Case Study of Altruistic Behavior and Relational Network with Business Value on Local Travel Agency

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Abstract

The present study based on a local travel agency in Tainan, investigation how does the altruistic behavior affected the relational network and created the business value. The case company's CEO had voluntary participated in charity societies more than 20 years. The present study first showed how the case company's CEO to build an emotional relational network through altruistic behavior. Second, how does the emotional relational network form mixed relational network based on the key features demonstrated by altruistic behavior. Finally, also showed how the mixed relational network is transfer into an instrumental relational network. The results showed that the altruistic behavior can help local travel agency develop and increase their business value via relational network. The key factors to maximize the business value are the professional knowledge and altruistic behavior.

Keywords: Altruistic Behavior; Relational Network; Business Value.

1. Introduction

The tourism industry, also known as the smokestack industry, is the most socio-economic indicator of the 21st century. In the tourism industry the travel agencies play an important intermediary role, they provide consumers travel advice, travel arrangement, visa agent, and other services to meet the tourism need.

In July 18, 2008 Taiwan government permit China people come to Taiwan for tourism. Since then, the number of travel agencies has rapidly increased. In fact, the number of travel agencies increased from 2,621 in 2005 to 3,616 in 2015, respectively. However, the increased of travel agencies leading to a higher competitive condition and the threshold for sustainable development. Besides, progression of technology and changing of consumption pattern also have threatened the local travel agencies. Online traveling platform and large scale travel agencies already shrink the market share. Therefore, the local travel agency owners need to figure out an innovative way to straighten customer relationship and provide differentiated products and services.

For the past decades, studies about the relationship between altruistic behavior and value creation were focused on non-profit organizations or social enterprises. On the other hand, how to establish and maintain the relational network, and further transfer the relational network into business value, there is also no standard procedure can refer to. Generally, within plenty methods to increase business value, only few enterprise owners choose to participate in charity organizations and be a long-term volunteer.

How the local travel agencies increased their business value through altruistic behavior and relational network? The present study conducted case study to investigate the altruistic behavior and relational network with business value on local travel agency in Taiwan.
2. Literature Review

2.1 Altruistic Behavior

Altruistic behavior (altruism) is the principle of concern for the welfare of others and is the opposite of selfish. There are various definitions of scholars about the altruistic behavior, but the common goal is benefit to others, to each other’s interests in their own interests, from daily life to public welfare activities, as long as helpful behavior. It is a traditional virtue in many cultures and a core aspect of various religious traditions and secular worldviews, though the concept of others toward whom concern should be directed can vary among cultures and religions (Teske, 1997). Altruism in biological organisms can be defined as an individual performing an action which is at a cost to themselves (e.g., pleasure and quality of life, time, probability of survival or reproduction), but benefits, either directly or indirectly, another third-party individual, without the expectation of reciprocity or compensation for that action. Psychological altruism is contrasted with psychological egoism, which refers to the motivation to increase one’s own welfare (Sills, 1968). Steinberg (2010) suggests a definition for altruism is “intentional and voluntary actions that aim to enhance the welfare of another person in the absence of any external rewards”. The term altruism may also refer to an ethical doctrine that claims that individuals are morally obliged to benefit others. Used in this sense, it is usually contrasted with egoism, which is defined as acting to the benefit of one’s self. The structure of our societies and how individuals come to exhibit charitable, philanthropic, and other pro-social, altruistic actions for the common good is a largely researched topic within the field. This type of sociology seeks contributions that aid grassroots and theoretical understandings of what motivates altruism and how it is organized, and promotes an altruistic focus in order to benefit the world and people it studies.

How altruism is framed, organized, carried out, and what motivates it at the group level is an area of focus that sociologists seek to investigate in order to contribute back to the groups it studies and build the good society. Pervin (1978) defined the altruism is a series behavior that without expectations of external compensation. The higher cost to the helpers the closer to altruistic behavior. Staub (1978) indicated that the altruism is a behavior that only benefits others, that is, the actor does not obtain any material benefit from the award. Sears et al. (1988) proposed that the altruistic behavior is an act of showing voluntary willingness to help others without expectation of recovery. And the compensation referred to includes not only substantial compensation, but also spiritual recognition and praise. Andreoni (1990) proposed that raising altruism can raise the public interest. When individuals are concerned about the interests of others, they will do what is good for them.

