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Employer branding – a dialogistic communication tool of a competitive employer

Abstract: The present article aims at discussing the value of employer branding, a relatively recent phenomenon in the field of company communication practices, which can be treated as an attempt to develop a dialogistic type of relationships between company employers and employees. The former use this communication strategy to attract quality workers and to retain the currently employed. For the latter it is the means to evaluate their employer by means of all kinds of suggestions, innovative remarks as well as comments, both positive and negative impacting the employer's image and reputation. As such employer branding may be treated as an important source of information for the employer about their management strengths and weakness, especially as far as their Public Relations (PR) practices are concerned. The author of the present article argues that employer branding can contribute significantly to the employer self-knowledge and verify their self-perception as well as serve to improve the image the company aims at creating only if the employer-employees communication becomes a dialogue. It implies that the communication between them must be founded on humanistic values which means that both parties treat each other with due respect, the information provided by the employees is neither manipulated nor distorted, and the employer acts as an active listener.

Key words: employer branding, communication, image, employer, values

Today we are faced with the pre-eminent fact that, if civilization is to survive, we must cultivate the science of human relationships.

—Franklin Delano Roosevelt, 1945

Introduction

Currently, an image constitutes one of the most vital pieces of information about a success of an organization independently of its nature and profile of its activities. It has become equally important for market oriented companies and third sector organizations alike despite basic differences between them. In the case of the first sector companies, their image can be used both to enhance a company market position and make it more competitive while in the case of the third sector organizations, the most important prerequisite for them to create a positive image stems from their strong need to gain social approval, confidence, support and reliability, which in turn are crucial to make them effectively fulfill their mission. The same also applies to the public sector and its various institutions. They cannot carry out successfully their activities and serve the community needs if they have not gained social confidence and social approval.

Thus for all the organization the basic question is how to create their image and then manage it to meet the expectations of their employees, clients, stakeholders and all other subjects from their internal and external environment. The issue becomes especially challenging today when an organisation image does not depend merely on carefully planned, organised and monitored efforts of its Public Relation specialists and marketers but is concurrently created by many other institutions, people and events, often even without their direct involvement in the process. It is a sum total of many images, also the parallel ones, generated both voluntarily and involuntarily and communicated to a wide audience of an organization stakeholders as well as to the organization itself. The impact of parallel images on a final image may be very strong, both positive and negative, even destructive, especially if the two types of images are exclusive of each other and consequently result in a cognitive dissonance.

One of the groups of stakeholders who are able to create parallel images of an organisation are its own employees. They do it by means of employer branding which is a quite recent tool they have got at their disposal to communicate with their employer and evaluate, in both positive and negative way, the management principles and the company as a workplace. The first attempt to define it was made by T. Ambler and S. Barrow in 1996 in the *Journal of Brand Management* where they wrote that it is *the package of functional, economic and psychological benefits provided by employment, and identified with the employing company*. Following its commonly used definition by Brett Minchinton [2010, p. 37] from the Employer Brand Institute, employer branding is *the image of the organization as a 'great place to work' in the minds of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders)*. *The art and science of employer branding is therefore concerned with*

the attraction, engagement and retention of initiatives targeted at enhancing your company's employer brand. Its scope and its impact on both company employees and its potential hires has been also stressed in a more concise version of the definition proposed by G. Martin and P. Beaumont [2003, p. 12]. For them employer branding it is *a company's image as seen through the eyes of its associates and potential hires.*

Although there are numerous components of the employer branding, its foundations are human relationships and human emotions which get communicated to the employer as well as to the company external environment. Thus communication is at the heart of the process, which has been stressed by S. Lloyd [2002] who defines employer branding as *sum of a company's efforts to communicate to existing and prospective staff what makes it a desirable place to work.* The first ones want not only to become better informed about their employer but also to co-create their workplace by providing the company with a feedback and by suggesting changes and often innovative solutions to improve its management style. Assisted by electronic media which offer to them new communication tools, e.g. social media, blogs, web pages, etc. they have become empowered and extremely influential as far as the company image is concerned. Their critical comments, if truthful and authentic, are important pieces of information which should not be ignored by a company but used to start some remedial work beneficial for the company image and market position. For the future hires, employer branding which, as the term suggests, serves to make a company name a brand, helps to decide if they find the workplace attractive in the sense that it meets their expectations concerning not only the material values but also the non-material ones which are built into their job and the company culture. As argued by many employer brand practitioners [cf. S. Barrow, R. Mosle, 2005], an effective employer branding requires a clear Employee value proposition which allows to specify the values the company identifies with and bases its culture on. Only then employer branding can become an efficient tool first in the recruitment process attracting talents and then in retaining them. Thus it assists head hunters and Human Resources (HR) specialists in making them win the war on talents.

However, employer branding also offers a tool to manipulate a company image, to distort it and to disseminate information which is neither true nor accurate. For the same reason it can contribute to a company success it can also result in its failure. The strength of employer branding as both a constructive and destructive factor in creating and communicating a company image stems from, at least, two sources. Both of them are inherent features of virtual communication mediated by means of electronic media and are: firstly the communication extent which is practically unlimited and, secondly, the power

of virtual communicators due to their anonymity and a lack of practically any censorship in the virtual context. These features of the employer branding communication invite more truthful, objective but also more critical opinions about its value at the same time drawing attention to the role of humanistic values in it.

The objective of the present article is to discuss the impact of employer branding which can be treated as a parallel image of an organization. Considering the role of interpersonal communication in it, the author posits that employer branding can become very effective in this function on the condition that the exchange of communication between the employer and the employees becomes a dialogue, which makes its participants respect basic human values. As such an effective employer branding touches upon a very important issue of a value-based approach to shaping relationships between employer and employees, which has been clearly demonstrated by the influential study *Build to Last: Successful habits of visionary companies from the mid-1990s* [Collins, Porras, 1995]. Its authors have clearly proved that the companies which consistently respected a distinctive system of values did much better than the company whose ethos was less well articulated and often divergent from everyday practice. It can be argued that this new management paradigm and company communication principles whose growing recognition can be observed recently, is a future trend. It will dominate not only employer branding but management styles because of significant changes in the needs and demands of employees, especially in civic and economically privileged societies whose number keeps growing [cf. Collins, Porras, 1995].

As already mentioned, employer branding is still a rather new phenomenon. The first book in the field was written in 2005. It was *The Employer Brand: Bringing the Best of Brand Management to People at Work* by Barrow and Mosley. The second one – *Your Employer Brand – attract, engage, retain* by B. Minchington – appeared in 2006. Employer branding has been also successfully recognized in Poland although the number of publications dealing with it is rather small, e.g. M. Kozłowski, *Employer Branding. Budowanie wizerunku pracodawcy krok po kroku* from 2011 evidences the situation. Most useful sources are Web pages which function as practical fora for employers as well as the employees who would like to use employer branding to strengthen their position on the labour market (e.g. *Employer-branding.pl* which deals with creating an employer image among Polish employers, *Employer Branding Blog* for those who have already got some experience in employer branding and Employer Branding Club). The English language literature is much richer for the simple reason that the term was coined in 1990 and introduced to the management audience by S. Barrow during an annual CIPD conference at Harrogate in the UK [Barrow, 1990].

1. Employee Value Proposition (EVP) and an employer image

A modern company, often transcultural and global, builds its social and market success on values which have undergone a deep evolution from mostly economic to humanistic. The change is a direct result of significant political, economic as well as socio-cultural transformations typical of postmodernism which have resulted in democratization of most areas in the world and a constantly growing welfare of its inhabitants. This, in turn, has impacted upon both the employees' perception of a company as an employer and their expectations about working conditions, economic benefits and non-economic advantages they will enjoy in it. Moreover, a company is seen not only as a market player interested in its own gains and profits but also a citizen concerned with values visible not only in its mission but, first of all, implemented in its management practices. As argued by Peter Drucker [1999, p. 29], management by values meant as humanistic values has become the biggest challenge for the 21st century companies and a *sine qua non* condition of their effectiveness and success.

Value implementation has become a “hot” issue because it implies for most companies a challenge of how to make their own values, most often economic, compatible with the values of their employees, which tend to show a strong tendency towards humanization [cf. Sikorska, 2002]. As posited by Tandehill [in: “The Employment Value Proposition.”, 2006] the key factors which influence an individual's decision to balance their career path in a company are apart from financial ones such as salary and benefits, relocation services, perquisites, career development, location, working hours, people at the workplace, independence, same value system, personal growth, management development, ongoing personal recognition, community service, etc. A good and attractive job offers a balance between the rewards and benefits that are received by an employee in return for their work for the employer and more exactly the skills, capabilities, innovativeness, engagement, experience, engagement they bring to the workplace. This new approach defined as the already mentioned Employee Value Proposition [cf. Minchington, 2010, 2006] changes the relationship between the employer and the employee. It is employee-centered and it is the employer's aim to communicate to their current or future workers the unique people-oriented policies, philosophy, culture and processes which demonstrate the company's commitment and management by humanistic values.

The two systems of values – of the employee and the employer – do not have to be identical but they must be close enough to avoid inner conflicts, dissatisfaction and often even a change of work by the former. If it happens it may often lead to staining the image of the employer and making prospectus hires choose other companies. There can be observed a growing awareness

among employers world wide that their success, local and global, depends more then ever before on skilled, motivated, quality and value-driven employees [Barrow, Mosley, 2005, Mosley, 2007]. Hence, a company image has gained on importance as a tool to attract the best employees able to generate an organization intangibles which constitute its capital and true wealth much more than its purely economic resources. Modern organizations are based on knowledge, *know-how* and *know-where*, entrepreneurial spirit, intellectual and cultural potential of their workers. The change of their operational principles stems from very pragmatic prerequisites not to loose the position of a leader in the field. On the other hand it is also prompted by the employees' expectations towards their work and their employers, especially in the sphere of non-material values.

It may be observed a certain regularity in this respect: the more valuable the employer to the organization because of their symbolical capital [cf. Bourdieu, Passeron 1990], the bigger their expectations concerning the intangible qualities of their work, the stronger their need to have the company hold the same values as theirs own. Let me stress it once more that the Employment Value Proposition is mostly constituted by anti-consumption values, although the statement may sound controversial against the context of the culture of consumption. Only if the expectations are met, the employees stop treating their work merely instrumentally as a means to earn their living but feel loyal, engaged and inspired: their work matters to them and so does the employer. A company culture which respects values earns their respect for the company and its management. It also motivates them to stay with the company and when people truly connect to the organization and identify with it they go beyond the mediocre and generate its success. This is especially important today when good, creative and entrepreneurial employees are costly (usually the organization invests a lot in their formation), hard to find and even harder to retain (cf. the job of head hunters).

As Charles A. O'Reilly and Jeffrey Pfeffer [2000, p. 78] claim *Aligning values, strategies, and management practices may be simple to understand and simple to talk about, but it is very difficult to actually implement*. Hence a growing role of such an employer image which not only uses values but directly communicates to employees, other stakeholders and even competitors as well as the wide society that the values have been put into action, that they are not only known but also actively practiced by an organisation, its managers and workers alike who authentically identify with them. Such an image should evidence that the organization values and its mission statements such as integrity, quality, respect, high performance, teamwork, CSR, fairness, ethics etc. which are so easily declared are not just empty, meaningless words used because of fashions

but they reflect a true organisational commitment. A value-based image of an organization should make it a competitive workplace and a most desirable employer who attracts the most beautiful minds and ethically full characters.

2. Employer branding as a tool of a company parallel image

Although employer branding is a rather new phenomenon – it started to be put in practice in 2001 at McKinsey's company – there can be noticed a growing awareness of its importance among both employers and employees alike. According to the survey by the Conference Board of 138 leading companies, only 40% claimed to be concerned with some form of employer branding [Dell, Ainspan, 2001, p. 28]. Two years later, in 2003, in another survey this time conducted by the Economist 61% of its global readers revealed their awareness of the concept among HR specialists and 41% among non-HR professionals. The numbers point out an astonishing "career" of the concept but also its usefulness as a communication tool to create a competitive employer.

As already mentioned it is based on employer-employees communication which aims at making an organization a brand employer and whose targets are potential and actual employees [cf. Armstrong, 2007]. Becoming a brand employer demands a long term management as well as an active participation of employees in the process [Mosley, 2007] where values are used to shape employee's perception of an organization as well as their own beliefs [cf. Collins, Porras, 1995].

Today more and more organizations have been actively using employer branding and exploring the information the employees provide them with to become more competitive on a workforce market where talented hires are difficult not only to find but mainly to retain.

Using the concept of a parallel image coined by a Polish specialist in the field, Wojciech Budzyński and carefully discussed in his book *Wizerunek równoległy. Nowa szansa promocji firmy i marki (A parallel image. A new chance of a company and brand promotion)* [2008], employer branding can be classified within this category. It is just one of the images parallel to the official images carefully made by PR officers and marketers in an organization. Parallel images result from communication activities of organization stakeholders, clients, workers, journalists, society, etc. Consequently, their constituents are both voluntarily or/and involuntarily spread messages, pieces of information, behaviours, associations, activities, organizational symbols, logos, slogans, colours, etc.

Roughly speaking, all kinds of verbal and non-verbal communication behaviours performed by people from an internal and external environment of an organization and coming from various sources result in an organisation image becoming a multidimensional mosaics, a colourful quilt where many threads can be detected. Values, especially humanistic ones, are its core

components which account for its social recognition, criticism, disapproval or appreciation. Values have become today a battlefield where organizations fight for their image, their appreciation by their workers and other market actors as well as competitors.

3. Employer-employees dialogue – a condition of a successful employer branding

As one of the objectives of an organization image is to show a company as a nearly perfect employer and a highly desired workplace, the voice of the employees should be considered as important in the process of its building. Hence the role of employer branding which is like a bridge between them as it offers a chance to the employers to learn how the organization is evaluated by employees. The employees, in turn, have been offered an opportunity to express their opinions about the organization, criticize it but also give a positive feedback when its policies meet their expectations.

Internet fora, blogs, employees' web pages and social media play an important role in this type of communication at least for two reasons. Firstly, it is their availability and secondly, their anonymity and safety. The latter offer their users an opportunity to be truthful and express their opinions more directly and clearly than in a face to face contact with managers and their immediate bosses even if invited to comment upon the organization management, its culture and the humanistic values which make companies differ from each other. In this sense such straightforward comments, even if critical are very important for rethinking and even redesigning the company policies. The employer should especially value the information which are sincere but at the same time contradictory as they deny the official information provided by their employer. Actually this is the worst which may happen as a lack of consistency between the image created by the employer and by their employees accounts not only for staining the company image but make the company lose its credibility.

Anonymity of the author of the comment as well as a lack of nearly any kind of censorship of the texts published in the Internet (if it does not contain any vulgar or obscene words and expressions and does not offend public persons) may also encourage dishonest opinions, both positive and negative, which manipulate facts and provide such distorted interpretations which are an ambivalent and blur the image of the company. It may also happen that the bloggers write lies give vent to their hurt ego and to take revenge for their own mistakes and failures which have nothing to do with company policies. Such negative messages may appear also because the micro-community of the employees involved in employer branding creates a feeling of togetherness among them and enhances their solidarity. They feel they can act unethically because the employer can neither identify nor join them unless invited. S/he can only read

their messages and answer them or comment upon individual issues on their own blogs or web pages or by means of traditional communication media. S/he can also actively use the employees' observations by implementing subsequent changes in the organization management and informing the workers about their inspirational contribution to them. To make employer branding a success, it would be advisable to make the employees aware that their voice matters to their employer and is highly appreciated by management.

An ideal but not impossible form of the model of communication within the employer branding scheme uses the concept of partnership and equality as well as mutual respect and confidence. Thus it contributes to creating at the employees the feeling of loyalty, responsibility, engagement and commitment. As it delegates the managers' power to workers it makes them part of the decision making process impinging upon management practices. Consequently, the employees feel more conscientious of the organization needs and objectives and they also become more active in contributing to the organization having them successfully met. We may venture saying that it is a symbolical act of turning employees into true shareholders which should be beneficial for all stakeholders of an organisation.

Truthfulness is another basic feature of proper and valuable communication. However, truth may be not only difficult to communicate but also to accept even if it is meant as a positive criticism whose aim is to improve the existing *status quo*. Modesty combined with knowledge, future orientation, imagination and openness help take criticism and make it a manager's visionary strength. It also demands the ability to think in terms of the good of the organization putting aside individual ambitions. Another difficulty stems from the fact that negative evaluation should never be personal but targeted at activities. It cannot serve to make up for a hurt ego but should be grounded in values. This explains why it needs a lot of courage to open a forum for critical discussions and why people so rarely do it in public without hiding in the virtual reality.

Referring to the above discussion, dialogistic communication, which is based on such values as partnership, truthfulness, respect and dignity seem to be the only possible choice for employer branding. Despite constituting a serious challenge for both the employer and the employee only dialogue can contribute to positive changes in the company management and become its asset [cf. Lubecka, 2010]. A dialogistic communication which is based on values implies that it will not be used to lie and to manipulate an organization image by disseminating false or incomplete information. As such it will become a useful source of knowledge for the employer as it will provide them with a feedback evaluating their own policy as well as the coherence between the organization values and the values of individual employees.

A dialogistic exchange of information binds people together, empowers them, contributes to their dignity and self-worth. It puts into practice the concept of management by values as well as participant management which better answer employees' expectations about their role in a modern organisation. Contemporary workers, especially in democratic and economically privileged countries do not want to be treated purely instrumentally but included in an organization. This, in turn, makes them feel proud of belonging to it and results in their more fully identifying with its goals and policy. Consequently, they become strongly motivated to stay with it even if offered a more attractive contract elsewhere. Their emotional engagement and loyalty make them its advocates, marketers and civic PR officers. Their blogs or comments on web pages and in social media become then efficient tools of buzz marketing whose reliability is much bigger than of other kinds of organization-based promotional activities.

Employer branding realized as dialogistic communication offers a new instrument to the employers to motivate their employees, bind them to the organization, turn them into an organization asset and make them an even more efficient source of its intangibles. It also makes the employer directly benefit from it as they become competitive on the labour market.

Conclusions

Employer branding has got its newest versions employment branding and employee branding, which shows not only certain trends in management practices but also a practical value of these instruments. It can be also observed that a continually growing number of organizations use employer branding to successfully build their reputation as an employer, create their competitive image on the labour market and in the wide society and thus increase their intangibles.

Consequently, there can be observed a change in the employer's as well as employees' approach to employer branding. It stops to be treated as an employee's weapon to criticize an organisation and take revenge on it for its employees' unfriendly policy as its aim is to provide information and feedback to be used by the employer to become more attractive on the labour market. Thus it should not be feared by the employer who, in turn, should not ignore the anonymous voices of their employees to reevaluate the organisation management principles, HR policy and management by values. In the organizations which understand the value of the employer branding communication, it has become treated as an employer-employee dialogue. The information provided by employees-bloggers, users of social media, etc. is carefully analysed to re-examine the company strengths and weaknesses.

This approach sees employer branding as an opportunity to strive towards excellence and become a market winner. It also explores employer branding,

especially its external manifestation, as buzz marketing, the cheapest and one of the most reliable means to advertise itself. It also reflects a new success philosophy of an organization how to become a strong brand: instead of focusing on internal branding initiatives, costly and uncertain about their results, it consists on supporting long term activities of employer brand management where employees' communication has got a dialogistic form.

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A 3D model and typology of organisational culture

Abstract: The proposed model of organisational cultures I used in my research is based on three dichotomous dimensions borrowed from G. Hofstede and other researchers. Although Hofstede proposed studying organisational cultures according to other dimensions of values than in the case of cultures of whole societies, there are numerous authors who think his model is more general and so apply it to organisational cultures too. It seems that three out of five dimensions proposed by Hofstede can become a basis for such a multidimensional model and typology. I am also in favour of this approach, as I believe that three of the dimensions included in Hofstede's model are of a universal character, whether they concern individuals, organisational cultures or social cultures [Sułkowski 2012, pp. 103-118].

Keywords: organisational culture, 3D model.

Model of organizational culture

The model, based on the combination of the dimensions of individualism/collectivism, power distance and tolerance for uncertainty, sets these three dimensions in the area of fundamental, 'existential' assumptions of individuals and human communities (Table 1). The dimension of individualism/collectivism determines the basic assumption concerning the degree of attachment to a social group [Chatman, Barsade, pp. 423-443]. The dimension of power distance reflects a universal feature of human nature that can be found in all communities in the form of the attitude towards power in a social structure. And finally, the tolerance for uncertainty can be derived from the skill characteristic only of people, which is making plans for the future, together with an intuitive evaluation of the probability of their success. There is no agreement among researchers as to the dimensions of organisational culture, but regardless of their opinions, most of them can see the relationships between the dimensions

of culture proposed by G. Hofstede, such as individualism vs. collectivism or power distance, and the corporate culture [Aycan, Kanungo, Mendonca, Yu, Deller, Stahl, Kurshid, pp. 192–221].

Table 1. Three dimensions of G. Hofstede, on the level of individuals, organisational culture and social culture.

A dimension of values	Individuals	Organisational culture	Social culture
Individualism/collectivism (community)	An attitude of an individual towards the community. Attachment to a group.	Values and norms, enhancing the status of individuals or organisational bonds.	Values and norms, enhancing the status of individuals or social bonds, such as national, civic.
Hierarchisation – equality (power distance)	An attitude of individuals towards power. An attitude to inequality.	Tendency to interpret organisation in the categories of structuralisation and an increase in the status differences, or the opposite.	Striving for the enhancement of structuralisation and an increase in the status differences, or the opposite.
Tolerance for uncertainty	Tendency to take risks and open planning. Lower stress related to planning.	Readiness to develop and carry less probable and riskier variants of plans.	Valuation of the readiness to take risks. A lower level of autonomy and social frustration caused by uncertainty.

Source: Own work.

From among the many dimensions of values, I distinguished three which appear in numerous concepts and research into the influence of culture on organisation (proposed by G. Hofstede, A.A. Trompenaars and C. Hampden-Turner, R.D. Lewis, and E. Marx). Together they form consistent configurations of cultures, and are linked with other subsystems (strategy and structure). All values studied largely diversify organisational cultures. The model of organisational culture developed includes as few of the most important diversifying values (dimensions) as possible. Naturally, it is possible to create typologies of other dimensions, including more or less values. Some of the dimensions of values assumed by other concepts were not included in this model at all. It was therefore assumed that they do not concern the level of culture or are of a secondary character. Dimensions distinguished here were recognised as primary, so it is also possible to derive secondary dimensions from them, which were used in other concepts and research. In most cases, secondary dimensions can be derived from the primary with the use of an analysis of the given dimension's semantic contents.

