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## Conditions and Challenges of Territorial Cooperation

**Abstract:** *Civilization processes, interpreted according to the flow economy model, incline one to conceptualize territorial management in terms of Multilevel Governance. This approach explains the context in which territorial cooperation becomes a primary factor and one of the key dimensions of regional development. In many fields, territorial multi-sector partnerships focused on planning, organizing or just running everyday activities within territorial units are playing an increasingly important role in governance systems. This enhances the significance of public participation in territorial management. This paper presents researches showing the way cultural dimensions constitute the most complex and sophisticated challenges when the setting the rules and practices of interoperability within the network of public, private and social organizations. The quoted findings explain how many difficulties must be overcome in order to establish cooperative inter-organizational management systems stimulating territorial development.*

**Key words:** *territorial cooperation, multi-level governance, deliberative procedures, public participation, cultural dimensions*

### Introduction

Territorial cooperation is emerging as one of the key dimensions of regional development. Such an understanding is deeply rooted in the so-called New Regional Policy, which is the current paradigm of stimulation of territorial development. The aim of this paper is to interpret various types of conditions determining territorial cooperation and to disclose the role of cultural

challenges that face the public administration in the future, as it tries to implement cooperative procedures. A review of the scientific literature as well as the authors' own researches constitute the basis for relevant observations and conclusions. The paper outlines a set of determinants of the considered issues and discloses the main features of the future challenges.

### **Multilevel Governance in the context of the flow economy**

At the root of Multilevel Governance is the conviction that "Governance includes the state but transcends it by taking in the private sector and civil society. All three are critical for sustaining human development. The state creates a conducive political and legal environment. The private sector generates jobs and income. And civil society facilitates political and social interaction – mobilizing groups to participate in economic, social and political activities" [UNDP, 1997]. So, the concept of Multilevel Governance implies changing relationships between many actors, operating at different levels of political systems and in different sectors [Szczerski K., 2005, p. 11]. The multilevel effect concerns the empowerment not only of public authorities at different government levels, but also other private and non-governmental entities affiliated through interweaving networks. Based on the analyses and interpretations of many authors [Agh A., 2010; Noworól, A. 2011a, 2011b; O'Brien R., 2002; Sorensen E. and Torfing J., 2007; Sroka J., 2009; Szczerski K., 2005, 2012], Multilevel Governance should be treated as one of the concepts of territorial management, and at the same time, as a phenomenon revealing the civilization changes reflected in the new public governance theory [Pollitt C. and Bouchaert G, 2011]. Multilevel Governance emerges from a model of policy understood as a system of continuous negotiation between public, private and social bodies in the networked environment.

J. Sroka, based on other authors [e.g. Sorensen E. and Torfing J., 2007], presents in brief a classification of Multilevel Governance theories. He indicates two groups of these theories. The first group presents tensions (conflicts) and calculation as being main factors in the way the network is interrelated. Relevant examples are: theories of "Interdependency" and theories of "Governability". The second group of theories takes advantage of anthropological discourses. Culture plays the primary role in their formulation. We can identify theories of "Governmentality" and "Integration" in the latter group [Sroka J., 2009, p. 47-48].

Looking more closely at the first group: the causative mechanisms for Interdependency Theories are calculation and conflict. The constitutive rule of the network is then an exchange of resources. The government is in power but also in coalitions with the strongest actors of the network. Governability Theories, reflecting calculation and coordination, treat the network as a political

strategy of the government trying to coordinate autonomous activities of actors. The state uses networks in order to regain the ability to govern. According to Governmentality Theories, based on culture and conflict, governing is practiced through alliances between public and private, governmental and civic entities. Civic bodies adopt a culture code of the state. Control is executed through culture. Integration Theories disclose the role of intelligent, negotiable adaptation of many actors' activities within their "organizational fields". Specific modes of activity of organizations are based and accepted within these fields. The logic of the network emerges, strengthened by knowledge, symbols and good practices.

The multilevel approach to governance (and consequently to public management) is rooted in contemporary civilization phenomena. Scientific understanding gives a deep insight into those issues that are related to the flow economy [Dawson R., 2008] and the relationship economy [Allen S. et al., 2008]. In particular, the flow economy is a concept "in which almost all value is based on the flow of information and ideas". Companies must therefore continuously examine their position in the context of these flows. It is worth noting that this is not just about an economic infrastructure. The flow economy forces the emergence of new business strategies related to the necessity of finding a position in "the landscape of economic convergence". "As the economy becomes increasingly dominated by the flow of information and ideas, all boundaries between sectors are dissolving. Business now exists within a single convergent space, and the very concept of an 'industry' is losing meaning" [Dawson R., 2008, p. 123-128]. According to R. Dawson, every company must think of itself as no longer belonging to any particular industry, but simply a participant in the flow economy.

After deepened research into the evolution of the Japanese economy, R. Dawson identified six elements of the flow economy: standards, interfaces, connectivity, relationships, content and services. They are all interrelated one with another, but the primary axis in the flow economy is that of standards and relationships. Technological standards are situated at the heart of the connected economy. As standards become more open – and thus it becomes easier for customers to change affiliations – relationships become the main source of value. In the flow economy – whoever controls the relationships, controls the value. It is now important to consider a firm as a participant in the multi-dimensional space of the flow economy, rather than belonging to a particular industry. Companies must therefore constantly change their strategic business positions. The process of strategic repositioning is founded on opening businesses' thinking to new possibilities. Within them, the primary role is played by participative communication processes. This participative

approach to the company's strategy has become imperative in the flow economy. Strategy development must happen in real-time. In the same way as for any form of innovation, it must draw on the broadest possible spectrum of experience and perspective available in the organization. It must consider the participation of people throughout and even beyond the firm. The strategy should be participative, inclusive of members of the organization and external partners [Dawson R., 2008, pp. 128-147].

There are two main reasons why it is worth recalling issues related to the flow economy. Firstly, it is a real economic process, taking place in an internationally networked economic environment, less regulated than the public administration sphere. It thus refers directly to the importance of Multilevel Governance in which mutual dependencies in networks are often more important than legal regulations. Currently, the processes taking place in the real world are happening regardless of intentions and actions controlled by the political authorities and public administration. In the networked environment – as in the flow economy – relationships that are built on trust are therefore of fundamental importance. Political factors become increasingly weaker. Secondly, the reason for referring to the flow economy in this paper is the importance of public participation, as a key element of building a competitive advantage based on innovation activities. Public participation is usually associated with the processes of democratization of public life and with the longing for a direct democracy. In the flow economy, a new pragmatic dimension of public participation is disclosed. This participation helps varied types of entities to identify hidden phenomena and to build coalitions for improving their own position in the world of ever-changing circumstances. Consequently, a large part of decisive processes related to the stimulation of development happen beyond institutions which traditionally and in accordance with the law are responsible for territorial units' activities.

Considerations associated with Multilevel Governance open up a wide field of reflection concerning the management of conflict and negotiation. A rich body of literature devoted to this aspect is mainly focused on negotiations in business and organizational behavior [Alfredson T. and Cungu' A., 2008; Putman L., 2006; Robbins S. and Judge T. 2012]. Such understandings go beyond the scope of this paper. In order to deepen the issue of creating a relationship territorial network, it seems to be more purposeful to adopt a different research orientation, presented below.

### **Inter-organizational relationships**

Earlier considerations have indicated how cross-sectoral collaboration is important for understanding contemporary territorial management. The main condition of interoperability is the organizational culture. It is usually

underpinned by national characteristics, studied by G. Hofstede. He revealed cultural diversification in 5 dimensions: power distance, collectivism/individualism, femininity/masculinity, avoidance of uncertainty and long-term versus short-term orientation. In addition, cultural differences deepen depending on the region, religion, gender, generation and social class [Hofstede G., 2000, pp. 49-56; 2010]. Listed dimensions of organizational culture provide a basis for the analysis of the functioning of the public administration, and at the same time – its capacity to enter into relationships with others (Noworól A., 2011b). Interesting conclusions can be drawn from studies of Ch. Felzensztein, E. Gimmon and S. Carter, who carried out researches on relationships between the organizational culture, the geographical proximity and the functioning of social networks [Felzensztein Ch. et al., 2010]. The study concerned business organizations, but the conclusions can be considered as universal and disclosing the mechanisms of functioning of the actors in spatial network systems. Key considerations concerning the implementation of the cross-organizational cooperation instruments depending on geographical and organizational culture are presented below.

**Figure 1.** Implementation of cross-organizational cooperation depending on geographical location and organizational culture.

		Organizational culture	
		Collectivistic	Individualistic
Geographical co-location	Closely Located	Direct stimulation of cooperation between actors	The need to stimulate social networks using existing institutions and organizations
	Distantly Located	The need to stimulate social networks by means of electronic communication	Significant difficulty in implementing cooperation between actors

Source: own study inspired by Felzensztein Ch. et al., 2010, p. 14.

In order to deepen understanding of the meaning of territorial cooperation, it is worth recalling selected research problems and theoretical concepts.

R.A.W. Rhodes maintains that „governance refers to self-organizing, inter-organizational networks” with the following four characteristics:

- Interdependence between organizations, as governance is broader than government, covering non-state actors; the boundaries between public, private, and voluntary sectors become opaque;
- Continuing interactions between network members, caused by the need to exchange resources and negotiate common purposes;

- Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants;
- Significant degrees of autonomy from the state; networks are self-organizing; although the state does not occupy a sovereign position, it can indirectly and imperfectly steer networks” [Rhodes R.A.W., 1997, p. 53].

The essence of territorial cooperation was described by S. Heeg, B. Klagge and J. Ossenbrügge. They defined possible forms of cooperation according to selected criteria. An interpretation of these dependencies is given in the following table.

**Table 1.** Theoretical forms of territorial cooperation

<b>Criterion</b>	<b>Forms of territorial cooperation</b>
Territorialization of regional policy	integrated territorially (by places)
	thematically oriented (by sectors)
Intensity	exchange of information
	distribution of tasks
Formalization	informal
	formal
Number of territories	bilateral
	multilateral
Size of the territories	local centers
	metropolitan centers
Administrative rank of territories	local units
	regions
Internationality	national
	international

Source: own study based on Heeg S. et al., 2003, pp. 143-144.

Interoperability in the field of the spatial economy may take the form of partnerships. Based on analyses of public administration strategies involving the transfer of some public responsibilities to the private and social sectors, I. Elander indicates cross-sectoral partnerships as a spreading form of organization of the execution of tasks, particularly in the sphere of revitalization and mobilization of development capabilities. [Elander I., 2002, pp. 192-193] A partnership is defined as a “a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for the regeneration of a defined area” [Bailey N. et al., 1995, p. 27; Elander I., 2002, p. 191]. I. Elander stresses the importance of cross-sectoral partnerships in creating public policy. He puts forward 6 arguments:

- (1) partnership may create synergetic effects of partners;
- (2) partnership may spread the risks of a project among several actors;

- (3) partnership may help one partner influence the world view and way of action of other partners;
- (4) partnership may be an instrument for gaining additional financial resources for the participating partners;
- (5) partnership may be a way of reducing open conflict and creating a consensual policy climate;
- (6) partnership may reduce demand overload upon a government and create a broader, more diffuse situation of accountability. [Elander I., 2002, p. 198]

In-depth studies of the functioning of cities' partnerships were carried out in China by X. Luo and J. Shen, and in Turkey by M.I. Haseki. On the basis of an interpretation of the quoted studies and also Polish experiences<sup>1</sup>, a typology of territorial partnerships can be constructed.

Table 2. Typology of territorial partnerships

Type	Causative mechanism	Objectives	The territorial level / Partners	Actions	Examples
Developmental	Spontaneous	Joint development for mutual benefit	Local level / Local authorities, private sector, academic elites	Joint agreement	Cooperation in tourism
Promotional	Spontaneous and controlled by AP	Common territorial marketing	Regional and local levels / Regional and local authorities	Common strategies and programs Common promotional brochures and meetings	Promotion of investment Promotion of tourism
Coordination	Hybrid or hierarchical	Improving service provision and accessibilities	Regional and local levels / Regional and local authorities, NGOs sponsored by public sector	Partnership agreement, coordination of construction and operation of infrastructure, improvement of public policies	Transportation cooperation Coordination of the development and functioning of the technical and social infrastructure
Based on resources	Hybrid or hierarchical	Resource sharing (human and natural resources)	Public authorities	Joint agreement	Education cooperation, human resources, maritime

<sup>1</sup> The author is a member of the scientific board of the common strategy of Malopolska and Silesia Regions.

Type	Causative mechanism	Objectives	The territorial level / Partners	Actions	Examples
Strategic	Operations controlled by public authorities (rarely spontaneous)	Strengthening competitiveness and alleviating inter-city or inter-regional competition	Public authorities	Common strategies and programs	Common market, standardization of investment policies

Source: own study inspired by Luo X. and Shen J., 2009, p. 60; Haseki M.I., 2011, pp. 103, 106)

Among important theoretical concepts, it is also appropriate to recall Model 4C created by A. Najam, characterizing the relationship between public and non-governmental organizations [Najam A., 2000]. Analyzing the relationships between NGOs and (self-)governments, he proposed a scheme of interdependence of their strategies and goals.

**Figure 2.** Model 4C of NGO–Government Relations

		Goals (Ends)	
		Similar	Dissimilar
Preferred strategies (means)	Similar	Cooperation	Co-option
	Dissimilar	Complementarity	Confrontation

Source: Najam A., 2000, p. 383

Model 4C is structured based on the juxtaposition of features of similarity or dissimilarity of strategies (means) and goals (decisions) of public organizations and NGOs. A. Najam claims that it leads to one of the four combinations:

- cooperation when aspiring to similar goals and using similar measures,
- complementarity, when looking for common solutions, but using dissimilar strategies,
- co-option, when applying similar strategies, aspiring to dissimilar goals,
- confrontation, when both goals and strategies are dissimilar.

In the context of the theme of this paper, when studying the impact of public intervention on the stimulation of development processes, Model 4C seems to be a valuable analytical tool. It is worth supplementing it with an analysis of relations with the business sector [Noworól A., 2011c].

The listed concepts of interoperability and creation of partnerships must take into account three ways of social communication: information,

consultation and public participation [Noworól K., 2009]. Public participation is a particularly important and difficult form of communication. It is defined as “the involvement of individuals and groups that are positively or negatively affected by or are interested in a proposed intervention, e.g., a project, program, plan, or policy that is subject to a decision-making process” [Enserink, B. at al., 2007]. The essence of public participation is dialogue and deliberation. J. Cohen uses the notion “deliberation” to describe a “public process of communication oriented towards searching for appropriate arguments advocating specific evaluations and solutions in the issues under discussion” [Sroka J., 2009, p.28]. The public character of the discourse is of fundamental importance. J. Sroka, taking into consideration the theoretical approaches of J. Cohen, J. Habermas and J. Dryzek presents seven postulates of deliberation procedures:

- (1) argumentative character of deliberation, which requires participants in the communication process to exchange only logically justified proposals;
- (2) not allowing the “gagging” of certain views, which means that debates are of a fully inclusive and public nature, and each position, even the most atrocious one, should have a possibility to access the debate;
- (3) liberating debates from external pressures, which consists in participants being sovereign towards the environment; they are bound only by communicative assumptions and argumentation principles;
- (4) liberating debates from internal pressures; everyone has the same opportunities of being heard, raising topics, criticizing, etc.;
- (5) debates aiming at rationally motivated consent, which means that the rule of majority (voting) is acceptable to apply only because debates have to finish with conclusions;
- (6) the fact that the deliberation includes problems that can be regulated in the equal interest of everyone; everyone must then be guaranteed equal access to the mechanisms of social and political communication;
- (7) debates embracing (re-)interpretation of needs and changes of pre-political attitudes and preferences, but the principle issue is the strength and credibility of arguments, according to the chosen criteria [Sroka, 2009, p. 32-39].

Due to potential conflicts of interest, the application of these rules in the conduct of public debates is extremely difficult. However, it is important to note that a constructive debate creates an arena of adaptation of views of those who are striving for constructive inter-organizational relationships.

Finally, it is worth recalling two models of arrangement in the public sphere. K. Szczerski distinguishes a model of participative deliberation, in which the public sphere has open channels of participation by various social actors (stakeholders) in the decision-making process and open communication

channels through the media. The media become neutral relayers of the deliberation, allowing the existence of diverse opinions and mutual persuasion. Another model of arrangements is a liberal tender of interests, which is the concept of the public deciding, which implies the self-organization of interest groups (especially economic) and their balancing in the process of public negotiations. The conditions of such a process of constant bidding (bargaining) are voluntary participation, equality, transparency, mutual trust and low costs of entry into the system [Szczerski K., 2012, p. 169]. It is worth noting that the conditions mentioned by K. Szczerski coincide with the – above mentioned – postulates of deliberation procedures.

### **Cultural dimensions of Public Participation**

Cultural aspects of public participation can be analyzed in a broad and in a narrow sense. The broad one refers to the level of social capital. Without going into the classics, like J.S. Coleman, R.D. Putnam or P. Bourdieu, four main characteristics of social capital can be identified:

- Trust, understood as a sense that members of the community are conducting their relations in good faith,
- Rules and norms governing social action, which are standards of behavior set from within the community itself (the community also imposes sanctions on those who do not behave according to the prescribed norms),
- Reciprocity, assumed as a type of social interaction – each member of the community has duties to every other member,
- Network resources and characteristics, forming a system of social linkages with other members of the community on whom one can rely (family, neighbors, members of same organizations, etc.) [Claridge T., 2011; Noworól A, 2011a].

All these features of social capital are strongly influenced by culture. In reference to the concept of G. Hofstede, such cultural dimensions as: power distance, collectivism/individualism, femininity/masculinity and avoidance of uncertainty have an important influence on people's ability to maintain a high level of public debate, to spread social cooperation protocols, to sustain trust in institutions and, finally, to respect public space, allowing reciprocal communication and coordination of activities.

Research on the influence of cultural factors on the participatory approach could refer to, apart from G. Hofstede's theory mentioned above, other scientific approaches like: the World Value Survey (WVS) by R. Inglehart, S. H. Schwartz's cultural values orientations, the cultural study of the GLOBE project and M. Minkov's cultural study [Maleki A., 2010, pp. 25-51]. However, as G. Hofstede's concept is best known and most quoted, it may be the best source to refer to. Important empirical research, applying the G. Hofstede concept on a micro

scale, was carried out by B. Enserink, M. Patel, N. Kranz, and J. Maestu. They studied cultural factors as co-determinants of public participation in the river basin management of many countries. It allowed them to formulate a series of hypotheses and consequently come up with final, general findings. The most important judgments concern the irrelevance of using an idealistic, static perspective of culture. Their empirical evidence suggests that culture is a vigorous concept and in a highly dynamic political environment, new practices and institutions and accompanying new (sub)cultures are formed continuously and existing ones grow and change constantly. In the context of the cultural dimensions, as defined by G. Hofstede, the quoted research finds some elements that could explain the differences and commonalities in public participation practices in various European countries. So the influence of a large power distance on inhibiting participation, and the reinforcement of this tendency by large power distance in combination with either high uncertainty avoidance and/or masculinity scores should be noted. However, culture cannot explain differences in absolute terms. Such factors as national history, practical experience, and existing political and institutional settings also play important roles and may lead to different and sometimes seemingly contradictory behavior. A general finding is that cultures that are characterized by high power distance and high masculinity are unlikely to embrace public participation. Cultures that have a tendency to avoid uncertainty and countries that are characterized by collectivist cultures can build upon their existing experiences to implement EU requirements, but will have to make considerable efforts to link informal and formal decision-making processes [Enserink B. et al., 2007]. It is important to note that high indexes of power distance, uncertainty avoidance and masculinity are typical for Poland [Hofsted G., 2010; Noworól A., 2011b].

### **Final remarks – the Role of Cultural Challenges**

The cited findings explain how many difficulties must be overcome in order to set up cooperative inter-organization management systems stimulating territorial development. The cultural dimensions, rooted in human behavior, constitute the most complex and sophisticated challenges when setting rules and practices of interoperability within the network of public, private and social organizations. Territorial cooperation has become a necessity in the networked environment. In many fields and sectors, territorial partnerships focused on planning, organizing or just running everyday activities are playing an increasingly important role in the governance systems. It is precisely the Multilevel Governance concept that explains the broad context in which cooperation has to be a primary management factor. Civilization processes, interpreted according to the flow economy model, incline, perhaps even force one to advise that public affairs should be organized in a way that is appropriate

to an open, dramatically changing and difficult environment. Efforts to find collaborative relationships among people and their organizations are the most difficult challenge for all who feel responsible for the future of cities and regions.

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## Globalization of culture and contemporary management models

**Abstract:** *The paper is a preliminary analysis of the processes of cultural convergence and divergence leading to the diagnosis of co-existence of these phenomena in the modern world. We are dealing with at least two integration trends in contemporary culture, which may result in different variants in the future, based on the scenario of both convergence and divergence. The key role of cultural integrator in most societies plays a growing culture of postmodern consumerism, which also affects the sphere of management.*

**Keywords:** *cultural convergence, divergence cultural, culture of consumerism*

### Introduction

One of the fundamental questions of culture in the process of globalization is the problem of the unification of patterns of values and social norms. Contrary to appearances, it is not easy to determine the direction of global cultural change. Certainly, the convergence and divergence coexist, but we do not know which one prevails. Therefore we do not know whether we strive towards creating a more unified cultural patterns, or even contrary to the deepening differentiation. The key mechanisms of convergence are: westernization of culture, creating a culture of consumerism and popular culture. The key mechanisms of divergence is the increase of the diversity between the conflicted centers of civilization eg. the Western world and the Islamic world. The paper is a preliminary analysis of the processes of cultural convergence and divergence leading to the diagnosis of co-existence of these phenomena in the modern world.

### **Cultural convergence and divergence**

The evolution of societies, cultures, which consequently affects the organizations, is today significantly associated with the process of globalization. Globalization means changes in the economic and technological spheres, but also in the sphere of culture [Thurow, 1999, p. 157]. It leads to transformation of cultures that are evolving in the direction of some common trends related to: the development of consumer culture, cultural syncretism (supermarket, bazaar culture), and multiculturalism [Grewal, 2008]. S. Huntington sees the process of globalization as clash of civilizations, among which an important role is played by Western civilization. In the sphere of culture the clash between civilizations can be of attempts by the state to impose a society of culture to other countries [Huntington, 2008, p. 310]. S. Huntington believes that contemporary globalization is just a variation of cultural imperialism based on the economic and political power, and thus an attempt to westernization of the world. The opposite of this cultural imperialism can be spontaneous spread of the most expansive patterns. Regardless of assumptions concerning the distribution of culture, having the character of cultural imperialism or spontaneous spread, the globalization of culture can be defined as the gradual convergence of values, norms and cultural patterns on a scale of many countries.

Although most theorists agree that globalization causes cultural convergence mechanism, many works appear that emphasize the cultural divergence, which can be caused by globalization. A. Appadurai believes that cultural globalization does not lead to the homogenization. Since the effects of the elements of globalization are not uniform, a variety, a new cultural configurations that do not lead to the unification are created [Appadurai, 2006, p. 307]. A.D. Smith believes that globalization projects are utopian as competing with each other national cultures use the instrumental elements of globalization in order to improve their competitive position. That is why aversion to globalization is growing, which can lead to conflicts of national and global society [Smith, 1991, p. 188].

### **The globalization of culture in the network society**

M. Castells in the trilogy "The Information Age: Economy, Society, and Culture" examines the complex and multidimensional process of creating a social network, which complicates the simple distinction between convergence and divergence culture. On the one hand, there is deepening of economic globalization, and the network society which is based on Web-based communication technologies is developing. On the other hand, the importance of collective identity which is no longer based on ethnic and national criteria increases. M. Castells describes the complex and multi-direction macrotrends of the modern world, such as:

- The rise of the importance of network society together with the importance of deepening economic globalization.
- The development of network forms of organization of economic, social and cultural activities.
- Increasing flexibility and instability of employment forms.
- The growing individualization of work processes.
- Development of virtual media, which are globalized, interactive and diversified.
- The collapse of traditional nation-states and industrial to post-industrial trans-national structures.
- The dramatic growth of collective identity, sub-cultures and counter-cultures that are a challenge to globalization processes [Castells, p. 2].

Thus, in-depth analysis of complex processes of the formation of a network society at the shift of the XX and XXI century shows that the convergence processes of globalization and the dissemination of the culture of consumption at the same time are accompanied by widening the gap based on the importance of the new collective identity.

### **Cultural diffusion**

The mechanism globalization of culture can be defined as the diffusion of different elements of culture leading to cultural convergence [Linton, 1975, pp. 261-278]. The first principle of cultural diffusion, defined by R. Linton says that „if you do not interact with any other conditions, the elements of culture are mostly adopted by the society, which is in contact with the places of the origin of these elements, and later by the public to more distant or less direct contacts. „The development of communication technologies, international trade and international relations makes it out as opposed to the past, not at all geographic contact between cultures is a prerequisite for diffusion. Chances disseminate the values, patterns and cultural norms on a global scale will have the culture, which is dominated by the communication patterns and international trade. It is worth noting that the faster the diffusion of cultural patterns, and slower norms and values. Values are the core and the most prevalent element of culture. The creation and dissemination of global culture relate primarily to cultural patterns, and then to norms and values. The assimilation of global culture in local culture is not followed uniformly. Probably the communication and exchange centers are quickly taking over the global culture, while peripherals longer remain closer to the local culture.

The vulnerability of the culture of the society to assimilate other cultural patterns is different. It depends on the strength, integrity and diversity of these patterns. Strong, consistent, more isolated and distinct local cultures should

be more resistant to assimilation of foreign designs. A.K. Koźmiński points to three possible models of intercultural management: cultural domination, cultural coexistence and cultural cooperation [Koźmiński, , 2010, pp. 217-218]. Different reactions towards global culture can be presented by local cultures. Extreme cases are the complete and rapid assimilation and total rejection. Among them are located intermediate reactions, such as selective adaptation, hybridization (compromise between global patterns and local culture) and cultural duality (duality of cultural patterns) [Krzysztofek, 2002, pp. 74-76].

Study taking into account the age differences among the respondents indicate that in groups of younger respondents differences between the cultures of European societies are much lower than among the elderly [Sułkowski, 2002]. This suggests that a slow convergence between different cultural circles in Europe is taking place. It seems that it is a logical consequence of the process of European integration and globalization, with its in-depth contacts and intercultural communication. The question arises about the direction of cultural integration. It seems that culture values of Anglo-Saxon with the highest rate of individualism, low power distance, uncertainty avoidance low level and relatively high masculinism are gaining importance.

#### **Westernization global culture?**

Nowadays, as it seems, most likely to dominate the global culture are the cultural patterns of the United States, to which the closest is the circle of Anglo-Saxon culture. American culture has not been built on a strong ethnic or national patterns [Dean, INTERNET, <http://ematusov.soe.udel.edu/final.paper.pub>], as most cultures of other societies, but on the patterns of multi-ethnic, mass and consumer society. This implies the possibility of multi-ethnic concomitant values of the two cultures - the country of origin (ethnicity) and country of residence (American). However, gradually a process of displacement of ethnic identity or supplement the American culture takes place. American culture has made the assimilation of patterns of mass culture that contribute to the its spread. In the future, this should lead to changes in the organizational cultures of many countries towards the U.S. model, so individualism, equality, and a high tolerance for uncertainty. Assuming the strength of the expansion of the culture of the Anglo-Saxon model, their distribution can be observed in many countries. Patterns of consumer behavior of buyers are being spread - the question is whether they are the only U.S. models, or models of modern free market economies in general. Versatile product, global brands, which can be regarded as a manifestation of American universalism are the most popular [Compare: Hampden-Turner, 1998, pp. 26-49]. Individual, charismatic styles of management of organizations are being developed, by the assumption of creating strong and committed leadership team around leaders that support

the decision making process. The principles of entrepreneurship, assuming the pursuit of success, initiative, self-confidence and the ability to create vision of the organization by individuals, as well as patterns of bold, visionary and expansive activities of the organization adapted to the rapid changes in the environment are being disseminated. American mass culture shapes the patterns of global identity of workers and consumers, displacing very different configurations of local cultures [Compare: Yip, 2001]. Through the development of the American mainstream management spread the ideas of analytic, individualistic and egalitarian management of organizations<sup>1</sup>. In the field of cultural rules in American society the consumer hedonism of economic principles took up over Protestant ethic limiting consumption and accumulation for the purposes of luxury [Bell, 1994, p. 56]. Global cultural patterns spread primarily through the media, which results in a departure from the culture of the written word, and move towards the direction of visualization. One can predict the change in patterns of national cultures towards the standardization similar to American models.

#### **Westernization and the culture of consumerism**

The direction of cultural change associated with globalization and westernization of lifestyles leads towards issues of contemporary consumer culture. In the societies of Western Europe and the U.S. in the past few decades there has been a slow change of consumer culture. Protestant ethic values representing the shape of the early culture of consumerism in the early twentieth century are no longer valid. Economy, moderation and rationality are no longer virtues for the modern consumer. The present ideal is based on consumption: ostentatious, excessive and irrational in economic terms. This change is, on the one hand the result of free market development and business enterprises, on the other hand, however, carries a significant challenge for management sciences [Sułkowski, 2006, pp. 221-228].

Consumption is derived from the Latin *consumptio* meaning consumption, the use or even destruction of goods. It is virtually synonymous with the Polish word "spożycie" [Bywalec, Rudnicki, 2002, s. 13]. The economic meaning of consumption is "the process of using goods and services to meet the needs of men" [Golka, 2004, p. 7]. Sphere of consumption can be analyzed through the prism of: human needs, satisfaction of needs (consumption items such as tangible and intangible goods), ways to meet the needs (consumer behavior) and the effects of meeting the needs (effects) [Bywalec, Rudnicki, 2002, s. 15].

Consumer attitudes were accompanied by social groups ever since, however before the Industrial Revolution, they applied only to the elite. T. Veblen at the

<sup>1</sup> It is worth noting that American management models are also subject to the influence of other cultures (eg, participative management culture derived from Japanese management).

turn of the century pointed to the aristocracy and the bourgeoisie as the “leisure class” dealing with the ostentatious use of wealth [Veblen, 1998]. However, the ongoing economic and social change in developed countries has led to the creation of consumer culture. D. Bell among the most important reasons for this change describes the development of technology and the increase in the standard of living, which consequently led to a cultural transformation. Mass consumption was made possible thanks to the use of electricity in households, the expansion of the production line in the industry and the formation of the mass media. Society of consumptions has a mass character, which supported by rapid urbanization taking place in developed countries in the first half of the twentieth century.

Bell, describing the departure from the ethics of the Protestant ethic of consumption in the U.S., also points to the spread of installment sales and marketing birth [Bell, 1994, pp. 92-106]. It seems that marketing is a perfect reflection of the consumer civilization and has an influence on it. From the marketing fusion of power of money and knowledge on how social influence the modern consumer is born. After all, consumerism is also associated with other aspects of management, like strategic management and human resource management.

Consumption has become a core metaphor for the contemporary culture and is often seen in binary opposition to several other processes, both in the economic and political: consumption versus production, consumption versus investment, consumption and citizenship, consumption versus ecology [Aldridge, 2006, s. 16]. Management processes organizations are also subject to the nature of consumption, often interpreted as a cultural variable.

Modernist consumer culture has developed in free market industrial societies in the second half of the nineteenth and the first half of the twentieth century. It culminated in the creation of scientific management with its ideology of Taylorism and Fordism. These are the labels of industrial modernization of mass society. The foundations of these concepts are based on assumptions using mass production economies of scale, which is supported by a uniform consumption [Jessop, 1991, pp. 82-105].

Taylorism and Fordism grew out of the spirit of: capitalism, the Protestant ethic, neopositivism and industrialization. The scientific organization of work demonstrated by a deterministic division of labor necessary for elementary sequences that undergo rigorous management control. Ideal modernist consumer acted reasonably: calculated costs, did not buy unnecessary and too costly things, saved and tried to optimally allocate his own resources. Consumers of that sort bought the things they really needed, which were, to a large extent, the result of technological progress and the development of

science. He was treated in a uniform mass way, which reduces the unit cost of the product. Modernist consumer belonged to a growing middle class, and the mass production of fast-growing companies was focused around him.

Gradually the aspirations of some members of the middle class grew. They began to expect from the products to stand out, granting the status and strong identity, which allowed to lay claim to higher status groups. Since the mid-twentieth century role of services in the economy began to grow. Changes in the direction of post-industrial economy, therefore, led to the departure of Taylor-Ford paradigm in management sciences. D. Bell, writing about the birth of the post-industrial society, rightly saw the transformation approach towards an information-oriented symbolic activities - services and consumption [Bell, 1998]. A. Toffler among the major trends in modern society mentioned:

- create a indeterministic information society
- an increase in the pace of life and the pressure of changes
- consumerism in “society throwing things away”
- increase in the diversity and capabilities of individual and collective choices [Toffler, 1998].

These processes lead to a new, post-modern culture of consumerism, which in the sphere of management can be defined as posttaylorism or postfordism. It is characterized by: the dominance of services in the economy, flexible production and distribution, decentralization of management, individualization of marketing, and orientation of the of the organization towards knowledge.

Comparing modern and postmodern culture of consumerism, it is worth mentioning a few key differences. Postmodern culture departs from the assumptions of consumer rationality, pointing to signs of conspicuous consumption, wasteful, irrational, and even exploitive and destructive. The basis for making the decision to purchase is no longer a modernist need, but an ephemeral whim. The modernist consumer - oriented on a permanent and tangible material goods, and the post-modern on service, often as interpretative symbolic character. Modernist enterprises were oriented at production of goods, today the predominant focus on consumption.

### **Culture of consumerism and management**

The development of postmodern consumer culture carries significant implications for management. Adapting the organization to new cultural trends requires changes in the areas, such as: strategic management, marketing, information management, and ultimately leads to the conversion of other functional areas of the organization.

The strategy of organization that works in a culture of postmodern consumerism should focus on: flexibility, openness and speed of decision-making. As a result, organizations adapted to the trends of globalizing consumer

culture are a multicultural, pluralistic, networked, decentralized and based on heterarchic and symbolic goods. Organizations working in the information society will be based on self-steered, flexible teams of employees.

Marketing is in a deep transformation. Modernist culture of consumerism was oriented to economic rationalism of consumers activities and meeting their customers' recognized needs. Modern consumer culture is a less rational-economic, and more interpretative-symbolic. Marketing is based on the formation of liquid identity of a postmodern consumer. Promoted brand appeal primarily through meaning assigned to them, not by their material content. Mass culture sells meanings, forms and satisfies a momentary whims of consumers. Ideology of macdonaldisation and disneysation leads to creation of hyper-reality - delusion and utopia of happy consumption. To face such major changes, marketing activities of market organizations should be of interest to the majority of workers, not only specialized cells. For this purpose, multi-skills people who can quickly adapt to changing requirements are needed. Multicultural marketing must take into account the fundamental importance of language and cultural differences, creating a multi-dimensional, interactive networking and relationships with customers. Thus, the development of methods and relationship and partner marketing that will be adapted to the local cultural context seems likely to take place. The assumption of social constructionism and the importance of symbolic goods encourage marketers to focus on creating and promoting meanings that have a chance to enter the cultural discourse. Reality is created by communication. Thus, the development of Internet communications, interactive television, telephony and video calls reinforces the primacy of the symbol created over aspects of the material world.

Information management is becoming a key challenge to the organization immersed in the culture of contemporary consumption. The development of network management systems and relationship marketing requires extensive communication with clients. Although on the turbulent global market it is difficult to find durable strategic solutions, it is a good contact with the consumer and the formation of satisfying its needs and desires are the foundation of business success in the market. Internet, intranet, systems of collection and processing of information about customers and competition across the industry and constantly gaining in importance. Cells which are specialized in managing the processes of internal and external information in organizations are created and developed.

The contemporary dominant postmodern consumerism culture that developed in the second half of the twentieth century and early twenty-first century in developed societies, differs significantly from the predecessor

of modern culture. First of all it is related to the development of the global market, an increase in the intensity of competition and culture of new forms of communication. The consumer is subjected to the pressure of mass culture and cultural industries that shape its identity. Functioning in a new cultural formation presents new challenges for manufacturers and sellers of consumer goods market. They change strategies, organizational structure and culture, and what goes with all areas of functionality. The deepest change concerns: the creation of flexible strategy focused on building a positive image of the brand market, the development of information management systems and identity and relationships marketing.

### Summary

Globalization processes affect the political and economic spheres, but also social and cultural [Grandys, Grandys, 2011]. Likely in the long term may be the creation of a new, global and uniform organizational culture may have a place and it will be characterized by: (1) the relativization of values and cultural norms (previously considered as universal in the local cultures), (2) standardization of values and formulas, (3) loss of meaning and specificity of national values, (4) the unification of communication. Global culture is similar to the patterns of consumer culture - detached from national roots, focused on meeting the needs of the economy. Mechanisms for dissemination of global culture are: (1) transnational corporations, (2) the global financial markets, (3) unified mass communication, (4) management models one best way.

