

# **Journal of Intercultural Management**

**Volume 7 Number 4, December 2015**

EDITOR-IN-CHIEF:

Łukasz Sułkowski

ASSOCIATE EDITOR:

Michał Chmielecki

TEXT DESIGN AND TYPESETTING:

Agnieszka Zytka

COVER DESIGN:

Marcin Szadkowski

EDITORIAL OFFICE:

Społeczna Akademia Nauk  
ul. Sienkiewicza 9, 90–113 Łódź  
tel./fax: (42) 664 66 21  
e-mail: wydawnictwo@spoleczna.pl

PRINTING AND BINDING:

Mazowieckie Centrum Poligrafii  
[biuro@c-p.com.pl](mailto:biuro@c-p.com.pl)  
mobile: 509 137 077

ISSN 2080-0150

**All the articles published in the magazine are subject to reviews.**

Circulation – 100 copies

Printed version is the original version of the magazine.

© COPYRIGHT BY SPOŁECZNA AKADEMIA NAUK

## Table of Contents

- 5 G. Goldman, C.W. Callaghan  
**A Holistic Synthesis of the Organisation Theories**
- 21 Joanna Purgał-Popiela  
**The Role of National Cultures in Foreign Subsidiaries' Practices Applied to Support Knowledge Flow within MNCs**
- 35 Łukasz Haromszki, Piotr Jarco  
**Expected Leadership Competences in the Labour Market in Alumni's Career Paths. A Study in Poland and Other Cee Countries**
- 55 Maldonado Alcudia Ana Virginia del Carmen, Maldonado Alcudia Cesar Miguel, Maldonado Alcudia Minerva Candelaria  
**Employee involvement in hotel total quality management**
- 69 Piotr Masiukiewicz  
**Cultural and Religious Factors Versus Success in Business**
- 83 Witold Mikulowski  
**Cultural Dimension and Specificity of Public Governance**
- 101 Katarzyna Stankiewicz, Paweł Ziemiański  
**To Work or Not to Work... in a Multicultural Team?**
- 113 Alicja Waszkiewicz-Raviv  
**Visual code across borders. Visual communication as the answer to intercultural management dilemmas**



Geoff Goldman<sup>1</sup>

University of Johannesburg, South Africa

C.W. Callaghan

University of the Witwatersrand, South Africa

## A Holistic Synthesis of the Organisation Theories

**Abstract:** Much literature exists on the topic of ‘organisation’. Many different academic disciplinary areas stake their claim to aspects of business organisation. The social sciences offer many different perspectives of the phenomena associated with it; as different lenses, through which the object is perceived very differently. According to social constructivists, the business organisation is socially constructed. For psychologists, it exists at the nexus of individual human needs. For economists, the business organisation operates as a mechanism responding to signals of supply and demand. In this paper the business organisation is re-imaged as an entity existing within, and comprised of, chaotic systems. On the basis of a synthesis of seminal theory this paper attempts to offer a holistic perspective of business organisations; that ‘pulls together’ these multidisciplinary perspectives. On the basis of this synthesis, it is argued that the organisational context is inherently endogenous, and that qualitative research methods might offer management scientists a more valid perspective of the relationships within organisations than empirical methods can.

### Introduction

This paper argues that the study of the business organisation parallels that of other areas of science. A metaphor that has arisen over time in the scientific

---

<sup>1</sup> Prof Geoff Goldman, Department of Business Management (Kingsway Campus), University of Johannesburg, PO Box 524, Auckland Park, 2006, Johannesburg, Republic of South Africa, Tel: (011) 559-3172; Fax: (011) 559-2827, ggoldman@uj.ac.za (e-mail)

research context is the story of the Tower of Babel (Caterino, Cho, Sperling, 2000). This story relates to the failure of a community to build a tower to reach heaven because of increasing difficulties in communication due to the emergence of different languages, notwithstanding their common purpose (Caterino et al., 2000). In the scientific research context this analogy is used to explain the increasing inconsistency in the different ‘languages’ that are developing between different branches of the sciences (Caterino et al., 2000). In this paper, it is argued that this is a trend in organisational research, as different academic fields appropriate aspects of organisations as the focus of their endeavours. However, this paper poses the question, ‘to what extent do these different ‘languages’ perhaps reflect a reality where the diversity of perspectives reflects a reality; which is truly different along more dimensions than we typically imagine?’

In the face of voluminous data and a plethora of theory about the nature of the business organisation, this paper attempts to provide a synthesis, or a rationale for a unified perspective of the phenomenon. Although the field of management seeks to theorise around the administration of processes and practice across fields, little theory exists as an underlying rationale for a transdisciplinary perspective of management as a science in itself.

In the following sections, different theoretical perspectives of the firm are considered. Each, in turn, is shown to explore the phenomenon through a different theoretical lens. After considering these different dimensions, a conceptual model is offered, that suggests a unifying perspective, albeit one that belies the very notion of unity, or unification.

This paper follows the process offered by Mayer and Sparrowe (2013:917); where a method of integration of theories is used that “maximises the chance that integration will provide novel insights that will influence future research and ultimately management practice”. For Mayer and Sparrowe (2013:917), there are four ways in which theory can be integrated to provide new insights; through (i) using different theories that relate to one phenomenon but differ in their approach; (ii) using two disparate streams of research to investigate commonalities; (iii) applying a theory to another which relates to another separate phenomenon; or (iv) using different theories to “draw on a related or common set of explanatory factors”. In this paper we use the former method, in order to provide an understanding of the forces that relationships within and around organisations and individuals are subject to in real world contexts.

Based on this conceptual model, recommendations are offered for how to apply methodological techniques to the study of organisational and individual relationships. It is therefore the core argument of this paper that a lack of balance, or an excessively uni-disciplinary perspective of the organisation can impose a cost, both theoretically and practically, on business researchers and practitioners in the field of management.

## Theory and Literature

Despite much literature on the nature of the organisation, absent from this body of literature seems to be an authoritative perspective on how to reconcile the different dimensions along which organisations are studied. The problem addressed by this paper is the dearth of knowledge of how to understand the organisation as a holistic entity, theoretically situated as it is at the nexus of different literatures, or even sciences.

The objective of this paper is therefore to interrogate theory of the organisation and to derive a conceptual model of this theoretically contested space which may be of use to further researchers and managers. It is argued that a holistic perspective of the organisation is needed by managers lest they act on unidisciplinary insights and influence the performance of organisations in unanticipated ways.

The paper uses a level of abstraction as a heuristic in order to offer a holistic perspective of business-related theory and its interrelationships. At this level of abstraction, patterns are identified, with a view of relating these patterns to clear and practical implications for management. This perspective goes beyond a dialectic approach to the tensions between the dominant seminal theories that have taken management into a multi-dimensional space; to a multi-lectic space. It is argued that it is in this multi-lectic space that paradox can be better understood. By problematising the notion of interdisciplinary boundaries in management science and through trying to reconcile certain of the most influential theory that has perhaps taken the field in different directions, the case is made for the need of management as a discipline to offer a unifying ‘language’ for the study of business and enterprise, in all its dimensions.

This paper therefore seeks to make a modest contribution to the literature by providing insights into how the management of the organisation can take into account certain specific challenges related to its holistic nature, and derive methodological implications from these. In the following sections, different theoretical perspectives of the organisation and the firm are offered. As each is considered, a synthesis is incorporated and the framework for a conceptual model is developed. The overall logic of the paper draws from Grant’s (1996) notion that a common language is necessary for the study of organisations. *In this paper we will argue that the realm of business-related theory has expanded beyond the point at which ‘reductionist’ research can be taken to be valid without qualification. And that caution is recommended in the knowledge claims that are made on the basis of reductionist investigations.*

For Grant (1996:109), theories “of the firm are conceptualisations and models of business enterprises which explain and predict their behaviour”, and although “economists use the term ‘theory of the firm’ in its singular form, there is no single multipurpose theory of the firm”. Indeed, according to Grant (1996:109) every “theory of the firm is an abstraction of the real-world business enterprise” that is

related to a set of characteristics and behaviours. As indicated, whereas a plethora of literature offers different ‘slices’ of these perspectives, what is lacking in the literature is an attempt to integrate this body of literature and to offer a ‘general’ theory of the firm. This paper does not claim to be able to do this, but attempts to point the way towards this, albeit in an exploratory manner. It is hoped that further research does not abandon such a project.

The general approach of this paper is therefore derived from the conception that no amount of theorising can explain all the variance associated with a phenomenon as multidimensional as a firm, along all its possible dimensions. However, it is argued that it is impossible to specify correctly the specific variances associated with the behaviour of firms, and that the most prevalent relationships cannot be reliably placed in relation to others. In the following sections the phenomenon we know as the firm, as an organisation, is related to certain of these different dimensions in an attempt to develop some kind of ‘three dimensional’ theoretical perspective that can inform a conceptual model of the organisation; as a multidisciplinary phenomenon within the field of management. The first dimension of the firm to be considered now relates to the rationale for the existence of the firm. Starting this analysis with Coase (1937) follows the development of the organisational literature by taking cognisance of its roots in economics. Coase (1937) explored the question ‘why do firms exist at all in contexts where the market can allocate resources?’

### **Coase’s Theory of the Firm**

According to Coase (1937), economic theory requires that the assumptions of a theory are made explicit. For Coase (1937:19), the economic system is “co-ordinated by the price mechanism and society becomes not an organisation but an organism”, as the “economic system “works itself”. The price mechanism can effectively be taken to exist as a knowledge system. This seminal perspective first introduces the notion of the organisation as an organism analogous to a biological organism, and to biological equilibria. If human systems in some way operate under similar laws as those that govern systems in natural ecologies it is possible that flows of knowledge can be seen as common to both. The organisational literature might reflect certain of these underlying laws. If certain regularities underlie the systemic existence of the firm then it is expected that over time the literature will uncover these.

Coase (1937:19) stresses that price mechanisms operate outside the firm but that inside the firm “market transactions are eliminated and in place of the complicated market structure with exchange transactions is substituted the entrepreneur co-ordinator, who directs production”. For Coase (1937:11) “[o]ur task is to attempt to discover why a firm emerges at all in a specialised exchange economy”, because the “price mechanism (considered purely from the side of the direction of resources) might be superseded if the relationship which replaced it was desired for its own

sake". Coase (1937) argues that organisations offer a cost advantage associated with not having to negotiate for each sale, which might be the case if organisations did not exist and all transactions were based on the price mechanism. A firm "is likely therefore to emerge in those cases where a very short-term contract would be unsatisfactory", which is "obviously more important in the case of services-labour-than it is in the case of the buying of commodities (Coase, 1937:21/22). A firm "consists of the system of relationships which comes into existence when the direction of resources is dependent on an entrepreneur" (Coase, 1937:22).

A firm, then, "becomes larger as additional transactions (which could be exchange transactions co-ordinated through the price mechanism) are organised by the entrepreneur and becomes smaller as he [or she] abandons the organisation of such transactions" (Coase, 1937:23). Therefore "a firm will tend to expand until the costs of organising an extra transaction within the firm become equal to the costs of carrying out the same transaction by means of an exchange on the open market or the costs of organising in another firm" (Coase, 1937:23/24). Inventions "which tend to bring factors of production nearer together, by lessening special distribution, tend to increase the size of the firm...All changes which improve managerial technique will tend to increase the size of the firm" (Coase, 1937:25). Coase (1937:25) acknowledges, however, that exchange transactions in the real world are heterogeneous. Organisational studies face the complexity associated with different levels of analysis, which introduce further forms of hierarchical heterogeneity (Klein and Kozlowski, 2000; Klein, Conn, Smith and Sorra, 2001). For example, relationships around performance that exist for teams can differ at the level of the organisation (Klein et al., 2001). It is argued that a common theme underlies these bodies of theory; that the dynamics of knowledge are central to an organisation's generation of value in the form of goods and services, but that different perspectives of an organisation reveal an inherent complexity, and bring to light an interplay of causal mechanisms that are inherently too interconnected to apply a reductionist logic to their operation.

### **Grant's Theory of the Firm**

According to Grant (1996), the primary role of a firm is to integrate the specialist knowledge of individuals in order to produce goods and services. Management's primary task is therefore to establish the coordination that is needed for this process of knowledge integration (Grant, 1996). Cooperation and coordination are necessary, and the importance of tacit knowledge dominates because different types of knowledge are not homogenous in the way they are transferred and aggregated (Grant, 1996). These differences have implications for the way organisations are structured and the decision-rights allocated within this organisations. In contrast to the bureaucratic and information-processing views of the firm, the knowledge-based

view of the firm offers a theoretical framework that explains the increasing role of innovations and trends such as empowerment and the use of teams (Grant, 1996). The knowledge-based view of the firm also contests certain assumptions related to the need to maximise shareholder value and shareholder power; “the theoretical foundations of the shareholder value approach are challenged” by this view (Grant, 1996:120). Knowledge is owned by individual employees, and most of this knowledge can only be applied by these individuals (Grant, 1996). The power relationships of a ‘knowledge-economy’ seem to have inverted the power relationships of a ‘capital-based’ economy. In contrast to organisational economics, the knowledge based view focuses on the contribution of knowledge to the production of goods and services (Grant, 1996). Additional layers of complexity emerge from the analysis of the firm through the lens of knowledge-based perspectives, as knowledge is not as easy to measure as capital and other resources.

Similarly, whereas sociology-based “theories of organisations tend to analyse organisation as institutions for collective social action without distinguishing economic organisations, for those which exist for social, political, and religious ends”, it is the “task of production though the transformation of inputs into outputs where the issues of creating, storing and deploying knowledge are the fundamental organisational activities” (Grant, 1996:120). According to Grant (1996:121) “the organisational problem common to all forms of social organisation is that of cooperation: reconciling the conflicting goals of organisational members”, which has been the focus of “most economic theories of organisation”, including transaction cost economics and agency theory which “regard the primary organisational problem as the incompatibility of individual goals”. The complexity of organisational dynamics seems to be the underlying theme of an increasing voluminous body of literature. This complexity seems to confound the notion that any uni-dimensional perspective of the organisation can do justice to an understanding of it. Building upon Coase’s (1937) theory of the firm, Grant’s (1996) theory offers the notion that the organisational properties of firms offer efficiency advantages not only because of the entrepreneurial ability of a firm to organise resources more efficiently than markets can but also to organise and integrate knowledge more efficiently than markets can. In developing a synthesis of the seminal literature, it is necessary to also incorporate systemic effects that relate to how well, or how successfully, organisations integrate resources and knowledge. One dimension of this success can be taken to relate to survival over time. Population ecology theory offers insights into the survival of firms over time, providing a temporal perspective. This temporal perspective is perhaps to some extent independent of life cycle conceptions of firms. This theoretical perspective also brings a focus to the interrelationships between different levels of analysis that a synthesis of firm theory requires.

## Population Ecology Theory and the Firm

The way in which organisations relate to their environment can also, to some extent, be explained by population ecological theory (Hannan and Freeman, 1977). At the heart of this relationship is how the environment ‘selects’ organisations; this contrasts with the organisational literature which used to focus on ‘adaptation’ (Hannan and Freeman, 1977). For Hannan and Freedman (1977:929):

*There is a subtle relationship between selection and adaptation. Adaptive learning for individuals usually consists of selection among behavioural responses. Adaptation for a population involves selection among types of members...Organisations often adapt to environmental conditions in concert and this suggests a systems effect.*

To some extent adaptation represents a short-term advantage but selection represents an advantage over time. The adaptation perspective is associated with processes where subunits of organisations respond to perceptions of strengths, weakness, opportunities and threats in the relationship between the firm and its environment (Hannan and Freeman, 1977). Structural inertia, however, can constrain an organisation’s ability to adapt (Hannan and Freeman, 1977). Inertia can arise from both the environment and from internal structural relationships within the organisation (Hannan and Freeman, 1977). According to Hannan and Freeman (1977:933):

*a fundamental problem in academia is the way that units of analysis are treated:*

*The comparison of unit choice facing the organisational analysis with that facing the bioecologist is instructive. To oversimplify somewhat, ecological analysis is conducted at three levels: individual, population, and community. Events at one level almost always have consequences at other levels. Despite this interdependence, population events cannot be reduced to individual events (since individuals do not reflect the full genetic variability of the population) and community events cannot be simply reduced to population events. Both the latter employ a population perspective which is not appropriate at the individual level.*

Organisations need to contend with at least five levels of analysis: (i) of members; (ii) of subunits; (iii) of individual organisations; (iv) of communities or populations of organisations and (v) of communities, or populations, of organisations (Hannan and Freeman, 1977:933). For Hannan and Freeman (1977), population biology provides a metaphor for the theory of the firm. In biology, different species are defined primarily by their genetic structure, which acts as a blueprint for the “rules of transforming energy into structure”; this blueprint summarises all the adaptive capacity of the species (Hannan and Freeman (1977:934). The organisational counterpart to this blueprint exists as “rules or procedures for obtaining and acting upon inputs in order to produce an organisational product or response”; a blueprint for the transformation of inputs into outputs (Hannan and Freeman, 1977:935).

These are primarily information functions, and different types of organisations (or species of organisations) can be classified according to these ‘blueprints’ (Hannan

and Freeman, 1977). This blueprint can be inferred from (i) the formal structure of the organisation; (ii) the patterns of activity in an organisation (who does what); and (iii) the normative order, or “ways of organising that are defined as right and proper by both members and relevant sectors of the environment” (Hannan and Freeman, 1977:935). Organisations that are different in their characteristics are treated differently by their environments; if the environment accepts the organisation then its structural changes “will be transmitted with near invariance” (Hannan and Freeman, 1977:937). Similar to the biologist, organisational fitness in characteristics (the result of learning and adaption) might be considered to be related to the net reproductive rate, or prevalence, of organisations with characteristics preferred by the environment (Hannan and Freeman, 1977). However, Hannan and Freeman (1977:937) argue that “organisations develop the capacity to adapt at the cost of lowered performance levels in stable environments”. In support of Hawley (1968), Hannan and Freeman stress that the principle of isomorphism suggests that in “each distinguishable environmental configuration one finds, in equilibrium, only that organisational form optimally adapted to the demands of the environment”; as each unit faces “constraints which force it to resemble other units with the same set of constraints”.

Any view of the organisation needs to consider both the forces of organisational rationality (which focus on the role of the organisation in its success) and environmental selection; where these are not aligned the forces of competitive environmental selection may dominate (Hannan and Freeman, 1977). The diversity of different forms of organisations in populations is therefore constrained by resources availability (Hannan and Freeman, 1977). Having provided a relatively holistic perspective of the rationale for a firm’s existence, framed in terms of seminal theory relating to how resources are managed more efficiently than markets, how firm activities can be framed as knowledge integration, and how organisations retain their efficiency and effectiveness over time, fundamental laws that relate to the context of firms are now introduced. Building on the previous conceptions, the nature of context itself is now considered and predictions offered by complexity science and chaos theory are discussed.

### **Complexity Science**

New perspectives are emerging that also support the notion that organisations cannot be explained using reductionist theory. For example, complexity science studies the aggregate patterns of complex systems that “arise out of the endogenous interactions of its agents with each other and the environment, without any central controller or outside influence” (Mills, 2010:17).

For Mills, (2010), complexity science is differentiated from traditional science because it: (i) is fundamentally trans-disciplinary in that it investigates complex

systems across settings and fields; (ii) is constructive; it models complex systems ‘from the bottom up’ as the interactions of objects following behaviour rules (unlike top-down social science aggregated approaches or physical sciences reductionist approaches that deconstruct systems to their components); and (iii) is premised on the modelling of systems using computer-based simulations. For Mill (2010:18), evolution is a “mechanism of convergence”:

*To understand the concept, consider an insurance company competing for survival and market dominance. The company is a complex system, made up of many agents (generally people) in a particular network of relationships, following prescribed behaviour rules (many of which are encoded in documents like the company's mission statement and its business policies and procedures). The company's purpose is to select from all possible combinations (its 'design space') the particular combination that will best enable it to survive and dominate...The design space can be thought of as a 3-dimensional landscape (a 'fitness landscape'), where each point corresponds to one combination of behaviour rules and agent relationships. Some combinations will lead to certain failure (low fitness), and some will be winners. But the number of combinations is vast. How does the company search through all the combinations to find an optimal fitness peak? The answer is evolution. Built into the successful company's behaviour rules is an evolutionary algorithm consisting of experimentation and random mutation.*

For Mills (2010), experimentation allows for peaks or troughs to develop in this landscape, but also for ‘wild jumps’ that can produce higher peaks. The organisation will replicate these peaks and this will contribute to the ability of the organisation to thrive (Mills, 2010). complexity science also studies “self-organisation”, the propensity of dynamic systems to organise themselves into complex systems, on their own- without experimentation, mutation, or selection- and seemingly counter to the Second Law of thermodynamics” (Mills, 2010:19).

A tension exists between the robustness of organisations and their fragility, when organisations are modelled as complex systems (Mills, 2010). This perspective offers a ‘visual’ perspective of the complexity of organisations and the attainment of organisational performance proxied by peaks in this three dimensional model. Notwithstanding the layers of understanding offered by these successive theories, what is missing from these analyses is the notion that organisational events are exposed not only to random variance but also to the variance associated with chaotic systems.

### **Chaos Theory**

For Levy (1994:167), chaos theory “provides a useful theoretical framework for understanding the dynamic evolution of industries and the complex interactions among industry actors”, as industries “can be conceptualised and modelled as complex, dynamic systems, which exhibit both unpredictability and underlying order”. According to Levy (1994:167), “it is almost impossible to predict the impact of the advent of a new competitor or technology in an industry”, because industries

“evolve in a dynamic way over time as a result of complex interactions among firms, government, labour, consumers, financial institutions, and other elements of the environment”. The direction of causality is not unidirectional; industry structure influences firm behaviour and firm behaviour can influence industry structure and the dynamics of competition (Levy, 1994). Although much theory does predict patterns and regularities in the behaviour of organisations, oftentimes these theoretical perspectives assume linear relationships between phenomena (Levy, 1994). In contrast, chaos theory is the study of nonlinear dynamic systems; this theory holds the promise of being able to link the unpredictability of phenomena with the emergence of regularities between and within phenomena (Levy, 1994). Social, ecological and economic systems are also nonlinear in nature and are dominated by complex interactions; these systems also evolve dynamically across time (Levy, 1994).

Chaos theory was first developed by Lorenz (1963), from his work on turbulent flows in fluids. He found that, in contrast to Newtonian laws that allow relationships to be predicted, in certain instances unpredictability arose (Levy, 1994). An example of this unpredictability is what occurs when a metal ball is suspended over two or more magnets; the ball will then move in patterns that are continuously different (Levy, 1994). In other words, despite having knowledge of a range of dimensions at one point, the phenomenon can begin to behave in a way that is not predictable (Levy, 1994).

Mathematically, this relates to differential equations that are unsolvable; the state of a system at a future time ‘t’ cannot be calculated (Levy, 1994). Researchers therefore typically model systems as “discrete difference equations, which specify what the state of the system will be at time ‘t+1’ given the state of the system at time ‘t’” (Levy, 1994:168). By doing this, researchers can simulate the evolution of a system over time (Levy, 1994). Chaos theory’s contribution is that it shows how “a simple set of deterministic relationships can produce patterned yet unpredictable outcomes”, as chaotic systems “never return to the same exact state, yet the outcomes are bounded and create patterns” (Levy, 1994:168).

Chaos theory is uniquely suited to postmodernist perspectives of theory (Levy, 1994). Debate exists as to whether data can be tested in order to find out if it is chaotic or simply random in nature (Levy, 1994). Levy (1994) supports the notion that chaos theory can also be considered as an extension of systems theory.

According to Levy (1994), chaos theory can offer perspectives more helpful than those of certain other types of analysis. Game theory can be used to model the behaviours of organisations but they presume the existence of equilibria and do not typically capture the essence of industry dynamics, which can follow a path-dependent route in their development. For Levy (1994:171):

*In chaotic systems, small disturbances multiply over time because of nonlinear relationships and the dynamic, repetitive nature of chaotic systems. As a result, such systems are extremely sensitive to initial conditions, which makes forecasting very difficult. This is a problem that has confronted meteorologists trying to model the weather: the fundamental problem is trying to use finite measurements in an infinite world. A related problem is that as systems evolve dynamically, they are subject to myriad small random (or perhaps chaotic) influences that cannot be incorporated into the model.*

The predictions of chaos theory are therefore sobering; that there might be little marginal benefit in building more complex models of social phenomena if they are chaotic systems (Levy, 1994). Similarly, “we cannot learn too much about the future by studying the past: if history is the sum of complex and nonlinear interactions among people and nations, then history does not repeat itself” (Levy, 1994:170). Similarly, the path dependent success of a firm can also be taken to reflect the sum, at a point in time, of complex and nonlinear interactions among firm stakeholders. An understanding of complexity science and chaos theory offers important insights into the limitations of linear thinking about firms; and underscores the importance of taking into account the implications of a particular action undertaken in one area of a firm on a host of others.

A major flaw in certain models of prediction is their need to assume that a stable equilibrium will result; these systems cannot therefore model chaotic systems because chaotic systems do not reach a stable equilibrium; they can “never pass through the same exact state more than once” (Levy, 1994:170). If chaotic systems could pass through the same exact state more than once they “would cycle endlessly through the same path because they are driven by deterministic relationships: hence industries are not typically expected to reach states of apparent stability, for example in pricing or investment patterns (Levy, 1994:170/171). Another important implication of chaos theory is that changes in industry structures can be endogenous; corporate decisions can alter industry structure and future firm behaviour (Levy, 1994:171). Chaotic systems have also been considered to be able to also “spontaneously self-organise into more complex structures” (Levy, 1994:171; Allen, 1998). The actions taken by managers of firms are, necessarily, bound by the constraints posed by these different bodies of theories. What seems to emerge is a perspective of the complexity that is common to these bodies of theories. Having explicated certain theoretical frameworks and their juxtaposition with the nature of enterprise, a synthesis of these is now provided.

## **Discussion and Synthesis**

The theories discussed above reflect different, and perhaps incommensurate assumptions. The core argument made in this paper is that the potentially incommensurate assumptions of different fields of business studies have certain implications for management theory and practice. In an increasingly complex

landscape in which we seek to theorise about the management of organisations, individuals, processes and entities, we face an ever-increasing range of specialist areas of academic enquiry, and the proliferation of different terminologies, or languages (Caterino et al., 2000). The derivation of a conceptual model requires a deliberate focus on certain theory, and, necessarily, a delimitation of scope, that excludes other theory. The rationale for the choice of theory discussed here is based on a maximum heterogeneity approach; Coase's economic theory, Grant's knowledge theory, population ecology theory, complexity science theory and chaos theory are taken to account for a significantly large amount of the 'theoretical variance' associated with organisations within their contextual environments. On this basis, these five theoretical frameworks met our criteria for inclusion.