Hierarchy – equality

Favouring hierarchisation is linked with a belief that people differ, and an organisation reflects this diversity. Thus, organisations should include a number of management levels, and there should be a significant diversification of rights, privileges and benefits among different groups of employees. Special significance should be attached to maintaining discipline and strengthening the authority of power. Hierarchical organisations are dominated by the following attitudes: (1) acceptance of a strong diversity of employees, (2) a preference for elitist thinking, (3) emphasis on the significance of order which gives rise to the structure of power [Cf. Hofstede, 2000, p. 78].

The drive for equality results from the belief that people deserve similar rights, and an organisation is a reflection of such fundamental equality. Thus, organisations should have a flat structure and limit the number of management levels as much as possible. Large diversification of employees' rights, privileges and benefits is unwelcome. Equality gives rise to the following attitudes in organisations: (1) emphasising similarities between employees, (2) favouring egalitarian thinking, (3) orientation towards spontaneity, flexibility of structures and power relationships.

The dimension of hierarchy vs. equality is primal in relation to the dimension of authoritarianism vs. democracy (participation). Authoritarianism means striving for a one-person, unquestionable way of making decisions in an organisation, while democracy means striving for a group (fully participatory) decision-making process. The dimension of hierarchy vs. equality is also primal in relation to the dimension of power centralisation [cf. Harrison, 1972]. In G. Hofstede's concept, the dimension of hierarchy – equality corresponds to the distance in power relations. A large distance means orientation towards hierarchy, while a small distance means equality [Hofstede, 2000].

Individualism – community

Individualism means putting the value of an individual before the interests of a social group. This is related to striving for the freedom of individuals and a belief that individual interests are most important. According to this belief, organisations should focus on the motives and competences of individuals, rather than teams. Fulfilling individual interests can lead to organisational success, as it favours rivalling and competitive attitudes, as well as nonconformist behaviour. Organisation is perceived as a group of individuals who have conflicting interests. S. Lukes emphasises the following basic elements of individualism: human dignity, self-determination and autonomy of individuals, respect for privacy and the possibility to fulfil oneself [Lukes, 1973]. In organisations, individualism is manifested by: (1) treating individual

freedom as the priority value, (2) the acceptance of individual attempts at independence, (3) a preference for individual interests, (4) rivalling orientation, (5) creating the cult of personality (lone heroes or charismatic leaders)

The community approach (or, in other words, collectivism) is a the belief that the interest of a social group is more important than individual interests, and in the case of organisations it is manifested by the orientation towards group goals, even against individuals, while the preferred attitudes are conformism and collaboration. Emphasising the value of group solidarity, organisations are often perceived as social groups or teams. They achieve success thanks to cooperation and unanimity, which is why individuals should identify themselves with a group. Mostly, it is the teams that are motivated, and only then the individuals. The community approach is manifested by: (1) accepting the idea that the common good is the superior value, (2) emphasising the significance of cooperation in a social group, (3) emphasising the importance of community, (4) orientation towards cooperation and unity in an organisation, (5) creating a cult of group-work.

The community approach is linked with familiarism [Fukuyama, 1997, pp. 77-83]. Familiarism is the strength of relationships between individuals and their families, which is reflected in the organisational sphere. A high level of familiarism supports the development of family entities, but can cause problems when creating organisations managed in a different way (separation of ownership and management). A low level of familiarism more often accompanies the creation of larger, bureaucratic organisations, which limit the significance of family enterprises in business.

A high tolerance for uncertainty – a low tolerance for uncertainty

A high tolerance for uncertainty is related to the readiness to act in situations when there is not enough information. In the case of organisations, this means a tendency to take risks and orientation towards changes [Cf. Sikorski, 1999, pp. 43-55]. Organisations with a high tolerance for uncertainty do not strive to maintain the status quo, but are ready to accept external changes and make transformations¹. Usually, they adapt to changes in the environment more easily and are flexible. The variants of action and scenarios developed are of a rather indeterminist character. Information deficits and multiple variants are assumed, and rapid changes are treated as opportunities. Greater attention is paid to the organisation's openness, rather than its stability. A high tolerance for uncertainty means:

¹ The juxtaposition of change and status quo in an organisation is not invalidated by the approach of 'dynamic stability', which is currently being developed, and which tries to weaken the destructive consequences of rapid internal changes by strengthening employees' sense of stability – E. Abrahamson, Change Without Pain.

(1) orientation towards changes in the organisation, (2) the acceptance of action in case there is not enough information, (3) a multi-variant game model in the decision-making process [Cf. Hofstede, 2000, p. 197].

A low tolerance for uncertainty combines the striving for the reduction of uncertainty, functioning in the context of low risk, maintenance of the status quo, and an emphasis on the organisation's stabilising role [Cf. Jasiński, pp. 104-107]. The variants of action and scenarios developed are of a determinist character; they assume avoiding risks, a maximum limitation of the information deficit and one-option planning. In most cases, changes are treated as threats. A low tolerance for uncertainty means: (1) orientation towards maintaining the status quo in an organisation, (2) striving for action only when there is all information available, (3) assuming a one-variant, determinist model of decision-making.

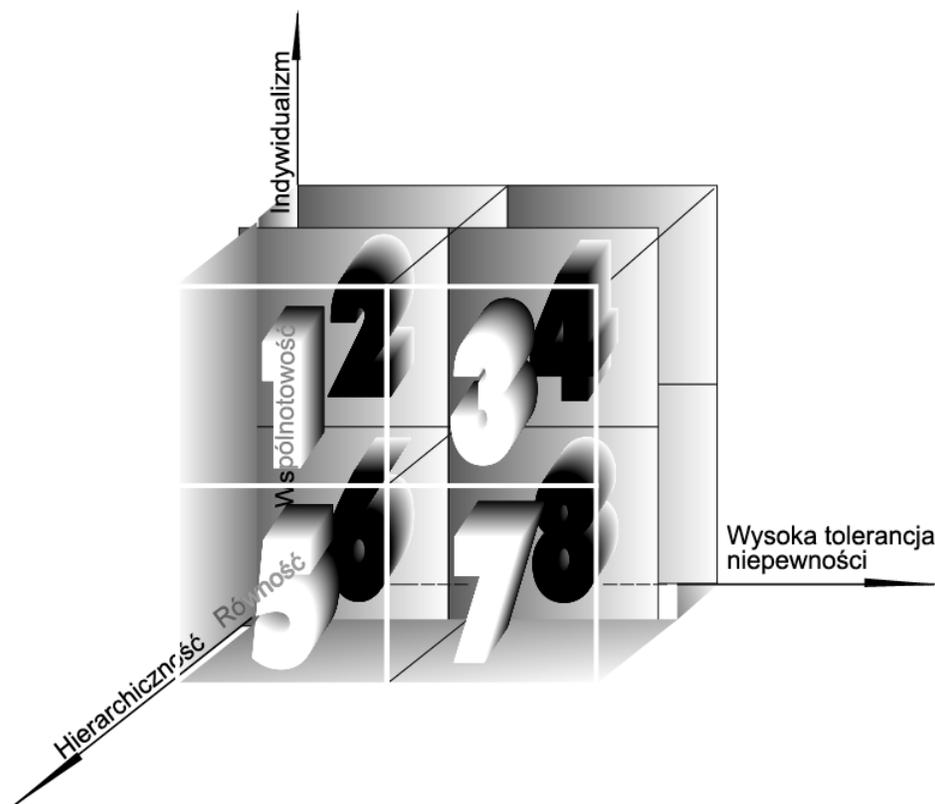
The presented primary dimensions can correlate with other values; for example, to a certain extent hierarchisation conditions formalism or ceremonialism of culture, and the existence of autocratic management styles [Gesteland, 2000]. The proposed configuration of primary values can be compared with the proposals contained in several significant projects of intercultural research by R. House, C. Hampden-Turner, as well as A.A. Trompenaars and G. Hofstede. The GLOBE project by R. House included nine dimensions of culture, influencing leadership in organisations, similar to those described here. They are: collectivism vs. individualism, power distance (corresponding to the dimension of hierarchy), and avoidance of uncertainty vs. tolerance for uncertainty. Other cultural dimensions studied in the GLOBE project are probably of a secondary character in relation to the three assumed primary dimensions. These dimensions include: orientation towards achievements, which is secondary to individualism, equal rights of men and women, probably related to equality, orientation towards the futures vs. presence, probably correlating with the tolerance for uncertainty, family community, which is a special case of the community approach, assertiveness, related to individualism and hierarchisation, and humanist vs. impersonal orientation, correlated with equality.

Trompenaars and Hampden-Turner's model and research distinguish seven elementary dimensions of values [Trompenaars, Hampden-Turner, 1998, pp. 20-21]. Two of them, individualism/collectivism and equality – hierarchy, overlap with the dimensions presented in this monograph. G. Hofstede's research project led to the distinguishing of four dimensions of culture: hierarchy – equality, individualism/collectivism, avoiding the uncertainty and masculinity – femininity [Hofstede, 2000]. The first three dimensions can be found, although in a slightly different form, in the model of organisational culture presented in this work. The dimension of masculinity – femininity does

not seem completely clear and is defined in different ways (for example, it is defined differently in the GLOBE project). This dimension is secondary, as it correlates with the dimension of hierarchy – equality. The model was developed by Hofstede by adding a fifth dimension called ‘Confucian dynamism’.

The values presented above can be jointly found in organisations. Thus, they form certain configurations of values. They constitute a typology of organisational cultures which can be reflected with the use of a three-dimensional model.

Figure 1. A three-dimensional typology of organisational culture.



Source: Own work.

Types of organizational culture

By comparing the three basic dimensions, one can build a classification covering eight types of perfect organisational cultures [Weber, The Methodology of the Social Sciences [M. Weber, The Methodology of the Social Sciences].

Type 1 – Organisation of ossified management

A configuration combining individualism, hierarchisation and a low tolerance for uncertainty: The values of the organisation justify the fact that the managerial positions in the structure are occupied by privileged people. The significance of managers is emphasised, and myths are created about them (especially about those on higher levels). They are made organisational heroes. Emphasis is put on stability and discipline, which is supported by an autocratic management style that, on lower levels, often takes the form of despotism, and paternalism on higher levels. There is formalism in the organisation, assuming a ceremonial and ritual form, and covering of internal communications. The centralised information flow is fully consistent with the organisational structure and has the form of a pyramid (messages come from top to bottom). Type 1 is a conservative, traditional organisation, in the case of which changes take place as a response to the pressure of the environment and are of a top-down character. A moderately competitive orientation prevails, as conflicts are suppressed by formalism, while personal changes are delayed because of conservatism. Power is strong and concentrated at the top of the hierarchy. There is no familism in such organisations, all indications of nepotism and cliques are officially and unofficially condemned. There is no atmosphere that would support the creation of subcultures, much less counter-cultures.

Type 1 organisations are characterised by a complex, formalised organisational structure. Strategy can be formally extended and documented, but it is quite reactive and inflexible. Usually, the orientation towards operational activities prevails, although strategic orientation is also possible. However, in such cases strategies only include one variant and are not very detailed. Type 1 organisations are adjusted to functioning in stable sectors, which develop slowly and require the centralisation of activities and specialisation (because of the economy of scale). In the case of rapid changes in the environment, they can be ineffective.

Type 2 – Organisation of personal benefits

Orientation towards individualism, equality and a low tolerance for uncertainty: Values indicate that all employees have a right to decide and benefit from staying in the organisation. The significance of the employees' ethos is often emphasised. There is a common belief that ordinary workers are exploited by those in charge. Mythology is of an unofficial character and is created based on stories about opportunities the organisation missed because of the managers. Managerial positions are treated with mistrust and envy. On the other hand, promotions are perceived in terms of power usurpation. Social relationships in such organisations are reminiscent of a war between everybody,

where employees have professional ambitions but others bring them down to mediocrity. Managers have limited power and a sense that their positions are under constant threat. This is why, believing that the autocratic management style is superior, they are forced to play a complex game of manipulation and negotiation between different organisational actors. The level of formalism is moderate. Communication is not largely centralised and formalised. The information flow is open, which gives employees access to the managers. To sum up, it can be said that Type 2 is to a certain extent similar to Type 1 – it is a conservative organisation, which makes changes as a response to the pressure of the environment of a top-down character; also the level of familism is rather low. However, in organisations of this type, two hostile counter-cultures are often created, including performance workers and the management. Such organisations often have a flattened organisational structure. Strategy is usually limited, rather reactive and oriented towards operational activities. This type can be most often found in stable economic sectors which change slowly. In the case of this culture, changes are unwelcome.

Type 3 – Organisation of transformational leadership

Orientation towards individualism, hierarchisation and a high tolerance for uncertainty: The organisation's values focus on charismatic leadership. Autocratic management styles prevail. The significance of leaders is emphasised and myths about them are created. They are made organisational heroes. Organisations of this type are not highly formalised – leaders contact all levels of the organisation, using both official and unofficial channels. The information flow remains open (there are no barriers), although communication is aimed at the main link – the leader. Type 3 organisations are oriented towards changes that are quickly implemented by transformational leaders, and so the values include creativity and expansiveness. A moderately competitive orientation is typical, although conflicts are suppressed by leadership. Power is strong and concentrated at the top of the hierarchy, while organisation is supposed to be cohesive and centralised. In this case, the level of familism is relatively low, nepotism and cliques are not tolerated. No subcultures or counter-cultures can be created.

In this type, orientation towards strategic activities usually prevails – the vision of the leader is the basis for strategy. Organisations of this type usually allow introduction of quick, deep organisational changes, although decisions about these are made top-down. Type 3 can be most often found in dynamic economic sectors, which rapidly develop or undergo transformations.

Type 4 – Organisation of adventurers

Orientation towards individualism, equality and a high tolerance for uncertainty: Organisational values focus on the rivalry between individuals in the context of a 'free internal labour market'. One of the values is 'change leading to the organisation's development'. The leaders have strong personalities and similar rights. Organisational mythology emphasises the role of individuality, autonomy and creativity. Participatory management styles dominate. Organisations are quite informal, and internal communication is fully open and dispersed. Motives and concepts of changes are created by individuals. Employees are oriented towards rivalry, both within and between teams. Power is distributed among individuals who manage their teams. The level of familism is relatively low. Subcultures are formed around individualities, but they are not very strong, are of a fluid character and do not transform into counter-cultures.

Type 4 organisations often have a flattened and informal organisational structure, while strategy is multi-variant and expansive. Orientation towards strategic activities prevails. Changes are implemented quickly, in an anticipatory way, and can be initiated by many centres (they are decentralised), which allows for deep transformation, strongly involving employees. Problems and complications result from the multiplicity and changeability of influences, which may lead to anarchy. Type 4 is most often found in dynamic, rapidly developing and dispersed economic sectors (a lower level of capital concentration).

Type 5 – Organisation – stabiliser

Orientation towards community, hierarchisation and a low tolerance for uncertainty: Values of the organisation justify the maintenance of status quo. Mythology is created around the 'golden time' of no changes, full security and stability, both for managers and performance workers. The value and tradition. Organisational heroes are long-standing managers who strive for the maintenance of stability. Autocratic management style, close to paternalism, prevails. The level of formality is high, and often takes a ceremonial, or even ritual form. Excessive bureaucracy is common. Communication is formalised and centralised. Conservatism dominates – changes are implemented slowly and are coerced by the environment. Decisions about changes are made top-down, and are often resisted by employees at lower levels. There is a moderate orientation towards cooperation. On the one hand, power is concentrated at the top of the hierarchy, while on the other, there is strong influence from employee lobbies (unions, councils etc) and sometimes of other interested parties (for example political). Familism is moderate, nepotism is officially condemned, but unofficially it is present in the organisation. Even cliques are

common. Strong subcultures appear, and sometimes counter-cultures, usually based on the juxtaposition of performance workers with the management, and the antagonisms between different employee groups.

Type 5 organisations are characterised by a complex, formalised organisational structure. Strategy is one-variant and highly reactive. Orientation towards operational activities prevails. Special emphasis is put on maintaining the cohesion of the organisation. It is difficult to introduce changes, and they are of a reactive character. Type 5 is most often found in stable, slowly changing economic sectors, having a strong employee lobby group.

Type 6 – Organisation – a conservative community

Orientation towards the community, equality and a low tolerance for uncertainty: Organisational values are oriented towards the employees' sense of security. Similarly to type 5, the value is tradition, but in this case organisational heroes are employees who strive for the social security of employees (for example, leaders of trade unions) and performance workers who have a sense of injustice and feel undervalued. Participative management styles dominate, sometimes using populist motifs. Decisions are usually made jointly. Professional career paths are open, and there is a fairly high rotation of managerial positions. Communication is informal, open and decentralised. Type 6 includes highly conservative organisations, which implement changes very slowly and only as a result of pressure from the environment. Decisions about changes can be top-down or made as an initiative of one of the power centres. Organisations are oriented towards cooperation and satisfying the needs of numerous organisational groups. Power is distributed among different centres of influence – employees and managers, individual departments, branches, units and sections. The level of familism is high, individual centres form cliques and can support the promotion of family members. Strong subcultures, or even counter-cultures appear.

Type 6 organisations are characterised by a flattened, decentralised organisational structure. Strategy is usually limited and reactive, orientation towards operational activities prevails. It is very difficult to introduce changes, as they are hindered by dispersed power. Type 6 can be most often found in stable, slowly changing economic sectors.

Type 7 – Organisation of thriving teams

Orientation towards the community, hierarchisation and a high tolerance for uncertainty: This type of organisation's values are oriented towards organised, dynamic teams. Myths concern the quick, bold, successful actions of teams (organisational units). The organisation's heroes are the leaders who know

how to make use of teamwork. Participative management styles dominate. Communication is informal, decentralised and completely open. The dominant value is change. Type 7 includes dynamic organisations, oriented towards quick changes, often of an anticipative character. Changes can be planned top-down or result from grassroots initiatives. There is a moderate orientation towards cooperation. On the one hand, power is concentrated at the top of the hierarchy, but on the other, the influence of the teams of employees can be very strong. The level of familism is quite high, and there are clear cliques. Strong subcultures, or even counter-cultures appear, but they are eliminated by managers.

Type 7 organisations are characterised by a fairly extended organisational structure, which doesn't translate into limitations to communication. Strategic orientation prevails, but strategy itself is understood as a multi-variant game. There are no complex, long-term planning procedures. Type 7 can be most often found in young, dynamic, rapidly developing economic sectors.

Type 8 – Organisation – a dynamic community

Orientation towards the community, equality and a high tolerance for uncertainty: The organisation's values are oriented towards a flexible community. Mythology is created around spontaneous, bold activities and decisions made by teams (groups of employees). Organisational heroes are team members who take part in successful activities. Participatory management styles dominate, often taking the form of democracy. The level of formalism in the organisation is low. Communication is informal, decentralised and completely open. The values include community and change. Type 8 organisations are dynamic and oriented towards quick changes which anticipate trends. Changes are often the results of grassroots initiatives. A strong orientation towards cooperation is typical of these organisations. Power is distributed among teams of employees. In most cases, the level of familism is high and there are clear cliques, although no strong subcultures are created, as they are quickly eliminated. There are no counter-cultures.

Type 8 organisations are characterised by a flattened and decentralised organisational structure. Strategy is complex and quite expansive. An orientation towards strategic activities prevails, which are understood as multi-variant organisational games. Orientation towards operational activities is also possible, which results from the sense of a lack of possibilities to create a strategy in such a changeable sector. This type of organisational culture allows quick, anticipative and grassroots organisational changes. Type 8 is most often found in dynamic, quickly developing economic sectors.

It is important to note that the values studied for organisational indicators are not dependent only on culture. The type of a strategy, structure or a degree

of familism can be also conditioned by the type of ownership, market position or the enterprise's financial situation, which is why the descriptions of the types of organisational culture have to be treated as conditioned by many factors [Sułkowski, *Wieloznaczność kultury organizacyjnej*, 2012].

Consequences for HRM

As one can see in the presented description of culture types, the configuration of values has an influence on most areas of organisation management, including the methods of managing human resources. To put it simply, types of armies have been used to describe the individual types of organisational cultures (Table 2).

Type 1 – Army of knights

Type 2 – Mercenaries

Type 3 – Conquistador army

Type 4 – Levy in mass

Type 5 – Army of janissaries

Type 6 – Revolutionaries

Type 7 – Duke's squad

Type 8 – Partisans

Table. 2. Types of organisational cultures and example ways of managing human resources.

	Recruitment	Motivation	Development
1. Army of knights	Looking for qualified individuals, only the management.	Managers reward individual employees.	Training of the management, concerning detailed issues.
2. Mercenaries	Recruiting qualified and strongly competitive individuals.	Mechanisms of rewarding the best (rules of awarding bonuses).	Self-improvement, limited internal training concerning detailed issues.
3. Conquistador army	A leader looks for potential supporters – determination and motivation to work are the key elements.	Involvement and loyalty to the leader are rewarded.	Education is a process of integration around the leader.
4. Levy in mass	Self-recruitment – most of those who are interested can get the job.	Mechanisms of rewarding and, in consequence, selection (the weakest do not gain).	Self-education, limited specialist training.

5. Army of janissaries	Recruits are loyal and susceptible to discipline.	Rewards follow bureaucratic regulations.	Strong indoctrination trainings, which enhance loyalty.
6. Revolutionists	Recruits are susceptible to missionary activities.	Self-rewards and, in consequence, selection (the weakest do not gain).	Indoctrination training, network mechanisms of promotion.
7. Duke's squad	Recruits want to function in a strong and loyal team.	Involvement and loyalty to the group are rewarded.	Integration training, focused on the management.
8. Partisans	People who have ideas and want to implement them in a team are recruited.	Involvement and loyalty to the group and ideas are rewarded.	Integration and indoctrination training include managers and specialists.

Source: Own work.

Naturally, the influence of organisational culture on the human resources function as presented here is slightly exaggerated, and in some cases, largely simplified. The patterns of human resources management, resulting from the configuration of organisational values, can be different, but there is no doubt that the type of organisational culture has a significant influence on the system of managing human resources. Of course, organisational culture is one of the reasons for the creation of human resources management, but other variables, such as the specificity of a given activity and enterprise, are also important. From the point of view of managers, there is a need for awareness, as to what values function in the organisation and what their influence on human resources management is. The selection, motivation and education of employees, oriented towards the reproduction of the same type of organisational culture, can be limited by the changes and effectiveness of the organisation.

The presented model of organisational culture and the typology of organisational cultures resulting from it are mostly a theoretical concept and require in-depth verification by empirical research in the future. What is needed now is research into an organisation's members' change of value systems [Sułkowski, 2002], together with an analysis of the type of human resources management, strategy, structure and power in the given organisation.