Over the last 20 years in Poland one can see the beginnings of the process of organizational culture change petrified by a half a century of socialism. There are two processes that coexist: pluralisation of Polish organizational culture, and thus differentiate types of culture and cultural unification, according to a global mass culture models promoted by the mass media. It is likely that after the phase of pluralization which is the effect of transformation of dominant patterns there will be step towards the unification of global culture. Research and analysis indicate that the European model of convergence is likely to be a circle of Anglo-Saxon culture, which includes both the EU (UK, Ireland), as well as non-European societies (USA, Canada, Australia, New Zealand) [Sułkowski, 2002].

Another center of global-scale integrating contemporary culture is Islam. Undoubtedly, there is a process of gradual convergence of culture of countries where Islam is the dominant religion. Originally, this concerned mainly Arab countries, but today we can talk about competitive in relation to the Western cultural mainstream of global integration, which includes beside the cradle of Islam are also many Asian and African cultures. We can also see a clear increase in the importance and integration of minority centers of Islamic culture in the West.

In short, we are dealing with at least two integration trends in contemporary culture, which may result in different variants in the future, based on the scenario of both convergence and divergence. The key role of cultural integrator in most societies plays a growing culture of postmodern consumerism, which also affects the sphere of management.

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## Multicultural Elements in Press Advertisements – an Analysis of Newsweek Poland

**Abstract:** *Advertisements are an essential element of marketing and strongly connected with our daily life. Now, in our modern time, the definition of advertisement is changing. Advertisements are becoming not only an instrument for the promotion of products, but also of political parties and cultural events, and even of educational lessons. Marketing advertisements very often use slogans and pictures which are generally recognizable and accepted by consumers. In this way producers and advertisers efficiently influence potential consumers. An analysis of advertisements from Newsweek Polska shows that only a few of them take into account elements of foreign culture, or even our national traditional culture. Could this be clear evidence that in our country the elements of foreign culture are still not recognizable in the eyes of consumers?*

**Key words:** *advertisement, multiculturalism, slogan, weekly*

Advertisements are a permanent and, from the perspective of marketing, necessary element of our reality. We are familiar with their existence even in places that are controversial from an ethical and cultural point of view. Certainly those places include kindergartens, schools and university buildings, religious and cultural centers and hospitals. Roadside billboards are controversial as well. It will be important for our discussion to remark at this point that billboards along routes include a few multicultural elements. This is fully understandable because international or even local roads are places where we meet people from different cultural and religious origins. The places where we encounter advertisements is not the only problem in our research. The next issue is the definition of advertisement. In this context it is possible to speak about a broad

and a narrow definition. In the narrow sense, advertisements only provide information about a product. This type of promotion has existed since people began the exchange of products [Lisowska-Magdziarz Z., 2006, p. 183; Bajka M., 2008, pp. 180–188]. The broad definition, which now has many supporters, states that advertisements not only inform the audience about the products and the service industry but also convey some ideas [*Reklama*, 2000, p. 185; Watson J., Hill A., 2007, pp. 2–5]. This kind of information concerns political parties, social movements and religious services as well. We have to add at this point with regard to the changing of the definition of advertisements that there is a certain dehumanization in advertising. Our money, which is the result of our hard work, in the language of banking becomes a product which can be the subject of advertising and of competition between banks. Even a human being can advertise himself. More and more often in offices and in management trainings we hear about self promotion.

Now, it is not only producers and consumers who are interested in advertisements. The literature on the subject discusses the history of advertising as well as the educational and even the multicultural meaning of advertisements. Psychologists, sociologists, ethicists and cultural analysts are also interested in advertising. We could even say that today culture must advertise itself. The issue concerns not only popular culture but also high culture. There are more and more critical studies of advertisements, which are approved of by teachers and educationalists who try to minimize their negative influences on children. They have also accepted that there is no possibility to remove advertisements from our modern society. This is why in many works one can find the main idea of using advertisements for educational aims. There are some opportunities to do it. For example, the advertisements inform us not only about new products but also, especially at Christmas time, remind us about our friends and families. At special times, like Children's Day or Mother's Day, advertisements make us more sensitive to the people with whom we are strongly connected. Obviously, by their nature, advertisements always promote a consumer style of life. On the other hand, advertisements not only create consumerism but also use our natural predisposition to acquiring possessions. Perhaps a fundamental law in our European culture is the right to private property and it is in human nature to be an owner. If this is true, then advertisements are not only responsible for the creation of consumerism but also use the fundamental instincts of man, which are strongly connected with our Western culture.

A very important question is the differences between advertisements. In many articles and discussions which deal with the ethical, cultural, historical and educational meaning of advertisements, the authors do not address those differences [Gajlewicz M., 2005, pp 55– 62; Biedroń M., 2007, pp. 167–172;

Dudziak A., 2008, pp 113–123]. But from the point of view of the nature of the media, we must speak about press and television advertisements. The first type contains more information. The second type, which are broadcast on television, are more emotional than the first. In the first case the people who read the advertisements have more time to check the information, to analyze and to understand them. In television spots, the most important aspect is the person or celebrity who promotes the product (Czarnecki P., 2008, pp 209–210). In our discussion it is interesting to note that advertisers promoting Polish banks and factories are engaging foreign actors and well-known people more often now.

The first advertisements were directed to women. Producers discovered that women were most often engaged in buying products [Gorman L., McLean D., 2010, p. 83]. This idea has a foundation in our civilization and culture in which the woman has traditionally been responsible for taking care of the home. Perhaps this is why in the literature there are many works about the negative image of women in advertising. For some time now, we have been witnessing the rapid development of advertisements directed to men. Surely this is proof of the changing of our society in which the rules have been rooted for ages.

The main topic of our discussion is the elements of multiculturalism in magazine advertising. An important question is why the basis of our research is *Newsweek Polska*. First of all, this magazine is one of the most popular. The number of readers is crucial for our research and for the influence of advertisements on the society. The second point is that it is the Polish edition of the very popular American weekly of the same name. Multiculturalism is one of the most important elements of American society. *Newsweek* is a weekly publication. Every issue of the magazine from the year 2011, which is the focus of our attention in this article, has up to one hundred pages. The magazine is very often published with different supplements. But in our analysis the advertisements from supplements are not taken into account. The number of ads is not consistent. It varies from issue to issue. There are rarely more than forty five advertisements, generally no more than thirty. They are of different sizes. Some are full-page, while others are much smaller, even difficult to notice. From time to time, one product is advertised over several pages. For example, one sports newspaper was advertised on nine pages. It is necessary to mention that even *Newsweek* is advertised on its own pages. However, there are some general rules. There were fewer advertisements during the summer months. The number grew after the summer holidays but never reached the high level that appeared before. To sum up our previous discussion we can draw three conclusions. As it was mentioned earlier, advertisements can focus on holidays; however, the advertisements included in *Newsweek Polska* do not use Children's Day and Mother Day's to promote products very often. Like in other publications, in *Newsweek* we find celebrities and well-known people advertising products. For

example, in *Newsweek Polska* Tom Cruise advertises a luxury watch, José Mourinho an electric razor, and Chuck Norris a bank. *Newsweek* follows the developing trend of including advertisements aimed at men.

The aspect of multiculturalism in advertising can be difficult to understand and viewed as controversial [Sułkowski 2002]. However, cultural aspects are becoming an important issue in management. A problem concerns the stereotypical images and the language of slogans which are used to promote every product [Kurcz I., 2003, pp. 112–128; Krzanowska A., 2007, pp. 56–62]. To win a client, an advertiser has to use basic and understandable pictures and language which include the cultural context in which the advertisement is broadcast. Both the pictures and the slogans must take into account the education level and the shared values of the society. That is why the topic of multicultural elements can be provocative. The most understandable elements are the components of our culture. If advertisements used elements of other cultures, it would be a clear sign of the acceptance of those components and perhaps those values by the consumers. Poland was always multicultural. Here in the centre of our country, the Polish, Jewish and German cultures existed together. In the east, the Eastern, Latin, Jewish and Islamic cultures co-existed for centuries. Even before and some years after the end of the Second World War, we witnessed some conflicting elements and the process of the closing of the cultures, but still we were open to different cultural and social groups. Since Poland has joined the European Community the components of Eastern and Western cultures are systematically coming to us. The mosques, synagogues and Orthodox churches have legal rights in our environment. Now, not only the Jewish cemetery and the memory of the participation of the Muslim Tatars in the Polish Wars of the past centuries are a witness of our multiculturalism. In that context of growing multiculturalism the analysis of advertisements has an important role. The question is whether our producers of advertisements are ready to take into account elements of foreign cultures? The people who are responsible for production of advertisements know the market and know our opinions and our ideas. No producer or marketing firm would spend money on advertising without first recognizing the market and the values that are important to the society. The message of the promotional campaign must be clear, recognizable and easy to understand and also take into account the age of the audience, their spending power and their worldview. First, if we meet different cultural components in advertisements, it will be evidence that other cultures can be understood and can coexist. Secondly, and also importantly, the presence of multicultural elements can be used to influence our consciousness. In other words, they are becoming not elements of foreign culture but our culture.

The research emphasizes that today, it is more difficult to determine what is an advertisement and what is not [Perczak, J., 2011, s. 296–300] because some reviews of new films and other programs can be used for promotion of private and public television or radio stations where they are broadcast. Another form of hidden advertisement can be the promotion of new cosmetics, which are presented and written about in special parts of magazines. In special publications devoted to television programming, emphasis on certain programs may also be a form of advertising. Even a game published by a newspaper can be recognized as advertising as well. The winner receives some special products, and the papers publish a photo of the prizes. In this case the prizes are kitchen equipment, bicycles, cars, and electronics. The question is: how many examples of this kind of promotion are presented in the Polish edition of *Newsweek*? In fact, there are not many advertisements like this. They appear only occasionally. Sometimes, in book reviews, the name of the publishing house is clearly emphasized. In *Newsweek* the games are sponsored by newspapers, magazines, telecommunications firms, insurance firms, jewelry shops, exclusive cosmetics shops, Internet portals, private radio stations, bookshops, hotels, home goods stores, and car manufacturers. Occasionally, on athletes' uniforms we find the names of sponsors. But more often products which are sold by exclusive supermarket chains are featured on several pages and in several issues. These include imported cheeses as well as other products such as mustards, sausages, and ham. In the information and articles about new watches, the Internet page where you have the possibility to buy them is emphasized. Another example of hidden advertising is the articles about the history of firms. In the same article, the magazine may publish photos not only of old but also of new products. To summarize, it is important note that “*Nesweek Poland*” does not have many hidden advertisements in comparison to other newspapers and magazines like, for example, “*Tele Tydzień*”.

In our discussion, we will focus on regular advertisements. First, we have to observe that in *Newsweek* there are no ads that use our national and traditional culture in the promotion of Polish products or our companies. This is a general approach. For example, an advertisement of a foreign airline from the Middle East shows several male passengers dressed in T-shirts and athletic shorts. Because we do not find many elements of foreign cultures, we are obliged to analyze the details more closely. First, we will concentrate on the background of the ads. The background of a mobile phone advertisement is an American pub and in another it is the Eiffel Tower. It is interesting that the page informs us about the technical specifications of the tower which are characteristic for the capital of France. In another advertisement for a mobile phone service, the background is a characteristic oil lamp from the Middle East. The background

for several beer and car advertisements is strange-looking foreign mountains. But to recognize that this chain of mountains is foreign the audience must be familiar with geography. This is not the case in the next advertisements; namely, beaches and countryside are used to promote another car. We immediately recognize that they are foreign beaches because rocks rise from the water and because of the long road which is along the beaches. Everybody knows that rocks and wonderful roads are not found along Polish beaches. Cars are also advertised between American skyscrapers. Interestingly, the background for an advertisement for another car is four elephants. We can add that in many cases it is actually difficult to associate one advertisement with one car because three or four of them are advertised on the same page. Perhaps elements of foreign culture can be found in a cosmetics advertisement featuring nearly naked men and women. Nudity is still not acceptable to many parts of Polish society [Gawroński, S., 2009, p. 98]. But that specific promotional ad campaign is directed to the younger generation. For them nudity is more familiar and acceptable. In an advertisement for a private radio station the background is an African desert, and another depicts the North Sea, the contours of the European continent and Great Britain.

Now, we can focus on advertisements for holidays in exotic or distant countries. In the background of one such advertisement there is the old town of Jerusalem and a mosque. An old Orthodox church, something difficult to find in Poland, is presented in the same image. Other elements of the same holiday proposition include dolphins, a clear blue sea, and modern buildings. But another advertisement from the same office and for the same holiday includes only tall modern buildings. The most interesting background used for an advertisement for a vacation in Egypt is not the pyramids but other ancient buildings. We do not recognize them immediately, even after examining the details. In this context we can add the flag of Norway. It is used in an advertisement for natural cosmetics. In short, summarizing this part of our research, we must state that there are not many components of foreign culture in the advertising in *Newsweek Polska*. The presented elements are used to shock or to persuade us to further trawl for information.

Perhaps other components of culture foreign to Poland could include advertisements for shops featuring women in monks' clothes. Although the image of monks' clothing is familiar and still present in Poland, it would be difficult to use it in this way. The same situation occurs with the police uniform in advertisements of one bank which also appear in *Newsweek*. In another spot about the same bank, a Polish celebrity is dressed in an American basketball uniform. Can the boomerang be an element of foreign culture when it is used in an advertisement for office supplies? Undoubtedly, it is a multicultural

element that is recognized in all cultures and countries. Advertisements for private universities use American graduation caps and gowns. But those elements of students' clothes have found their permanent place in our culture. To conclude this part of our analysis we can state that private universities very often advertise in Newsweek.

Looking for the components of foreign culture in Newsweek, we discover new airline connections with the Far East. There we encounter four lions with open mouths and fangs. This is a specific and easily recognizable element of the Far East. A very popular mobile phone service is advertised by Eskimos wearing animal skins. An interesting element is a fishing pole at the end of which is a pair of modern women's shoes. On the cover of another weekly, that is advertised in Newsweek there is a man from the Indonesian islands. Another man in the same advertisement appears to be from an African tribe. Because the main topic of the magazine is medicine, the first man is holding a syringe and the second is wearing a stethoscope. We can also point to the advertisement for a Ceylon tea. The women are dressed in characteristic clothes for that region. A small hummingbird is a distinct component of an advertisement of a modern camera. The ad for a private television station uses a picture of London's Palace of Westminster with an image of the Big Ben Clock Tower, which is very recognizable.

At the end of our article we must deal with slogans. Advertisements not only use slogans which are present in our culture but also create new ones. We are witnessing the gradual influence of ad slogans on our daily language, and so on the language of official communication. This process is slow enough that it depends on the generation and the level of its openness to change. In Newsweek Polska some slogans and mottos are written in Polish, others in English and we also find mixed Polish and English slogans. A very popular and expensive men's clothing company uses only English slogans. It is worth emphasizing that these are not easy English words recognized and understood by everybody, although it would be difficult now to say that the English language is foreign for us. In addition, some English words cannot be replaced by Polish words, and they have found a permanent place in our modern culture. For example, the words "weekend" or "all inclusive" are very popular in our daily conversations and they are used in the advertisements of hotels and phone services, in Newsweek as well. Moreover, it would be difficult to find and replace them with Polish words. This short presentation of slogans shows that it is not easy to find the details of foreign culture in the language of advertising.

### **Conclusions**

As it was said at the beginning of our article, advertisements are an important element of marketing and of our modern culture. To encourage

people to buy products and tie them to the brand, the advertisers are obliged of use clear pictures and understandable slogans. In a multicultural society the advertisements must take into account the social context and the possibility of acceptance of universal values. The advertisements published in *Newsweek Polska* rarely use either the elements of foreign culture or our traditional values. This would be a general trend or evidence of the fact that we still do not recognize foreign values and the Polish consumer is not ready to accept different traditions. But in using some English words and a few components of foreign cultures, the advertisers are conscious of change in our society and the modern trends in advertising.

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## Leadership competencies of Polish and foreign managers

**Abstract:** *This abstract presents results of a pilot questionnaire study, conducted among the executives of international companies, based in Poland. Studies show the differences and similarities between the Polish and foreign managers, particularly in terms of how they fulfill the management role and assessment of their own personality attributes.*

**Key words:** *international staff managers, leadership, traits of personality*

### **Introduction**

The importance of leaders and managers in organizations are still current and important issue. Leadership theories and management practices are proving the need to develop an effective leadership in organizations that want to achieve their intended results. This is not an easy or simple task, especially in terms of constant and rapid change, both in the technology, as well as socio-cultural class change.

The realization of leadership function, personal qualities of effective and ineffective managers, competences needed for working with groups, diagnosis of management styles are only some of issues examples that for years are still in the interest area for representatives of various scientific disciplines dealing with the problems of management. The results of empirical researches in leadership, interest of not only theorists, but also those who perform managerial tasks - the management practitioners.

Favorable conditions for researches on leadership issues formed these companies that pursue their goals in many countries, sometimes on different

continents, employing managers of different nationalities, from different cultures, different religious and philosophical systems. Due to the nature of the company executives participating in the studies presented in this article, we will use the term of “international company”.

The article is empirical and was based on the results of the survey, attended by management representatives of several nationalities including Poles, Dutches, English, Bulgarians and Germans employed in a multinational corporation, in one of its Polish branch. Due to the small size of the study, analysis of researches results was limited to two categories of managers - Poles and other nationalities.

### **Management in international companies**

G. Hofstede’s researches on cultural dissimilarities contributed to the new understanding of the management quality in companies operating on global markets. Three dimensions, which were distinguished on the basis of international research, the power distance, individualism and tolerance for uncertainty become a useful categories, allowing to better understand the problems that arise in multicultural companies, especially if they involve national cultures far distant from each other, not only in geographical terms, but above all in terms of outlook.

In the globalization process studies showing the complexity of mutual adaptation process between employees, especially executives, representing different nationalities, and thus more or less different cultural elements are becoming increasingly important. It’s accompanied by a growing awareness of the application advantages of this type of research.

There is consensus among researchers that culture affects various aspects of the organization, including individual attitudes towards work and presented organizational behavior, resulting from personality traits of individual members in the organization. Those are the basis for understanding why some organizations are more innovative, can easy assimilate to new technologies and adapt to changes quicker than others; why some are more successful than others, although in the objective measures they are operating in similar conditions and have the same advantages. The literature usually indicates a special role of these managers who skillfully exploit the opportunities created by multiculturalism, especially in terms of maximizing employees potential [Barabasz, A., 2011, pp. 27-46]. Based on the assumption that not only the cultural background but most of all the attributes of personality affect the power of government, in the reported studies there is an attempt made to diagnose personality attributes of international companies’ executives operating on the Polish market.

### **Personality of managers as a success determinant in the management process**

Researchers interested in the organizations functioning are usually focused on representatives of *top management* who have the greatest impact on the organization. Well-known and often quoted in various circumstances saying “The house shows the owner” is a kind of thesis illustration, which scientists try to confirm in more or less systematic way. It states that strategy, organizational culture, and even the structure are strongly influenced by the *top management* representatives’ personality [Kets de Vries M.F., 1984; Barabasz A., 2008].. The biggest challenge for researchers is to understand the mechanisms that are responsible for the spread of patterns presented by the leader in the entire organization (or part thereof). This is not only about the conscious determination of the mission, objectives, and strategies, but also about “non-aware” impact on the operation of the organization making by copying patterns presented by the by members of the organization. Current knowledge leads to the conclusion, that the influence of dominant individuals to other members of the organization is carried out by the fact, that the representatives of *top management* generate some common ideas and visions, which through a process of communication (formal and informal) and at least part of the imitation mechanism, penetrate to all levels of the organization.

It forms the dominant ways of adapting the organization to the environment [Kernberg O., 1976, pp. 641-685; Stapley L., 1996]. Way of adapting to the environment has an impact on decision-making, both at the strategic and operational level.

The objective conditions in which the company operates, play a significant role in shaping the volitional actions of management, because the impact on the rational level of decision-making process by the leaders. At the same time among all stakeholders of the organization, there is a consensus that personality, experience and value system have all a significant impact on the strategic choices and leaders behavior in the organization [Finkelstein S., Hambrick D.C., 1990, pp. 489-500; Chatterjee A., Hambrick D.C., 2007, pp. 351-386]. Self-awareness, including the awareness of emotions experienced, understanding the intrapsychological and interpsychological relationships, intra- and inter-organizational, these are managers’ attributes that seem to be the most important from the perspective of a psychological approach on leadership. M.F. Kets de Vries [2003] emphasizes that the personality of the leaders is the essence of leadership. Leaders perpetuate and maintain the psychological contract for the expectations in the relationship between leaders and employees. This implies the presence of emotion in their relationship. Because of the emotions, often violently expressed element of the supervisor

– employee relation, it is necessary to understand and accept the role of emotional intelligence [Goleman, D., 2000, pp. 2-14]. Taking into account the personality traits of leaders – it helps to better understand how each company behave, and thus more fully explain the role of the factors that determine the results achieved by the organization.

### **Results of the research - comparison of Polish and foreign managers**

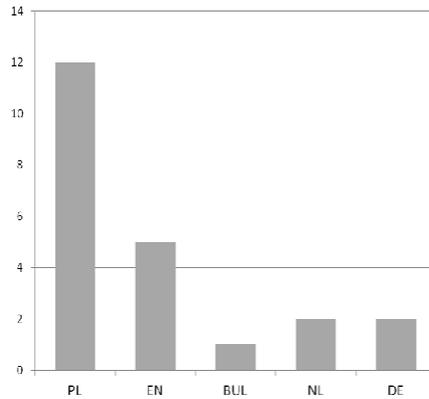
Research conducted in May 2012 was attended in total by 22 Polish and foreign managers, working for X company. An anonymous questionnaire was used, which included questions of preferences in the leadership style, the employees assessment criteria, realization of the leadership functions and the evaluation of the identified personality traits and managerial competences. The nationality of the surveyed managers was adopted as a criterion for differentiating the results. In the assumptions of the research the target was to diagnose leadership styles preferred by each of the managers categories (Polish and foreign managers) and to obtain self-report characteristics of the individual nations managers. The study sought the answer for a question whether executives of international companies, consisting of a several nationalities representatives, present a coherent and homogeneous view. The purpose of the planned further research is seeking answers for the question if managers membership in international business determine r how to implement the leadership functions stronger than the individual personality traits of individual executives.

Due to the pilot nature of this study, we limit results only to identify similarities and differences in management styles and dominant personality traits of domestic and foreign managers in their self-report.

### **Characteristic of the trial**

12 domestic and 10 foreign managers in age from 28 years to 50 years were examined. Managers strongly represented in the trial are Poles (12 persons) representing 55% of all respondents. The remaining 45% of managers are: English - 5 people (23%), the Netherlands - 2 people (9%), Germany - 2 people (9%) and one manager from Bulgaria. Among the respondents, males far outnumber females - 19 people (82%). Most strongly represented age range of the respondents is 31-35 years, two people are under the age of 30 years old, the oldest person is less than 50 years old. All managers have a university degree. Nineteen people (82%) are managers of various departments in the company; the other three people occupy director positions.

Figure 1. Nationality of respondents

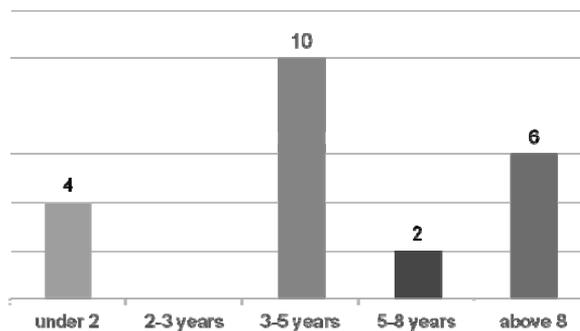


Source: Own researches

Most of the respondents are those whose seniority in the company ranges from 2 to 5 years, the lowest percentage of respondents are people with work experience between 5 years and 8 years. The same percentage of respondents are managers who have the shortest experience (less than 2 years), or those who work the longest - more than 8 years in the company.

Almost half of the respondents (46%), working in management positions from 3 to 5 years; the second group is managers with over 7 years of managerial experience (27%). A relatively large group is also managers with a short experience in management positions - 18% of managers are in the position less than 2 years, which is understandable due to the age structure of managers surveyed. Only two people occupy managerial positions for 5-7 years.

Figure 2. Work experience in managerial role



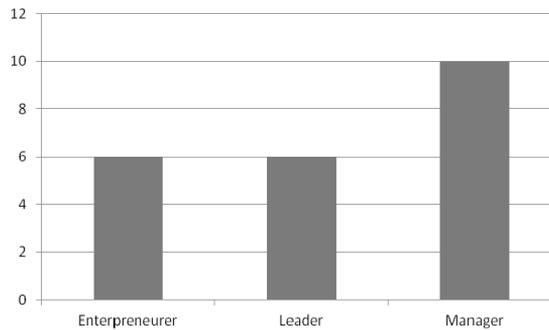
Source: Own researches

### Roles and management style

Surveyed managers indicated which of the three roles (leader, entrepreneur, manager) they identify themselves greatest performing their managerial tasks. Following distribution of answers obtained:

- a little less than a half of respondents (46%) describes themselves as managers,
- 27% of respondents in their own self-assessment play the role of leaders,
- 27% perceive themselves more as entrepreneurs

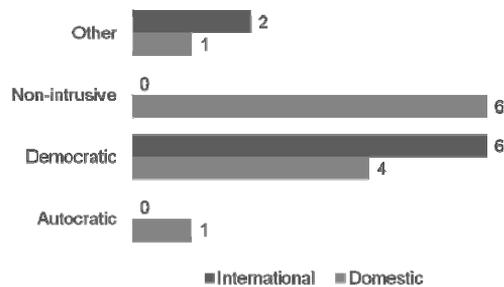
**Figure 3. Identification of roles**



Source: Own researches

In response to the question about dominant management style most of surveyed managers, both domestic and foreign, concluded that the preferred management style in corporation is democratic and in the company they do not feel pressure to apply a different style (not-intrusive or autocratic).

**Figure 4. Preferred leadership style**



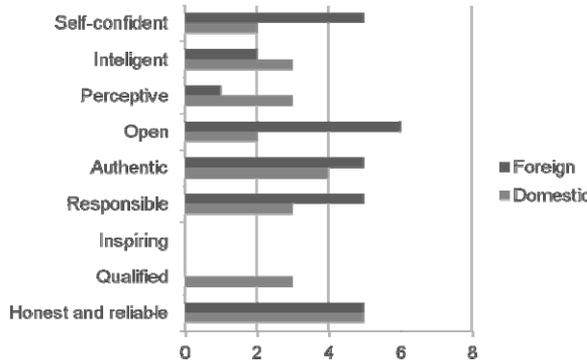
Source: Own researches

Managers were asked to indicate their preferences to the leadership style, they gave answers indicating that domestic managers prefer the not-intrusive style, while foreign managers – democratic style. At the same time three Polish managers identified their own management style called flexible, it was defined as a style to suit the needs of the employees.

**Leadership attributes**

In the survey, managers have made a self-diagnosis of traits and behaviors severity, such as self-confidence, intelligence, perception, openness and availability for others, authenticity, responsibility, inspiring others, competence, honesty and integrity. The following graphs show distribution of the results of Polish and foreign managers, including those attributes.

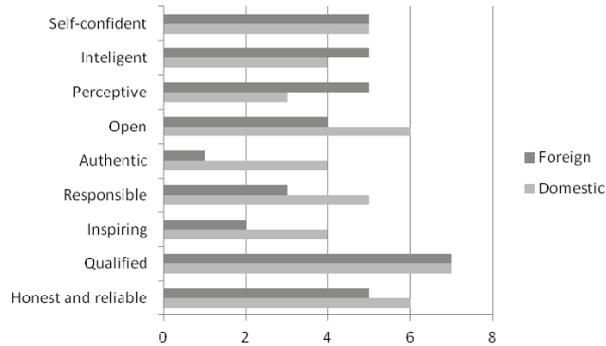
Figure 5. Self-report – answer “definitely yes”



Source: Own researches

Characteristics and behaviors that Polish managers claim are the greatest honesty and integrity, and authenticity. However foreign managers describe themselves mostly as open and available for others, but also confident, authentic and responsible; they definitely value higher their self-confidence, openness and responsibility than Poles, but to the same extent as the Polish managers they value themselves in terms of the integrity and reliability. Polish managers value higher than foreign managers their intelligence and perception, but also strongly consider themselves as competent, while none of the managers of other nationalities value their competence on such a high level of complacency. Neither Polish and foreign managers, consider themselves to be highly inspirational for employees.

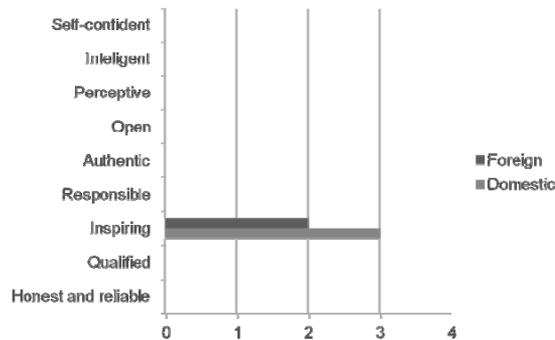
Figure 6. Self-report – answers „rather yes”



Source: Own researches

Distribution of answers “cautiously positive” in the assessment of these characteristics and behaviors shows that Polish and foreign managers are similar in the assessment of competence and self-confidence - each of these attributes is assigned to the same extent for both. They value themselves similarly also in terms of intelligence, integrity and reliability. The largest discrepancy concerns “authenticity” - Polish managers more often chose the answer “rather yes” than strongly positive response. However managers from other countries consider themselves to be more far authentic than the Poles.

Figure 7. Self-report– answers „rather not”



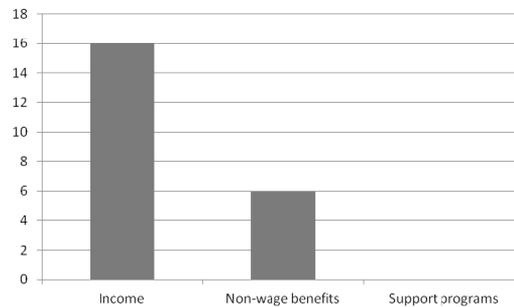
Source: Own researches

The only attribute which is not at a high level in the opinion of all surveyed managers is “being inspiring” - both domestic and foreign managers value

same this feature. It can be assumed that all managers perceive their ability to be an inspiring supervisor or co-worker quite self-critical. Other features and behaviors are being for the surveyed managers identified in at least average degree.

Managers were also asked about their opinion on motivational factors used in the company. The results were that for 73% of surveyed managers the most attractive factor is an income, other (27% of all respondents) indicated the non-wage benefits. None of the respondents indicated the support programs for managers as an important motivational factor.

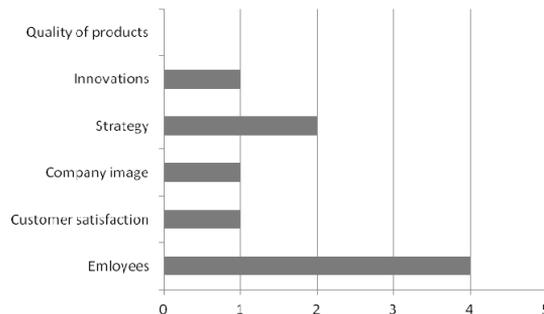
Figure 8. Evaluation of selected motivation factors



Source: Own researches

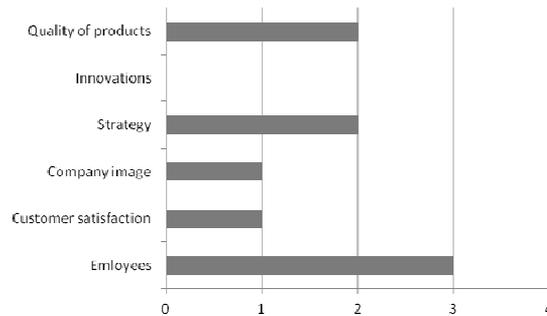
Another studied issue concerned the important factors for the success of the company. Distribution of the results are shown on the next two charts, varied according to the criterion - Polish and foreign managers.

Figure 9. Factors determining the company success by domestic managers



Source: Own researches

Figure 10. Factors determining the company success by foreign managers



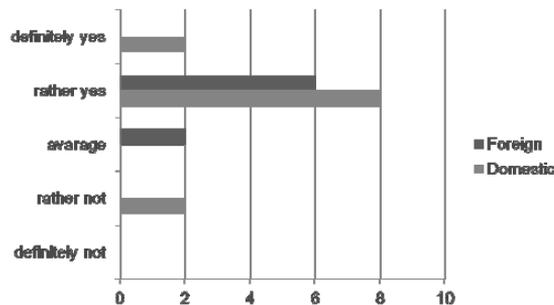
Source: Own researches

In the opinion of surveyed managers, both domestic and foreign, the factor with the greatest impact on the company success are the people and the strategy implemented by the company. The largest differences occur in the evaluation of the product quality role, which foreign managers assign a significant role, and the Poles do not take this factor into account. The Polish managers take into account the role of innovation; foreign managers ignore this as a significant factor for the company success. However, the same meaning for Polish and foreign managers have customer satisfaction and company image.

#### Employee assessment criteria

In the employee assessment such criteria are taken into account as readiness for change, willingness to take risks, commitment, adaptability, self-confidence and tolerance for uncertainty.

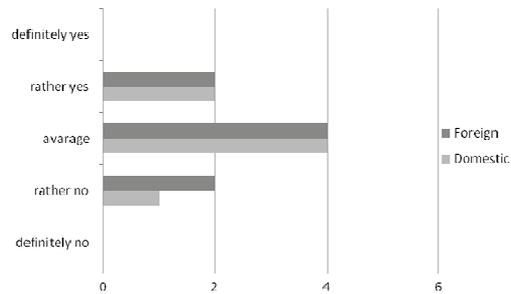
Figure 11. Readiness for change



Source: Own researches

Results analysis shows that the foreign managers seem to be more coherent to readiness for change as a criterion for employees assessment than the Poles. Although most domestic managers (67%) admitted that the readiness for change is an important part of employee assessment, but at the same time 16% expressed a moderately negative attitude to this criterion. However the vast majority of foreign managers (75%) considered it as an important criterion or “indifferently” important (25%) in the employees assessment.

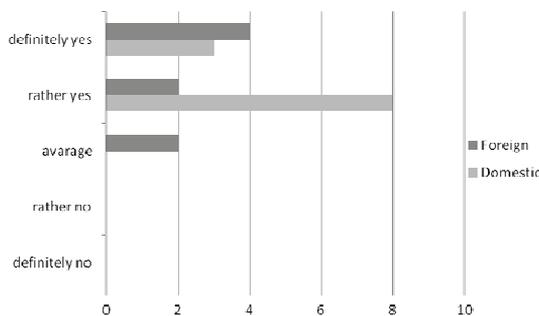
Figure 12. Taking risk



Source: Own researches

Surveyed managers’ reviews are similar to each other in relation to the next criterion, which is the willingness to take risks by employees. More than half of the domestic and foreign managers admitted that taking risk is an indifferently important in assessment. Foreign managers rather than Polish managers, seem to be a bit more skeptical in comparison to taking risk by employees, as a criterion of assessment.

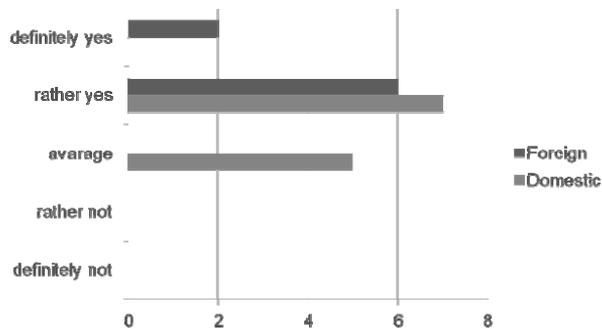
Figure 13. Engagement



Source: Own researches

Engagement is definitely important assessment criterion indicated by Polish and foreign managers. Half of the foreign managers (50%) admitted this criterion as definitely important, the other as fairly important or indifferently important (25%). There is a greater diversity of attitudes towards this criterion among the foreign managers. More clear in their views are Polish managers - the vast majority of domestic managers (73%) believe that motivation is fairly important part of employee assessment, while 27% considered it as definitely important criterion.

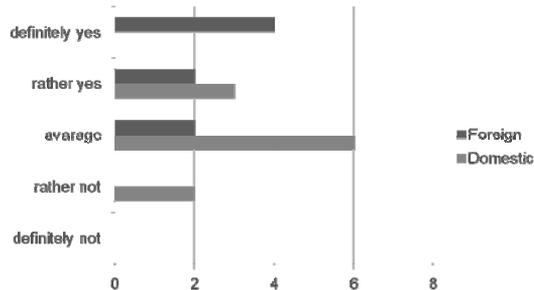
Figure 14. Adaptability



Source: Own researches

The adaptability of employees is more important for the foreign managers than for Polish managers. More than half (58%) of domestic managers admitted adaptability as fairly important criterion for employees assessment, but the rest of Poles (42%) considered them to be “medium importance”. However, among the foreign managers, the vast majority (75%) recognized the adaptability as important criterion, and the other (25%) even as very important.