From Coase's (1937) theory we understand society as an organism, within which the economic system is co-ordinated by the price mechanism; a seminal perspective in the economics literature that grounds economic and social activity in biologic terminology or metaphor. The causal mechanism that underlies the size of firms is the extent to which they internalise transactions that are otherwise performed by the market (Coase, 1937); implied here is that the performance of firms, or organisations, is primarily related to how well this problem is solved. However, firms themselves comprise subordinate structures, units and levels (Klein and Kozlowski, 2000; Klein, Conn, Smith and Sorra, 2001), and Coase's (1937) logics break down at these different levels; in other words, a host of other factors interact within the organisational space. What Grant's (1996) conceptions share with Coase (1937) is the notion that knowledge is at the heart of the nexus of different forces organisations are subjected to; whereas firms provide a solution to the knowledge problem of how and when to internalise transactions for Coase (1937), for Grant (1996) a firm primarily exists in order to integrate knowledge and thereby generate goods and services. Within the organisation, the requirements of knowledge integration dictate structure, decision rights and how cooperative relationships in a context of competing goals can be enabled (Grant, 1996), and the implication here is that an organisation's performance is dependent on how well these problems are solved. The linkage between Coase's (1937) and Grant's (1996) theoretical frameworks can perhaps be reduced to levels of analysis; Coase at the boundary between the firm and the market and Grant at the boundaries between different structures within the firm, but they offer complex and competing vistas of the organisation. The organisation, and markets themselves, however, exist within a broader context, which is taken here to reflect relationships predicted by ecology theory. Evolutionary theory predicts that in any population of entities the environment will 'select' organisations for survival, while others that conform less successfully will typically not survive (Hannan and Freeman, 1977). A systems effect is present, as the interaction of different systems determines the survival of

organisations, and failure to adapt, for instance due to inertia, but at the heart of the problems organisations need to contend with is an overarching logic: events at the individual, population or community level have consequences for other levels, but “population events cannot be reduced to individual events...and community events cannot be simply reduced to population events...[and both of these] employ a population perspective which is not appropriate at the individual level” (Hannan and Friedman, 1977:933).

What seems to emerge from this analysis is that different ‘laws’ operate at different levels of organisational operation, and that the survival or performance of organisations is differently dimensioned at these different levels. Ecological theory offers at least five levels of analysis, namely members, subunits, organisations, populations of organisations, and communities of populations of organisations (Hannan and Freeman, 1977). Entities will survive at all these different levels to the extent that they display isomorphism, or have similar characteristics that match the unique environment’s selection forces (Hannan and Freeman, 1977). The analysis, thus far, suggests that different problems exist at different levels, but the interactions between these levels pose additional challenges to the survival of a firm. In order to understand the interactions between these levels, we now apply the lens of complexity science, which applies a fundamentally trans-disciplinary perspective and a focus on ‘bottom-up’ interactions (Mills, 2010).

According to complexity science, an organisation ‘morphs’ over time as it selects from permutations of choices, a combination that corresponds with a ‘fitness landscape’ where experimentation and mutation allows it to evolve (this can be modelled using an evolutionary algorithm) (Mills, 2010). However, what adds to this complexity is the way these dynamic systems organise themselves into complex systems, with no central coordination- these are emergent systems that by themselves create order out of chaos (Mills, 2010). At the nexus of a business problem, therefore, are a host of different layers, representing levels of analysis and interaction. However, across these different levels the forces associated with a constant evolution play out, all the while ‘unseen’ forces act to create order from disorder. In order to conceptualise these relationships, it is necessary to include a discussion of chaos theory, in order to understand the tension between order and disorder. Chaos theory predicts that the dynamic evolution of industries and their subordinate relationships, which are a function of complex agent relationships, are inherently unpredictable (Levy, 1994). The direction of causality in such a complex system is inherently not unidimensional, and relationships, as in other social, ecological and economic systems, are typically not linear either (Levy, 1994). In mathematical terms, the true representation of these systems is found in differential equations that are unsolvable. In other words, assumptions of randomness require these systems and relationships within them to follow probabilistic laws, yet

social and industry systems with too many interactions are actually chaotic, and not random, or probabilistic (Levy, 1994). If stable equilibria cannot emerge in chaotic systems (Levy, 1994), then tools of analysis based on equilibria may be constrained, or indeed inappropriate for researching organisational relationships in these contexts.

From a synthesis of these seminal theoretical perspectives, we obtain a perspective of the organisation as a porous entity subject to myriad forces. Analysis of organisational-level relationships are at once confounded by dynamic systems both 'horizontal' (at one level) and 'vertical' (between different levels) in nature, which confound any attempts to distil linear or probabilistic relationships from this complexity. Systems engender endogeneity in relationships between components because multiple systemic effects act causally on all components. In such a context, relationships may primarily be an inextricable function of chaotic systems, and probabilistic methods of research will therefore not be appropriate. Statistical analysis under these conditions will therefore produce associations, but these associations cannot be grounded in 'truth'; these analyses will pick up influences that confound assumptions of statistical methods. For example, multivariate models cannot hope to claim that all variables are included, and error terms that do not pick up systemic variance (which all other variables are necessarily correlated with) cannot exist under these conditions. In effect, under these conditions, the entire model of organisational relationships becomes 'endogenous', as causal directionality is inherently confounded.

There are certain implications that derive from this analysis. First, research methods that do not take cognisance of the multi-dimensional nature of the organisational landscape will not be able to make causal claims about organisational relationships without taking recourse to reductionist methods. Causal influences that act along all dimensions make management science an inherently problematic discipline, as methods require the management of simultaneity and endogeneity in an environment where this might simply not be possible. Second, until computing equals the human capacity to hold diametrically oppositional premises in the mind at the same time, and to operate under the blizzard of complexity and uncertainty, it is perhaps only the human mind that is an instrument capable of negotiating this problem landscape, albeit imperfectly. In short, qualitative research methods might be the only limited hope we have at capturing the interplay of causality in organisational contexts.

## Conclusions

The objective of this paper was to provide a review of five different theoretical perspectives of the firm, or the business organisation, and, by using a heuristic mechanism based on maximum heterogeneity, develop a synthesis of these

perspectives. In so doing, a model was developed that served to highlight certain aspects of the nature of organisations. At the heart of these relationships were confounds in the directionality of causal flows, and the seemingly incommensurate nature of different theoretic lenses. It was concluded that organisational contexts are subject to forces that act along multiple axes, and that attempts to ascribe linear relationships and that attempts to use empirical methods will typically face problems in the form of endogenous systems. Perhaps management research will need to reinvigorate its use of qualitative methods until such a time as computational methods can deal with such contexts. We conclude that the Tower of Babel analogy as applied to academic endeavour might be capturing some element of inherent truth; that relationships really are complex and embedded in endogenous systems that are robust to reductionist logics such as attempts to forge a common lexicon across the sciences in general, and in management in particular.

## References

- Allen, P. M. (1998). Dynamic models of evolving systems. *System Dynamics Review*, 4: 109-130.
- Caterino, M. S., Cho, S., and Sperling, F. A. H. 2000. The Current State of Insect Molecular Systematics: A Thriving Tower of Babel. *Annual Review of Entomology*, 45: 1-54.
- Coase, R. H. (1937). The Nature of the Firm. *Economica*, 4(16), 386-405.
- Grant, R. M. 1996. Toward a Knowledge-Based Theory of the Firm. *Strategic Management Journal*, 17:109-122.
- Hannan, M. T., and Freeman, J. 1977. The Population Ecology of Organizations. *The American Journal of Sociology*, 82(5):929-964.
- Klein, K. J., Conn, A. B., Smith, D. B., & Sorra, J. S. (2001). Is Everyone in Agreement? An Exploration of Within-Group Agreement in Employee Perceptions of the Work Environment. *Journal of Applied Psychology*, 86(1), 2-16.
- Klein, K. J., & Kozlowski, S. W. J. (2000). From Micro to Meso: Critical Steps in Conceptualizing and Conducting Multilevel Research. *Organizational Research Methods*, 3, 211- 236.
- Levy, D. 1994. Chaos Theory and Strategy: Theory, Application, and Managerial Implications. *Strategic Management Journal*, 15: 167-178.
- Mayer, K.J., and Sparrowe, R.T. 2013. Integrating theories in AMJ articles. *Academy of Management Journal*, 56(4), 917-922.
- Mills, A. 2010. Complexity Science. An introduction (and invitation) for actuaries. Available at: [http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CDAQFjAA&url=http%3A%2F%2Fwww.soa.org%2Ffiles%2Fresearch%2Fprojects%2Fresearch-complexity-report.pdf&ei=YwzQUZWjE4TcPZbIgdgB&usg=AQjCNFFAM1LYUUJ3TBePDucLP\\_hj4R2qA&sig2=FSEuDQiC8jAKdlrpoAMehA&bvm=bv.48572450,d.ZWU](http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CDAQFjAA&url=http%3A%2F%2Fwww.soa.org%2Ffiles%2Fresearch%2Fprojects%2Fresearch-complexity-report.pdf&ei=YwzQUZWjE4TcPZbIgdgB&usg=AQjCNFFAM1LYUUJ3TBePDucLP_hj4R2qA&sig2=FSEuDQiC8jAKdlrpoAMehA&bvm=bv.48572450,d.ZWU) (Accessed 30 June 2013)



Joanna Purgał-Popiela<sup>1</sup>  
Cracow University of Economics

## The Role of National Cultures in Foreign Subsidiaries' Practices Applied to Support Knowledge Flow within MNCs

**Abstract:** The main goal of this paper is to contribute to a better understanding of intercultural aspects affecting cross-border knowledge flow in MNCs by recognizing similarities and differences pertaining to the practices supporting such flow in 200 Polish-based subsidiaries grouped into clusters according to 'national' origin of parent-company<sup>2</sup>. Analyses of data collected in 2014 encompassed descriptive statistics, and in-pair comparisons. Significant differences were identified by a Kruskall-Wallis test, Chi-Square Test, and a UMW test. Results suggest that such a flow was supported mainly by discussions via ICT and access to databases. Significant differences between clusters were found for usage of e-learning programs, e-mentoring/e-coaching, virtual teams, and HRM practices.

**Key words:** cross-border knowledge flow, subsidiaries, country clusters

### Introduction

A distinctive feature of the new economy is a key role of knowledge in the development of organizations. However, the essence of this knowledge is understood differently in various cultures [Zhu Z. 2004; Nonaka I. et al 2008;]. Despite the lack of its commonly accepted definition, it is often argued that knowledge flow relies on social interactions between individuals who are able/willing to share their experience, teach others, and learn from them [Pauleen D.

<sup>1</sup> purgalj@uek.krakow.pl

<sup>2</sup> Research was financed by the National Science Centre, based on decision No. DEC-2012/07/D/HS4/00741.

et al 2007, pp.12-13]. As the perception of knowledge properties differs across cultures, various mechanisms are supposed to support its diffusion, including ICT-based tools [Bonache J., Dickmann M. 2006; Sparrow P. 2006]. Nevertheless, the effectiveness of using these tools is problematic, particularly when establishing positive and intense relationships across borders is at stake, and thus face-to-face contact remains irreplaceable in such occasions [Pauleen D. et al 2007, p.3].

Nurturing knowledge flow is a challenging issue for contemporary companies [Nonaka I. et al 2008]. The extent of difficulty when managing such flows is even greater for MNCs due to cultural embeddedness of knowledge (itself), and KM practices [Nonaka I., Toyama R., 2003]. As re-usage of know-how in many locations is a tempting option for international expansion, a growing interest of practitioners and researchers is addressed to development of work environment and mechanisms that facilitate cross-border knowledge flow (CBKF) [Bonache J., Dickmann M. 2006].

However, implementing such practices have not any longer been regarded as solely headquarters' domain. First, because MNCs develop and pursue strategies that affect HQ-subsidiaries relationships, in a diverse manner, which reflects their own "solution" of a global integration - local responsiveness dilemma [Evans P. et al. 2011]. Second, because of differences in subsidiaries' activity within vertical and lateral knowledge flows [Gupta A.K., Govindarajan V. 2000]. Thus, the way in which a subsidiary takes part in CBKF would rather reflect its specifics shaped by the local culture, but the impact of mother-company country-of-origin cannot be ignored [Noorderhaven N., Harzing A.-W. 2003, pp. 47-48].

Given the cultural embeddedness of KM practices, and the complexity of subsidiaries' dual cultural embeddedness together with their changing activity in CBKF, we should consider the aforementioned practices<sup>3</sup> in their intercultural context characterized by tension between daughter- and mother-companies specifics with an emphasis on their national backgrounds.

Accordingly, this paper seeks to extend our understanding of intercultural aspects affecting intracorporate cross-border knowledge flow at the subsidiary level. In particular, it is aimed to find similarities and differences pertaining to internal and cross-border practices supporting CBKF in 200 Polish-based subsidiaries grouped in country clusters according to 'national' origin of MNCs to which they belong. With regards to these practices it is assumed that differences between clusters provide an argument for country-of-origin effect<sup>4</sup>, while homogeneity and

<sup>3</sup> These practices, also called mechanisms, are defined here as organizational arrangements used by subsidiary to enable/facilitate unidirectional (e.g. instructing, counselling), and multidirectional flows (i.e. knowledge sharing) in passive (i.e. access to structured, explicit knowledge) or interactive manner, directly (by personal contact) or indirectly (via ICT).

<sup>4</sup> It might reflect an ethnocentric approach of MNCs or their focus on global integration .

similarity to practices observed in Polish companies by other researches correspond with local responsiveness of MNCs operating in Poland<sup>5</sup>.

### **Current state of knowledge**

Organizational practices in MNCs vary across countries, since they are affected by cultural and institutional<sup>6</sup> environments [Kostova T. 1999; Zhu Z. 2002; Harzing A.-W., Sorge A.M. 2003]. Yet, as long as an academic debate on divergence-convergence in managing MNCs goes on, no consensus pertaining to the relevance of these influences can be reached [Glińska-Neweś A. 2007, p.145-146].

Therefore, examining CBKF through intercultural lens allows us to understand the complexity of this phenomenon, which is a prerequisite for improvement of managerial activities aimed to achieve/maintain competitive advantage based on knowledge assets [Javindan M. et al. 2005]. When considering the cultural context of CBKF, some researchers chose a holistic approach, trying to grasp whole differences and similarities between cultures from which the participants originate [e.g. Kostova T. 1999, Li et al. 2007]. Others applied selected cultural dimensions, e.g. In-Group and Institutional Collectivism, Power Distance, and Uncertainty Avoidance, as they directly relate to the most important facets of CBKF, i.e. openness and trust in lateral and hierarchical relationships, ambiguity of communicating, teamwork, establishing/nurturing relationships within and outside the group, affiliation and loyalty to a community [e.g. Javindan D.J. et al 2005, pp. 63-71; Lin, C.Y., 2006, pp. 25-29; Glińska-Neweś A. 2007, pp.158-161].

Regarding CBKF between dispersed units of MNCs, Dickmann and Müller-Carmen [2006] suggest that companies rely on bureaucratic methods based on formal roles and procedures (e.g. reporting, databases, repositories and Intranet-based tools), social mechanisms based on interactions between employees of various business units (e.g. corporate communities of practice, global teamwork), and personal - based on direct contacts<sup>7</sup> (e.g. between international assignee and host staff, coach and trainee). According to Sparrow [2006, pp.128-133], not only do these mechanisms support transfer of know-how, but they also contribute to a creation of new knowledge, yet to a different degree. Furthermore, he considers their effective usage in KM sub-processes as directly interrelated with HRM activities.

<sup>5</sup> Another explanation refers to a convergence of practices, yet due to the scope of this study (only Poland-based entities) any of these explanations cannot be satisfactorily confirmed.

<sup>6</sup> Institutional environment, regarded as a component strictly related to culture, exerts influence through establishing and maintaining a regulatory framework, defining desired goals and means appropriate to achieve them, and through affecting individual beliefs and opinions by institutions [Noorderhaven N., Harzing A.-W. 2003, p.57].

<sup>7</sup> It should be noted however, that this distinction between social and personal mechanisms is rather blurred, as some mechanism e.g. common international trainings or incorporating international assignees into global teams involve at the same time: social interactions and personal contacts.

Similarly, Polish academics linked some of the above mechanisms to several KM sub-processes, such as development, dissemination, and application of knowledge [e.g. Stankiewicz M.J. 2006, pp.354-363, Glińska-Neweś A. 2007, pp.171-172; Gruszczyńska-Malec G., Rutkowska M. 2013, pp.208-210]. Moreover, like Sparrow, they emphasized the role of HRM practices in creating an environment supportive for knowledge diffusion, especially through direct contacts.

It should be noted, that empirical studies dedicated to knowledge diffusion in Poland-based companies have not yet encompassed CBKF and its mechanisms. Among these sparse scientific papers/monographs showing some related aspects one can find works on: transcorporate communication [Stor M. 2011], cultural problems concerning relationships between Polish and foreign employees in subsidiaries [Rozkwitalska M. 2011; Przytula S. 2014], knowledge transfer via expatriation [Purgał-Popiela J. 2015]. Summing up, this study addresses the gap in the extant research, due to the nature of considered knowledge flow, its mechanisms, and the specifics of organizations subjected to analyses.

### **Materials & Methods**

Data stem from a survey carried out in 2014, and based on structured questionnaires addressed to senior managers (in charge of knowledge transfer) employed in 200 foreign Poland-based subsidiaries, who acted as single informants. The sample was drawn by random sampling from a pool of subsidiaries<sup>8</sup> established as companies with 100% foreign ownership before 01.01.2012, at response rate of 13%<sup>9</sup>. Characteristics of sample is displayed in Table 1. Subsidiaries were grouped, according to their parent company's country-of-origin, into country clusters, i.e. categories adapted from the GLOBE project [House R.J. et al., 2004]. Cluster 'Anglo' consisted of entities belonging to MNCs from England, Ireland, USA, Canada, and Australia; Latin European encompassed France, Italy, and Spain; Nordic Europe comprised Sweden, Norway, Finland and Denmark; Germanic Europe covered Germany, Austria and Netherlands; whereas Eastern Europe was represented by Hungary, Slovakia and Czech Republic. Japan and South Korea formed Confucian Asian cluster, while India and Indonesia - Southern Asian. Middle Eastern cluster consisted of Turkey and Saudi Arabia<sup>10</sup>. No significant difference between these clusters was found in terms of a subsidiaries' age, size, sector of activity, and mode of establishment.

<sup>8</sup> To prepare sampling frame REGON and GUS data were used.

<sup>9</sup> To control non-response bias early and late respondents were compared with respect to all considered characteristics of subsidiaries. No significant difference was found.

<sup>10</sup> It should be noted that within the original Middle East cluster Saudi Arabia was not included, however, given its geographical and cultural proximity to Kuwait and Qatar belonging to this group it is considered as a member of this society in this cluster.

**Table 1. Characteristics of sample: Poland-located subsidiaries grouped in country clusters**

Cluster (N)	Age* <i>mean</i>	Size of employment ** (% of group)			Sector of activity*** (% of group)						Establishment mode****	
		10 - 49	50 - 249	250 - ...	Indu- stry	Tra- de	Construc- tion	Finan. servic.	Transp./ Commun.	Other services	brown (%)	green (%)
Anglo (33)	13.8	6	51	42	51	12	0	0	3	33	51	48
Latin E. (34)	13.7	31	31	37	54	9	14	3	6	14	46	54
Nordic (28)	13.4	32	39	27	36	29	7	11	4	14	43	57
Germanic (86)	14.8	27	46	27	38	34	7	2	5	14	31	67
Eastern E. (5)	12.8	60	20	20	80	20	0	0	0	0	20	80
South. A. (3)	6.0	33	67	0	67	0	0	0	0	33	33	67
Conf. A (9)	10.4	44	22	33	56	33	0	0	0	11	11	89
Mid. East (2)	17.5	0	100	0	50	0	0	0	0	50	0	100
All	13.9	26	43	31	45	24	6	3	4	17	37	63

\*insignificant difference between clusters (ANOVA, F= 1.636, df:7, p=0.127)

\*\* insignificant difference between clusters in proportions of companies with small, medium or large number of employees ( $\chi^2=19.282$ , df:14, p=0.154)\*\*\*insignificant difference in proportions of companies operating within distinguished sectors ( $\chi^2=38.584$ , df:35, p=0.311)\*\*\*\* insignificant difference in proportions of companies established as greenfield or brownfield investments ( $\chi^2=10.050$ , df:7, p=0.186)

To identify mechanisms facilitating cross-border knowledge flow, 16 statements were applied in questionnaires, of which 3 concerned internal HR practices, and 13 characterized diverse methods directly supporting CBKF. Informants were asked to estimate the extent to which each of these items refer to the subsidiaries they work for (in 0–5 point scale, from 0 = not at all, 1 = very small extent, to 5 = very high extent). All these items drew on previous research dedicated to KM in Poland [Glińska-Neweś A. 2007, Kordel P. et al. 2010, Płoszajski P. (ed.) 2011, Gruszczynska-Malec G., Rutkowska M. 2013] and literature on CBKF. The above list covered:

- mechanisms providing access to structured knowledge from diverse parts of an MNC: (1) databases of good practices, (2) other repositories of knowledge resources, and (3) expert systems<sup>11</sup>, (4) e-learning programs;

<sup>11</sup> Defined as computer programs reflecting the decision-making processes by an expert

- mechanisms offering virtual interactions between geographically dispersed participants, which are compulsory for (5) international virtual teams, (6) cross-border e-mentoring/e-coaching (when a coach/mentor represents other location than a trainee);
- or voluntary<sup>12</sup> in case of (7) corporate communities of practice, (8) discussions via ICT, (9) consulting with professionals from corporate database of experts;
- mechanisms ensuring direct interactions between participants representing diverse locations: (10) corporate international group trainings, (11) cross-border teams located abroad, (12) sending employees individually for international assignments, (13) mentoring/coaching (when a coach/mentor represents other location than a trainee);
- internal HRM policies and practices encouraging employees of a given subsidiary to share their know-how with others/teach them through direct interactions by: (14) incorporating such attitudes in the selection process, (15) including the above behaviours in employee appraisal and rewarding systems; and (16) recognizing knowledge sharing behaviours as priority domain of employee development via trainings/other HRD initiatives.

Empirical material collected by these questionnaires was subjected to analyses aimed to determine the extent to which each of these mechanisms occurred in the sample (on the basis of median values), and then to identify these solutions, for which results were the most diverse (on the basis of interquartile range). Next, a Kruskall-Wallis test was performed to find out these practices, for which differences between clusters were significant. As this test does not answer the question which cluster differs significantly from the rest<sup>13</sup>, in-pair comparisons based on contingency tables (together with Chi-Square Test) and a UMW test were used.

## Results

Results shown in Table 2 suggest that subsidiaries of MNCs operating in Poland utilized two groups of mechanisms facilitating CBKF: discussions via ICT and access to databases ( $Q_2 = 4$ ). With respect to the latter, the interquartile range was low, thus half of the entities reported similar levels of their usage. Slightly less popular were the mechanisms facilitating direct relationships (i.e. individual assignments, working in cross-border teams, international trainings, cross-border mentoring/coaching), and more ‘technologically advanced’ expert systems as well

---

(human being) that allow to solve technical problems through contained therein knowledge base and rules of inference.

<sup>12</sup> Notion “voluntary” means, that these interactions are not imposed by the form of work organization, but can be initiated by employees searching for knowledge outside their home unit.

<sup>13</sup> At this stage of analysis it was necessary to create binary variables, and then compare results for two groups of subsidiaries: belonging to a given cluster (value=1), and not belonging to this cluster (value=0).

as virtual corporate communities of practice. For these mechanisms median values obtained moderate levels. However, worth noting is a significant dispersion of results pertaining to communities of practice and cross-border coaching/mentoring (IQR = 3). The least popular mechanisms were cross-border e-coaching/e-mentoring, e-learning programs and virtual teams (Q<sub>2</sub>= 2), yet the results for the last two were strongly differentiated (IQR = 3).

As for internal HRM practices, to a rather high extent they supported behaviours aimed at knowledge sharing/teaching (Q<sub>2</sub> = 4 for recruitment, appraisal/rewarding, HRD).

**Table 2. Mechanisms supporting CBKF in subsidiaries grouped in clusters according to 'nationality' of their parent-companies.**

I: proportion of subsidiaries within the cluster declaring at least rather high extent (in %)  
II: average level: Q<sub>2</sub> in clusters (in 0 – 5 point scale, 0 = not at all, 1 = very small extent, 5 = very high extent)

Mechanisms supporting CBKF	Anglo		Latin E.		Nordic		Germanic		East. E.		South.A.		Conf. A.		Mid. East		All		
	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	IQR
(1)	64	4	38	3	61	4	48	3	40	3	67	4	33	2	0	2.5	49	4	1
(2)	70	4	50	3.5	61	4	55	4	20	3	33	3	44	3	50	3.5	44	4	1
(3)	42	3	35	3	43	3	35	3	40	3	67	4	44	3	50	3.5	38	3	2
(4)	45	3	18	1.5	32	3	24	1.5	20	3	33	3	11	1	0	1.5	27	2	3
(5)	58	4	23	2	50	3.5	16	2	20	3	33	1	11	1	0	1.5	29	2	3
(6)	36	3	18	2	25	2	14	2	40	3	33	1	22	1	0	1.5	21	2	2
(7)	33	3	38	3	36	3	26	3	80	4	33	2	22	1	0	3	31	3	3
(8)	88	5	55	4	86	5	67	4	40	3	67	4	55	4	50	3.5	70	4	2
(9)	58	4	53	4	54	4	49	3.5	20	3	33	3	67	4	0	2.5	51	4	1
(10)	48	3	29	2	39	3	35	3	40	3	33	3	33	2	0	2.5	36	3	3
(11)	39	3	23	3	50	3.5	30	2	60	4	33	2	22	2	0	3	33	3	2
(12)	42	3	47	3	57	4	39	3	60	4	0	2	44	3	50	3.5	44	3	2
(13)	42	3	15	3	32	3	22	2	40	2	33	3	22	2	0	2.5	26	3	3
(14)	70	4	38	3	68	4	62	4	60	4	33	3	44	3	0	1.5	58	4	2
(15)	61	4	44	3	64	4	55	4	80	5	0	2	44	3	50	2.5	54	4	2
(16)	79	4	44	3	71	4	71	4	60	5	0	3	56	4	50	2.5	65	4	2

Source: own study

To identify mechanisms in terms of which cultural clusters significantly differed, a Kruskal-Wallis test was used. It was found that 9 out of 13 mechanisms were utilized at similar levels across all clusters, whereas significant differences occurred in cases of:

- (1) e-learning programs at p=0.006 (H=19.707, df:7, N=200);

- (2) virtual teams at  $p=0.0006$  (25.484, 7, 197);
- (3) discussions via ICT at  $p=0.015$  (17.357, 7, 198);
- (4) e-mentoring/e-coaching at  $p=0.075$  (12.868, 7, 197).