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Impact of foreign direct investment on lower silesia's economic development

Abstract: The paper presents research results concerning the impact of foreign direct investments on the economic development of Lower Silesia in the years 1999-2011. The first year analysed is 1999 – the year in which the new administrative division was introduced into Poland, where the number of provinces was reduced from 49 to 16, with 314 districts and 65 cities being given district rights (including communes which also accomplish the tasks of the district).¹

The research takes into account the most important macroeconomic indicators presenting the region's development, such as the GDP and investment and employment levels. These indices are based on data from the Statistical Office in Wrocław and the Central Statistical Office of Poland (GUS). Data on companies and entities with foreign capital have been correlated with the above-mentioned indicators to evaluate the foreign investment influence on the region's economy.

Key words: foreign direct investment, regional development, entities with foreign capital, commercial companies, macroeconomic factors

Introduction

The transformations, initiated in Poland by political changes of 1989, resulted in opening the Polish economy to Western European countries [See more: Popławski 2012, pp. 37-38]. Due to its political, social and economic advantages as well as its geographic location, Poland's economic development was permanently determined by the inflow of foreign capital [Wieczorkiewicz 2002, p. 8]. Thanks to favourable conditions for the inflow of foreign capital at the beginning of the transformation, foreign investors rapidly became more

¹ The number of district towns in Poland reaches 335, including 44 towns which are at the same time seats of the district and towns with district rights.

competitive than local enterprises. Many global corporations included Poland in their net development strategies and chose the best moment for implementing these strategies [*Rocznik PAiIZ 2003, 2004* pp. 49-54]. What encouraged companies to invest in Poland in the first years of the transformation was low labour costs [Compare: Karaszewski 2007, p. 234]. Nowadays investors perceive labour costs as dynamically increasing, and therefore pay more and more attention to skilled staff. Most perceive Poland's human resources as well qualified [Compare: Frąckowiak 2001, p. 95]. Other beneficial factors include lower tax burdens as compared with those found in other EU Member States and lower real property prices [Compare: Karaszewski 2007, p. 235], both of which play a significant role among greenfield companies [Karaszewski 2007, p. 237].

Materials and methods

The goal of the study is to measure the impact of foreign direct investments on the economic development of Lower Silesia in the years 1999-2011 on the base of GUS data.

In the first part of the research, an analysis was carried out concerning the share of companies with foreign capital within the total number of commercial companies. Next, quantitative changes in the inflow of companies with foreign capital were compared to quantitative changes in the inflow of commercial companies. It was assumed that with the previous year had 100 such companies. Then, those foreign companies investing their capital in Polish enterprises was defined, and after that, the dynamics of changes in those Polish enterprises boosted with foreign capital were compared with the dynamics of primary capital changes in all enterprises, assuming again that the previous year had 100. Following that step, quantitative changes in the foreign capital, investments and employment rates of those entities with foreign capital were compared with the dynamics of changes in the regional GDP. Maps present the location of companies with foreign capital in Lower Silesia within a division, into subregions and districts for the years 2000, 2005 and 2010. Further on in the research, the number of people employed in entities with foreign capital were compared with the total number of people working in Lower Silesia, and a comparative analysis was carried out to determine the quantitative changes regarding people employed in entities with foreign capital as compared with the quantitative changes among all people employed, by assuming the previous year as having had 100 such enterprises. In the final part of the research, investment expenditure incurred by entities with foreign capital was compared with the total investment expenditure incurred by enterprises in Lower Silesia, and the dynamics of the process were analysed by assuming that there were 100 enterprises the previous year.

Numerous barriers were encountered while collecting statistical materials necessary to carry out the above-mentioned analyses, which resulted mainly from difficulty in comparing data or simply the lack of data itself. Some of the obstacles stemmed from the fact that GUS does not have data on the amount of the primary capital, number of investments, and number of people employed in commercial companies, including companies participating with foreign capital; the information available to GUS includes only data related to all enterprises and to entities with foreign capital. In view of the above, a comparative analysis was made to define the impact of foreign investments on the economic development of a region, and research was carried out, covering the above-mentioned indicators, regarding business entities participating with foreign capital and all enterprises. Another obstacle was GUS's incomplete statistical data relating to business entities with foreign capital. For example, according to the REGON register maintained by GUS, in 2010 the number of companies with foreign capital reached 6521 in Lower Silesia, while according to data available on the portal of the local data bank (www.stat.gov.pl) and in the paper "Business Activity Conducted by Entities with Foreign Capital in 2010", this number reached only 2274. This incongruity stems from the fact that GUS gathers data from annual reports prepared by the entities. What was used to define the role of foreign capital in the establishment of enterprises and location of foreign investments was scrambled with data on companies, namely, on those which contributed the most significantly to regional development.

Conditions of the inflow of foreign capital

Good conditions for foreign investment inflow are created, most of all, by a favourable policy pursued by Poland. Since the very beginning of the 1990s Poland's national policy has focussed on [Sadowski 1999, pp.40-41] actively promoting investments aimed at development. The following are examples of such promotions: Poland has improved the country's image as an attractive location for investments and provided investors with necessary information (e.g. through such state organisations as the Polish Information and Foreign Investment Agency); given direct support to investors (subsidies for the investment); established contacts (through conferences, fairs); created conditions for transferring and using technology such as formulating a policy aimed at attracting high technology, creating attractive opportunities for technology transfers (inter alia by means of supporting such domestic research institutions as technology parks); financed scientific research and supported innovativeness; provided opportunities to commercialise the results of scientific research; enabled local labour to gain proper qualifications by creating conditions for improving qualifications; encouraged investors to create staff education centres and qualification improvement schemes, good

technical and social infrastructure; and supported connections with the global market through trade and flow of services and capital [See more: Popławski 2012, pp. 38-41].

Apart from creating proper capital inflow conditions, tasks to be accomplished by the state also include removing the following existing obstacles and barriers: [Dobrodziej 1999, p. 136; Sadowski 1999, pp.58, 59; Olesiński 1998, p. 84] instability in the tax system and tax rates; lack of transparency in provisions related to privatisation and the unsatisfactory offer of enterprises for sale; too frequently amended legal provisions; an unstable customs policy; low profitability in taking bank loans; too high financial burdens for enterprises; bureaucratisation of administrative decisions (complex bank procedures for granting loans, difficulties for foreigners in purchasing land and real property); an underdeveloped services sector; and an inept transport infrastructure requiring modernisation.

Generally speaking, Polish legislation may be perceived as rather liberal when it comes to attracting foreign capital to Poland. Foreign investors enjoy both freedom of economic activity and tax relief to the same extent as domestic investors. Moreover, they may easily transfer profits abroad, and in the event of bankruptcy they may transfer their capital abroad, while in cases of expropriation they are entitled to indemnity.

Adverse consequences of the political transformation (inter alia a fall in production, increase in the unemployment rate, increase in unused production resources) brought about considerable disturbances in the economic structure of many Polish regions. Local authorities did not manage to solve these problems on their own. What was necessary was the state aid, which was embodied, for example, by the Special Economic Zones Act (SEZ) of 20 October 1994. Under SEZ, Special Economic Zones were established [Cieślik 2005, p. 95] to activate a region's economic development by involving external strategic investors. The basic method for attracting capital and technology is to have favourable tax policies for defined fields of business activity, in particular for sectors that guarantee optimal conditions for local development. Since 2007 the 14 SEZ areas have increased from eight to more than 13 thousand hectares. Investment value in the Zones has exceeded 31 billion PLN and the number of employees has reached approximately 100 000. The Zones were established for 20 years, which includes, in that time period, complete exemption from income taxes for 10 years and another 10 years during which the entrepreneur has to pay only 50% of the amount due to the State Treasury. Industrial and technology parks are excepted, as their period of operation was shortened to 12 years and the period of complete exemption from taxation is six years. SEZ follows much easier procedures for obtaining building permits (decisions on issuance

of a building permit are issued by the zone administrator rather than the head of the regional office) and quicker procedures related to the purchase of real property by foreigners. There are four Zones in Lower Silesia: Kamiennogórska SEZ for Small Business, Legnica SEZ, Tarnobrzeg SEZ Euro-Park Wisłosan and Wałbrzych SEZ Invest-Park.

Analysing the influence of direct foreign investments on Lower Silesia's economic development in the years 1999-2011

Lower Silesia is perceived as the second most attractive region for foreign investors (on the same footing with Masovia) [Compare: Nowicki 2011]. The policy pursued by local authorities is aimed at facilitating entry by foreign investors into the market. Apart from acquiring shares in state-owned enterprises, the largest global concerns also decided to construct their own factories, which is evidence of the investors' considerable confidence and conviction that the region is not only an attractive place for building factories but also abounds with highly-skilled staff [Urząd Marszałkowski Województwa Dolnośląskiego database, [Online], Available: <http://www.umwd.dolnyslask.pl/gospodarka/inwestycje-zagraniczne/najwiksiinwestorzy/> [12.10.2012].

The largest investors in Lower Silesia include (data divided according to the investor's country of origin) [Urząd Marszałkowski Województwa Dolnośląskiego database, [Online], Available: <http://www.umwd.dolnyslask.pl/gospodarka/inwestycje-zagraniczne/najwiksiinwestorzy/> [12.10.2012]:

- British capital: Cadbury Schweppes, Cussons Group Ltd, British Vita, BOC, Tesco, Shell, BP, GKN;
- American capital: Whirlpool-Polar S.A., Wabco, PepsiCo, The Gates Corporation, CC HBC, Cargill, McDonald's, American Retail System, Armstrong, Gerber Company, General Electric International, Tricon.;
- German capital: Deutsche Bank, BTR Automotive, SCA Hygiene Products Holding GmbH, Siemens, Quarzwerke GmbH, Roeben Tonbaustoffe, Bayerische Hypo und Vereinsbank AG, Metro, firma wydawnicza Phoenix, Mercedes (S. Zasada), Bosch, Alstom, Flessner, Volkswagen, Makro, Selgros, OBI, Aral, Schoeller, Schneider, DEA, Real, Automotive, Petri, Mini Mal, Gossmann Polska;
- Swedish-Swiss and Swedish capital: ABB, Volvo, Electrolux, Trelleborg Automotive, IKEA, DeLaval;
- French capital: Faurecia, Credit Agricole-Lukas Bank, Castorama, Carrefour, Geant, E'Leclerc, Brandt, Alstom, Lucas Bank;
- Dutch capital: SCA Molnlycke, Boart Longyear, 3M;
- Canadian capital: McCain, Northen Telecom, Royal Europa, Bombardier Transportation Polska;
- Japanese capital: Takata Petri, Toyota;

- Spanish capital: Fagor;
- Korean capital: LG Electronics.

The following sectors are the most popular [Urząd Marszałkowski Województwa Dolnośląskiego database, [Online], Available: <http://www.umwd.dolnyslask.pl/gospodarka/inwestycje-zagraniczne/najwiksiinwestorzy/> [12.10.2012]: banking and insurance, automotive industry, food production, machine-building, chemical and non-metal industries, electronic industry, fuel stations, supermarket and hypermarket chains, hotels and restaurants.

Companies with foreign capital vs all commercial companies

A vast majority of foreign enterprises operating in Poland have established capital companies (limited liability companies and joint stock companies) and conduct economic activities using domestic capital. It is undoubtedly evidence of the investors' serious intentions, whose objectives include development and investments.

Since 1999 the number of companies using foreign capital has been systematically increasing in Lower Silesia: from 4066 in 1999 to 6658 in 2011; however, it did not increase as much as the number of all commercial companies, whose number has risen almost by 100%, from 12,056 in 1999 to 25,994 in 2011 (Tables 1a and 1b). Thus, a conclusion may be drawn that in the entire period under analysis, domestic investors were more and more inclined to commence activities in Lower Silesia, which is perfectly illustrated on Figure 1.

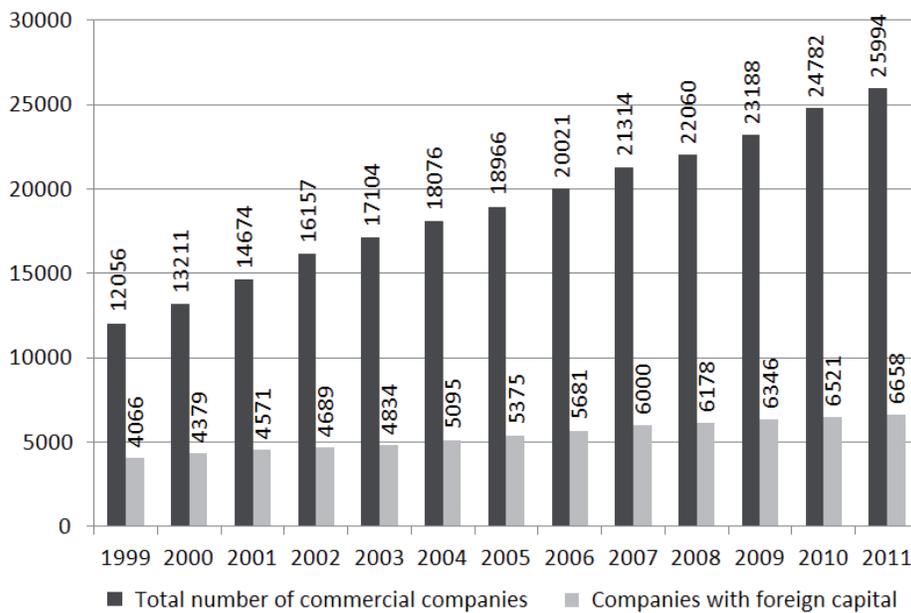
Table 1a. Companies with foreign capital vs all commercial companies in Lower Silesia in the years 1999-2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total number of commercial companies	12056	13211	14674	16157	17104	18076	18966	20021	21314	22060	23188	24782	25994
Companies with foreign capital	4066	4379	4571	4689	4834	5095	5375	5681	6000	6178	6346	6521	6658
Share of companies with foreign capital in the total number of commercial companies (%)	33.7	33.1	28.3	29.0	28.3	28.2	28.3	28.4	28.1	28.0	27.4	26.3	25.6

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Another conclusion drawn from Table 2a is that the percentage share of companies with foreign capital in the total number of commercial companies was gradually reduced from 33.7% in the first year to 25.6% in 2011, which confirms that the number of all commercial companies increased more rapidly than the number of companies using foreign capital, in particular in the most recent years (Table 1b, Figure 2). However, this does not mean that foreign investors were less interested in the region, but that they were more willing to invest in large companies, which was proved in the further part of the analysis (see point 2.2).

Figure 1. Companies with foreign capital vs all commercial companies in Lower Silesia in the years 1999-2011



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

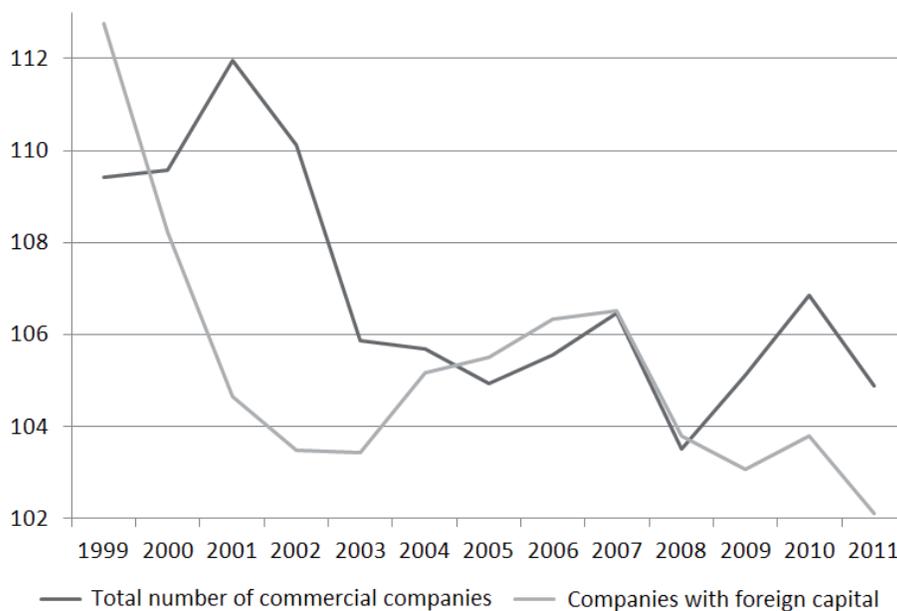
Table 1b. Dynamics of quantitative changes in the inflow of companies with foreign capital vs dynamics of quantitative changes in the inflow of all commercial companies in Lower Silesia in the years 1999-2011 (previous year = 100)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total number of commercial companies	109.43	109.58	111.97	110.11	105.86	105.68	104.92	105.56	106.46	103.50	105.11	106.86	104.89
Companies with foreign capital	112.76	108.23	104.64	103.47	103.42	105.17	105.50	106.34	106.51	103.78	103.07	103.79	102.10

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Despite the noticeable convergence of both groups analysed, Figure 2 also indicates that the increase in both categories of companies under analysis was weakened.

Figure 2. Dynamics of quantitative changes in the inflow of companies with foreign capital vs dynamics of quantitative changes in the inflow of all commercial companies in Lower Silesia in the years 1999-2011 (previous year = 100)



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Foreign capital of entities with foreign capital vs total primary capital of enterprises

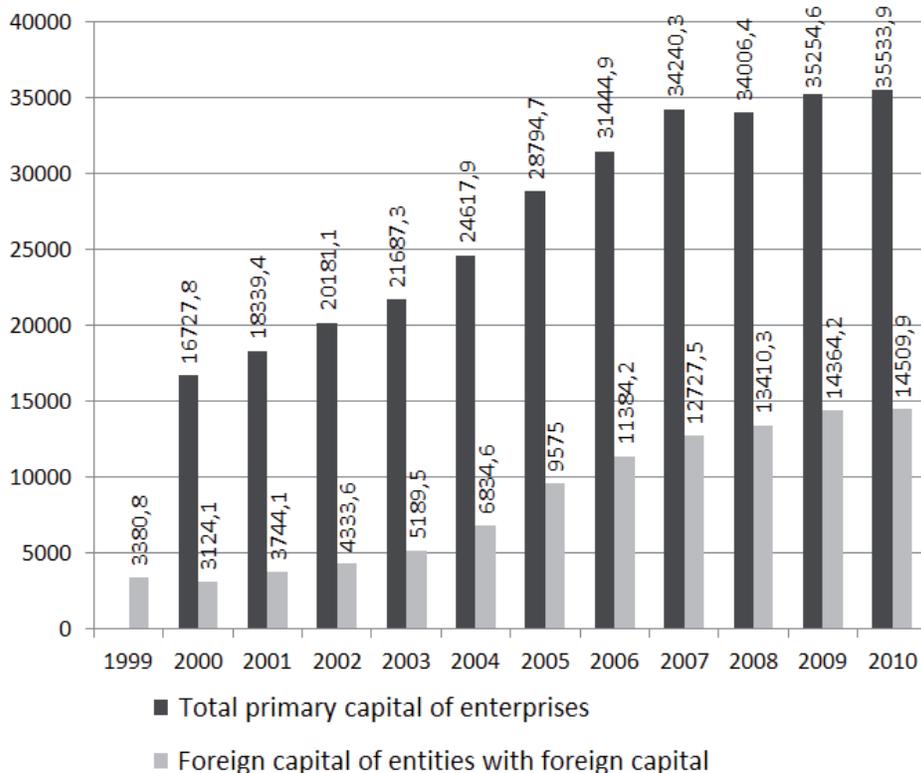
When analysing the share of foreign capital in the total primary capital of enterprises a conclusion may be drawn that despite a reduced share of companies using foreign capital in the total number of commercial companies, the entities with foreign capital recorded an increase in their capital by more than 100%: from a little more than 18% at the beginning of the period analysed to almost 41% in 2011 (see Table 2a). What is worth mentioning here is that the total value of the primary capital in enterprises in Lower Silesia was doubled, while the value of the foreign capital in entities with foreign capital was tripled (see Table 2a, Figure 3). It is undoubtedly the evidence that foreign investors are interested in large investments, which confirms again that they are seriously interested in the region.

Table 2a. Foreign capital of entities with foreign capital vs total primary capital of enterprises in Lower Silesia in the years 1999-2010 in million PLN

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total primary capital of enterprises	no data	16727.8	18339.4	20181.1	21687.3	24617.9	28794.7	31444.9	34240.3	34006.4	35254.6	35533.9
Foreign capital of entities with foreign capital	3380.8	3124.1	3744.1	4333.6	5189.5	6834.6	9575.0	11384.2	12727.5	13410.3	14364.2	14509.9
Share of foreign capital of entities with foreign capital in the total primary capital of enterprises (%)	-	18.7	20.4	21.5	23.9	27.8	33.2	36.2	37.2	39.4	40.7	40.8

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Figure 3. Foreign capital of entities with foreign capital vs total primary capital of enterprises in Lower Silesia in the years 1999-2011 in million PLN



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

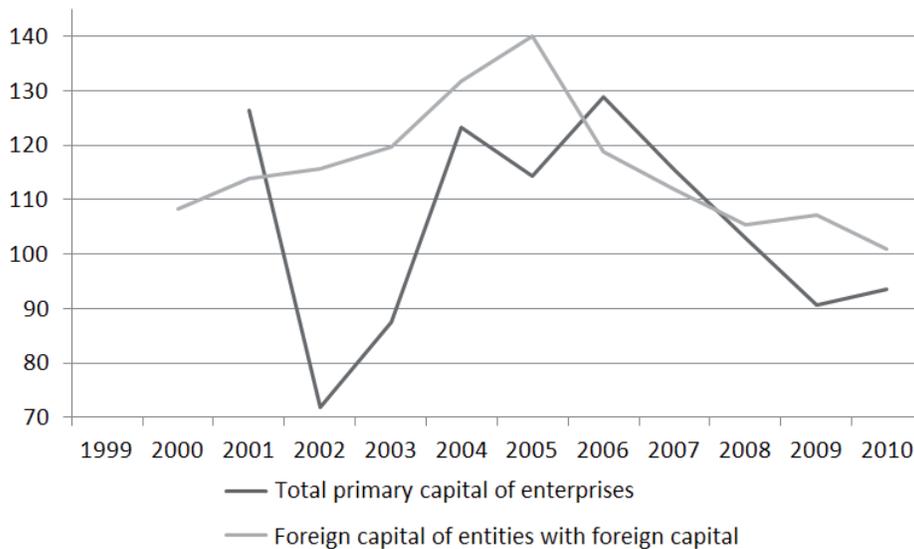
The dynamics of this phenomenon are presented in Table 2b and Figure 4. As it stems from this Table and Figure, by 2005 the primary capital in both categories analysed was greatly increased, whereas after 2005 a gradual weakening was recorded, which persisted till the end of the period under analysis.