According to Bar-Tal et al. (1982) and Bar-Tal & Raviv (1982), the motives of helping behavior develop in correspondence to cognitive, social, and moral development. Thus high-level quality motives for helping (e.g., a desire to be helpful without expecting external rewards in return) develop, for example, when the child can delay immediate gratification, take the role of another person, empathize, and reason according to conventional moral standards (Bar-Tal et al., 1981).

Bar-Tal (1976) presented a new definition of pro-social behavior (positive forms of social behavior) and offers a complete review of theory and research on the acquisition of this behavior. Topics addressed are the theoretical bases of altruistic behavior; altruistic behavior in emergency and nonemergency settings, reciprocity behavior, and compensatory behavior. Wolfe (1998) proposed that altruism can be classified into three types: behavioral altruism, motivating altruism, and environmental altruism. Wolfe (1998) also advocated that we should avoid argument only from the simple value; we must recognize the complexity of life goals, if we can take the altruistic concept of altruism it can meaningful understanding of altruism.

In summary, altruistic actors have a strong sense of responsibility for the well-being, environment, and society of others. It is an individual’s duty to improve the social environment and help disadvantaged groups. This sense of social responsibility may come from moral conscience or religious revelation. Their behavior is derived from the mind is willing to help the others.

2.2 Relational Network

Tsang (1998) proposed that the relational network is composed of the following key factors: (1) Emotion: refers to the measure of emotional commitment between people, and exist in between people or organizations. (2) Trust and reliability: in Chinese society, these two factors of trust and reliability are sometimes even more important than written contracts. (3) Reputation: is another key element in the development and maintenance of relationships. In order to cultivate and expand the viability of the network, to keep the level of reputation is necessary. Reputation usually represents the public image of a person, if a person’s network is more extensive, usually also shows the person has more reputation (Yeung & Tung, 1996). Standifird & Marshall (2000) also proposed that the world in which the organization is involved in the relationship domain needs to maintain its reputation through the exchange of interests, which can be said the reputation to be a key factor in maintaining relationships.
Huang (1988) based on social exchange theory proposed that the cultural characteristics of the Chinese are based on relational judgment as the main consideration and classified interpersonal relationships into three categories: (1) Expressive ties: to satisfy the individual needs for love, warmth, and a sense of security and other aspects. (2) Instrumental ties: the relationship between the individual and the outsider of the family is mainly based on the fairness rule as the criteria for communication. The purpose is to obtain the resources they need. This relationship is usually short-term and unstable. When personal contacts with others they are easy to make their own favorable decision-making. (3) Mixes ties: between the expressive and instrumental relationship, the operation is based on reciprocity rule, is one based on humanity or reputation.

In short, the relational network is very important to the development of the enterprise and the partners. If the interaction among the enterprises is strengthened, the factors such as emotion, trust, reliability and reputation are cooperating with each other well.

2.2.1 Relationship (Guanxi)

The relationship (guanxi) in the Chinese community with a great cultural meaning and first appeared in the west in 1980s in popular business writings that advised about cultural factors affecting doing business in China (Pye, 1982; Butterfield, 1983; Alston, 1989). It was believed that right guanxi was a vital factor in business negotiation, and could bring a wide range of benefits (Fan, 2002). Peng (1998) proposed that the guanxi is based on a private informal mutual obligations and special relationship. Fan (2002) also indicated that the guanxi is a process of interpersonal interaction between two people.

The past few years have seen growing business and social research interests in guanxi in the western literature (Fan, 2002). The importance and the role of the concept has been extended and upgraded. For example, guanxi has been: (1) Identify as one of the most important key success factors in doing business in China (Yeung & Tung, 1996; Abramson & Ai, 1999); (2) Regard as a source of sustainable competitive advantage (Tsang, 1998; Fock & Woo, 1998); (3) Acclaimed as marketing’s third paradigm (Ambler, 1994), thus linking the concept with the school of relationship marketing (Simmons & Munch, 1996); (4) Extolled as the future direction for the western business practices in the new century (Lovett et al, 1999).

2.2.2 Network

Thorelli (1986) indicated that the network is refers to or more organizations involved in long-term relationship. In the past, the emphasis has been on the analysis of network of non-profit organizations (e.g. Aldrich & Whetten, 1981; Formbrun, 1982; Provan, 1983). The claim here is that when seen in a network context a host of strategic issues in business may be better understood by executives and academics alike (Thorelli, 1986). Johanson & Mattson (1987) have primarily characterized the inter-firm relationships from a social viewpoint. However, it is important to keep in mind that the relationships are established and developed in order to perform the industrial activities in the firms. Thus, the needs of those activities will strongly affect the nature of the relationships developed with other firms.