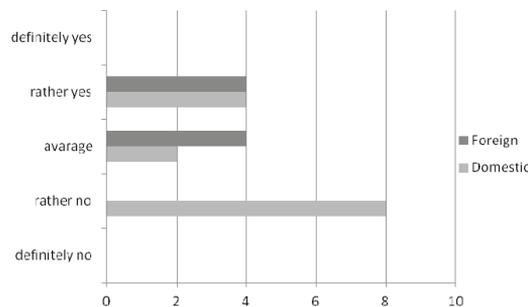
Figure 15. Self-confidence



Source: Own researches

Employee's self-confidence is considered as relevant criterion for assessment more by the foreign managers than the Poles; some of them even refuse the importance of this criterion. More than half of the domestic managers (55%) admitted that the employee's self-confidence is an indifferently important criterion. 27% answered "rather yes" and another 18% "rather not." Foreign managers' answers looked differently. Half of the respondents admitted that this is definitely important assessment criterion, and the other admitted it equally to be fairly important (25%) or "medium" important (also 25%).

Figure 16. Tolerance for uncertainty



Source: Own researches

Employee's tolerance of uncertainty in the assessment process is relatively less important in the opinion of Polish managers - 57% of Poles admitted that tolerance for uncertainty is probably not an important criterion in employees' assessment. Foreign managers considered this criterion as important, although not the most important.

Analysis of the results shows some similarities for employees assessment criteria used by domestic and foreign managers. For both groups of managers, important are commitment, adaptability and willingness for change. For less important criterion managers admitted ability to take risk. The biggest differences in the opinions of both Polish and foreign managers relate to employees' self-confidence and tolerance for uncertainty. According to the domestic managers self-confidence is an indifferently important criterion, while foreign managers found them to be definitely important. However, while the majority of Polish managers believe that tolerance for uncertainty isn't an important part of the assessment, the foreign managers consider it to be an important criterion in the assessment.

Surveyed managers were also asked to say what kind of people the organization is attractive for, and can be attracted by job offer. Here are examples of Polish and foreign managers responses:

- young, ambitious and well-educated;
- people who like and know how to work in a group;
- specialists in various fields - open to international contacts and result-oriented, resistant to employee and want to grow;
- people looking for a job in corporations with clear, unchanging principles, awaiting opportunities to broaden knowledge, looking for rapid career development opportunities.

### **Conclusions of the research**

Both domestic and foreign managers have found that the dominant leadership style in the corporation is democratic. The results show that domestic managers prefer non-intrusive style, foreign managers' democratic style. Foreign managers often than Poles claim to be self-confident, open to others and responsible. However domestic managers more often claim managerial competences and intelligence. It can be assumed that the foreign managers are increasing their abilities to work in a team, and the Poles do better with personal challenges. Both Polish and foreign managers consider themselves to be authentic, and not only open to contacts with other people, but above all consistent in their attitudes, one that honestly and openly reveal their beliefs, assessments and emotional relationship to the outside world. So we can believe that they both have similar strengths in interpersonal relations. Interesting is that the surveyed managers (Polish and foreign) value themselves low on their ability to be an inspiring supervisor or co-worker.

In the opinion of the majority of respondents, both domestic and foreign managers, factors that were having the greatest impact on the company success are its employees and implemented by the company strategy. At the same time, regarding strategy, Polish managers show innovation as an important success factor, but in the opinion of the foreign managers more important is the quality of the product. In terms of criteria for employees assessment, both Polish and foreign managers value willingness to change, adaptability and commitment to the job. For less important criterion they considered ability to take risks. The differences between the Polish and other managers are on two criteria - self-confidence and readiness for change. According to the domestic managers employee's self-confidence is less important criterion than in the opinion of the foreign managers. Inverse relationship applies to readiness for change. In this case, the foreign managers apply less attention to this criterion, rather than Poles managers who consider them to be fairly important criterion in the employees assessment.

### **Some remarks – about future research**

Empirical studies indicate a relationship between manager's personality attributes and the functioning of the organization [Miller D., Kets de Vries

M.F., Toulouse M., 1982; Bartlett Ch., Ghoshal S., 1989; Bass B.M., 1990; Smith P.B., Peterson M.F., 1998; Deresky H., 2000; Barabasz A., 2008]. Relationship between the studied variables at the individual level and at the variables operating at the level of organization as a whole, require further research, both quantitative and qualitative. The pilot study results provide the starting material for the research of relationships between variables on individual basis, and the variables occurring at organizational level in conditions of the international operating corporations. The main target would be to search answers to the question, whether managers' membership in the international business determines how to implement the leadership functions, and individual personality traits of executives are irrelevant, because culture pressured or intercompany factors are undergoing a unification process.

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## The Role of Business Leadership in Developing Customer Intimacy Through Cultural Competence

**Abstract:** *In a global business environment, how one actively aligns with clients in developing high levels of trust and customer intimacy influences and expands the opportunities for success. Businesses in the private and not-for-profit sectors continually strive to differentiate themselves from the competition by providing high value in a cost effective model to attract new customers, maintain their existing customer base, and cultivate customer loyalty. In an environment of heightened global competition, product and/or service leadership, business depends upon value, quality, and a superior customer experience that drives market share and growth.*

*The development of customer intimacy to create a consistent global brand requires business leadership to acknowledge and emphasize the need for intercultural understanding and cultural competency across the enterprise. Creating a framework that allows for consistent and repeatable processes and behaviors to meet global customer expectations is essential. To accomplish this management must reduce and eliminate cultural barriers and encourage organizational behaviors that focus on building increased employee awareness of communication and cultural competency skill gaps via learning programs and acknowledged best practices. These efforts will lead to greater customer satisfaction.*

*This paper will discuss the importance of closing cultural competency gaps in order to develop and sustain a best practice global customer intimacy model throughout the enterprise.*

### **Introduction**

Businesses today can ill afford customer churn and disloyalty. The ability for business to develop strong levels of loyalty and trust within their current and potential customer base is critical to the long-term survival of the business and

overall health of the organization. While executive management set strategy and monitor execution of their company plans as well as those of competitors, the front-line workers and management are tasked to integrate the execution of corporate strategy into their daily processes and interaction with customers. This interaction attaches a “personality” to the corporation and in return provides customers the opportunity to develop a trusted confidant relationship with the corporate brand representative. It is this trusted confidant relationship between business and customer promoting open and honest communication and actions that I refer to as *Customer Intimacy*.

In a customer led growth survey of 1,115 executives and 15,000 customers conducted by Bain and Company, executives from businesses representing 80% of the customer base surveyed believed their companies delivered a “superior experience” to their customers. Only 8% of that customer group agreed that the experience was “superior.” Markey, R., (2012). The result is a 72% gap in the perception of the customer experience.

I purport that *Customer Intimacy* within most global companies is further developed when business leadership acknowledges communication and cultural competency gaps within the enterprise and emphasizes the need for cultural understanding and cultural competence. Results from this study indicate that individual contributors, managers, and executives recognize the opportunity and/or need to improve communication and cultural competency levels across the enterprise by reducing and eliminating communication and cultural competency knowledge gaps.

In addition to hiring and retaining high-potential candidates and providing standard work instruction, technical training, and general business skills, understanding and developing business methodologies to address the knowledge gap areas will provide positive impact to the business by strengthening customer intimacy through improved communication and increased levels of trust. To do so effectively, leadership must acknowledge these deficiencies and undertake an active and consistent role to promote and support the need for cultural competency across the enterprise as a business requirement.

I will demonstrate support of my main argument by:

- i. Providing results of a Global Research Survey.
- ii. Analyzing how this research supports my thesis.
- iii. Describing the implications to current business models.
- iv. Suggesting best practices for future business models.

### **Research Procedure and Survey Questions**

To capture research data, a random blind survey (Exhibit I) utilizing Secure Socket Layer (SSL) technology to collect the data was created and made available to university alumni at three institutions and business colleagues currently

employed in business or with recent business experience, i.e., professional white-collar employees. Alumni were notified via social networking sites. Business colleagues were contacted via social networking sites or direct email. The majority of respondents (83.5%) were physically located in North America at the time of the survey, 76.8% were born in North America. Individuals were asked if they worked for a multi-global or multinational corporation, years of work experience, highest level of education, functional role i.e., Individual Contributor, Manager, or Director / Executive and, did they work with individuals within their enterprise or with customers from cultures that were different from their own. These questions were asked to establish a baseline for subsequent survey questions. The purpose of the survey was to discover the percentage of business conducted between respondents and those of other cultures whether in-company, local or global, and, if cultural competency training was provided to assist them in developing customer intimacy and building trusting business relationships. Additional information such as the role of leadership in developing customer intimacy, the existence of customer loyalty programs and employee compensation, mentoring programs, quality of management communication, and frequency of need for management to engage in cultural conflict resolution was collected. Finally, respondents were asked to share an “excellent business experience they had with a person from another culture” and provide the criterion they felt necessary in building such a relationship.

The survey remained available for 33 calendar days. During that time, 296 respondents started the survey and 238 completed the survey resulting in a respondent completion rate of (80.4%). The survey contained 33 questions consisting of multiple choice and yes/no, and free text, none of which was mandatory so as not to elicit a false response.

The focus of the research was taken from a qualitative perspective. The hypothesis was that *Customer Intimacy* is further developed when business leadership acknowledges gaps in communication and cultural competency in the enterprise, and emphasizes the need for intercultural understanding and competence. Three critical factors assist in facilitating this development - *Corporate Strategy*, *Leadership Capability*, and a defined *Training/Learning Process*. This (a priori) predetermined assumption (O’Leary, 2010) stems from professional expertise, academic experiences and an extensive review of existing literature. As the research topic revolves around organizational skills (*Cultural Competency*, *Leadership* and *Communication*, *Customer Intimacy and Loyalty*, and *Trust* within an enterprise), the analysis is subject to Type III error. (Type III error is asking the wrong question, but obtaining the correct answer.)

### Global Research Survey Results

59.8% of respondents work in a multi-global / multinational corporation. 88% of all respondents stated that they have co-workers and / or customers who are from different ethnic cultures. Overall, the majority of respondents, (51.4%), were employed by companies with greater than 5,000 employees. 19.4% of the respondents' companies employed 50 or fewer employees. Companies employing 1,000-5,000 represented 12.5%. Finally, 83.5% of the respondents currently reside in North America and 76.8% of the respondents were born in North America, 7.7% Western Europe, 4.6% South Asia, and 4.4% South America.

From a functional role perspective, 43.4% were Individual Contributors, 24.1% Managers, 21% Directors, and 11.5% Vice Presidents or higher. Respondents holding graduate degrees were 55.1%, college degrees 37.1%, and other 7.8%. The average time in the workforce was 15 years with Hardware and Software Technology representing 46.8% of the population, followed by Information / Telecommunication 14.1%, Professional Services 10.6%, and Education 9.5%.

Levels of cultural competency training varied amongst respondents with 56.1% Agreeing or Strongly Agreeing that their organization offered structured training / mentoring programs to develop cultural awareness skills. 32.6% Disagreed or Strongly Disagreed with this statement. The survey did not ask respondents if they personally participated in the structured training offered by their companies. 73.2% of the respondents Agreed or Strongly Agreed their organization stressed cultural sensitivity and 77.5% believed they had the opportunity to incorporate cultural awareness techniques into their day-to-day work tasks. Regarding opportunities to share best practices with peers, 64.9% Agreed or Strongly Agreed that opportunities to share best practices existed.

Leadership question responses conveyed that 60.6% of respondents Agreed or Strongly Agreed their company had documented global standardized processes to ensure the highest levels of customer satisfaction and loyalty; 27.5% Disagreed or Strongly Disagreed. Formal customer loyalty programs existed in 54.3% of organizations while 35.8% tied employee compensation to these programs. The majority of respondents (79.3%) believed management encouraged them to learn about their customer businesses.

Respondents expressed their thoughts as to which functional groups within their company should actively focus on developing and fostering customer trust and loyalty. Customer Service received 80.6% of the votes followed by Sales (74.1%), Marketing (61.2%), Human Resources/Training (43.3%), Engineering (25.5%), Finance (16.7%), Distribution (11.4%), and Manufacturing (10.3%).

A follow-on question asking "which...do you believe are most responsible for encouraging employees to develop customer loyalty and trust" ranked

Management Direction as number one (78.8%), followed by Corporate Strategy (66.4%), Training (56.4%), Customer Requests (42.5%), Competitive Situations (34.7%), and Peer Feedback (34%).

The quality of communication levels within organizations was queried and greater than one third (35.3%) responded Fair, Poor, or Non-Existent. When asked about the quality of organizational communication across geographic regions, 41.2% stated Fair, Poor, or Non-Existent. Responses to both of these questions validate that communication gaps exist in the companies represented by survey respondents within organizations and across geographic regions and must be addressed to reduce the opportunity for conflict to occur. Conflict situations based on cultural differences occurred Frequently or Always (24%) and Sometimes (49.6%) when respondents worked with global clients / customers. Within the enterprise respondents noted that cultural differences occurred Frequently or Always (27.5%) and Sometimes (53.3%), reinforcing this thesis that gaps in communication and cultural competency currently exist in business.

Respondents were asked if in a business role they ever had an excellent business experience with someone from another culture. 81.1% stated "Yes" and were subsequently requested to provide their criteria as to what elements constitute development of customer trust and building strong business relationships. The results validate that communication skills and cultural awareness are viewed as critical in the development of customer trust and in building strong relationships, (Table 1).

Table 1 *Respondent criteria*

	<b>Necessary Criteria</b>	<b>Response Percent</b>	<b>Response Count</b>
1.	Communication Skills	84.9%	203
2.	Cultural Awareness	79.1%	189
3.	Leadership	74.5%	178
4.	Employee Empowerment	69.0%	165
5.	Management Direction	66.1%	158
6.	Corporate Strategy	64.0%	153

#### Research Analysis

In business there is a general understanding of the word *Intimacy* as it relates to customer interaction. For purposes of this research paper and discussion I will defer to the Latin origin of the word, *intimatus*, to make something known to another - the willingness to pass on credible information, Senge, P., Kleiner, A., Roberts, C., Ross, R.B., & Smith, B.J., (1994). This definition works equally well for both internal and external models of global communication in business.

Within organizations today employees are required to be both recipients and suppliers of information, and are further required to successfully communicate and consistently execute within the strategy framework provided by management. Outside of organizations many of these same employees interface with customers or potential customers, carrying forth the spirit and associated messaging of given company strategies. At the same time, these employees are chartered to collect and interpret data, requests, and perceptions about products, services, and the competition, many of which are provided by the customer. For companies to be competitive, “everyone in the organization needs to be connected to the customer...relentless competition requires rethinking how people become connected to the customer...it asks organizations to connect to people in a way that’s different from anything they’ve ever done before,” Cawood & Bailey, (2006). The *customer-centricity* approach, Zaltman (2003), involves a focus and understanding of both latent and obvious customer needs. Customer-centricity occurs when the customer “hears” and “truly understands” the offering and when the company “hears” and “truly understands” what their current and potential customers are telling them. This leadership strategy is designed to develop mutual understanding between the parties and to eliminate any differences that may exist.

Progressive industry leaders not only rely on customer information gathered informally by trusted employees, the best of breed are also asking customers directly via formal programs. One example of this is EMC<sup>2</sup> Corporations’ Voice of the Customer (VOC) program (Total Customer Experience Proven) that utilizes the Net Promoter System/Score (NPS) model to assist executives in understanding “what customers want today and tomorrow.” This is done by separating and analyzing customer metrics, financial metrics, and operational metrics, Bampos (2011).

Following the analysis of customer feedback, information is shared with internal organizations across the value chain. Discussions are held and measurable action plans are implemented and inspected. The results have been stellar for EMC<sup>2</sup> as well as for Allianz, Apple Computer, Charles Schwab, Jet Blue, Sony, The Vanguard Group, and many others, Reichheld, (2011).

Reichheld describes NPS as a new standard for measuring customer loyalty. The objective in collecting metrics based on loyalty questions is to determine the likelihood that a customer would recommend a company and also repurchase goods and/or services from that company. NPS is not industry specific as one can see based on the variety of companies and respective industries they represent. Once the initial data is collected it then serves as baseline for future measurement. Loyalty analytics are reviewed and trended based on a committed schedule as determined by the respective company. In a recent post Reichheld

cites an Apple internal program (Net Promoter for People, NPP) where team members find solutions to problems that must be addressed if customers are to be “delighted.” Reichheld believes that satisfying employees should not be the real focus – rather, the goal should be positioning all employees in the company to earn happiness by placing employees in a position to delight customers, Reichheld, (2012).

Many organizations such as those noted are making great strides in creating honest and open levels of customer intimacy with their client base. This intimacy is based on the sharing of product knowledge, technical advice and prowess, and, the integration of customer business needs into future product creation. In-house technical training programs to develop employee technical skills are critical to companies such as EMC<sup>2</sup> Corporation that ardently promotes science, technology, engineering, and mathematics (STEM) programs at the college and university levels. EMC<sup>2</sup> has also called upon the technology industry to join them in engaging and investing in their local communities at the K-12 levels in order to encourage and promote STEM based problem solving, Elias (2011). These efforts and programs in and of themselves are excellent strategic initiatives for businesses and must continue in order for industry to maintain a leadership role, and, in building a pipeline of future technology experts.

In support of these programs leadership has a major role in the success of organizational messaging and communication in setting expectations and overall direction for Human Resources, managers and employees. Proper messaging by management reduces uncertainty amongst employees and acts as a mechanism for building trust and loyalty between employees and management thus allowing for the potential of a similar transfer of trust and loyalty between employees, external clients and partners. Strategically, businesses must set and articulate the desired vision of the organization’s future if they wish to continue to differentiate themselves and provide improvement on what is delivered to stakeholders, Bass (2007). It is imperative for leaders to understand the correlation between strategy changes and the required behavioral changes that must occur and be sustained across the enterprise – especially at the executive and management levels, Haudan (2008).

Piecewicz and Reidy (2011) argued that organizational leadership has the responsibility to allow innovation to incubate, and suggest that the creation of an innovative environment begins with a Sustainable Transformation System<sup>®</sup> (STS) consisting of leadership support, a long-term plan of action (strategy) that includes all aspects of the organization/enterprise, an environment that fosters and allows for positive change, organizational assets i.e., defined processes, plans, procedures, and, support of informal communication networks to fill the “white space” and complement formal communication networks.

When process consistency exists within organizations it provides for repeatable results and allows customer expectations to be properly set. 60.6% of the respondents Agreed or Strongly Agreed that their companies had documented global standardized processes that assisted the employees in creating high levels of customer satisfaction, trust, and loyalty. 27.5% Disagreed or Strongly Disagreed that their companies had documented standardized processes. When the results for this question were cross tabulated combining job roles it was interesting to discover that 22.7% of Individual Contributors, 25% of Managers, 32.7% of Director level, and 41.4% of Vice President or higher level responded that they Disagreed or Strongly Disagreed that standard global processes existed to cultivate high levels of customer satisfaction and loyalty.

The progression of disagreement by respondents regarding available standardized global processes based on job roles i.e., Individual Contributor respondents, Managers, Directors, and Vice Presidents and above is telling. 64.4% of the Individual Contributors Agreed or Strongly Agreed that they had well documented standardized global processes to provide them guidance in their role. As 43.4% of the survey respondents are Individual Contributors, these metrics are significant and may reflect a serious organizational communication gap as messaging travels throughout the organizational hierarchy. When communication deteriorates there is an impact to organization alignment and focus, a decrease in trust, and, the potential for an increase in conflict situations leading to *Enterprise Ethnocentrism*, Reidy (2009), an isolation of internal organization structures, both central and distributed.

ServiceMaster emphasizes the “importance of the mundane” and provides service workers a 7-step process for cleaning hospital rooms. The process is designed to assist the workers in efficiently completing work and developing increased communication skills with patients, thus providing opportunity to better understand customer needs and requirements. Additionally, it was found that employee loyalty is directly related to productivity and that successful leaders emphasize the importance of the needs of both customers and employees, Heskett, Jones, Loveman, Sasser, Jr., & Schlesinger (1994).

In the same series of survey questions, 54.3% of respondents indicated their organizations had some form of customer loyalty program. 35.8% responded positively when questioned whether their organization tied employee compensation to customer loyalty results. My belief is that companies with a business leadership team that acknowledge and emphasize customer intimacy as a brand are able to positively differentiate themselves from others. Extraordinary contemporary leaders are not only aware of self, but of others. These leaders are transformative in that they lead others by taking a learning orientation, an appreciative orientation, and, a receptive orientation, Schaetti, Ramsey, & Watanabe (2009).

Holt and Seki (2012) discussed how learning professionals could influence leaders to become global leaders and theorized that four shifts are required. Three of these, developing multicultural effectiveness of leaders, teaching leaders to appreciate uniqueness in the context of cultural differences, and becoming skilled at managing paradoxes are clearly tied to managing cross-cultural teams. The fourth shift (appearing first on their list) is that of “cultivating the being,” or, who one is. This shift involves the human experience and teaching authenticity, i.e., who leaders, and all members of the organization are, and want to become. The authors also noted that intercultural effectiveness “undoubtedly involves the ability to communicate effectively and appropriately in intercultural situations,” further supporting this thesis. When asked to prioritize which are the most responsible for encouraging employees to develop customer loyalty and trust, 78.8% of respondents first listed management direction, followed by 66.4% corporate strategy, 56.4% training, 42.5% customer requests, 34.7% competitive situations, and 34% peer feedback.

Creating and developing an intimate customer environment relies significantly on the quality of communication across the organization and the enterprise. Success in communication involves the exchange of meaning and the understanding of the message meaning by the recipient(s), Adler (2002).

This study reflects that communication and messaging are enhanced when one or more members engaged in the communication process have experienced some level of cultural competency education. Developing cultural competence to enable global leadership requires more than relying on “think globally, act locally.” Truly global organizations have a model of continuous learning that is constructive in nature and consists of “certain conditions.” These are: the development of an intercultural mindset, an intercultural skillset, and, intercultural sensitivity, Bennett, M. (2007).

When asked to categorize the quality of communication in their organizations, 35.3 % of overall respondents stated Fair, Poor, or Non-Existent. A cross-tabulated analysis of Manager and Director responses regarding the quality of communication replied Fair or Poor 43.3% and 39.2% respectively. Responses concerning the quality of global communication revealed that 41.2% of all respondents noted Fair, Poor, or, Non-Existent. A cross-tabulated analysis of responses based on roles uncovered that ratings of Fair, Poor, and Non-Existent were 31.5% for Individual Contributors, 64.3% Managers, 50% Directors, and 34.5% for Vice Presidents and above. These findings are disturbing and identify a significant communication gap between organizational leadership and other organizational roles. Customer intimacy and cultural competency require and rely upon superior communication skills to close gaps in order to build trust within and between enterprise organizations, leadership, and, customers.

Enterprises with poor internal communication are likely to struggle when attempting to communicate “like” messaging to their customer base. Building trust within an organization is a socialization process that communicates common values and relies on the ability for all participants to share honest and open information amongst all levels of the organization, Kahane (2006). In a McKinsey research study, 150% more professionals than C-level executives felt they had the right talent but were inhibited by the organizational culture, Barsh, Capozzi, and Davidson (2008). Dyer and Chu (2003), viewed trust more at the individual interaction level i.e., between one or more individuals, and not at the organization level, although individuals in one organization may share an orientation with those in another organization. “In ideal work situations, people trust each other; they do not feel people will do them harm; they feel that their members have the knowledge, skills, and motivation to interact with each other and get things done.” Customers would observe levels of honesty with the intentions of a person, organization, or team based on predictable behaviors over time, Ryan Group (2012).

Question 30 of the survey asked if respondents in a business role ever had an excellent business experience with someone from a different culture, within or outside of the immediate organization. 81.1% responded “yes.” “Yes” respondents were then asked to share an example, 48.6% took the time to share their experiences. The responses (free text comments) parallel the trust theories with comments such as: “We make it a point to ask questions if something is appropriate (or not) outside of our immediate culture, this is how we learn more about each other and our cultures;” “establishing relationships and building a sense of TEAM,” “We work as a solutions team across different geographies... and have a good understanding of our respective strengths and weaknesses,” “I developed a trusting relationship with their General Management that enabled me...” Many respondents noted the importance of face-to-face meetings during a meal or coffee break to allow for open discussion. Others mentioned using culturally correct cues and developing business relationships built on mutual respect.

This study proposes that the nature of a global customer model and global workforce now requires businesses to create a learning environment for employees to develop and practice enhanced communication and cultural competency skills. This perspective is one of national or ethnic culture from the context of international business and not one of diversity. Johnson, Lenartowicz, and Apud (2006), proposed a definition of cross-cultural competence that is useful in supporting the development of customer intimacy through cultural competence:

*Cross-cultural competence in international business is an individual's effectiveness in drawing upon a set of knowledge, skills, and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad.*

In a 2004 interview Professor Geert Hofstede stated, "Cultural integration is a top management responsibility, but if top managers don't know what culture is, the disasters are predictable," Hoppe (2004). In global business, Cultural Intelligence (CQ) as a competency assists leadership in positively addressing the demands of today's diverse employee and customer global work environment, Groves & Feyerherm (2011).

Learning cultural competency begins with *awareness* followed by the development of *knowledge* followed by the practice of *skills*, Hofstede, G., Hofstede, G.J., & Minkov (2011). Hofstede et al further note that historically there is traditional training to develop intercultural communication skills that focus on the knowledge of one or more cultures. This specific type of training is often developed and implemented to assist expatriates and their families to learn key elements about a new country. A second type of intercultural communication training focuses on cultural differences beginning with an examination of "one's own *mental software* and where it may differ from others." In addition to understanding one's cultural context and that of another culture, Hofstede warns that the processes and perspectives used can also play a significant role in developing cultural competency.

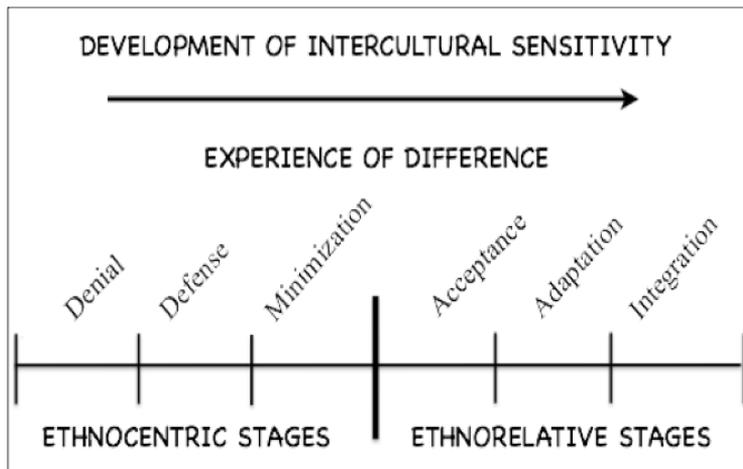
Once individual employees are successfully introduced to cultural competency skills and the utilization of best practices to build business relationships internally and externally, basic measurements that support Hofstede's examination of "one's own mental software" may be utilized. Such tools are not always as scientific instruments, but rather, working tools that can assist individuals in quickly establishing similarities and differences with peers, managers, and customers. In this study these similarities and differences are referred to as "*The Gap of Commonalities, (GComm)*," (Exhibit II), Reidy (2012). Basic identifiers may include: geographic location, national culture, primary language, work role, family influence, religious beliefs, level of education, and personal interests. Through interaction with peers, management, or customers one is able to identify the areas where similarities and differences exist. Bridging these areas through self-assessment and formal cultural competency training will assist in facilitating customer intimacy through improved communication and cultural understanding.

Trompenaars and Woolliams (2005) suggest that following an understanding of cultural values, the next level of cultural understanding relates to business performance. In practice this refers to how one reconciles differences when they

arise in business situations in order to optimize business interaction whenever contrasting values are present.

The Developmental Model of Intercultural Sensitivity (DMIS), (Figure 1), Landis, Bennett, J., & Bennett, M.J. (2004), was created to explain observations and experiences of people in intercultural situations. The first three stages are known as the “*Ethnocentric Stages* where one moves through Denial, Defense, and Minimization” as part of the “experience of difference.” In the first three stages culture is experienced through the lens of ones own culture. The second three stages are the “*Ethnorelative Stages* of Acceptance, Adaptation, and Integration.” The Ethnorelative Stages reflect a “World view” position for individuals and it is where cultural awareness and sensitivity begin. In the Adaptation stage one begins to recognize cultural contexts and is able to begin to apply them. It is in the Adaptation stage that intercultural awareness and competence develops and begins to move one toward the last Ethnorelative stage, Integration, where individuals and enterprises become truly global.

Figure 1: The Development Model of Intercultural Sensitivity, (DMIS) Landis, D., Bennett, J., & Bennett, M.J. (2004)



Understanding one’s own culture and the similarities and differences in other cultures allows for the development of appreciation and perhaps as important, the positive perception of appreciation as viewed by the other parties. Establishing an early positive impression with a member of another culture may in fact create ‘*exaggerated emotional coherence*,” also known as the “halo effect,” Kahneman (2011). With the development of cultural awareness and knowledge, practicing skills in given situations will allow for the use of

*situational framing* where one is able to view cultural differences in the form of smaller components allowing one the ability to better segregate commonality as well as differences, Hall (1989).

To this end I believe that formal learning programs to develop cultural competence at the executive, management, and individual contributor levels are a necessity in business today for those companies choosing to close and improve communication gaps both internally and externally, and to create an atmosphere that fosters trust. Doing so via formal programs supported by management will increase the levels of customer intimacy with clients across the enterprise.

In order to leverage this opportunity I propose that businesses committed to competing in the global arena must create a new senior level management role that focuses solely on the development of cultural competency across the global enterprise. Cultural competency is unique and demands comprehensive skill sets and a dedicated mindset. This role would direct and facilitate enterprise level cultural needs analysis, and the development and ongoing execution and inspection of global cultural competency training programs; beginning with the new hire onboarding processes and, encompassing seasoned career veterans across all organizational roles.

The Chief Cultural Officer (CCO) will be a senior/executive management position with corporate responsibilities to implement, execute, monitor, and inspect the progress of cultural strategy within all organizations and across all personnel levels via new and existing human resource channels.

Programs developed by the CCO should be initiated with introspection at the organization, department, and individual levels regardless of one's status or role, as every employee must develop the skills necessary to build trust and foster deeper levels of customer intimacy and loyalty. The impact of successful program implementation and ongoing value will be captured and measured in NPS and customer survey scores and be utilized as a catalyst for continuous program improvement.

### **Summary**

Based on respondent input to this study, gaps in communication and cultural competency skill levels exist in today's enterprise. Survey results indicate that individuals at higher levels in the organization tend to have perceptions that are more negative regarding process consistency than the perceptions of individual contributors. These differences may directly reflect gaps in communication, cultural competency, and trust resulting in a weaker corporate brand. Acknowledgement of these gaps and developing programs to remediate them will strengthen the corporate brand, increase customer and employee

loyalty, and facilitate the development of customer intimacy throughout the enterprise.

### Conclusion

This research study has explored the role of leadership in developing customer intimacy through cultural competency. Alignment with global clients via the creation and sustainability of formal cultural competency programs will serve to further reduce cultural competency gaps, improve communication, deepen trust, engage employees to delight customers via customer satisfaction, and, cultivate increased levels of customer intimacy resulting in greater customer loyalty.

The creation of a Chief Cultural Officer role will reflect corporate commitment to provide the unique skills necessary to reduce gaps by building and sustaining a culturally aware and competent global workplace environment and workforce resulting in increased customer intimacy that will drive greater market share and growth.

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## EXHIBIT I

### Survey Questions

1. Please indicate your total years of work experience.
2. Please indicate the highest level of education you have completed.
3. Which category best describes your functional role? Select one.
4. Do you currently work full-time for a multinational corporation? (A multinational corporation is a company that is headquartered in one country and has many offices/sites in other countries.)
5. Do you have co-workers or customers who are from a different culture than you are?
6. The number of employees at my company (including all locations) is approximately.
7. Which of the following best describes the geographic area where you were born?
8. Which of the following best describes the geographic area where you currently reside and work?
9. The industry you currently work in can be best classified as: (choose one)
10. Does your company have established offices/sites in one or more of the following locations (select all that apply)?
11. My organization offers formal training/mentoring programs to assist employees in developing cultural awareness skills.
12. There are opportunities within my organization to share cultural awareness best practices with my peers.

13. Within my organization, cultural sensitivity is stressed. Cultural sensitivity is defined as knowing that differences exist between cultures, but not assigning values to differences (better or worse, right or wrong).
14. I have the opportunity to apply cultural awareness techniques/ideas to my day-to-day work tasks.
15. Management addresses cultural barriers as they arise.
16. My company has documented global standardized processes to ensure the highest levels of customer satisfaction and loyalty.
17. My organization has a customer loyalty program.
18. My organization ties employee compensation to customer loyalty results.
19. Leaders in my organization encourage employees to develop a deep understanding of customer businesses.
20. Which functional groups within your company do you feel should be sensitive to building customer trust and loyalty? Please select only 3.
21. Which of the following do you believe are most responsible for encouraging employees to develop customer loyalty and trust? Please select all that may apply.
22. The quality of communication by management in my place of business would best be categorized as:
23. My business leadership creates a work environment that empowers employees to develop strong customer relationships with customers of different cultures.
24. How would you categorize the level of cultural awareness training provided by your company to allow you to successfully conduct business with individuals from other cultures?
25. Within my organization, there is an open environment of trust and mutual respect.
26. The communication within my organization is best categorized as:
27. In your business activities with colleagues at your work location (inside your company) how often do cultural differences manifest themselves?
28. The communication across different geographic regions in my organization is best categorized as:
29. In your business activities with global clients/customers (outside of your company) do cultural differences manifest themselves?
30. In a business role, have you ever had an excellent business experience with someone from a different culture (within or outside of your organization)?
  - a. You answered "Yes" to having an excellent business experience with a member of another culture, briefly describe this business situation.
31. In my opinion, the following criteria are necessary for developing customer trust and building strong business relationships. Please select all that apply.

- 32. Businesses today must understand and develop cultural awareness in order to create and maintain strong business relationships.
- 33. Building and maintaining trust and loyalty in business relationships are critical for your company's success.

**EXHIBIT II**

**The GAP of Commonalities Worksheet (GCOMM)**

The Gap of Commonalities Worksheet (GCOMM)				
Self	Identifier	Customer / Colleague	Identifier	Commonalities Gap Rating (+) or (-)
Geographic Location		Geographic Location		
National Culture		National Culture		
Primary Language		Primary Language		
Work Role		Work Role		
Family Influence		Family Influence		
Religious Beliefs		Religious Beliefs		
Level of Education		Level of Education		
Personal Interests		Personal Interests		
Rating Total				

\* A rating level of "+ 7" indicates greatest level of Commonality

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## The Competent Culture Paradigm: An Alternative to the Strong Culture Hypothesis

**Abstract:** *The strong culture hypothesis has long dominated the discussion concerning the effect of organizational culture on organizational performance. The efficacy of the hypothesis, however, has been criticized for a wide range of methodological weaknesses, including a poor research model and its ethnocentric bias. Following a critical review of the hypothesis, the authors present an alternative paradigm based on a multi-variate, subculture/institutional culture framework for analyzing the effect of culture on organizational performance. Their proposed competent culture paradigm is designed to be both more sensitive to culture bias and to the complexity inherent in the dynamic forces of organizational culture. To enhance clarity of the paradigm, the authors also present a standardized taxonomy of the hierarchical levels of culture. The paper concludes with a proposal for future research to test and further refine the competent culture paradigm.*

### **Culture and Organizational Performance**

There is universal acceptance among organizational theorists that culture has an effect, though somewhat indeterminate, on organizational performance. The research has been less than conclusive in establishing a clear link, however, between cultural traits and their impact on organizational performance. To address this issue, we posit a new paradigm that we believe will prove more robust than the strong culture hypothesis for examining the culture/organizational performance relationship.

## The Competent Culture Paradigm...

Since the variables *organizational culture* and *organizational performance* are central to this discussion we have used them in the context of the following generally accepted definitions. For *organizational culture*, we use Schein's [1985, p. 187] most commonly cited definition: „*a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration which has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.*” As for *organizational performance*, we use the definition developed by Richard, et. al. [2009] as comprising three measures: (1) financial performance; (2) product market performance; and [3] shareholder return.

Much of the organizational culture research has focused on what Denison [1984, pp. 5-22] called the „strong cultural hypothesis.” Where, according to Sathe [1983, pp. 5-23], „strong culture” is characterized by beliefs and values that are widely shared throughout an organization and are more clearly ordered (meaning that, the relative importance of the various basic assumptions are well known).

Proponents claim that an effective culture must be „strong” and possess distinctive traits, such as particular values, beliefs and shared modes of behavior [Saffold, G., 1988 p. 546]. Deal and Kennedy [1982, p. 5] claimed that strong cultures were the principle driver of the continued success of American businesses. Denison [1984] found in his research that corporations with values that promoted participation generated higher profits than those without such values. Posner, Kouzes and Schmidt [1985, pp. 293-309] were able to link strongly shared values with various employee traits such as commitment, ethical behavior and self-confidence.

Studies that have examined the link between the cultural type and cultural strength hypothesis and its effect on organizational performance [Smart, J. & St. John, E., 1996, pp. 219-241] have also had some success. While Smart and St. John [1996] found a relationship between cultural strength and organizational performance, it was only in relation to its ability to enhance the effectiveness of two of the four forms of cultural types they investigated. Sathe [1983] claimed that stronger culture has a pervasive influence on behavior and organizational life producing more powerful effects than weaker cultures do.