Table 2b. Dynamics of quantitative changes in the foreign capital of entities with foreign capital vs dynamics of quantitative changes in the total primary capital of commercial companies in Lower Silesia in the years 1999-2011 (previous year = 100)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total primary capital of enterprises	no data	no data	126.32	71.96	87.52	123.24	114.45	128.80	115.45	102.86	90.53	93.65
Foreign capital of entities with foreign capital	-	108.32	113.85	115.74	119.75	131.70	140.10	118.90	11.80	105.36	107.11	101.01

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Figure 4. Dynamics of quantitative changes in the foreign capital of entities with foreign capital vs dynamics of quantitative changes in the total primary capital of commercial companies in Lower Silesia in the years 1999-2011 (previous year = 100)



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

As the data shows, increases in the primary capital of both categories were subject to considerable fluctuations: up to 50 percentage points for the total number of enterprises, whereas in the case of companies with foreign capital – approximately 40%. What can also be observed here is that both types of business activity convergence.

Foreign capital of entities with foreign capital vs GDP

The most important effect of direct foreign investments on the region's economic development is their impact on GDP. Apart from an increase in GDP through production of new goods, direct foreign investments also result in transferring state-of-the-art technologies, know-how, techniques of management and use of modern marketing, which indirectly increases their value [From the parliamentary question of Speaker of the Sejm Grzegorz Schetyna, 13.04.2011, pp.1-2].

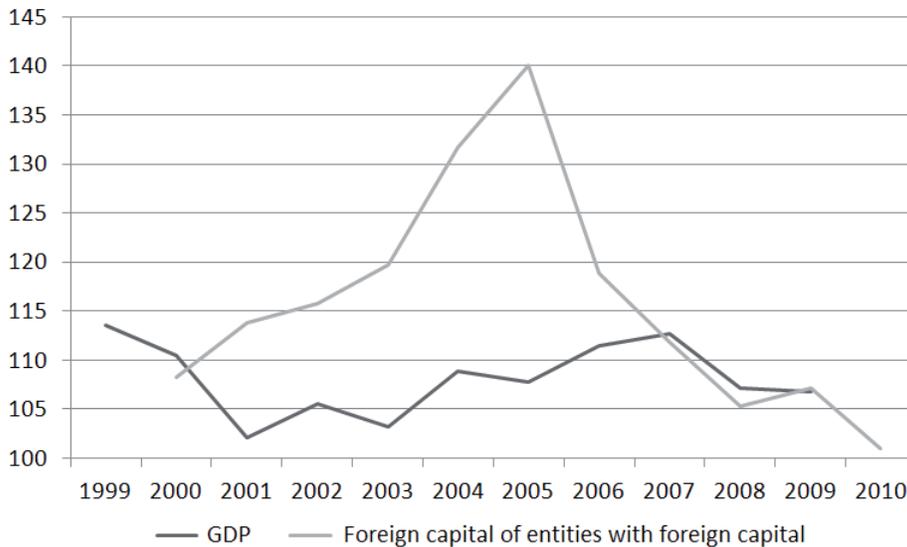
As Table 3 and Figure 5 show, the insignificant fluctuations in GDP were accompanied from 2007 by fluctuations in foreign capital in the in entities using foreign capital. In the remaining period no particular connection was observed between the two categories; in fact, divergence was observed. Thus, a conclusion may be drawn that entities using foreign capital created only an insignificant impact on GDP through 2007, and it is only after 2007 that a certain convergence may be observed.

Table 3. Dynamics of quantitative changes in the foreign capital of entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP	113.57	110.52	102.08	105.5	103.27	108.85	107.83	111.48	112.7	107.1	106.80	no data
Foreign capital of entities with foreign capital	-	108.32	113.85	115.74	119.75	131.70	140.10	118.90	111.80	105.36	107.11	101.01

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Figure 5. Dynamics of quantitative changes in the foreign capital of entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Investments of entities with foreign capital vs GDP

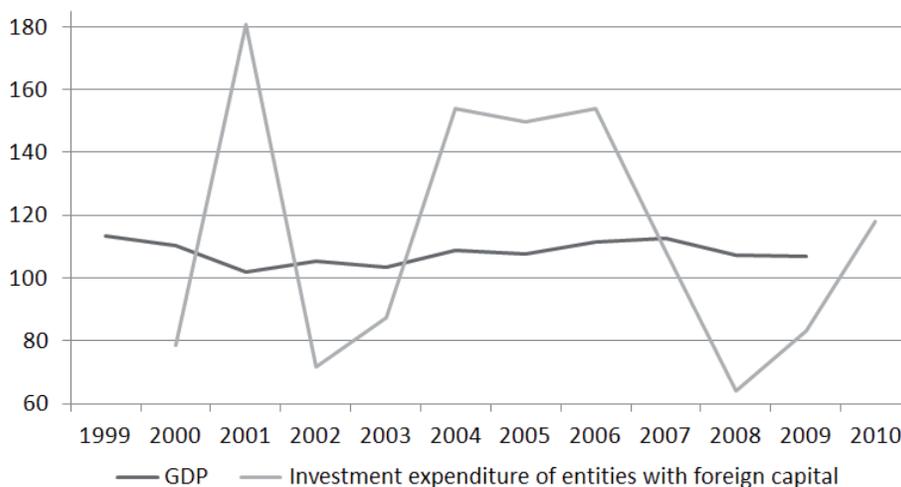
As Table 4 and Figure 6 indicate, a relatively stable GDP was accompanied by considerable fluctuations in the investment expenditures of entities with foreign capital. Between analysed categories, it is difficult to observe any relations; thus, the impact of investment expenditure on GDP by entities with foreign capital was insignificant.

Table 4. Dynamics of quantitative changes in the investment expenditure of entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP	113.57	110.52	102.08	105.5	103.27	108.85	107.83	111.48	112.7	107.1	106.80	no data
Investment expenditure of entities with foreign capital	-	78.6	180.9	71.5	87.3	153.8	149.9	153.8	108.3	63.9	83.3	118.1

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Figure 6. Dynamics of quantitative changes in the investment expenditure of entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

The number of employees employed in entities with foreign capital vs GDP

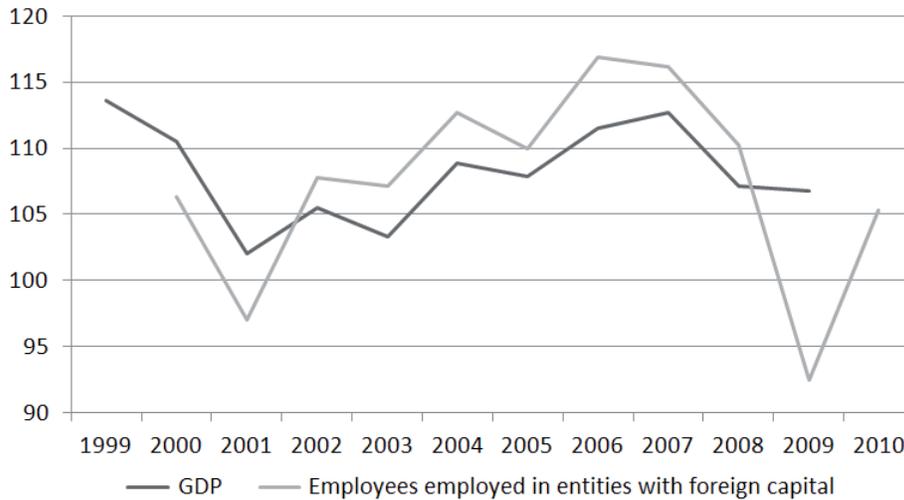
Taking into account the data provided in Table 5, one may observe a clear convergence between the quantitative changes in the number of employees in foreign capital entities and changes in GDP. What can be easily observed from Figure 7 is that the fluctuations in GDP were also accompanied by fluctuations in the entities' employment levels. Thus, a conclusion may be drawn that both categories interacted.

Table 5. Dynamics of quantitative changes in the number of employees employed in entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP	113.57	110.52	102.08	105.5	103.27	108.85	107.83	111.48	112.7	107.1	106.80	no data
Employees employed in entities with foreign capital	-	106.3	97.0	107.8	107.1	112.7	110.0	116.9	116.2	110.2	92.5	105.3

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Figure 7. Dynamics of quantitative changes in the number of employees employed in entities with foreign capital vs dynamics of changes in GDP in Lower Silesia in the years 1999-2011



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl

Location of companies with foreign capital participating in Lower Silesia

The nomenclature of territorial units for statistics (NUTS) specifies and organises the of names of territorial units and symbols assigned to them. This nomenclature occurs on particular levels of Poland's territorial divisions, and is used to collect statistical data, gathering, storage of and elaborating on the data collected, and announcing, making available and publicising the results of statistical research according to territories, divides Lower Silesia into five subregions: Jelenia Góra, Legnica and Głogów, the city of Wrocław, a further subregion of Wrocław, and still another subregion of Wrocław. The subregions of the highest investment attractiveness for industrial activities include the two compact areas situated in the south of Poland. One of the two areas mentioned above is situated around Upper Silesia and in the western part of Lesser Poland; the other one is located around Wrocław, Jelenia Góra and Wałbrzych, namely, industrial areas of Lower Silesia. These areas are distinguished by long industrial traditions, and, thus, a have a well-developed industrial sector, specialist labour market and relatively good transport networks thanks to the A-4 motorway. The highest level of investment attractiveness are mainly metropolitan subregions. They include the largest Polish cities, having considerable human resources of

high and diverse competences and large markets. Apart from this, the largest cities provide good transport opportunities and a well-developed economic infrastructure. The subregions most attractive for investments in advanced technologies are also dominated by metropolitan subregions. This is where both the infrastructure and research and development staff are concentrated. The labour market includes specialists educated at local universities and specialists who are encouraged to migrate to these metropolitan areas thanks to good living conditions, including developed cultural surroundings. These areas are characterised by the best developed tele-information infrastructure and relatively good passenger transportation [Nowicki 2011, pp. 5-6].

Companies with foreign capital in Lower Silesia are concentrated in urban agglomerations which were provincial cities not long ago in particular in Wrocław, where almost 50% of companies with foreign capital in Lower Silesia are situated (see Table 6, Maps 1, 2 and 3). The concentration of a large number of such companies in whole subregions usually stems from the presence of a large city in the region.

However, it is the subregion of Wałbrzych that has recorded the highest increases and it has recently caught up with the subregion of Wrocław despite the fact that Wałbrzych had previously attracted 30 times fewer companies than Wrocław.

Table 6. Companies with participation of foreign capital in Lower Silesia, in a division into subregions in the years 2000, 2005 and 2010

	2000	2005	2010
Lower Silesia	4379	5375	6521
Subregion of Jelenia Góra	915	1077	1194
Subregion of Legnica and Głogów	349	417	462
Subregion the city of Wrocław	1973	2416	3134
Subregion of Wrocław	481	666	835
Subregion of Wałbrzych	663	948	984

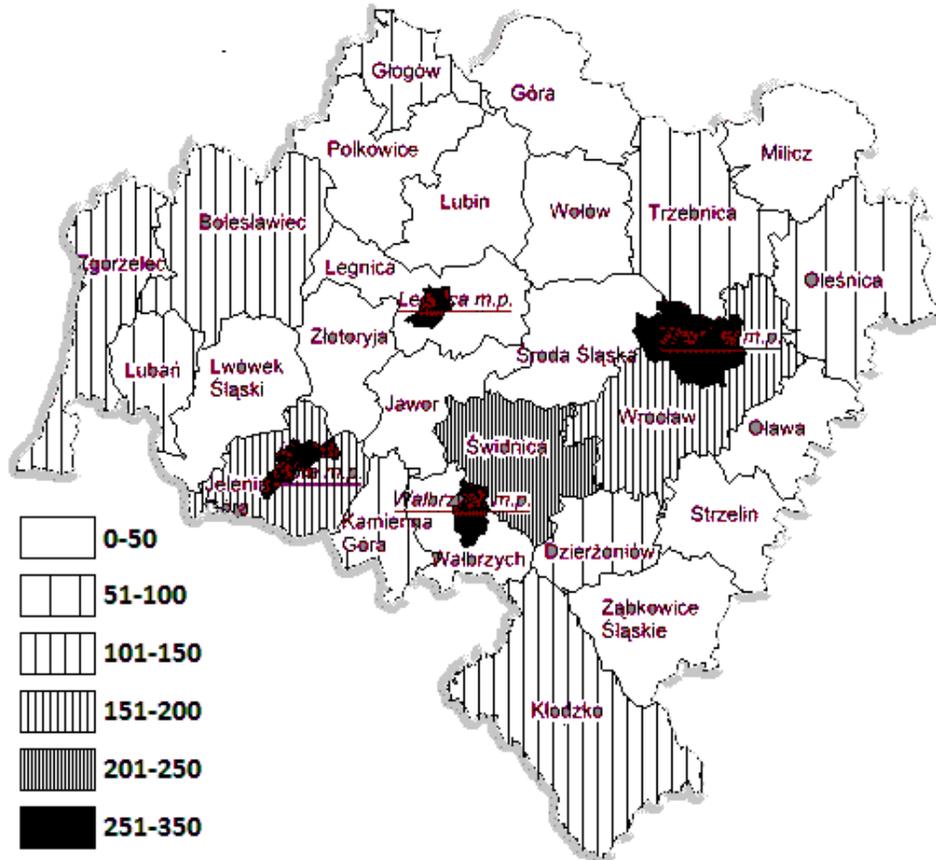
Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011 and Lower Silesia. Subregions. Districts. Communes. 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011

Table 7. Companies with participation of foreign capital in Lower Silesia, in a division into districts in the years 2000, 2005 and 2010

	2000	2005	2010
POLAND	43737	54336	68211
Lower Silesia	4379	5375	6521
District of Bolesławiec	112	127	142
District of Dzierżonów	83	104	116
District of Głógów	73	82	92
District of Góra	13	17	21
District of Jawor	43	60	65
District of Jelenia Góra	171	192	219
District of Kamienna Góra	51	64	72
District of Kłodzko	140	182	179
District of Legnica	41	42	44
District of Lubań	70	89	105
District of Lubin	61	75	85
District of Lwówek Śląski	46	59	62
District of Milicz	22	28	26
District of Oleśnica	64	86	94
District of Oława	48	86	57
District of Polkowice	35	49	45
District of Strzelin	45	62	76
District of Środa Śląska	40	64	82
District of Świdnica	220	260	287
District of Trzebnica	69	92	104
District of Wałbrzych	42	197	198
District of Wołów	40	42	56
District of Wrocław	153	206	340
District of Ząbkowice Śląskie	43	56	61
District of Zgorzelec	110	143	166
District of Złotoryja	42	48	52
Jelenia Góra	270	295	311
Legnica	126	152	175
Wałbrzych	133	149	143
Wrocław	1973	2416	3134

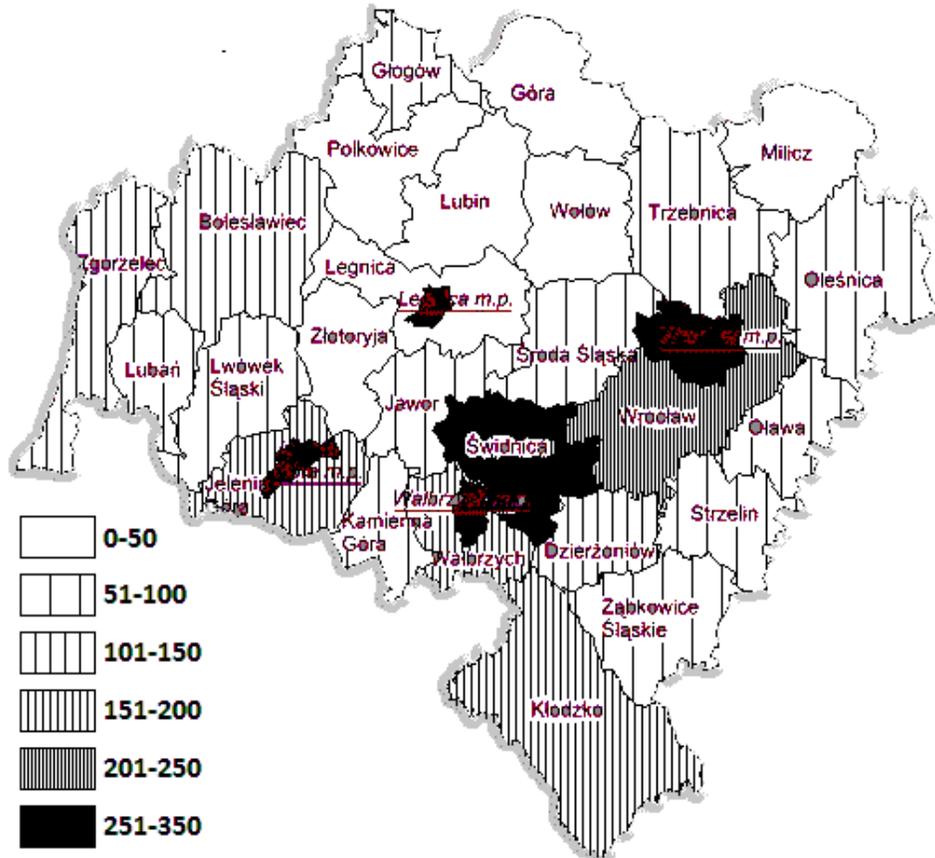
Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011 and Lower Silesia. Subregions. Districts. Communes. 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011

Map 4. Distribution of companies with participation of foreign capital in Lower Silesia, in a division into districts in 2000



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011 and Lower Silesia. Subregions. Districts. Communes. 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011

Map 5. Distribution of companies with participation of foreign capital in Lower Silesia, in a division into districts in 2005



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011 and Lower Silesia. Subregions. Districts. Communes. 2000, 2005 and 2010, Statistical Office, Wrocław 2001, 2006 and 2011

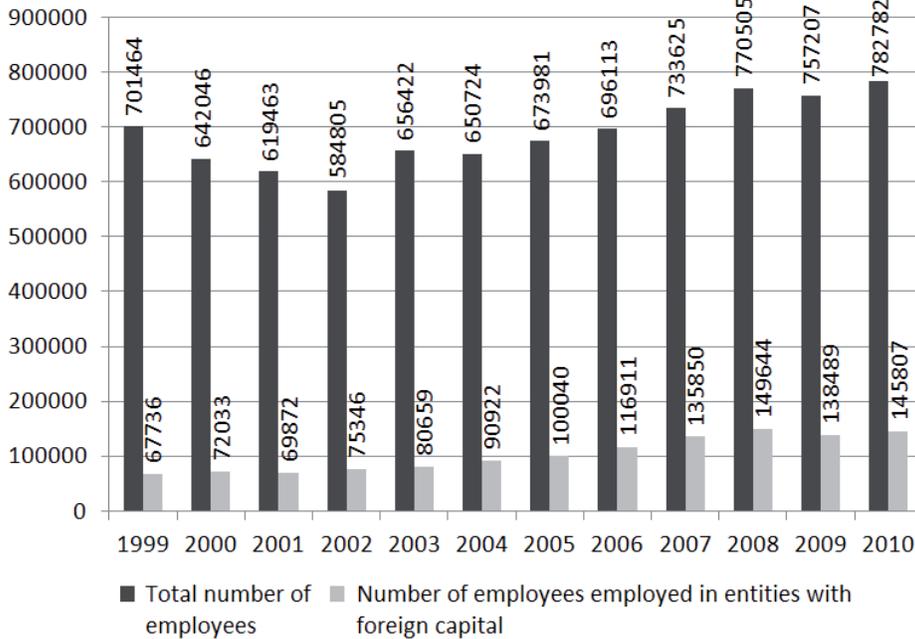
The employment level in a province increased insignificantly within 11 years by about 10%, whereas it doubled in entities with foreign capital. Additionally, the share of people employed in entities with foreign capital in the total number of employees doubled, reaching 18.6% in 2010 (Table 8a, Figure 8). It is undoubted evidence that foreign capital plays a more and more dominant role in shaping the labour market in Lower Silesia.

Table 8a. Number of employees employed in companies with foreign capital vs the total number of employees in Lower Silesia in the years 1999-2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total number of employees	701464	642046	619463	584805	656422	650724	673981	696113	733625	770505	757207	782782
Number of employees employed in entities with foreign capital	67736	72033	69872	75346	80659	90922	100040	116911	135850	149644	138489	145807
Share of the employees employed in entities with foreign capital in the total number of employees (%)	9.6	11.2	11.3	12.9	12.3	14.0	14.8	16.8	18.5	19.4	18.3	18.6

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Figure 8. Number of employees employed in companies with foreign capital vs the total number of employees in Lower Silesia in the years 1999-2010



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

The dynamics of this process are presented in Table 8b and Figure 10. Here one may also observe convergence of the categories, with the first and fifth year excepted.

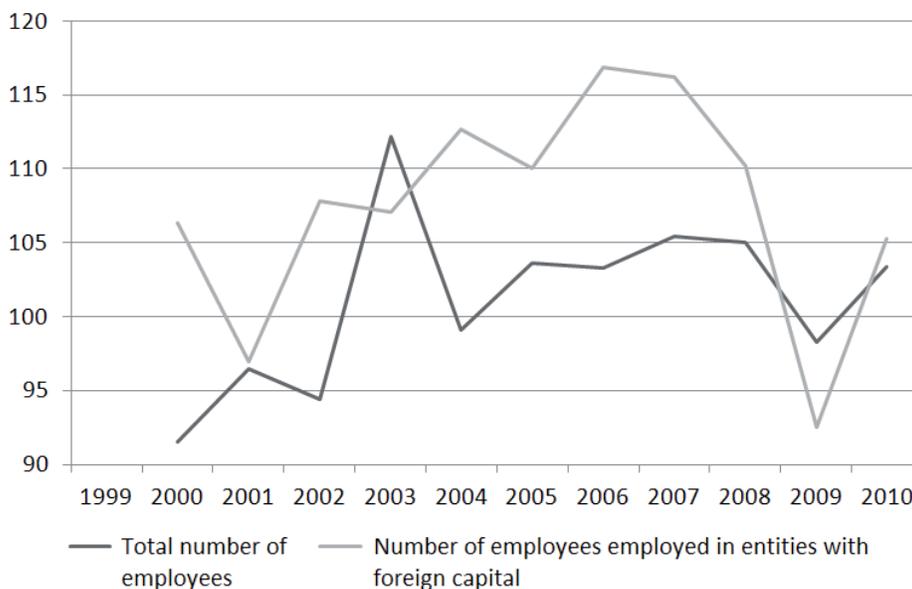
Table 8b. Dynamics of quantitative changes in the number of employees employed in entities with foreign capital vs dynamics of quantitative changes in the total number of employees in Lower Silesia in the years 1999-2010 (previous year = 100)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total number of employees	-	91.5	96.5	94.4	112.2	99.1	103.6	103.3	105.4	105.0	98.3	103.4

Number of employees employed in entities with foreign capital	-	106.3	97.0	107.8	107.1	112.7	110.0	116.9	116.2	110.2	92.5	105.3
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Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Figure 9. Dynamics of quantitative changes in the number of employees employed in entities with foreign capital vs dynamics of quantitative changes in the total number of employees in Lower Silesia in the years 1999-2010 (previous year = 100)



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Investment expenditure of entities with foreign capital vs total expenditure of enterprises

Another equally important effect of foreign investment on regional development is an increase in total investments, of which EE is a positive

phenomenon when you take into account the low internal capital accumulation caused (inter alia) by negligible national savings.