It also occurred that clusters varied in terms of HRM focus on knowledge sharing/teaching, in particular differences pertaining to: (1) recruitment policies was significant at  $p=0.017$  (17.047, 7, 199), (2) appraisal and reward policies at  $p=0.016$  (17.137, 7, 200), and (3) HRD initiatives/programs at  $p=0.003$  (21.226, 7, 200).

To obtain a detailed picture of clusters' specificity each cluster<sup>14</sup> was compared with the rest of the sample using contingency tables, Pearson's Chi-Square test, and the UMW test. The former were applied to compare the proportion of companies (in a given cluster and in the rest of sample) declaring at least rather high usage of specific mechanisms, while the UMW test allowed to identify significant differences in average level of their usage. Results of these comparisons are shown in Table 3.

**Table 3. Differences in usage of mechanisms supporting CBKF between particular clusters compared to the rest of the sample.**

CLUSTERS	ANGLO	LATIN E.	NORDIC	GERMANIC
Database of good practices	Higher level $p=0.046$	-	-	-
E-learning programs	Higher level $p=0.002$ Higher proportion $X^2=6.829$ , df:1, $p=0.009$	-	Higher level $p=0.050$	Lower level $p=0.020$
Intern. virtual teams	Higher level $p=0.0006$ Higher proportion $X^2=15.674$ , df:1, $p=0.00008$	-	Higher level $p=0.006$ Higher proportion $X^2=6.973$ , df:1, $p=0.008$	Lower level $p=0.004$ Lower proportion $X^2=11.858$ , df:1, $p=0.0006$
E-coaching/e-mentoring	Higher level $p=0.012$ Higher proportion $X^2=5.623$ , df:1, $p=0.018$	-	-	Lower level $p=0.017$ Lower proportion $X^2=4.516$ , df:1, $p=0.034$

<sup>14</sup> Due to insufficient number of entities belonging to Eastern European, Southern Asian, Confucian Asian and Middle Eastern clusters, it was impossible to obtain reliable and statistically significant results by such in-pair comparisons.

Cross-border teams	-	-	Higher proportion $X^2=3.979$ , df:1, $p=0.046$	-
Coaching/mentoring	Higher level $p=0.05$ Higher proportion $X^2=5.541$ , df:1, $p=0.019$	-	-	
Virtual corp. CoP	-	-	-	-
Discussions via ICT	Higher level $p=0.036$ Higher proportion $X^2=6.016$ , df:1, $p=0.014$	Lower level $p=0.026$ Lower proportion $X^2=4.495$ , df:1, $p=0.034$	Higher level $p=0.007$ Higher proportion $X^2=3.829$ , df:1, $p=0.05$	-
Recruitment policy	-	Lower level $p=0.014$	-	-
Appraisal/rewards systems	-	Lower level $p=0.049$	-	-
HRD programs/initiatives	-	Lower level $p=0.002$	-	-

Source: own study

Given the results displayed in Tables 2 and 3, it can be found that:

- Majority of subsidiaries in cluster ‘Anglo’ used intensively ICT-based solutions, and most often support CBKF by: (1) mechanisms ensuring access to structured knowledge, i.e. databases and repositories, and (2) mechanisms based on virtual interactions, i.e. virtual teams, discussions and consulting experts from corporate database. These entities declared significantly higher usage of many practices based on virtual interactions, e-learning, and cross-border coaching/mentoring.
- Similar practices occurred in a majority of Nordic subsidiaries, however, they also relied on mechanisms enabling direct contacts such as delegating employees for international assignments (IAs) or cross-border teams. Compared with the others they demonstrated significantly higher usage of e-learning programs, international virtual teams, discussions via ICT, and cross-border teams.
- Every second Latin and Germanic subsidiary facilitated CBKF through voluntary virtual interactions (discussions and consulting corporate experts), and access to databases/repositories. However, in the Latin cluster internal HR practices to a significantly lower extent emphasised knowledge sharing/

teaching, whereas the Germanic cluster differed from others with respect to lower usage of mechanisms based on compulsory virtual interactions, and e-learning programs.

- In the least numerous clusters, i.e. Eastern European, Southern Asian Southern Asian and Middle East, attempts to delineate common practices might lead to dubious conclusions, and therefore further research is recommended.

### **Final Remarks**

Despite limitations related to the scope of this study, characteristics of the sample (*inter alia*, unequal sizes of clusters due to random sampling), the choice of a single-informant approach, and introducing such categories as country clusters (which results in replacing a complex picture of reality with simplistic categories), it still allows to draw several conclusions pertaining to considered practices in Poland-based foreign subsidiaries.

First, there were many similarities between mechanisms applied by these entities across distinguished clusters. A prevailing practice occurring in these companies relied on supporting CBKF by extensive usage of discussions via ICT and providing access to databases, which in turn, corresponds with findings from previous studies conducted in Poland, i.e. overemphasising a “technological” aspect in KM, a focus on explicit knowledge, and usage of less advanced ICT-based tools [Glińska-Neweś A. 2007, pp.260-261, Gruszczyńska-Malec G., Rutkowska M. 2013, pp. 209-210]. These results suggest that subsidiaries demonstrate local responsiveness of MNCs they belong to (i.e. adjustment to local practices concerning knowledge flow) and/or develop their own activities in a relatively independent manner.

Second, unlike Polish domestic enterprises (in the Gruszczyńska-Malec and Rutkowska's study) foreign subsidiaries developed HRM practices which appreciate behaviours aimed to knowledge sharing/teaching<sup>15</sup>. This in turn, can prove that Poland-based subsidiaries try to develop an integrated approach, which consists in coordination/interrelation of KM and HRM activities.

Finally, this study revealed significant differences in CBKF-related practices (which is congruent with the assumption concerning occurrence of country-of-origin effect) between subsidiaries belonging to diverse clusters. One, a wide range of ICT-based tools in Anglo and Nordic groups, and rather poor in Germanic and Latin, where most frequent practices were access to repositories, and virtual interactions initiated by geographically dispersed employees. Two, an important role of direct contacts in Nordic cluster, and three, a weaker HRM focus on knowledge sharing/teaching in the Latin European cluster compared with other companies.

Hence, the suggested earlier need to introduce intercultural aspects in research on knowledge flow in MNCs received a strong support from these findings, whose

---

<sup>15</sup> Except for Latin Europe, for whom these practices occurred at moderate level.

extension (in future studies) should cover: (1) a more profound diagnosis of HRM practices aimed to support CBKF in Poland-based subsidiaries, (2) exploring practices specific for country clusters which were underrepresented in this study, (2) comparing practices reported for Poland-based subsidiaries in Germanic, Nordic, Latin European and Anglo clusters with their equivalents located in other countries (to determine whether differences identified by in-pair comparisons and similarities observed between pairs: Anglo-Nordic, and Germanic-Latin are specific only for Poland or do they also occur in other locations), (3) identifying reasons of introducing and withdrawing specific mechanisms of CBKF in different cultural contexts (which offers a more complex picture of the cultural contexts' impact).

## References

- Bonache, J., and Dickmann, M. (2008), Transfer of strategic know-how in MNCs: mechanisms, barriers and initiatives, in: Dickmann, M., Brewster, C., and Sparrow, P. (eds.) *International Human Resource Management. A European perspective*, London/ New York: Routledge,
- Dickmann, M., and Müller-Carmen, M. (2006) 'Configuring for IHRM innovation: a typology and empirical assessment of strategies, structures and processes of international HRM', *International Journal of Human Resource Management*, 17(4), pp. 580-601.
- Evans, P., Pucik, V., and Björkman, I. (2011) *The Global Challenge. International Human Resource Management*, New York:McGraw-Hill.
- Glińska-Neweś, A. (2007) *Kulturowe uwarunkowania zarządzania wiedzą w przedsiębiorstwie*, Toruń: Wyd. Dom Organizatora.
- Gruszczyńska-Malec, G., and Rutkowska, M. (2013) *Strategie zarządzania wiedzą*, Warszawa: PWE.
- Gupta, A.K., and Govindarajan, V. (2000) 'Knowledge flows within multinationals corporations', *Strategic Management Journal*, vol. 21 (4), pp. 473-496 .
- Harzing, A.W., and Sorge, A.M. (2003) 'The relative impact of country-of-origin and universal contingencies on internationalization strategies and corporate control in multinational enterprises: Worldwide and European perspectives', *Organization Studies*, 24(2), pp.187-214.
- House, R.J., Hanges, P.J., Javidan, M., Dorfman, P., and Gupta, V. (eds.) (2004) *Leadership, culture, and organizations: The GLOBE study of 62 societies*, Thousand Oaks, CA: Sage Publications, Inc.
- Javidian, M., Stahl, G.K., Brodbeck, F., and Wilderom C.P.M. (2005) 'Cross-border transfer of knowledge: Cultural lessons from Project GLOBE', *Academy of Management Executive*, vol. 19 (2), pp. 59-76.
- Kordel, P., Kornecki, J., Kowalczyk, A., Krawczyk, K., Pylak, K., and Wiktorowicz, J. (2010) *Inteligentne organizacje – zarządzanie wiedzą i kompetencjami pracowników*, Warszawa:

- Wyd. Polska Agencja Rozwoju Przedsiębiorczości
- Kostova, T. (1999) ‘Transnational transfer of strategic organizational practices: a contextual perspective’, *Academy of Management Review*, vol. 24 (2), pp.308-324.
- Li, L., Barner-Rasmussen, W., and Björkman, I. (2007) ‘What Difference Does the Location Make?: A Social Capital Perspective on Transfer of Knowledge from Multinational Corporation Subsidiaries Located in China and Finland’, *Asia Pacific Business Review*, vol. 13 (2), pp. 233–249.
- Lin, C.Y., (2006) ‘Influences of culture on inter-unit knowledge transfer processes within multinational corporations’, *The Journal of Global Business Management*, vol.2, pp. 24-31.
- Nonaka, I. and Toyama, R. (2003) ‘The knowledge-creating theory revisited: Knowledge creation as a synthesizing process’, *Knowledge Management Research and Practice*, vol. 1, pp. 2-10.
- Nonaka, I., Toyama, R., and Hirata, T. (2008) *Managing Flow. A Process Theory of the Knowledge-Based Firm*, London/New York: Palgrave MacMillan.
- Noorderhaven N., and Harzing A.-W. (2003) ‘The “country-of-origin effect” in multinational corporations: Sources, mechanisms and moderating conditions’, *Management International Review*, vol. 43, special issue 2, pp. 47-66.
- Pauleen, D.J., Wu, L.-L., and Dexter, S. (2007) Exploring the Relationship between National and Organizational Culture, and Knowledge Management, in Pauleen, D.J. (ed.) *Cross-cultural Perspective on Knowledge Management*, Westport/London: Libraries Unlimited.
- Płoszajski, P. (ed.) (2011) *Zarządzanie wiedzą w Polsce. Bilans doświadczeń* (research report) <http://www.knowledgeboard.com/download/1465/Raport-ZarządzanieWiedz-Bilans-do-wiadczce-.pdf> [30 September 2011].
- Przytulla, S. (2014) ‘Postrzeganie ekspatriantów przez lokalną kadrę menedżerską – korzyści i problemy we wzajemnej współpracy’, *Zarządzanie Zasobami Ludzkimi*, vol. 6 (101), pp. 87-104.
- Purgał-Popiela, J. (2015b) Role of international assignments in knowledge flow in small and medium companies with foreign ownership, Proceeding of the 5th International Conference on Management 2015. Management, leadership and strategy for SMEs’ competitiveness, DOI:10.17626/dBEM.ICoM.P00.2015.p009.
- Rozkwitalska, M. (2011) *Bariery w zarządzaniu międzykulturowym. Perspektywa filii zagranicznych korporacji transnarodowych*, Warszawa: Oficyna a Wolters Kluwer business.
- Sparrow, P. (2006) ‘Global knowledge management and HRM’, in Stahl, G.K., and Björkman, I. (eds.) *Handbook of Research in International Human Resource Management*, Cheltenham/Northhampton; Edward Elgar.
- Stankiewicz, M.J. (ed.) (2006) *Zarządzanie wiedzą jako kluczowy czynnik międzynarodowej konkurencyjności przedsiębiorstwa*, Toruń: Dom Organizatora.
- Stor, M. (2011) *Strategiczne międzynarodowe zarządzanie zasobami ludzkimi*, Prace Nau-

kowe nr 154, Wrocław: Wyd. Uniwersytetu Ekonomicznego.

Zhu, Z. (2004) 'Knowledge management: towards a universal concept or cross-cultural contexts?', *Knowledge Management Research & Practice*, vol. 2 (2), pp. 67-79.



Łukasz Haromszki<sup>1</sup>

Wroclaw University of Economics

Piotr Jarco<sup>2</sup>

College of Management "Edukacja", Wroclaw

## Expected Leadership Competences in the Labour Market in Alumni's Career Paths. A Study in Poland and Other Cee Countries

**Abstract:** The authors indicate the role of leadership competences as a factor which is a response to the expectations of the labor market. In this presentation, leadership competences are treated as a system of skills existing among leadership relationships. The research of curricula in the best business schools around the world sees leadership as a dynamic, interdisciplinary approach to shaping the organizational reality and they treat this as the main goal of education. Experiences of business schools confirm that leadership skills could only be learnt in a practical approach to teaching, including workshops, simulations, work samples etc. The differences between teaching and market expectations on chosen positions, also in analyzed aspect, called the competence gap, have been studied for the last few years (2007-2013) and co-financed by the UE in the Human Capital Operational Program. After the completion of these projects we have to assume, that we still don't have explicit or complete information about unadjustedness of skills to expectations of positions in chosen trades. The chance of precise identification and defining existing competence gaps is conducting studies of alumni career paths, who in their assessment collate possibilities of learning in business schools with the expectations of employers. Hence in the further part of this article we present the opinions of business school's alumni about competence adjustedness in the domain of leadership skills. The last part of this article is an analysis of similarities and differences

<sup>1</sup> lukasz.haromszki@ue.wroc.pl

<sup>2</sup> badania@poczta.onet.pl

between the results of studies conducted in Poland and other CEE countries.

**Key words:** leadership, competences, alumni, labor market, CEE countries

## Introduction

Culturally organizational behavior differs greatly (different organizational cultures inspired by the systems of norms and values characteristic for various national and regional cultures), but looking at organizational leadership development programs, the best business schools in the world, we find that they share similarities – inspired by ways of training created and carried out in the United States, Britain and France. Poland is no exception to this regard (Financial Times Ranking of Business Schools:2012; Haromszki, 2012a: 66-80; Haromszki: 2014a: 81-101).

The most important issue seems to be the answer to the question, if similar ways of training shape leadership competences appropriate to the existing labour market. Leadership according to its own definition is “*a relationship superordinate with subordinates (or co-workers, depending on the particular type of organizational leadership), aimed at achieving goals – visions, dreams, plans and values – based on respect and trust of the qualifications of leaders, and often the fascination with them, rational or irrational commitment to the co-created vision of development*” (Haromszki, 2010: 40-41). This type of approach supposes that there are competences systems which are responsible for creating and maintaining a leadership relationship – more complex than a single personality trait, ability, talent etc.

In this article the authors try to present key competences in leadership relationship from the perspectives of different stakeholders of the Polish labour market in context of desired qualifications existing in CEE countries. In last part of the article we present the outcomes about expected skills and existing competence gaps.

## Effectual teaching of leadership

Effectual leadership is based on recruiting followers implementing and coordinating tasks. If we can by using an appropriate type of teaching or diagnosing and reinforcing abilities, skills shape appropriate style of acting with business schools students (inexperience youth and working specialist and managers)? A requirement for directing people in the 21st Century, according to the Hay Grupa research (2014) is inspiring and supporting leadership, based on human capital conception in an organisation (more about factors influencing human capital in organisation, see: Kawka, 2012: 241-249, Suchodolski, 2012: 337-343, Antczak, 2014: 113-132). According to the Hay Group study, over 60 percent high of level leaders are involved in the supporting and managing talents. They also try to teach potential leaders working in different levels and areas of organisations, how to rise from defeat and adapt to a rapidly changing environment. This type of behavior is also a characteristic for the alumni of the best business schools around the word

(more about them later in this article). According to the Hay Group, the appropriate style of teaching makes different level of leaders, who are well-prepared to take risks and they incur lower personal costs during difficulties, because they treat each defeat as an occasion to learn.

The results from the Hay Grupa are a validation of the ideas presented in literature by C. Sikorski (2006: 76,78), A. K. Koźmiński (2004: 168-169) i B. Kożusznik (2002: 50). According to the above listed authors – a rational leader (related to modern expectations) motivates their subordinates to improve their skills during professional development, shaping their enterprising and innovative thinking and behaviour and also increase the level of their cultural openness. For less independent employees, who feel a need for safety, a leader still plays a role of a guide, who creates situations which reinforce their trust in their own power, decision-making and conflict-solving abilities.

Such an approach is not very common in Polish organizations, because according to conducting research, an autocratic style, which definitely limits the career opportunities of employees, is still preferred by managers and their subordinates (Maczynski, Wyspiański, 2011: 7-18). According to Maczynski, this style is still preferred also by students of management. In recently conducted studies of leadership (Haromszki, 2014b: 156-166) business school students towards organizational leaders expect (regardless of the level and position in the organization): charisma, effectual impact on others based on their psychological characteristics, responsibility for their action and activity of the team / organization, ease of communicating with people based on oratorical skills and an ability to deal with a situation. Respondents answered that – a leader thanks to his charisma and oratorical skills, efficiently convinces people to their ideas, using a variety of tactics to influence them and expected motivating tools. In addition, the effective leader is a person who when affecting employees, is remembered in a way that ensures their image is invoked in the future in the context of the next task. It is also important that an effective leader binds people together for a long time, thanks to a created and coordinated vision which takes into account the role of each employee involved in each activity. An effective leader, though judged by potential supporters mainly in a rational way, induces a state of long-term emotional involvement with related to these subordinates/coworkers. Similar expectations towards organizational leaders have also Erasmus students coming to the University of Economics in Wroclaw from Spain, Portugal, Italy, Czech Republic, France and Germany. Respondents also admitted that there is a real problem to meet human beings collecting all above presented characteristics in an existing economic reality. There is no precise answer, if there is a problem of curricula or implementation of them in organizational realities.

We could assume that the problem with implementation of these tasks is based on insufficient financial means used in educational systems existing in CEE countries

and preferred way of teaching – more theoretical than practical (McKinsey Global Institute, 2013; Agrotec, 2014 r.). The best business schools around the world don't have this problem (Haromszki, 2012a: 66-80). Implemented programs aimed at young people and experienced managers are executed in different number of hours, depending on the level and expectations of participants (from a few weeks for specialist courses to full-time two-year management studies). Tailored to individual needs, the programs are designed to shape the future organizational leaders in accordance with information presented by the universities, results in a very high percentage of people achieving success in managerial positions after graduation. It is no wonder – after all, these are the world's best business schools. The careers of graduates are more specifically described in the articles, linked with the website of each university. The popularity of analyzed courses are due to several key factors. First of all – past successes of alumni inspired future students to achieve a successful individual career in the business world. Secondly – these schools offer programs, which are flexibly adapted to the changing organizational world. Thirdly – according to the latest research results, selected universities argue that they teach complex educated leaders, and are prepared to make informed decisions in a variety of social, cultural, economic and market conditions (not trained craftsmen – people programmed to perform rehearsed in college patterns of action, but a person having creative, active and integrated thinking, which encourages current and strategic actions). Fourthly – great strength and competitiveness of the investigated business schools are their graduates because the feedback from them, which is the basis for updating the curricula, they collaborate with the university in organizing internships for students, support their school – essentially, financially and morally – confirming that the capital of relation is the most important resource of all individuals, who are successful in leadership.

During correlation of curricula, there is important to take into account results of Kotian, Arokszallasi, Rzentarzewskiej study (2014). According to their research the main indicator of economic development is not related with the amount of alumni who start working in the labour market, although other statistics present correlation between economic development and increasing number of alumni with a university degree. This relation could be misleading. For example Austria has a share of university graduates similar to CEE, while being much more developed (Kotian, Arokszallasi, Rzentarzewska, 2014: 15). More important than the amount of alumni with University degrees seems to be the quality of teaching – creating and implementing in each university according to the changing economic and market determinants as application of the idea of long-life learning. According to a presented study, the amount of years spent during training seems to correlate strongly with the level of economic development. In this aspect, to improve the present situation in CEE countries, there is a need to intensify an implementation of

system solutions, especially in Romania, Croatia, Hungary and Slovakia. According to the latest data, the Czech Republic is improving in this field, increasing the share of working-age population in training. (Kotian, Arokszallasi, Rzentarzewska, 2014: 15). The OECD study, in which they use the PISA (*Programme for International Student Assessment*) scoring system, are not analyzing an amount of hours and people in process of teaching in educational systems in CEE countries, but mainly – the quality of these systems. Original PISA scores are just one part of the whole system of actions. An OECD study shows that there are significant differences between original PISA scores and the program of so-called “problem solving skills of students”. According to conducting studies, Serbia, the Czech Republic and Slovakia are doing well in this respect, as students from these countries perform better, or at least roughly as would be suggested by their original scores, in problem solving. Poland, Hungary, Slovenia and Croatia, on the other hand, show significant gaps, indicating that students in these countries struggle to use all the skills that they demonstrate in other domains when asked to perform problem-solving tasks. This suggests that a reshuffle, and not necessarily more spending, could significantly improve the efficiency of the system if it focused more on problem-solving instead of teaching as much lexical material as possible and testing that material extensively. If we take a look at this problem in dynamic terms, we could see that in Poland we have observed significant improvement over several years. Poland in the general ranking of PISA overtakes other CEE countries, because more and more schools are ready to follow expectations of the Polish economy (Kotian, Arokszallasi, Rzentarzewska, 2014: 16).

According to the results of another study (The Korn/Ferry Institute, 2009) conducted in CEE countries, expectations towards organizational leaders are similar in different states in this region of Europe. Similarly in CEE countries the main expectation towards organizational leaders is knowledge of the English language (and other foreign languages) and the skill of using them. Predominantly is the conviction that leadership skills are unteachable (70 %), although respondents admit that the quality of teaching has increased intensively over the last 10 years. Still young management study's alumni and managers are short-term minded, but they start using a strategic approach and talent management in their organizations, teams etc. The main difference, which has the biggest impact on this analysis is the assessment of quality and effectuality of the educational system. Researchers found that over 60 percent of the Czech and Slovak Republics respondents believes that their educational institutions were failing in the leadership skills learning processes. There is a different situation in Poland, where almost 70 percent of respondents are convinced that “their institutions were equipping their graduates with the necessary leadership skills”.

The expectation of management students towards future organizational leaders presents, the study Values and Leadership Expectations of Future Managers

from 'Transforming Societies' (Cater, Lang, 2011). In the Czech Republic and Romania the most important expectations towards organizational leaders is to be an effective bargainer (negotiate effectively, intelligently and always being well informed). In Czech, Slovakia and Romania all preferred leadership dimension is team oriented leadership, but only in the Czech Republic and Romania respondents expect charismatic leadership. There are also important differences. According to the Czech respondents the expected organizational leader apart from being a good bargainer should also be inspirational, diplomatic and able to boost morale, decisive, communicative, trustworthy, interested in temporal events and act logically. They should also be dynamic which means highly involved, energetic and enthused, visionary, team integrator. (Compared with middle managers from the Czech Republic, several East European countries e. g. Hungary, Poland and Slovenia of GLOBE project in 2004, Czech Students give less emphasis on team-oriented and participative leadership behavior). Romanian students presented a list of expectations similar to their Czech colleagues. For Romanian respondents an effective leader should be, besides a bargainer, diplomatic, intelligent, communicative, administratively skilled, coordinator, inspirational, be able to motivate, trustworthy, decisive, informed, team builder and dependable. Slovaks are definitely more people oriented than other nations being a part of the research sample. According to their expectations the most effective and worthy leader to follow has these characteristics: kindness toward others, the ability to unify people, diplomacy, visionary, inspirational, and administratively competent, with personal integrity, performance oriented and decisive, should think about the future and be strongly performance oriented through empowering team-work and team-spirit, should empower decentralization, informal relations and lose control in organizational environment, should invite their subordinates taking initiatives; sustain participation of team members in decision-making as well as pragmatic and open relationships in teams.

Furthermore, researchers from the National Center for Research and Development, calls for the academics and labor market participants pay attention to this troublesome phenomenon. Soon, in the labor market, could start a huge competence gap – especially in the category of leadership or at least management skills. Most of the functioning companies in the Polish market were started at the beginning of the 1990's by people even older than 30-40 years olds. Now they are almost at retirement age and we could observe very soon in the Polish business world a problem with management succession and an increasing demand for managers and management and leadership competences (in the BKL14 – the study of human capital in Poland – called managerial and interpersonal competences) (Agrotec, 2014: 38). The problem, as the creator of the Report does not mention, is the result of owners and managers approach to education of their successors.

It is obvious that in a situation in which autocratic style dominates (lack of task and responsibility delegation) (Maczynski, Wyspianski, 2011) there is low level of confidence (hiding important information) (Czapinski, Panek, 2013, ESS, 2014), preparation for succession may not take place.

Authors of the Report claim, that a trend which should also be considered in assessing the need for competence, is a paradigm shift in productivity. Developed countries, if they want to maintain the standard of living and necessary for this purpose is GDP growth of 2-3% per annum, must dramatically increase the productivity of their economies. The only possible way is through innovation. In this meaning innovation is strongly related to demand for appropriate competences. In this regard, the European Commission indicates that Poland has to cope with the problem of an unattractive research and innovation system and low innovation potential of Polish SMEs (Agrotec, 2014: 39). Innovation can often occur in organizations where there is organizational leadership – involving the creation and the use of ideas aimed at the dynamic development of the organization based on a strategic approach, flexibility and courage in taking calculated risks.