As shown above, much of this research occurred during the 1980's and 1990's, the peak of interest in the strong culture/organizational performance framework. Nevertheless, the strong cultural hypothesis continues to be found in the current literature and abounds in the commercial press and the management-consulting arena. Most recently, research has found that strong corporate cultures may not necessarily have positive effects on organizational performance. Sikorski [2008], criticizing the enhancing effect of strong

corporate culture on organizational performance, argued that it blocks the change management process in organizations. Moreover, other research shows that in a volatile environment, strong-culture firms have variable performance [Sorensen, J., 2002] and may disrupt their ability to adapt to change. Nevertheless, a strong culture can support the corporation on its way to affect and to prevail over the environment [Sikorski, 2008].

Consequently, we believe that the strong culture hypothesis has to be revisited from a bottom-up perspective. A bottom-up perspective will allow us to examine how and to what extent institutional culture permeates and influences subsystem cultures and behavior. It will also allow us to reformulate how we characterize and measure institutional cultures that positively affect organizational performance.

To address these research challenges we believe a cross-cultural perspective is needed. Such a perspective can provide researchers with a new paradigm for evaluating the effect of culture by examining the dynamic that exists between organizational subcultures and the institutional cultures within which they reside. The purpose of this paper is to use conceptual arguments articulated by Saffold [1988], Sorensen [2002] and Sikorski [2008] to reframe the debate between cultural strength and organizational performance. Following a critical review of current research paradigms for both the cultural strength hypothesis and subculture-institutional culture dynamic, we will offer an alternative paradigm that avoids many of the shortcomings discussed earlier.

### **Cultural Strength Hypothesis**

Saffold [1988, p. 547] questioned the validity of the cultural strength hypothesis because he believed that there were fundamental misconceptions in the research paradigm. First, the framework for trait-strength research assumes that organizational culture is homogenous throughout. Many organizational culture researchers, including Hofstede [1980], Kotter and Heskett [1992, pp. 58-59, 78] and Denison and Misha [1995, pp. 204-223], have given the impression that organizational cultures are unitary. To the contrary, variety in organizational settings appears to be the norm and unitary cultures a rarity [Van Maanen, J. & Barley, S., 1984, pp. 287-387]. Superficially, organizational members may appear to share the same core culture but, often under stress, such as from a radical change, this apparent cultural unity disappears as subcultures dominate [Lorsch, J., 1986 pp. 95-109]. In fact, while there may be some similarities, as Siehl [1984] notes, among cultural traits shared by subsystem members, they often mask „fundamental cultural differences” [Saffold, G., 1988, p. 548].

Secondly, the strength framework is both conceptually weak and ambiguous at best. The weak-strong strength dimension is conceptually weak because it

is by definition ethnocentric. By labeling one organizational culture as strong and one as weak, researchers apply their own values; implying one form is good and the other bad. Moreover, the weak-strong dimension labels are ambiguous and misleading since in some circumstances a weak organizational culture may be more successful than a strong one. For example, organizations identified as having strong cultures have been found to be more resistant to change [Faux, V., 1982; Benner, M., and Tushman, M., 2002 pp. 1-35]. Organizational change was also the main focus of Sorensen's studies [2002]. They revealed that while strong corporate cultures can promote effective performance under stable conditions, as volatility increases, these benefits are dramatically reduced. In fact, Smart and St. John [1996, p. 232], in extensive research on academic institutions in the United States, found that strong academic cultures are no more effective than weak ones. In contrast, Boisnier and Chatman (2002), who also studied organizational culture in an organizational change context, found that strong culture organizations could become agile without losing their basis of strength by allowing certain types of subcultures to emerge. Moreover, those employing a strong culture framework in their research have only examined a small sample of comparatively successful and high performing organizations. From this sample they search for the presence of various culture traits that they claim positively affect that performance. In other words, they find what they are looking for. There is no effort to look at underperforming organizations to see if the same cultural trait profiles are not present nor do they control for all of the other independent variables both internally and externally that could affect system performance.

Researchers have also espoused alternative definitions of strong culture. As Saffold [1988] recounts, strong cultures have been defined as coherent [Weick, 1976 pp. 41-74], homogeneous [Ouchi & Price, 1978 pp. 25-44], cohesive and tight-knit [Deal & Kennedy, 1982] and thick and widely shared [Sathe, 1983]. In a more extensive definition, Peters and Waterman [1982], Deal and Kennedy [1982], Argyris et al, [1985] and others have argued that a strong culture is one in which cultural values are aligned with actual management practices [Smart & St. John, 1996]. Saffold [1988, p. 547] claims that the „strength-traits framework argues that positive cultural trait profiles are related to organizational performance in proportion to the strength with which traits are manifested.” Smart and St. John [1996 p. 221] define strong culture „as those in which there is a congruence between espoused beliefs and actual practices, whereas weak cultures are characterized by incongruence between espoused beliefs and actual practices.” Of special note is the phrase „actual management practices,” introduced by Martin and Siehl [1983 pp. 52-64] as a supplementing element to Schein's [1985] organizational culture model,

encompassing management tasks, such as training, performance appraisal, allocation of rewards, and hiring. In defining strong culture, the phrase has been well recognized and accepted in the research literature. However, we prefer Smart and St. John's definition because by redacting „management” from the phrase „actual management practices,” all system actors are recognized as participants in the strong culture framework.

Lastly, Saffold [1988 p. 550] criticizes the strong culture hypothesis as lacking sufficient „theoretical sensitivity” richness to account for the complex interactions that both influence culture and that are influenced by culture in organizational environments. Hence, organizational researchers must enrich the paradigms that they use to examine the cultural-performance relationship. These criticisms lead to the following proposition:

*Proposition 1: The strong culture hypothesis is untenable.*

### **Hierarchy of Culture**

Before presenting our response to the above criticisms, we propose, for the sake of clarity and understanding, a standardized taxonomy and hierarchy of culture. Unfortunately, researchers often use dissimilar taxonomies when identifying various levels of culture. Also, there is no accepted hierarchy of culture that can be used as a universal reference. To avoid confusion, we posit the following taxonomy and hierarchy of culture as shown in figure 1.

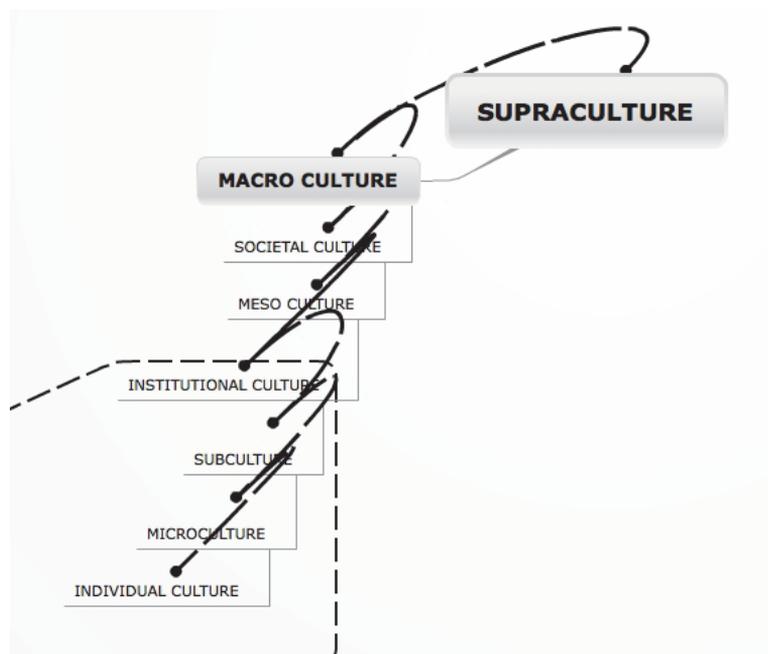
Our hierarchy has seven levels with each higher level subsuming all the lower levels. Generally, hierarchies are seen as a rank ordering that subsumes the authority of lower ranks but not their characteristics. However, in our formulation, each level informs the level above it, a more accurate description of the dynamic nature of culture.

- Level 1 – **Individual Culture:** These are the individual's personal norms, values and beliefs. This is the basic level of the hierarchy at its most reductionistic. One can go no deeper in an organization to study its culture.
- Level 2 – **Micro-Culture:** This is the culture of a small group of tightly knit individuals who are usually, but not always, a part of a larger group but who work and interact with one another on a continual basis.
- Level 3 – **Subculture:** The culture of a distinct functional unit, group or subsystem within an organization.
- Level 4 – **Institutional Culture:** The customs, rituals, and values, established for a specific purpose and shared by the members of an organization, that must be recognized and assimilated by new organizational members.
- Level 5 – **Meso-Culture:** The culture that is regional in nature, such as the

regional culture of the American South or West, or of Silesia, West or East Poland.

- Level 6 – **Macro-Culture:** The culture of a nation state or similar distinct geographical area.
- Level 7 – **Supra-Culture:** A pan-national culture such as is found in the European Union or North America.

Figure1. Hierarchy of Culture



Hopefully, this standardized taxonomy and hierarchy of culture will provide us with a common language and paradigm for analyzing and discussing the subculture-institutional culture dynamic. The term subculture, however, requires further explanation. Huang, et. al., [2002 p. 224] define a subculture as „a set of norms, beliefs, values and practices of other groups in the organization.” They note that in their research dominant subcultures may be defined as a group of people with a common organizational role that cuts across functional areas. For example, a subculture might comprise engineers from different operating divisions or physicians from different medical specialties. Hence, the demarcation for a subculture can be either a physical or a virtual boundary, as Fly and Denison [1998, p. 33] note, „subcultures live in different worlds.” Naturally, these „different worlds” can only be identified through ethnographic research. This hierarchal schema leads to the following proposition:

*Proposition 2: The virtual boundaries between hierarchal levels of culture are highly permeable marked by continuous mutually causative interaction.*

### **Saffold's Correctives**

As noted earlier, we agree with Saffold's criticisms of the strong culture hypothesis. We also believe that the hypothesis fails to adequately address the dynamic interaction between subcultures and institutional cultures, and how that interaction affects organizational performance. Our proposed conceptual framework is based on the three correctives Saffold [1988] suggests to provide a much richer research paradigm for examining the culture/performance relationship, as well as our own schema for examining the subculture-institutional culture dynamic.

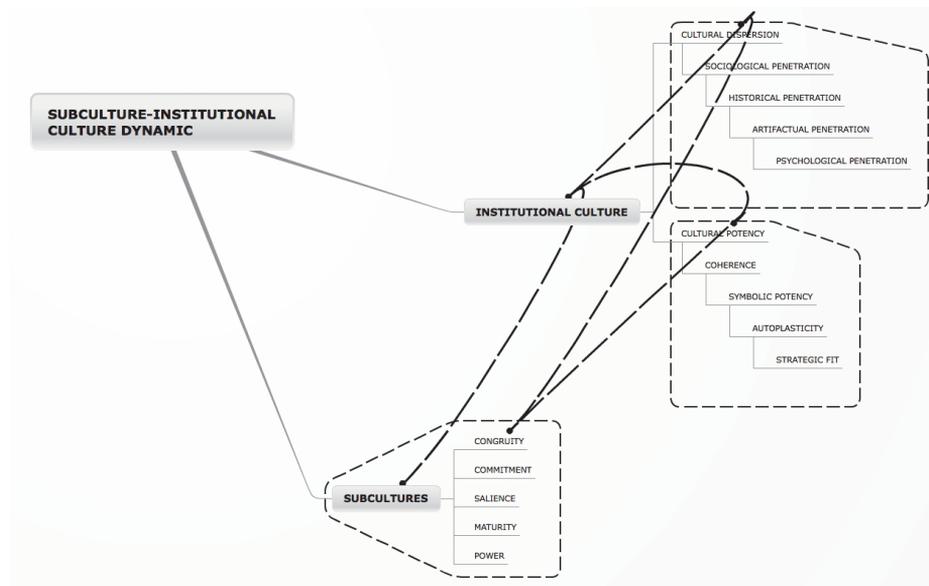
The first corrective is to identify measures that are more explanatory than the simplistic general notion of the strong culture hypothesis. Saffold [1988 pp. 551-555] identifies eight variables that he divides into two categories: measures of cultural dispersion and measures of cultural potency. The cultural dispersion measures are: sociological penetration, psychological penetration, historical penetration and artifactual penetration. The cultural potency measures are: elemental coherence, symbolic potency, strategic fit and alloplasty. As for the last variable, *alloplasty*, as you will see, we have taken the liberty of changing that term to *autoplasty*. The use of this term will be discussed in more detail later in this paper. Each variable is defined below.

- **Sociological penetration:** The extent to which „culture manifestations” are shared across organization groups and subcultures.
- **Psychological penetration:** Refers to the internalization of the cultural values, norms and beliefs by organizational members.
- **Historical penetration:** Takes place when the dominant cultural paradigm remains stable for a long period of time.
- **Artifactual penetration:** Occurs when intangible aspects of the cultural paradigm are manifested in cultural artifacts, symbols, totems and the like.
- **Elemental coherence:** An assessment of the congruence between the various components of the culture paradigm.
- **Symbolic potency:** A measure of the power of cultural symbols to motivate and inspire organizational members.
- **Strategic fit:** Measures the fit between culture and organizational members and their capabilities, and with external demands.
- **Autoplasty:** The ability of an organization to adapt its culture in response to environmental change.

As depicted in figure 2, the subculture-institutional culture interaction is extraordinarily dynamic. Both are mutually influential in shaping and

transmitting the cultural paradigm throughout the organization. The institutional cultural paradigm itself is a pastiche of the norms, values and beliefs held by all cultural levels below it. The degree of congruence among these various levels of culture and the relative effect they have on system performance is a function of the very complex human interactions that occur in the process of doing work. Consequently, a true measure of the efficacy of a cultural paradigm can only be conducted by studying how the paradigm is applied in producing organizational outcomes. So Saffold's [1988 p.552] second corrective calls for both a contextual [Pettigrew, A., 1979, pp. 570-581] and modal analysis to provide as complete a picture as possible of the influence of culture on organizational performance.

Figure 2. Subculture-Institutional Culture Dynamic



Saffold's [1988 p. 553] third corrective is for researchers to recognize the "multiple, mutually causal interactions" that are in play in the culture-performance framework. Hence, we have taken a multi-variate approach to examining the mutual interaction of culture and organizational performance as reflected in the following proposition:

*Proposition 3: Because organizational culture is a complex phenomenon, establishing a causative link with organizational performance requires recognizing and addressing the myriad array of system forces at work in this dynamic.*

### The Subculture-Institutional Culture Framework

In figure 2, we show the two measures of institutional culture and their constituent variables, and how they relate and interact with institutional subcultures. However, as is evident, we both alter and enhance Saffold's original framework. Let us address both in turn. The alteration is with Saffold's [1988 p. 552] use of the term *alloplasty* borrowed from work by Nichols [1984/85 pp. 32-63]. We have no problem with the concept reflected in the term but rather with the definition of the term itself. Originally, a psychoanalytical term, *alloplasty* is defined as a psychological mechanism, as developed by Freud, Ferenczi and Alexander, wherein a patient suffering from a neuroses or psychoses attempts to cope by changing his or her external environment. Its opposite is *autoplasty* that refers to a patient, who attempts to cope with their external environment by changing himself or herself, precisely what organizations do in a dynamic environment [Wikipedia, 2012]. As conceived by Saffold, the term is meant to identify a quality of an organization that can adapt to its environment. Therefore, *autoplasty* appears to be the more appropriate term and that is the term that we have chosen to use in our framework. The term gives rise to the next proposition:

*Proposition 4: Autoplasticity is a critical core culture trait that enhances organizational adaptation to environmental change.*

Our most significant enhancement to the original framework is our addition of the subculture component and its five cultural measures of *congruence, commitment, salience, maturity and power*. It is our contention that to provide a complete picture of the influence of culture on organizational performance, we must examine the dynamic that occurs between subcultures and institutional culture. Consequently, we have identified five variables that we posit can measure the degree of penetration and potency of the cultural paradigm at the subculture level. The subculture variables are defined below:

- **Congruence:** The degree to which subculture and institutional culture fit together.
- **Commitment:** A measure of dedication to the organization's mission and values.
- **Salience:** The degree to which the cultural paradigm holds importance for subculture members.
- **Maturity:** Assessment of the stability over time of a subculture's core values.
- **Power:** The degree to which a subculture can influence an institutional culture.

The subculture-institutional framework implies that only in organizations where there is a mutually beneficial interaction of all these variables,

will researchers find a statistically significant link between culture and organizational performance. However, we caution that even if a statistically significant relationship is found between subcultures and institutional culture, this does not imply causation. We could only infer from such results that there is a correlation between the two and make the assumption that one influences the other either positively or negatively to some unknown degree. Furthermore, we posit that such relationships may be found in both high and low performing organizations.

Martin and Siehl [1983] identified three main types of subcultures within a dominant corporate culture: enhancing, orthogonal, and countercultural. The researchers explained, that an enhancing subculture would exist in an organizational enclave in which adherence to the core values of the dominant culture would be more fervent than in the rest of the organization. In an orthogonal subculture, the members would simultaneously accept the core values of the dominant culture and a separate, non-conflicting set of values particular to themselves. In a counterculture some core values present a direct challenge to the core values of a dominant culture. Surprisingly, countercultures are more likely to arise in strong rather than weak cultures [Boisner, A. & Chatman, J., 2002, p. 12].

Where there is a lack of congruence between a counterculture subculture and an institutional culture, organizations have great difficulty and often fail in adapting to changes in the external environment [Gagliardi, P., 1986]. This is understandable because, if the cultures differ, institutional culture would have less salience for system members and, consequently, inspire less commitment. Moreover, as Faux [1982] noted, if a subculture differs significantly from its parent's culture, it will be more likely to resist management initiated change. These differences in culture often reflect competition for power in the organization, as sometimes is the case with a unionized workforce and management.

Nevertheless, congruence does not imply that all subculture values are similar to institutional culture values, as is the case with an orthogonal subculture. It implies only that subculture core values fit together with institutional core values. Naturally, we assume that there will be some subculture values that apply only to the interactions and behaviors present in that particular subculture. What is of primary importance to organizational performance is that core values are congruent at all levels of the system. This argument leads to our next proposition:

*Proposition 5: The capacity of institutional culture to influence organizational performance is dependent on the degree to which core culture is congruent with subcultures, is meaningful to subculture members, and is a motivating factor in high employee performance.*

Autoplasty also plays a significant role. We question the argument that having core values that remain stable over time is an essential quality of an effective culture. In fact, it is rare to find a set of organizational core values that have not been tweaked, altered, added to or subtracted from. This is natural and a normal response to environmental change. For example, suppose a corporation had a cultural value that stated: „*We treat all people with the dignity and respect they deserve.*” However, with changing societal mores they adapt to the new mores by expanding the value to read: „*We treat all people with the dignity and respect they deserve, regardless of race, color or creed.*” Sometime later, still other changes have occurred in society, prompting a further alteration of the value: „*We treat all people with respect and dignity, regardless of race, color, creed, or sexual orientation.*” The new value is not weaker but actually stronger than the original. This is *autoplasty* at work. It is not the wholesale change of a core corporate value but rather an enhancement of a value as an adaptive response to changes in the meso-culture and/or macro-culture.

To better understand this concept, think of an autoplasmic core culture as a piece of wire that binds the actors in an organization together. However, this wire is not rigid, but rather malleable and flexible. It can be twisted, turned, folded over itself, yet still remains materially the same. It has not changed. What has changed is its ability to continue to bind the organization together by bending zen-like to the myriad of external and internal stresses that challenge it. In fact, autoplasty is a common cultural trait found among the macro-cultures of nation states whose norms, values, beliefs continually morph in response to changing societal influences.

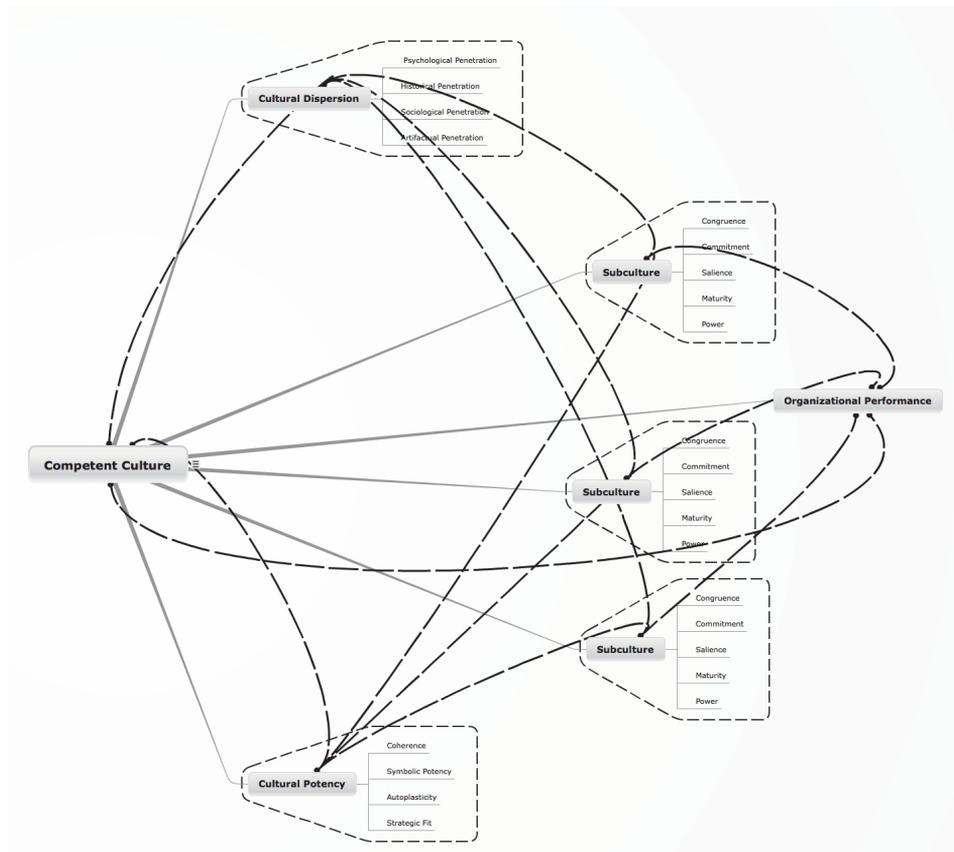
### **The Competent Culture Hypothesis**

Having rejected the strong culture hypothesis, we posit a new hypothesis based on the subculture-institutional culture dynamic to describe the influence of institutional culture on organizational performance. We call this the *competent culture paradigm*. A competent culture is one whose core values, norms and beliefs are pervasive throughout the organization and that has the ability to positively influence organizational performance. To be competent, we further posit that an institutional culture would have to demonstrate the qualities, in varying degrees, of dispersion, congruency, potency and autoplasmicity.

Since our hypothesis does not imply cultural strength or weakness, stability or instability, high performance or low performance, it provides an ethnocentric-

free paradigm for studying the culture/organizational performance dynamic. The term „competency” is also neutral and can easily be defined, understood and applied cross-culturally. Consequently, we argue that a competent culture can be found in both high performing and low performing organizations. While a competent culture may influence positively an organization’s performance it cannot solely compensate for other determinants of system failure, such as loss of core competencies, ineffectual leadership, changing marketplace, increased competition, economic crises and technological paradigm shifts.

Figure 3. Mind Map of the Competent Culture Paradigm



A mind map of the competent culture hypothesis is shown in figure 3. The myriad array of linkages shown by the arrows demonstrates only partially the infinite relationships and interactions that occur in the culture/organizational performance dynamic. The primary cultural traits of cultural dispersion and cultural potency and their sub-traits are shown influencing and being

influenced by the varied subcultures and their characteristics. Lastly, these all influence work behaviors and outcomes which in turn influence organizational performance. This is the competent culture paradigm and leads us to our next proposition:

*Proposition 6: The competent culture hypothesis provides a culturally neutral and multi-variate paradigm for examining the culture/organizational performance dynamic.*

### **Future Research**

The competent culture hypothesis provides a new framework for discussing and analyzing the effects that culture, in all of its various forms, has on organizational performance. The variables comprising the framework do not measure strength or weakness of a core culture but, rather, the degree of pervasiveness of the culture throughout every part of the organization; the organization's ability to adapt the culture to respond to external forces; and the extent to which cultural traits play a role in effecting organizational outcomes.

We believe that the competent culture hypothesis gives a more complex and highly dynamic perspective of the organizational role of culture. We propose to follow up this paper with a research project to test the hypothesis with a focus on institutions in the United States and Poland. This will enable us to test this new paradigm in two separate cultures with a more comprehensive research methodology than is found in a strong culture perspective.

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## Diversity from the European Perspective

**Abstract:** *Over the last years, the world “diversity” has become a meaningful part of the language and management in the European companies.*

*The purpose of this article is to reflect on the way diversity was being defined and conceptualized in the last centuries. It intends to contribute to the re-conceptualization of diversity, i.e. to the move away from the essentialistic approach in which diversity is perceived as a fixed essence to a more dynamic one in which diversity results from a particular context.*

**Key words:** *diversity, monism, essentialism/non-essentialism, organizations*

The article is structured around three main parts concerning the evolution of approaches to diversity. The first part presents the history of the essential thought on diversity in European antiquity's, Middle Age's and modern tradition, and the second - the dynamic non-essential theoretical response for the first one which is static. The third part formulates policy guidelines in the light of the dynamic approach which could be applied in organizations when formulating organizational policies.

### Introduction

In the last decades, literature on diversity has been flourishing and diversity itself has grown to a well-established research domain in organization studies. Despite the impressive amount of empirical studies [Milliken F.J., Martins L.L., 1996, pp.402-433], the lasting inconsistency in results is currently hampering the consolidation of past research and the theoretical development of the domain [Nkomo S., Cox T., 1996, pp. 338-356]. One of the reasons for the current situation is theorists and practitioners treating diversity as an invariable datum and as a static concept. Definitions of diversity usually begin with the list of age, gender, race and ethnicity features which are pinned on individuals as collective labels. In a more sophisticated classification

education, status, income and sexual orientation are added. According to the latest theoretical views, the concept of diversity needs to get more relational and socialized in order to account for complexity and dynamism of the flow of partially organized interactions and communications, which increase diversity and multiply inequalities [Magala, 2009, p.29].

For many researchers diversity remains a 'box' yet to be opened. The objective of the article is opening this box by investigating the meaning of diversity in the philosophical and social spheres from its beginnings in the Ancient until present times, i.e. from the essentialistic to non-essentialistic perspective on diversity. The Essentialistic approach is strongly connected to monism and non-essentialistic – to diversity.

The research method applied in the article is a review of the relevant literature in the field of philosophy and management.

The managerially oriented diversity literature generally takes diversity as a sum of some given demographic traits, while the psychologically oriented diversity literature focuses on interpersonal interactions [Tajfel H., 1974, pp. 65-93] paying little attention to the context within which interactions actually occur.

### **Essentialism and its implications for diversity**

The beginnings of the European thought on diversity started with monism grounded in a universal conception of the human nature. It might be labelled as rationalist monism, exemplified by Greek philosophy, and in the later European history (Middle Ages) it was followed by theological monism, exemplified by Christianity, and regulative monism, or classical liberalism in the modern times. All of the three rely on a universal human nature, though they each define it differently [Parekh, 2000, pp.16-49].

Greek monism, represented by Plato and Aristotle, takes the view that each species of animal, including man, has its own distinct essence or idea that does not vary, and a good life consists of finding a way to inhabit that essence to the full. For the Greek monists, the best route to this good life is defined by an appeal to the rational mind as an element of the human being that can be detached and cultivated. That capacity is not equally available to all individuals, and society should be structured in a way to reflect that hierarchy.

Christian thought is based on a different system of thought which includes the Scriptural inheritance and the writings of Augustine and Aquinas. In this system, the best way of life is a matter of faith. Like the Greek monists, the Christian view is that each member of a specie has essentially the same value or identity, and again, though moral diversity is accommodated, there is a similarly graded hierarchy that can be applied.

Early liberalism, which was formulated by Locke, Montesquieu, and

Tocqueville as a sort of secular version of Christianity, and other writers such as those of the French Enlightenment who were more ambivalent towards religion, can all be classified as influenced by Christianity. Liberalism supplied and institutionalized many of its principle ideas, including the rule of law, the equality of citizens, and the individual as the sole bearer of rights.

Monism whatever labelled has limited interest in understanding other systems, and sees difference merely as deviance, to be ignored or assimilated.

The fundamental question about the ability to understand the world is traced back to Aristotle. Aristotle believed that every thing has an 'essence,' that is, a distinctive set of properties, which make each thing exactly that thing and nothing else.

There is a rich tradition of critique of essentialism. Many of these critiques are relevant to diversity because they point out the problems of conceptualizing identity as human beings' essence. According to an essentialist view, identity reflects the 'essence' of an individual or a group. Watson [2002:p. 97] identifies three core features of the essentialist view of diversity:

- 1) identity is a *fixed phenomenon* regardless of the social and institutional context
- 2) diversity, conceived as the other face of identity, is *natural*, or God-given, and should therefore be maintained,
- 3) the individual, personality, motivation and attitudes are viewed as *constant*, regardless of time and place .

Such conceptualization of identity (and, conversely, diversity) has important implications [Watson, 2002, pp.97-122]:

- 1) essentialist definitions of gender, racial or cultural identity construct the groups as homogeneous entities, suppressing differences between the group members.
- 2) identity defined on the basis of an assumed essence is deterministically seen as the cause of the groups' specific behaviors and outcomes.
- 3) a group's essence is not only fixed, it is also often either pathologized or idealized.

The critique of the essentialistic conceptualizations of identity and diversity lets to develop an alternative framework to research diversity in as a dynamic concept within organizational settings[Janssen et al].

### **A non-essentialistic view on diversity**

Within a dynamic, process-oriented theory of identity and diversity, individuals are not seen as unidimensional representatives of a socio-demographic group but rather as evolving and multidimensional persons, acting and interacting within a specific cultural and historical context, characterized by specific power relations. The approach is structured along three distinct but

related axes of diversity as a relational, contextual and power-laden concept [Janssen et al ].

### **1. Diversity as a relational concept**

A relational understanding of diversity relies upon the assumption that identity is fluid and contingent upon social relations. Identity is not innate, stable or fixed but socially and historically constructed and subject to contradictions, revisions, and change [Hall, 1992, pp. 274-316]. A social construction view emphasizes the processes through which identity is accomplished and differences become salient to individuals and groups in organizations. Behavior that in the essentialized perspective is attributed to the individual alone is in a dynamic perspective seen as the result of negotiated relationships with other individuals.

In this perspective, while people might share a certain demographic profile, their identities are not inevitably similar, because they develop in the course of interaction with different people. It is also needed to reconsider the assumption that identities are internally coherent and consistent over time because individuals interact with different people, who can confirm, support or disrupt different identity claims, their identities are likely to present a number of ambiguities and unsolved tensions.

### **2. Diversity as a context-embedded concept**

Within the dynamic perspective, diversity is conceived as a product of a specific social and historical context. Applying such context-sensitive perspective to diversity would reveal that the concept is not universal and has validity only within, and in relation to, a specific situation/context. It has far reaching implications, as the focus will shift from 'diverse' employees themselves to the organizational context in which diversity occurs and relevant research questions should change accordingly.

Diversity differs in different times and places and its meaning is therefore temporary and precarious, tied to the context in which the term is used. The stress on specific processes shaping local understandings of diversity allows a more 'open' conceptualization, highlighting that diversity remains subject to variation and contradiction.

### **3. Diversity as a reflection of power relations**

The third dimension of the dynamic perspective on diversity is power, referring to the question of how the notion of diversity reflects and affects existing power relations in the organization and possibly beyond.

Attention to power was initially put forward by the studies stressing the emancipatory purpose of diversity. These studies tend to use a narrow definition

of diversity, examining how ethnic/racial and gender differences between people are related to unequal power relations within a specific socio-historical context.

A second group of studies rather looks at diversity through individual careers. They acknowledge that demographic differences are linked to unequal power relations. In the last decade, a growing number of scholars have been studying diversity from a more explicitly critical and dynamic perspective, linking the concept to unequal power relations between managers and employees. Diversity here is no longer seen as a sum of demographic traits, but rather as managerial discourse that aims at controlling minority employees by defining them in specific ways. These studies generally use discourse analysis to deconstruct the concept of diversity itself to call into question its assumed emancipatory potential for minority employees [Dandeker, Mason 2001, pp. 219-233; Zanoni, Janssens 2004, pp.55-74]. Contra mainstream studies, these critical studies understand diversity as both a product of existing unequal power relations within organizations and a means to reproduce them.

Management can use diversity as a strategy to leverage their power upon all their employees.

Managers can also exert their power in more subtle ways, through their constructions of diversity [Zanoni, Janssens 2004, pp.55-74]. Namely, managers construct particular differences positively as a 'value' or negatively as a 'lack' depending on whether they hamper or contribute to work processes and the attainment of organizational goals. They then accordingly justify the inclusion of workers whose difference is a valuable asset and the exclusion of workers whose difference is a liability.

### **Policy guidelines for companies**

If organizations wish to avoid the drawbacks of essentialism, such as dogmatism, intolerance, disregard for other's people beliefs and opinions, they need to revise the concept of diversity and activate more dynamic approaches to diversity. Policy guidelines in the light of this dynamic approach is presented in the table below.

**Table 1.** Policy implementations

<b>Dimension of diversity</b>	<b>Companies</b>
<b>1. Relational: stimulate sameness and allow for difference</b>	Foster a strong organizational culture balancing between a common identity and respect for individuals

	Foster an organizational culture that stresses the organizational ethics, which should be shared by every organizational member, while also allowing for specific individual and collective moral values (cf. Sapelli, 2002).
	Create opportunities for majority and minority employees to work together to reach common goals. This stimulates the development of good interpersonal relations breaking with group stereotypes on both sides. Employees learn to see each other as individuals rather than as members of a specific demographic group.
	Frame issues in general terms rather than as group-specific, and develop general policies and solutions rather than group specific ones. For instance, avoid casting the problem of work-family balance as a women's problem, and offer solution to all your employees, not only to women. Or, avoid giving special vacation rights to immigrants that want to travel to their land of origin and rather develop a flexible system where different needs can be satisfied. This will counter stereotyping and avoid the perception that specific measures are unfair.
	Develop initiatives that facilitate social encounters among employees. This can be done in two complementary ways: 1) through social activities around common issues (for example, activities around children, sport activities, etc.), and 2) through activities that explicitly value difference and where individuals get room to express their uniqueness (for instance, intercultural meals, celebration of religious feasts, etc.).
	Foster a negotiation culture and processes (both formal and informal). Negotiation increases the sustainability of decisions by stimulating moderation, and contributes to de-essentialising differences.

<p><b>2. Contextual:</b>  <b>develop approaches that take the specific context into account, using its potentialities and minimizing its limitations</b></p>	<p>Formulate a few core, general policy lines that provide a framework to negotiate specific individual or group solutions. For example, develop a general policy on the principle of flexibility to meet employees' personal needs, and then negotiate solutions to specific situations such as childcare, religious holidays, vacations, etc. in line with the policy. Or, if you operate on a global scale, develop a framework of policies and internal norms from what different contexts have in common, and allow for context specific arrangements and solutions within that framework.</p>
	<p>Develop a balanced, feasible mix of rules and stimulations: 1) establish a few clear, basic rules and apply them consistently, sanctioning unwanted behavior, and 2) develop a variety of specific tools to reward wanted behavior. For instance, include a non-discrimination clause in the company by-laws and sanction infractions, but also reward well functioning mixed teams and individuals that are particularly open and helpful to others.</p>
<p><b>3. Power-related:</b>  <b>reduce majority/minority power inequalities</b></p>	<p>Combat discriminatory practices excluding minority candidates from recruitment. For instance, establish neutral assessment methods, provide intercultural training to recruiters, and require only essential competences to fulfill the requirements of a job.</p>
	<p>Take action against vertical segregation, which is a suboptimal allocation of human capital. Vertical segregation supports stereotypical images of specific individuals and groups, and structurally confines them to subordinate positions.</p>
	<p>Use your own power to support diversity within the organization, for instance by publicly stating your commitment to it, or by stressing the positive outcomes of diversity on people as well as the organization.</p>

	Do not manage diversity solely through human resource management or a diversity manager. Engage different organizational actors both internal and external into the support of diversity. Ask different internal actors to promote diversity in correspondence to their specific roles. Involve external actors who are knowledgeable on diversity and who will help you to create internal support and introduce additional practices. This broadening of diversity management will offer different ways and options for minority employees to be recognized, widening the possibilities for emancipation
	Ask only for minimum common denominators among employees, according to the inclusion principle. For instance, allow the use of multiple languages so that native speakers of minority languages will not always be in a disadvantageous position in communication.