In general, Polish companies are not able to cope with global competition without a strategic investor having access to international markets [Czerwińska 2001, p. 2].

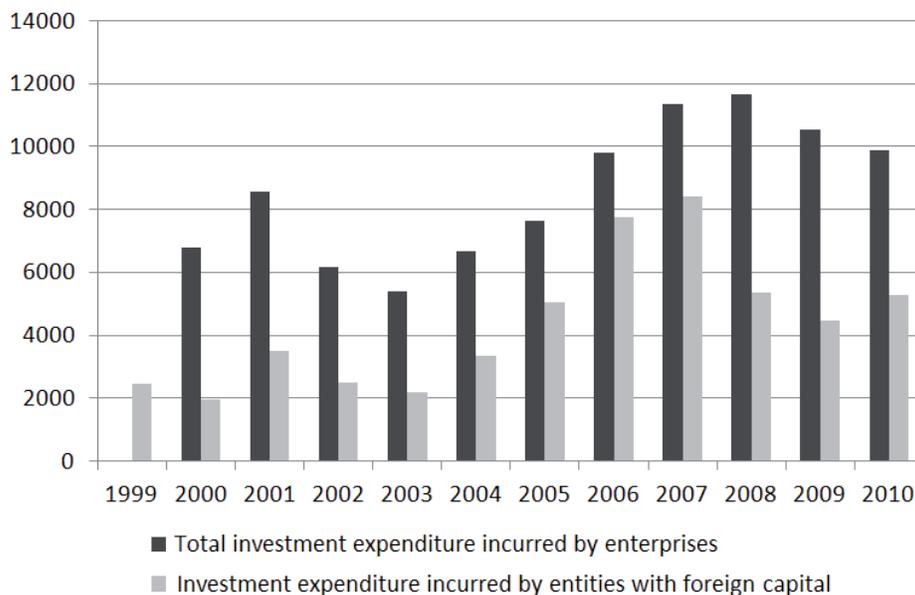
What stems from Table 9a is that the total investment expenditure incurred by enterprises increased insignificantly, whereas the investment expenditure incurred by foreign investors increased by more than 100%. Thus, the investment expenditure incurred by entities with foreign capital, being a regional development factor, was more and more significant, reaching 80% in 2006.

Table 9a. Investment expenditure incurred by entities with foreign capital vs total investment expenditure incurred by companies in Lower Silesia in the years 1999-2010 in million PLN

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total investment expenditure incurred by enterprises	no data	6791.1	8578.5	6173.3	5402.9	6658.6	7621.0	9818.2	11335.5	11659.2	10555.2	9884.6
Investment expenditure incurred by entities with foreign capital	2458.6	1936.2	3503.1	2503.1	2186.4	3362.2	5041.4	7753.7	8396.3	5366.9	4472.7	5280.7
Share of the investment expenditure incurred by entities with foreign capital in the total investment expenditure incurred by enterprises		28.5	40.8	40.5	40.5	50.5	66.1	80.0	74.1	46.0	42.4	53.4

Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Figure 10. Investment expenditure incurred by entities with foreign capital vs the total expenditure incurred by companies in Lower Silesia in the years 1999-2010 in million PLN



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Despite certain irregularities, the convergence of changes in the whole period confirms the positive impact of investment expenditures incurred by entities with foreign capital (Table 9b and Figure 11).

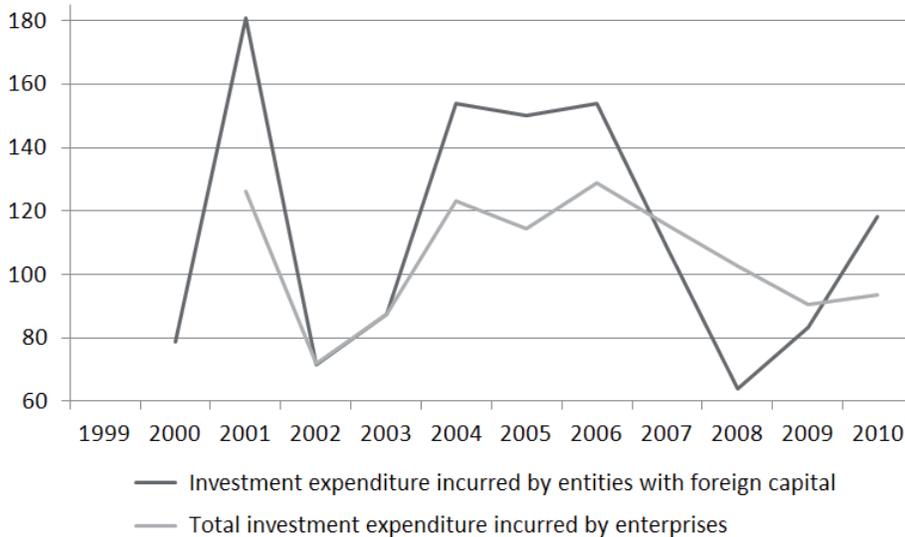
Table 9b. Dynamics of quantitative changes in the investment expenditure incurred by entities with foreign capital vs dynamics of quantitative changes in the total investment expenditure incurred by enterprises in Lower Silesia in the years 1999-2010 (previous year = 100)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Investment expenditure incurred by entities with foreign capital	-	78.6	180.9	71.5	87.3	153.8	149.9	153.8	108.3	63.9	83.3	118.1

Total investment expenditure incurred by enterprises	-	-	126.3	72.0	87.5	123.2	114.4	128.8	115.4	102.8	90.5	93.6
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Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Figure 11. Dynamics of quantitative changes in the investment expenditure incurred by entities with foreign capital vs dynamics of quantitative changes in the total expenditure incurred by enterprises in Lower Silesia in the years 1999-2010 (previous year = 100)



Source: Own study on the basis of Statistical Yearbooks of Lower Silesia 1999-2010, Statistical Office, Wrocław, 2000-2011 and the portal of the local data bank available at www.stat.gov.pl and Economic Activity of Entities with Foreign Capital 1999-2011, GUS, Warszawa 2000-2012

Final remarks

The distribution of companies with foreign capital in Lower Silesia shows that companies are concentrated in urban agglomerations which were provincial cities before the administrative reform, in particular Wrocław where almost 50% of companies with foreign capital in Lower Silesia are situated. In turn, it is the subregion of Wałbrzych that has revealed the highest dynamics

of increases, and has recently caught up with the subregion of Wrocław despite the fact that Wałbrzych had previously attracted 30 times fewer companies than Wrocław. The largest location increases in the district divisions into were observed in the districts of Wrocław, Świdnica and Jelenia Góra, and subsequently in the districts of Zgorzelec and Kłodzko. The other districts of the region suffered from stagnation, with a dozen companies or so showing insignificant increases within a five-year period, which is evidence of a rather ineffective policy pursued by the state in attracting investors to those areas suffering from negative economic transformation.

Most foreign enterprises operating in Poland establish capital companies and conduct economic activities using the domestic capital. The number of capital companies has systematically increased from the beginning of the period analysed; however, their growth is not as dynamic as is the increase in the total number of commercial companies, which almost doubled. The percentage share of companies boosted by foreign capital in the total number of commercial companies was gradually reduced, which does not mean, though, that foreign investors were less interested in the region but that they were more inclined to invest in large companies. The noticeable convergence of both groups of companies under analysis was accompanied by their diminishing increases.

Despite a decreasing share of foreign capital companies in the total number of commercial companies, entities with foreign capital recorded an investment increase by more than 100%. The total primary capital in Lower Silesia province was doubled, while entities with foreign capital tripled. It is another element confirming that foreign investors are increasingly interested in large investments, which in turn is evidence that they are seriously interested in the region. Interestingly enough, increases in the total primary capital of enterprises and in foreign capital entities fluctuated considerably up to 50 percentage points. What can also be observed here is the convergence of both types of business activity.

The most important effect of direct foreign investments is their impact on GDP. Apart from an increased GDP through production of new goods, direct foreign investments also result in transferring state-of-the-art technologies, know-how, management techniques and use of modern marketing, which indirectly increases their value. It was only from 2007 on that GDP fluctuations were accompanied by quantitative changes in foreign capital in entities boosted with that foreign capital, which means that the impact on GDP of entities backed by foreign capital was insignificant up through 2007, and it was only after 2007 that a certain convergence may be observed between the two types of economic activities.

Similarly, the relatively stable dynamics of GDP were accompanied by considerable fluctuations in the investment expenditures of entities with

foreign capital. Here it is also difficult to observe any connection between the two categories; thus, the impact of investment expenditure by entities with foreign capital on GDP was insignificant. Clear convergence may be observed, however, between the quantitative changes in the number of employees in entities with foreign capital and the dynamics of changes in GDP. It is easily observed that the fluctuations in GDP were also accompanied by almost identical fluctuations in employment. Thus, a conclusion may be drawn that both categories under analysis interacted.

Further evidence of positive foreign investment impacting the labour market is that while the employment level in a province increased insignificantly in the period in question, it increased by more than 100% in entities with foreign capital. Additionally, the share of people employed in companies with foreign capital also doubled as compared with the total number of employees in that area. It was also confirmed by observed changes where certain previously discussed categorized convergencies may be noticed.

Another, equally important effect of foreign investments on regional development is an increase in all investments, which is a definitely positive phenomenon taking into account the low internal accumulated capital, caused (inter alia) by a low level of national savings. This thesis is confirmed by the fact that while the total investment expenditure incurred by enterprises increased insignificantly, the investment expenditure incurred by foreign investors increased by more than 100%. In view of the above, one may conclude that the investment expenditure incurred by entities with foreign capital became a more and more significant factor in regional development, which is additionally confirmed by the convergence of changes in the category's dynamics, despite a certain irregularity.

To sum up, the research proves that foreign investments do affect the economic development of Lower Silesia, but it is impossible to evaluate unequivocally whether or not the impact is as significant as local authorities would expect it to be. The impact of foreign investments on the labour market is easily observed, but it is difficult to present the direct impact of the investments in question on a region's GDP, despite an increasing investment level.

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Decision making in the financial management of the business enterprise

Abstract: The globalization within markets has required continuous decision making by employers, so that processes and ways to implement them have become more complex, requiring more quality information on the operations of the company enabling them to make the right decisions.

Keywords: decision making, financial management, business enterprise.

Introduction

The impact of the decisions in different areas of the company management is significant, since a wrong decision in one area has a ripple effect with the other, so it should be taken into account when deciding how are you going to affect the entire company and not just the department where taken.

One of the difficulties faced by small and medium-sized enterprises (SMEs) according to De la Torre (2006) is that most of the responsibilities within the company are not covered by several people, but it is the same owner who must face and solve most problems that arise, which is why the decision of the company is heavily influenced by the personality, preferences and behavior of the entrepreneur, leading to have a very limited management.

It is for this that in the present investigation was aimed at identifying the main decision-making process in the financial management of the business enterprise, using a qualitative methodology occurred because descriptive data came from key informants and observable behaviors within the organization thus lived more closely the phenomenon under investigation.

Materials and Methods

The methodology used in this study is the qualitative research refers in its broadest sense to research that produces descriptive data: the words of the people, spoken or written and observable behavior, resulting in a report of a more closely the phenomenon as it is lived in small and medium enterprises [Taylor, 1987].

The data collection instruments were used in this are:

Interviews were used primarily to three people who are involved in decision making are: the owner, the manager of sale and inventory manager, which was held for an interview guide for each of these.

Other data collection instrument used was the observation; this was the way of daily operation within the organization in order to determine how the company works.

Finally we used the analysis of internal company documents, this is sought to determine the way it should be in the works within the company and compare it with the information obtained in the interviews and observation.

1. Decision Making

Due to the competitive environment we are living in today's world, markets are changing at a rapid pace, companies until recently were immune to globalization, but now that most markets are open and communication ceased to be a constraint, currently enterprises not only compete with local companies but also with all companies in the world [Contreras, 2007].

Decision making can be defined in different ways, while Koontz [2004] defines it as the selection of a course of action among several alternatives, other authors such as Daft [2007] states that organizational decision making is formally defined as the process of identifying and solving problems, taking into account Chiavenato [2006] indicates that it is the process of analyzing and choosing among alternative courses of action available to the person should continue, adding that any decision involves six elements: taking decisions, goals, preferences, strategy, location, result.

The decision process involves following a series of steps by which is defined what will be done in order to make better decisions. These processes gives us the ease of troubleshooting or face different situations, is complex and depends on the personal characteristics of the person who is making the decision, the situation that we are experiencing and how they perceive the situation. The steps for this process are different according to the author we read, each researcher submits a proposal according to the results of studies where the steps can be from two to eight (see Table 1).

Table 1. Decision making process

Chiavenato (2006)	Robbins (2005)	Daft (2000)	Drucker (2006)
1. Perception of a problem	1. Identify a problem	1. Problem identification	1. Classification of the problem
2. Analysis and definition of the problem	2. Identify the decision criteria	2. Solution	2. Defining the problem
3. Defining goals	3. Assign weights to criteria		3. Conditions that must satisfy the answer to the problem
4. Search for alternative solutions or courses of action	4. Develop alternatives		4. Decide on what is right, rather than on what is acceptable, in order to meet field conditions
5. Select the most appropriate decision to achieve the objectives	5. Analyze alternatives		5. Include in the decision actions to be carried out
6. Evaluation and comparison of alternatives	6. Select an alternative		6. Set the control to check the validity and effectiveness of the decision in relation to the current state of the facts
7. Implementation of the selected alternative	7. Implement alternative		
	8. Evaluate the efficacy of the decision		

Source: Own elaboration, with data of different authors.

One of the most important points to be identified is that the decisions made within organizations range in complexity, since in practice there is a myriad of problems or situations that require you to make a decision. This is why it is necessary to classify the decisions made, as there are programmed decisions are those that are repetitive and planned by the company, so the decision is given to this is usually the same in most cases, however, there are other decisions

that are not scheduled, these are those that are unforeseen problems and are generally unknown to the company, so this is where you make the best decision seeks to address that problem the best way.

2. Financial management

Financial management studies management decisions that lead to the acquisition and financing of fixed and current assets of the company. As handles such situations requiring an appropriate selection assets or make a suitable selection debts [Philippatos, 1979].

The objectives of financial management should be in line with those of the organization, however Villareal [2001] considers that the objectives to be achieved by a company are:

- Survival and growth of business
- Getting utilities
- Image and prestige
- Social acceptance

Cash management

The cash of the company allows you to buy new goods or liquidating its commitments, with the result that there are sometimes cash surpluses or shortages. Both are inadequate for the company financially, because excess cash creates a leisure and missing affects the obligations paying premiums, interest or late payment because not had the need to settle the transaction resource [Stevenson , 2003].

Efficient cash management must be based on the objective and policies established by the company and Morelos [2005] tells us that you have to avoid is:

- Unnecessary costs. Is achieved by running a tight internal control over expenditures to make
- Reduction incidentals. However they are concepts that cannot be avoided, it is possible to purchase insurance policies, maintenance contracts, among other ways to decrease spending any problems generated unscheduled
- Investments. You need a budget consist of investments, which are investments in programs to major and date of completion, not to distort the cash flow information
- Use discount. It is advisable to anticipate the payment of the obligations or which would cause interest gain, only when surplus cash count, situation that leverages the opportunity cost
- Temporary investments. Their goal is to invest excess cash for performance without limiting the liquidity of the company, which is recommended to invest in fixed income securities and short-term.

Inventory management

The inventory consists of those tangible assets owned by a company that has to sell and / or used for the production of goods and services.

Inventory usually listed as a short-term asset for the company, as it is considered to be converted into cash within a period of less than a year, so it is in the current assets in the balance sheet [Starr, 2004].

When a company decides to take inventory this has different costs Galindo [1998] comments that are:

- Cost of capital invested. The most important of all, because the money invested in inventory is no longer available for use in different activities. Therefore, determine an opportunity cost equal to the gain that could be obtained by using the money in investments in securities and similar risks.
- Cost of storage. This cost varies depending mainly on whether the cellar is owned or leased by the company. In the first case to be included in the tax expense and depreciation.
- Cost per service. This is when you make extra payments for special services for the care and maintenance of inventory such as insurance, purchase of equipment for the care of inventory, etc.
- Costs associated with risk. This is a cost that is often not clearly seen by employers, because the risk is that the inventory is lost, damaged, expired or obsolete.

Accounts receivable management

Accounts receivable represent enforceable rights arising from sales, services, loans granted by or any other similar concept. Can form two groups of accounts receivable: customers and other debtors. Within the first must submit the documents and accounts by customers of the bank, from the sale of merchandise. In the second are caused by transaction accounts other than those for which it was constituted entity such as loans to shareholders, officers and employees [Financial Reporting Standards, 2007].

The accounts receivable management is important because it is a tool that companies use to keep their regular customers and attract new ones. Usually the credit relates to credibility and trust. A healthy credit management according to Sanchez [2004] should lead to the achievement of:

- Analyze the credit risk. Try to determine who will receive the credit and under what conditions
- Set standards for acceptance of credit. Represents the feature specifications that determine the approval or denial of credit
- Set reasonable credit terms. These define the period over which extends the credit

- Determine how the risk can be absorbed. Once the decision is made there is a risk that the account cannot be recovered
- Determine how to be financed asset increases. There are several funding mechanisms and policies according to domestic debt of each company, or define the mechanisms to select.
- Establish a reasonable billing policy. Good credit can become a bad credit if not given proper monitoring. The collection policy should establish mechanisms to prevent this from happening.

Profitability

Although most companies make profit as an indicator of the efficiency of the economic activity of the company, however this is not enough, especially for the purposes of comparison, since the absolute magnitude, which depends essentially of the output characteristics. This is why it is convenient to relate the gain with other factors of production, the effect of having a state. This is known as profitability [Pichardo, 1995].

The return is the result of the relationship between a variable found in the income statement, which is useful, and a balance sheet item, which is capital [Jaramillo, 2008].

Performance is calculated as the ratio between profit and invested capital for the utility, so the formula used to calculate it would be:

$$\text{Performance} = \text{Profit} / \text{Capital Employed}$$

The strategic objectives that the company regarding its profitability targets according to Koenes [1995] are:

- Exploitation. The company targets a priority to reach the highest levels of benefits in the shortest time possible. The ultimate purpose of this is to achieve the highest possible gain in the shortest time.
- Stability. The company aims to achieve a stable generation of benefits for an extended period of time. Its purpose is to maintain a balance between revenue, expenses and benefits that allow while generating an acceptable return, all in order to consolidate the company, product or service.
- Investment. The company chooses to invest as much as possible in their own development or of all or any of the products or services they sell. The ultimate purpose is to buy market share waiting to achieve in the future higher profit levels.

Results

In a matter of decision makers within the company, according to research found that people are as follows:

- The owner. - This person is responsible for giving the nods to all decisions are to be taken within the company, as it relates to decisions unscheduled.

- Manager of sale. - This person makes decisions related to the purchase of products within the company, as well as being in charge of deciding how the credits will be awarded to customers
- Inventory Manager. - This person is the one who decides how the goods will be distributed within the company, the amount needed and where to find them if the store or warehouse.

While the administrators according to their hierarchy have the knowledge and ability to make decisions within the company, in reality this does not happen, because any decision about the direction of the company, even if they have performed the analysis respective decision and find a suitable for the problem, in the end will be the owner to decide the course of action, leaving disabled administrator's decision, and only about respecting the figure of the owner.

Regarding the decision making process within the company found that the following steps are:

- Identification of the problem. - It's that point where managers or owner detect the need for intervention.
- Analysis of the problem. - Once identified is required for analysis to determine the magnitude of the problem and find the necessary information to serve as a basis for solving it.
- Define the objectives. - Must seem to be achieved with the solution of the problem, which is why after analysis is necessary to identify where you want to go to have a clear and specific view.
- Identify the different alternatives. - The same problem has different solutions, so before selecting a must detect all possible paths.
- Evaluate the alternatives. - At this point the company analyzes all possible solutions in order to find the ideal according to the objectives to be achieved.
- Implementation of the alternative. - Here is where the administrator or owner which will decide the way forward for the company and put that into action alternative.

As can be seen according to the steps that are used within the company, these are related to those mentioned Chiavenato [2005], however even though this mentions seven steps, the company uses six steps presented by the author.

With respective to cash management within the company the person responsible for making decisions in this area is only the owner, who does not have a cash flow in the form, so it cannot reach the benefits that Morelos [2005] tell us, as there are moments in which the company has surplus cash and others in which there are shortages within the bank accounts.

In a matter of inventories there are two individuals responsible for the decision-making that are the manager of inventory and the owner. The problem detected is that within the various costs of store that Galindo [1998] mentioned, the company has detected none, but its main concern is to have the product when the client needs no matter the cost that this brings with it.

With respect to account receivable were detected two people who are responsible for decision-making that are the manager of sale and the owner, here are normally detected the recommendations made by Sanchez [2004] for a healthy credit administration, however customers that are related to the owner don't follow the rules, this because their credit exceed established credit days in textbooks and is the owner who decides the terms of such loans without consulting any manual or the manager of sale.

In the case of profitability was found that the owner is the person who is responsible for making this decision, however this is not very aware of how it is going to be reach, that is why he doesn't follow one strategy, but adapts to the needs of the company, and even though Koenes [1995] presents us strategy depending on the goal of profitability in this case the company does not use them.

Conclusion

In Mexico more than 99% of the companies are small and medium which largely contribute to job creation, but the survival of these companies in the market is very limited, studies show that 100 companies that are born 30% die in the first year and between 60% and 70% over the next 5 years, this reflects the instability of the same. That is why we recognize the importance that SMEs make good choices that enable them to stay in the market and take advantage of opportunities that arise within it.

In this work we identify the process of decision making in the financial management of the business enterprise, in order to find points of improvements in the process so they can help businesses stay more time in the market, as observed the lifetime of these in the market is very limited and it is necessary to enable them to make better decisions that help them to stay more time in the market and have a healthy administration.

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La Inmersión en la Economía del Conocimiento de las Ciudades Medias del Centro-Occidente de México 2000-2010

Abstract: The knowledge-based economy is a new economy growth theory that for some authors is the new alternative for the economy growth. In this sense arise the medium cities as an alternative to economic growth, as these cities do not have the problems of the big cities and it is assumed that in the long term these medium cities will become large cities.