Another trend presented in this report, which is a summary of activities in the years 2007-2014 and the extrapolation of the observed phenomena, is associated with the development paradigm of the network society, both in terms of communication, and organization. Above are the presented tendency causes an increase in demand for competencies related to communication in the virtual world, also in the business and managerial domains. As indicated by the creators of the Report, it creates, above all, a new dimension of educational needs and challenges within the interpersonal and cognitive competences, closely linked to the ability to use a new and converged media. In this context, the authors of the Report highlights a certain incompatibility BKL competency model in this situation. Appropriate communication skills associated with the presence on the network should be a subset belonging in part to two sets – social and technical competences (Agrotec, 2014: 39). Please remind the authors of the Report, “in an organizational sense a network society is changing the hierarchical management models and organization of work into the network formula, in which the traditional meaning of work is less important than activity in a couple of different projects at the same time. Whence project management methods are useful in a particular industry would become an important part of their knowledge and skills (Agrotec, 2014: 39). Besides a new role starts playing a leadership based on different expectations than useful in traditional relationships.

As has been described in previously published articles, there is a social conception of two types of leaders – in the traditional and virtual (Internet) relationships (Haromszki, Jarco, 2013: 200-216). The most often indicated feature characterising a leader in the world of virtual relations was *creativity (inventiveness)* (78.1%), which

was interpreted mainly as the ability to introduce all types of innovations (novelties). According to the respondents, it was the quality which determined the most success in leading others. Regardless of the type of a given activity of a leader on the Web, such a leader – according to the respondents' opinion – has to be able to introduce innovations and show more than average inventiveness which will attract others. Another feature that was specified many times included the *persuasive skills* (67.5) of which the *abilities to manipulate* the addressees, in particular – their emotions. A separate category defined by the surveyed persons included the *ability to make the addressees interested* (65.8%), that is to interest the followers identifying with the leader in one way or another. The analysis of the empirical materials reveals that – in some dimension – the *ability to make people interested (including shocked)* was identified with *creativity* by the surveyed people. This category was singled out as a separate feature at the stage of data analysis. Another important feature characterising a virtual space leader is *constant readiness to communicate, interactivity and availability* of a leader. Due to the specificity of virtual relations, it is a significant feature for 57.9% of the surveyed people. The features mentioned later included *interdisciplinary knowledge* (45.6%), *ability to anticipate* (38.6%), and *charisma* (16.7%). While, for traditional relationships, the most frequent answer was *charisma* – 68.4%. It is worthwhile to add that the analysis of the answers included in the questionnaires shows that the respondents identified charisma of a leader in the world of traditional relations with strong personality and sanguine temperament. In the respondents' opinion, a traditional relation leader is best characterised with the psychological *desire to dominate* (expansiveness in relations with people and more than average need of event controllability). It is a feature necessary for being a leader for 57% of the respondents. Almost half the respondents (44.7%) indicate the *psychological stability, equilibrium and resistance to stress* of a non-virtual world leader. The features mentioned later included *firmness* (40.4%), *ability to speak* (34.2%), and *objectivity* in interpersonal relations (15.8%) (Haromszki, Jarco, 2013: 200-216).

In addition to the expectations of graduates and employers, a very important issue undertaken by various research diagnosing the level of preparedness of workers to perform tasks at the workplace are competency gaps. Competency shortages (BKL) recorded for i.a. management positions are concentrated in three categories: general professional, self-organizational, interpersonal and cognitive competences. As shown by the authors of the BKL, in the subsequent editions of the study they concluded that the level of shortage of competence in the field of interpersonal and cognitive skills slightly decreased, but increased shortage of self-organizing competence. They observe that need for professional competences has increased lately a lot. This situation may provide an opportunity for graduates in case of further improving the quality of education. Universities may also, within the framework of learning outcomes seek to strengthen the competence of self-

organizing (primarily business), which were suggested by employers (Agrotec, 2014: 42). The barrier to use innovative educated graduates may be on the side of employers. Frequently it results from a tendency to stereotype and negative evaluations of graduates. As indicated by the creators of the Report – solution in this area could be the development of professional recruitment services, provided by both university career offices, as well as by specialized companies. (Agrotec, 2014: 44). Respondents said, that universities provide education in a relatively narrow specialization, while in 2020 perspective they needed a broader, multi-disciplinary skills necessary for proceeding technological change. (Agrotec, 2014: 44).

As indicated by the authors of the Report – in the *National Foresight Programme Poland 2020* (2009) formulated five scenarios, possibly depending on specific factors, according to which will increase or decrease the demand for specific types of competences. In the case of the first scenario (“leap”), as indicated by the authors of the Report, is expected to increase the demand for competencies and qualifications useful in the context of the Knowledge Based Economy (KBE). This scenario assumes rapid acceleration of economic changes, which may mean the rapid obsolescence of knowledge acquired at university and to some extent also qualifications. Conducted analysis shows that under the first scenario, rapid adaptation to changes in the labor market would be the most expected competences (Agrotec, 2014: 62). In the case of a “hard adjustment” scenario it is assumed that the ability to produce the intellectual capital and general capital of competencies in Poland will be greater than the ability of the economy to its absorption. This situation would often result in continuing abroad careers of the best employees, including scientist and academics. Authors of the Report emphasized that above described trend will be visible only in situation in conditions of favorable external situations, but socio-economic change will be met with growing public resistance. The Polish economy will remain a relatively competitive economy (e.g. due to low labor costs and skilled personnel in various sectors). The scenario “difficult modernization” refers to conditions in which the global and European financial and economic crisis turns into a permanent phase. According to the experts of this Program the best solution for this situation is thorough reconstruction of the system of knowledge, diversification of the energy sector and maintaining modernization trends in the economy, supported in the first phase by European funds. The implementation of such a scenario in terms of global and European crisis is mainly conditioned by the liberation of a strong social energy (increased social capital) favorable to change, and parallel, courageous attitude of the rulers. None of these factors, as emphasized by the creator of the report, will cause in the fourth crisis scenario called “declining development” or going further - “collapse” (scenario 5). Failure to use relatively good, despite the global crisis, the economic situation for the country, will probably lead to a regression of knowledge system, the outflow

abroad of young staff with the highest competences and qualifications, remain low innovativeness of Polish the economy, and the traditional factors of development (e.g. a cheap labor force) will stop playing an important role. The report noted that the competencies associated with the ability to adapt to changing conditions, will become unsuitable during stagnation. The strongest positions will have those who will inherit the relatively better professional competences. (Agrotec, 2014: 62-63) a The above described situation is partly today prevalent in Poland. However, the situation is definitely better mainly thanks to European funds for innovation and building science – business cooperation.

Both studies *National Foresight Program Poland 2020* (2009), as well as strategic documents (*National Development Strategy 2020*, a *Long-term Development Strategy of the Polish 2030.*, *Report Poland 2030 - Development Challenges*), forecast that one of the decisive factors of development in Poland will be social capital, currently remains at a low level, which is a barrier to development. The level of social capital would cause a “difficult modernization” or a “declining growth” scenarios. Authors of the strategic documents emphasized that the most important are competences related with the organization of public life and civil society. There is a need for designation e.g. a subset of competencies related to modern formula of leadership in categories: managerial and interpersonal competences (Agrotec, 2014: 64). Such measures are already taken, and one can observe the development of civil society led by local leaders (Haromszki, 2011a, 2011b, 2012b). The conducted studies confirm that, the most important are communication skills, including foreign languages (especially English).

Looking at the needs of employers – the decision-makers implementing the potential of employees in actual organizational conditions, it is noted that they articulate the five most desirable competences, which should be well equipped graduates. These include competencies: cognitive, interpersonal, use of language, computer skills and self-organization. From the perspective of employers, knowledge and ability to apply it are not key elements in finding work for graduates. They admit that definitely more important are competences related to the adaptation and processing of information and their communication to individuals and groups (Agrotec, 2014: 85). Employers indicate that competency gaps exist especially in categories: interpersonal, self-organization and cognitive skills (Agrotec, 2014: 86). They suggest that preparing graduates to a higher standard to meet the need of the labor market could appear only by increasing the number of practical classes, mandatory practice, internships and enhance cooperation with enterprises (Agrotec, 2014: 109). They add, that it is worthwhile to take inspiration from best practices of foreign business schools, e.g. the US, in terms of inducing interest in the topic and awareness of young people that they learn for themselves (see also: Haromszki, 2012: 66-80). This is very interesting idea, but Polish universities have to create their own way of practical teaching taking into account existing context

and expectations. Suggested by respondents increase of teamwork, creativity and the practical work within higher education programs (Agrotec, 2014: 112), have been using in for example classes of leadership for last couple years (Haromszki, 2014b).

According to the BKL 2014 (fourth edition – Similar results were also obtained in the fifth edition of the study – Partial results were presented at a conference in Warsaw on 28 April 2015) for managerial positions required by employers competences in 2014 were: self-organizing, professional, interpersonal and cognitive. Analysis of the demand for competencies in the BKL points to key competences and the relative difficulty of obtaining them in the labor market. Analysis of supply presents prepared by universities the evaluation of the level of achievement learning outcomes required by the business. The main element of the balance sheet is a summary of these two perspectives. One of the major conclusions of the BKL report is that the difficulty to recruit people with specific competence is not determined solely by the quality of education, but also is closely related with the quality of recruitment and selection process or the employers brand. In the BKL 14 researchers emphasized that “*achieved learning outcomes relate to the average level of average student*”, which means that the walls of the university leaving both better and worse graduates than may result from the intended learning outcomes” (BKL, 2014: 70). The largest competency gap in the BKL exists in the BPO / SSC – as much as 55% competences is assessed as difficult to obtain on the one hand, and educated at the universities on the other. c The competency gap in the BPO / SSC focuses on soft skills such as communication skills (oral and written), team work, cross-cultural sensitivity, adaptation, focus on goals or influencing others. The creators of the BKL emphasize that this type of competences requires adequate tools and methods of teaching and opportunities existing at university (scientific circles, study tours, internships, projects etc.). These possibilities exist at different type of universities in Poland, but according to authors of the BKL 14 functioning system leads to the reproduction of inequality. Participants of different programs (e.g. Erasmus) are students who already have appropriate skills of building social and cultural capital. Those who do not have the initiative and do not know how to work in a group do not decide to establish a scientific circles or go abroad. In this meaning they are part of a category of people called by representatives of companies “*unemployable*”. It seems that above described group, instead of beneficiaries of the educational “St. Matthew Effect” – should be the target audience for alumni competences improvement programs (BKL, 2014: 70). Additionally it is worthwhile to emphasize that students of ordered and unordered courses evaluate the preparation for the use of knowledge into practice. This is worrying situation, because the ordered courses should be prepared according to precisely listed expectations of topics, methods and implemented in cooperation with enterprise or group of companies (BKL, 2014: 160).

Research results presented in the first part of the article clearly show that the most anticipated in the labor market (Polish and others) are social skills that could be considered for purposes of analysis (according to definition of “*leadership relationship*”) – system of leadership competencies. The dominant skills in above described system are: self-organization, communication, including language skills and a creative approach to work and build relationships with other people. These are the competencies expected in Poland and other CEE countries analyzed in this article, but still not present in the labor market in this region of Europe. They are characteristic more for graduates of the top business schools around the world, than alumni of universities functioning in CEE countries.

## Methods

### *Introduction*

As mentioned in the first part of the article, the dynamics of changes in the labor market means that one must flexibly adjust competences to changing conditions. Education of these competences can be carried out in two ways: by teaching technical skills (professional) in response to demand diagnosed thanks to alumni's carrier paths study and the training of interpersonal and conceptual skills that will help adapt to new conditions, regardless of the scope and nature of the changes.

Alumni's carrier paths study has become common practice in developed countries. Most often the practical aim of these activities is the need to adapt the content and forms of education to labor market needs. Previously universities didn't construct curricula suited to the needs of economies and wider market trends in the CEE countries. This situation is changing due to globalization of the higher education sector and specific solutions used in developed countries. The number of research initiatives and constantly observed increase of awareness in this regard in the long run, will certainly contribute to improving the employment rate among graduates.

It is widely recognized today that the completion of specifics of higher education does not specify a profession already performed for life. In the case of rapid obsolescence of knowledge that graduates may acquire in the course of study, other important dimensions determining the position of a young people in the labor market (Jarco, 2012: 370-391). The role of a modern educational system is, therefore, the formation of certain attitudes e.g. efficient adaptation to labor market trends. Experienced employers expect from new employees, above all, high intellectual and adaptation skills. Theoretical knowledge becomes merely an additional asset, which helps a graduate quickly to adapt to the specifics of the company and the nature of work. It should be noted that the characteristics of modern workers in social competences categories, largely refer to broadly defined leadership competencies

– which are the basics of creating and maintaining leadership relationships (more about this at the beginning of the article).

Thus, in the context of increasingly valued by the world of work characteristics and attitudes of leadership should conduct research that attempts to diagnose and analyze possibility of acquiring and developing this competences in existing system of education.

### *Research methods*

This study was conducted in June 2015. The method used was the questionnaire interview method (CAWI).

### *Purpose of the study*

The aim of the study was to measure selected issues that make up the image of university of economics graduates. In particular, the main goal and most important part of the study was to determine the respondents' opinions about the desired characteristics of modern organizational leaders. The key question is also to what extent universities allow student faculties to develop these competencies.

### *Sample*

Respondents had completed their studies (bachelor and master) of economic profiles in the 6 selected private and public universities from the area of Wroclaw. Those tested were a total of 225 persons with higher education. 78% of graduates in the sample had completed specialties such as Human Resource Management, Business Management, Logistics Management. Respondents were working in enterprises with Polish companies or enterprises with the Polish capital majority (40.6%) and companies with foreign capital or a majority of foreign capital (23.7%). 32.4% of the respondents work in public organizations. 3.4% participants of this study or work abroad. The online questionnaire was mostly filled in by young people (under 30 years old – 60% of the sample). Half of the respondents are unmarried. Most respondents live in the Wroclaw metropolitan area.

**Table 1. Respondents**

Sex	Amount	%
Man	59	26,2
Women	166	73,8
Total	225	100
Age	Amount	%

Up to 30 years of age	135	60
Over 30 years of age	90	40
Total	225	100
Marital status	Amount	%
Unmarried	113	49,8
Married	112	50,2
Total	225	100
Place of residence	Amount	%
Wroclaw	67	29,8
Lower Silesia – other city/town	74	32,9
Lower Silesia – village	46	20,4
Other voivodship – city/town	18	8
Other voivodship – village	14	6,2
Abroad	6	2,7
Total	225	100

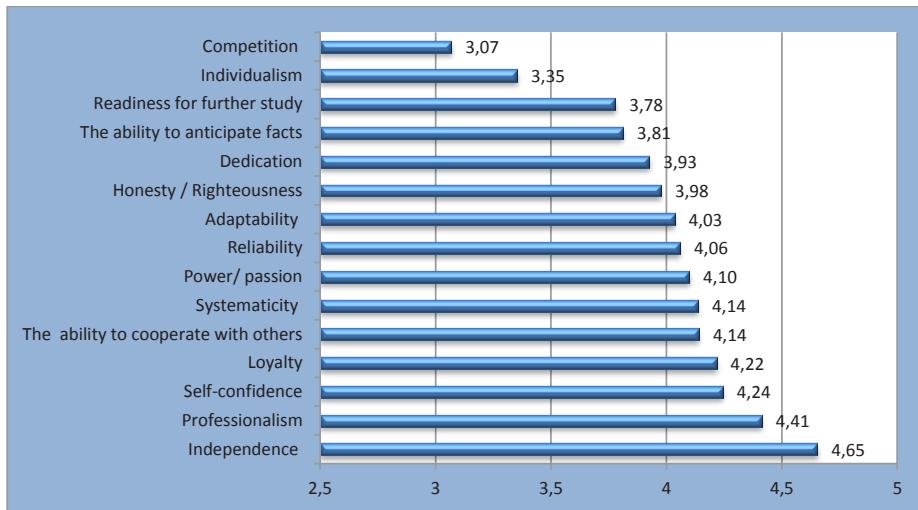
Source: own study

### Opinions about expected leadership competences – own study results

In the study, first of all, graduates were asked to identify the characteristics of modern workers, which are expected in the labor market. Respondents ranked the answers by using five-step scales for each category. In the opinion of graduates in the labor market are currently the three most valued worker's characteristics: *independence* (4.65); *professionalism* (4.41) and *self-confidence attitude* (4.24). Further mentioned were *loyalty* (4.22), *the ability to cooperate with others* (4.14), *systematicity* (4.14), *power/ passion* (4.1), *reliability* (4.06) and *adaptability* (4.03). With the proposed set of categories were the lowest rated characteristics such as *honesty/ righteousness* (3.98), *dedication* (3.93), *the ability to anticipate the facts* (3.81), *readiness for further education* (3.78), *individualism* (3.35) and *competition* (3.07) (The graph below) These results show that the features particularly valued in the labour market is likely to help workers find themselves in the labour market regardless of the development scenario proposed in the *Foresight Poland 2020*. The dominant features characterize leaders, people who are independent, confident, carrying out operations in cooperation with other people in different levels and areas in the organization. However, comparing these results, particularly in terms of characteristics such as *honesty/ righteousness* and *readiness for further education*, we find that in the process of shaping the respective competencies of leadership and development of civil society, Polish people/managers are still in the early stages (Ravishankar, Hudson, 1999: 233-236). As mentioned earlier,

there is positive phenomena of development in local communities, but they are not transmitted to the level of more general values and norms.

**Graph 1. Valued employee's features in the Polish labour market – opinions of business (management, economical) faculty – summary statement (%) (N-225).**



Source: own study

Later in the research, during the pilot study were selected these features which, according to respondents predispose to being an efficient manager and a leader in the workplace. That question was: *To what extent today employers attach importance to the following skills/ knowledge and the extent to which the university has allowed to acquire specific skills during the studies?* In this perspective, the most desirable features of leaders in organizational cultures, in which graduates work are: *the ability to cope with stress* (83.25%), *processing and use of knowledge in practice* (79%) and *communication competences understood as self-presentation skills* (77.25 %).

**Table 2. An Assessment of employee's expectations in relation with the possibility of acquiring chosen competence during w business(management, economic) studies – summary statement (%) (N-225).**

Social skills and competences	Opinion of employees about their employers expectations	Assessment of possibilities of acquiring knowledge/ competences in the course of study	Gap
The ability to cope with stress	83,25	55,75	27,5

Language skills (foreign languages)	63,0	46,0	17,0
Project management	67,0	52,75	14,25
Entrepreneurial skills and attitudes	70,0	58,0	12,0
Self-presentation skills	77,25	65,5	11,75
Processing and use of knowledge in practice	79,0	68,5	10,5
Team management	62,5	62,25	0,25
The ability to draw up the analyses, reports and research	60,5	64,25	-3,75

Source: own study

This question, is to try to identify the key leadership skills and competencies, particularly desirable in the labor market, was created to verify the extent to which universities of economics prepare students for leadership roles. In practice the, competency gap is the best measure of conformity between the needs in this area and the actual educational offer. These gaps, in the accepted meaning are perceived as a discrepancy between what could have been learned in the course and what modern business expects from respondents their employers, and the Polish labour market in general. So it is not objectified measurement (assessment) of the competency parameters actually acquired by graduates but only an assess of the adjustment of the educational offer to the realities of the local labour market.

The most significant gap identified in the study relates to the field of *coping with stress* (27.5% gap). Analysis of additional open-ended questions leads to the conclusion that the respondents understood this category more broadly as stress management in the workplace (both their own stress and stress of their coworkers). A significant gap can be observed also on the level of *language competences* (gap – 17%) and in the area of *project management* (gap 14.25%). *Team management* as a leadership competency has a gap of 0.25%. In the case of diagnostic and analytical skills needed for preparing different specialist documents (analyzes and reports) we can observe a negative gap (-3.75%). In the opinion of graduates, this specific category of skills was during the educational process more stressed than required by companies in which respondents are currently working.

The above presented set of eight categories of employers' expectations were chosen based on a pilot study and certainly does not exhaust all the major areas that make up the effective training of people for leadership, we understand that there is as an attitude necessary to build this type of relationship. It should be noted, that competences such as *coping with stress* or *self-presentation skills* are, according to respondents experiences, the most important issue in the labor market. The observed gaps indicate the need for a stronger emphasis of these competencies in the educational process. The legitimacy of such actions is confirmed by the results of numerous studies conducted in CEE countries (see: Erste Group Research, 2014; BKL, 2014; Agrotec 2014).

## Conclusion

Summarising the analysis of various reports of national and international research and own studies conducted this year, can be seen that, most of the respondents in CEE countries is to be able to list the competencies needed to play a role of an effective organizational leader with understanding of existing cultural, economic and market conditions. However, respondents in different studies admit that there is a real problem to acquire them within the framework of higher education. Existing differences in the effectiveness of education in the best business schools in the world and universities in CEE countries is due to a number of factors. Firstly – there are not sufficient financial resources. Secondly – wishful formulation of programs and lack of coherence between the curricula and their implementation. Thirdly – lack of practical classes in the total number of training hours. Fourthly – too little involvement of students, who do not believe in the success of their future career. Fifthly – the lack of real cooperation of business and universities, consisting not only of folding wishes, but also participation in the financing and provision of jobs, not just short-time practice.

The desired leadership competencies, as can be expected, if they are consistently and effectively taught in the educational process, it would allow to shape an organizational reality, regardless of the scenario of development proposed in the *Foresight Poland 2020*.

## References

- Agrotec, (2014) *Analiza kwalifikacji i kompetencji kluczowych dla zwiększenia szans absolwentów na rynku pracy*, RAPORT KONCOWY, Warszawa, 2014 r.
- Antczak Z., (2014), *W stronę koncepcji kapitału ludzkiego*, w: Przyszłość zarządzania zasobami ludzkimi. Dylematy i wyzwania / Antczak Zbigniew, Borkowska Stanisława (ed.), Difin, Warszawa. Bilans Kapitalu Ludzkiego (BKL), (2014), *Kompetencje Polaków a potrzeby polskiej gospodarki*. Raport podsumowujący IV edycję badań BKL z 2013 r. (ed.) J. Górnjak, PARP, Warszawa.
- Čater T., Lang R., (2011), *Values and Leadership Expectations of Future Managers from Transforming Societies*, Chemnitz University of Technology, <http://www.tu-chemnitz.de/wirtschaft/bwl5/forschung/schriften/doc/16.pdf>: 5.01.2013.
- Czapinski J., Panek T. (red.), *Diagnoza społeczna*, raport, 2013, [www.diagnoza.com](http://www.diagnoza.com).
- Długookresowa strategia rozwoju Polski do 2030 r., *Trzecia fala nowoczesności*, (2013), Ministerstwo Administracji i Cyfryzacji, Warszawa 11 stycznia 2013.
- Emerging markets, emerging leaders. A Talent and Leadership Study of Central and Eastern Europe*, (2009), The Korn/Ferry Institute, [http://www.trainings.ru/f/1/pics/CEE\\_Talent\\_Ldrshp\\_Study.pdf](http://www.trainings.ru/f/1/pics/CEE_Talent_Ldrshp_Study.pdf): 5.01.2013.

Europejski Sondaż Społeczny (ESS), (2014), <http://civicpedia.ngo.pl/wiadomosc/955642.html>, 27.08.2015.

Financial Times Ranking of Business Schools, <http://rankings.ft.com/businessschoolrankings/global-mba-rankings-2012>: 16 Aug 2012.

Haromszki Ł., (2014a), *Expected features and the behavior of talented leaders in the three sectors of the Polish economy in context with other Central-Eastern European Countries*, Journal of Intercultural Management (ed. Ł. Sulkowski), Vol. 6 No. 4 December.

Haromszki Ł., (2012), *Aktywność liderów jako szansa rozwoju organizacji trzeciego sektora w powiecie dzierżoniowskim*, Determinanty potencjału rozwoju organizacji (ed.) A. Stabryła, K. Woźniak), Mfiles.pl Encyklopedia Zarządzania, Kraków.

Haromszki Ł., (2011), *Liderzy lokalni w kontekście barier administracyjnych w zarządzaniu gminą, Dysfunkcje i patologie w sferze zarządzania zasobami ludzkimi*, Tom 4, (ed.) Z. Janowska, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2011a.

Haromszki Ł., (2014b) *Przywództwo organizacyjne drugiej dekady XXI wieku – szansa na budowanie kapitału ludzkiego w organizacji*, Prace Naukowe Ue we Wrocławiu nr 350, Sukces w zarządzaniu kadrami. Różnorodność w zarządzaniu kapitałem ludzkim – podejścia, metody, narzędzia, Problemy zarządczo-psychologicznych (ed.) Marzena Stor, Agnieszka Formalczyk, Wydawnictwo UE we Wrocławiu, Wrocław.

Haromszki Ł., (2010), *Przywództwo w czasie kryzysu*, w: T. Listwan, (ed.), Zarządzanie w sytuacjach kryzysowych podczas Euro 2012, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław.

Haromszki Ł., (2011b), *Skuteczní liderzy lokalni*, Efektywność zarządzania zasobami ludzkimi, (ed.) B. Urbaniak, Wydawnictwo Uniwersytetu Łódzkiego, Łódź.

Haromszki Ł., (2012a), *The teaching of leadership – ways to create leaders in selected universities in the world*, Journal of Intercultural Management, Vol. 4, N. 3, September, Łódź.

Haromszki, P. Jarco, (2013), *Psychological and social competences characteristic of virtual space leader*, Proceedings of the Second International Conference on ICT Management for Global Competitiveness and Economic Growth in Emerging Economies, September, Wrocław.

Hay Group, (2014), *Best Companies for Leadership* <http://www.haygroup.com/bestcompaniesforleadership/research-and-findings/about-the-research.aspx>, 25.03.2014

Jarco P., (2012), *Monitoring the Career Paths of the University Graduates as the Quality Instrument in Education*, w: International Conference on ICT Management for Global Competitiveness and Economic Growth in Emerging Economies, Wrocław.

Kawka T.. (2012), *Uelastycznienie kształtowania wynagrodzeń w organizacji*, Sukces w zarządzaniu kadrami, T1 Problemy zarządczo-ekonomiczne (ed. T. Listwan, M. Stor), Wyd. UE we Wrocławiu.

Kotian J. Arokszallasi Z., Rzentarzewska K, (2014), *25 years after communism – does Central and Eastern Europe still hold the key to growth?*, Erste Group Research CEE Special Report, November 11, 25 years after Communism, does CEE still hold key to growth?, [www.erstegroup.com/en/.../pi-20141111-report.pdf](http://erstegroup.com/en/.../pi-20141111-report.pdf), 15.08.2015.