Source: Jannsens M., et al. Diversity in organizations: Towards a non-essentialistic, dynamic approach, Position Paper of Research Task 1.1 Cultural diversity: Mapping dynamic process, Sustainable Development in a Diverse World (SUS.DIV)

### Conclusions

When evaluating the first decade of diversity research in 1996, it was concluded that most studies examined the effects of diversity but failed to properly theorize the notion of diversity itself. Following the plea for more theoretically sound approaches, several scholars started studying diversity and diversity management as a discourse. They critically examined how the new discourse of diversity originated, and how it operates in organizations, professions, and broader institutional settings. These studies have made an important contribution to the diversity literature. They have de-essentialized diversity, by showing that demographic characteristics are not just given, but rather socially constructed. Their critical, theoretically sound re-conceptualization of diversity has an important implications for management practice. Wanting to effectively manage diversity any organization should treat diversity as dynamic concept and consider its three determinants being aware that diversity is relational, context – embedded and it is the reflection of power relations.

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## International marketing in higher education – a comparison study between students' choices in Poland and the UK

**Abstract:** *The purpose of this article was to explore the nature of the marketing of higher education (HE) and universities in an international context. There is a substantial literature on the marketing of Higher Education and consumer behavior. Scholars provide evidence of the marketing strategies that have been implemented by HE institutions. However the literature comparing the choices of Polish and British students remains very limited, and this is relatively uncharted territory. This paper compares the decision-making processes made by British and Polish students while choosing a university.*

**Keywords:** *higher education; marketing; choice; consumer behaviour; internationalisation; globalisation*

### Introduction

International marketing has become quite a popular subject in management sciences, which is reflected in the burgeoning number of publications in this area. In the light of increasing globalization, global marketing is a necessity for the survival of all organizations, rather than a luxury traditionally reserved for the multinational corporations (MNCs) [Grandys, Grandys 2011]. As consumers and citizens, we live in an era when almost everything can be made and sold anywhere, one of this thing being education.

From an international perspective, the growing demand for higher education can roughly be distinguished into two main trends. On the one hand the rapidly growing need for the widening of access to higher education. In a global perspective the numbers of degree students are estimated to rise from 42 million in 1990 to 97 million in 2010 and 159 million by 2025 (West, 1997). This trend can be observed in certain developing countries and in particular in transition countries (e.g. in Southeast Asia, Latin America and southern

Africa), which are quickly integrating into world production and international trade and which often have a rapidly growing young population. On the other hand, there is the increasing need for more diversified and flexible types of higher education, including lifelong learning, corporate training, etc., This is typical for countries that are changing from post-industrial into knowledge economies. In Western countries this trend is often combined with an ageing population, which makes the need for lifelong learning even more important.<sup>1</sup>

Education is now a global product. Institutions worldwide are competing for students and finding ever more creative ways to satisfy student needs and preferences. They adjust their organizational cultures to become more flexible [Sułkowski 2002].

The fast competition which is taking place in the current global market has affected the educational sector. For example in Australia, international students have made education Australia's third largest service export, earning \$5.8 billion. This results in a situation in which student populations have moved from being homogenous and captive to domestic constraints and expectations, to being multi-cultural, dispersed and subject to a plethora of constraints and expectations.

However, the marketing of education is still a controversial issue. The elements of globalization in higher education (HE) are multifaceted and the HE market is now quite well established as a global phenomenon, especially in the major-English speaking nations: Canada, the US, Australia and the UK. In the context of increasing competition for home-based and overseas students higher educational institutions now recognise that they need to market themselves in a climate of international competition [Hemsley-Brown, Oplatka, 2006, pp 316-338].

### **Internationalisation of HE markets**

In recent years, there have been many changes in the governance of the higher education (HE) systems throughout the world.

Part of that transformation is due to changing technology, which has helped to foster the growth of cross-border academic programs both by conventional universities as well as by internet-based distance learning providers. Part of the change has been initiated by national governments themselves through the deregulation of their higher education sectors as well as the adoption of new market-based policies designed to make universities more efficient and effective.

Market-type mechanisms have been introduced in countries previously which were previously characterised by a high degree of government control

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<sup>1</sup> It is worth stressing that these trends are not mutually exclusive. For instance the state of California is facing a growing demand in both areas at the same time. This is the result of demographic growth and a strongly developed knowledge-economy (Sillicon Valley).

(Jongbloed, 2003). In many countries, these changes have been viewed as a “compromise between privatisation, academic autonomy and state control” (Young, 2002, p.79).

As stated earlier in this article, the literature indicates that the higher education market is now well established as a global phenomenon, especially in the major-English speaking nations: Canada, the US, Australia and the UK. However, governments have also turned to deregulatory policies in Russia (Hare & Lugachev, 1999), the Eastern Bloc (Czarniawska & Genell, 2002), Holland (Jongbloed, 2003), Spain (Mora, 1997), Japan (Arimoto, 1997), China (Williams et al., 1997; Mok, 1999; Mok, 2000), Asia (Gray et al., 2003) and Africa (Maringe & Foskett, 2002; Maringe, 2004).

There are a number of rationales for public policies that introduce competitive markets or market-like structures to higher education systems. Firstly it is a desire for economic efficiency understood as “value for money,” particularly given the growing costs of meeting social demands for universal access to higher education (Williams, 1996). Secondly, important is a desire to use market competition as an incentive for greater innovation and adaptation in higher education than is thought to be possible through traditional forms of coordination relying on state control or professional norms. Competitive research grants systems, greater student access to information about university quality, university ownership of patent rights, and contracting-out of university services are examples of the application of market competition to academic reform.

It was expected that in response to these changes, HE institutions would apply marketing theories and concepts, which have been effective in the business world.

Research into higher education choice, or consumer behaviour in higher education markets, has principally been stimulated by an individual institution's need to anticipate the long term implications of choice and to understand the key factors involved in student choice (Foskett & Hemsley-Brown, 2001). The attempts by governments to enhance the quality of higher education through the encouragement of market forces is based on an assumption that students are, or will become, informed consumers making rational choices of higher education courses and institutions (Baldwin & James, 2000). In the context of increasing competition universities were forced to equip themselves with the necessary marketing intelligence and information that would enable them to face the challenge of such an international market for higher education (Binsardi & Ekwulugo, 2003).

### **The emergence of marketing in HE**

Most educational institutions now realize that they need to market themselves in a climate of competition that for many universities is often a global one. The substantial literature on the transfer of the practices and concepts of marketing from other sectors to higher education has been developed (Gibbs, 2002). Literature on education marketing which originated in the UK and US in the 1980s was theoretical-normative in nature and was based on models developed for use by the business sector (Oplatka & Hemsley-Brown, 2004). The literature included books and manuals on how to market institutions (E.g. Gibbs & Knapp, 2001) and how to apply well-established above-the-line (advertising) and below-the-line practices (e.g. public relations) used in the business sector, to higher education.

Papers published in the 1990's started interpreting marketing within the narrower definition of marketing communications. Research was based on the assumption that in order for any HE institution to market itself successfully management would need to examine the decision-making process and potential students' search for information. There was also an ongoing debate about who the customers of higher education were: "students can be either considered as customers (with courses as the higher education products) or as products with the employers being the customers" (Conway et al., 1994 p.31).

#### Students seeking higher education outside their home country

Studies of international marketing focusing on students who sought higher education outside their home country, has been a key topic for empirical research for many scholars (Mazzarol, 1998; Binsardi & Ekwulugo, 2003; Gray et al., 2003, Mazzarol & Soutar, 1999; Czarniawska & Genell, 2002). Much of this interest has been stimulated by increasing competition for overseas students (example Gomes & Murphy's 2003).

#### Research and findings

An empirical illustration of the problem described in the article was based on a quantitative study conducted in 2012. The research was conducted among students from Polish and the UK. The research sample is as follows: 198 students from Poland and 148 students from the UK fill in the questionnaire. It should be noted that the survey was a pilot study, and the results cannot be generalized. The presented results serve as a starting point for further in-depth research in this area.

**Table 1.** Factors supporting school choice decision-making process

Type of factor	Student in Poland		Student in Great Britain	
	Count	Percentage	Count	Percentage
Good faculty	43	22%	31	21%
Good position in the rankings	61	31%	56	38%
Good reputation among students	47	24%	27	18%
Wide range of courses	11	6%	11	7%
Level of the fees at the university	26	13%	8	5%
Localization	7	4%	13	9%
Other	3	2%	2	1%

Source: own study based on conducted research.

The results show that there are similar factors supporting the decision-making process by the student's choice both in Poland and the United Kingdom. The key factors determining the choice of university include:

- a good position in the rankings of universities
- good teaching staff
- a good reputation among students

**Table 2.** Impact of the quality of customer service during the admissions

The degree of impact	Student in Poland		Student in Great Britain	
	Count	Percentage	Count	Percentage
Very high	51	26%	32	22%
High	63	32%	41	28%
Moderate	33	17%	37	25%
Low	24	12%	26	18%
No influence at all	27	14%	12	8%

Source: own study based on conducted research.

Research have shown that Polish students attach importance to the quality of service in the university recruitment offices with a greater degree. However, the results indicate that the difference between students from Poland and UK in this area of the recruitment process is not large.

**Table 3.** Student's identification with university

Identification level	Student in Poland		Student in Great Britain	
	Count	Percentage	Count	Percentage
Yes	84	42%	103	70%
No	114	58%	45	30%

Source: own study based on conducted research.

Students from the UK to a greater extent (70%) identify themselves with the home university for example through student associations or clubs of graduates. In Poland, the degree of identification with the university student oscillates between 42%.

**Table 4.** Methods for gathering information about universities

Type of factor	Student in Poland		Student in Great Britain	
	Count	Percentage	Count	Percentage
Information from current students	30	15%	21	14%
Brochures	47	24%	17	11%
Telephone inquiry	76	38%	28	19%
University open days	13	7%	45	30%
Internet	29	15%	35	24%
Other	3	2%	2	1%

Source: own study based on conducted research.

The results of the study showed differences between the way of gathering information about the university. Students from the UK prefer the formula of open days, and the information available in the websites. Students from Poland prefer phone inquiries and brochures as the primary source of collecting information about the university.

**Table 5.** Choice of the same university

Answers	Student in Poland		Student in Great Britain	
	Count	Percentage	Count	Percentage
I would choose the same university	85	43%	97	66%
I would choose different university	47	24%	14	9%
I would choose another course of study at the same university	35	18%	29	20%
I would choose another course of study at the different university	31	16%	8	5%

Source: own study based on conducted research.

Students from the UK (66%) would choose once again the same university, in Poland every 5th respondent would chose a different university and 18% of the students would choose the same university but different field of study.

### Limitations

The research field of HE marketing is still at the early stage with much research still to be carried out both from a problem identification and strategic perspective. This paper was just an initial step in comparing factors supporting university choice decision-making process between British and Polish students.

It should be stressed once again that the survey was a pilot study, and the results cannot be generalized. The presented results serve as a starting point for further in-depth research in this area.

### Summary

Today, higher education has become a commodity marketed across national borders. The rapid growth of the global market in higher education indicates how things have changed. National concerns and social expectations are being replaced by profit considerations, and market forces now decide the purpose and priorities of higher education.

International marketing is expansive, extensive, and complex. It can be seen as both a business strategy and an operation, as a force for good or a 'new imperialism'. It can be embodied in organizations or perceived as a phenomenon.

To compete successfully in today's global marketplace, companies and their management must master certain areas, such as: environmental competence to understand the global marketing environment, analytic competence to analyze global marketing opportunities, strategic competence to develop global marketing strategies, functional competence to design global marketing programs and managerial competence to manage the global marketing effort. The same must be done by HE institutions.

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## Cultural domination or cooperation on the example of Toyota and Bridgestone

**Abstract:** *The article describes the problem of cross cultural management in Japanese companies operating in Poland. The aim of this paper is to present significant differences in the approach to intercultural management in two large Japanese companies operating in Poland. Author answers the question of why there can be no one best model of cultural interaction, and present the results of empirical studies of this issue carried out at Toyota Motor Industries Poland and Bridgestone Diversified Products Poland. The article is concluded with the sentence that the best model of cultural interaction is the model of cultural interaction consciously chosen taking into account situational factors present in a particular company.*

**Key words:** *organization culture, cultural interactions, cross cultural management, Japanese management*

### 1. Introduction

Managing cultural diversity is a current and important issue. In Poland, there are many international companies that employ Poles. These include the Japanese companies. They are even more interesting that they come from a completely different culture area. Poles working in these companies are subject to strong influence of Japanese culture.

Article refers to some of the earlier author's studies - *Selected aspects of the cultural differences between the Poles and the Japanese influence on management subsidiaries of Japanese companies in Poland*. It is the continuation and extension of the previous article. The aim of this paper is to present significant differences in the approach to intercultural management in two large Japanese companies operating in Poland. Author answers the question of why there can be no one best model of cultural interaction, and present the results of empirical studies of this issue carried out at Toyota Motor Industries Poland and Bridgestone Diversified Products Poland. The study was conducted in the period from February to May 2012 using a survey questionnaire and in-depth interviews.

## 2. National culture, organizational culture and cultural interactions

Organizational culture is a popular issue among researchers all over the world. Also, many people are involved in defining and describing the dimensions of national cultures. Should mention Hofstede, Laurent, Trompenaars and Hampden-Turner, but of course this list is much longer. This raises the question whether national culture influences organizational culture, or *vice versa*? To answer this question should be provided some specific definitions of organizational culture.

**Table 1.** Definitions of the organizational culture

No.	Author	Definition
1.	Bower M.	Organizational culture is the way we do things that surround us.
2.	Geertz C.	Organizational culture is the creation of meanings, of which human beings derive their experience and practices.
3.	Hofstede G.	Organizational culture is the collective programming of the mind which distinguishes the members of one organization from another.
4.	Jacques E.	Organizational culture is the customary and traditional way of thinking and acting. The new members of the organization must know and accept it if they want to be accepted as members.
5.	Deshapande R., Parasurman R.	Organizational culture is the unwritten, often unconsciously perceived rules, which bridge the gap between what is formally in force, and what is actually happening.
6.	Schein E.	Organizational culture is a pattern of shared basic assumptions that the group learned in the course of solving the problems of its external adaptation and internal integration, working well enough that they were considered valuable and therefore taught to new members as the correct way to perceive, think and feel in relation to those problems.
7.	Pietkiewicz E., Kałużny S.	Organizational culture is the right organizational climate and management, incentives, skills, relationships.

**Source:** [Kraśiński M., 2012, p. 95]

It is worth noting that the quoted definitions of organizational culture in the most appeal to common principles, norms and values espoused by

members of the organization. In this context, it should be considered that the national culture with the characteristics of people who represent it affects the organizational culture of a particular company. Of course it is possible to find some examples where this relationship is reversed. An example is the church, which is also the organization, so it has its corporate culture. Churches in the history of the world have changed the national culture affecting its organizational culture - religion. There were changes in the state such as the pagan became Christian, and the Christian countries - Muslim. However, on the basis of the modern economy we have more to do with the influence of national culture on organizational culture.

Global markets have caused many results, also the creation of a large number of international organizations. A characteristic feature of these organizations is the variety of national cultures represented by their members. In special cases, it comes into contact only two national cultures at the organization. Such a case occurs when a particular company from one country invests in another one.

This paper focuses on the case in which the Japanese make direct investments in Poland. Regardless of the nature of the investment, the industry in which the Japanese company operates and the type of tasks, the Board Polish branch of Japanese companies are Japanese, and the workforce are mostly Poles. So there is a meeting of two cultures - Polish and Japanese.

In the 80's of the twentieth century Nancy Adler proposed an interesting model of cultural interaction, which identified three possible types of behaviour [Adler N.J., 1986].

1. The first is cultural domination. This is a case in which one culture is clearly dominant and affects the behaviour of the representatives of other cultures. Most often the dominant culture is the culture of the parent organization. Especially in the case of the Japanese companies is this situation because, in the opinion of the Japanese, the use of Japanese management methods also requires the use of the Japanese models of behaviour.
2. Cultural coexistence occurs when two different cultures within one organization operate in parallel. The model of cultural coexistence looking for a compromise that allows for the effective functioning, or functioning at all.
3. The third type of cultural interaction is the cultural cooperation. When the cultural cooperation exist in the organization there is a synergy of existing features of both cultures, and as a result a new, unique organizational culture is formed.

It might seem that the model of cultural cooperation is the most beneficial and thus is a win-win strategy. But is it always? First of all, in the cultural cooperation comes to merging two cultures, and the results of merging two different cultural features are not always positive (from the economic point of

view). In addition, the model of intercultural cooperation can be achieved in two ways. The first involves natural cooperation when both cultures “adapt” to each other during the time. The second model is a model of forced cooperation, what means that it is determined by management and the strategy of the company. In this case, it is possible to talk about the apparent cooperation because the national culture is reduced to the series of behaviours, from which are selected those behaviours for which there is consent. In the case of forced cultural cooperation, the members of the organization may have a feeling that after all this activity is artificial. Illusory cross-cultural cooperation basically comes down to cultural domination with elements of coexistence. Forced cooperation “allows” the behaviour of other culture, but only those that are acceptable, so that it is not a true cultural cooperation.

It is impossible to clearly determine the best model of cultural interaction, because the choice depends on many factors. Always, however, is a decision-in-chief executive. It is worth recalling at this point the situational model of leadership style because decisions on the model of cultural interaction will be associated with it.

**Table 2.** The situational model of leadership style

Situational factors			Recommended leadership style
Range of power	Level of tasks structuration	Relations between the leader and the group	
high	high	good	tasks-oriented
small	high	good	tasks-oriented
high	low	good	tasks-oriented
small	low	good	people-oriented
high	high	bad	people-oriented
small	high	bad	people-oriented
high	low	bad	people-oriented
small	low	bad	tasks-oriented

**Source:** [Przybyła M., 2003, p. 283]

As previously noted, the decision to choose the model of cultural interaction is within the top management. So that in a model of cultural interaction there is

no factor “range of power”, because its value will always be “high”. For the same reason, the factor “relations between the leader and the group” in the model of cultural interaction takes the form of “relations between management and employees”.

**Table 3.** The situational model of cultural interaction

Situational factors			Recommended model of cultural interaction
Level of tasks structuration	relations between management and employees	Leadership style	
high	good	tasks-oriented	cultural domination
low	good	tasks-oriented	cultural cooperation
high	bad	people-oriented	cultural domination
low	bad	people-oriented	cultural coexistence

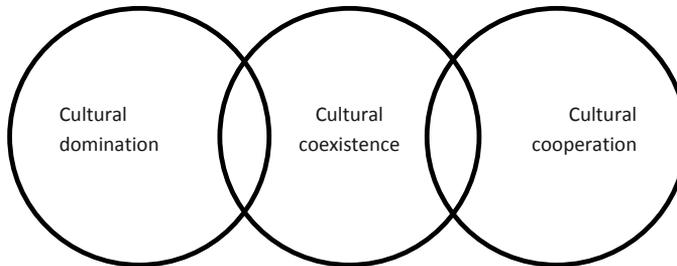
**Source:** Author’s own study

It is necessary to add a few assumptions to the proposed in Table 3 situational model of cultural interaction. First of all, it is assumed that in the case of cultural dominance, the dominant culture is the culture of the parent organization. The second assumption is to apply the solutions in the field of organization and management that are specific (originate) for cultural characteristics of the parent organization. Additionally, leadership style is consistent with the model suggested in Table 2 and for the purposes of this model, it becomes the situational factor. The fourth assumption is that the employees are people from the country where the investment is located, as opposed to top management. Cultural domination is performed, when the level of tasks structuration is high. The way the tasks are structured comes from the parent organization culture and for this reason, it should be present for efficient operation of the company. In the case when tasks structuration is low, the cultural cooperation model can be used. It should be remembered that the style of leadership should be tasks-oriented. Therefore, the process of developing cultural relations between the parent organization and employees should be completed in the first phase of the business life cycle [see: Przybyła M., 2003, s. 19]. The worst situation from the company’s management point of view is when tasks structuration is low, and relations between management and employees are bad. Then the preferred leadership style is “the people-oriented”, and the cultural coexistence model is postulated on the ground of cultural interaction. From the people-oriented point of view, cultural cooperation would be better, but due to the previous

factors, it could lead to the domination of employees' culture over the culture of the parent organization. Then there could be a problem with the implementation of the strategy and management solutions of the parent organization.

Considerations related to cultural interaction models should finish one more remark. It is hardly to separate specified in Table 3 the three types of cultural interactions models. It is also very difficult, if not impossible, to draw a clear borders between them.

**Figure 1.** The boundaries of cultural interaction models



**Source:** Author's own study

In practice, most of the companies in which cultural interactions occur at the level of different national cultures, there will be the indirect model of cultural interactions only with most features of one of these basic models. This situation illustrates the schematic shown in Figure 1

### **3. Cultural interaction model present in Japanese companies participating in the survey**

The problem with the choice of a particular model of cultural interaction in Japanese companies operating in Poland, was tested within the wider research related to cultural determinants of Japanese management concept for Japanese companies operating in Poland. In these studies, among others, took part two large and well-known in the world Japanese companies - Toyota Motor Industries Poland and Bridgestone Diversified Products Poland.

Both companies are Polish subsidiaries of Japanese corporations. Both companies are using the Japanese management concepts that are strongly embedded in the Japanese national culture. However, these companies have different models of cultural interaction. At Toyota Motor Industries Poland there is the cultural domination (Japanese culture dominate the Polish culture), while at Bridgestone Diversified Products Poland there is the cultural cooperation.

In-depth interviews with representatives of top management show that the level of tasks structuration at TMIP is high, while at Bridgestone is closer to the low than high. Toyota employees must follow exactly the established procedures, while at Bridgestone the end result is most important, and the way to reach it is left to the decision of workers. Tasks-oriented leadership is present at Bridgestone, and at Toyota leaders are people-oriented. Toyota managers are focused on human relationships, because, thanks to a very high level of standardization of work, tasks are performed automatically in some case. Situational model of cultural interaction factor “relations between management and employees” is defined both on the basis of in-depth interviews, as well as on the basis of surveys among employees. Employees were asked about the frequency of meetings with the top management and the awareness of business development plans for the coming years, because the direct question of relations with superiors could result in dishonest answers. The object of the study was the frequency of meetings with top management and the quality of these meetings. The quality of meeting was measured with the level of knowledge about the company future. The results are shown in Table 4

**Table 4.** Frequency of meetings with employees

Does your company top management:		
Company name	Bridgestone	Toyota
Often met with all employees	76%	13%
In exceptional circumstances, meet with all employees	24%	87%
Do not meet with all employees	0%	0%

**Source:** Author’s own study based on the research data

**Table 5.** Knowledge of the future of the company

Do you know the future plans of the company?		
Company name	Bridgestone	Toyota
Yes	62%	29%
No	38%	71%

**Source:** Author’s own study based on the research data

The high frequency of meetings with top management has increased awareness of the directions of development in the coming years. In the case of TMIP it is possible to say that the factor “relations between management and employees” is set to “bad”, and in-depth analysis allows to answer the question of why this is so. This is due to the organizational structure, which in TMIP is extended and there are many levels of management. Employees usually communicate with their direct operational supervisors, not the chief management.

Cultural cooperation model is present from the start of the BDPP. This is possible thanks to the high degree of autonomy within the scope of the organization and management solutions, which may not be faithfully reproduced from Japanese headquarters solutions. Human Resources at Bridgestone from the very beginning have an idea to create a family atmosphere. At the same time the HR department looks after the tasks have been carried out properly. One of the effects of these actions is the declaration of 84% of employees that they wish to work in BDPP until retirement<sup>1</sup>.

TMIP also identified from the beginning as a model of the interaction of cultural domination of Japanese culture on Polish culture. In this case it is caused by the fact, that Polish branch need to follow very strict procedures imposed by the Japanese headquarters. Simultaneous focus on people management makes mitigate resistance to the policy related to Japanese cultural domination. An important factor in determining the choice of the model of cultural interaction is also the use of many Japanese management concepts that require the performance of attitudes characteristic for the Japanese national culture. The attitude of the people is very difficult to change, so the Toyota forced to maintain in the spirit of the Japanese workers in a formal way.

Great difficulties in changing attitudes illustrate the results of research in these companies. The Bridgestone’s employee average seniority is 4.56 years; the Toyota’s is 6.33 years. Despite this attitude of Polish employees haven’t changed and aren’t close to Japanese attitudes, what is shown in Tables 6 and 7

**Table 6.** Locus of control

Locus of control		
Company name	Bridgestone	Toyota
Inner control	86%	83%
Outer control	14%	17%

**Source:** Author’s own study based on the research data

<sup>1</sup> In the TMIP similar declaration made 43% of the workforce.

**Table 7.** Perceptions of work

With which statement you agree		
Company name	Bridgestone	Toyota
I live to work	14%	13%
I work to live	86%	88%

**Source:** Author's own study based on the research data

Japanese are the highly outer control nation. Poles are much more inner control [comp.: Trompenaars F., Hampden-Turner Ch., 2012]. The result of the survey presented in Table 6 shows, that despite the long seniority at the Japanese companies, Polish workers haven't changed their attitudes in the level of locus of control.

Another characteristic feature is the Japanese perception of work as a duty resulting from life, while in Poland work is seen as a necessity [comp.: Hofstede, G., 2010]. Both in BDPP and in the workers attitudes coincide with the Hofstede research results.

#### 4. Conclusions

Conducted studies have shown that despite the use of one of the three models of cultural interaction, there is a possibility to observe some behaviour specific to another model.

An example would be to limit the Japanese Total 5S<sup>2</sup> to 4S in TMIP. The Japanese felt that the Poles cannot be enforced self-discipline, and so they made an exception to the full cultural domination. In BDPP HR department introduced the Japanese motivation system, which assumes that only the best 60% of the crew may receive a bonus in a given month, and not all who have completed their tasks. The decision to introduce a system of remuneration has been forced by the Japanese headquarters and did not agree with the current model of intercultural cooperation in the Bridgestone. The decision was therefore deviation from the model of cooperation for coexistence (reaching the compromise). These examples seem to confirm shown in Figure 1 certain common areas between different models of cultural interaction.

Selection of the cultural interaction model in a particular company is the responsibility of the company's top management. However, the choice should not be made on the basis of a random decision, but on the basis of the company's situation, in particular the level of tasks structuration, relations between

<sup>2</sup> 5S is the Lean Management tool. The shortcut comes from the acronym of five Japanese words: Seiri (sorting), Seiton (stabilizing), Seiso (Sweeping), Seiketsu (standardizing), Shitsuke (self-discipline).

management and employees and present leadership style. The presented results show that these factors have a key impact on the used model of cultural interaction. It is hardly to determine which model of cultural interaction is the best because it depends on, as indicated, a number of factors. The TMIP and BDPP examples show that two large Japanese companies operating in Poland can be successful despite using two very different models of cultural interaction. The article can therefore be concluded that the best model of cultural interaction is the model of cultural interaction consciously chosen taking into account situational factors present in a particular company.

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## Intercultural education from the organizational point of view

**Abstract:** *The paper concerns the problems of applying intercultural education into enterprises. After the presentation of the definition and essence of the examined issue, the aims and rules of intercultural education have been focused on. Finally, the methods, tools and problems of international education in enterprises have been pointed out and examined as for the consequence for organizational success.*

**Key words:** *intercultural education, intercultural management*

### 1. Introduction

Free flow of people between countries and the process of businesses becoming international results in a new phenomenon. Both social and professional life is more and more often taking place in cross-cultural environment. On the domestic and international level, there are many initiatives and programs aiming at making citizens more conscious of other cultures' problems as well as helping them in peaceful coexistence. While operating, contemporary enterprises should take the cross-cultural aspects into consideration in order to fulfill their goals successfully. The challenges of modern management imply welcoming other cultures and an efficient management of people in intercultural environments. Despite the increasing awareness of the issues in question, however, proper international education is frequently neglected in organizations.

The purpose of the article is therefore to describe the role and meaning of intercultural education. Moreover, it will present and consider the ways of carrying it out in enterprises.

### 2. Definitions and aims of intercultural education

Intercultural education means teaching about other cultures, their conditions and social processes. Its purpose is to arouse curiosity and willingness to get to know other people, search for similarities and understanding the differences. In this sense, intercultural education implies teaching to be open and able

to communicate. Also, this type of education is conducive to thinking over somebody's own culture and deepening the knowledge about it [Edukacja międzykulturowa 2012].

Intercultural education should be an interdisciplinary process which benefits from such scientific fields as ethnology, history, psychology, sociology, linguistics and the knowledge of culture [Lewowicki, Nikitorowicz, Pilch, Tomiuk 2002, p. 31]. It ought to teach mutual understanding, acceptance and empathy which contribute to harmonious and constructive relations between people originating from various cultures. Moreover, it should enable the participants to take a look at other cultures as a source of knowledge and wealth [Orłowska 2009] while, simultaneously, making use of their own culture.

Intercultural education consists in 'constant questioning prejudices and truths until welcoming the unknown and the incomprehensible. In the process of interaction and mutual cognition, every person is given an opportunity to fulfill himself in personal, social and global dimensions' [Cascao Guedes 2002, p. 34].

The basic objective of intercultural education is to create the need to explore the frontiers of various cultures and to excite cognitive and emotional curiosity such as exchanging values, astonishment, discovering, dialogue, negotiations and tolerance. It enables welcoming the world which, in turn, facilitates communication among people of various nationalities, races, religions and traditions [Nikitorowicz 2001, p. 126].

Goals of international education can be defined in reference to several dimensions: awareness, skills and attitude. As far as awareness is concerned, it is essential to define self-identity as well as rules and values which result from it. Moreover, it is vital to be conscious of independence and separateness which requires being well acquainted with native traditions and customs. It is also significant to acknowledge the equality of all cultures and to create ties within a family, group and a local community which can then spread up to international and global level. As for skills, P. Grzybowski draws attention to such aspects as recognizing and understanding cultural differences along with acceptance and pride of the native culture. Cultural education in this dimension comprises also perceiving people from different cultures not as enemies but the ones that can develop and enrich us through mutual contacts. Other issues concern 'surpassing' beyond the native culture, searching for understanding and dialogue with others. Moreover, it is important to notice and level off stereotypes, prejudices as well as other forms of discrimination. Furthermore, it is vital to work out means and tools allowing to diminish the problems connected with operating on the border of various cultures.

The attitude dimension focuses on the need to teach openness, empathy and sensitiveness to other cultures. It also involves fighting with all kinds

of discrimination, xenophobia, nationalism and ethnocentrism. It pays considerable attention to tolerance and recognition of the existence of other cultures. They, on the one hand, make people different but, at the same time, contribute to their mutual enrichment [Grzybowski 2009, pp. 80-81].

In accordance with the recommendations of the International Commission on Education for the Twenty-First Century, intercultural education ought to consist of four basic pillars [UNESCO Guidelines on Intercultural Education 2012, p.19]:

- learning to know - concerns gaining knowledge indispensable to understand both the native culture and the other, foreign rules and values ;
- learning to do – it means learning which enables operating in an intercultural environment;
- learning to live together – the learner should be able to cooperate with people coming from different cultures. Not only should he understand and accept them but also be capable of cooperating with them;
- learning to be – consists in self-development, the feeling of cultural identity and learning intercultural competence.

### **3. Intercultural education in an enterprise<sup>1</sup>**

The consequences of successful or poor intercultural education in an enterprise are noticeable not only on an individual level but also in the departments and, as a result, throughout the organization as a whole. It is thus crucial for the largest possible groups of workers to participate in the educational process. Although the techniques and methods used in international education should be tailored depending on, among others, a company's condition, duties required on a given position and the level of intercultural competence of an individual, there exist several universal rules to follow.

First of all, it is significant to create the atmosphere of trust and mutual respect which will enable openness and facilitate exchanging opinions. Moreover, the starting (and the reference ) point is the native culture. It is therefore most significant to get to know one's own culture as well as to define and experience one's identity. Another significant factor is to realize the fact that objective reality does not exist. What and in what way people perceive around is a creation of their minds and rules imposed by the native culture. That is why those coming from other cultures should be approached with openness and sensibility which allows taking a look at given issues from their point of view. Apart from this, intercultural education requires accepting uncertainty and ambiguity along with openness to change and otherness. The problem in question is also connected with the need of considerable involvement. The

<sup>1</sup> For the sake of the article, terms like organization, enterprise and firm are used interchangeably, although the author is aware that they are not entirely identical.

process evokes huge emotions which are frequently quite extreme and difficult. Therefore, conflict is an inseparable element of intercultural education while the ability to cope with it constitutes one of the most important aspects of the education [Schachinger, Taylor 2002, s. 35-37].

Activities within the framework of intercultural education ought to comprise, among others, [Nikitorowicz, Sobiecki 1999, p.110] [Orłowska 2009 ]:

- recognition and awareness of one's own cultural identity,
- gaining knowledge about cultural similarities and differences,
- developing and acquiring both communication skills and interpersonal relations as well as the ability to analyze their essence and processes which seems indispensable to operate successfully in an intercultural environment,
- understanding issues connected with injustice, denying rights and the inequality of chances,
- capability of generating new and creative solutions within the scope of social relations.

Thus intercultural education in an enterprise should include not only knowledge and understanding but, first of all, shaping practical skills and attitudes. This will help to realize both cognitive, affective and behavioral goals [Strzałka 2005, p. 319].

In intercultural education the role of empathy and cultural sensibility are very much highlighted. These can be acquired through effective listening and non-evaluating approach to another person. Learning cultural empathy is particularly difficult for people showing signs of narcissism (which is often the case as far as some managers are concerned). Narcissus type of personality means that they, often unconsciously, treat others as beings whose function is to fulfill a narcissus' needs or as mirrors made up for him to admire his reflection. In his efforts to prove his greatness and being superior, a narcissus hardly ever takes other people's needs and values into account. It is therefore much more difficult for such a person to have a look at given issues from a different angle than his own and accept other rules or behavior [Schneider 1999, p. 165].

Moreover, it is vital to get rid of ethnocentrism, both individual and institutional, [Johnson 2006 pp.532-533]. Ethnocentrism is a way of thinking which consists in evaluating other cultures from the point of view of the native one. This results in considering any differences in rules and values as negative, and one's own culture as superior [Etnocentrismus...2012].

In intercultural education it is most important to assess at which stage of learning a given person is. Bhawuk distinguishes four basic stages in the learning [Bhawuk 1998] [Boski 2009, p.582]:

- unconscious incompetence-ethnocentrism,
- conscious incompetence- acquiring the awareness of the differences,
- conscious competence- understanding the rules,
- unconscious competence- acquiring and automatism in behavior,
- supercompetence-creativity.

The above model refers to the levels of competence distinguished by Benett. At the level of unconscious competence a person assumes the role of the so-called layman and is not aware of the differences in particular cultures. Later on, mostly owing to a 'clash' with some other culture, he realizes the existing differences, problems and misunderstandings yet does not understand their causes and essence. The level of conscious competence is acquired by an expert who is aware of the existing rules and values. He still cannot, however, behave and react automatically and naturally in a way proper and characteristic for a given culture. It is only at the higher level of unconscious competence that the so-called advanced expert is capable of both adapting his behavior and reactions to the rules of another culture and read the incoming signals properly. P. Boski supplements Bhawuk's model with the supercompetence level (characteristic of culture creators) which implies the creation of new elements of culture (artifacts, rules) [Boski 2009, pp. 582-584]

Assigning an employee abroad is a special challenge of cultural education. In this case, the process consists of several stages. It starts with acquainting the assigned with basic information about life in a given country. This comprises [McFarlin, Sweeney 2011, p.415]:

- problems connected with everyday life such as life standard, shopping, housekeeping,
- possibility of employing the spouse or another close person, conditions of children education,
- issues concerning running a business in a new location (political, economic and legal conditions, business code of conduct, socializing),
- problems connected with safety, health and insurance,
- policy and history of the foreign subsidiary, habits and routines of employees.

In the subsequent stages, the assigned should become conscious of problems resulting from cultural shock which he can experience while abroad. Informing about the reasons, symptoms and ways of coping with the phenomenon are very important elements of intercultural education.

Moreover, it is vital to get to know cultural differences which explain why people in a given country think and behave in the way they do. The next stage in cultural education is retaining the knowledge about foreigners' behavior, creating mental matrix (framework) which will help to make one's own

behavior suitable in a foreign country as well as understand the consequences of potential failure. Later on, the knowledge can be applied in practice which will bring about self-confidence in contacts with employees, customers and suppliers coming from a different culture [Mc Farlin, Sweeney 2011, p.415 ].

In case of intercultural education concerning people going abroad, it is significant not to forget issues connected with coming back to the home country. Such a person may experience the so-called repeated cultural shock.

#### **4. Methods, techniques and tools employed by intercultural education in an enterprise**

While considering issues connected with intercultural education in an enterprise it is crucial to remember about the concept of situated approach which stresses the need of applying suitable methods and techniques according to particular conditions. Trainings in international organizations which have subsidiaries in different countries ought to be tailored to peculiar conditions in a given region. It is quite common that joint techniques of intercultural education are worked out for people coming from various cultures. This can hardly be successful since every nation has its own preferences concerning the style of working and learning. Methods of intercultural education, therefore, cannot be standardized and try to prepare all those leaving native countries to work abroad or in a multicultural environment in the same way.

Furthermore, it is important to define what purpose a given intercultural training will serve that is what its goal and audience are. In case of preparing a person to conduct negotiations with a foreign business partner negotiation techniques should be of main interest. People from the Marketing Department, however, who create advertising campaigns and launch products or services onto a market ought to be taught in a different way. Namely, the main emphasis has to be laid on the meaning of symbols, colors, the sound of words and their associations. Training an expat is a special challenge as he must be well acquainted with the phenomenon of cultural shock. Still other problems must be underlined while teaching a manager who leads a multicultural team. In this case, he has to learn sensitiveness towards the otherness of each team member.