Thus, the objective of this research was to find that medium cities of west-central Mexico are embedded within the knowledge economy through the comparative analysis between the Census of Population and Housing 2000 and 2010 conducted by the Institute national Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI). The region of west-central Mexico by the end of this research is comprised by the states of Aguascalientes, Colima, Guanajuato, Jalisco, Michoacán, Nayarit, San Luis Potosi and Zacatecas. Of those states were found that there are 39 medium cities. The result is not satisfactory as was found that there are 13 cities not embedded within the knowledge-based economy.

Key words: Economy, knowledge, medium cities

Resumen: La economía del conocimiento es una nueva teoría del crecimiento económico que para algunos autores es la nueva alternativa para el crecimiento económico. En este sentido surgen las ciudades medias como una alternativa para el crecimiento económico, puesto que estas ciudades no poseen los problemas de las ciudades grandes y se asume que en el largo plazo las ciudades medias crecerán hasta convertirse en ciudades grandes.

Es así que el objetivo de esta investigación fue comprobar que las ciudades medias del centro-occidente de México se encuentran inmersas dentro de la economía del

conocimiento a través del análisis comparativo entre los datos del Censo de Población y Vivienda 2000 y 2010 que realizó el Instituto Nacional de Estadística y Geografía (INEGI).

La región del centro-occidente de México para fines de esta investigación está comprendida por las entidades federativas de Aguascalientes, Colima, Guanajuato, Jalisco, Michoacán de Ocampo, Nayarit, San Luis Potosí y Zacatecas. De dichas entidades federativas se encontró que hay 39 ciudades medias. El resultado obtenido no es satisfactorio dado que existen 13 ciudades medias que se determinó que no se encuentran dentro de la economía del conocimiento.

Palabras clave: Economía, conocimiento, ciudad media

Introducción

Para algunos autores la economía del conocimiento viene a reemplazar el estilo de producción e innovación de la economía, donde el capital humano será el principal activo, por lo que los conocimientos que posea dicho capital serán altamente importantes para el crecimiento económico de un país o de una región. [Ahrweiler, Pyka & Gilbert, 2011; Chivu, Popescu, Scarlat, Ciocarlan-Chitucea & Popescu, 2010; Križčiūnas & Daugėlienė, 2006; Melkinas, 2009; Rybakovas, 2010; Sîrbu, Doinea & Mangra, 2009; Toma, 2010; Welfe, 2008; Zientara, 2008].

Si bien, algunas teorías indican que las ciudades grandes serán quienes tendrán mayor éxito dentro de la economía del conocimiento dado que poseen mejor infraestructura, mayor población, más instituciones de educación, más capital humano y mayor concentración de empresas; existen algunos estudios que demuestran que no es regla [Jordan & Simioni, 1998]. Uno de dichos estudios es el realizado en Canadá [O'Hagan & Rutland, 2008].

Es así que es importante analizar la situación de las ciudades medias de México y comprobar si en efecto, la economía del conocimiento sólo se desarrolla de manera favorable en las ciudades grandes, o como se propone en esta investigación, también las ciudades medias están generando un crecimiento económico a través del desarrollo de la economía del conocimiento.

Por lo tanto es indispensable analizar la situación de México en la inserción hacia la economía del conocimiento, partiendo de que las ciudades medias eventualmente evolucionaran hasta convertirse en las próximas grandes ciudades o metrópolis de México. Por lo que para motivos de esta investigación se propone un estudio de la situación de las ciudades medias del centro-occidente de México con respecto a la economía del conocimiento a través de un análisis comparativo entre el escenario dado por el Censo de Población y Vivienda 2010 y el Censo de Población y Vivienda 2000 para conocer la evolución y su desarrollo dentro de la economía del conocimiento.

La economía del conocimiento, definición y características

La Organización para el Cooperación y el Desarrollo Económico [1996, p. 9] define a la economía del conocimiento como: “la economía basada en la producción, distribución y uso del conocimiento y de la información.”

Otra de las primeras definiciones para la economía del conocimiento es la que Castells [1999, p. 2] proporciona, quien dice que la economía del conocimiento:

Es un fenómeno nuevo porque sólo en las dos últimas décadas del siglo XX se ha constituido un sistema tecnológico de sistemas de información, telecomunicaciones y transporte, que ha articulado todo el planeta en una red de flujos en las que confluyen las funciones y unidades estratégicamente dominantes de todos los ámbitos de la actividad humana.

Por su lado, Peluffo & Catalán [2002, p. 10] proponen la definición de economía basada en el conocimiento y el aprendizaje de la siguiente manera: “es un sistema en el cual el motor de creación de valor y/o beneficios es el conocimiento y la capacidad para construirlo por medio del aprendizaje”. Cabe resaltar que dichos autores manejan el aprendizaje como una variable aparte del conocimiento, sin embargo para motivos de esta investigación, la variable del aprendizaje ira inmersa en el conocimiento, ya que se considerará como parte integral del conocimiento.

Medina & Ortegón [2006, p. 21] proponen la misma definición de economía del conocimiento propuesta por Kuznetsov & Dahlman et al. [2008], quienes lo define como: “aquella economía que estimula a sus organización y personas a adquirir, crear, diseminar y utilizar el conocimiento de modo más efectivo para un mayor desarrollo económico y social”. Así mismo, Kriđčiūnas et al. [2006] proponen como definición de economía del conocimiento la propuesta por Kuznetsov et al. [2008].

Rybakovas [2010, p. 68] propone la siguiente definición para economía del conocimiento: “es aquella economía que utiliza el conocimiento como el motor principal para su crecimiento económico. Es una economía donde el conocimiento es adquirido, creado, diseminado y utilizado de forma efectiva para mejorar su desarrollo económico”.

Barković, I., Borozan, Đ., & Dabić, M. [2008, p. 30] conceptualizan a la economía del conocimiento como:

Aquella donde la generación y la explotación del conocimiento juegan una parte predominante en la creación de la riqueza. No es una economía de escasez, sino de abundancia porque la información y el conocimiento pueden ser compartidos y actualmente crecen a través de su aplicación. Un componente clave en la economía del conocimiento integrado en las personas es el capital humano y la tecnología.

Ahora bien, las características de la economía del conocimiento son diversas. Si bien se ha considerado como un nuevo sistema económico de crecimiento [Ferraro, 1999], su nacimiento es a partir de la era pos-industrial, es decir, alrededor de la década de 1980. Por ello, Medina et al. [2006, p. 23] indican que las principales características de la economía del conocimiento serían tres:

1. *El conocimiento es el factor clave del desarrollo en la economía global. Hace la diferencia entre riqueza y pobreza.*
2. *La creación y redistribución de la riqueza básica para que compita exitosamente una sociedad implica la necesidad de promover la redistribución del conocimiento.*
3. *La multiplicación o explosión del conocimiento aumenta la necesidad de educación masiva y pertinente de la población.*

Soria & Aboites [2008] afirman que las diferencias en los tipos de conocimientos provienen de su misma naturaleza, dado que el conocimiento es un bien económico parcialmente no-excluyente y no-rival en el consumo. Por su parte, Entonces, Sírbu et al. [2009, p. 229] argumentan que:

La economía del conocimiento se caracteriza principalmente por la transformación de conocimiento en materia prima, capital, productos y en factores esenciales para la producción de la economía; por los procesos económicos a través de los cuales la generación, compra, venta, estudio, depósito, desarrollo, distribución y protección de los conocimientos se convirtió en lo predominante e influye decisivamente en el logro de ganancias y el seguro de sostenibilidad de la economía en el largo plazo.

En resumen, la característica principal de la economía del conocimiento, es en sí, el conocimiento mismo, siempre y cuando éste sea el factor productivo predominante como factor de crecimiento económico, o bien, que exista un valor-conocimiento¹ dentro del producto final [Sakaiya, 1995]. Si bien hay otras características que separan a la economía del conocimiento de las demás teorías de crecimiento económico, la más importante es que el conocimiento sea el motor para el desarrollo sustentable de una economía.

Índices de organismos mundiales de la economía del conocimiento

Medina et al. [2006, p. 64] comentan que: “estos índices o e-readiness buscan cuantificar la preparación o nivel de avance de un país para la sociedad de la

¹ Sakaiya (1995) explica el valor-conocimiento como una creación de los seres humanos, dado que es un aspecto singular de la sociedad del conocimiento que la distingue de la sociedad industrial, en la cual la tendencia es unir la mano de obra con los medios de producción. En pocas palabras, el valor-conocimiento es el valor agregado que lleva cualquier producto simplemente por el factor conocimiento que lleva en su elaboración, es decir, mientras que los componentes para producir cierta mercancía pueden ser baratos, el factor conocimiento eleva su precio final. Por ejemplo: la patente para elaborar cierto medicamento, mientras los componentes pueden ser baratos, la fórmula y el proceso de elaboración puede otorgarle un valor agregado que tiene como consecuencia el aumento en el precio final del medicamento hacia el consumidor final.

información y del conocimiento”. Para lo que hacen mención de los índices más famosos que existen, los cuales se muestran junto con una pequeña descripción de cada uno en la Tabla 1

Así mismo, Medina et al. [2006, p. 65] afirman que: “todos los anteriores índices en cierta medida dan cuenta de los progresos y ubicación de cada país respecto a la ciencia, a la tecnología, la innovación y la transición hacia una Sociedad del Conocimiento”.

Tabla 1. Índices más famosos de la economía del conocimiento.

Nombre del índice	Descripción
Digital Access Index (DAI)	Mide el acceso a las tecnologías de la información y la comunicación (TIC), incluye ocho indicadores agrupados en cinco categorías y cubre 178 países.
Digital Opportunity Index (DOI)	Mide las oportunidades digitales de la sociedad de la información y uso de las tecnologías (TIC). Utiliza 11 indicadores agrupados en tres categorías (oportunidad, infraestructura y uso).
Index of Knowledge Societies (IKS)	Mide la evolución y el comportamiento de los países en el logro de una sociedad del conocimiento. Trabaja con 14 indicadores cuantitativos organizados en 3 categorías (activos, avances y prospectiva) y abarca 45 países.
Knowledge Economic Index (KEI)	Trata de mostrar las fortalezas y debilidades de los países en la transición hacia la sociedad del conocimiento. Emplea 12 indicadores agrupados en cuatro categorías.
Network Readiness Index (NRI)	Mide la preparación de un país para participar de los beneficios de los avances de las tecnologías de la información y el conocimiento. Incluye a 104 países con 51 indicadores cuantitativos y cualitativos, divididos en 3 categorías.
Technological Achievement Index (TAI)	Los informes del PNUD sobre Desarrollo Humano incluye este Índice como reflejo de la capacidad tecnológica de un país.
UNCTAD Index (ICT)	Esta diseñado para medir y comparar el desarrollo de las tecnologías de la información y el conocimiento (conectividad, acceso y políticas). Incluye indicadores cualitativos y cuantitativos agrupados en estas tres categorías.
UNPAN Index (UNPAN)	A cargo de la Division for Public Administration and Development Management de las Naciones Unidas, mide el comportamiento de los países de acuerdo al desarrollo de los Sitios Web, infraestructura de telecomunicaciones y capacidades humanas. El ranking se realiza sobre 178 países y también se le conoce como e-government index.
Índice del Banco Mundial (WSIS)	Este Índice incluye 15 indicadores distribuidos en 5 categorías (acceso, calidad, sostenibilidad, aplicaciones y provisión) de las TIC en 144 países.

ArCo	En honor a sus autores Daniel Archibugi y Alberto Coco, es una derivación del Índice de Logros Tecnológicos (TAI) del PNUD e incluye indicadores de creación tecnológica, infraestructura y habilidades de recursos humanos.
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Fuente: Elaboración propia con datos de Medina et al. [2006, p. 65].

Por su parte, la OCDE [1996, p. 30] indica que:

Hay cuatro razones principales por las que los indicadores de conocimiento, sin embargo, aunque sean cuidadosamente contruidos, no puede aproximarse a la amplitud sistemática de los indicadores económicos tradicionales:

1. *no hay fórmulas estables o „recetas” para la traducción de los insumos en la creación de conocimiento en productos de conocimiento;*
2. *la creación de conocimiento es difícil de trazar porque no hay cuentas análogas de conocimiento para las cuentas nacionales tradicionales;*
3. *el conocimiento carece de un sistema de precios sistemático que sirva como base para agregar piezas de conocimiento que son esencialmente únicas;*
4. *la creación de nuevo conocimiento no es necesariamente una adición neta al stock de conocimiento, y la obsolescencia de las unidades del stock de conocimientos no está documentado.*

Así mismo, la OCDE [1996, p. 31] indica que sus principales indicadores de conocimiento, recolectados y estandarizados por ella son: “i) los gastos en investigación y desarrollo (I+D), ii) el empleo de ingenieros y personal técnico, iii) las patentes, y iv) balanzas de pagos de la tecnología”.

Las ciudades medias, definición y características

Cuervo [2006, p. 23] define a la ciudad como:

Un microcosmos del espacio social y condensa sus características; no obstante, posee rasgos que la hacen particular, que la especifican: la densidad de los elementos y la intensidad de las interacciones generan diferencias cuantitativas y cualitativas en el comportamiento de la ciudad como componente particular, pero dominante, del espacio social.

Zoido; De la Vega; Morales; Mas & Lois [2000] definen a la ciudad como:

“Ciutat / Hiri / Cidade. Núcleo de población de ciertas dimensiones y funciones especializadas en un territorio amplio.”

Sabatini [1998, p. 148] indica que:

Definir conceptualmente ciudad intermedia es difícil, casi imposible. En buena medida ello es así porque es difícil definir ciudad. Todos concordamos que una ciudad es un asentamiento con un tamaño, una densidad y una heterogeneidad social y funcional mínimas. El problema es determinar en términos prácticos qué es lo mínimo. Y cuando intentamos definir ciudad por su función respecto del espacio que no queda

comprendido en ella -como se intenta hacer con la ciudad intermedia- entonces la dificultad aumenta. La ciudad como hecho físico no coincide, no es “simétrica” con la ciudad como hecho social (cultural, económico, político).

Por su lado, Macció [1985, p. 52] indica que: “todo conjunto de casas habitables agrupadas se llama aglomeración de población, cualquiera sea su tamaño”. Por lo tanto, define a la ciudad como: “una aglomeración en cuya vida económica no predomina la actividad agrícola”. [Macció, 1985, p. 52]

Así mismo, Macció [1985, p. 52] menciona que: “las aglomeraciones urbanas se forman generalmente por integración de localidades o municipios limítrofes, que en algunos casos siguen conservando cierto grado de autonomía administrativa.”

Cabrales & Canosa [2001, p. 4] definen a la ciudad como: “espacios de integración y de promoción social, aunque en su mayor parte estén compuestas de zonas desfavorecidas, mal equipadas y en situación irregular”.

Jordán et al. [1998, p. 225] indica que: “se puede asumir que un asentamiento intermedio es todo aquel que por no constituir área metropolitana o pequeño núcleo rural, ofrece un equilibrio entre las oportunidades que genera la ciudad y las desventajas o deseconomías de un asentamiento metropolitano no controlado.”

Por lo tanto, para fines de esta investigación, se tomará la definición de ciudad de Cuervo [2006, p. 23]. Así mismo, se complementa con la definición de Jordán et al. [1998, p. 225] respecto a la definición de ciudad media.

Ahora bien, algunas características de las ciudades medias de acuerdo a Cuervo [2003, p. 44] es que proporciona una razón para denotar una de las ventajas de las ciudades medias, siendo las características de las grandes ciudades latinoamericanas un área de oportunidad para las ciudades medias. Así como una característica de las ciudades medias, siendo éstas de menor tamaño su característica puede denotarse como su conexión con los sectores locales.

Schneier [1990, p. 347] menciona una característica de la ciudad por lo que dice que:

Desde su inicio y especialmente en el siglo XX, las ciudades han estado en la arena del experimento social y el desarrollo de nuevas ideas políticas y culturales. La comprensión de la situación de las ciudades, no obstante, presupone un mayor entendimiento de la crisis que afecta al Estado-nación, el modelo de acumulación de capital y las relaciones entre el Estado y la sociedad que han prevalecido durante los últimos 30-40 años, especialmente en las ciudades.

Ahora bien, el Banco Mundial [2000, p. 1] indica como característica de las ciudades que: “en los umbrales del siglo XXI, las ciudades y los pueblos constituyen la línea de avanzada de la campaña en pro del desarrollo. [...] Las

ciudades y los pueblos no sólo crecen en tamaño y número; también están adquiriendo mayor influencia”.

Otra característica de todas las ciudades es que el gobierno local, ya sea de un Estado Federal o de un Estado unitario, continua siendo el rostro cotidiano del sector público hacia la sociedad. [Banco Mundial, 2000, p. 2].

Así mismo, Cabrales et al. [2001, p. 4] dan algunas características de las ciudades medias, las cuales son:

Su sorprendente capacidad para integrar a los pobres a través de formas de clientelismo y un poderoso imaginario político ha caracterizado a estas ciudades durante los años de crecimiento, que van de la década de los años cuarenta a la de los sesenta del siglo XX. Desde los años ochenta, esta imagen integradora de la ciudad latinoamericana parece no tener ya sentido aunque exista una tendencia a la democratización. El agotamiento de ese esquema estaría determinado por el aumento de la pobreza y la violencia que originan nuevas formas de segregación desde el momento en que se buscan mecanismos efectivos que garanticen la seguridad.

Por último, Balbo [1998, p. 118] menciona la siguiente característica de las ciudades de América Latina: “En América Latina, como en la mayoría de las demás regiones, las ciudades se han vuelto en el centro y el motor del desarrollo”.

Las ciudades del conocimiento: El desarrollo local a través de la economía del conocimiento

Carrillo Gamboa [2011] define a las ciudades del conocimiento como: „comunidades urbanas donde la ciudadanía emprende un esfuerzo deliberado y sistemático por desarrollar su sistema de capitales en forma balanceada y sostenible.”

Romeiro & Méndez Gutiérrez Del Valle [2008] indican que: “a pesar de que el conocimiento siempre ha sido considerado un importante factor de progreso, esta denominación –ciudad del conocimiento– es relativamente reciente, aludiendo a una intencionalidad en su gestión como factor estratégico para el desarrollo”.

Por ello, dichos autores definen a la ciudad del conocimiento como: “aquella que desarrolla estrategias intencionales con el objetivo de intensificar la producción, transferencia y aplicación del conocimiento y procura incentivar una cultura de aprendizaje colectivo y de difusión del conocimiento entre todos los actores (ciudadanos, organismos públicos, empresas, etc.)”.

Por lo tanto cabe mencionar que un rasgo distintivo de una ciudad del conocimiento sería la prioridad que concede a la inversión asignada a la educación, la formación y la investigación [Romeiro et al., 2008].

Ding & Zhao [2011, p. 48] ayudan a entender mejor la relación entre el crecimiento económico y el desarrollo local dado que partiendo desde su óptica,

es como se puede explicar la creación de cluster's para generar empleo, dado que son beneficiosos para la creación, transferencia y uso del conocimiento, por lo que dicen que:

La relación entre forma urbana y el crecimiento económico urbano está mediada por las economías de aglomeración que facilitan encontrar mano de obra, reducir los costos de producción en la industria manufacturera y el transporte, y promover los derrames en la tecnología y la administración.

Por lo tanto, la presencia de elementos positivos o impulsores en una región no significa que exista una relación con el resto de los elementos que genere competitividad. Por ejemplo, la presencia de universidades y centros de investigación no necesariamente crea vínculos estables con la industria [Celis, 2009, p. 183].

Entonces se puede concluir que el desarrollo local y la economía del conocimiento, si bien, son fenómenos que se estudian de manera separada, también ofrecen la posibilidad de estudiarlos de forma conjunta. El desarrollo local demuestra ser un conjunto de varios factores, mientras que la economía del conocimiento es meramente una herramienta para el desarrollo local, dado que sólo es una teoría de crecimiento económico. Por ello es posible afirmar que el desarrollo local se puede dar a través de la economía del conocimiento, aunque existen desafíos también hay áreas de oportunidad para lograrlo, lo cual se abordará en el siguiente apartado.

Resultados

Las entidades federativas que se consideraron para la elaboración de este estudio son: Aguascalientes, Colima, Guanajuato, Jalisco, Michoacán de Ocampo, Nayarit, San Luis Potosí y Zacatecas; dando un total de 8 entidades federativas. Ahora, el conjunto de las 8 entidades federativas dan un total de 441 municipios y un total de 24,184,807 habitantes.²

Ahora bien, para elegir las ciudades medias del centro-occidente de México se aplicó la Ley Zipf. Lo cual consiste en aplicar LOG a la población de cada municipio para con ello conocer el valor de "Y" y ordenar los municipios del mayor al menor en cuanto a su población, para obtener el Rango, teniendo el mayor un rango con valor a cero y con ello obtener el valor de "X" [Cuervo, 2004]. Con los datos recopilados se obtiene la gráfica 1.

Cabe mencionar que la interpretación de la Gráfica 1 se ve limitada por el espacio, no obstante, con base en los valores que tiene cada municipio, de acuerdo a este método, las ciudades medias serán las que tiene un LOG Municipio igual 5. Si bien se pudo haber considerado como ciudades medias a todos aquellos

² Datos obtenidos a través de los Anuarios Estadísticos edición 2011 de cada entidad federativa. También se puede consultar el portal de internet de INEGI, donde de igual manera se encuentran los datos disponibles.

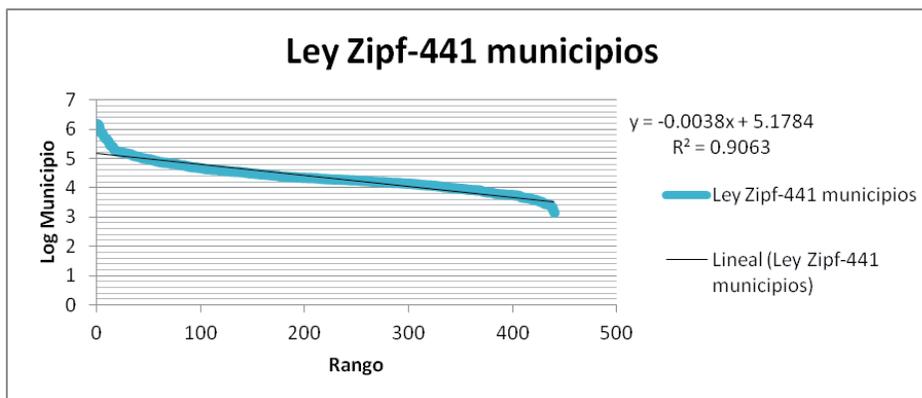
municipios que tuvieron un LOG Municipio igual a 5 y a 4, dado que son las que quedan en la escala media, también es importante tomar en consideración que si se examina la población existente en los municipios con LOG Municipio igual a 4 se podrá observar que la densidad demográfica es menor a cien mil habitantes, para lo que INEGI [2012a] indica que:

Para la variable Tamaño Localidad los rubros corresponden a:

- Áreas más urbanizadas corresponde a Localidades de 100,000 y más habitantes.
- Áreas menos urbanizadas corresponde a Localidades menores de 100,000 habitantes.
- Urbano medio corresponde a Localidades de 15,000 a 99,999 habitantes.
- Urbano bajo corresponde a Localidades de 2,500 a 14,999 habitantes.
- Rural corresponde a Localidades menores de 2,500 habitantes.