- Koźmiński, A. K., (2004), *Zarządzanie w warunkach niepewności*, Warszawa.
- Kożusznik B., (2002), *Zachowania człowieka w organizacji*, Warszawa.
- Mączyński J., Wyspiański D., (2011), *Differences on Organizational Practices and Preferred Leader Attributes Between Polish Managers Studies in 2010/2011 and 1996/1997*, (ed.) Ł. Sulkowski, Journal of Intercultural Management, vol. 3.
- McKinsey Global Institute, (2013), *A new dawn: Reigniting growth in Central and Eastern Europe*, [http://www.mckinsey.com/insights/economic\\_studies/a\\_new\\_dawn\\_reigniting\\_growth\\_in\\_central\\_and\\_eastern\\_europe.pdf](http://www.mckinsey.com/insights/economic_studies/a_new_dawn_reigniting_growth_in_central_and_eastern_europe.pdf), 15.08.2015.
- Raport Polska 2030 – wyzwania rozwojowe, (2011), Warszawa 17 listopada.
- Ravishankar L., Hudson K., (1999), *Badanie cech przywódczych wśród najwyższej kadry menedżerskiej. Lider w każdym z nas. Model powszechnego przywództwa* (ed. H. Bergmann, K. Hudson, D. Russ-Eft), Wydawnictwo Galaktyka, Łódź.
- Sikorski C.,(2006), *Organizacje bez wodzów. Od przywództwa emocjonalnego do koordynacji demokratycznej*, Wyd. C.H. Beck, Warszawa.
- Strategia Rozwoju Kraju 2020, (2012), Ministerstwo Rozwoju Regionalnego, Warszawa wrzesień.
- Suchodolski A., (2012), *Czynniki wpływające na wytyczanie kierunków rozwoju pracowników w organizacji. Sukces w zarządzaniu kadrami, T1 Problemy zarządczo-ekonomiczne* (ed. T. Listwan, M. Stor), Wyd. UE we Wrocławiu.
- Wyniki Narodowego Programu Foresight Polska 2020, (2009), Warszawa.



Maldonado Alcudia Ana Virginia del Carmen<sup>1</sup>

Universidad de Occidente, campus Mazatlán, Sinaloa, México

Maldonado Alcudia Cesar Miguel<sup>1</sup>

Universidad Autónoma de Querétaro.México

Maldonado Alcudia Minerva Candelaria<sup>1</sup>

Universidad Autónoma de Querétaro.México

## **Employee involvement in hotel total quality management**

**Abstract:** The paper focuses on the analysis of the employees' behaviour, specifically in their involvement and commitment in hotel service after the implementation of a quality management system. When organization fails to involve the employees in a meaningful way, two types of workers could be identified; employees with high efficiency and employees with resistance to change. In this qualitative study, it was observed that if an employee doesn't feel a sense of accomplishment, even when he constantly receives training courses, has incentives or sanctions, it is going to be difficult to get his involvement and commitment with the organization goals. This situation happens because the hotel quality management system is supported by an isomorphism with standardized rules that proceeded or originate from a different context and, in that system the features of the company and workers were not considered.

The case study was carried out in a touristic destiny of sun-beach tourism in Mexico. Questionnaires and semi-structured interviews were prepared to elicit the employees' participation in decision-making process, the employees' involvement and commitment

<sup>1</sup> anav\_maldonado@yahoo.com.mx; c.maldonadoalcudia@hotmail.com, mm\_alcudia@yahoo.com.mx

to achieve organization's quality objectives, the employees' efficiency in production processes and service, and the socialization.

As already stated earlier, the intention of this paper is to develop an understanding of the actual practices that guide the relationships of human resources, when quality is joined as a contingent element.

**Key Words:** Human Resources, Behaviour, Quality, Hotel Service.

## **Introduction**

These days, the largest and most important international corporations are looking for a means to market their product/services, by trying to assure the quality of services rather than focusing solely on efficiency in the production processes. Therefore, as a result of an institutional isomorphism, it is very common for regional firms to adopt certain regulations which are developed and standardised by intergovernmental and non-governmental agencies. This is seen as an attempt to achieve legitimacy in their organizational fields and in the global market.

This qualitative study analyzed four dependant variables the decision-making process, employees involvement and commitment to achieve organization's quality objectives, employees efficiency in production processes and service, and socialization.

In the hotels studied, rules were adopted which were different from the existing ones. Because there is no standard in working group's behaviour, the intention of this paper is the understand the actual practices that guide the relationships of these groups, when quality is joined as a contingent element.

Among the results, it was observed that the workers' sense of accomplishment was the main factor in influencing their attitude, commitment and participation in aspiring to provide quality services to hotel guests. Even though the strategies employed by management did facilitate international recognition and competitiveness, it is the individual workers who ultimately make or break the reputation for quality.

## **Quality by an isomorphism in the organization**

Conformity to institutional norms, the structure and behavior of organizations are changing as a result of an isomorphism, "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental cognitions" (Di Maggio and Powell, 1999:108) This means that standardized rules created by governmental, non-governmental organizations and the biggest enterprises are adopted by regional organizations to obtain legitimacy for themselves in their organizational field.

Standardized rules, norms and routines avoid conflict in efficiency levels because they define prescriptive and obligatory goals and designate the appropriate way to

pursue them. They also reduce uncertainty and ambiguity. The power of rules to predict situations in the environment of organizations forces them to implement strategies necessary for integration.

The isomorphic change, or the process of homogenization, is the tendency to make decisions more in response to the rules of the organizational field, rather than taking into account the productive activities and actual needs of the enterprise (Sotomayor, 2002). Generally organizations are looking to adapt to their organizational environment; sometimes organizations assume an active role in conforming to that environment. Moreover, powerful firms absorb small enterprises which then have to adapt their relationships and their structures. In this way organizational shapes are maintained and the rules of the more powerful firms will prevail.

However, in spite of the best efforts of management, frequently there is a gap between the integration of institutionalized rules in organization quality decision making, and the efficiency of processes and human resources behavior. Failure to institutionalize quality causes negative effects in organizational form, frame, production processes, human resources behaviour, relationship between employees and customers' perception.

The concept of quality has been studied by different disciplines over time. This concept has been linked to the product, manufacturing processes, and process control and quality assurance; and from the 1990's this concept has been linked with total quality management focused of meeting needs and expectations of the consumer.

There is no consensus among researchers on how to conceptualize or operationalize the quality construct; they are focused on different aspects of service quality like excellence, value, conformance to specifications, and meeting or exceeding customers' expectations. The first two views of quality are problematic, defining quality as excellence is subjective and provides no practical guidance for improving quality, defining quality as value captures tradeoffs between excellence and costs, but other attributes of importance to consumers may be ignored. Furthermore, quality as value blends excellence and worth, resulting in a hybrid concept of affordable excellence (Kahn, 2002). While products and services have different characteristics, nevertheless it is important to provide services to the customers who want it, where they want it, and in the quantity and at the price they want it, with higher value added, which consists of additional benefits, and uniqueness in services.

Several models of quality have been developed trying to satisfy the customers' needs and expectations, most of them designed for the manufacturing industry, not for the service industry. This is understandable in light of contributions that both the primary and secondary industries generate to global GDP. However, in the

context of globalization, there is now a marked trend toward increased importance of the tertiary sector, i.e. service sector.

However, as this study shows, there are factors which inhibit the development of quality services. One of these is a concept known as organizational anarchy, where workers circumvent the rules. Such anarchy is characterized by problematic preferences, unclear technology, and fluid participation (Bendor, 2001):

- *Problematic preference*: Problematic preferences mean that the organization as a whole does not have a preference ordering of the kind assumed in the theory of choice.
- *Unclear technology*: Unclear technology means that the organization's own processes are not understood by its members. Members know the goals to achieve, but do not know the means to achieve it.
- *Fluid participation*: This means that the decision-makers for any particular kind of choice change capriciously. All interest groups have opportunities to impact decision-making, in some cases, how decisions are made is dependent upon the participants.
- Indeed, in this study, we saw inconsistency in the hotel employees' behaviour, the targets were ambiguous, the decision making processes were contradictory and diffuse. This resulted in employees working on their own ideas, and in developing their own set of values and sense of achievement.

Regarding organizational anarchy, Gámez (2007) says “Although the workforce has a degree of professionalism in organizational anarchy, often there is no consistency between their position, role and technical training. It is know-how and experience of the worker that become the criteria for decision-making, but this is not systematic and nor with an established order”. After all, the weakness of the scheme is the low productivity and low capacity to creatively impact on the environment. This produces a permanent system with structural imbalances and with some ability to survive the external challenges, but with very little likelihood on such cases, workers exert influence on their colleagues, with mixed results.

The commercialization of hospitality in a market that offers a high diversification and differentiation, forces companies to devise strategies to ensure their permanence, positioning and acceptance. They look for simple solutions in the process of adaptation.

Hotels need to legitimize their natural markets, which in the case of Mexico, involves the United States and Canada. As potential producers of quality services, hotels must identify the methods clients use to obtain information on how to select an establishment before they travel.

There are some international agencies that guarantee customer satisfaction by stating that the hotel services they promote offer the highest quality standards in the field.

Quality management in enterprises is based on homogenization and on the recognition given by the certification of those agencies, in accordance with the established rules, regulations and standards. The institutional isomorphism is a way large corporations use to dominate other organizations. Regional enterprises accept being dominated because they are motivated to participate in open markets, and to operate with certain competitive advantages.

Hotel quality management is supported by the standardized rules that proceeded or come from the institutions. This means that the enterprises must achieve some changes in their frames, processes, policies etc. Those changes are homogenized with the firms, so they are designed to work in other contexts, and in other realities; then organizations are constrained by institutional arrangements and it is harder to achieve their particular goals. Example: When an employee in a certain hotel shows good attitude with the internal or external clients, it is because he has received special training and has appropriated the organizational culture. The employee's behaviour could not be incorporated or transferred to another company if it is not understood what process was followed to create that behavior.

### **Quality management in hotel service.**

According to Juran (Juran, 1951), hotel quality is manifested in excellence of service, where there is no allowance for mistakes in any of the tasks. The best facilities offer cleanliness, luxury, good conditions, investment in staff training, provision of materials for the optimal execution of their duties. It does not assume total satisfaction of customer expectations, nor is the focus on identifying what the customer expects about product and service.

Mexican hotels have been rated from outside Mexico, by applying internationally recognized criteria and parameters depending on the size of the organization and the luxury of their facilities. Among the classifications legitimized since the 1970's is the widely recognized rating of gran turismo, five stars, designating luxury, deluxe, first, second and budget hotels.

Globalization has created an atmosphere of high competitiveness in organizations engaged in providing alternative accommodation, such as time-shares. In view of this situation, some hotels have made some changes not only in adapting their production processes, but in substantially diversifying and differentiating their product in order to achieve anticipated profitability. In addition to offering conventional services such as accommodation, food and beverages, some hotels offer gambling, museums, time-shares, etc. All these services make the environment more complex. Resorts Condominium International (RCI) is the agency responsible for assessing the quality of time-share hotels, a situation that leads to such organizations making more adjustments in their structures and processes, through quality management according to the standard guidelines in

order to obtain recognition; each organization should manage quality according to its own characteristics, but also in accordance with the guidelines outlined in either ISO 9000, RCI or Mexican Nom's to name a few.

Both social and work relationships between employees are retained because they are necessary for coexistence within the organization. That is favorable for all those looking for strategies to perform their tasks quickly and efficiently. Some employees learn from others who have the experience and know how.

Work processes are based on employees' knowledge, experience and in routines, so when a contingency element affects those routines, it creates an adjustment, but only if it is understandable. If it is not understood by the employees, conflict results.

Another point is that good profits impact favourably on job security, which in turn provides economic stability for workers and their families.

When enterprises manage quality in such a way, it follows that quality management differs from the desired organizational objectives, causing confusion among their own staff. Often, the new rules or standards modify work processes, incorporating different equipment, programs, and new forms of control with penalties and even dismissal. Even so, groups of workers do try to act according to the demands of the strategic apex in this environment of ambiguity, either by vocation of service, or under pressure. Staffs establish agreements, coalitions and negotiations among themselves, these then are respected and govern their actions in the organization.

### **Methodology:**

This study was based on qualitative methodology, the case selection were ten five star's hotels in a touristic destiny of sun-beach tourism in Mexico. A multiple case study research design was needed for in-depth analysis of the implications of quality management of the hotels with different characteristics. The hotels were selected on the basis of distinctive quality already obtained, quality program, and age in the marketplace and growth. One of the hotels has three quality certifications provided by national and international institutions, the other nine have those distinctions and one certification although they don't have a specific program for quality.

The research was focused on workers in the Room Division area, in Reception, Telephones, Housekeeping and Reservation departments. Employees in these groups cover the contact with guests from the moment of check in until check out time. The field research was carried out with interviews with the various actors involved in selected departments, direct observation, and review of internal documents of the organization as well as external ones.

The response of human resources was analyzed, as they were faced with a new system of quality management in which the organization adopted rules oblivious to actual prevailing conditions. In fact, the new system did facilitate the hotels' recognition, legitimacy and international competitiveness, but at some cost to the individual worker.

The study took the shape of a transversal cut (Méndez *et al.*, 1986). The information was captured through questionnaires and semi-structured interviews. In qualitative studies, it is important that the subjects have the same basic characteristics in order to protect the internal validity of the subject selection process (Hatch & Lazaraton, 1990).

The questionnaires were carried out with 50 operative employees in the hotels, (12 receptionists, 8 telephone operators, 16 chambermaids, 8 reservations employees, and 6 concierge employees) and the semi-structured interviews to 6 strategic executives and it was very important to built the rapport with all those people.

26 questions were prepared to elicit the four dependent variables considered: a) the decision-making process, b) employees involvement and commitment to achieve organization's quality objectives, c) employees efficiency in production processes and service, and d) socialization. The independent variable is the quality system.

In order to explain the results of this case study, the findings will be set according to each of the mentioned dependent variables.

#### *The decision-making process.*

Decision-making in hotels is centralized in the strategic apex, however if the organization wishes to guide the production activities of service toward quality, it is necessary to delegate certain decisions to the operational staff. These decisions are selected from a pre-determined set of alternatives, in order for the organization to maintain greater control. Simon (1988) refers to decision-making personnel operating in organizations; he argues that the administrative processes are decision-making processes, which consist of identifying and separating certain elements in common decisions frequently made by staff members of the organization. These administrative processes establish regular procedures and communicate them to staffs who take part in those processes. The options available are made known to employees in such a way that they can respond with efficiency in any situation. However; this range of possibilities is already formulated by the strategic apex. Alternatives chosen by the employees are chosen under the perception that they are actually making decisions, but in fact the alternatives have been formulated at the administration level with no information regarding the employees' own criteria. Simon appoints that this way of delegating decision-making sets decision-making limits for the employees.

When employees make decisions over the production processes of the service, they make decisions for ordinary situations according to the instructions received, or the standards established in the organization for such cases. For example, when a problem arises, the employee must go to his immediate superior to resolve it. In an unusual situation, (let's say if the boss is absent that day) then expert knowledge is used in an informal way.

According to Mintzberg, (1979 Moreno, 2001) decision making processes involve developing high quality information. This will address things that can be done, tasks that need to be done; tasks intended to be done, authorized alternatives and their implementation. Even though the employees are not financially remunerated according to their performance, if the organization has succeeded in human resources appropriate the culture of quality, they will make satisfactory decisions for organization purposes. Contrary to this, when the employee is not identified with the culture of quality of the organization, is not familiar with the idea of achievement and objectives of the organization or does not have sufficient information, then that employee prefers not to be a decision-maker. This is because if the decision he makes is quite correct, it passes unnoticed. However, if it was a bad decision he will be punished according to the severity of the result of any bad decision. Responsibilities and obligations of workers, as well as sanctions, are written into the rules of organizational procedures.

*Employees involvement and commitment to achieve organization's quality objectives.*

Employees work in the framework of policies and standards set by the organization, while understanding the sense of authority, their space for individual and equipment freedom. “Participation is the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility”(Davis, 1999:246). The involvement is psychological, the person involves ego, the contribution relates to giving employees sufficient authority which allows them to release their initiative and creativity. It’s quite different from obtaining their consent, because a person who consents doesn’t contribute, but merely follows the rules in an automatic manner. Participation is more than just obtaining consent to something that it has already been decided. Participation increases motivation, and when individuals feel part of an organization they want to see it successful. When an employee is involved in achieving the organization’s goals and their self-esteem and job satisfaction rises, conflicts and tensions are reduced, staff turnover and absenteeism decreases. When employees feel that they are in the right place, it is also becomes a source of power, because it is not necessary to wait for promotions in order to make significant contributions. The commitment or loyalty of employees is measured by the extent to which they are attached psychologically with the organization and want to continue participating actively in it. It is reflected in their attendance and punctuality to work, seniority in the job and the effort they make to comply with the goals of the company, even exceeding the limits of their duties. If an employee is dissatisfied in the workplace, he does not accept commitments and seeks opportunities to make a physical withdrawal (unauthorized absences, early departures, failure to comply with standards, laziness, etc.) When

quality is understood, workers develop their creativity and initiative each and every time, because even though there are standard procedures and phraseology to follow, the worker can change the procedures, giving the consumers the freedom to make the request in their own way. Speed doesn't always ensure quality. For example, when hotel reservation clerks are forced to limit their telephone conversations with potential guests to a certain number of minutes, it is not possible for them to give the best perception of the hotel services.

*Employees efficiency in production processes and service.*

The clarity in organization objectives about quality management will be reflected in efficient production processes of service. The process, activity or basic task suggests a transformation of inputs into outputs, providing value to the activities that take place in that transformation. The production process is a sequence of elementary processes with multiple relations oriented towards the customer.

The orientation of the processes towards the customer must be transferred to the set of the organizational policies, to programs for continuous improvement and innovation. The formalization and standardization of processes and products provide specifications usually documented in manuals about how activities or processes run, in which flexibility is the right balance to achieve efficiency. The hotels studied have manuals, but they do not respond to the current realities of the organizations, so their obsolescence and innovations in the productive process produce chaos in the roles of workers. The behavior assumed by workers is merely to meet the specifications and instructions of the work. Even when the hotel holds quality certifications, due to carrying out standards in certain processes, efficiency is not achieved in all cases.

One of the factors that impede efficiency is the employee's resistance to change, especially when no one takes into account his work experience in the design of trials. Change is not always welcome; it represents fear of the unknown, in most cases caused by misinformation, and it is also about threats to job security, because the changes are accompanied by sanctions. Workers are subjected to organizational dynamics through various mechanisms controlling them directly and indirectly, as the organizational hierarchy demands rules, procedures and incentives that are perceived as out of proportion to the contributions requested. When the trust placed in them meets their expectations to feel part of the organization beyond hierarchies, procedures and wages, a better work environment is created. In addition, the opportunity to interact with co-workers is another factor to achieve efficiency and provide quality services. When staff of the organization share common values, such as their tastes, preferences and interests, an organizational climate is established in which the exchange of knowledge and experience flows naturally.

Another factor to consider is turnover; one of the quality policies in these organizations is that they prefer to hire inexperienced young staff. Rather than hire people who come with bad habits, these hotels prefer to train the new recruits themselves. This practice is more common in the departments that have face to face contact with the customer. However, as the average tenure in these type of positions is one year, this has an obvious impact on the quality of service.

### *Socialization.*

Social relationships arise through associative primary mechanisms (standards, status, role) and joining with psychological elements; Individuals are looking for a relationship that will help their individual

Reciprocity is an indispensable component in this type of relationship, and the parties involved will establish mutual obligations through status, means, and similar aims. The organization is not an entity isolated from its context, the culture of the society in which it works affect it internally and externally; Culture provides individuals with cultural norms which enable them to live their lives according to the predictability of these norms. Culture defines the critical relationship which underpins and perpetuates society. The rules may vary from one area to another, but the role of culture remains constant. The norms define the nature of social and labor relations; the definition source lies in the system of ideas and values of each culture. The rules not only defines what a person should do, while limiting the interaction content, they also create in the individual a sense of obligation, a sense that he must act in a special way or manner.

When the standards established in the organization change their employees' usual way of doing things, this will cause discomfort, but generally operatives will attempt to carry out them, especially if there is supervision. However, if the organization fails to involve the employees in a meaningful way, then those employees will subsequently return to their old way of doing things.

If the organization has succeeded in consolidating an organizational culture, and members of the groups are identified with it, then the socialization in formal working groups is characterized by partnership, cooperation and flexibility. The working environment is pleasant and it also affects social relations of the same groups outside the organization.

In contrast, rigid organizations seeking to achieve certain standards of quality are characterized by lack of empathy among members of the working group, and the focus becomes the conflict among them. For example; in an organization which recognizes the individualized work, rather than the work of the group as a whole, workers guard their knowledge with zeal. They are not willing to share that knowledge with co-workers. Competitiveness among employees is fostered by certain ill conceived strategies by the management, which inhibits sharing. This is

particularly noticeable when an employee is given monetary incentives to stand out from colleagues. This emphasis on the individual gives those workers the power to obtain benefits and advantages, which can be monetary gain or favouritism from the boss.

### **Conclusions**

It was noted that the selected establishments are creating organizational manuals after 15 years of operation, and they have each formed a project group to develop the manuals. However, technologies have been incorporated for efficient service production processes without first having analyzed their actual situation.

Regarding quality management, as Del Castillo writes (1996) “on many occasions the goals and objectives of an organization are put in the background as long it can survive or grow,” referring to the process in which companies set aside the objectives and goals of an organizational culture characterized by their own values, in order to participate in a larger market.

The values that should be institutionalized to inculcate a culture are reduced by organizational dynamics in which the companies are involved in an effort to appear legitimate in the external environment.

Therefore, these hotels cannot affirm that quality management has focused on customer expectations when they are only aiming to satisfy evaluation criteria imposed from outside the company. Workers are only too well aware of this situation, as they make a show of following the new rules. They need to appear compliant, while in fact they go about their routines in their own way.

Two types of groups of workers were identified in this research; Formal and informal, this classification distinguishes formal working groups such as those human resources that are involved in the same work processes, which share space and resources. Informal working groups are those found within the same space sharing ideas, tastes, preferences and interests, which lead them to establish links and social relations beyond the limits of space on the organization.

It was identified that employees with greater seniority within the organization are the ones who have the know-how, enabling them to offer a satisfactory service to customers. This is in spite of not having manuals, being blocked from promotion and even being resistant to change.

Workers who come face to face with clients are the newly hired employees in the organization and those are the ones with the highest turnover. This high turnover rate negatively impacts on quality services.

The motivation of employees is related to their aspirations for better living conditions and working conditions. In terms of their private life, it is expected that the organization will provide a wage that allows them to live with certain comforts, and while working, to enjoy the same benefits as the rest of the staff regarding promotions, incentives, and pay raises.

Workers who do not identify with the efficiency goals and company quality tend to perform mechanically at work, because they are suddenly plunged into a series of standards, policies that are far from their daily life, their values, and their know-how. They may follow the established standards but never fully integrate them into the organization. There is no consolidation of a culture of quality.

Workers, in which there is a clear definition of the organization's goals and prevailing values, always act in the same direction towards achieving targets, even if there are factors that suppress their better performance . These factors may be outdated manuals, outdated programs, and low wages, among others.

It was found that the practices carried out by hotels rigidly attached to rules as a means to obtain satisfactory external evaluations, profoundly affect the employees' behaviour, both in their work and social relations.

Social relationships among employees who work under direct supervision is difficult. For example, changing work shifts impede them from sustaining any kind of communication or exchanges enabling them to identify with each other. In addition, their private and family life is subordinated to weekly role shifts established on the basis of the policies of the company. The disruption in family life is not taken into consideration by management.

It was noted that in organizations with confidence in employees' performance, there were greater integration into the organization and more socialization. As a result, there was a sharing of ideas, knowledge and know-how flowing naturally from the most experience staff members. It was noted how employees are involved in and committed to the aims of the organization while making decisions to meet customers' expectations. But above all, most of these workers were motivated to become part of the organization, and to take pride in achieving clearly stated goals.

The staff relationships in terms of functions in the production of services are characterized by decisions taken at the organizational apex, based on strategic monitoring of the options , which are operationalised by employees. Specialization of the worker is important in creating the power to apply those options.

If the objectives of the organization are not clear to the worker, there is little involvement of the latter. Efficiency at work is related to the sense of achievement of each employee but this will not occur if the objectives are not clear. This is clearly illustrated by emotional withdrawal and physical resistance to change to the innovations of the organization. The rigidity of the organization in terms of behavior that they bring to bear in their work areas, and the necessity of providing service twenty four hours a day, prevents socialization among workers.

Finally, while socializing in the workplace, employees make decisions according to the sense that the employees themselves give to quality and this is imbued with the values shared between them.

Decision-making in informal groups offers best results; it relies on camaraderie and cooperation even when people adhere to the existing range of alternatives for the company.

Participation is proportional to the worker's fear of sanctions, he works only if there are no sanctions, but then he is not involved. The incentives of the organization go unnoticed. Contrary to that, the sympathy generated among members of the groups offers a better indicator of performance, as they seek options for making efficient processes based on the knowledge of the other members.

Findings will be valuable to understand how quality management with adherence only to the rules from an external environment affects the treatment of clients and of colleagues. As a result, the attitude of the workers is cold and hostile and, there are only exchanges of information in order to complete work processes.