Also, the method of teaching depends on the culture of a given nation. For instance, in countries characterized by ( according to Hofstede ) high uncertainty avoidance the preferred methods are those structured along with detailed and carefully followed agenda. This approach is opposed to the one applied in countries with a low level of uncertainty avoidance where trainings are more flexible in many respects.

Within intercultural education trainings of various kind can be conducted. Bhawuk [Bhawuk 1998 ] distinguishes five basic types of trainings [ Boski 2009, pp. 582-584 ] :

- specified cultural training,
- general cultural training,
- behavior altering training,
- intercultural experience,
- cognitive training.

General cultural training supplies the trainees with the knowledge about the general mechanisms which influence culture, its dimensions and types as well as factors affecting it. The specified cultural training is connected with discussing one particular culture. Behavior altering consists in practicing a new code of conduct demanded in a given culture and assuming different roles. Intercultural experience involves simulating a stay in a foreign cultural environment while cognitive training is based on the theory of culture. [Boski 2009, pp. 583-584 ].

The choice of tools and techniques in international education depends on how advanced a person is as well as the goals which are to be achieved. Area studies are didactic and informative. They equip the learners with basic information concerning social and political conditions, history, geography and religion. This type of training is conducted by means of lectures, supported by films, reading material and handouts. The next group of techniques is focused on cultural experience and has in view practicing the best ways of reacting in ambiguous and difficult situations which can be encountered in a foreign country. The trainer introduces the learners to various situations and then asks how they would react. After that, he interprets the answers from the point of view of the foreign culture. He uses manifold case studies, culture assimilators and role playing. Moreover, intercultural training comprises mastering linguistic skills where special attention is paid to explaining the so-called cultural codes that exist in every language. Cultural issues are spotted through the analysis of literary texts, films and scenes. Techniques connected with creating cultural sensitiveness aim at evoking empathy, the ability to listen and the non-evaluating approach to another person. Here, personal, communicative trainings along with group work and foreign travels are used. Techniques employed within the so-called field experience should make the learners well acquainted with customs, beliefs, gestures, rules and values. This is achieved by means of experience gained abroad, field trips, meetings with those who have returned from a foreign country or with foreigners living in the motherland of a given employee and the assessment centers [Ronen 1989, p.438] [Deresky 2000, p.359] [ McFarlin, Sweeney 2011, p.415].

While teaching intercultural problems, it is worth using ludic techniques ( those with elements of entertainment and amusement) which play cognitive, affective and social roles. The above techniques lessen negative emotions

connected with tension and hence facilitate openness and better learning the conveyed knowledge. Among ludic techniques the following are most useful: role-play, simulations, psychodramas, sport games, quizzes and others [Jodłowiec, p.269].

Modern ICT appliances may be of much use, too. Although they cannot replace personal contact, the internet platforms, forums, on-line games and tests ought to accompany the process of intercultural education.

It is also vital to create situations that enable learning. Some companies have a tradition of inviting people from different countries to be trained in the company's location. Such meetings teach not only specialist( technical ) skills but they are also an opportunity for people originating from various cultures to meet face to face. [Schneider, Barsoux 1999, p.230].

It has to be underlined, however, that even an organization which has the already worked out and proven schemes should constantly search for new methods of intercultural education. They have to be adapted to the shifting rules and values in particular countries as well as to the modes of perception of subsequent generations entering the labor market.

Intercultural education can be carried out by outer, companies which specialize in this type of activity. In bigger firms there are separate training divisions dealing with elaborating globally compulsory programs. They can be very useful if well suited to specific conditions in other departments or subsidiaries.

One of the elements of intercultural education is the efficient coping with intercultural conflicts. Any efforts to solve a conflict should start with defining the field which the problem concerns. Usually, misunderstandings which are the source of conflicts are connected with the sphere of facts, needs or values [Kella 2002, s.92]. It is possible that a conflict comprises all three spheres, though. It is relatively the easiest to cope with misunderstandings concerning facts as they arise due to an inappropriate interpretation of the conveyed contents. Much attention ought to be paid to explain the differences in both verbal and non-verbal communication. These include: communicative rules, customs and scripts, manners, taboos, formal and informal rituals as well as the assumed communicative roles [Winkler 2008, p.636]. As far as the sphere of needs is concerned, the most commonly neglected is the need of safety. Intercultural contacts are often accompanied by fear resulting from 'the strange' and 'the unknown' which causes misunderstanding of certain behavior or approach. The participants of the conflict should realize what psychological reactions are evoked by fear and contact with the unknown. They ought to understand that escape and isolation are not the only methods to overcome the difficult situation. In the sphere of values, solving a conflict requires not only understanding the

differences in rules and values but also getting rid of prejudices, ethnocentrism and xenophobia.

While introducing intercultural education in an enterprise, it is significant to be aware of pitfalls and dangers such as [[Ladmiral, Lipianski 1989] [Cascao Guedes 2002, p.33] :

- creating generalizations and extensive limiting the reality,
- considering problems and conflicts focusing too much on cultural aspects taking no account of other issues, for instance psychological, sociological etc.,
- solving problems referring mostly to the rational knowledge about others.

### 5. Conclusion

'Attractiveness of intercultural education consists in the fact that it restores the faith in man, his inner strength and sensitiveness to others' needs. It is based on a deep, humanistic idea of coexistence, assuming the possibility of mutual development as a result of the ongoing internal processes, dialogue, agreement, negotiations and cooperation'[Grzybowski 2009, p. 90]. It seems that currently educating employees of an organization about cultural problems and teaching them to be open and understand other cultures is an indispensable condition for the efficient functioning of enterprises. Whether such an approach will be successful in a long run remains yet to be seen.

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## Country of origin effect as the factor influencing economy competitiveness – the case of Poland

**Abstract:** *In the modern economy competition takes place on many levels. Products compete with each other, companies compete, but also countries belong to competing groups. They compete to attract investment, tourists, or to stimulate the maximization of sales of produced goods. A strong support for these activities provides the image of a country. The empirical studies conducted on this issue confirms the existence of a link between perceptions of the country and the products derived from it. This relationship is described as a “country of origin effect”, which can be defined as the impact of associations connected with a country on consumers’ evaluation of brands and products coming from it.*

*This paper describes the nature of the phenomenon, its typical characteristics with respect to medium-sized countries such as Poland. The article presents the methodology of building and managing the image of a country. This is much more complicated than in the case of creating an image of a single firm because the image of a country consists of a much larger number of components such as economy, history, politics, areas that are very difficult to manage. It seems that, especially in the current economic crisis, it is particularly important to build a stable country with an economy, that has an image that encourages investing. At the same time, it seems equally important to build a belief that in the country there are attractive and high quality products, building such a belief should be part of a policy to stimulate export.*

**Key words:** *Image, country of origin effect, economy competitiveness, brands*

With the rise of globalization and integration processes, consumers can choose from a great number of brands - both native and foreign. At the same time states are forced to compete among themselves for investment, trade and tourists. An important element of competition is to create an image of the country, which should positively affect the perception of brands and products derived from it. In literature the occurrence of this type of relationship is called the country of origin effect. The purpose of this article is to characterize this

phenomenon and to highlight the basic characteristics of the incident on the example of Poland.

### 1. Country of origin effect - characteristics

Some authors, describing the country of origin effect, focus on the perception of the country without linking it with products derived from it. However, it seems justified to highlight this relationship and define presented phenomenon as an effect, which is responsible for the impact of country perception and associations on consumers evaluation of brands and products coming from it (Lampert, Jaffe 1998, p.61).

In the literature the existence of this phenomenon is not undermined, while its character and force of impact remains partly unknown. On the empirical evidence of the existence of country of origin effect invoke, inter alia, Kotler, Jatusripitak and Maesincee, who present its following characteristics (Kotler, Jatusripitak and Maesincee 1999, p. 421):

- The impact of the country depends on the type of product.<sup>1\*</sup> It is believed that the more homogeneous or standard the product is the lower the impact is (Karcz 1999, p. 386).
- Residents from highly industrialized countries are more likely to leave a higher rating of home products, while consumers in developing countries are more likely to assess foreign products higher than local ones.
- Campaigns, aimed at convincing people to purchase domestic products, rarely produce satisfactory results, if people are not convinced about their high quality.
- Some countries enjoy a particularly good reputation for certain product categories such as Japan and consumer electronics.
- The more favorable image of the country is, the stronger its origin should be highlighted in the promotion of the brand.
- Attitude to the country of product, brand origin and its assessment may be changed over the time. Therefore, it is appropriate to build the image of a country which has not previously had a good reputation. However, it is emphasized (Jaworski, Fosher, 2003, pp. 99-108) that it is a very difficult challenge. Associations connected with the country often lasts for decades, but positive perception of the country provides long-time advantages.

The second point from the above list is particularly interesting from the perspective of Poland. On this basis we can assume that the inhabitants of these country will value higher the products and brands coming from the West. This may unfavorably affect the home brands. However, the above claim should not be uncritically generalized on all product categories, for example in Turkey

<sup>1</sup> With respect to regions of product origin such a thesis is confirmed by Dutch research (Ittersum, Candel, Meulenberg 2003, pp. 215-226).

in some cases foreign brands are less valued than domestic brands (Dolekoglu, Albayrak, Kara, Keskin, 2008, p. 109).

At the same time mentioned authors stress the possibility and desirability of changes in the image of the state. The literature also underlines the importance of the level of economic development of the country on the strength of the country of origin effect. It has been proved (Magnusson, Haas, Zhao, 2008, pp. 101-105) that there are smaller differences in its impact in countries perceived to be highly developed than in the case when we compare the impact of origin from a highly developed country with origin from a developing country. This comparison is unfavorable for the second group of countries, including Poland.

In another paper K. Karcz stresses that the impact of country of origin effect should be considered in three different situations (Karcz, 1999, pp: 387-388):

1. The consumer has no knowledge or experience with the product, but made a certain opinion on the country of origin of the product and thus he moves the image of the country to the entire category of products. This type of behavior is called a "halo effect".
2. Consumers have already tried the product brand from the country. Evaluation of a new product in this case is based primarily on the benefits associated with a known brand. The image of a country descends to a further plan.
3. The consumer has experience with the use of different brands of products derived from the same country. The assessment of the new product is correlated with the opinion that he made about the country of origin on the basis of the various products coming from it.

On the basis of above distinction another factor appears quite clearly associated with the image of the country, which is especially important in first and third situation. In both cases a brand or a product is launched on the new market, where it was unknown before (we should add here the situation when a brand has been present on the market for a long time but is still anonymous to customers). In such situations country of origin image foregoes and partly replaces the brand, its assessment is largely carried out on the basis of associations, related to the origin. The image of the country is therefore particularly important in cases where the company on the market does not have known brand with high brand equity level. This conclusion has particular meaning in terms of brands from countries such as Poland, which are in the described situation (more about launching strategies from developed country into developing one Magnusson, Haas, Zhao, 2008, pp. 95-105)

## **2. The country of origin effect - empirical studies**

The empirical studies confirm the existence of the country of origin effect. Differences in the quality assessment of products that come from different

countries were already demonstrated in the 60s. (Ittersum, Candel, Meulenber, 2003, pp. 215-226; Knight 1999, pp. 151-162). Approximately 75% of the companies from the Fortune 500 list, indicated product origin as an important factor that determines the choices made by consumers (M. Leonard, 2001, p. 24).

In the light of the considerations very interesting findings give us results of research conducted by Jo, Nakamoto, and Nelson (Jo, Nakamoto, Nelson, 2003, pp. 637-646). They put and tried to prove the hypothesis that strong brands such as Sony are inconsiderably perceived by image of the country of manufacture.<sup>2\*</sup> They are of the opinion, that in that case, the dominant role is played by the company (or product) brand and its country of origin. However in the literature we do not always find confirmation of this thesis. For example, Hui and Zhou in their research proved a thesis about significant country of manufacturing influence if it is not the same as country of brand origin. However, in the same study they confirm that in the case of brands with high level of brand equity their image plays the dominant role over the country image, at the same time the relationship is opposite for low brand equity brands (Hui, Zhao, 2003, pp. 133-153). Another example is that it has been observed that consumers prefer vehicles produced in high developed countries. It is negatively perceived by American consumers to place production in countries such as Mexico, South Korea, the Philippines (Karcz, 1999, p. 391). This is also confirmed by the results of certain tests by which the Americans more often bought Volkswagen cars produced in Germany than the same vehicles produced in Brazil (Lampert, Jaffe, 1998, pp 61-78). Moreover Knight's research indicated that consumers' purchasing preferences were stronger influenced by the production country than by company's country of origin (Knight, 1999, 151-162).

This issue concerns mainly large corporations, which place part of their production in countries with lower manufacturing costs, but a worse image. These doubts refer less to enterprises from Poland, as they invest primarily in domestic production, and they mainly do not have strong international brands.

Cited scientists - Jo, Nakamoto, and Nelson - studied also the other hypotheses, which are interesting from Polish point of view. They argued, inter alia, that with regard to the weaker brands, there is observed a significant decrease in the assessment of perceived quality of the products in the case of low-quality assessment of the country of origin. Perceived quality is one of the key components of brand equity. The described effect may therefore result in a

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<sup>2</sup> In the case of transnational companies brand and product origin does not have to be the same. Many firms decide to move manufacturing to countries with lower costs. In such a case the mark "made in..." does not inform about brand origin for example Philips products manufactured in Poland. From the other side this problem does not touch most of Polish brands because they are usually manufactured in the country.

reduction in brand equity, which in turn will be reflected in its value, volume of sales or price that is possible to be reached.

A logical consequence of this thesis was the next one put by the authors. They concluded that for the weaker brands country of origin is of great importance, that means that it has a great influence in assessing the product. At the same time a significant change in the value of the weight of the country of origin was observed in the case of countries with different images. Table 1 presents the results.

Presented tables contain the results achieved by Jo, Nakamoto, and Nelson. Panasonic and Orion, respectively represent the strong and weak brand, whereas Japan, Thailand and Pakistan origin countries of high, medium and low repute. It is clear that in the case of a strong brand differences in the evaluation of both elements between the products from three countries were minimal. At the same time, this data clearly show a strong advantage of the Panasonic brand over country of origin in assessing the product. In the case of the Orion there is the opposite relationship, consistent with previously presented thesis. Country of origin plays a far greater role.

It is worth mentioning that for both elements in the case of Thailand value that was reached is different from value for Japan and Pakistan and is more closely related to the weight of the Panasonic. This discrepancy seems to be justified, because both countries have a very positive or very negative image of the economy and products coming from it. These are extreme cases and both produce strong associations. It may be assumed that the Japanese origin significantly improves the perceived quality of the product and the Pakistani one on the contrary. Thailand is a country with a less clear image and not causing strong associations, so this image does not have such a strong effect. It seems that in such situation is Poland.

**Table 1a** Country of origin weight given by assessing the product (100 possible points)

Brand	Japan (average)	Thailand (average)	Pakistan (average)
Panasonic	23.88	21.72	22.43
Orion	39.28	25.17	35.00

**Table 1b.** Brand weight given by assessing the product (100 possible points)

Brand	Japan (average)	Thailand (average)	Pakistan (average)
Panasonic	41.48	41.55	39.47
Orion	21.65	29.83	22.83

Source: M.S. Jo, K. Nakamoto, J. Nelson (2003), The shielding effects of brand image against lower quality countries-of-origin in global manufacturing, *Journal of Business Research*, vol. 56, iss. 8.

These results confirm the importance of strong brands and have placed it as one of the basic conditions for the global production development and sales in many countries. It may be assumed that the occurrence of a negative country evaluation will result, especially in the case of the weaker brands, worse perception of product quality.

### 3. Creating the image of the country

The country of origin image is a variable independent from the companies. One by one they have a minimal impact on its shape. First of all state institutions should be responsible for perception of state and products or companies originating from it. It must be noted that the image of the country is a far more complicated whole, which is the result of many more variables, than the image of the product brand. Country image is affected by, among others, historical associations, political, cultural, sports events, people associated with these areas and more broadly, all citizens of the country who have any contacts with foreign countries. In addition, you can not forget the economic sphere and the perception of companies, products, and the country from the economic point of view. Each of these elements, as well as a number of others, has an impact on the country image. Therefore, it is much harder to manage it.

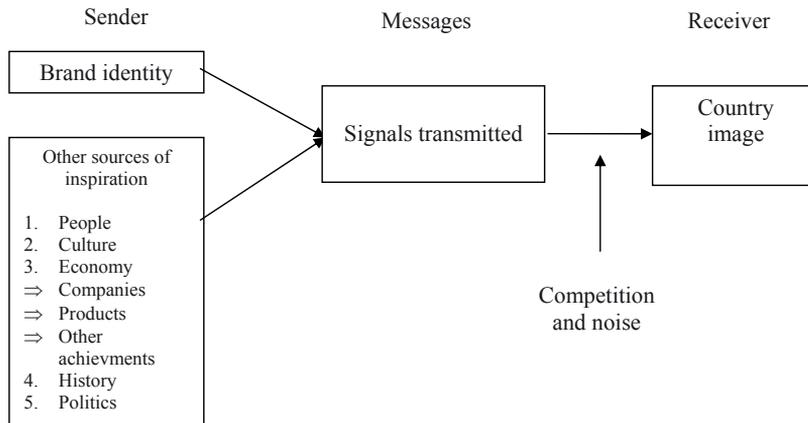
In this situation you can, with some modifications, apply the concept of brand identity and image by N. Kapferer (see Figure 1). It is however necessary to implement some objections to the direct application of this theory:

1. there is much less importance of the communication sender and identity wanted by him;
2. "other sources of inspiration" are far more important;
3. a set of instruments available to the sender is changed as well as the importance of them;
4. there are stronger interferences in the perception of the communication.

Particular attention should be paid to the change of importance and moving the center of gravity on "other sources of inspiration." They play a primary role in the process of creating an image of the country. The role of the sender (the government) should consist of harmonization and strengthening of the signals,

which flow from “other sources”. Other authors describe even more factors, classified as national brands communicators for example those listed by Kotler, Gertner and Anholt are presented in table 2. You can see the great variety of them that confirms the difficulty of managing them as well as coordinating messages sent through them.

**Figure 1.** Identity versus image of the country



Source: Based on: J.N. Kapferer (2004), *New Strategic Brand Management. Creating and sustaining brand equity in long term*, Kogan Page, London , p. 95.

**Table 2.** National brands communicators

Author	Communicators of National Brand
Kotler and Gertner	Geography History Proclamations Entertainment industry Media Art Music Famous citizens Other features
Anholt	Culture Language Images of popular culture Creative arts Tourism and travel writing Commercial branded products

Source: H. Skinner, K. Kubacki, G. Moss, D. Chelly (2008), ‘International marketing in an enlarged European Union: Some insights into cultural heterogeneity in Central Europe’, *Journal for East European Management Studies*, vol. 13, iss. 3, p. 200

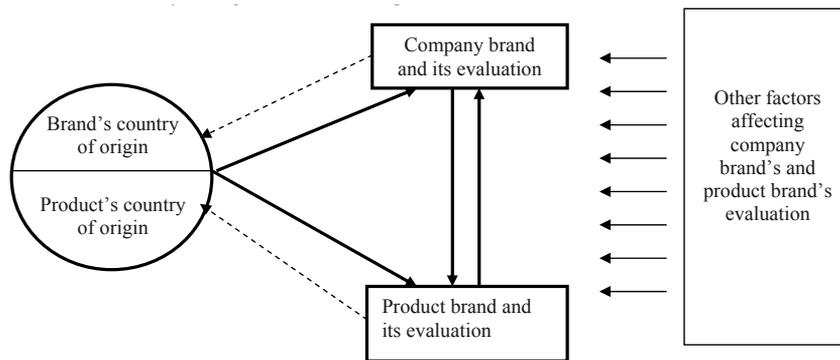
#### 4. The country of origin image and its impact on brands and products

The country of origin effect certainly exists. Its impact on the brand in a very simplified way presents figure 2. You can expect an impact of the country both on the company and product brands. If for a company more important is its brand than greater impact will be in this direction and the influence for product brand evaluation will be largely indirect. The strength of this effect depends on the country image and the strategy adopted by the company. If it opts for accenting the origin than the positive or negative effect will certainly be stronger.

The field indicating the country has been divided into two parts, since the origin of the brand should be distinguished from the production site. Especially in the case of large corporations the product image may be affected by two countries if it is produced in different place than brand's origin. This situation is however rather rare for Poland.

As it has been presented in Figure 2, you can also expect the existence of a feedback effect, although with far less power. The product and its rating only slightly impact the assessment of its country of origin, its economy and potential. For example, the use of Japanese electronic equipment produces the image of Japan as a country with a high level of technological development.

**Figure 2.** Country of origin effect and its impact on brand



Source: Prepared by autor.

It is certainly impossible (especially during the crisis) to have a situation that all countries create positive image supporting brands coming from it. It seems that even more frequent is the opposite situation, that country of origin effect may have a negative impact. What should the company do when it has to create its brand in such a case? The simplest answer is - do not emphasize its origin. Already quoted Kotler, Jatusripitak, Maesincee develop this issue. They

make a list of possibilities of the brand internationalization for enterprises, particularly those from countries where the support of the “place of origin” is weaker (Kotler, Jatusripitak, Maesincee, 1999, p. 422). The list is as follows:

1. Starting co-production with foreign company with good reputation - as a result the product may get this company's brand its home country brand,
2. Acquisitions of firms from the country of required origin - it means foreign direct investment, which result in acquiring of another brand (often with a strong position) and the right to use the brand of the country,
3. The use of anchor strategy - the creation of the brand, which suggests the origin of the product from the country, causing a positive association for a given product category,
4. Re-determination of the product - along with branding you create the image of a country as an expert in a particular category of products,
5. The use of local stars in advertising of the product.

Polish companies seem to use the above possibilities in a very limited extent. Probably the most common case is the cooperation with the foreign companies. However, the specificity Polish market cause movement away from the described model. Polish companies are generally weaker than foreign partners, which results in asymmetry in cooperation with them. As a result, local firms may become dependant on cooperators from the west and they do not create their own brands. That arrangement also does not guarantee them long-term benefits.

It must also be stressed that the image of the country of origin is not the only factor that affects the evaluation of the brand or product. This effect occurs, but its meaning is very different, in many cases it is very small. Brand equity or product perception is decided by a number of other variables which largely depend on company such as: choice of right attributes of the brand, its appropriate promotion or product quality. Consequently, the image of the country of origin should not be regarded as an essential element, on the basis of which a marketing strategy is created and promotion is based. It should however be a factor that promotes the development of all brands, particularly in foreign markets, but also on the domestic market – this aspect is often overlooked in the considerations presented in literature. In this area you should aim to use the phenomenon of consumer ethnocentrism. Knight' studies (Knight, 1999, pp. 151-162) show that there are premises supporting the statement that consumers are ready to pay more for fully domestic products. The result of it is that they will approve higher price for imported products only if they are convinced about their higher quality.

##### **5. The effect of country of origin in the case of Poland**

Adopting a statement confirming presence of country of origin effect, defined as an impact of image of the state on the perception and evaluation

of brands or products derived from it, you can wonder how image of Poland affects home brands. In both cases you can see strong similarities. According to the division made by Jo, and Nakamoto Nelson (2003, , pp. 637-646) countries can be divided into three main groups:

1. Countries with a good image, which support perception of most of brands coming from them, for example Switzerland, Japan, Germany.
2. Countries with an ordinary image, in most cases it does not cause either positive or negative associations such as Thailand, Belgium.
3. Countries that have a negative image, which lowers evaluation of brands and products derived from it such as Pakistan, Congo, Belarus.

In turn, brands can be classified into two main groups: with high and low equity, which is the consequence of their awareness, perceived quality, or the consumers loyalty. Against this background, we can identify six basic situations for brands in foreign markets. They are presented in Figure 3.

Undoubtedly the best is the situation 3, when a strong brand is supported by a strong positive image of the country of origin. However it is necessary to wonder where Polish brands are. It seems that situation 5 describes it in the best way, in foreign markets, Poland has relatively weak brands, which are linked to the neutral image of the country of origin and the quite high anonymity of state. It must also be pointed out that the mere recognition of the country does not provide economic benefits, to achieve them, you must aim to a situation where the country will be associated with specific, positive attributes.

**Figure. 3.** Basic brand situations on the foreign markets.

Brand equity level	High	<b>Situation 1</b>	<b>Situation 2</b>	<b>Situation 3</b>
	Low	Situation 4	Situation 5	Sytuacja 6
		Strong brands with negative country of origin effect	Strong brands with neutral country of origin effect.	Strong brands with positive country of origin effect
		Weak brands with negative country of origin effect.	Weak brands with neutral country of origin effect	Weak brands with positive country of origin effect
Image of the country of origin		Weak	Ordinary	Strong

Source: Prepared by author

Of course you have to remember that on different national or product markets there are Polish brands, which can be considered as strong, as well as for certain groups of products the image of Poland may have the effect significantly different from the average. Nevertheless, it seems that it is reasonable to say that in Polish case the country of origin does not provide support for the perception of brands.

Agreeing on the assumption about low-power Polish brands in international markets, the most advantageous for our country would be situation 6. It means that brands are supported by a strong image of the country. That is why there is strong need to build positive images of Poland in the world.

Country brand is a final result of several elements including companies, products, national specialties, cities, landscapes, famous people or symbols. This is definitely complicated collection and much more difficult to manage than it is in the case of product or company brand. All these elements should be systematically and consistently presented with a coherent program. The key to its success is simple and clear idea, the message associated with a country that should be presented wherever possible and where it can be reliable and understandable. In the Polish case it is emphasized that there is lack of such a program, and therefore the promotional activities run by various entities are insufficient and not harmonized. In addition, studies show that there are significant differences between the way how Poland is perceived in the country and how it is communicated and perceived in foreign markets (Skinner, Kubacki, 2006, pp. 284-299).

It should also be pointed out that the promotional activity is not sufficient in the process of creating the image of the state if it is not supported by other actions, such as:

- development and internationalization of enterprises,
- making cities more attractive and development of tourist sites (the situation on this field starts to change),
- active role in the field of international politics,
- cultural and sporting successes.

In the long term, only the consistent pursuit of a number of actions could lead to the creation of a positive image supporting local brands and products. This activity would be an element of indirect policy stimulating export. It is primarily intended to increase the international competitiveness of domestic products.

## **6. Conclusions**

As this paper shows there is strong need to create a positive image of the country, however it should be stressed that this is a time-consuming and

complicated process. Thanks to the existence of a country of origin effect strong country brand can provide significant support for the home brands and products. At the same time you also need to remember that the impact of the country image is much broader. Created in a positive way it should support an influx of foreign investment or tourism development. Its importance is particularly high in the current economic situation, related to the progressive economic crisis, when there is exceptional meaning of building a conviction about the stable economy and supporting local products and businesses on a particularly strong competitive market. In the Polish case, a very important aim is convincing to return to the country hundreds of thousands of citizens who left the West after our accession to the European Union.

The purpose of this paper was not to present a detailed image of Poland. The author focuses on the impact of country perception on perceiving brands and products derived from it. Therefore there appear other possible and justified research directions. For example, it could be: an analysis of the current image of Poland both in the domestic and foreign market, or analysis of programs that are designed to create the image of the country.

However, it seems that for Poland there is a strong need for work in the country image area, which for sure are being carried out, but it is an open question to what extent they are effective. In the Polish case the lack of harmonized marketing programs is emphasized. There are different institutions responsible for promoting culture, tourism, the economy, stimulating the inflow of investment and it results in a fragmentation of activities.

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## Public Relations in Asia

**Abstract:** *The demand for public relations services globally has gone high during the last decade. This has come about primarily due to the increase in competition for foreign markets among multinational corporations. Practitioners as well as theorists of PR are required or rather forced, because it's not a matter of choice, to be global communicators, governed by a whole new set of personal and professional rules. The nature of its rapidly growing economies results in huge opportunities for businesses but also great challenges. Asian region has its own unique approach to practicing public relations. The aim of this article is to identify the core cultural elements that have the effect on public relations practices.*

**Key words:** *Asia, Public Relations, China, India, PR*

### Introduction

Public relations is more important than it used to be, because there is a perception that the world today is more media-driven than it used to be. The new meaning of public relations is a product of a new age. Information travel so fast that within seconds a press release originating in New York is read by thousands of people on their computer, mobile or PDA screens in China, Mexico, Norway, Poland etc. PR is experiencing a dramatic paradigm shift. Shift caused by mainstream Internet acceptance. Google, Facebook, MySpace, Twitter have outgrown the vision of Marshall McLuhan's (McLuhan, 1965) global village and with it unprecedented expectations of public relations practitioners to service a new, intercultural, worldwide audience (Fitzgerald, Spagnolia, 1999). Monocultural approach is no longer valid. Practitioners as well as theorists are required or rather forced, because it's not a matter of choice, to be global communicators, governed by a whole new set of personal and professional rules to accommodate this new role (Kemper, 1998).

### Public relations

Public relations play an important role in the world of international business. From a corporate standpoint, PR can help companies to develop positive images for their businesses. From a marketing perspective, public relations play an important role as part of the marketing strategy. PR help to position the company's product or brand and build brand equity.

The formal practice of "public relations" dates to the early 20th century. In the relatively brief period leading up to today, public relations has been defined in many different ways, the definition often evolving alongside public relations' changing roles and technological advances. The earliest definitions emphasized press agency and publicity, while more modern definitions incorporate the concepts of "engagement" and "relationship building."

Public relations has developed very rapidly in recent years, partly because management of various commercial and non-commercial organizations have discovered a need for public relations activities. There has also been a considerable increase in the means by which public relations messages can be conveyed.

In 2011/12, PRSA led an international effort to modernize the definition of public relations and replace a definition adopted in 1982. PRSA initiated a crowdsourcing campaign and public vote that produced the following definition: **"Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics."** This definition focuses on the basic concept of public relations — as a communication process, one that is strategic in nature and emphasizing "mutually beneficial relationships."<sup>1</sup>

As a management function, public relations also encompasses the following<sup>2</sup>:

- Anticipating, analyzing and interpreting public opinion, attitudes and issues that might impact, for good or ill, the operations and plans of the organization.
- Counseling management at all levels in the organization with regard to policy decisions, courses of action and communication, taking into account their public ramifications and the organization's social or citizenship responsibilities.
- Researching, conducting and evaluating, on a continuing basis, programs of action and communication to achieve the informed public understanding necessary to the success of an organization's aims. These may include marketing; financial; fund raising; employee, community or government relations; and other programs.

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<sup>1</sup> <http://www.prsa.org/aboutprsa/publicrelationsdefined/> 30.07.2012

<sup>2</sup> <http://www.prsa.org/aboutprsa/publicrelationsdefined/> 30.07.2012

- Planning and implementing the organization's efforts to influence or change public policy. Setting objectives, planning, budgeting, recruiting and training staff, developing facilities — in short, managing the resources needed to perform all of the above.

### **Public relations across cultures**

The debate on whether public relations can be practiced in similar ways in different countries was started three decades ago. (Illman, 1980; Ovaitt, 1988; Botan, 1992;).

Those so called “ethnocentric perspective scholars” have argued that public relations practices should be no different from their own culture (Illman, 1980). “Cultural relativist perspective” scholars have argued that public relations practice should be different in every society (Botan; Huang, 1997).

There were also “the middle way” scholars. Vercic, J. Grunig, and L. Grunig (Vercic, Grunig, Grunig 1996) argued for an approach between ethnocentrism and cultural relativism. They proposed a normative model of global public relations that contains generic principles and specific applications. However, there is a visible lack of truly comparative and international public relations research.

Several international studies indicate that there are various public relations models around the world. (Grunig et al., 1995, Huang, 2000, Jo and Kim, 2004, Park, 2002, Rhee, 2002, Sriramesh, 1992). However, an important question - why certain public relation practices are more common in certain countries still remains. (Jo and Kim, 2004). There is also an important question concerning organizational cultures which are effected by national cultures [Sułkowski 2002].

Since 1985 a team of six researchers (IABC Research Foundation) led by J. E. Grunig (1992) has conducted research on the characteristics of excellent public relations departments and their work to make their organizations more effective. After surveying more than 300 organizations in the United States, Canada and the United Kingdom, the IABC team identified the characteristics of excellent public relations and corporate communications departments.

In 1992, C. Botan (Botan, 1992) pointed out that the tremendous growth of PR was concentrated mainly in the US. A PR matrix developed by him involved four factors:

- level of national development
- primary clients
- legal-political context
- history of the practice.

Nevertheless, one can ask - can a truly global approach be developed with the same generic principles used in different countries?

Based on the excellence study, Vercic et al. (Vercic et al., 1996) proposed a global public relations theory. The group of researchers consolidated the excellence characteristics into 10 generic principles and identified 6 specific contextual variables that should be taken into account in global public relations (Rhee, 2002).

“The generic principles are as follows:

1. *Public relations is involved in strategic management.*
2. *Public relations is empowered by the dominant coalition or by a direct reporting relationship to senior management.*
3. *The public relations function is an integrated one.*
4. *Public relations is a management function separate from other functions.*
5. *The public relations unit is headed by a manager rather than a technician.*
6. *The two-way symmetrical model of public relations is used.*
7. *Asymmetrical system of internal communication is used.*
8. *Knowledge potential for managerial role and symmetrical public relations.*
9. *Diversity is embodied in all roles.*
10. *An organizational context exists for excellence.”* (L. Grunig et al., 1998, pp. 337–339).

### **Asia**

Asia's time has come. For centuries, this vast, complex and diverse continent has been forced to play catch up with the Western world. However, the emergence of China and India as fast-growing economies is the biggest shift in geopolitical power since the US replaced Europe's imperial powers as the world's dominant trading block. While India and China are Asia's driving force, the continent also boasts some of the most technologically advanced territories on the planet. Long time ago, Japan graduated to the economic and innovation elite. But now it has been joined by, Taiwan, South Korea, Hong Kong and Singapore. At the same time Indonesia, Malaysia, Thailand, the Philippines and Vietnam are all experiencing economic growth and advances in infrastructure.

Asia is a dynamic place and home to some of the richest as well as the poorest people in the world. The nature of its rapidly growing economies results in huge opportunities for businesses but also great challenges.

Both in geographical size and in population Asia is the largest continent. It is probably the most complex region as well. Asian countries such as China and India have emerged as significant markets for multinational corporations. This process of international trade in Asia continues to expand. The creation of these new markets will continue to demand an increase in the level of public relations activity in the continent. (Sariramesh, PR Encyclopedia, 2005).

Globalization has opened up the economies of a dozen or so Asian countries, resulting in a significant inflow of multinational corporations into the region.

A concomitant result has been the entry of leading multinational public relations agencies into Asia, resulting in an infusion of Western perspectives of public relations practice. Some observers have rightly commented that this development has led to an increase in the level of professionalism among public relations practitioners in the continent. Nevertheless, it is also important to recognize that there has been no corresponding flow of information out of Asia that could help in the development of effective strategies for conducting public relations globally. It is reasonable to believe that a continent as rich as Asia, with its long heritage, has something useful to offer the public relations industry and pedagogy [<http://www.icpr.ir/The%204th%20International%20Conference%20on%20Public%20Relations.pdf>].

### **Values and cultural elements in Asia**

Paying attention to different cultural elements and defining new and sensitive cultural methods as a principle is completely necessary and without considering these elements, the activities of PR companies in this area will definitely result in failure.

It is believed that the effective public relations in Asia just like other areas, is not about stereotype communications or trading communications. It is about creating and managing relationships between the organisation and each of its key publics. Effective communications, verbal and non-verbal, are vital. But so too are PR strategies that understand the implications of corporate behavior.

Communication must be framed within the context of an informed understanding of the cultural, religious, social and ethnic context of each country or even community or public. The fact that a message worked well in Asian market A, does not guarantee that it will work equally well in Asian market B.

### ***Shareholder Influence***

In a Western region of Asia such as Australia, dominant stakeholders are often external shareholders. In India and China, community and family networks influence business structure. Board of management is forever mindful of the family and government network, usually at the expense of minor investors (Kimber & Lipton, 2005). This identifies the clear disparity of power and presence of inequality in the Asian region, in comparison to the West [Gupta, Chandni, Bartlett, Jennifer, 2007].

### ***Trade unions***

Employees in Western regions are often represented by independent trade unions and associations. However, in many Asian countries, employees are closely aligned business owners or a caste community. Trade unions are easily

influenced via loyalty to the company (Kimber & Lipton, 2005). In Japan, for example, employees are not encouraged to voice their rights. They are expected to work hard and sacrifice all else for the company good. Demise (2005) believes that this has led to Karoshi – death by overwork.. Demise (2005) mentioned that new corporate governance was introduced in 2003, but resistance to the new regulations is still relatively high across the sector [Gupta, Chandni, Bartlett, Jennifer, 2007].

### *Personal Influence in Business*

In the Western regions, there is a clear distinction between personal and business relationships, but in most Asian countries, the relationships are quite often blurred (So & Walker, 2005). In Western regions, family relations are often hidden during business negotiations to avoid conflict of interest, in Asian regions, any perceivable relationship with the other party is identified and emphasised (Reynolds & Valentine, 2004).