Technical, logistical, economic and other operative considerations will affect both the relationships and the interaction processes. The same is true for considerations of a strategic nature about the individual firms’ objectives and activities as to their development and positions in the market. On the other hand, the industrial activities in the firms are modified and developed as a result of the interaction processes. Furthermore, Johanson & Mattson (1987) have discussed inter-firm relationships without explicitly referring to individual actors. However, the mutual orientation between firms is principally a mutual orientation between individual actors in the firms.

2.2.3 Types of Relational Network

i) **Emotional Relational Network**: The build of emotional relational network mainly based on the satisfied or not of self-care, warmth, and security needs. So the members of the emotional network is usually ignore the time, money and other tangible costs, unreservedly dedicated resources, devoted to the members of the group. The motive behind it is to be able to get spiritual peace, a sense of self-improvement, and look forward to members changed behavior because of their disbursement.

This network of relationships is often the most difficult to break away from the emotional distance. For example, kinship formed by the blood relationship, is the most direct emotional relationship. Others, such as the association or religious organizations which formation of geographical or faith relations are all based on emotional relational.

ii) **Instrumental Relational Network**: Instrumental relational network is almost opposite with emotional relational network, its emphasis on the fairness law, the main purpose is to obtain the necessary resources. Therefore, the two sides in the network to reach a swap consensus, must be mutually beneficial in the circumstances, the exchange will be achieved.
For example, a salesman in order to increase business opportunities and establishment a customer list, the customers in the list will not simply consumption because familiar with the salesman. The customers still have to consider the products and price meets their requirements or not. In general, there will be no additional interactive contacts after the sale is completed. Compared to emotional relational network, the duration of such trading relationships is significantly shorter.

iii) **Mixed Relational Network**: Mixed relational network is the most special of the three types of networks. It combines the emotion factor of the emotional relational network and the fairness factor of the instrumental relational network. The memberships of the mixed relational network, besides consider the reasonable price and high-quality of products or services, they also take into account the emotions as part of the assessment of exchange value. Therefore, even if there are other more favorable trading objects in other instrumental networks, people might also tend to deal with members of a mixed relational network.

**2.2.4 Summary of Types of Relational Network**

Based on the above definitions, it can be seen that each person can be in a different relational network at the same time. But also according to the difference of time and the degree of interaction, relational networks have dynamic and personalized characteristics, so the formation and changes in the relational network is not a certain order. Table 1 summary the types of relational network.

<table>
<thead>
<tr>
<th>Types</th>
<th>Follow the principle</th>
<th>Distance verse self</th>
<th>Pay out vs. pay back</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional</td>
<td>Demand</td>
<td>Near</td>
<td>Selfless pay out</td>
<td>Family, association, society, religion</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Need not pay back</td>
<td></td>
</tr>
<tr>
<td>Mixed</td>
<td>Reciprocity</td>
<td>Middle</td>
<td>Mutual assistance</td>
<td>Union, sisterhood or friendship comity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reciprocity to each other</td>
<td></td>
</tr>
<tr>
<td>Instrumental</td>
<td>Fairness</td>
<td>Far</td>
<td>The spirit of fairness</td>
<td>Customer list, trade association</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Money or goods exchange</td>
<td></td>
</tr>
</tbody>
</table>

**2.3 Business Value**

Stabell & Fjeldstad (1998) proposed three models (value chain, value group, and value network) of value creation and indicated that the primary activities of the value network are as follows: (1) Network promotion and contract management consists of activities associated with inviting potential customers to join the network, selection of customers that are allowed to join and the initialization, management, and termination of contracts governing service provisioning and charging. (2) Service provisioning consists of activities associated with establishing, maintaining, and terminating links between customers and billing for value received. (3) Network infrastructure operation consists of activities associated with maintaining and running a physical and information infrastructure. The activities keep the network in an alert status, ready to service customer requests.

In general, when discussing the value creation of an enterprise, we will examine the value activities of enterprises and the interaction between value activities through Porter’s (1985) value chain theory. Value activities can be classified into main activities and support activities. Production, sales, after-sales service, and transportation of products are classified as the main activities; other such as procurement, finance, human resources, and management are therefore classified as support activities.