## References

- Bendor J, Moe T. & Shotts K., (2001) "Recycling the Garbage Can," *American Political Science Review*.
- Del Castillo, Arturo (1996) El nuevo institucionalismo en el análisis organizacional: conceptos y enunciados explicativos. Documento de trabajo Núm. 44 CIDE División de Administración Pública.
- Gamez, Rosalinda (2007) Comunicación y Cultura Organizacional en Empresas Chinas y Japonesas, <http://www.eumed.net/libros/2007a/221/2v.htm>, recuperado el 5 de febrero de 2007.
- Maldonado, Ana (2007) *Implicaciones socio-funcionales de la gestión de la calidad en el sector hotelero a nivel de los grupos de trabajo*. Tesis, Universidad Autónoma Metropolitana Iztapalapa.
- Meyer, John W. Y Brian Rowen (1999) "Organizaciones institucionalizadas: la estructura formal como mito y ceremonia", Powell, Walter W. y Paúl J. DiMaggio (comps.), *El nuevo Institucionalismo en el análisis organizacional*, Fondo de Cultura Económica, México.
- Molina, Sergio (1994) *Modernización de empresas turísticas*. Edit. CIENTUR, México.
- Moreno, María Y Fernando Peris, Tomás González (2001) Gestión de la calidad y diseño de organizaciones. Teoría y estudio de casos, Prentice Hall. México.
- Olsen, Johan (2001) "Garbage cans, new institutionalism, and the study of politics". In *The American Political Science Review*. Vol. 95 no. 1.
- Powell, Walter Y Paul Dimaggio (2001) *El nuevo institucionalismo en el análisis organizacional*. Edit. Fondo de Cultura Económica, México.
- Reeves, Carol, Bednar, David (1994) "Defining Quality". *The Academy of Management Review*, Vol. 19, No. 3 special issue: "total quality" (Jul, 1994), 419-445
- Velarde, Mónica (2003) Modo de organización y estrategias de calidad en los servicios. El caso de una organización hotelera. Tesis, Universidad Autónoma Metropolitana Iztapalapa.
- Zucker, Lynne (1982) "Institutional theories of organization", *Annual review of sociology*, Vol 13, 443-464



Piotr Masiukiewicz<sup>1</sup>

Institute of Value Management, Warsaw School of Economics

## Cultural and Religious Factors Versus Success in Business

**Abstract:** Cultural and religious factors do have some connection with results achieved in business; it is particularly well visible on the financial market. The paper presented possibilities of researching connections between cultural and religious factors and success in business, based on selected measures. Analysis covers three areas: top managers' incomes, effectiveness measured by return on capital, risk appetite of financial institutions with international capital and international board of managers. Indicators of correlations and comparison of measures used for analysis confirm inter-relationships of cultural and religious factors and success in business.

**Key words:** cultural factors, foreign equity, risk, success in business

### Introduction

When it comes to research on how cultural and religious factors impact doing business and achieving financial success, quantitative methods seem to be underrepresented. However, available literature indicates to some kind of connection between these two areas. Globalization facilitates dynamic development of mixed ownership corporations that hire employees of various origins. It also allows rapid innovation and know-how sharing as well as exchange of experiences between international managerial staff; that in turn is not without impact on profits and market success of the company.

From the top-managers' point of view the success of their company is their personal success. Hence, could the cultural-religious background of chairmen and board members be linked with their success? Is the international management board more effective? Is it more successful? How does the national willingness to take risks influence financial performance and crisis resilience?

---

<sup>1</sup> piotr.masiukiewcz@wp.pl

The aim of this paper is to demonstrate that connections between cultural-religious factors and success in business can be researched by means of selected measures.

Success in business can be understood - in narrow sense – as the income of top managerial staff or companies' owners, or – in wider perspective – as company's effectiveness and high level of its financial indicators - which translate into individual success of top managers.

Research methods used in this paper include analysis of domestic and international literature, desk research and comparative analysis of chosen indexes.

### **1. Success measures in business**

Correct selection of the enterprise success evaluation criteria is a debatable problem and certain limitations in research and statistical data availability sometimes hinder the application of the assorted set of these criteria. Linking the cultural factors with economic performance of the enterprise can be very difficult.<sup>2</sup>

As P. Drucker points out in his papers, quite commonly the main long-term goal of the enterprise is to survive on the market. In the situation of crisis some companies would take up a fight at all cost, including the fight for state aid (bailout). G.J Stigler, considered the pioneer of regulatory economics, devoted some attention to this issue. He formulated a thesis, that in research one should apply the survivor principle; defining the group of enterprises that are the most successful on the market in longer perspective.<sup>3</sup> According to R. R. Gesteland there are two rules of thumb in international business, i.e.:

1/ it is expected from the supplier of services to comply with the client and from the seller to comply with the buyer,

2/ it is expected from the newcomer to obey local customs.<sup>4</sup>

Analyses published in Harvard Business Review indicate to the role of the foreign activity of the companies (including export) as a success factor.<sup>5</sup>

The author specifies these criteria of company's success: return on equity and assets, income level of the board members or the entrepreneur, the level of debt, the level of innovation, strategic approach to business and foreign activity, crisis resilience, risk level (capital adequacy ratio in credit institutions), market confidence index.<sup>6</sup>

<sup>1</sup> Hens T., Wang M. Does Finance Have a Cultural Dimension? National Centre of Competence in Research Financial Valuation and Risk Management, Working Paper, no 377/2007

<sup>3</sup> Jasiński L. J. Nobel z ekonomii, Wydawnictwo Key Text, Warszawa, 2008, p. 94

<sup>4</sup> Gesteland R. R. Różnice kulturowe a zachowania w biznesie, PWN, Warszawa, 2000, p. 16

<sup>5</sup> Stangierski P., Przybylik M., Sieczek M., Kamyk K. Niski poziom internacjonalizacji polskich firm, Harvard Business Review PL, grudzień 2013 - styczeń 2014

<sup>6</sup> Dec P. Masiukiewicz P. Measures of Success in Small and Medium-Sized Business in Poland, Kwartalnik Nauk o Przedsiębiorstwie, no 1/2014

Whereas the quantitative measures of cultural diversity of the enterprise may include: foreign capital participation, foreign representation on the company's management board, national risk appetite indicators IDV [individualism index] and UAI [uncertainty avoidance index], percentage of international clients, number of foreign outposts etc. The IDV index represents the level of individualism (versus collectivism) in action; the highest index applies to countries (nationalities) with the highest level of individualism. The UAI index defines levels of uncertainty avoidance; the lower the index, the lower the avoidance. Both indexes were developed by G. Hofstede.<sup>7</sup>

A broad issue of companies' crisis resilience requires a research model and surveys conducted within companies, that actually survived a crisis situation – that would enable researches to define the connection between the crisis resilience and the cultural and religious factors.<sup>8</sup>

## 2. Religion and success in business

The theory of religion influencing the ethics of doing business and the success in business has both its supporters and critics.

According to a classic theory of M.Weber it's the evangelical church members, who are most predestined to develop business and achieve financial success. However in the 20<sup>th</sup> century the success on Wall Street belonged to Jewish businessmen and in the 80s and 90s to Asian tigers – countries with prevailing Hinduism. But that period was also a time of dynamic development of new economies and finances - namely Islamic finances. Unconventional Islamic banking became a stable element of global economy and the assets belonging to these institutions exceeded \$ 2 trillion.<sup>9</sup>

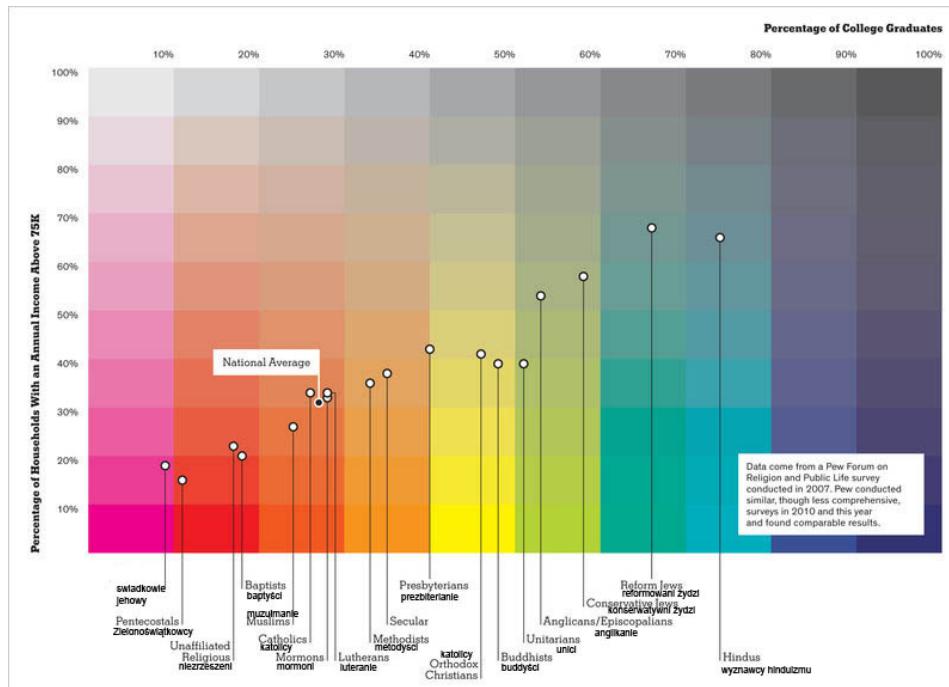
---

<sup>7</sup> Kurkliński L. Znaczenie kultury narodowej w zarządzaniu ryzykiem kredytowym w polskim systemie bankowym, w: Zarządzanie ryzykiem – reakcje i wyzwania pokryzysowe, red. L. Kurkliński, Wydawnictwo BIK, Warszawa, 2011, p. 77

<sup>8</sup> Huczek M. Organizational culture and culture crisis, Zeszyty Naukowe Wyższej Szkoły Humanitas. Zarządzanie, no 2/2014 and Masiukiewicz P. Resistance of Islamic Banking to Crises, in: Considerations about the Economy, ed. D. Niedziółka, Warsaw School of Economics Press, Warsaw, 2015

<sup>9</sup> Górk-Sosnowska K., Masiukiewicz P., Bankowość muzułmańska, Oficyna Wydawnicza SGH, Warszawa, 2013 and Masiukiewicz P. Development of Islamic Banking. Multicultural Aspects, Journal of Intercultural Management, no 6(3)/2014

**Graph 1. Success in business based on achieved income and religious beliefs**



Source: Leonhardt D. Is Your Religion Your Financial Destiny? [www.nytimes.com/2011/is-your-religion-your-financial-destiny.html](http://www.nytimes.com/2011/is-your-religion-your-financial-destiny.html), access 10.12.2013

Unique survey carried out for The New York Times revealed that in 2011 the most successful in business were Reform Judaism followers and Hindus.<sup>10</sup>

The most affluent of major religions — including secularism — is Reform Judaism. Sixty-seven percent of Reform Jewish households made more than \$75,000 a year at the time the Pew Forum on Religion and Public Life collected the data, compared with only 31 percent of the population as a whole. Hindus were second, at 65 percent, and Conservative Jews were third, at 57 percent (graph 1).

On the other end are Pentecostals, Jehovah's Witnesses and Baptists. In each case, 20 percent or fewer of followers made at least \$75,000. Remarkably, the share of Baptist households making \$40,000 or less is roughly the same as the share of Reform Jews making \$100,000 or more. Overall, Protestants, who together are the country's largest religious group, are poorer than average and poorer than Catholics. That stands in contrast to the long history, made famous by Max Weber, of Protestant nations generally being richer than Catholic nations.□

<sup>10</sup> Leonhardt D. Is Your Religion Your Financial Destiny? [www.nytimes.com/2011/is-your-religion-your-financial-destiny.html](http://www.nytimes.com/2011/is-your-religion-your-financial-destiny.html), access 10.12.2013

Many factors are behind the discrepancies among religions, but one stands out. The relationship between education and income is so strong that you can almost draw a line through the points on the graph no 1. Social science rarely produces results this clean.

### **3. Internationalisation and success in banks**

#### *3.1. Activity duration*

Polish financial market makes a good model for observation of how international business entities function on the market. More than 2/3 of banking sector belongs to foreign capital. Foreign capital appeared in banks after 1990 (after the economic reform introduced by L. Balcerowicz) through privatization processes and purchasing of bankrupting Polish banks.

In the whole activity period on Polish market none of the foreign banks went for bankruptcy, while a range of Polish banks have been bankrupt. (table 1). During the international subprime mortgage crisis banks operating in Poland were crisis resilient; some of the foreign banks were even providing liquidity support to their owner banks. Therefore one can assume high survival rate of foreign banks on Polish market.

Surviving of a financial institution on the market depends on consumers' confidence.

**Table. 1. Banks bankruptcy in Poland in the years 1990-2014**

No.	Type of bank based on equity origin	Duration/numer of bankruptcies	
		1990-2001	2002-2014
1	Commercial banks with Polish capital	6	0
2	Cooperative banks with Polish capital	132	0
3	Commercial banks with foreign capital	0	0

**Source:** author's own source based on: Masiukiewicz P. *Zarządzanie sanacją banku*, Oficyna Wydawnicza SGH, Warszawa, 2011, p. 115

Building mutual trust within international teams can be particularly difficult; research shows that there are significant gaps between individual countries. According to S.C Schneider and J.L. Barsoux the statement that "most people can be trusted" was considered true by 70 % respondents from Scandinavia, 50 % respondents from China, USA and Canada and only 20% respondents from Romania, Turkey and Brazil.<sup>11</sup>

For many years consumer trust index on Polish banking market has been fairly high (over 70 %). Clients place their confidence in both Polish banks and banks with foreign capital.

<sup>11</sup> Schneider S.C., Barsoux J.L., *Managing Across Cultures*, Prentice Hall, Harlow 2003, p. 15

### 3.2. Top managers' remunerations

Members of management boards in foreign banks have been financially successful, their remunerations were highest in Poland. In 2012 surveys on remunerations of 115 top managers from 15 banks (including banks with Polish capital) listed at the Warsaw Stock Exchange were conducted. The report analyzed remunerations of 86 members of management boards, who worked all through the year 2012.<sup>12</sup>

In 2012 remunerations of banks' top managers were comparable to the remunerations in the previous year. In 2012 the median of remunerations of all managers amounted to PLN 1.58 m. Persons who were members of management board all through the year 2012 were getting PLN 1.68 m (table 2).

**Table 2. Remunerations of management boards members in banks in Poland in 2012**

Specification (in thousands of PLN)	Managers' numer	Lower quartile	Median	Upper quartile
1. Total number of surveyed managers	115	962.0	1 579.9	1 992.8
2. Number of surveyed managers who worked all through the year 2012	86	1 178.0	1 676.5	2 162.0

**Source:** author's own source based on: *Wynagrodzenia członków zarządów banków notowanych na GPW w 2012 roku*, Raport, Sedlak & Sedlak, Warszawa, 2014

Among top managers in banks staff turnover was high. Among 115 surveyed subjects, who served on management boards in the year 2012 more 25 % did not work throughout the year (table 3).

Among managers serving on the board throughout the year 2012 the highest remuneration was paid to presidents of management boards. The median of their annual salary amounted for PLN 2.55 m. The median of vice presidents' remuneration came up to PLN 1.43 m while salaries of board members came up to PLN 1,6 m (6% decrease). There are some gaps in remunerations of Polish and foreign board members.

<sup>12</sup> *Wynagrodzenia członków zarządów banków notowanych na GPW w 2012 roku*, Raport, Sedlak & Sedlak, Warszawa, 2014

**Table 3. Selected positions in the salary rating of boards of managers' members in banks in Poland in 2012**

No. in ranking	Name of member of management board	Name of bank	Function	Worked for the whole year or not	Salary/year PLN
1	Misbah Ur-Rahman-Shah	Bank Handlowy (own USA)	Vicepresident	Yes	5 866 000
2	Wieslaw Thor	BRE Bank (own Germany)	Vicepresident	Yes	4 622 201
100	Przemyslaw Lech Figarski	Bank Ochrony Środowiska (own Poland)	Vicepresident	Not	789 000
101	Bohdan Tillack	Nordea Bank Polska (own Sweden)	Vicepresident	Yes	712 800
102	Grzegorz Sloka	Getin Noble Bank (own Poland)	Member of manag. board	Not	689 000

**Source:** author's own source based on: *Wynagrodzenia członków zarządu banków notowanych na GPW w 2012 roku*, Raport, Sedlak & Sedlak, Warszawa, 2014

### 3.3. Internationalization of the boards and the capital return

Intercultural knowledge management (knowledge on cultural differences), which impacts international activity of enterprises and its usefulness for individual enterprises depend on their internationalization level.<sup>13</sup> Intercultural knowledge is obviously of key meaning and it's indispensable within global companies and international consortiums, including exporters.<sup>14</sup> However in case of local firms cooperating with foreign partners it's meaning is not so crucial. The subject of relations between culture and knowledge management processes appears in literature<sup>6</sup>, but this approach does not concern (among others) the concept of intercultural knowledge management.<sup>15</sup> Internationalization of the board of managers in the company helps to solve this problem.

**Table 4. Banks with international management boards in Poland and their ROE index in the year 2014**

Lp.	Bank's name	The number of management board members	Foreign management board members – in %	ROE index

<sup>13</sup> Cieślik A., Multinational Enterprises, Foreign Knowledge and Host Country Wages, Equilibrium. Quarterly Journal of Economics and Economic Policy, vol. 7, issue 1/2012

<sup>14</sup> Mironiński J. Zarządzanie wiedzą międzykulturową, E-mentor no 3/2010

<sup>15</sup> Chaney L.H., Martin J. S., International Business Communication, Pearson Prentice Hall, Upper Sadle River, New Jersey 2007.

Foreign banks with international management board				
1	Alior Bank	5	0.0	12.4
2	Bank	10	40.0	14.4
3	Zachodni WBK	6	50.0	11.5
4	Bank Pekao (Group	7	28.6	14.6
5	Unicredit)	9	44.4	10.2
6	Citi	9	0.0	7.1
7	Handlowy Bank	5	40.0	24.5
8	Citigroup)	7	28.6	11.1
9	Credit Agricole	7	28.6	13.1
10	Deutsche	7	42.9	11.8
11	Bank Polska			
12	Eurobank	8	37.5	6.5
13	(Grupa ING)	7	0.0	5.2
14	Societe Generale)	7	14.3	20.9
	ING Bank Śląski	3	33.3	10.0
	mBank			
	Millennium Bank (Group BCP)			
	BNP Paribas			
	Bank Polska			
	Raiffeisen			
	Polbank			
	Santander			
	Bank Polska <sup>1</sup>			
	Volkswagen			
	Bank Polska			
x	Average ROE index for the analysed group of banks	x	x	11.6
The biggest Polish banks				

1	PKO Bank	7	0	12.4
2	Polski Bank	5	0	4.5
3	Ochrony Środowiska	7	0	7.1
4	Getin Noble Bank	4	0	10,5
x	Average ROE for analyzed banks	x	x	8,6
x	Correlation index of Pearson (ROE and foreign management board members – in %)	x	x	0,357479

**Notes:** <sup>1</sup>Data for 2013.

**Source:** author's own source based on banks' information contained in annual reports and Krześniak-Sajewicz M. *Banki odbiją sobie niskie stopy podwyżkami opłat*, Rzeczpospolita, 16.04.2015

Proper managing of intercultural knowledge within a company helps – besides using the effects of intercultural diversity – to minimize potentially negative effects of these differences. For instance about 20 % of managers working outside their own countries go through a deep culture shock, and – what's even worse - get frustrated because of difficulties in understanding both verbal and non-verbal communication between members of local culture, their customs and values.<sup>16</sup>

A synthetic measure of the company's success is a return on equity index (ROE) and its comparison in the peer group. ROE index was slightly higher in the group of researched banks with foreign capital than in Polish banks. Researched foreign banks (except for three) had international boards of managers.

Coefficient of correlation of foreign board members percentage and the ROE index level points to a low correlation of both coefficients, while absolute average ROE in banks with foreign member boards was much higher: it amounted to 11.6 % (Table 4).

---

<sup>16</sup> Trompenaars F., Hampden-Turner Ch., Zarządzanie personelem w organizacjach zróżnicowanych kulturowo, Oficyna Ekonomiczna, Kraków 2005, p. 257

### *3.4. Risk level in banking industry and nationality*

Hens and Wang have formulated four main factors that shape managers' approach towards risk; i.e. the way of choosing a reference point, attitude towards risk in the context of loses and gains, risk aversion level and the method of estimating risk probability.<sup>17</sup>

National willingness to take risks indexes (by Hofstede) put under comparative analysis with such measures as: percentage of substandard loans in a given bank, size of reserves for the lost loans or capital adequacy ratio (CAR) help to define interdependence of these categories.

Comparison of IDV and UAI indexes as well as CAR for local banks and those with foreign capital (including ones with partially foreign boards – Table 4) shows significant interdependence of willingness to take risks and CAR level in multicultural banks (Table 5).

Average CAR for banks with foreign capital was higher than for Polish banks; it amounted to 14.3%. Correlation coefficients on the level of 0,30762 for IDV and 0.40896 for UAI (reverse dependence) show a rather average strength relation between national risk indexes and the achieved capital adequacy ratios in banks in individual countries.

Similar research conducted by L. Kurkliński in 2010 has shown a low correlation of IDV with the percentage of lost loans in the group of 10 biggest banks with foreign and Polish capital in Poland.<sup>18</sup>

**Table 5. Capital adequacy ratios and willingness to take risks by the country of origin of capital**

No.	Bank's name	Index IDV	Index UAI	Capital adequacy ratio
Banks with foreign capital				

<sup>17</sup> Hens T., Wang M. Does Finance Have a Cultural Dimension? National Centre of Competence in Research Financial Valuation and Risk Management, Working Paper, no

<sup>18</sup> Kurkliński L. Znaczenie kultury narodowej w zarządzaniu ryzykiem kredytowym w polskim systemie bankowym, in: Zarządzanie ryzykiem – reakcje i wyzwania pokryzysowe, ed. L. Kurkliński, Wydawnictwo BIK, Warszawa, 2011

1	Alior Bank (Italy)	76	75	12.8
2	Bank Zachodni WBK (Spain)	51 76	86 75	12.9 17.3
4	Bank Pekao (Italy)	91	46	17.5
5	Citi handlowy Bank (USA)	71	86	13.7
6	Credit Agricole (France)	67	65	14.0
7	Deutsche Bank Polska (Germany)	71 80	86 53	14.2 14.2
9	Eurobank (France)	67	65	14.7
10	ING Bank Śląski (Netherlands)	27	104	15.2
11	mBank (Germany)	71	86	12.9
12	Millennium Bank (Portugal)	55	70	12.9
13	BNP Paribas Bank Polska (France)	51	86	14.4
14	Raiffeisen Polbank (Austria) Santander Bank Polska (Spain)	67	65	14.1
	Volkswagen Bank Polska (Germany)			
<b>Banks with Polish capital</b>				
1	PKO BP	60	93	12.9
2	Bank Ochrony Środowiska	60	93	14.0
3	Getin Noble Bank	60	93	13.1
4	Bank Pocztowy	60	93	13,4
x	Pearson correlation coefficient with regard to capital adequacy ratio	0.30762	(-) 0.40896	X

**Source:** own study based on Krześniak-Sajewicz M. *Banki odbiją sobie niskie stopy podwyżekami opłat*, Rzeczpospolita, 16.04.2015 oraz <http://www.geert-hofstede.com>, cyt. za: Kurkliński L. *Znaczenie kultury narodowej w zarządzaniu ryzykiem kredytowym w polskim systemie bankowym*, w: Zarządzanie ryzykiem – reakcje i wyzwania pokryzysowe, ed. L. Kurkliński, Wydawnictwo BIK, Warszawa, 2011

## Conclusion

Cultural and religious factors have some connection with success achieved in business; it is particularly visible on the financial market. It can be researched by comparative analysis of financial indicators and correlation coefficients defining national features.

Broad access of foreign capital to financial institutions in Poland triggered dynamic development of the financial market and transferring of managerial knowledge and knowhow from developed countries. It also provided strong financial basis, which in turn resulted in good financial indicators, crisis resilience

and positive results of European stress-tests in recent years. At the same time social trust indicators were high for both foreign and local banks in Poland. Top managers in foreign banks have also been financially successful – they have been the best paid group in Poland.

Analysis of current capital adequacy ratios in banks with foreign capital as well as national indicators of willingness to take risks showed medium level of correlation.

Conducting periodic research on cultural and religious factors' influence on economic results of companies and their success in doing business appears to be possible and reasonable; it would make a significant platform for the assessment of the effects of business internationalization and adapting to global market conditions.

## References

- Chaney L.H., Martin J. S., *International Business Communication*, Pearson Prentice Hall, Upper Sadle River, New Jersey, 2007
- Cieślik A., *Multinational Enterprises, Foreign Knowledge and Host Country Wages*, Equilibrium. Quarterly Journal of Economics and Economic Policy, vol. 7, issue 1/2012
- Dec P. Masiukiewicz P. *Measures of Success in Small and Medium-Sized Business in Poland*, Kwartalnik Nauk o Przedsiębiorstwie, no 1/2014
- Długopolska – Mikonowicz A., Ota T. *Efektywna współpraca w zespołach międzynarodowych*, [www.wsb.pl/sites/efektywna\\_wspolpraca\\_w\\_zespolach\\_miedzykulturowych](http://www.wsb.pl/sites/efektywna_wspolpraca_w_zespolach_miedzykulturowych) , access 15.04.15
- Gesteland R. R. *Różnice kulturowe a zachowania w biznesie*, PWN, Warszawa, 2000
- Gilles H., Hui K. *Does Religion Matter in Corporate Decision Making in America?* Journal of Financial Economics, no 93/2009
- Górak-Sosnowska K., Masiukiewicz P., *Bankowość muzułmańska*, Oficyna Wydawnicza SGH, Warszawa, 2013
- Hens T., Wang M. *Does Finance Have a Cultural Dimension?* National Centre of Competence in Research Financial Valuation and Risk Management, Working Paper, no 377/2007
- Huczek M. *Organizational culture and culture crisis*, Zeszyty Naukowe Wyższej Szkoły Humanitatis. Zarządzanie, no 2/2014
- Jasiński L. J. *Nobel z ekonomii*, Wydawnictwo Key Text, Warszawa, 2008
- Krzesiński-Sajewicz M. *Banki odbiją sobie niskie stopy podwyższkami opłat*, Rzeczpospolita, 16.04.2015
- Kurkliński L. *Znaczenie kultury narodowej w zarządzaniu ryzykiem kredytowym w polskim systemie bankowym*, in: Zarządzanie ryzykiem – reakcje i wyzwania pokryzysowe, (ed.) L. Kurkliński, Wydawnictwo BIK, Warszawa, 2011
- Leonhardt D. *Is Your Religion Your Financial Destiny?* [www.nytimes.com/2011/is-your-religion-your-financial-destiny.html](http://www.nytimes.com/2011/is-your-religion-your-financial-destiny.html), access 10.12.2013
- Masiukiewicz P. *Zarządzanie sanacją banku*, Oficyna Wydawnicza SGH, Warszawa, 2011

Masiukiewicz P. *Development of Islamic Banking. Multicultural Aspects*, Journal of Intercultural Management, no 2(3)/2014

Masiukiewicz P. *Resistance of Islamic Banking to Crises*, in: Considerations about the Economy, ed. D. Niedziółka, Warsaw School of Economics Press, Warsaw, 2015

Mironiński J. *Zarządzanie wiedzą międzykulturową*, E-mentor no 3/2010

Schneider S.C., Barsoux J.L., *Managing Across Cultures*, Prentice Hall, Harlow, 2003

Stangierski P., Przybylik M., Sieczek M., Kamyk K. *Niski poziom internacjonalizacji polskich firm*, Harvard Business Review Pl, grudzień 2013 - styczeń 2014

Trompenaars F., Hampden-Turner Ch., *Zarządzanie personelem w organizacjach zróżnicowanych kulturowo*, Oficyna Ekonomiczna, Kraków, 2005

*Wynagrodzenia członków zarządów banków notowanych na GPW w 2012 roku*, Raport, Sedlak & Sedlak, Warszawa, 2014



Witold Mikulowski<sup>1</sup>

## Cultural Dimension and Specificity of Public Governance

### 1. Subject and purpose of the paper<sup>2</sup>

More than 50 years ago, at the beginning of development of newly independent postcolonial states in Africa, the concepts of modern, efficient and participative public administration was already promoted by UN and bilateral cooperation in the field of public administration development in these countries. Later on, at the beginning of nineties, the new concept of “public governance” appeared first in the context of development strategies for so called “developing countries”, and later on also for the post-communist “countries on transition”.