Por lo tanto se consideran a los municipios con más de 100,000 habitantes, es decir, las áreas más urbanizadas, puesto que esto se considera desde el supuesto que una ciudad debe ser parte de la jerarquía de Áreas más urbanizadas.

Gráfica 1. Ley Zipf aplicada a los 441 municipios



Fuente: Elaboración propia con datos de los Anuarios Estadísticos 2011 de INEGI de cada entidad federativa.

Entonces, esto nos da como resultado 41 ciudades medias, las cuales son: Acámbaro, Aguascalientes, Apatzingán, Bahía de Banderas, Celaya, Ciudad Valles, Colima, Dolores Hidalgo Cuna de la Independencia Nacional, El Salto, Fresnillo, Guadalupe, Guanajuato, Hidalgo, Irapuato, Lagos de Moreno, Lázaro Cárdenas, Manzanillo, Morelia, Pénjamo, Puerto Vallarta, Salamanca, San Felipe, San Francisco del Rincón, San Luis de la Paz, San Luis Potosí, San Miguel de Allende, Silao, Soledad de Graciano Sánchez, Tecomán, Tepatlán de

Morelos, Tepic, Tlajomulco de Zúñiga, Tlaquepaque, Tonalá, Uruapan, Valle de Santiago, Villa de Álvarez, Zacatecas, Zamora, Zapotlán el Grande y Zitácuaro.

Sin embargo, dentro de las 41 ciudades medias, se encuentran 3 municipios que conforman la Zona Metropolitana de Guadalajara (ZMG), los cuales son: Tlajomulco de Zúñiga, Tlaquepaque y Tonalá. Por lo que dichos municipios no serán considerados como ciudades medias, con la excepción de Tonalá, puesto que aunque forma parte de la ZMG, su desarrollo urbano es menor que el de los otros municipios que la integran. En pocas palabras, Tonalá es parte de la ZMG por su cercanía a la zona conurbada, mas no por su desarrollo urbano. Entonces, Tlajomulco de Zúñiga y Tlaquepaque serán descartados como ciudades medias por ser parte de la ZMG, dado que la ZMG es considerada una ciudad grande.

Por lo tanto, dentro de la región del centro-occidente de México conformado por las 8 entidades federativas, son 39 los municipios que son considerados como ciudades medias y los cuales serán estudiados en el siguiente apartado en cuanto a su inmersión en la economía del conocimiento en la primera década del siglo XXI, con datos de las ediciones 2001 y 2011 de los Anuarios Estadísticos y la edición 2011 del Panorama Sociodemográfico de cada entidad federativa que proporciona INEGI.

Partiendo de las catalogadas como ciudades medias para fines de esta investigación, así como los principales indicadores de la economía del conocimiento de los organismos mundiales, además de los indicadores propuestos por algunos autores se tomaron los datos con base en el CENSO 2000 y CENSO 2010 para la elaboración de esta investigación, cuyos datos fueron recopilados de la página oficial de internet de INEGI y de los Anuarios Estadísticos para cada una de las entidades federativas de los años 2001 y 2011. Entonces se presentan en la Tabla 2 los indicadores utilizados y el motivo para utilizar cada indicador.

Tabla 2. Indicadores para la economía del conocimiento con base en la información presentada por INEGI

Indicadores Censo de Población y Vivienda de INEGI	Motivo por el que se utiliza el Indicador
MEDIO AMBIENTE	
Superficie de áreas urbanas (Kilómetros cuadrados)	Como el mismo nombre del indicador lo dice, para analizar la superficie de áreas urbanas con las que cuenta la ciudad.
POBLACION, HOGARES Y VIVIENDA	
Población	

Población total	La demografía es un punto clave en el desarrollo de la ciudad, dado que es el capital humano, un activo importante dentro de cualquier economía. Así mismo es el determinante para el grado de urbanización de acuerdo a INEGI [2012a].
Población 15 años y más	De acuerdo a INEGI [2012a] la Población económicamente activa comienza a los 12 años, pero para fines de la investigación se tomará a partir de los 15 años y más.
Vivienda y Urbanización	
Total de viviendas particulares habitadas	Indicar la cantidad de viviendas particulares habitadas que existen, ya que son parte de la urbanización de la ciudad.
Viviendas particulares habitadas que disponen de energía eléctrica	<p>Este grupo de indicadores proporcionan información tanto del desarrollo y comportamiento de la urbanización como de la economía del conocimiento. Los indicadores de Viviendas particulares habitadas que disponen de energía eléctrica, Viviendas particulares habitadas que disponen de televisión, Viviendas particulares habitadas que disponen de computadora y Viviendas particulares habitadas que disponen de internet proporcionan información sobre la economía del conocimiento.</p> <p>De igual forma estos indicadores son parte de las TIC, por lo que es por ello que son considerados como una manera de indicar la presencia de la economía del conocimiento.</p> <p>Cabe mencionar que para el indicador de Viviendas particulares habitadas que disponen de internet no hay datos anteriores al CENSO 2010, es decir, fue hasta dicho censo que se empezó a contemplar el indicador, por lo que se hará mención del dato mas no hay manera de comparar su comportamiento puesto que acaba de ser incorporado. Así mismo esto denota la importancia que adquirió dicho instrumento de las TIC en tan poco tiempo.</p>
Viviendas particulares habitadas que disponen de televisión	
Viviendas particulares habitadas que disponen de computadora	
Viviendas particulares habitadas que disponen de internet	
SOCIEDAD Y GOBIERNO	
Educación	
Población de 18 años y más con nivel profesional	Estos indicadores proporcionan la especialización y la calidad del recurso humano calificado para la economía del conocimiento.
Población de 18 años y más con posgrado	
Grado promedio de escolaridad de la población de 15 y más años	
Población de 15 y más años alfabetas	

Alumnos egresados en secundaria	Estos indicadores proporcionan información acerca del recurso humano calificado en cuanto a los alumnos egresados de los ciclos escolares de 99/00 y 09/10, lo cual promueve la economía del conocimiento. Además cabe mencionar que se eligieron dichos niveles de educación puesto que es cuando se encuentran en la edad de la Población Económicamente Activa de acuerdo a INEGI [2012a].
Alumnos egresados en profesional técnico	
Alumnos egresados en bachillerato	
Alumnos egresados en formación para el trabajo	
Personal docente en secundaria	Estos indicadores proporcionan información acerca del recurso humano calificado para promover la economía del conocimiento, durante los ciclos escolares de 99/00 y 09/10. Además cabe mencionar que se eligieron dichos niveles de educación puesto que es cuando se encuentran la edad de la Población Económicamente Activa de acuerdo a INEGI [2012a].
Personal docente en profesional técnico	
Personal docente en bachillerato	
Personal docente en formación para el trabajo	
Escuelas en secundaria	Estos indicadores proporcionan información acerca de la infraestructura con la que cuenta la ciudad para promover la economía del conocimiento. Así mismo, dicha información es de los ciclos escolares 99/00 y 09/10. Además cabe mencionar que se eligieron dichos niveles de educación puesto que es cuando se encuentran en la edad de la Población Económicamente Activa de acuerdo a INEGI [2012a].
Escuelas en profesional técnico	
Escuelas en bachillerato	
Escuelas en formación para el trabajo	

Fuente: Elaboración propia con datos de los Anuarios Estadísticos y los Panoramas Sociodemográficos de cada entidad federativa de INEGI.

Con base en los datos recopilados y después del análisis realizado, se obtiene que la mayor parte de las ciudades medias se encuentran inmersas dentro de la economía del conocimiento. Sin embargo se encontró que hay 13 ciudades medias que no lo están, las cuales son:

1. Salamanca, Guanajuato.
2. Tepatitlán de Morelos, Jalisco.
3. Tonalá, Jalisco.
4. Zapotlán el Grande, Jalisco.
5. Hidalgo, Michoacán de Ocampo.
6. Lázaro Cárdenas, Michoacán de Ocampo.
7. Morelia, Michoacán de Ocampo.
8. Uruapan, Michoacán de Ocampo.

9. Zamora, Michoacán de Ocampo.
10. Zitácuaro, Michoacán de Ocampo.
11. Tepic, Nayarit.
12. Ciudad Valles, San Luis Potosí.
13. Zacatecas, Zacatecas.

Conclusiones

En conclusión se encontró que de las 39 ciudades medias de la región del centro-occidente de México comprendida por 8 entidades federativas, las cuales son: Aguascalientes, Colima, Guanajuato, Jalisco, Michoacán de Ocampo, Nayarit, San Luis Potosí y Zacatecas; la mayoría se encuentran inmersas dentro de la economía del conocimiento, solamente una tercera parte no lo está.

Por lo tanto, dichas ciudades medias que no se encuentran dentro de la economía del conocimiento, se recomienda el manual de Peluffo et al. [2002]. Así mismo, es importante tomar en cuenta que no sólo es labor de las ciudades medias, sino de todo el país en conjunto, por lo que se coincide con lo encontrado por Alemán [2009, p. 49], donde menciona que:

Analizados estos casos de estudio a la luz de propuestas de desarrollo local, la territorialización de políticas nacionales en las entidades federativas puede, efectivamente, coadyuvar para pensar en nuevos escenarios de desarrollo siempre y cuando se mantenga una coordinación multinivel y se vayan incorporando un número cada vez más amplio de actores en el análisis de las decisiones. Estos procesos requieren de la cooperación, asistencia técnica, recursos y control a lo largo del tiempo de todos los niveles de gobierno (nacional, estatal y supranacional).

Es así que el desarrollo local de las ciudades medias debe estar alineado al desarrollo de todo el país. Por lo tanto las estrategias locales deben ir a la par con las estrategias estatales y éstas a su vez con las estrategias nacionales, con la finalidad de promover el desarrollo uniforme. Por ello es que se considera importante la inmersión hacia la economía del conocimiento.

Por último, se concluye que la economía del conocimiento si bien es una teoría de crecimiento económico, también es una herramienta para el desarrollo urbano de la ciudad, partiendo de los estudios revisados y de la atracción de la población con conocimientos especializados hacia donde se puedan desarrollar profesionalmente, es decir, la teoría de los cluster's.

Por lo tanto, es importante considerar que la inversión hacia la economía del conocimiento se reflejará al largo plazo, dado que la educación pública comienza desde preescolar, pero rendirá frutos hasta la edad adulta, o cuando se convierte en lo catalogado como población económicamente activa.

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The influence of voting system on electoral participation of women in Poland

Abstract: In the research, there was taken an attempt to analyze to which extent the electoral system, currently functioning in Poland, influences electoral participation of women. In the elaboration electoral participation, as a form of political activity will concern realization of suffrage right. The electoral system as a category of political studies analysis is the one of the utmost importance. The matter of scientific understanding of the system concentrates an attention of researchers for a while. The analysis of contemporary voting systems became one of the basic tasks of empirical political studies. It is worth look closer at an mechanism, which became a tool for enhancing a participation of women in political life.

Key words: Electoral system, electoral participation, elections, women, parliament

The basis for conducting parliamentary election there are the electoral systems. The electoral system is treated as a set of laws, which rule the process of conducting elections, which relate to the way of expressing voters' preferences and transformation of their votes on mandates, allocated to competing fractions [Sokół W., 2007, s. 23]. In this case, the political institutions functioning in the electoral process, especially general rules of voting law and detailed procedural provisions, describing the way of conducting and setting the final results of elections, consist on it. [Antoszewski A, Herbut R., 2004, p. 442]. As the crucial elements of electoral system there are stated: shape and size of constituencies, voter's rights in the act of voting, establishment of electoral thresholds and the electoral formula, which means the way of counting votes [Sokół W., Żmigrodzki M. 2005, p. 158-159]. The electoral formula mean the rule, according to which a candidate becomes elected in a certain constituency and how are the number

of votes received by a party “counted” in the number of received mandates, this differentiates the electoral systems [Sokół W., 2007, p. 37]. Determination of election results is done by a specified election formula [Antoszewski A, Herbut R., 2004, p. 442], so that with usage of proportional, plurality or mixed voting system. In most of European countries there are the proportional electoral systems. In Poland, we have the proportional and plurality one. The elections to Sejm are conducted with a proportional formula, where it functions the system of party lists, and those to Senate – with a plurality formula.

In literature the influence and role of voting systems on female political participations is strongly exposed. As Richard Matland states, [2003, p. 160] a change of electoral system in a specific country is a more realistic goal than a radical change of females perception, rooted deep in culture.

Can women in Poland really enhance their chances for nomination and win in elections to specific representative bodies just by the electoral system being in force? Which electoral system supports political careers of women in Poland: proportional or plurality one? Are the supporters of one-mandate constituencies to Sejm right, that such a solution supports democracy more?

The goal of those research will be proving the influence of being in-force electoral system during last parliamentary elections in 2011, both to the lower house of parliament, as well as to the higher one, on increasing the participation of women in those bodies.

The difference between proportional system, in accordance to which elections to Sejm are conducted and the plurality system, which is in-force in case of elections to Senate, generally speaking, is that in proportional system the elections are conducted in multi-mandate constituencies. The parties present lists of candidates and receive mandates in proportion to the overall vote share [Sokół, 2007, p. 46]. The voter, does vote for a particular candidate, but the parties decide about the list of candidates on the electoral list and order of those who start on those lists. The basic idea of that system is the division of seats in a representative body, which reflects precisely the support, which is gained by particular voting comities from a society. While grading proportional systems, special attention is paid to the fact that they guarantee balance of voting power, but on the other hand there is a threat of paying an too important political role by small parties (so called swing vote) [Banaszak B., 2012, p. 272]. The crucial disadvantage of that is a hardness in emerging a majority, stable governing coalition [Chmaj M. Skrzydło W., 2008, p.65-66]. To its undoubted advantages, avoiding great deformations of election’s results, may be enlisted, which happens in plurality voting system.

The most popular type of plurality voting system is however a competition of candidates in single-member districts, where a winner is the one, who

got the greatest amount of votes [Banaszak B, 2012, p. 266]. We also notice here absolute plurality voting system, being in force in Poland in elections for the office of Polish Republic's President of and in elections of mayors and presidents of cities, where the mandate is won by the one who yields at least 50% +1 of valid votes and the relative plurality voting system, currently in force in Poland in elections to Senate and municipal councils which are not cities of the county rights. In that system a mandate is won by the person who got the greatest amount of votes in an electoral district [Chmaj M. Skrzydło W., 2008, ss. 65-66]. To it's main advantages there might be included possibility to achieve parliamentary majority which can create a government and guarantee its stability [Banaszak B, 2012, s. 267], and as for the main disadvantages – sometimes it leads to huge deformations of voting results and the possibilities of creating new parties are highly limited, because they have little chances to get a mandate [Sokół, 2007, p. 45].

A new Election Code [Act nr 21, pos. 112] enacted by Sejm of Polish Republic on the 5th of January 2011 changed hitherto *status quo*, functioning until an entry into force of the new regulations. It replaced more than five hitherto existing electoral laws. Not only did it repeal five laws on election issues and unified the regulated matter, but it also introduced new solutions. Some of them are changing the voting law and the process of voting process in a general way [Rakowska A. Skotnicki K., 2011, p. 10]. Proportional formula is still in force as for elections to Sejm, European Parliament and elections to municipal counties which are not cities on rights of a district and to district and voivodship councils. However, a significant change is the establishment of a first-past-the-post constituencies in the elections to the Senate [art. 260§1] and in elections to municipality councils which are not cities on rights of a district [art. 418 § 1] it was resigned from hitherto election of authorities in multiple-winner constituencies – with plurality voting system in case of elections to Senate and with plurality or proportional voting system depending on the amount of citizens living in a specific community – below or above 20 000 [Chmaj M. Skrzydło W., 2008, p. 70]. Bringing back plurality voting system in municipalities consisting of below 40 thousand of citizens, which were in force before 1998, was a crucial change [Niewiadomska-Cudak, 2011, p. 34-37], nevertheless with a stipulation that in each electoral district created for council in a municipality, there was only one councillor elected. However, the legislator went one step further and first-past-the-post voting districts were also in force in the areas inhabited by more than 40 thousand of citizens. But was it a step in good direction?

It is commonly known, that the “rule of relative majority and first-past-the-post (FPP) voting districts cause a situation in which the election results equally in scale of one district and in cross-country scale, repeatedly, do not

reflect the real will of the voters [Gdulewicz E., Kręcisz W. 2002, p. 27]. Last elections to Senate showed that indication of FPP voting districts led to, more visible than previously, domination of that body by representatives of a political party which got most of seats in elections to Sejm. For it came up that despite imposing uniform representation standard in Art. 261, the discrepancies in a number of citizens living in the voting districts were significant [Rakowska A. Skotnicki K., 2011, p. 12]. In the literature there is another issue discussed: that councillors of the new election which is to be held in 2014, may be elected in FPP voting districts in communities which are not cities with county rights of a large number of people, often in excess of up to 50 000 citizens (Belchatow, Bedzin, Pabianice, Zgierz), while hitherto, in municipalities of more than 20 000 people there were proportional elections, and by 1998, this ceiling began above 40 000. According to A. Rakowska and K. Skotnicki, in such a huge territorial divisions elections do not have a personal character, but mainly political, and there candidate's features are less important than political background [Rakowska A. Skotnicki K., 2011, p. 13]. It is hard not to agree with the arguments that an imposed change in big as for the number of citizens in municipalities will lead to de-politicisation of the municipality council. So they can politically look similarly to contemporary Senate, which seems not to be the most representative body as for political preferences of the citizens.

Elections to the Senate in 2011 have clearly showed that the introduction of a FPP voting districts is not a good solution, not only because it does not support the representativeness of elected bodies in terms of the image of the current shape of political scene in Poland, but it also maintains the right proportions of both sexes in collective bodies. In the last elections in the upper house there were barely 13 women out of 100 elected senators. It was proven more than once, that FPP voting districts do block an access to politics for women, because in country structures, dominated by males, female candidates are less likely to be elected. The data from 1995 on the proportion of seats in parliamentary elections as for gender in countries with stable democracies show that composition of parliaments chosen with usage of relative majority there were 11% of women elected, while with proportional voting system – about 20%. Whereas the data from 2004 show even greater differences in the amount of elected female parliamentarians while relative majority voting system – 14,4% – and while proportional voting system was used – 27,6% [Markowski R., 2010, p. 6]. Richard Matland attempted to analyze a percentage share of female parliamentarians in 24 country public legislative bodies between 1945 and 1998 [Matland R., 2003, p. 161]. It shows that women taking part in proportional elections did always have a slight advantage over those who were elected in plurality voting system (with FPP electoral districts). A growing advantage of representation of women

was noticed in 70' of last century, while there was an enormous growth of their share in 90's in proportional systems, while in plurality voting systems the situations did only slightly change. In European Union countries, where there is over 35% of share of females in parliaments of Sweden, Finland, Denmark, Netherlands, Belgium, Spain, where proportional system is applied [European Parliament Report, 2008, p. 9]. Nevertheless, it is worth remembering that in countries having proportional representation system, there are often quotas as for female and male candidates on electoral lists applied. Such solutions may be used voluntarily by political parties, or it can be compulsory in the name of law, as it happens in Belgium, Spain, Portugal, Slovenia or, since 2011, in Poland. According to R. Matland, the reasons for such situation can be found in superiority of value of a district in proportional systems, which leads to a growth of so called party's value. The value of an electoral district is an amount of seats in parliament which are given for a district, and the party's value is an amount of seats reached by a party in the district. Matlandt states that those values are so crucial, because they do influence the strategy of a party during candidates' selection by a party. When the value of a district is one, as it happens in FPP electoral districts in plurality voting system, , a party can reach at most one seat in a district. Often, while a decision to nominate a female is taken, the party clearly has to refuse a male, who aspires to start in elections in the same district. While the value of a district decreases, chances for a party to get a few mandates improve in a district.

Table 1. Why are proportional voting systems more favourable for women

Greater district's value	Result
A greater amount of seats attributable for an electoral district (greater value of a district)	Party's lists give greater chances of females' nomination
A party can expect few seats in one district (greater party's value)	Greater possibilities of females' promotion in a rivalry with another party
It is more probable to balance mandates by including women (the balance)	A party does not need to deprive males from a mandate to nominate a female

Source: [Matland R, 2003, p. 163]

For party decision-makers a female candidate may become a strong party's trump, because it can attract voters, not threatening the inner party's business dominated by males. In a plurality voting system, it lacks such a balance, because in here only one candidate may represent a party in a district, whereas it is usually a male. In proportional systems, a party has a few places in a district for its disposal and for that reason it is easier to use them for females. However, not all of proportional systems are favourable for political activity

of females. In districts of a greater value, parties have chances to win more mandates, what is beneficial for women, similarly as high election threshold for their influence on an average party's value. High election thresholds are unfavourable for "mini-parties", which usually introduce to a parliament only one or two representatives, what decreases the female representation, because usually those who are elected from such a party's lists are males. Similarly with closed lists, where the voter votes for the whole list and has no influence on personal results which are not as favourable for females as open lists, where a voter may point out one candidate. It should, however, be exposed that a position on the party's list is also a crucial factor – the higher position it is, the chances to be elected are bigger. Apart from that, it is easier to build a quota system, compatible with proportional voting system, because there can be more candidates introduced on a single party list and because the parties try to balance the list consciously, to gain the mandates. Nevertheless it is much harder to build quota system that includes gender, which would be adequate for an electoral system with FPP voting districts, because parties chose only one candidate, who represents it in the district and it is impossible, as it happens with proportional system to place at the same time females and males. As it is presented in a literature, it is however possible to impose quotas at the stage of candidates' who will compete for party's nomination emergence, but such a solution would cause changes in inner laws of parties. The other option is imposing appropriate provisions in the Act on Political Parties, which would take effect over all the political groupings which operate on the political stage.

Plurality voting system does systematically exclude minorities from political representation. So that, where the FPP voting districts are, the electoral participation of females is smaller, what is a phenomena proven and very adverse for the democracy. In Scotland and Wales there was a concept called "twinning" introduced [PR Report, 2008, p. 16 and 17], what it means – coupling FPP voting districts in pairs by nominating candidates of both sexes in neighbouring districts.