**Table 1:** Summary of regional business practices

Region	Stakeholder influence	Workplace environment	Personal influence	Spiritual influences
Asian	Company's family members – top priority	Little power to trade unions	Use of <i>Guanxi</i> and <i>Mianzi</i> in China	Corporate relationship between individual and astrologer – India
		Tall pyramid style organisational structures		
		Close relationships between employer and employee	Business and personal relationships blurred	
		Karoshi (death by overwork) - Japan		
Western	Equal opportunity to all stakeholders	Trade unions have power and influence	Distinct difference between personal and business relationships	Protestant work ethic
		Flatter organisational structures		

Source: Gupta, Chandni and Bartlett, Jennifer L. (2007) ***Guanxi, astrology and symmetry: Asian business and its impact on public relations practice***. Asia Pacific Public Relations Journal, 8(1).

### ***Spiritual Influence in Business***

There are many factors in the Asian region that are quite abstract to the West. In the West, the protestant work ethic has dominated the practice of business activities since the 1970s. It is more apparent in cultures where people have a high need for achievement, individuality and in some cases high power distance as well (Furnham et. al., 1993). However, in Asian countries such as India, astrology plays a key role within the community, including business (Tsuruoka, 1993) [Gupta, Chandni, Bartlett, Jennifer, 2007].

### **Conclusions**

With the growth of international business, PR have become more complex. Public relations functions therefore become far more challenging. In addition to the usual professional skills, PR practitioners should expand their knowledge of world cultures, languages, customs, ways of conducting business [Chmielecki 2011, pp. 229-240]. Culture needs to be more clearly understood in the public relations context. It will help to understand why some of the models from the Western region become impractical for non-Western practitioners.

Asian region has its own unique approach to practicing public relations. Cultural aspects have a major impact on the business practices, which in turn impact the public relations profession. Culture's strong influence on business practices, has an effect on public relations practices.

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## LÍNEAS DE DESARROLLO DE GESTIÓN EN LA EMPRESA DEL SIGLO XXI

Los tiempos en los que vivimos son un periodo de transformación. Drucker [Drucker, 1992], que considera la transformación un fenómeno continuo, afirma: “(...) *if history is any guide this transformation will not be completed until 2010 or 2020*”. Puede que tenga razón pero también es posible que este periodo resulte incluso más corto. Somos testigos de cambios cotidianos muy rápidos: nos parece que los estamos encaminando nosotros, sin embargo, en realidad, somos nosotros los que nos estamos adaptando a ellos. Mientras que antes el ritmo de los cambios se medía según periodos de aproximadamente cincuenta años, hoy se suelen utilizar escalas mensuales o anuales, como resultado de una serie de tendencias presentes en la economía mundial contemporánea, enumeradas a continuación:

- el progreso científico-técnico, principalmente en el campo de las tecnologías de información, hace posible la creación, transformación y el acceso inmediato a la información en cualquier parte del mundo, lo que supone un cambio radical de los principios y formas de *marketing*, producción y gestión;
- estos cambios fortalecen la posición de los países y regiones cuyos mercados, junto con la base científico-técnica existente y un fuerte sector privado, facilitan el flujo del capital de inversión, lo que acelera aún más la transformación;
- el progreso científico-técnico de las tecnologías de información seguido por la reestructuración de la economía, hace que las empresas trabajen en un entorno que obliga a desenvolverse en condiciones de inseguridad donde la competencia aparece inesperadamente y fuerza a que se vuelvan a buscar nuevos mercados de venta.

De esta forma, la tecnología avanzada (*high-tech*), que incluye la rama de tecnología de información, favorece a la globalización, ya que le ayuda a la empresa a:

- conseguir una ventaja competitiva,
- actuar prácticamente en cualquier lugar del planeta lo que a menudo se convierte en una imposición.

La globalización se ve reforzada también por el *e-business* (negocio electrónico) que nace formalmente en 1995. *E-business* conlleva un cambio en las relaciones entre el comprador y el vendedor así como entre el productor y el proveedor lo que nos lleva directamente a la idea de los “meta-mercados” [Płoszajski 2000]<sup>1</sup>. En el meta-mercado los grupos de vendedores de bienes y servicios complementarios cooperan para ofrecerle al cliente un servicio completo que abarca no sólo el propio producto sino también la posibilidad de conceder un crédito para su pago, un seguro y un servicio “post-venta”. Quien compre en el meta-mercado se va a encontrar con un *marketing* individual personalizado, con unas bases de datos complejos y actualizados que dan la posibilidad de una elección óptima tanto del producto como del conjunto de servicios que facilitan tanto su compra como su uso. La meta-mercado proporciona mayores oportunidades para identificar las necesidades y comportamientos de los clientes confrontándolo con las posibilidades que ofrece un negocio tradicional. Un cliente, productor o vendedor descontento con su relación con el contratante, a través de *e-business* tiene la posibilidad de su inmediata e ilimitada sustitución, operando además a nivel global. Es un fenómeno que contribuye a la aplicación real de la regla “el cliente siempre tiene la razón” que resulta difícil de cumplir cuando nuestra elección está limitada a unas pocas opciones, tal como sucede en el proceso de negocios clásico.

### **Tecnologías de producción**

La primera revolución industrial (1870-1910) se caracterizó por la producción manufacturada mientras que los siguientes años (1910-1970) trajeron la segunda revolución industrial que introdujo la producción en masa. En las dos décadas, en los años 1980-2000, la producción masiva ha cedido el lugar, en la mayoría de los casos, a una producción flexible y esbelta – “*Lean*” – donde el umbral económico de rentabilidad corresponde a la realización sólo de una parte del proceso productivo o a la fabricación de un solo producto. Esto significa una transición desde el dominio de la economía de escala, donde la producción de grandes cantidades de productos iguales es la que garantiza bajos costos por unidad, hasta la economía de alcance donde, en cambio, el bajo costo

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<sup>1</sup> Nota: elaborado tomando como base el libro Bednarek M., Gajewski M., Niño F. “Continuous Improvement Management, otra vía hacia la empresa Lean” San Luis Potosi, México, UPSLP, 2012

se deriva de la producción de un surtido diversificado de productos parecidos. Comparando las diferentes etapas mencionadas merece la pena subrayar que el ritmo de los cambios llega a ser cada vez más rápido. Evidentemente, en la industria la transición de la economía de escala a la economía de alcance en tan poco tiempo exigió un progreso tecnológico de gran dinamismo. La producción flexible requiere, entre otros, la aplicación de:

- tecnologías avanzadas de producción, tales como robótica o control numérico
- tecnologías de diseño y producción asistidas por computadora, tales como:
  - diseño asistido por computadora (CAD)
  - producción asistida por computadora (CAM)
  - ingeniería asistida por computadora (CAE)

Algunas de las características de las revoluciones industriales y de los cambios que las acompañan, analizados anteriormente, se presentan en la tabla 1.1. En la última columna se incluye a la empresa del siglo XXI. Hay que resaltar que no todas las variables que la caracterizan se pueden definir en la actualidad, por ejemplo, no sabemos a qué tecnologías nuevas va a recurrir. Otros rasgos de la empresa del siglo XXI se van a ver con detalle más adelante.

**Tabla 1.1** Fases del progreso científico-tecnológico en las empresas productivas

Fase Variable	1 <sup>a</sup>	2 <sup>a</sup>	3 <sup>a</sup>	La empresa del siglo XXI
	Revolución Industrial	Revolución Industrial	Revolución Industrial	
Periodización	1840 - 1910	1910 - 1970	1970 - 2000	2000 - ?
Tipo de empresa	Taller	Producción masiva	Producción flexible y esbelta	Ágil, flexible, virtual
Comúnmente utilizados	Trabajo manual	Automatización, máquinas especiales y especializadas	Integración del equipamiento de control numérico y de tecnologías informáticas	Tecnologías informática  de alcance global, automatización; equipamiento de control numérico
Tecnologías introducidas	Máquinas simples	Control numérico aplicado individualmente	Tecnologías informáticas  de alcance global (p.ej.: e-business)	?

Métodos de organización sg Joiner*	Gestión de 1ª generación: Administrar  haciendo	Gestión de 2ª generación: Gestión  con directivas	Gestión de 3ª generación: Gestión  según resultados	Gestión de 4ª generación: basada en la calidad y gestión Sistemática. La mejora Continúa de la gestión.
Tipo de economía	Economía de tecnologías dominadas	De escala	De escala y de alcance	De alcance y de escala

Fuente: elaboración propia

\* Joiner B., Gerencia IV generación, McGraw Hill, 1995

### Características generales de la globalización

La globalización, que equivale a la idea de internacionalización, tiene raíces históricamente fundamentadas: hay que buscar sus comienzos en el mercantilismo, es decir, en la política económica empleada por los estados en la fase inicial de la formación del capitalismo. El desarrollo de la globalización tuvo lugar en los siglos XVI y XVII. Sus partidarios mantenían que la base de la prosperidad de los estados tenía que ser la industrialización capitalista, un desarrollo acelerado basado en el comercio ultramarino y el desarrollo de la producción interna protegida por el sistema monárquico absolutista. Se trataba, de una especie de empresa transnacional dominada por el capital francés. Esto condujo, entre otros, al descubrimiento y, más tarde, a la explotación de América, que dio el impulso para una rápida extensión de intercambios internacionales. En consecuencia, se crearon unos centros económicos a nivel mundial que ejercían influencia sobre las formas de producción y los procesos de distribución dentro de las economías nacionales diferentes. De esta forma, se llegó a configurar la división internacional de trabajo y la subordinación de la mayoría de los países del mundo a la hegemonía de las economías de mercado más desarrolladas.

Hoy este fenómeno se conoce como globalismo. La diferencia principal consiste en que las relaciones económicas, antes basadas en una dependencia vertical, ahora adquieren un carácter horizontal. Por eso, las actuales potencias económicas, EE.UU. y los países de la Comunidad Europea, han de tomar en consideración que los mercados globales se están llenando de nuevos pretendientes para ocupar las posiciones hegemónicas.

En los mercados globales aumenta la importancia de la información y del conocimiento lo que, junto con la intensificación de la competitividad, provoca

que los cambios en las empresas sean continuos. Llega el fin de un entorno relativamente estable y previsible y es la capacidad de la empresa para adaptarse de forma suficientemente rápida a los cambios del entorno, lo que adquiere una especial significación.

La idea de la globalización se refiere no sólo a la actividad industrial sino también a los mercados financieros y monetarios y, además, suele estar relacionada con la existencia de capitales especulativos en estos mercados.

Los mercados financieros y monetarios se caracterizan también por:

- una política financiera restrictiva de los bancos internacionales centrales la que dificulta a muchas empresas el acceso a los créditos,
- el exceso de oferta de numerosos productos fabricados en el mundo, respecto a la demanda
- altos intereses establecidos por los bancos de los países en vía de desarrollo los que, al necesitar fuentes de ingreso para sus inversiones, tienen que ofrecer condiciones favorables para la atracción de los capitales especulativos.

Las consecuencias de todos estos fenómenos pueden tener un carácter hasta revolucionario lo que obliga a los economistas a replantearse los modelos que definen las relaciones económicas internacionales así como las teorías de competitividad que hasta ahora se han referido principalmente a las economías estatales.

La globalización significa intercambio de información, tecnología, trabajo, productos y activos. No sólo disminuye la distancia entre los países y las diferentes regiones del mundo sino también amplía los mercados, tanto los realmente existentes como los virtuales. Pero, por otro lado, la globalización profundiza las desigualdades entre los países desarrollados y los que están en vía de desarrollo, entre las regiones o ciudades ricas y pobres. Por lo tanto, causa cambios radicales de doble carácter – tanto positivo como negativo. El fenómeno de la globalización nos suscita una pregunta acerca de cómo, en condiciones de una fuerte internacionalización de la economía, abordar el tema de la competencia, con sus rasgos característicos:

- productos globales
- gestión global
- competencia global

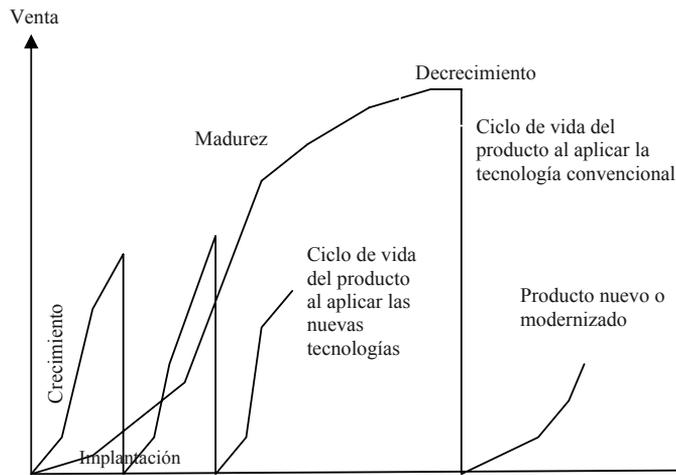
### **Productos globales**

La globalización repercute en los productos en dos formas:

- acorta sus ciclos de vida,
- tiende a crear productos globales, a los que podemos llamar productos universales

Este fenómeno se ha observado desde hace mucho tiempo y la influencia de las nuevas tecnologías en este proceso se representa en la figura 1.1.

**Figura 1.1** Acortamiento del ciclo de vida de un producto nuevo aplicando nuevas tecnologías



Fuente: Meredith J., *The Strategic Advantages of New Manufacturing Technologies for Small Firm*. *Strategic Management Journal*, Vol. 8, 1987

El concepto de productos globales se refiere a los artículos que se venden en la misma forma en todo el mundo. Coca-Cola, Pepsi-Cola o algunos modelos de automóviles son el mejor ejemplo. Se caracterizan por un alto grado de estandarización de los componentes y de los procesos productivos, asegurando alta calidad y bajo costo de producción, las dos características más importantes de los productos fuertemente competitivos. La premisa para la producción de este tipo de artículos es que, aunque las nacionalidades particulares difieran entre sí, en el fondo todos somos clientes iguales en cuanto a seres humanos. La creación de productos globales se deriva de la necesidad de repartir los gastos en la investigación y desarrollo que determinan la competitividad de la empresa. Para poder vender la gran cantidad de productos finales hay que llevarlos hacia clientes en distintas partes del mundo. Por lo tanto, las empresas recurren a estrategias de globalización local que consiste en introducir algunos cambios, pequeños e insignificantes desde el punto de vista de los costos de producción y de la calidad, en las características del producto que lo convierten en un artículo local y único. Uno de los ejemplos de tal táctica puede ser la adaptación a las condiciones locales de los artículos deportivos de NIKE. La lógica del producto global y de la localización global goza de gran apoyo de varios teóricos contemporáneos de la organización de la gestión, tales como M. Porter que se sirve de estos dos conceptos en sus numerosos trabajos. Constituyen el

elemento fundamental de la estrategia del funcionamiento de la empresa en la era de la competencia global, cuyo ideólogo principal es Porter [Gierszewska G., Wawrzyniak B., 2001].

### ***Competencia global***

La competencia es un proceso en el cual los participantes del mercado aspiran a realizar sus intereses: le presentan a los clientes ofertas más ventajosas que las otras en términos de costos y calidad, intentando influir, de este modo, en la decisión acerca de la transacción potencial [Obra Colectiva: Nowa Encyklopedia Powszechna PWN, 1995]. En el contexto de la globalización, inherente al mundo contemporáneo, no es suficiente hablar de la competencia a nivel local, al contrario, hay que entenderla como rivalidad entre países o empresas que se mueven en los mercados mundiales. A nivel microeconómico, la competitividad de una empresa se refiere a su capacidad de aumentar los beneficios, lo que se traduce a la relación entre los costos de su actividad y los ingresos que genera y esto, a su vez, depende de: su organización, la manera de aplicación de las nuevas tecnologías y la calidad de los productos y servicios que ofrece. Así, la empresa con una posición competitiva más fuerte genera más beneficios mientras que los beneficios de la competencia mas baja son correspondientemente menores.

Será más difícil definir la competitividad a nivel macro. Uno de los criterios de la competitividad podría ser el ingreso y el balance comercial, sin embargo, tal enfoque se ha cuestionado.

La competencia global es un hecho y, al mismo tiempo, un gran reto para la gestión de la empresa del siglo XXI. Esto pasa por una serie de razones: principalmente, por el aumento de la cantidad de competidores inesperados que en cualquier momento pueden entrar en el mercado local, en cualquier lugar en el mundo, y también por el que la competencia se convierta en un objetivo supremo de la actividad de cada empresa lo que refuerza la superioridad de los fuertes y cada vez más limita los derechos de los débiles.

### ***Gestión global***

Desde el punto de vista de la gestión empresarial la esencia de la globalización consiste en darse cuenta qué es lo que determina la actividad de una empresa desde una perspectiva mundial. También significa una selección de métodos adecuados, una filosofía directiva, que le haga posible funcionar en el mundo de la competencia global.

¿Cuál es la situación actual de la gestión? Estamos ante unos cambios significantes en la forma de dirigir las organizaciones: progresivamente, nos estamos alejando del esquema centralizado y burocratizado de la gestión empresarial que hace una década era un modelo válido y recomendable.

En cambio, las empresas de la tercera revolución industrial se caracterizan más bien por el uso frecuente de los siguientes métodos y técnicas:

- Gestión de Calidad Total (TQM)
- *Reengineering* (BPR)
- ISO 9001:2008
- Etc.

Aunque a menudo su aplicación todavía se lleva a cabo dentro de las estructuras organizativas funcionales, centralizadas y jerárquicas.

La combinación del enfoque de procesos y de la estructura funcional se convierte en una fuente de numerosas disonancias dentro de la organización. Los empleados orientan sus esfuerzos en una doble dirección, por un lado, para poder atender la estructura horizontal definida en términos de procesos y, al mismo tiempo, cumplir con sus tareas que se derivan de la gestión vertical. Tal situación causa confusiones y conflictos que desembocan en la disminución de la productividad de la organización.

La convicción de que sólo las mejoras continuas pueden aumentar la competitividad de la empresa es tan fuerte que muchas veces se olvida de que cada proceso de perfeccionamiento empresarial tiene que someterse a una determinada estrategia de desarrollo.

Un proceso de mejora que se emplee por separado o, incluso, sustituyendo la planificación estratégica nunca va a asegurarle a la organización una ventaja duradera respecto a la competencia.

Para optimizar las operaciones empresariales los gerentes prestan cada vez más atención a la cuestión del conocimiento y de su gestión: el problema principal de las empresas de hoy es el exceso de información y la sobrecarga del personal, efecto de la labor de análisis de la información recibida, continua e inacabable.

Muchas empresas han investigado la relación entre los recursos invertidos en las tecnologías informáticas y su repercusión sobre la efectividad de la empresa. Los resultados demuestran que las mejoras mínimas en la eficacia y en la competitividad no justifican el gasto en dichas tecnologías. Se ha llegado, por lo tanto, a las siguientes conclusiones:

- Las empresas contemporáneas no entienden la diferencia entre la información y el conocimiento. El conocimiento es la forma en la que una persona reacciona ante la información suministrada que se sujeta a un proceso de selección según los criterios de importancia de cada uno, aplicados en la vida cotidiana y en el trabajo.
- La computadora y el software son tan sólo herramientas que permiten transformar esta información pero hay que recordar que su uso es subjetivo.

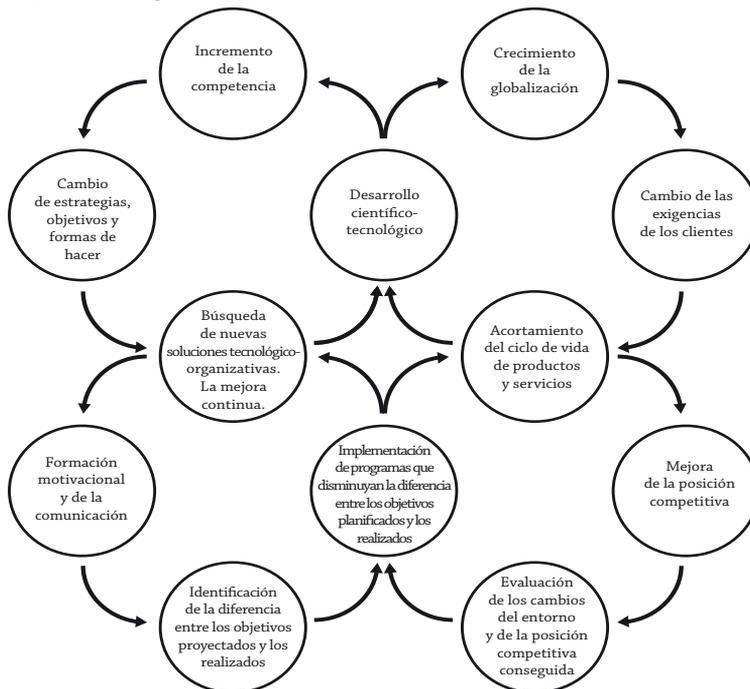
Teniendo presente la dinámica de los cambios económicos en la actualidad, hay que subrayar que entre algunos de los resultados de la transformación se enumera el surgimiento más frecuente de empresas nuevas y la quiebra de las ya existentes así como el creciente desempleo, considerado como inherente a la globalización. El desempleo resulta ser ya un fenómeno permanente en la economía y, con lo cual, también en la actividad de las empresas en muchos países diferentes. Las previsiones de numerosas publicaciones que analizan tales tendencias apuntan que esta situación no va a cambiar en el futuro más cercano.

Las características más relevantes del entorno en el cual va a actuar y funcionar la empresa del siglo XXI son:

- la globalización,
- el dinámico desarrollo científico-técnico,
- una competitividad fuerte,
- el desarrollo de empresas globales.

En la figura 1.2 se presentan las relaciones entre los diferentes elementos que caracterizan el funcionamiento de las empresas del siglo XXI.

**Figura1.2.** Relaciones entre los diferentes elementos que caracterizan la actividad de la empresa del siglo XXI.



Fuente: elaboración propia.

La gente resulta aún más importante si, tal como subrayan Grudzewski y Koźmiński [Grudzewski W., Koźmiński A., 2000], uno de los mayores problemas de la gestión actual es conseguir un alto nivel de innovación orientada a la creación de productos y servicios nuevos, a costo cada vez más bajo y de calidad correspondiente a las expectativas de los clientes. Y esto se puede conseguir gracias al comprometimiento de las personas y a unos sistemas motivacionales adecuados. Farrell, el director del *Reengineering* de Hitachi Data, analizando los fracasos de los procesos de implantación, indica como uno de los motivos más relevantes la falta de comunicación adecuada entre los trabajadores y los gerentes de la empresa. Por lo tanto, no se pueden esperar resultados positivos de un proceso de reestructuración si se menosprecia la implicación y la motivación de las personas que trabajan en la empresa y si no se dispone de un sistema apropiado que hiciera posible una comunicación eficaz entre las personas que la componen. Esta opinión sigue vigente aunque dicho comentario fue enunciado hace 12 años.

### **Objetivos de la empresa del siglo XXI**

Los objetivos de la empresa del siglo XXI han sido descritos por numerosos autores tales como Jordan [Jordan J., Michel F., Next Generation Manufacturing. CASA/ SME, 1999 [Jordan J., Michel F., 1999], Wah [Wah L., 1999], Nadler i Tushman [Nadler D., Tushman M., 1999] o Chaney [Chaney B., 1999] que analizaron este tema ya a finales de los años noventa y cuyas definiciones hasta hoy se consideran vigentes para referirse a cualquier empresa que opere actualmente en el mercado. Dichos objetivos se pueden resumir de la siguiente manera:

1. Lograr mantener una forma que le permita a la empresa reaccionar ante los cambios, previsibles e imprevisibles, del entorno.
2. Asegurar la satisfacción de los clientes en condiciones de un mercado dinámicamente cambiante.
3. Realizar las operaciones de modo lo suficiente magro (*Lean*), ágil e inteligente para no desequilibrar a la empresa al responder a los cambios.
4. Disponer de empleados que actúen en base al conocimiento.
5. Satisfacer los intereses de todos los implicados en la actividad de la empresa (accionistas, trabajadores, proveedores, etc.)

La realización de tales objetivos requiere:

- disposición de un personal preparado para un servicio flexible ante los procesos en cambio continuo,
- una gestión adecuada del conocimiento,
- el uso de métodos de trabajo en equipo junto con unos adecuados programas de formación,

- una gestión continua de los cambios que mantenga la coherencia organizativa interna de la empresa,
- la mejora continua y permanente de la gestión,
- creación de canales distributivos híbridos.

### **Paradigmas de gestión de la empresa del siglo XXI**

La realización de los objetivos y requerimientos mencionados se puede llevar a cabo en base a los paradigmas de gestión, adecuadamente modificados según las necesidades de la empresa del siglo XXI. La discusión acerca de los paradigmas de la empresa del siglo XXI, que se mantiene desde hace años y se ve reflejada en diferentes publicaciones. Los paradigmas de la gestión de la empresa del siglo XXI se pueden definir de la siguiente forma:

1. La gestión de la empresa se basará en estructuras organizativas de carácter híbrido que facilitan el funcionamiento de la empresa en las cambiantes condiciones externas.
2. La gestión de los cuadros descansará en relaciones de co-participación entre los gerentes y los empleados de la empresa provocando una progresiva desaparición de trabajos realizados según reglas e instrucciones establecidas por los superiores.
3. La elección de los métodos de gestión tomará en consideración la cultura organizativa así como los valores culturales del contexto en el que se va a desenvolver la actividad de la empresa.
4. El gerente observará y analizará, principalmente, los cambios en el entorno de la empresa los que, a su vez, van a delimitar el alcance de las innovaciones necesarias que se implantarán a través de los procesos de la mejora continua, empleados sistemáticamente en la empresa. El trabajo de los gerentes exigirá un apoyo de información apropiado para suministrar datos y conocimiento sobre los cambios que hayan surgido en el entorno de la empresa.
5. El fundamento de la actividad de la empresa descansará en la gestión de la información así como en una comunicación eficaz dentro y fuera de la empresa.

### **Desafíos que enfrenta la empresa del siglo XXI**

Los objetivos y los paradigmas de gestión le van a ayudar a la empresa del siglo XXI a enfrentar los desafíos que se le presenten. Las cuestiones más esenciales, que van a necesitar una respuesta urgente por parte de los especialistas del tema, son las siguientes:

1. ¿Cómo la organización debería arreglárselas con los cambios del entorno de forma que se pueda adaptar a éstos?
2. ¿Cómo debería, por lo tanto, crear condiciones adecuadas para generar unos continuos procesos de innovación?

3. ¿Cómo la organización debería gestionar sus procesos para poder ofrecer productos de alta calidad, al más bajo costo y que puedan entregarse al cliente en el tiempo más corto posible?

### **Formas de la empresa del siglo XXI y su sistema de gestión**

No se ha consolidado aún una opinión común acerca de la forma que va a adoptar la empresa del siglo XXI. Según la perspectiva de *Reengineering*, que combina las estructuras centralizadas con las descentralizadas, la empresa del siglo XXI va a poseer una estructura híbrida. Muchos rasgos característicos de la empresa ágil, esbelta e inteligente se recogen en la idea de la “organización-trébol” que se compone de tres partes diferentes pero relacionados. En primer lugar, tenemos a los trabajadores con conocimiento que constituyen el núcleo de la empresa ya que disponen de toda la información necesaria para que la empresa pueda tener éxito.

La segunda parte de la empresa está formada por los proveedores y los consultantes externos que son expertos en diferentes campos y a los que la empresa recurre para realizar sus objetivos de acuerdo con las reglas de “*outsourcing*”. El tercer grupo lo constituyen los que están empleados de forma flexible, con un contrato de trabajo temporal. La empresa tiene que invertir en estos últimos trabajadores, a diferencia de los expertos y consultantes externos, porque necesitan formación, sin embargo, a cambio no debería exigirles un compromiso propio de un trabajador fijo. Una “organización-trébol” está relacionada también con la idea de la llamada organización “tipo M”: una empresa multi-sección que se organiza en torno a una “columna vertebral” común, constituida por la tecnología que alimenta el conjunto. Tanto la “organización-trébol” como la de “tipo M” están orientadas al proceso y tienen estructuras mixtas de gestión – centralizadas y descentralizadas –. La idea de la “organización hipertexto” surgió en Japón [Nonaka I., Takeuchi H., 2000]. Su nombre se deriva del concepto informático de hipertexto donde cada texto es almacenado en la memoria de la computadora en un archivo separado de tal forma que se lo pueda ver en varias capas o planos. Además, tal tipo de texto mantiene vínculos internos con varios conjuntos de información adicional. El equivalente del hipertexto en el CAD *software* son los “*layers*” cuyo recíproco encender y apagar permite mostrar numerosos detalles del gráfico que se está elaborando.

Tales características de la empresa del siglo XXI como la capacidad de autorregulación y de auto organización se reflejan en la organización fractal [Warnecke H.J., 1999]. Es un conjunto de unidades de negocio que se caracterizan por su similitud, determinada por los objetivos de las actividades comunes para todo el conjunto. El objetivo se define a través de un proceso de negociación realizado entre los fractales y, a continuación, se descompone en

objetivos parciales con el fin de que cada unidad de la empresa tenga un sistema de objetivos propio, actual y coherente, pero relacionado jerárquicamente con los objetivos superiores de la empresa en su conjunto. De allí que cada uno de los fractales tiene:

- una autonomía de vasto alcance que, sin embargo, está regulada por la estructura centralizada de la gestión de la empresa que define las magnitudes de entrada y de salida, necesarias para la realización de sus objetivos,
- las relaciones entre los fractales están basadas en las reglas de la competencia de libre mercado aunque, por otra parte, también se prestan servicios recíprocamente son, por lo tanto, elementos en la cadena de clientes internos que componen la empresa.

Todas las visiones de la empresa del siglo XXI antes descritas toman en consideración también las tendencias de creación de “*hollow corporation*” - la corporación vacía - que separa las funciones de desarrollo de las funciones operativas, mediante la ubicación de la dirección de la corporación y de su centro de desarrollo-investigación en un mismo lugar y actividad productiva en sitios con mano de obra barata pero cualificada. Tales condiciones son propicias para la implementación de la mencionada estrategia de localización global, es decir, la adaptación del mismo producto, a través de simples y baratas modificaciones, a las exigencias de los mercados locales.

Partiendo de las reflexiones anteriores acerca de los modelos y formas de funcionamiento de la empresa del siglo XXI se puede resumir su actividad de la siguiente manera:

- estará estructurada en red cuyo elemento fundamental va a ser la unidad de negocio que realizará uno de los procesos de la empresa en su totalidad,
- la estructura de la organización de tal unidad será híbrida y fuertemente individualizada dependiendo del carácter del proceso a realizar. Se tratará de una estructura propia de una organización hiper textual,
- una especialización avanzada y la aplicación del “*outsourcing*” serán los rasgos característicos de la unidad de negocio,
- la unidad de negocio gozará de una amplia autonomía, limitada por los objetivos comunes realizados por la empresa,
- los métodos de gestión de la unidad se elegirán según los procesos que esté realizando y se basarán en una mejora continua de la actividad. El mismo criterio se aplicará para seleccionar las tecnologías imprescindibles para llevara cabo los procesos de negocio en la unidad.

Las unidades del negocio se van a concentrar en torno a un centro integrador cuyas funciones serán:

- definir las estrategias de la empresa así como su visión, su misión y sus objetivos,

- realizar la totalidad del proceso de la formación de los servicios para el cliente,
- integrar las unidades y coordinar los participantes externos en la realización de las tareas y de los objetivos de la empresa.

Las relaciones entre las unidades del negocio y el centro integrador se van a fundamentar en las reglas de “Keiretsu [Koch R., 1999]: la lealtad, la reciprocidad y la complementariedad. Se tratará de una cooperación con el fin de maximizar la cuota del mercado de la empresa en el mercado. Las unidades compartirán la tecnología aumentando y fortaleciendo los estándares de calidad y también generando y gestionando el conocimiento conjuntamente. Las reglas de la competencia del libre mercado, que podrían provocar una desestabilización interna en la empresa, se aplican no tanto en referencia a las relaciones entre los fractales [Warnecke, op. cit.] sino en referencia a las relaciones de toda la empresa con sus competidores.

Se deduce que los procesos realizados por el sistema de gestión en la empresa del siglo XXI se debería basar principalmente en:

- el conocimiento y el capital intelectual de la organización,
- unos procesos de comunicación eficientes.
- Conocimiento externo y personalizado, siendo este último el más difícil de conseguir.

Esto servirá para generar el conocimiento organizativo del que deriva la gestión. Las innovaciones y mejoras, que se crean como resultado de esta gestión, permiten cumplir las estrategias, visiones, misiones y objetivos de la empresa. Todo ello lo llevan a cabo las personas asistidas por la tecnología informática, apoyándose en los sistemas de comunicación eficientes desarrollados en la empresa. La gestión basada en el conocimiento impone el curso principal de los cambios que siguen los sistemas directivos existentes en el mundo actual. Un curso de cambios que encuentra su fundamento en la afirmación de Drucker es que en la nueva economía el conocimiento es el único recurso competitivo. Es la gestión basada en el conocimiento la que permite la transformación de la empresa en una organización inteligente.

Varias líneas del desarrollo de gestión en las empresas del siglo XXI han sido publicadas y discutidas en a principios del siglo. Siguen siendo válidas para las empresas que operan actualmente en diferentes partes del mundo.

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## Determinants of the process of acculturation in culturally diverse organizations

**Abstract:** *In the globalized world, one of significant components of the organizational success has become management of human resources originating from various cultures and using various languages. To meet this challenge, organizations must take account of the issues of diversity in their mission, declared values or applied personnel practices. They should also develop procedures of counteracting discrimination as well as build the organizational culture which promotes positive attitude towards differences. Thus, international companies need employees who easily adapt to new cultures, are able to work effectively in multicultural teams and communicate in many languages.*

*The object of considerations covered by this article is the organizational support for the process of acculturation of employees in culturally diverse organizations. The identification of barriers in intercultural interactions and the indication of the impact of national cultures on corporate culture have given the possibility to indicate methods and techniques of improving acculturation and professional skills of employees, employed or delegated to work in wards of culturally diverse organizations.*

**Key words:** *acculturation, cultural shock, intercultural training, cultural diversity, discrimination, expatriation*

### Introduction

Development of the world economy, market liberalization as well as technological progress have resulted in internationalization of companies, the foreign assets of which are a growing part of their total assets. [Schroeder J., 2010, p. 11]. Similarly, as a result of demographic changes and related transformations on the labor market the share of employees from foreign markets in this companies grows along with the complexity of internal and external conditions under which personnel decisions are made, focused on effective acquisition and use of human capital [Pocztowski A., 2008, p. 90]. In view of the above, it is not surprising that organizations that want to develop and achieve market successes must have competent personnel, able to operate

in the global context, taking into consideration expectations of local markets [Pocztowski A., 2008, p. 94, Schroeder J., 2010, p. 9]. In order to meet new challenges, contemporary managers (as well as other employees) - apart from traditional skills resulting from performed functions - must have a set of intercultural competences, involving, among others, great cultural sensitivity, adaptability (ability to acculturate), intercultural cooperation, innovation and entrepreneurship, communication skills under conditions of cultural and language diversity or, finally, be characterized by a great mobility and openness to changes [see Pocztowski A., 2008, p. 95, Kuc B. R. and Moczyłowska J. M., 2009, p. 348, Schroeder J., 2010, p. 98 and Janowska Z., 2009, p. 71].

Thus, it is worth observing the way organizations may support the process of acculturation of employees originating from different cultural circles and hired in headquarters and wards of international companies.

### **Impact of business internationalization on the employment structure**

Assuming the degree of internationalization as the basic criterion, we can distinguish four model types of companies and thereby - their different approaches to selection and development of personnel <sup>1</sup> [more in: Pocztowski A. (ed.) 2002, Przytuła S., 2011, Schroeder J., 2010]:

- 1. Ethnocentric (monocentric) companies** - the headquarters assign the most important positions in the company to PCN employees who are prepared earlier for taking up key positions worldwide. This approach is applied in the early phase of internationalization, when it is necessary to coordinate global initiatives, implement commands of the headquarters or transfer knowledge and solutions. The danger of application of this approach relates to a slower adaptation to a new work environment and lower (or lack of) effectiveness in relations with local employees or customers
- 2. Polycentric companies** - the headquarters assign the most important positions in a branch to HCN employees who are prepared for taking up key positions only in their country. This approach forces preparation of a concept of management at the place of location of a foreign organizational unit. As a result, HCN adapts rapidly to local culture. A drawback of such a solution may be too strong connection with local culture and, thereby, tardiness in implementing commands and strategy of the headquarters in favor of prioritization of local initiatives

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<sup>1</sup> On the basis of subject literature, we can distinguish three categories of countries and the corresponding three groups of employees, i.e. PCN (parent-country nationals) - the country of origin of a given organization and the group of employees working there, HCN (host-country nationals) - the host country where the agency, branch or another organizational form of an international company is located, hiring local employees, and TCN (third-country nationals) - third country, where the company or its branch conducts business activities and from where it acquires financial, material and human resources [see Pocztowski A. (ed.), 1999, p. 11].