Business value creation is the basis of enterprise competitive advantage. If enterprises reduce costs, provide better product features, design, and quality; will enable to recognize the added value of products or services for customers. Ulaga (2003). Ulaga (2003) indicated that most research on customer value adopts a transactional approach focusing on product-related issues, neglecting relational dimensions of customer-perceived value. Dwyer & Tanner (2002) and Parasuraman & Grewal (2000) reviewed the value literature and its implications for relationship marketing. Payne & Holt (1999) stated that the most recent development has been to consider customer value from the viewpoint of relationship marketing. This is described as relationship value.

Spiteri & Dion (2004) indicated that the value chain presents the overall value, is composed of various value activities and profits. Value activities are the specific activities of enterprises to use a variety of substances and technologies to create valuable products for customers. Profit is the difference between the total value and the value activity.
Ulaga (2003) indicated that the collaborative relationships in business markets are of growing importance to customers and suppliers alike. Customers need to decide whether to invest in a new supplier relationship, to maintain and develop a valued relationship, or to divest from a low-value relationship. Suppliers, in turn, face growing commoditization of products and seek to differentiate themselves through relationships. The measurement of value creation in buyer–seller relationships is still in its infancy, and a sound understanding of how firms create and deliver value in business relationships is needed. Emerging studies investigate relationship value based on dimensions derived from theory and lack a managerial perspective. Therefore, the present research explored relationship value from a grounded theory perspective. In-depth interviews with purchasing managers identified eight value drivers in manufacturer–supplier relationships. Implications for the measurement of the concept are discussed, and directions for further research are suggested.

2.4 Research Framework

Business value creation is the basis of enterprise competitive advantage. If enterprises reduce costs, provide better product features, design, and quality; will enable to recognize the added value of products or services for customers (Ulaga, 2003). Therefore, the present study assumption the relational networks play an important role in the value chain of altruistic behavior. Figure 1 shows the research framework of the present study.

![Figure 1: Research Framework - Value Chain Of Altruistic Behavior](image)

3. Introduce of the Case Company’s CEO

Table 2 shows the summary of the relational network of the case company’s CEO. The case company’s CEO entered the tourism industry in 1986 and setup the case company in 1995. Since then, rely on the good relations with the communities in Tainan city, as well as good reputation in the local travel industry. The case company became an old and famous local travel agency, as well as the number of guests has been maintained at a stable growth level. Hence, there are three reasons that the present study selected the case company as the research subject. (1) The case company’s CEO has a wealth of knowledge and experience in tourism industry. (2) The case company can maintain at a stable growth level of guests in the highly competitive local travel agency market. The CEO must be with unique and distinctive core competencies in company operation. (3) The CEO of the case company well aware of the relational network operation.

Table 2: Summary of the Relational Network of the Case Company’s CEO

<table>
<thead>
<tr>
<th>Types</th>
<th>Name of the Relational Network</th>
<th>Year</th>
<th>Participation Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional</td>
<td>Sichuan fellow association of Tainan</td>
<td>1985</td>
<td>Hometown rally, fellow friendship</td>
</tr>
<tr>
<td></td>
<td>Catholic diocese of Tainan</td>
<td>1990</td>
<td>Prison service, choir</td>
</tr>
<tr>
<td></td>
<td>Association for enterprise of National Cheng Kung University</td>
<td>2008 - 2012</td>
<td>Communication promote</td>
</tr>
<tr>
<td></td>
<td>Honor guards guild association of Tainan</td>
<td>2014</td>
<td>Reborn care and counseling</td>
</tr>
<tr>
<td>Mixed</td>
<td>Visiting relatives group of Sichuan</td>
<td>1988</td>
<td>Assist visiting relatives group of Sichuan</td>
</tr>
<tr>
<td></td>
<td>Catholic pilgrimage group of Tainan</td>
<td>2011</td>
<td>Catholic pilgrimage group abroad arrangement</td>
</tr>
<tr>
<td></td>
<td>Honorary Volunteer Association of Small and Medium Enterprise Administration, Ministry of Economic Affairs</td>
<td>2010 - 2015</td>
<td>Business owners counseling and resource matching</td>
</tr>
</tbody>
</table>
Table 3 shows the number of guests of the relational networks of the case company was growth stability during the past 6 years. The number of guests of the relational networks was increased double, and the ratio to company revenue was about from 60% in 2011 to 75% in 2016, respectively. Furthermore, due to political cause, the average decreased of revenue of local travel agency in Tainan was about 40% in 2016. But, the case company just decreased less than 15%. The results indicated that the altruistic behavior of the case company’s CEO can create business value through relational networks.
Table 3: Summary of Number of Guests of the Relational Networks