The concept of “public governance” is putting accent on more interactive and participative mode of exercise of government functions, calling it “good -” and/or “democratic governance”<sup>3</sup>.

Progressively it became fashionable, commonly used and discussed on international level in different scientific milieus. The papers on this issue, presented during international conferences were showing the efforts to develop national public administration systems conform to the standards of an universal model of modern, good and democratic governance. At the beginning of 90<sup>th</sup>, this concept

<sup>1</sup> Dr Witold Mikulowski is IIAS Vice-President for Eastern Europe and Vice-President of (Polish) Association for Public Administration Education (SEAP), wituka1@gmail.com.

<sup>2</sup> This paper presents a new version of the papers consecrated to this issue presented in 2014 and discussed during the NISPAcee annual conference in Budapest and during IIAS Annual Congress in Ifrane (Marocco);

<sup>3</sup> Logically, when we are using the term “good governance” we supposed also that this governance is not always necessarily good. Supposing also that a governance system (or function) in a particular country is participative and interactive, we are excluding the possibility that, despite being participative and interactive, it can remain, or became, inefficient and ineffective.

has started to be promoted also in post-communist countries on transition from “socialist democracy” to western type liberal democracy.

This relatively new concept<sup>4</sup> is based on the fundamental ideas and basic standards of well-developed democratic societies, their systems of values and corresponding attitudes and behaviours, as well as on cultural codes of their interpretation. From this time, anything which, in a country concerned, is not corresponding to these standards, is generally considered as a consequence of underdevelopment of its political and/or public administration systems. In certain countries and in some extent it can be true, but in many others it seems less evident.

Proposing this subject I was inspired by my own experience of international expert in the field of administrative reform. Working for more than 50 years in this field in different developing and transitional countries in Africa, Central and Eastern Europe, Central and South Asia, I have witnessed how cultural factors were, more or less strongly, but always significantly affecting governance relations and their outcomes. I am convinced that by its nature this subject is essentially interdisciplinary and requires participation and contributions of practitioners as well as researchers, specialists of social, economic and human sciences interested by this complex phenomenon.

In following developments I am discussing first the concept of public governance and its understanding in different disciplines. I am presenting next my reflexions on the role of cultural values in development of any public governance system in the context of criteria permitting to consider this governance as good. We should analyse this question referring to the examples of organization and functioning of concrete government systems in different particular countries, taking into account both their historical development and their present internal and external constraints. I am concentrating my attention mainly on the specific problems of present Polish governance system and on the perspectives of its farther development, trying to take into account the larger context of post-communist heritage of former soviet block countries.

## **2. The role of cultural values in development of good public governance systems**

To identify and to recommend what need to be changed in view to make a public governance system in a concrete country more democratic and conform to modern good governance standards, can be consider relatively simple. However, to recommend how to do it and to conceive and implement a good strategy permitting to obtain expected or, at least satisfactory results, proved to be much more difficult. It is particularly difficult to find the way how to make this system not only more democratic, but also make it more efficient in ensuring a satisfactory level

<sup>4</sup> The concept of “governance” was initially used in the field of management of big private companies.

of living standards of its population and capable to ensure its further sustainable development. It requires to define a good strategy of change, to formulate and adopt corresponding policies, programs and action plans for their implementation and to evaluate and mobilise necessary resources. It requires also a careful analyses and interpretation of different important and interdependent factors, explaining the nature and origins of weaknesses, failures and pathologies of present public governance system. These difficulties should be overcome if we want to ensure an improvement and further development, not only of its democratic character but also of its efficiency.

In the majority of developing as well as post-communist countries, despite the declarations of good will and apparent involvement of the governments concerned, despite also a big external financial support and technical assistance from abroad, the results obtained in this domain up to now, were often deceiving. We should conclude, that the problem lies not in formal acceptance of this set of basic values, considered as fundamental for our community of modern and democratic nations and their formal introduction in a country legal framework. It concerns more the understanding and interpretation of these general concepts, when applied in a concrete society, in a particular political and socio-economic situation and in the specific context of cultural values shared by the different actors of governance system which are influencing their way of thinking and behaviour.

The question is how these values affect and determine their interactions and attitudes in decision making and policy implementation processes. It seems obvious that, from this point of view, the situation is varying in different countries and depends of several factors of which, in my opinion, the most important are :

1. historical evolution of the country political identity and autonomy,
2. the level of its social and economic development,
3. its physical environment and natural resources, their international environment and
4. last but not least, its social and cultural specificity and complexity.

All this factors are interdependent and determining the priorities, constraints and capacity to conceive and implement a sustainable model of good governance, well adapted to the country needs as well as to its capacity to implement it successfully.

In my opinion, the country cultural specificity, which constitutes one of the most decisive factor of its faculty to have a good governance system, was not, up to now, sufficiently taken into account in our research and reflexion concerning this issue. Meanwhile, in each country, this factor strongly affects the social relations inside of government structures as well as their relations with its national and international environment. It is particularly important in developing and transitional countries, where, despite apparent similarity of common colonial or communist past, the role of this factor in each country is more or less complex and specific. In view to

identify and to explain the role of this factor for public governance in a particular country, we should analyse the origins, specificity and evolution of the role of cultural factors in the governance system relations in each society concerned.

We should also keep in mind, that the culturally determined values have their hierarchical structure. Their hierarchy is changing in different social, economic and political context and is often different for different actors of governance processes. The situation is varying from existence of one strongly dominating culture shared by the majority of actors of the governance system of the country concerned, to a very complex social systems, where many different cultures are coexisting. In such a country these cultures are competing and mixing up at the country level or in its different regions, where they can have more or less strong position. Only knowing this specificity, we can perceive and analyse the influence exerted by this factor on the way of thinking, attitudes, behaviours and decisions making processes of different partners in governance activities and their respective role for their quality.

We should distinguish also different contexts in which this factor can affect behaviour and decisions and their principal actors of this process. The first of them concerns internal activities, interactions and relations between the different actors, inside different structures of governmental system and between their different levels. The second concerns its impact on the relations between public institutions and their stakeholders. It concerns, more particularly, the formal and informal relations between representatives of public authorities from one side and their individual and collective partners in the civil society, from another side. It includes also public authorities relations with private and third sector institutions (traditional authorities, social organisations, political parties, religious communities).

We should not forget also the question of mutual understanding and effective collaboration between national and foreign experts with different cultural background, executing together administrative and governance reforms projects.

The essence of the concept of governance lays in focusing the attention on the functions and processes (object) of governing, as well as on the subjects who are governing, are actively participating in the governance processes or are only governed. In a “democratic governance”, the main accent is put on interaction, active participation and basic equality of all participating partners of governing processes. Therefore the efficiency of this function requires active participation of all actors concerned, shareholders and stakeholders, politicians, civil servants and citizens. A democratic governance is supposed also to be transparent for its shareholders as well as for its stakeholders.

However, the concept of good governance contains also another important dimension, namely its effectiveness and efficiency. We should not forget, that to be consider good, a governance system has to be not only democratic, but also effective and efficient. We should remember also that, in reality, not all democratic

governance systems fulfil well automatically both of these conditions. From one side, we have a lot of examples of relatively democratic governance system, which are not very effective and efficient. For example, it happens often in many of the former “eastern block” countries in Central and Easter Europe. From the other side we have had also in our history, as well as we have presently, several examples of governance systems, which cannot be consider democratic, but are able to ensure economic, social and even cultural development of the country, sometimes even a significant improvement of the level of wellbeing of the majority, or at least a big part of their population. It is the case of certain rich Arab countries of Persian Gulf or, more recently, we are observing a significant and rapid progress in economic and social development of China.

Up to now, papers on this issue, presented during international conferences of International Institute of Administrative Sciences and different other international meetings, were showing efforts to develop national public administration systems conform to the standards of universal model of modern, good and democratic governance. This new mode, to express more democratic approach to traditional functions of government, was based on the ideas and standards of well-developed democratic societies, the systems of their basic values and corresponding attitudes and behaviours, as well as on cultural codes of their interpretation. Using this concept they seem to consider that governance cannot be good if is not democratic. From this point of view, everything which is not corresponding to these standards, is generally considered as a consequence of underdevelopment of political and public administration systems.

In many cases and in some extent it happens to be true. Actually, to identify and to recommend what need to be changed, in view to improve present public governance system, seems relatively easy. But, to define good strategies, to formulate and adopt corresponding policies, programs and action plans for their implementation is much more complicated. It requires a careful analyses and interpretation of different important and interdependent factors explaining the nature and origins of weaknesses, failures and pathologies of present governance system, which should be overcome in view to ensure its improvement and further development. We should also not forget human and financial resources necessary for implementation of the necessary changes, which need to be evaluate and mobilise.

However, to implement these strategies and to obtain expected results, using recommended forms and procedures of good governance, successfully practiced in well-developed western democracies, proved to be difficult. In the majority of countries, despite official declarations of the good will and apparent involvement of governments concerned, despite also a big external financial support and technical assistance from abroad, the results obtained up to now, were often deceiving.

In consequence, we can conclude, that the problem lies not in formal acceptance or rejection of these set of basic values, which were commonly recognised and

consider as fundamental for our community of modern and democratic nations, but in the way we can implement them in practice. Actually, it concerns more the understanding and interpretation of these commonly accepted general concepts, when they are applied in concrete society, in particular political and socio-economic situation and in the context of cultural values shared by the different actors of governance system and influencing their way of thinking and behaviour. The question is how these values affect and determine their interactions and attitudes in decision making and policy implementation processes. It seems obvious that, from this point of view, the situation is varying in different countries and depends of several factors. The most important are :

- historical evolution of their political identity and autonomy,
- level of their social and economic development,
- their international political, social and economic environment,
- their social and cultural specificity and complexity.

Another very important and often neglected factor concerns the hierarchy of social values. Actually, it happens often that the actors directly concerned and sharing the same social values are confronted with the concrete situations where it's necessary to choose, which of these values is more important because they are conflicting if not excluding each other, because it is not possible, as it is expressed in one French expression “to have at the same time the butter and the money for butter”. It happens often, that even in the same general cultural environment, this hierarchy of values can vary in different social milieu and in particular, often culturally determined situation. All this factors are determining the priorities, constraints and capacity to conceive, implement and adapt to permanently changing constraints, a sustainable model of governance, well adapted to the country needs and limits of its capacity to implement it successfully.

In this context, the cultural specificity, which constitutes, in my opinion, one of the most decisive factor of development, was not, up to now, sufficiently taken into account in our research and reflexion concerning different public governance systems. Meanwhile, this factor strongly affects social relations inside of the government structures as well as their relations with their national and international environment. This is particularly important in developing and transitional countries, where, despite apparent similarity of common colonial and/or communist past, the role of this factor is in each country more or less complex and different.

In view to identify and explain the role of cultural factor of public governance in particular country, we should analyse the origins, specificity, evolution and present role of the culture of the society concerned. Doing this, we should keep in mind that cultural values have their hierarchical structure. Their hierarchy is changing in different social, economic and political context and is often different for various actors of governance processes. Their role and importance are varying from the

situation of existence of one strongly dominating culture shared by the majority of actors of the governance system concerned, to a very complex social systems, where many different cultures influencing attitudes and behaviours of the actors of governance processes are coexisting and competing at the country level, or in its different regions where they can play more or less important role<sup>5</sup>. Only on this bases, we can perceive and analyse the influence exerted by this factor on the way of thinking, attitudes, behaviours and decisions making processes of different partners in governance activities.

We should also distinguish, different contexts in which this factor can affect behaviour and decisions of the principal actors of governance activities. The first one concerns internal activities, relations and interactions in different structures of governmental system and more particularly in politico-administrative relations. The second concerns its impact on the relations between public institutions and their stakeholders and especially, formal and informal relations between representatives of public authorities from one side and their individual “clients” from another side. It concerns also the relations of public authorities with their shareholders (private and third sector institutions like traditional authorities, social organisations, political parties, religious communities).

We should not forget also the question of mutual understanding and effective collaboration between national and foreign experts with different cultural background, conceiving and implementing together administrative and governance reforms projects.

In my opinion, the main questions, which need to be discussed are :

1. should we have one, universal model and common criteria of “good governance” fitting to every country world-wide?
2. can we have a democratic government without a voluntary, active and effective involvement of main actors supposed to participate in governance processes?
3. do we consider that a “good governance” has to be also “democratic” because the concept of “democracy” is universal and based on the same criteria for every country and society in the world independently of the stage and/profile of their social, economic and cultural development ?
4. do we consider that only a democratic model of governance of western, well developed countries can be really efficient, or we consider that in some circumstances and more particularly in the context of weak development of the civil society concerned, certain form of less democratic or even non democratic governance

---

<sup>5</sup> We have had a best example of this phenomenon during the last presidential elections. Looking on the map of the vote we can see an evident division of Poland into two parts, eastern half of the country, less developed, more rural and traditionalist, was voting for a conservative rightist candidate of present opposition and the western, more modern, more industrialised and less traditionalist and culturally diversified part of the country, for central wright candidate identified with governing coalition.

systems can be, for the time being more efficient ?

1. are we convinced, that such un universal model of good and democratic governance can ensure also its efficiency for a sustainable development and wellbeing of population in every country and at every stage of its social, economic and cultural development?
2. are we all really sharing, not only the same basic common values of “good governance” and their understanding , but also the same hierarchy of their importance, firstly with our reference models from well-developed democratic countries and secondly with all internal social and cultural components of our respective societies?
3. what we are doing, or how we are behaving in the situations of conflicts between different criteria of good and democratic governance and we have to choose, which one is more important and taken into account first in our everyday practice or in our strategic planning?
4. and, last but not least, do we consider also that the development of good governance requires a particular model of government, which should be necessarily democratic to be able to ensure an efficient governance?

### **3. The origins and development of the concept of good and democratic governance**

From the very beginning of political transition in post-communist countries (starting in Poland already about 25 years ago in 1989), we are using more and more often in our political and academic discourse, the term of “governance” or “good governance”<sup>6</sup>. Our inspiration to use this concept came from divers sources, but mainly through the EU official documents, experience of foreign and international technical cooperation and various types of scientific relations with western, well developed countries (exchange programs, expertise, and international conferences like, among others, NISPacee, EGPA and IIAS).

This relatively new concept constitutes in fact a kind of a next step in evolution of ideas relating the search for more active involvement of the civil society in the policy making and policy implementation processes. As the first step to the development of this concept we can consider beginning of 70-ties, when the notion of “consultative administration”<sup>7</sup> was largely discussed. The second step of this evolution was development of citizens “participation”<sup>8</sup> in public administration.

---

<sup>6</sup> In our countries we have till now some difficulties and controversies how to translate the term “governance” in our language. In Poland it is often confused with the concept of “public management” (cf. for ex.

<sup>7</sup> Cf. “La consultation dans l’administration contemporaine”, Ouvrage collectif publie sous la direction de Georges Langrod, Ed. Cujas Paris, 1972, 971 p.

<sup>8</sup> Cf. Chevalier J. Loschak D : «Science administrative, V.I Theorie generale de l’institution administrative », Ed. L.G.D.J. Paris 1978 p. 362-366,

The term of “democratic governance” as such appeared finally, in the beginning of nineties. In fact, this concept was formulated and promoted as a new approach to development policy in so called “developing countries” during the conference in Nairobi in 1995. I was personally involved then in one of the first application of this new approach to administrative reform as Chief Technical Advisor of UN OPS project “Program for capacity reinforcement of the Civil Service management” in Cameroun, renamed at this occasion as “Governance and Administrative Reform Program”. In the post-communist countries, this concept was imported from well-developed democratic countries of western world, where it was built on the set of their common values and cultural codes of their interpretation, as well as on corresponding standards of attitudes and behaviours of “governance” process participants. Everything, which in our political, social, economic context and, last but not least, cultural environment, was not corresponding to these officially recognised and shared standards, was generally consider as pathology and/or sign of our institutional underdevelopment.

In certain cases and in some extent, it was true.

However, these distortions require a careful analyses, interpretation of concrete facts and explanation of their origins and social, political and economic consequences.

It is also obvious, that the general standards of “good governance” cannot be simply implemented by political declarations and adoption of legal acts. After all, very often, we have had them already in our “socialist” constitutions, but unfortunately, these nice legal principles were in practice not implemented, guaranteed and really protected. Actually, the question is not about acceptance or rejection of these set of basic common values, which we all consider and share as fundamental for our community of modern, democratic nations. It concerns rather the hierarchy of their importance, interpretation and modalities of their implementation and forms of protection in concrete situations. This hierarchy should be established, taking into account cultural, social and political constraints, as well as the specificity of their perception and the degree of their understanding and acceptance in the societies concerned.

We need also take into account the degree of internal social, economic and cultural specificity and diversity of each country. In fact, these values and hierarchy of their importance can be perceived differently even in different part of the same country and/or in its different social milieus. It seems particularly important, when we are confronted with the necessity to prioritise and choose, which one of these values is more important and/or urgent in concrete situation and, more particularly, in the case of their potential or real conflict. It concerns most often the competition for allocation of the financial resources for different types of activities in the central and local budgets.

Therefore, adopting certain solutions, inspired by the examples taken from our external partners, and implementing them in our particular context, we need to take into account possible difficulties and consequences of their implementation in our specific social, economic, political and, last but not least, cultural context. We should also take into consideration, that different concrete solutions imported through different channels, from different western democracies and through different forms of scientific and technical cooperation, are often not coherent to each other, because each country has its own history and constraints of institutional and legal development of their governance model.

Actually, we need also take into consideration, that despite the fact, that all our West European partners are declaring to share basic common standards of western style democratic governance system, their institutional and legal framework of implementation are generally not the same or often even not very similar. In fact, the world of western democracies is composed of different legal cultures and traditions of institutional development of their governance systems (British Common Law and continental European Public Law systems). Each of them has its long historical development, based on a specific evolution of their political systems in different social, economic and geographic constraints and specific set and hierarchy of their cultural values. Each of them is facing also different problems and constraints of their further development. Therefore, the ideas and concrete solutions, brought from their particular context, through different channels of international and bilateral scientific exchanges and technical cooperation, does not necessarily fit well, or are not possible to implement effectively, as such, in our particular social, economic and cultural context<sup>9</sup>.

There are in fact, at least, three factors, which were, and in some extent still are, influencing the development of our governance systems after the fall of the Soviet Block.

1. The first one concerns the consequences, for governance systems of our different countries, of their own historical heritage and development of their political system before, during and after the fall of communist regimes.
2. The second one, concerns specific social and economic constraints, like type and degree of development of their economy, their ethnic composition and social structures, level of education, urban development, infrastructures etc.... .
3. The third one, which more particularly interests us here, is their cultural identity, specificity and diversity, which are strongly related to the degree of internal homogeneity or heterogeneity of each of ours societies.

<sup>9</sup> The phenomenon of copying solutions from other, more developed countries, by newly independent postcolonial states and its inadequacy to their specific context, was well known and described already many years ago under the name of “mimetism” (cf. Langrod G. : “Genese et conséquences du mimétisme administratif en Afrique” (in:) Revue Internationale des Sciences Administratives, Brussels 1973, p. 119-132;

All these factors were not, up to now, sufficiently taken into account in our research and discussions concerning our struggle for democratic and efficient governance model. All of them are strongly interrelated and can be more or less complex in different countries of our geographical zone. They are influencing and modifying each other during the country historical development and were subject of external influences of their dominating neighbours.

The problem I propose to study and to discuss here is the nature, role and importance of cultural factor for the development of each of our different countries' governance system, taking into account their strongly interrelated mix of political and cultural heritage and social and economic specificity. It should be analysed first taking into account different stages of evolution of their governance system, which, despite apparent similarity of common communist past, were in each country very different.

Actually, we should distinguish at least four dimension of the role of cultural factor.

The first one concerns its role in the functioning of political system of the country and its institutional framework, and more particularly, in government relations with its political environment in the process of determination of legal acts and policy documents, their application, follow up and evaluation.

At this level we should analyse the role of cultural context for the stability, continuity and coherence of the policy making and evaluation processes. Here the important question concerns the rationality, coherence and efficiency of adopted general legal framework (Constitution and main legislative acts) taking into account particular cultural constraints influencing the way of thinking, decision making process and attitudes of main actors of this system.

The second one concerns its influence through :

- largely understood international cooperation in the field of administrative reform processes, including collaboration of national and foreign experts of technical cooperation programs and projects,
- our participation in international research projects, study tours and scientific staff exchange programs;
- our membership and active participation in international organisations activities and more particularly in the framework of EU institutions.

The question here is about reception, transfers and coherence of different foreign "ready to use" concepts, models and even concrete, practical, but mainly legal solutions, without sufficient understanding and necessary adaptation to specific national context. This problem is particularly important when, from one side, the nationals don't know and/or understand well enough, the cultural context of the solutions they are transferring in their national context and, from other side, foreign expert don't know and understand well enough the specificity of cultural

context and other constraints of beneficiary country (of which, generally, they don't understand even language and cannot read original legal documents).

The third aspect concerns cultural dimension of politico-administrative relations within public administration system itself and, more precisely between political appointees and professional, theoretically politically neutral, administrative level of decision making.

The last, but very important dimension, concerns the role played by cultural factor in the relations between public administration and its social and economic clients and stakeholders, which can vary in different part of the country and in different social milieu. In this last case, this factor plays a crucial role for public administration efficiency and on the level of what Fukuyama calls its "transaction costs"<sup>10</sup>, which are generated mainly by the mutual suspicion pushing one side to multiply precautions and unnecessary controls, delaying decision making process and from another side, suspicions concerning administrative decisions objectivity and honesty, which push to contest the decisions at different administrative and judicial levels, delaying their implementation and creating additional costs.

Generally speaking, specific historical development of governance systems should be considered mainly as a heritage composed of both positive and negative factors forming our way of thinking, attitudes and behaviours determining the relations between government and civil society. The negative factors should be considered as set of constraints to be taken into consideration, overcome and progressively eliminated and positive factors should be promoted and developed.

The cultural identity and specificity can be analysed and should be considered also as an important advantage, but under the condition, that the good governance is understood in its essence and not necessarily in the same forms of expression and an identic or similar legal framework, in which it is practiced in western democracies<sup>11</sup>.

The second question is how to identify certain practices and institutional settings of particular well developed European country, which are considered good and corresponding to democratic standards of western type democracies, but in the same time could be dysfunctional and not work correctly in post-communist countries. It wasn't easy choice and adopted solutions turned out to be not necessarily well adopted and fitting to particular country context.

In my presentation, I am concentrating my attention mainly on some aspects of cultural dimension in Polish governance system, which I consider have been

<sup>10</sup> Cf. Fukuyama F. (1995). Trust: Social Virtues and the Creation of Prosperity and (2001). Social capital, civil society, and development. Third World Quarterly, 22(1): p. 7-20.

<sup>11</sup> We should also remain here that also well-developed western type democratic governance system are not ideal in their respect of commonly shared standards and, from this point of view, each countries has its stronger and weaker points depending of their own traditions and specific constraints.

playing important roles in formation of its present characteristics. In following developments I am trying to combine the diachronic and synchronic approach<sup>12</sup> presenting two examples of their application.

The first one concerns the role of Polish electoral system and the second one the development of Polish Civil Service. In the following development I am trying to present first historical roots and the evolution of Polish governance system from the time of Second Republic, built after the 1<sup>st</sup> world war, through “socialist” Poland after the world war II and its evolution during Third Republic created after the fall of communism.

After that , I am presenting the example of the influence of concepts and experiences of different models of civil service coming presently through different channels and processes of European integration and international organizations as well as through different forms of bilateral technical and scientific cooperation with well-developed democratic countries of western world.

#### **4. Historical origins of Polish governance system and their consequences for development of present governance system and of its cultural dimension**

##### *4.1. Short history of Polish governance system*

In Poland we have had first, a long history of 8 centuries of development of a big, independent, multi-ethnic and multicultural state, with mainly rural economy and commercial exchange based on the export of agricultural products, followed by more than hundred years<sup>13</sup> of division and absorption by three different powerful neighbouring empires (Russian, Austro-Hungarian and Prussian).

Each of them have had a different culture, different model of governance and different policy towards integrated Polish territory. But, during last hundred year of this period, former Polish territories have had also more or less dynamic industrial and urban development in different part of our country ruled by different foreign authorities.

After the first World War, Poland has recovered its autonomy over a big part of its former territory and was successfully building a new modern independent and democratic state. But, after only less than 21 years, Poland has lost its independence once again, and was occupied during more than 5 years by 2 hostile and dictatorial superpowers - fascist Germany and communist Soviet Union. During this period

<sup>12</sup> The concept of diachronic and synchronic approaches were proposed by Jacques Chevalier and Daniele Loschak in their excellent „Introduction à la Science Administrative „ (ed. Dalloz 1974) ;

<sup>13</sup> More precisely from 1795 to 1918 Polish Kingdom was divided into 3 parts respectively, dominated and finally absorbed by the Russian, Prussian and Austrian empires (with short interval for rom 1805-18012 for reduced territory of Warsaw Principality during Napoleonic period).

Polish capital city Warsaw was completely destroyed, country economy was ruined and has lost a big part of its elites killed, deported or fled abroad. However, Poland was able to build, under the occupation, an underground independent system of governance, trying to develop and maintain clandestine basic structures of our pre-war administrative system placed under the authority of the internationally recognised Polish government abroad (in London).

