](mailto:business@brookes.ac.uk)

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