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sichuan fellow association of Tainan</td>
<td>60</td>
<td>100</td>
<td>120</td>
<td>140</td>
<td>150</td>
<td>140</td>
</tr>
<tr>
<td>Catholic diocese of Tainan</td>
<td>240</td>
<td>260</td>
<td>280</td>
<td>340</td>
<td>350</td>
<td>320</td>
</tr>
<tr>
<td>Association for enterprise of NCKU</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>150</td>
<td>130</td>
</tr>
<tr>
<td>Women’s enterprise advisory committee of the Executive Yuan</td>
<td>120</td>
<td>120</td>
<td>160</td>
<td>160</td>
<td>170</td>
<td>150</td>
</tr>
<tr>
<td>Honorary Volunteer Association of Small and Medium Enterprise Administration</td>
<td>100</td>
<td>160</td>
<td>200</td>
<td>140</td>
<td>180</td>
<td>140</td>
</tr>
<tr>
<td>Internship travel agency of KSU</td>
<td>--</td>
<td>220</td>
<td>280</td>
<td>340</td>
<td>340</td>
<td>260</td>
</tr>
<tr>
<td>Total</td>
<td>660</td>
<td>1000</td>
<td>1180</td>
<td>1260</td>
<td>1340</td>
<td>1140</td>
</tr>
<tr>
<td>Ratio to company revenue (%)</td>
<td>60.1</td>
<td>60.6</td>
<td>63.8</td>
<td>65.3</td>
<td>64.1</td>
<td>74.7</td>
</tr>
</tbody>
</table>

4. Conclusion and Contribution

How can altruistic behavior help local travel agency strengthen relational networks and create business value? Table 4 shows the features of altruistic behavior of the CEO in the relational networks. As the research result of present study, the altruistic behavior of the case company’s CEO played an important role in the process. During the development of relational networks through altruistic behavior, the case company’s CEO showed personality traits such as selflessness and dedication, also showed the attitudes with responsible, positive, and generous at the same time. So the members of the relational networks have strong image with the case company’s CEO that pursuing perfect and trustworthy. Therefore, when the members of the relational networks need to seek tourism services, they will naturally be willing to provide opportunities to the case company’s CEO.

Table 4: Summary of Features of Altruistic Behavior of the CEO in the Relational Networks

<table>
<thead>
<tr>
<th>Types</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional relational network</td>
<td>Selflessness, dedication, positive, generous, responsible, the pursuit of perfection, intimate people.</td>
</tr>
<tr>
<td>Mixed relational network</td>
<td>Professional trip planning, intimate itinerary, warmth of service, trustworthy.</td>
</tr>
<tr>
<td>Instrumental relational network</td>
<td>Reputation, word of mouth, trust, security, fellow friendship, convenient location, affordable, professional services.</td>
</tr>
</tbody>
</table>

4.1 Academic Contribution

Firstly, previous studies on altruistic behavior have rarely explored how critical features presented by altruistic behavior implementers should be extracted and analyzed. The present study points out what features drive the success and extension of the relational network.

Secondly, in the past research, regarded the different types of relational networks are only a simple classifications. The present study regards that the different relational networks should be continuous and interrelated. They can be able to promote development according to emotional, mixed and instrumental.
Finally, past studies have regarded that altruistic behavior refers to the disregard of payoff. But, through the long-term tracking, we can find altruistic behavior indeed bring spiritual satisfaction, honor, sense of accomplishment, and other emotional feedback rather than the commercial value. But the premise must be long-term, continuous, and complete tracking.

4.2 Practical Contribution

The features of the altruistic behavior value chain revolved around two prerequisites: selflessness and dedication. Selflessness means placing self needs in the last place and seeing only the needs of others; dedication is to meet the needs of others from the hearts of ideas into practical action. Business owners who want to gain business value through altruistic behavior should not start with gaining business value, but rather start with selflessness and dedication. Through the implementation of altruistic behavior, it can bring positive development and change for the company, but also can enhance the company’s business value. However, the business value is only possible to achieve under long-term pay out. Therefore, if the business owners have the intention to construct relationships through altruistic behavior and look forward to future business value, they must uphold long-term deep plowing mentality.

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Authors’ Biography

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