It turns out however, that in Poland, a few weeks before parliamentary elections to Senate, the system of FPP voting districts was positively evaluated by most of the interviewees (66%) researched by Institute of Public Affairs and Public Opinion Research Centre, out of which 38% valued simplicity of that solution and 28% pointed out the success of the best candidate. Interviewees who evaluated negatively the solution were a minority (13%), by which 5% said that the mandate might be received by a person with a slight voting advantage over the other candidates. Each fifth interviewee had no opinion in that matter. Among strong supporters of the new solution men were the majority (73%), women were more restrained (60%).

The parliamentary elections in 2011 in Poland had a break-through character, because on the one hand there were quota mechanisms introduced and women and men were guaranteed the representation not less than 35% of all candidates on the list (Election Code Art. 211§ 3). As it is exposed, it was a great step in equalization of males and females chances in decisive bodies. While introducing the FPP voting districts system in elections to Senate and counties municipalities which are not cities on the laws of a district, one step backwards was done, because the negative consequences for FPP district voting system described above will not contribute to a greater political involvement of minority groups in Poland. To support the thesis it is enough to analyze the results of elections to the Senate in 2011. The result of introduction of a quota system law was a double growth of females who run for a mandate on the political lists. In 2011 there were 3063 women, and to the higher one – 69 women, who run for in elections, which were appropriately 44% and 14% of all candidates to both chambers [Druciarek M. Fuszera M. Nizińska A., Zbieranek J. 2011, p. 33]. The disproportions as for the amount of eager candidates are, in case of both chambers, a result of plurality election system to Senate where a system of voting lists is in force, and what follows it – a quota mechanism. In 2011 compared to 2007 we could notice a slight growth in the amount of female candidates to the upper chamber. As a result of the elections, to the lower chamber there were more women elected than ever before in last twenty years. Women are now 23,91% of all deputies. In Sejm there are 110 women now. Compared to previous cadencies, for the first time in Polish history, the amount of females went over 100.

There were 47 women and 338 men competing for a mandate of senator in the seventh cadency, and in 2011 – 69 female candidates and 430 male candidates. So it was a slight growth of females who competed – from 12.2% to 13,8%. There were 8 females elected to Senate in the seventh cadency, and in the eighth one – thirteen. Those who got the mandates were candidates of party's comities – 8 represented Electoral Committee of the Civic Platform (on 63 generally chosen), 4 – Electoral Committee of Law and Justice (in 31 chosen), one PSL (in 2 chosen). Among candidates who gained mandates were: Włodzimierz Cimoszewicz, Kazimierz Kutz, Marek Borowski and one of representatives of a new political initiative – Citizens to Senate from Electoral Committee of Rafał Dutkiewicz – Jarosław Wojciech Obremski, local government employee. Women who created their own, independent committees did not succeed in elections to upper chamber: Elżbieta Hibner, Grazyna Gluszak, Iwona Borchulska, Izabela Sierakowska, Katarzyna Elżbieta Bider i Maria Olszak-Winiarska.

The results of elections to Senate show precisely the weakness of FPP voting system in our Polish reality. To the upper chamber of a Parliament

there were barely three independent candidates elected and one from a new political initiative Citizens to Senate, what undermines the argument of the system supporters, that competences of candidates matter more than political affiliation. According to Rafal Chwedoruk, introduction of such a system in elections to Sejm might mean the end of real democracy in Poland. FPP voting districts, in R. Chedoruk's opinion, *have a huge manipulative potential. The governors, using their temporary advantage, can cut the electoral districts in a way which will make them always have a majority. If it was used also in elections to Sejm, a Civic Platform's voter from Lomza would never live long enough to have his or her representative in parliament, similarly – a Law and Justice voter from Ursynow.* [Chwedoruk, 2011, online]

The conducted elections to Senate show also the deformation of a support view for parties, from which warned the opponents of such solution. In elections to Sejm, which would be conducted with a plurality voting system in FPP voting districts, the grouping which gets less than 40% of support gets two thirds of all mandates. The myth about so said greater bound of a parliamentarian or deputy with the voter chosen in plurality voting system is refuted. By contemporary pace of life, the voters do not have time to meet directly their deputy or parliamentarian and in fact they do it only when they were put in a state of some threat, i.e. eviction or unemployment. It will be hard for the supporters of FPP voting districts to Sejm to introduce new regulations, because changes in Constitution will be needed. There is however more and more people approving and supporting such a system solution also as for the lower chamber. Frequently cited argument for the introduction of FPP voting districts, which concerns increasing ties of a chosen representative with the voters, is just a catchy slogan, easy to use in a society which does not know the mechanisms of elections conducted using different systems [Rakowska A. Skotnicki K., 2011, p. 12].

From the cited above analysis it results that women in Poland can enhance their chances for nomination to representative bodies in a proportional system. Due to the fact that in that formula, a party disposes a few places in one district and it is easier to save a nomination for a female. In plurality formula, where after legislative changes there are FPP districts to some collegial bodies, political grouping can have only one candidate and it is hard i.e. to force a man who wants to candidate again to be replaced by a woman who wishes to be nominated. Apart from that, in those systems only big political entities win, while parties with little support have actually no chances there. According to Jaroslaw Flis, *This is the first step to total elimination of opposition. In huge cities there may happen again the experiences from Senate elections, where the Civic Platform took majority of mandates* [Kursa M. 2012, online]. There can only be

added that among 63 senators from Civic Platform there are only 8 women, which represents 12,6%. The FPP voting districts, are not only unfavourable for women, but also in greater cities on the law of a district there may happen a greater politicization and a president, as a single-person executive body, who will not be, i.e. from a grouping of a mandates advantage in a council, will meet obstacles to find support for the needed initiatives, because it will be more politicized and realizing line of a specific party, and not the vision of city's development. Proportional representation system gives a chance to reflect in collegial bodies the actual share of political preferences in society, which gives a possibility to represent various ideas and businesses. It also creates a greater chance to enhance a share in political power for minority groups.

While introducing quotas in Acts, they became a first step in the direction of a greater political participation of women. Another one is introduction of record about alternating places of candidates on political lists so that each grouping has an obligation to put such a state in their statutes. Parties which promote the share of females and males in governance should ease women's access to those not on the basis of improving the party's image, but for equal treatment regardless their gender. Proportional systems exist in countries with rich percentage of women in parliaments, but it should be noticed that enhancing the chances of females participation in politics is a long-lasting process and it does not guarantee fast results. In developing countries to make proportional systems support female representation's enhancement, there should be used some other solutions, at least such as: better organization of groups fighting for a greater share of female gender in politics and electoral quotas. Due to the fact that they limit a temptation on which is followed by some political parties to sign mostly males on political lists and they force male political leaders to find active and competent candidates. As the last elections to Sejm showed, there does no shortage of brave and engaged in political activities females in Poland. So another myth spread among and by males, that they are the only ones who can run politics, forgetting that political activity is not only the matter of merits, but also representation of both genders, collapsed As Richard Marland states, the electoral system itself is only a more complex element of the strategy, which goal is to improve political activity of females. The females themselves should operate actively and effectively in society and inside a party, and not to be afraid of new challenged to be able to gain advantage by the benefits offered by electoral structures.

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Culture as a barrier of knowledge sharing

Abstract: Management in last decades has seen knowledge sharing become a key tool for the success of a variety of institutions. Many international companies and other organizations have developed knowledge management programs as key to their future development strategies. There are number of international organizations that have identified knowledge sharing as one of their core management tools. Yet despite its growing popularity, knowledge sharing remains a complex and challenging task. This article discusses what cultural barriers can impede knowledge sharing processes.

Keywords: Knowledge sharing, Knowledge management, Corporate culture, Cultural barriers, Cultural values

Introduction

Culture plays an important role in the success of a knowledge management effort. Many examples can be found where well designed knowledge management tools and processes failed because people believed they were already sharing well enough, or that senior managers did not really support it, etc. However, no matter strong the commitment and approach to knowledge management, culture is stronger. That is why the aim of this article is to discuss how can managers and other organization member overcome cultural barriers of knowledge management.

Knowledge management

One of the most significant challenges to understanding knowledge management is the difficulty in understanding the concept of knowledge. A common approach to this subject is the positing of a hierarchical relationship between data, information, and knowledge. This approach suggests that data holds the most basic status. When processed for practical application,

data is raised to the level of information. Information, in turn, is applied by individuals to create knowledge. “Knowledge is information possessed in the mind of individuals: it is personalized information (which may or may not be new, unique, useful, or accurate) related to facts, procedures, concepts, interpretations, ideas, observations, and judgments” [Alavi & Leidner, 2001, p. 109].

Knowledge Management has emerged over the last decades as a result of many intellectual, societal, and business forces. Knowledge Management has become a valuable business tool. However it is a complex one, and will still be under development for a long time to come. Significant changes in the workplace have already taken place, but changes to come are expected to be greater.

Knowledge sharing

Knowledge sharing is regarded as a fundamental means through which organizational competitive advantage can be reached [Jackson et al. 2006]. The way knowledge is shared within the frameworks of the organization is essential and central not only to the success of the organization where it takes place but also among those who share it, since those who take part in the knowledge sharing process also benefit from it.

The study of knowledge sharing has emerged as a key research area from a broad and deep field of study on technology transfer and innovation, and more recently from the field of strategic management. Increasingly, knowledge-sharing research has moved to an organizational learning perspective.

Knowledge sharing, it is mainly described as an activity during which information or other important contents are shared [Möller, Svahn 2004; Li 2010]. The approach presented by Bartol and Srivastava [2002] contains information as an element of knowledge sharing and defines it as the action in which relevant information are diffused by employees to others across the organization. Möller and Svahn [2004, p. 220] stress that knowledge sharing is “sharing not only codified information, such as production and product specifications, delivery and logistics information, but also management beliefs, images, experiences, and contextualized practices such as business-process development”. Li [2010, p. 40] defines knowledge sharing as an activity “in which participants are involved in the joint process of contributing, negotiating and utilizing knowledge”.

The literature identifies five primary contexts that can affect such successful knowledge-sharing implementations:

- the relationship between the source and the recipient,
- the form and location of the knowledge,
- the recipient’s learning predisposition, the source’s knowledge-sharing capability,

- and the broader environment in which the sharing occurs.
A synthesis of this research suggests three types of knowledge-sharing activities to be evaluated:
 - analyses of the form and the location of the knowledge (it is important because each can affect the types of sharing processes that will be necessary as well as how challenging these processes might be).
 - the types of agreements (rules of engagement and managerial practices adopted by the parties are important to evaluate in that they can shape both the flows of resources and knowledge between the parties and the actions taken to overcome and accommodate significant relational differences between the parties).
 - the specific knowledge-sharing activities used (they are important in that they are the means through which the parties seek to facilitate knowledge sharing).

While some theorists argue that high investment rates in physical and human capital drive national innovation and growth rates [Kim & Lau, 1994; Krugman, 1994], 'assimilation theorists' instead argue that entrepreneurship, effective learning, and innovation are separate, but equally important variables affecting development [Kim & Nelson, 2000]. Central to both approaches, nonetheless, is an understanding of the importance of the sharing of ideas.

The study of knowledge sharing has its roots within the technology transfer and innovation literature. However it can be observed that different nations' successes or failures in fostering economic growth through technological development can be partially explained by the role of culture.

Culture

The role of culture in the world of business has been the subject of various research for at least twenty-five years. Researchers have studied the influence or the impact of national cultures on organizational behavior and the way managers from different cultural backgrounds interact with one another. [e.g. Adler, 2002; Hofstede, 1980, 1991; Trompenaars & Hampden-Turner, 1997, Early and Erez, 1997].

Sułkowski [2002] observes that the notion of a culture is complex and it is characterized by a great variety of definitions functioning both in theory and in practice so a given definition may express only one, selected aspect of a culture. In other words, the complexity of culture makes impossible to create one, proper definition. One of the most commonly used definitions of culture, being not a complex one at the same time, in the literature on culture, negotiations and business in general has been provided by Geert Hofstede, who was the author of the first major empirical multi-country study of consequences that culture has

for the field of management. Hofstede and Hofstede [2005] suggest that “culture is the collective programming of the mind that distinguishes the members of one group or category of people from others” [p. 4.] Bjerke [2004] expresses the opinion that culture is a mechanism which fuses social structures [p. 13]. Thus culture is an output formed by a given community consisted of some bases, ideas and classes. Schwartz [qtd. in Lewicki et al. 2007] describes culture as the values, distinguishing ten essential values, namely: power, security, traditions, conformity, benevolence, universalism, self-directions, simulation, hedonism achievement and power [p. 237]. What is more, the values might cooperate with each other or there might be a conflict between them. In practice, the values which are on the opposite side of the circle tend to be in a conflict. For the purpose of this paper the definition given by Hofstede and Hofstede [2005] is the most appropriate for the working definition. It explains the term of the culture precisely, focusing on a culture as a tool which indicates an identity of a given group and underlines its unique character.

Cultural dimensions

The aim of this part is to describe Hofstede’s five cultural dimensions that are used in order to study the cultural norms. Hofstede and Hofstede [2007] indicate that these are the values that are the vital elements of a culture thus while conducting a research on cultural dimensions it is crucial to focus on values. The dimensions of a culture allow people to compare one culture with the other [p.33-36].

Hofstede and Hofstede [2005] say in their book that “individualism stands for a society in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family only” [p. 401]. In other words, a member of an individualistic society is concentrated on his own interests and interests of his relatives. Hofstede [2005] adds that there are only few societies in the world which might be called individualistic, great majority of societies are more interested in common good than thus these societies are called collectivist [p. 74]. Hofstede and Hofstede [2005] define collectivism as “societies in which people from birth onward are integrated into strong, cohesive in-group’s, which throughout people’s lifetimes continue to protect them in exchange for unquestioning loyalty” [p. 76]. Thus the most important aspect which distinguishes collectivistic societies is a close bond between members of a group.

Individualistic societies focus on the idea of self-actualization while collectivistic societies put emphasis on the common objectives of the group. Individuality and individual rights tend to be the crucial values for high individual cultures. In contrast, in collectivistic cultures there is a close tie between people, they take responsibility for other members of a group, they

protect one another in exchange for loyalty. Hofstede and Hofstede [2005] mention that there is a negative correlation between individualism and power distance, namely, a country which is long-power distance is collectivist, whilst small-power distance countries and individualist [p. 82].

Hofstede and Hofstede [2005] claim that "Power distance can be defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" [p. 46]. Hofstede and Hofstede [2005] describe above mentioned institutions as primary layers of community, namely a family, school and workplace [p. 46]. Brown [2000] adds that power distance is able to define the range of scope to which less powerful individual approves the disparity of power within a community [p. 190]. Brown [2000] says in his book that power distance exists in every single culture yet the tolerance of this inequality varies among cultures [p. 190]. In other words, power distance indicates the degree of unequal division of power that a member of a group is able to accept. Although above mentioned division of power exists in each culture, members of given culture have different attitude toward the division thus there can distinguished high and low-power distance societies. Lebaron and Pillay [2006] observe that due to gender, race, age, education and social statues in a high-power distance culture some member's are being considered as superior to others [p. 46]. Lebaron and Pillay [2006] suggests that "high-power distance starting points shape more formal relations, while low-power distance starting points invite more open conflict and discussion between those at different levels within an organization" [p. 47]. Thus high-power distance cultures are not as flexible and low-power distance cultures insofar as building relationships.

Hofstede and Hofstede [2005] explain that "Uncertainty avoidance is the extent to which the members of a culture feel threatened by ambiguous or unknown situations" [p. 403]. In other words, uncertainty avoidance index indicates the degree to which members of a given community feel nervous in an unknown situation. Brown [2000] makes an important point that countries whose uncertainty avoidance index is weak tend to be contemplative, less aggressive and relax whilst countries with strong uncertainty avoidance seem to be more active, aggressive and intolerant [p. 190]. Hofstede and Hofstede [2005] theorize that communities with strong avoidance index tend to create wide range of laws and regulations in order to prevent uncertainty [p. 182]. They add that countries with weak avoidance index use more often common sense [Hofstede and Hofstede 2005 p.184]. To sum up, people derived from form a high uncertainty avoidance culture fully respect the law and other regulations. In contrast, a low uncertainty avoidance culture is not as rule-oriented, accepts changes and is able to risk to the challenge.

Hofstede and Hofstede [2005] suggest that “Masculinity stands for a society in which emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life” [p. 402]. Thus in a masculine society there is a strongly visible division between a role which is played by a man and that played by a woman. According to Hofstede and Hofstede [2005] the contrary of masculine society is feminine one which is defined as society where men’s and women’s roles dovetail [p. 120]. They claim in their book that masculine and feminine societies vary in solving global conflicts, namely feminine countries aim to negotiations and consensus whilst masculine societies achieve their goals by fight [Hofstede and Hofstede 2005 p.150].

Hofstede and Hofstede [2005] define the term long-term orientation as “The fostering of virtues oriented towards future rewards, in particular perseverance and thrift” [p. 401]. As far as the short term orientation is concerned, Hofstede and Hofstede [2005] claim that the short term orientation is “The fostering of virtues related to the past and present- in particular, respect for tradition, preservation of ‘face’, and fulfilling social obligations” [p. 401]. They mention that the opposite of long-term orientation is short-term orientation where people respect the tradition and their main aim is past and present [Hofstede and Hofstede 2005 p. 210]. In other words, long-term orientated countries accept changes with ease whilst countries which have short term orientation are more conventional and traditional. Taking Hofstede’s and Hofstede’s [2005] view of the situation key features of short term orientation are as follows: veneration of tradition, involvement in personal stability, social status and obligations, actions which will produce immediate results [p. 210]. They remark that perseverance as a tool which will bring slow results, veneration of circumstances and forethought are the key features of long-term orientation [Hofstede and Hofstede 2005 p. 210]. To conclude, the crucial value of a long-term orientation culture is long-lasting commitment whilst short-term orientation culture is more flexible thus changes occur more frequently and rapidly. People derived from long-term orientation culture tend to accept slow results and are more persistent to achieve their aims.

Knowledge sharing and culture

Knowledge sharing efforts often are seen to encounter difficulties from culture. [DeLong & Fahey, 2000; O’Dell & Grayson, 1998].

Ernst and Young conducted a study that identified culture as the biggest impediment to knowledge transfer, citing the inability to change people’s behaviors as the biggest hindrance to managing knowledge [Watson, 1998]. Another study of 453 firms, showed that over half of the companies indicated

that organizational culture was a major barrier to success in their knowledge management initiatives [Ruggles, 1998].

Studies on the role of culture in knowledge management have focused on such issues as the effects of organizational culture on knowledge sharing behaviours [DeLong & Fahey, 2000] and the influence of culture on the capabilities provided by knowledge management [Gold, Malhotra & Segars, 2001] as well as on the success of the knowledge management initiative [Baltahazard & Cooke, 2003].

Culture influences knowledge sharing behaviors in four main ways:

- a) culture heavily influences what is perceived as useful, important or valid knowledge in an organization;
- b) culture mediates the relationship between levels of knowledge, i.e., it dictates what belongs to the organization and what knowledge remains in control of the individual employee, determining who is expected to control specific knowledge as well as who must share it and who can hoard it;
- c) culture creates a subtext for social interaction in that it represents the rules and practices that determine the environment within which people communicate
- d) culture shapes the creation and adoption of new knowledge [DeLong, & Fahey, 2004].

Organizational culture determines the social context which determines “who is expected to control what knowledge, as well as who must share it, and who can hoard it” [DeLong & Fahey, 2000, p. 118]. Consulting firms such as KPMG report that a major aspect of knowledge management initiatives involves working to shape organizational cultures that hinder their knowledge management programs [KPMG, 1998]. Numerous research findings [e.g. Hasan & Gould, 2001; Schultze & Boland, 2000] help to demonstrate the profound impact that culture may have on knowledge management and sharing practices and of the crucial role of senior management in fostering cultures conducive to these practices [Brown & Duguid, 2000; Davenport, DeLong, & Beers, 1998; DeLong & Fahey, 2000; Gupta & Govindarajan, 2000; Hargadon, 1998; KPMG, 1998; von Krogh, 1998].

Culture affects the level of collaboration within an organization [Grandys, Grandys, 2011] and it is collaboration that is the key to successful knowledge sharing. Ardichvili et al. [2006] discussed cross-cultural differences in knowledge sharing patterns which were based on three criteria: individualism versus collectivism, in-group versus out-group orientation, and fear of losing face. Individualism is the tendency of people to place their personal goals ahead of the goals of the organization, while individuals from collectivist cultures tend to give priority to the goals of the larger collective, group or company to which they belong. Collectivists tend to distinguish sharply between

in-group and out-group members. Chow, Deng and Ho [2000] researched factors influencing knowledge sharing behaviors and found that e.g. Chinese nationals were much more reluctant to share with an out-group member than employees in the United States were. Hwang, Francesco, Kessler [2003] found that individualists were more concerned with gaining face (i.e. impressing colleagues) than collectivists. They also found that individuals who want to gain face were more likely to use formal communications channels to show their knowledge and ability, while those who feared losing face preferred more informal communication channels.

Sveiby and Simmons [2002] believe that the collaborative climate was one of the major factors influencing the effectiveness of knowledge programs as it improved knowledge sharing and organizational effectiveness. It was suggested that a culture audit should take place to determine the extent to which organizational culture exhibited the cultural values of collaboration, empowerment, action taking and informality [Albert, & Picq, 2004].

Baltazard and Cooke [2003] ascertained that constructive cultures¹ tended to achieve greater knowledge management success. Similarly, Gold, et al. [2001] found that more supportive, encouraging organizational cultures positively influence knowledge management infrastructure capability and resulting knowledge management practice. Finally, Jarvenpaa and Staples [2001] determined that organizational cultures rating high in solidarity will result in a perception of knowledge as being owned by the organization.

Some companies might be tempted to reward knowledge sharing behavior in order strengthen successful collaboration and teaming. Albert and Picq [2004] asserted that most companies do not provide individual rewards based solely on the ability to learn or to share knowledge. Hutchings and Michailova [2004] recommended that the group, rather than the individual, should be rewarded. Bock and Kim [2002] found no relationship between the use of rewards and knowledge sharing. Instead, they concluded that promoting a positive attitude towards knowledge sharing caused a positive intention to share knowledge.

Summary

In the Knowledge Economy, knowledge is the most valuable asset and the only source of sustainable competitive advantage. Increasingly, what organizations know determines the degree of business success. Many organizational factors, such as hierarchy, power, available resources, support, reward systems and, ultimately, culture could either impede or promote knowledge sharing behaviors. This study has demonstrated that there are myriad cultural barriers to knowledge sharing. They can often prevent effective knowledge sharing.

¹ Cultures emphasizing values related to achievement, affiliation, and self-actualization, encouragement.

It is therefore necessary to identify and try to understand them in order to eliminate their influence. Influence of some of them is possible to be removed some of them will still remain.

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