**3. Geocentric companies** - the priority is integration of particular organizational units by division of competences between the headquarters of a given company and its branches, preserving general standards binding throughout the whole international organization. Thus, key positions are assigned to best employees, regardless of their country of origin (PCN, HCN or TCN). The key issue is effectiveness in local activities and fulfillment of the strategy of the headquarters. This solution is more and more often applied in respect of low level management<sup>2</sup>.

As we can see, preferences with regard to organizational behaviors and practices are significantly affected by factors associated with the country of origin of organization/employees. Some researchers claim that even the most global companies are not deprived of a kind of „nationality”, which affects various aspects of operation of the company (e.g. Ruigrok W. and Van Tulder R., 1995; Harzing A. W. and Sorge A.M., 2003, pp. 187–214), including creation of a new supranational organizational culture<sup>3</sup>. At the same time, it is necessary to emphasize the importance of information -communication systems, used to transfer ideas, goals, values and information on undertaken activities between the headquarters and a foreign branch in order to limit the impact of intercultural barriers on the organizational effectiveness [Kuc R. B. and Moczydłowska J. M., 2009, p. 348]. Searching for the common cultural plane is thus a result of growth in awareness of the role of culture in the organization as well as deepening cultural diversity of the world [Kuc B. R. and Moczydłowska J. M., 2009, pp. 347-348]. As a result, a need emerges, for examining factors

<sup>2</sup> Taking account of the extended characteristics, including, as 4th type, regiocentric companies, it is worth noting that in their case efforts are made, taking account of both strategy of integration and differentiation of activities. It is conducted by division of the area of organizational activities into homogeneous parts for which unified strategies of actions are prepared. As a result, the most important positions are assigned to best employees from a region, in which the organization/branch operates. Often, it is a stage preceding achievement of a geocentric form, therefore, it is assumed that regiocentric manager is egocentric on the regional scale. In this case, there is a risk of federalization at the level of the region, which may result in difficulties in introducing global strategy of the company [see Poczowski A (ed.) 2002, Przytuła S., 2011, Schroeder J., 2010].

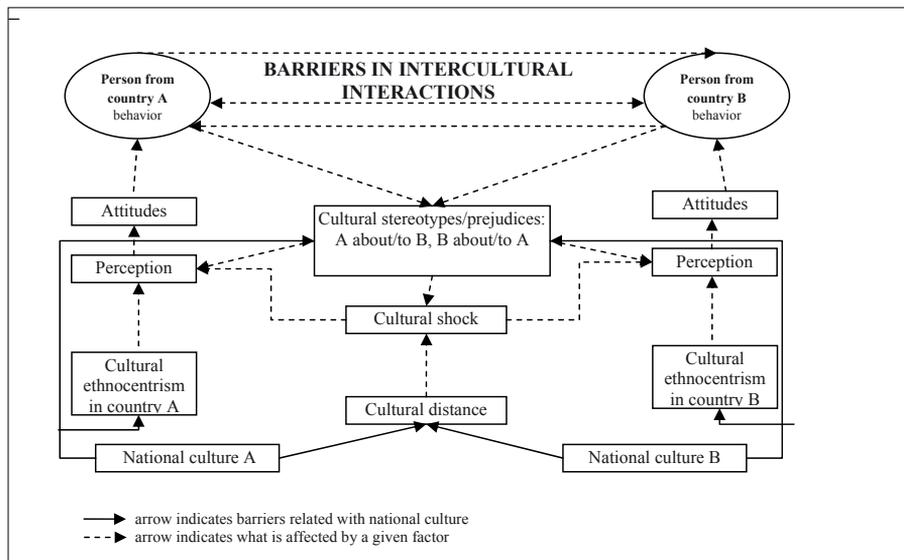
<sup>3</sup> In the subject literature there is no universal definition of „organizational culture”. According to E. Schein, it is „a set of basic assumptions, values and norms as well as artefacts, shared by most members of a given organization” [quot.: Czarska M., 2003, p. 13]. Whereas, according to G. Hofstede, „culture is a collective programming of the mind that distinguishes one social group from another” [Hofstede G. and Hofstede G. J., 2007, p. 43]. A common element of all concepts concerning organizational culture is - in the opinion of B.R. Kuc and J. M. Moczydłowska - „a holistic understanding of culture as a phenomena covering organizational history, associated with objects of anthropological research”. At the same time, it is a social creature and bears the characteristics of national culture of the people constituting a given organization (employees originating from different countries) [Kuc B. R. And Moczydłowska J. M., 2009, p. 349].

or circumstances weakening or enhancing the impact of culture of a country of origin of employees on their work effectiveness in a culturally diverse environment.

### Cultural barriers in international organizations

As it has already been mentioned, during planning of employment in their headquarters or branches, international companies must decide on hiring local employees (including immigrants) or delegating expatriates to work<sup>4</sup>. They must also conduct an analysis of intercultural interactions in the organization and beyond it as well as identify possible barriers in interactions of culturally diverse personnel, which are presented in the figure below [Rozkwitalska M., 2011, p. 57].

**Figure 1.** Sources of barriers in intercultural interactions related to national culture



Source: Rozkwitalska M., 2011, p. 71.

As it may be easily noted, interpersonal interactions are determined by culture (both national and organizational culture) and, simultaneously, are its element. This situation affects the sense of cultural distance<sup>5</sup> between interaction

<sup>4</sup> The term of „expatriate” in the presented article refers to all employees hired by an international company outside the borders of the country of their origin for a definite time in order to execute tasks in business entities controlled by it.

<sup>5</sup> Cultural distance is an indicator of cultural differences of one country in respect of another, calculated on the basis of results obtained by countries when researching cultural

participants, increasing along with differences between cultural characteristics of both parties [Rozkwitalska M., 2011, p. 61]. In national cultures cultural stereotypes are also rooted, being sets of generalized assessments, opinions or judgments concerning representatives of a given national culture. Negative stereotypes may be a source of prejudices, hostility or even signs of aggression and discrimination, which may conduct also to strengthening cultural ethnocentrism, namely convincing members of a given culture of its superiority over other [*op. cit.*, pp. 68-67]. However, we cannot forget that ethnocentrism is not a realized process, but an automated one, which is not subject to a conscious reflection. It is a type of „cognitive filter, embedded in values and practices of own culture, through the prism of which cultural practices of people treated as culturally strange or different are perceived, interpreted and assessed” [Boski P., 2010, p. 494]. Thus, in interaction with representatives of other cultures differences in appearance, behavior, culinary practices, methods of work, service relations or roles of sexes are noticeable. These expressive differences, often surprising, incomprehensible and ambiguous, are subject to interpretation from the point of view of discrepancies with practices and values of own culture [*op. cit.*, p. 494]. All this may result in cultural shock<sup>6</sup>, called also acculturation stress [see Witkowski S.A. and Łuzniak M., 2007, p. 104 and Boski P., 2010, p. 523]. This phenomenon manifests itself in the individual’s feeling of increased tension and deteriorated mood as a result of realized behavioral inadequacy and cognitive uncertainty [Haslberger A., 2008, p. 138]. Stress resulting from cultural differences implies the need for learning and assimilating new models of behaviors, as only in this way the individual may overcome crisis and achieve balance (Black J. S. and Gregersen H. B., 1991, pp. 225–246).

Currently, the phenomenon of differentiation of society<sup>7</sup> is considered to stimulate creativity and changes, and diversified human resources are

dimensions. The authors of the indicator on the basis of the model of national cultures by G. Hofstede are B. Kogut and H. Singh, however, similar measures can be built on the basis of other models of national cultures [Rozkwitalska M., 2011, pp. 62-63].

<sup>6</sup> In the subject literature we can encounter various terminology for particular phases of cultural shock. G. Hofstede calls them euphoria-cultural shock-adaptation - state of balance [see Hofstede G. and Hofstede G. J., 2007, pp. 337-339]. On the other hand, De Cieri et al. suggest the following phases: period of waiting and concerns - honey moon-party is over-regeneration [see De Cieri H., etc., 1991, pp. 379-380]. In the concept by Lysgaard the following have been distinguished: euphoria-cultural shock-acculturation-stable adaptation [Boski P., 2010, p. 525].

<sup>7</sup> Over the years, the perception of diversity evolved from its perceiving as difference in sex, nationality, skin color or culture [Kossek E.E. and Lobel S. A., 2000, p. 365] to „the way people vary among themselves, which affects their professional experience in effectiveness, motivation and communication, forcing the need for preparing an organizational strategy, considering diversity of the changing environment (customers, suppliers or community)” [Harvey C. P. and Allard M. J., 2012, xiv].

considered a source of competitive advantage by way of cost reduction (fluctuation, absence and legal effects of discrimination), wide access to talents and stimulating economic growth [Waszczak S., 2009, p. 79]. A positive approach to diversity<sup>8</sup>, its integration with organizational strategy and culture as well as effective management may bring many benefits to the company. One of the forms of appreciation of diversity and counteracting its negative effects (among others, facilitating the process of acculturation and introduction in the scope of responsibilities) covers programs and training for people employed or delegated to work in culturally diverse units.

### **Training and development of employees in culturally various organizations**

The main way of socialization and acculturation of employees to the organizational norms and values covers adaptive, training and development programs [Kossek E. E. and Lobel S.A., 2000, p. 179]. International organizations use for that purpose an entire range of methods and techniques that can be divided into [Schroeder J., 2010, p. 106]:

- comprising official, usually regularly conducted training programs (traditional training on international management, diversity training, language training and intercultural training)
- immediate actions, resulting from needs at the given time (in the case of expatriation, these will be information trainings<sup>9</sup> and initial visit in the host country, in the case of newly hired employees - adaptive procedure<sup>10</sup>)
- related to performed work and at the workplace (among others, participation in global multicultural teams, position rotation within various units of the company in Poland and abroad)
- alternative training forms (among others, introduction to the workplace by the predecessor, briefing, coaching and mentoring, networking, encouraging participation in corporate integration events as well as assimilation activities (e.g. multicultural festivals, etc.)).

<sup>8</sup> In the opinion of S. Moore, organizations may be more or less positive and supporting attitude to diversity, i.e. may be blind to diversity (insularity), hostile towards diversity (ethnocentric), integrating diversity (synergism) or naive towards diversity [Waszczak S., 2009, p. 82].

<sup>9</sup> Training dedicated to the expatriate and his or her family (or accompanying people), including information related to geography, politics, economy, infrastructure and communication and general living and work conditions in the host country.

<sup>10</sup> The process of adaptation consists of two dimensions - social adaptation (shaping behaviors of a new employee in the company, related to an active adaptation to a new social environment, i.e. the superior, co-workers or customers) as well as professional adaptation (acceptance of a new role and mastering of the scope of tasks executed at the given workplace, including the process of adaptation to the workplace and to physical work environment) [Kubica I., 2010, p. 42].

Employees delegated to work abroad are customarily covered by the greatest number of development and training activities (both before departure, in its course and after coming back to the mother country). However, we cannot forget that similar activities should also cover people accompanying expatriates as well as local employees, whose skills and experience in intercultural cooperation will determine, to a large extent, subsequent business performance [Schroeder J., 2010, p. 104]. When organizing training for HCN and TCN employees, it is required to avoid attempts of direct transferring domestic training programs. It is necessary to adjust them to local cultural conditions and often requires a combined teaching approach and use of services of trainers of different nationalities, representing different styles of education [see Schroeder J., 2010, pp. 123-127, Mead R. and Andrews T. G., 2011, pp. 44-446]. It may happen that in some cultural circles (e.g. the Germans, the Swedes) training participants expect a clear determination of teaching goals, an exact training program and an indication of „adequate” solutions to problems. On the other hand, representatives of other nations (e.g. the Englishmen) will prefer a non-systematized approach, with many solutions to problems and without strict frames of the timetable [Schroeder J., 2010, pp. 123, 126]. The scope of training may result also from cultural conditions and the degree of business internationalization.

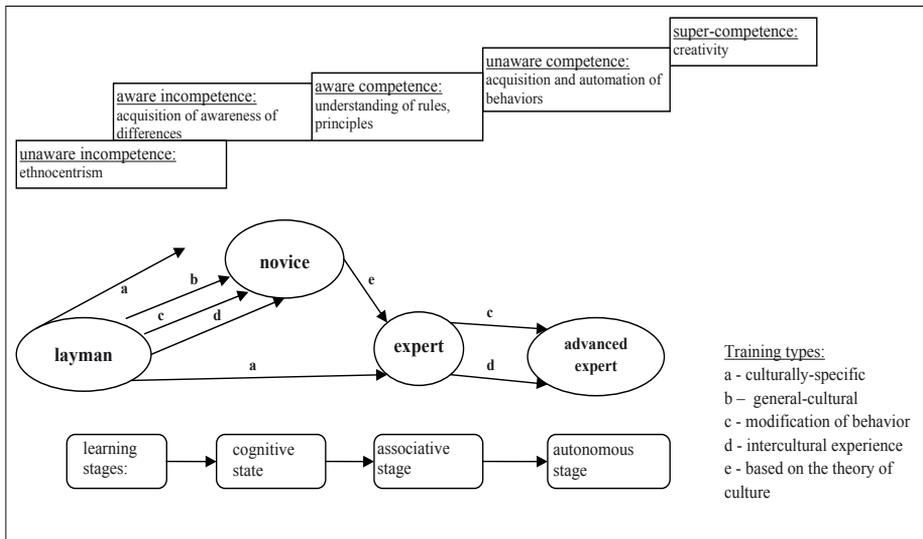
In the subject literature, we may encounter an opinion that one of the most effective tools in the process of acculturation is intercultural training, putting a particular emphasis on the issues of interactions (communication, establishing contacts with inhabitants, learning differences of cultural norms, ways of thinking or behavior). However, it is important that tools used for this purpose correspond to particular stages of the process of adaptation to a new life and work environment, as presented in Figure 2 [Schroeder 2010, p. 120].

As we can see on the outlined model, Bhawuk - like Selmer, Torbiörn and de Leon (1998)<sup>11</sup>, has distinguished four phases of the process of intercultural adaptation, depending on relations between subjectively understood knowledge of the principles of behavior/life in a new culture (unawareness-awareness) and actual skills (competence-incompetence) [Schroeder J., 2010, pp. 120-121 and Boski P., 2010, p. 582]. The stage of *a layman* is characterized by unawareness of intercultural differences and a low level of descriptive skills (incompetence). Moving to the stage of *a novice* is emotionally difficult and involves the need to overcome the previously discussed acculturation stress. This is the time of realizing reality of intercultural differences and own deficiencies in this field. It requires also the most intensive training activities, involving, among

<sup>11</sup> The authors of this concept have distinguished 4 groups of training phases, i.e. pre-departure, in the ethnocentric phase, in the phase of cultural shock and adaptation [more in: Schroeder J., 2010, pp. 120-121].

others, *culturally specific training* (communicating messages/skills relevant for a given culture), *general cultural training* (general reflection on intercultural differences), *training on behavior modification* (acquisition of new behaviors by way of modeling and role playing) and *intercultural experiencing* (the so-called immersion, i.e. arranged dose of presence in a culturally different environment). Mastering of the principles of a new culture involves acquisition of conscious competence (*cognitive training, based on the theory of culture*) and is typical of the stage of *an expert*. However, it is not reflected in smooth initiation of relevant behaviors. No sooner than at the stage of unaware competence (the phase of *an advanced expert*), functioning in the other culture gets automated, differing little from the one adequate to the mother culture. The presented model can be supplemented with the level of creative super-competence, manifesting itself in making conscious and original transformations, introducing new language, behavioral elements, etc. However, the level of super-competence characterizes a little group of cultural creators [Boski P., 2010, pp. 582-584].

**Figure 2.** Stages of the process of cultural learning and training types



Source: Bhawuk 1998 [quot.:] Boski P., 2010, p. 582.

When talking about cultural training, we cannot also forget that - though these trainings are the most common type of trainings, also other diversity training should be used. In the opinion of P. De Rosa, organizations that care about integration of their employees should organize also training covering the following subject matter [De Rosa P., 2012, pp. 348-354]:

- *Legal Compliance* - legal training and training on the scope of civil rights, the primary goal of which is to pay attention to anti-discriminatory regulations and practices with regard to recruiting, hiring, promoting and rewarding persons of different sex, age, skin color or origin; the applied training methods include presentations, lectures, case studies and - in rare cases- experimental methods
- *Managing diversity & Inclusion* - training informing on the organizational policy in relation to diverse personnel, putting emphasis on presentation of the way business context, stereotypes and prejudices can affect employment, team effectiveness, promotions or organizational profitability; the most popular training methods are role playing, discussion or case studies
- *Prejudice Reduction* - training concerning overcoming stereotypes and prejudices with the use of methods as: case studies (stories of selected persons), personnel interactions (e.g. holding hands) and discussions
- *Valuing Differences* - trainings developing cultural pluralism, the main value of which is the recognition of individual uniqueness while also acknowledging different group identities; training methods are, first of all, discussion, case studies and lectures
- *Anti-racism/Anti-oppression* - trainings that have initiated other activities in the scope of diversity management; they are intended to integrate people of other nationality with the culture dominant in the country/organization without critiquing and transforming the essence of that dominant culture; these trainings combine the micro scale (of the individual) and the macro scale (of the organization), using such training methods as tests (auto-diagnosis), discussions and case studies.

A peculiar embodiment of culture is language that makes it possible for the members of a given community to reflect what is a true value for them. For this reason, supporting the process of acculturation, organizations offer to its employees foreign languages courses<sup>12</sup> and also training on intercultural communication [see Laroche L. and Rutherford D., 2007, pp. 99-162]. In the latter case, it proves purposeful to consider such thematic scope as [Winkler R., 2008, p. 205]:

- dimensions of interacting cultures (particularly distance towards authority and individualism -collectivism)
- approach to time
- common communication and/or negotiation paradigms
- courtesy norms and strategies

<sup>12</sup> In the case of international corporations, it may be learning of „the official language” (usually English) that is binding throughout the organization, while in the case of expatriation - local language, facilitating professional work and accessibility to social structures outside the workplace of the expatriate [Schroeder J., 2010, p. 107].

- elements of non-verbal communication (among others, acceptable forms of touch, eye contact, gestures, distance between interlocutors)

### Summary

Due to cultural diversity, creation of multicultural teams is a practice of international companies. Work of such teams is extremely difficult, as it results from different perception of the world and various behavior of its particular members. The awareness of existence and understanding of these differences as well as adaptability to culturally different conditions are the key to use the potential dozing in these teams. Creativity induced by cultural differences allows better defining problems, provides more creative and alternative solutions [Schroeder 2010, pp. 34-35] as well as allows reaching new customer groups, being, for example, representatives of ethnically diverse groups [Janowska Z., 2009, p. 72]. On the other hand, underestimated cultural distance or its improper evaluation (based on national stereotypes or selective information) pose a hazard for success of acculturation, and, in the case of a foreign mission - can lead even to its premature termination<sup>13</sup>.

The analysis of benefits and hazards associated with diversity clearly indicates that the future will belong to the companies that appreciate diversity and will be able to carry out effectively the process of mutual understanding and integration of employees originating from different culture, increasing, therefore, their competitive potential on global markets.

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<sup>13</sup> As shown by foreign surveys, a percentage of employees returning earlier ranges from 25 to 40% in developed countries and up to 70% in developing countries. It has been assumed that more rigorous trainings reduce failure probability [see Kubica I., 2011, p. 212 and Miś A., 2002, p. 146].

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## Organizational changes in a public hospital – a case study

### **Abstract**

*The study attempts to identify the organizational changes in one of the independent public health care facilities in the context of organizational efficiency. The assessments were based on the technique of participant observation, analysis of hospital records and interviews with the management and employees. The results showed that the organizational changes carried out in the hospital after 2005 have significantly contributed to the increased level of organizational efficiency, manifested among other things in the greater availability and quality of services. At the same time it should be noted that the process was quite long (lasted almost 5 years) and extremely difficult due to numerous dismissals of staff accompanying organizational changes.*

**Key words:** *hospital, organizational change, organizational efficiency*

### **1. Introduction**

Despite the passage of more than ten years since the reform of the health system, independent public health care continues to face a number of problems. Today, however, these problems are even more complex and therefore more difficult to resolve. Public hospitals are not only in financial misery, but also have low levels of organizational efficiency substantially hindering the effective implementation of the goal of providing health care to all in need. Among the determinants of public hospitals functioning improvement are, among others, changes in the organizational structure, change of management methods and techniques, and changes in relationships with multiple stakeholders. It should be noted, however, that short-term action is not enough. It is necessary

to constantly adapt to the requirements of the hospital environment with simultaneous elaboration of cultural change.

The purpose of this paper is to identify and evaluate organizational change in the context of the efficiency of one of the independent public health care facilities with multidisciplinary profile. The assessments were based on the technique of participant observation, analysis of hospital records and interviews with the management and employees.

## 2. Hospital activity characteristics

The studied facility is a separate organizational unit of a public organization pursuing health care services in the field of primary care and specialist care in the southern Poland. Is an independent organization and self-financed with a legal personality based on an entry in the register of independent public health care. It should be emphasized that the institution is a public organization, which entails the management of the entity. We cannot talk here about a simple transfer of management practices from the private sector to the public hospital because it is characterized by specific features. First, the objectives of a public hospital as an organization are numerous, multi-dimensional and often difficult to reconcile, for example, equality and efficiency. Secondly, the public hospital is subjected to undue influence of political parties, interest groups and the media. Thirdly, it is characterized by different criteria for success—they are not financial criteria, but social. Fourth, the implementation of the organization's management is carried out in strict framework of the law, resulting in the need to balance efficiency with the principles of legality [Farnham, Horton 1999 s. 26-45; Kernaghan, Siegel, p. 6-10]. The main hospital activities are:

- 1) stationary activity in the primary care hospital, hospital for specialist care including surgery, orthopaedics, urology, ENT, ophthalmology, thoracic surgery, obstetrics and gynaecology, anaesthesia and intensive care, pulmonology, internal medicine, haematology, diabetes, endocrinology, gastroenterology, dialysis, cardiology, nephrology, neurology, dermatology and venereology, oncology, infectious diseases, paediatrics, neonatology, emergency medicine, psychiatry, allergy, psychology, radiation oncology, medical rehabilitation, neurological rehabilitation, conducting one-day surgery, conducting rapid branch diagnosis for children and adults;
- 2) ambulatory activity in the following areas: health care (provision of health services through clinics and specialist clinics and outpatient consultation), laboratory and diagnostic activities (diagnostics and microbiology laboratory, radiology and diagnostic imaging, electrodiagnostics, endoscopy and pathology), medical rehabilitation and neurological rehabilitation;
- 3) activities in different areas: first aid in case of accident, injury or sudden illness, which is not qualified for hospital treatment in cases

of urgency, and education in health, education of medical professionals, conducting health promotion, running internship and specialization, conducting preventive measures to prevent morbidity from infectious diseases, the cardiovascular, cancer and other diseases of civilization, conducting intensive cardiac monitoring for patients at home, conducting rehabilitation, issuing judgments and opinions about the state of health to the extent specified in the generally binding legal regulations, conducting clinical trials;

- 4) the economic activity consisting of paid services in the following areas: provision of meeting rooms and canteens, storing corpses over the time limit, prepare body for burial, laundry services, sterilized dressing materials, tools and medical equipment, the issue of medical opinion at the request of law enforcement authorities, criminal law enforcement, correctional services, customs and insurance companies, charge for admission, parking and stop the vehicle in the hospital, accounting services, medical transport services.

### **3. Hospital organizational structure and its changes after the reform**

The organizational structure of the hospital consists of organizational units of medical activity in the strict sense (ten wards, ten clinics and facilities and central sterilizer) and non-medical activities (called secondary), which include: administrative - technical service, organizational, legal and marketing offices, medical statistics, payroll, employee services, operational and technical services, kitchen, laundry. The hospital also operates several independent positions, including: the internal auditor, the chaplain, inspector for the health and safety at work, the spokesman, and a specialist in internal affairs, legal counsel, and the security administrator. In the opinion of management internal processes in the hospital are generally correct. At the same time, some processes require improvement. In particular, the planning of activities was discussed. Important should be the formulation of medium-term and long-term plans. Currently, there are only short-term plans, which are enforced primarily by the length of the contract with the National Health Fund. Like most public hospitals, the studied one underlines that with the introduction of the reform in 1999 the self-management in the hospital in setting the strategic orientations increased. At the same time the management of the hospital increases the participation of external experts in planning the strategic direction of the hospital. In the case of a linear management, they increase their leadership role and operational planning and coordination of internal processes. Directors appointed divisional organizational missions are superiors and subordinate all managers included in a given vertical action. They also play a functional supervision over the subordinate activities of positions

and organizational units carrying out tasks corresponding with specialties of division director. The formation of functional divisions resulted in creating two major roles: supporting the role of staff in relation to the chief of the hospital management and advisory and supervisory role in the functional specializations done in relation to the units outside the vertical organization. Generally, the characteristic feature of the organizational structure of the hospital is high formalization and bureaucracy and the presence of a variety of decision-making procedures. From the point of view of the management, structure of the functional departments allows for decision-making based on centralized and hierarchical system. Managers are usually promoted within the levels of the organization and have a high technical knowledge in their specialty. On the other hand, this structure is not flexible and doesn't have propensity to risk, which restricts the effective response for the environment, the ability to take innovative action [Sułkowski, Seliga 2012]. At the same time in the hospital, there is a greater focus on the rules and procedures rather than on results, resulting in a significant formalization. The basic internal documents at the hospital include: statutes and rules of the organization and the organization chart of the region determined by the Management Board and the documents adopted by the director of the hospital: the rules of procedure, user documentation circulation, drug economy, financial statement accounting, compensation rules, and procurement rules. Hospital staff is acquainted with these documents and changes taking place in them. The management does this in the form of meetings with the management and employees. It can be concluded that most of the processes in the hospital has detailed instructions for carrying out the tasks provided for in the process. The interviews indicate that all the information and commands are transferred through official channels and the written form of communication and command applies to most information. Special role is played by the circulation of the hospital medical information. The results show that the instruction for cycle documentation is complete and consistent. At the same time the conclusions from the analysis of existing documentation are used for the improvement of future investigations. After 2000, the hospital structure has been changed primarily in connection with the needs of adaptation to the environment. Structural changes include mainly the creation of new organizational units and jobs, elimination of organization units and jobs, shifts in subordinate positions, changes due to changes in requirements for certain jobs. The reasons for this transformation were: the need for new tasks and the size of the hospital financial resources intended to cover the costs of the organization. The results showed the effects of such changes as reducing the operating costs of the hospital, an increase of the objectives of the hospital and improvement of working conditions.

#### **4. Changes in the hospital management methods and techniques**

In addition to changes in the organizational structure of the hospital after 2000 there was a transformation in the methods and techniques of management. In the studied hospital there were two major changes, such as a system of quality introduction (ISO 9001:2008) and outsourcing. With the introduction of the Quality Management System according to ISO 9001, management pointed to a number of benefits, such as improving quality of services, streamline and optimization of management processes, minimization of cost and improvement of the financial condition of the hospital, increased credibility and trust to the hospital, extra points in the competition offers to enter into contracts for the provision of health services published by the National Health Fund, increased competitive advantage in the market of medical services, improved communication, both internal and external, increased awareness of the motivation and commitment of employees, improved cooperation between all parties involved in the treatment process of the patient. Improved efficiency of the hospital was also achieved due the introduction of outsourcing. It concerned the food services and cleaning. Director of the unit pointed to the following benefits of separating out these services: streamlining workflow, reducing personnel costs, reduced capital costs, reduced operating costs related to infrastructure, increased competitiveness, and improved performance of services with the ability to focus on the key tasks for the hospital. At the same time we should mention the innovative activity centres. As areas in which innovations were introduced from 2006-2011 were enumerated: exchanged information systems, medical equipment management and cost accounting. At the same time the interviews highlighted the sources of innovation and factors that inhibit their implementation. As the dominant source of innovation in the study were indicated: ideas and resources of organization, monitoring news (products, services, processes) on the market, the needs and views of patients. On the other hand, among the factors hampering innovation activities at the hospital were indicated: the high cost of implementation of innovation, lack of funds, high interest rate loans.

#### **5. Changes of the relations between hospital and stakeholders**

The last issue subjected to empirical verification was the identification and evaluation of the interaction with the environment. According to the concept of stakeholders, the main external entities with which hospital interacts are: the local authorities, state authorities: the government, the parliament, the Ministry of Health, patients, the National Health Fund, suppliers, distributors and other health care institutions, the media. From the point of view of the work, the relationship with the parliament and the government, the National Health

Fund, the founding bodies (local government), and patients seem to be the most significant. Relationships of hospital with the aforementioned stakeholders have become particularly important after the reform in 2000, which imposed on hospitals many additional responsibilities to the environment. Strategic stakeholder for hospital is the National Health Fund. This entity is primarily determined by the size of the medical contracts. It is worth noting that since the beginning of systemic contacts with the payer, the idea of partnership did not work out and the exchange of information between the hospital and the National Health Fund is limited to the necessary contacts arising from the settlement of the contract. At the same time the hospital investigated alleged dictatorial behaviour of the payer and not reckon with the real financial needs. The National Health Fund claims the resources are inadequate and gradually reduces contracts. Another stakeholder for hospital is the founding body - county government. This entity inspects and evaluates the activities of the hospital, and in particular the correctness of the statutory tasks performance, the availability and level of service. Local government expects that the hospital will take care of the financial situation and at the same time will raise the level of service and patient satisfaction. In the case of the studied facility, relationships with local authorities are correct, and the hospital is trying to make changes in accordance with the directions set by the authorities. On the other hand, from a social point of view, the most important stakeholder of independent public health care is the patients. Patients have a constitutional right to health protection, regardless of their financial situation, and the public authorities have an obligation to ensure equal access to health care services financed from public funds. Hospital studied in the context of these tasks regularly conducts patient satisfaction studies, the results of which are used in improving the availability and quality of health services. In order to improve standards of hospital services, it draws attention to organizational performance (cleanliness, aesthetics) and logistics (e.g. functional space, time expectations for the visit, the time devoted to it by the staff). The positive effect of this procedure is a positive evaluation of the quality system functioning in the facility.

## **6. Conclusions**

Although the discussion on organizational change in the context of the efficiency is the test section of the hospital reality, they seem to entitle to a few general conclusions. First, in the hospital studied, after the reforms in the health sector, the role of leadership has changed from passive administrators to active managers, realizing the strategic objectives of the hospital. Institution managers have a higher awareness of the inevitability of changes in the environment and attempt to implement changes, making the hospital more open to challenges posed in front of it. Secondly, in the hospital after the reform

in the first place were the changes in the organizational structure consisting of flattening the organizational structure (organizational units were joined or liquidated), while the traditional model of the structure is characterized by excessive functional formalization and bureaucracy, which is not conducive to flexibility in adapting to the hospital requirements. Third, structural changes in the hospital were accompanied by changes in the methods and techniques of management. After the reform, in the studied hospital quality system was introduced (ISO 9001:2008) and the outsourcing of food services and cleaning. The information received indicates that these processes have led to the expected results, i.e. improved quality of services, streamline and optimized management processes and increased operational efficiency, which in turn resulted in reducing of costs and improved financial condition of the hospital. Fourth, the hospital undertook various efforts to improve relations with its stakeholders, the facility contacts are the most difficult with the NFZ. It is worth noting that the above conclusions drawn from one of the public hospitals are very consistent with the results of studies carried out in other public institutions. For example, there can be cited the following projects:

1. „Opieka zdrowotna w Polsce po reformie; funkcjonowanie szpitali po wprowadzeniu reformy systemu opieki zdrowotnej/ Health care in Poland after the reform; hospitals functioning after the introduction of health care reform” edited by S. Golinowska, report prepared by Centrum Analiz Społeczno-Ekonomicznych CASE/Centre for Socio-economic Analysis in 2001. [Golinowska, Czepulis-Rutkowska, Sitek, Sowa, Sowada, Włodarczyk, 2002];
2. „Wpływ kontraktu menedżerskiego na zmiany zarządzania zakładami opieki zdrowotnej oraz poprawę ich funkcjonowania/ The influence of management contract on health care facilities management changes and the improvement of their functioning”, studies conducted for the Ministry of Health, by the research team from Public Health Institute, Collegium Medicum, Jagiellonian University, edited by M. Kautsch and J. Klich. [Kautsch, Klich, Styło, Kopec, Struś, Więckiewicz, 2001];
3. „Strategie adaptacji szpitali do reform systemu opieki zdrowotnej/Strategies for hospital adaptation to the health care reform”, studies conducted by K. Obłój, M. Ciszewska, A. Kuśmierz from October 2003 to June 2004 in the framework of the research grant KBN 2H02D05623 [Obłój, Ciszewska, Kuśmierz, 2004];
4. „Zarządzanie organizacjami publicznymi w warunkach transformacji systemowej/Public organization management in system transformation” – Project conducted by B. Kożuch in the years 2003-2004 (nr 2 H02D 059 24) In the several public hospitals of Podlasie region [Kożuch, 2005; Jończyk, 2007];

5. „Analiza praktyk zarządczych i ich efektów w zakładach opieki zdrowotnej, których organem założycielskim jest samorząd województwa dolnośląskiego/The analysis of management practices and their effects in health care facilities, which supervisor is Dolnośląski local government”, The study was conducted by M. Kautsch in the autumn 2005, from Public Health Institute, Collegium Medicum, Jagiellonian University with the cooperation of School of Health & Related Research, University of Sheffield [Kautsch, 2005];
6. „Strategiczne aspekty zarządzania zasobami ludzkimi w wojewódzkich samodzielnych publicznych zakładach opieki zdrowotnej - szpitalach - w kontekście emigracji personelu medycznego wyższego i średniego szczebla po wejściu Polski do Unii Europejskiej/ Strategic aspects of human resources management In voivodship public health care facilities – hospitals – In the context of medical and staff emigration after Poland joined European Union”, report after studies conducted from August to September 2006 in the framework of Health Cluster Net Project - Inicjatywa Wspólnotowa/ Joined Initiative INTERREG III C [Buchelt-Nawara, 2006].
7. „Zarządzanie publiczne: przywództwo i jego wpływ na efektywność w organizacji publicznej (na przykładzie publicznego sektora ochrony zdrowia – pomiar efektywności)/ Public management: leadership and its influence on public organization effectiveness (an example of public health care sector – effectiveness measure)”, report from the studies performed by A. Frączkiewicz-Wronka in hospitals of Śląskie region [Frączkiewicz-Wronka, 2009].

In general it can be said that the current public hospitals, including the studied entity accepted the inevitability of continuous adaptation to the requirements of the environment. It learned to respond to environmental signals and achieve ever higher efficiency in the implementation of change and innovation in the system of medical services. At the same time it is worth noting the increasing importance of management in hospitals, who in their activities are no longer confined solely to act as administrators, but also to take the challenges of professional management (building coalitions to improve the quality of services provided, sensing the relationship between the cost and the quality of the implementation of innovations). It is interesting that similar changes took place after the introduction of the internal market in the NHS in the UK health care. Changes in the hospital (regulatory changes, changes in the expectations of many stakeholders, such as the Ministry of Health, local authorities, and patients, institutions responsible for the implementation and monitoring of quality standards, the conclusion of contracts with hospitals) have forced upon them the need for rational and efficient behaviour. In many cases, the changes initiated from making changes of the organizational

structure and the related reduction of human resources. Almost at the same time, change in management methods and tools through the implementation of quality systems occurred, organizational structures were flattened and outsourcing of services took place, especially a laundry service, cleaning and security. At the core of the management of health care facilities in the UK was constant pursuit of excellence in action by skilful organization of work and management [Rouse 1997, p 87]. At the same time it was stressed that the efficiency of the organization largely depends on its ability to apply internally consistent rules of functioning, as well as the creation of high culture in the organization. Both the Thatcher administration and T. Blair, and the current rulers in order to cope with these challenges pointed out the need to move away from bureaucratic and passive methods of management of public sector organizations towards active management of hospitals and personal responsibility for their behaviour. O. Ingstrup and P. Crookall argue that in recent years, with the increasing decentralization and more flexible health care sector has increased the role of the managers, and thus their personal commitment to lead the organization [Ingstrup, Crookall, 1998, p. 52]. Effective exercise of managerial roles is even more challenging when management has to deal with limited resources and increasing pressure on the health services, increased availability and higher quality. Management of health care facilities therefore requires new knowledge and skills in the management of changes, the organization, building relationships with the environment, political clarity and sensitivity to the relationship between cost and quality of services. The role of facilities management in the provision of services is increasing rapidly, and the relationship between them and the employees has a more partner character. This is due to the decentralization of power and responsibility. All this makes the decision-making process much faster and more transparent, and therefore better suited to the needs of more patients, who are a strategic stakeholder for the hospital.

### **7. Summary**

Generally, it should be noted that changes in the health system, particularly changes in the financing of medical services, threw hospitals in a completely new reality. Independence, although limited by the actions of stakeholders, restructuring, tough financing rules, the requirement of cost rationalization, attention to quality, new relationships with external entities are only some of the phenomena known for hospitals by the end of the 80's they had to face especially after the introduction of reform in 1999 and as a result of these phenomena studied the organizational efficiency of hospitals significantly improved. It seems that the hospital studied is acting well in the new conditions

of operation and at least partially adapted its structure and operation to the requirements of the new economy.

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