After the end of the 2ed World War Poland has formally recovered its independence, but in completely new frontiers and with imposed communist model of the state, with authorities rejecting any continuity with precedent model and with, in fact, strongly limited sovereignty as a communist block member. Poland has lost more than half of our pre-war territory from its eastern side, occupied already at the beginning of the war and integrated formally into Soviet Union in 1944. To compensate these loses, at the end of the war, Poland has received a new territories, on the west and north-east side, at the expense of another new socialist country East Germany. This modifications of frontiers has deeply changed ethnic, social, cultural and economic structures of the country. Poland has lost most of its ethnic and cultural minorities (Ukrainians, Lithuanians, Bielorussians, Jews and Germans). Most of Polish, biggest in Europe Jews population was killed by Germans and a big part of Polish population living in the part of the country lost on behalf of Soviet Union, was removed to the new Polish frontiers, including new western territories, completely emptied, by force, of their German natives and with most of industrial infrastructures destroyed during the war or deported to the Soviet Union. It has created in this new Polish “Far-West” a cultural melting pot composed of deracinated settlers (including number of Ukrainians removed from South-East part of our post war territory), building a quiet new society. We need to add to this picture another important factor changing social and cultural identity of post-war Poland, which was a very big loss of Polish elites, partly killed during the war, partly intentionally killed by Germans and Soviets, partly voluntarily did not return from Western Europe after the war, partly left Poland later, fleeing communist persecution.

Moreover, our social and economic structures were completely modified due to nationalisation of private enterprises, properties and bigger land ownership. Fortunately the efforts of total collectivisation of our peasants and nationalisation of our craftsmen was not completely achieved and finally failed. Nevertheless, all these events, have profoundly changed political and economic, as well as social and cultural composition of post war Polish society and its relations with imposed by force communist government. It has developed a particular, pathological type of mentality and behaviour inside of politico-administrative system, as well as in the civil society itself and its relations with the authorities, which up to now remain in subconscious of Polish mentality and continue to influence strongly the

relationships with public authorities. Actually, for a big part of Polish population, public authorities are always considered as foreign enemy, despite the fact that they were elected through free, democratic and transparent elections.

From the other side, despite the fact that, in principle, Poland has really started to build again a new independent and western type democratic state only 24 years ago (in our new post-war frontiers), the processes of new institutional building, modernisation and even democratisation of Polish governance system, has started much earlier. Actually, the road from Stalinist model of communist government system to the western style democracy, started progressively already after the death of Stalin in 1955. The “defreeze” following the events of October 1956 has opened Poland to the western world and to the internal debates concerning a more democratic governance system. In 1968 this process was interrupted by political crises partly related to internal conflict and struggle for power within governing communist party, which has ended with forced emigration of important number of Polish elites, mainly those with Jewish roots. The next important stage of this process followed the social and political crises of 1981, which once again pushed an important part of our elites for forced or voluntary emigration. Despite the persecutions of political opposition immediately after these events, the new political authorities have permitted however a progressive development and introduction of important institutional reforms, which have prepared the ground for Polish bloodless revolution of 1989 and introduction of liberal-democratic model of governance in the country.

#### *4.2. Cultural dimension of Polish electoral system*

Following this radical, but smoothly conducted political change, we started once again to build our new institutions looking for the reference models in well-developed West European countries, hesitating often which one will fit better for Poland. This was, for instance, the case of electoral system in Poland, which is presently based on proportional model. This model is working correctly in many western democracies but in Poland (and probably in other post-communist countries) is certainly not, because is biased by the pathological practices of elections inherited from the former one party system. Actually in Poland, even if citizens have a choice between different parties, once they choose one list, they have to select just one name, out of the number of candidates on the list and, in this way, they are electing automatically others, even if they don't know them or not like them. In a particular post-communist context, this electoral system is unavoidably conducting to the “partitocracy” instead of real democracy, because victorious party or coalition behave seemingly like governing parties under communist rules, with strong tendency to change radically the policy conducted by their predecessors including changes in recently adopted legal framework.

#### *4.3. Institutional development of Polish Civil Service and its different reference models*

The development of new model of Polish Civil Service presents a typical example of search for foreign inspiration in the process of creation of new democratic institution after the fall of communist regime. After a long 7 years of search and hesitations, it took first the inspiration from the French Civil Service model, neglecting its own tradition of the Civil Service model of the Second Polish Republic, despite the fact that this model proved to be very efficient before the war and during the war (under the occupation) and was finally abolished only in 1974.

The first explanation, why Poland didn't return to its proper tradition, when this possibility existed after the fall of communist system was, that the civil service regulations, were abolished and replaced by general Labour Code prepared with the technical assistance of ILO experts. In consequence, the field of public employment became occupied by the lobby of Labour Law specialists who didn't know and understand the basic concepts and importance of the Civil Service based on a Public Law approach. The Public Law specialists at that time, were not involved and they didn't want or couldn't defend the own Polish tradition in this field.

The second reason was, that the basic foundations and legal framework of a Civil Service Law has been, in fact already created and implemented before the end of communist rule in 1982. However this legislation was tainted of two important faults. The first one was psychological: this quasi Civil Service was introduced by the military regime of general Jaruzelski, just after the crackdown against democratic protests of 1981. The second one has had more political justification. Actually the new, post-communist authorities, wanted to clean up the administration from the supposedly communist cadres in view to have free hands to hire the new and more politically correct ones. Therefore, they decided to keep existing legislation in this field for a time necessary to prepare a new and more democratic one, but cutting out all its guarantees protecting civil servants against arbitrary firing.

Finally, the first law establishing a new civil service system, strongly influenced by the French Civil Service model but its application was restricted only to the governmental administration, was adopted 7 years after the fall of communist regime in 1996. However, very rapidly, not even two years later, in 1998 a quiet new Civil Service Law was adopted by the newly elected government based on opposition parties. It was founded on quite different approach inspired rather by the German model of Civil Service system. This new legal framework was deeply modified, once again two times by new governments, first time in 2006 then second time in 2008.

Paradoxically, none of these laws was referring to our own Polish model of Civil Service Law of 1922. Paradoxically, it was the law of 82, adopted well before the end of communist regime, which was much closer to its original Polish model

and , from certain points of view, was more democratic and progressive than the new poste-communist legislations. It has for instance introduced important participatory elements in civil service management, which has disappeared from post-communist legislations.

Finally, presently standing civil service regulations, concerning both its legal status and institutional framework of its management, are far to be considered as perfect and well adapted to present Civil Service situation and need to be revised once again as soon as possible.

## 5. Final conclusions

The main purpose of this paper was to propose a new field of research in view to explore the issues of cultural dimension of public governance system and of the role of culture for its present functioning and future development. I am giving here only two examples of this very complicated issue, which certainly requires much more deep analyses of preferably an interdisciplinary team, composed of sociologists, psycho-sociologists, anthropologist as well as specialists of political science, policy studies, public management and administrative science.

However this interdisciplinary collaboration requires first a common understanding of the terms and concepts used to describe the phenomenon, which they were studying and analysing up to now separately, starting with the notion of public governance itself. Actually, this fashionable concept without giving its definition and is often understood differently by the representatives of different disciplines and often confused with the notions of government, public management and public policy.

## Bibliography (selection)

- Harrison L.E. & Huntington S.P. (ed.) : Culture matters. How Values Shape Human Progress. (Basic Books USA, 2000, Ed. Zysk & S-ka Poznan 2003 (Polish translation).
- Inglis Ch. : Multiculturalisme : New Policy Responses to Diversity, Management of Social Transformations, UNESCO Policy Papers 4, 1996.
- Kiezun W. : Management in Socialists Countries. URSS and Central Europe, Walter de Gruyter, Berlin – New York, 1991.
- Sharing Best Practices in Introducing and Teaching Ethics Principles to Public Administration Employees. Research Report. National School of Public Administration (KSAP), Warsaw - Poland, Berlin School of Economics and Law (RFA – Berlin) General Directorate of Public Administration and Employment – INA (Portugal), Pub. KSAP, 2013 (in Polish).
- Manning N. McCourt W. (red.) : La strategie de gestion du secteur public de la Banque Mondiale , Revue Internationale des Sciences Administratives (Numero special) Vol. 79 nr. 3 Septembre 2013.

Zybala A. (red.) : Between Ideas, Interests and Institutions. Public Policy in practice – Science of “Overcoming Difficulties” (in Polish, English Summary) *Zoon Politikon* 2013 (4), Warsaw.

Mikulowski-Pomorski J.: Intercultural Communication. Introduction (in Polish). Ed. Academy of Economy, Cracow 1999.

Katarzyna Stankiewicz

Wydział Zarządzania i Ekonomii, Politechnika Gdańsk

Paweł Ziemiański<sup>1</sup>

Wydział Zarządzania i Ekonomii, Politechnika Gdańsk

## To Work or Not to Work... in a Multicultural Team?

**Abstract:** The main goal of the article is to present research findings regarding student's attitude to working in a multicultural team (MCT). Research participants of different cultural background completed the research survey. Their willingness to work in MCT was measured together with factors that influence it. These include factors related to both team members and the task structure.

Research findings indicate that the respondents preferred to work in MCT if the task required diversity of cognitive perspectives, e.g. in a situation requiring creative or out-of-the-box thinking. In contrast, the strongest preference for working in a single-culture team (SCT) was present in the case of tasks requiring mutual understanding among the team members and like-mindedness. In addition, it was found that the preference to work in SCT or MCT entrusted with a task with specific requirements was also related to the experience in working in such teams declared by the respondents.

Conclusions and recommendations may be utilized to design methods for managerial education and training.

### Introduction

The right approach to managing diversity, including cultural diversity, should be based not only on its acceptance but on using it fully [Shen J. et al. 2009, pp. 235–251] in order to increase the efficiency and quality of work of teams and organizations

---

<sup>1</sup> pzi@zie.pg.gda.pl

[Kellough J.E. and Naff K.C., 2004, pp.62-90]. This approach seems particularly timely now. Globalization understood as a multidimensional process of integration of the world means that work and cooperation in diverse cultural conditions are of fundamental significance for the activities of any organization. Cross-cultural competence, the ability to introduce flexible changes in one's knowledge, attitudes and behaviour as a consequence of openness to cultural differences and the ability to work with others in spite of the identification of these differences [Pillay S. and James R., 2013, pp. 8-9] is cited as one of the ten most important and necessary employee skills in the near future [Davies A., Fidler D. and Gorbis M., 2011, p.9].

This paper refers to the broader issue of education of future managers and entrepreneurs with a view to work in multicultural teams (MCT). The aim of the present study was to investigate whether the preferences of students to work in MCT or single-culture team (SCT) depend on the requirements of the task the team is entrusted with. In addition, it is verified whether such preferences are related to one's past experience in teamwork.

### **Diverse teams and their effectiveness**

Creation of teams is based on the assumption that they work more efficiently, faster and better than individuals [Church, A.H., 1998, p.45; Katzenbach J.R. and Smith D.K., 2001, p.21; Unsworth K.L. and West M.A., 2003, pp.360-361]. This advantage stems from the possibility of using different cognitive perspectives of their members. An individual can possess superior knowledge, an extraordinary level of skill and a lot of experience, but the proper use of the potential of all members of the team complements and expands its resources above the level available to any person [Katzenbach J.R. and Smith D.K., 2001, pp.55-59; Roberge M.E. and Dick R. 2010, pp.295-308]. It can be concluded that diversity is an inherent and fundamental feature of influencing the functioning and efficiency of teams. Of course, diversity of individuals belonging to a team is not related exclusively to knowledge, skills or experience. Mannix and Neale [2005, p.36] present six categories of such diversity. These are: social category differences (i.a. race, ethnicity, gender, age), differences in knowledge or skills (i.a. education, knowledge, experience), differences in values or beliefs (i.a. cultural background), personality differences (i.a. cognitive style, motivational factors), differences related to organizational status (i.a. length-of-service) and differences in social and network ties. Bell and Berry [2007, p.21] define diversity as "real or perceived differences among people with regards to race, ethnicity, sex, religion, age, physical and mental ability, sexual orientation, work and family status or weight and appearance that affect their interactions and relationships." In turn, Shore et al. [2009, p.117] mention only six major areas of differences which affect the work of organization and teams: race, gender, age, disability, sexual orientation and national origin.

Exploring issues related to the work of MCT understood as “a collection of individuals with different cultural backgrounds, who are interdependent in their task, who share responsibility for outcomes, who see themselves and are seen by others as an intact social entity embedded in one or more larger social systems, and who manage their relationships across organization boundaries and beyond” [Tirmizi, S.A., 2008, p.5] seems to be not only interesting but also desirable. In addition to the aforementioned reasons related to globalization, an important factor is the fact that cultural differences can be a source of very strong and rapid categorizations of an antagonist nature (We – They), resulting from the use of stereotypes and prejudices based on simplified cognitive schema [Boski P., 2010, pp. 492–495; Stahl G.K. et al. 2010, pp.439–447].

The results of research indicate that the diversity of the team is conducive to faster and better work [Lawthom, R., 2003, pp. 424–425], innovative and creative solutions [Roberge M.E. and Dick R. 2010, pp.295–308], increased flexibility and ability to adapt to different situations and cooperation [Shen J. et al., 2009, pp. 235–251] and thus to a greater sense of job satisfaction [Pitts, D., 2009, pp. 328–338]. Diversity is therefore a factor that, if used properly, can become a source of competitive advantage of a team or an organization. On the other hand, the same diversity may give rise to difficulties in communication within the team and affect the reduced identification and cohesion of its members, which in turn increases the number of stressful situations and conflicts that reduce opportunities for cooperation and adversely affect efficiency [Unsworth K.L. and West M.A., 2003, p. 366; Woehr D.J., Arciniega L.M. and Poling, T.L., 2013, p.109].

Research focused on the effectiveness of the work of MCT largely confirms the findings of the research of the teams varying in terms of other features. Among the main benefits of multicultural teams' work, the ability to use different cognitive perspectives, resources, information and past experience in tasks requiring creative, innovative, out-of-the-box thinking which extends beyond the previous ways of solving problems, is particularly emphasized [Tadmor, C.T. et al. 2012, pp. 384–392; Crotty S.K. and Brett J.M., 2012, pp.210–234; Knippenberg D., Ginkel W.P. and Homan A.C, 2013, pp.183–193]. Additionally, the possibility of reducing the tendency towards groupthink with a simultaneous increase in learning opportunities is pointed out [Stahl G.K. et al. 2010, pp. 439–447]. What is more, the findings indicate a strong sense of job satisfaction in teams of this kind [Tirmizi S.A., 2008, p.3, Stahl G.K. et al. 2010, pp.439–447]. It is clearly emphasized, however, that the sources of advantages generate also the greatest threats to MCT, which leads to “process” type losses. These losses are due to inappropriate and ineffective communication and the presence of different patterns of behaviour that lead to interpersonal tensions, conflicts and intergroup biases [Spencer-Rodgers J. and McGovern T., 2002, pp. 609–631; Knippenberg D. et al., 2013, pp.183–193]. In this context, attention is

drawn both to the type of task [Nouri R. et al., 2013] and to the team members' experience in working in MCT or the duration of work in a given, specific group, contributing to mutual understanding [Cheng Ch.Y. et al., 2012, pp.389–411; Popov V. et al., 2012, pp.302-317]. However, one of the factors having a significant impact on the efficiency of an intercultural team are attitudes and beliefs sometimes referred to as diversity mindset [Knippenberg D. et al. 2013, pp.183-193]. Especially important in relation to MCT operating within an organization is the fact that such attitudes can be shaped not only by individual experiences, but also in education and professional training [Spencer-Rodgers J. and McGovern T., 2002, pp. 609-631; Cushner K., 2008, pp.164-173; Boski P., 2010, pp.566-610]. It is noted that individual (also professional) contacts with representatives of different cultures are not sufficient to make lasting changes in attitudes and beliefs. In contrast, frequent opportunities for cooperation on common tasks during an extended period (about 6–10 months) bring positive results [Williams Ch.T. and Johnson L.R., 2011, pp. 41-48; Behrnd V. and Porzelt S., 2012, pp. 213-223; Krawczyk – Brylka B. and Stankiewicz K., 2014, pp.19-30].

The group of individuals having such experiences includes students who have the opportunity to meet and cooperate within teams of people from different cultures. Their beliefs related to cross-cultural teams and the development of such attitudes during their studies can strongly influence their decisions and behaviour in the workplace. Therefore, it seems desirable to conduct research on this group's preferences related to work in SCT and MCT and the determinants of these preferences, which include the requirements of a task entrusted to a team. In order to verify this issue and check how the experience of working in SCT and MCT is related to preferences regarding work in any of these types of teams, a study described below was conducted.

### **Present research**

The aim of the study was:

- to examine the preferences related to work in MCT vs. SCT among students preparing to work in the roles of managers and entrepreneurs in today's globalized labour market;
- to investigate whether preferences for working in MCT vs. SCT depend on the requirements of the task entrusted to the team;
- to verify whether such preferences are related to one's past experience in teamwork, including MCT and SCT.

Obtaining answers to research questions would allow for a preliminary assessment of the attitudes of the students surveyed, followed by selection of appropriate methods and means used in the course of further education.

The questionnaire survey covered 87 (51 women, 36 men) full-time students of International Management at the Faculty of Management and Economics of

Gdańsk University of Technology. It is a programme during which both Polish and foreign students cooperate in intercultural teams on projects implemented according to the curriculum. The survey was conducted in May 2015 — at the end of a year of common classes. Table 1 shows the number of research participants according to their country of origin. The numbers of individuals coming from different countries are too small to make comparisons between countries. It is also not a purpose of the present study. The authors decided to place emphasis on the perception of the different aspects of teamwork by young people who have chosen to study among people from different cultures. The experiences and opinions of those individuals on the effectiveness of MCT may indeed prove crucial for their decisions on cooperation in teams in professional life.

**Table 1 Number of research participants according to their country of origin**

Country of origin	Poland	France	Spain	China	Italy	Finland	Germany	Russia	Ukraine	Total
Number of the study participants	64	8	4	4	3	1	1	1	1	87

Source: own work.

### *The method and research results*

In order to obtain answers to the first and second research question regarding preferences to work in SCT or MCT depending on the requirements of the task, the subjects were asked to answer the following question: “Imagine a situation in which you can choose to work either in a single-culture or a multicultural team. Which of those (single-culture or multicultural team) would provide greater possibility of success in face of each of the task requirements stated in the table below.” The rest of the question consisted of a list of 19 requirements associated with a task based on previous literature review. These requirements were related to e.g. cognitive and informational diversity, flexibility, cooperation and commitment to the work of the team, as well as trust and atmosphere within the team. The respondents answered using a five-point Likert scale where 1 meant “I strongly agree that a single-culture team would provide higher chances of success, 2 „I agree that a single-culture team would provide higher chances of success”, 3 “Neither a single or a multicultural team would provide higher chances of success”, 4 “I agree that a multicultural team would provide higher chances of success”, 5 “I strongly agree that a multicultural team would provide higher chances of success”.

The responses received were analysed statistically using the t-Student test for one group verifying the hypothesis of the presence vs. absence of responses indicating preferences related to working in one of the types of teams. Obtaining a mean of 3 for a given task requirement meant no preferences for working in SCT or MCT. Obtaining a mean of more than 3 indicated preference for MCT, while less than 3 indicated preference for teams consisting of members of one culture. The results obtained for the individual task requirements are presented in Table 2.

**Table 2 t-Student test results showing the differences between the statements of the subjects and the tested value of 3 as a measure of their preference to work in SCT or MCT depending on the requirements of the job.**

Task requirement	The average of responses	t-Student	Significance level	Preferences to work in a team
Creativity	4.45	15.404	0.01	MCT
Out of the box thinking	4.34	13.254	0.01	MCT
Resourcefulness	3.81	7.139	0.01	MCT
Risk taking	3.76	6.148	0.01	MCT
Commitment	3.37	3.855	0.01	MCT
Team climate	3.29	2.489	0.05	MCT
Cooperation	3.24	2.253	0.05	MCT
Ability to anticipate the future course of actions	3.23	1.995	0.05	MCT
Coping with stress	3.20	1.676	ns	-
Persistence	3.16	1.579	ns	-
Flexibility	3.14	1.179	ns	-
Efficiency	3.14	1.097	ns	-
Assertiveness	3.08	.634	ns	-
Self-confidence	2.90	.853	ns	-
Assuming responsibility by team members	2.79	-1.884	ns	-
Quick decision making	2.33	-5.244	0.01	SCT
Trust	2.20	-6.517	0.01	SCT
Like-mindedness	2.16	-7.661	0.01	SCT
Mutual understanding among team members	1.98	-8.147	0.01	SCT

Source: own work.

The analysis of the results revealed that the surveyed students prefer to work in MCT most if the task requirements relate to creativity (4,45), out-of-the-box thinking (4,34) and resourcefulness (3,81), i.e. when the requirements are related to availing of cognitive and informational diversity of the team members. This type of diversification may also include task requirements related to the ability to anticipate the future course of action. It should be noted however, that the preference for

working in MCT in the latter case is weaker, but still statistically significant. A clear preference for working in MCT is also present if the task requires risk-taking (3.76) and commitment (3.37). The relatively weakest, but still statistically significant preference for working in MCT occurs when a task requires team climate (3.29) and cooperation (3.29). It is worth noting that these preferences relate to cognitive and informational diversity and are consistent with conclusions of research presented in the literature. The results related to the weak but statistically significant preference for working in MCT when the task requires not only cooperation but also team climate also seem quite interesting. Most literature reports indicate such tasks as challenging for this type of teams. The interpretation of the results obtained for this particular group of respondents can be influenced by its experience acquired during several months of attending the same classes.

Preferences to work in SCT are strongest when a task requires mutual understanding among team members (1.98) and like-mindedness (2.16). Clear preference for working in this type of team is also present when the task requires trust (2.2) and quick decision-making (2.33). The results seem to be logical and indirectly confirm the earlier answers regarding preference for working in SCT and MCT. It should be noted that the literature highlights both the advantages and the risks arising from the cognitive diversity characteristic for MCT. So if the task requires mutual understanding and like-mindedness, SCT appear to be more effective as unanimity stimulates the sense of trust and increases the chances for a quick decision.

In the light of previous findings lack of preference to work in SCT or MCT in a situation where the task requires e.g. flexibility is rather surprising. It seems that this requirement could be fulfilled while working in a MCT. It is worth noting, however, that the absence of preferences to work in SCT or MCT in the results obtained may mean that the task with such requirements is, in the opinion of the respondents, carried out equally effectively by each of these teams.

The objective of the next phase of the analysis was to determine whether work experience in SCT or MCT is associated with a preference to choose a particular type of team according to the requirements of the task to be performed. The subjects were asked to identify their level of experience of working in teams of both types in view of the following two statements on a seven-point Likert scale:

- a. Indicate your level of experience in working in a single-culture team using a scale from 1 (no experience at all) to 7 (a lot of experience)
- b. Indicate your level of experience in working in a multicultural team using a scale from 1 (no experience at all) to 7 (a lot of experience)

The statistical analysis of the results showed that the respondents reported a higher level of experience of working in SCT ( $M = 5.76$ ,  $SD = 1.39$ ) than in MCT ( $M = 4.48$ ,  $SD = 1.69$ ). At the same time, it is worth noting that the respondents

reported that their experience of working in MCT is higher than average (the mean score above 4). In addition, it was also verified whether there are differences in the experience in the work in SCT and MCT between the Polish and the foreign students. Table 3 shows the descriptive statistics for each of the analysed groups.

**Table 3. Descriptive statistics for the declared experience in work in SCT and MCT**

	Polish students (n=64)		Foreign students (n=23)	
	Mean	SD	Mean	SD
Experience in working in SCT	5.84	1.56	5.61	1.33
Experience in working in MCT	4.35	1.73	4.78	1.56

Source: own work.

Due to differences in the size of both groups, in order to verify the hypothesis of absence or existence of any differences in the experience of work in SCT and MCT between the Polish and foreign students, the U Mann-Whitney test, a non-parametric alternative for the t-Student test, was used. The test results showed absence of statistically significant differences between the Polish and foreign subjects, both in relation to the experience of working in SCT ( $U = 935, 5; p$  nonsignificant) and MCT ( $U = 622, p$  nonsignificant).

In order to obtain the answer to the question whether work experience in SCT or MCT is associated with a preference for a particular type of team depending on the requirements of the task, a Pearson's correlation analysis was conducted for each of the analysed variables. The results of statistically significant correlations are shown in Table 4. According to the method of construction of the research scale, negative correlation coefficients indicate a preference for work in SCT in the context of specific task requirements, whereas the positive ones indicate that MCT are preferred.

**Table 4 Coefficients of statistically significant correlations between the experience of working in SCT and MCT and the preference for selecting a particular type of team depending on the requirements of a task**

Task requirement	r-Pearson	Significance level	Preferences to work in a team
Team climate	0.40	0.01	MCT
Self-confidence	0.25	0.05	MCT
Creativity	0.23	0.05	MCT
Trust	0.23	0.05	MCT
Persistence	-0.22	0.05	SCT
Assuming responsibility by team members	-0.24	0.05	SCT
Trust	-0.27	0.05	SCT
Cooperation	-0.30	0.01	SCT

Source: own work.

The analysis of the results shows that the greater the declared experience of respondents in work in MCT, the more they prefer to work in such teams if the task requires team climate (0.4), self-confidence (0.25), creativity (0.23) and trust (0.23). In addition, the greater the declared experience of the respondents in working in SCT, the more they prefer to work in such teams if the task requires cooperation (-0.3), trust (-0.27), assuming responsibility by team members (-0.24) or persistence (-0.22).

The results seem to be very interesting and somewhat surprising. While interpreting the results of correlation one should be aware of the impossibility of determining the cause and effect relationship between variables. On the other hand, these results can be interpreted in the light of relationships mentioned in the previous part of the work. They indicate a high level of satisfaction with work in MCT [Tirmizi S.A., 2008, p.3; Pitts D., 2009, pp. 328–338], which may be associated with team climate, as well as point to reduction of the negative phenomenon of groupthink, which requires confidence of the team members [Stahl G.K. et al. 2010, pp.439–447]. The results obtained in the present study are an extension of previous results and link them with the requirements of the job and the experience of working in MCT.

A result worth emphasizing is the positive relationship between the level of experience in work of each of the types of teams and the mutual trust required to undertake a task. It is also worth noting that the experience of working in teams of one of the types was not negatively related to preferences for working in such teams within the context of any of the tested task requirements.

### **Summary**

The study revealed that in the analysed group of students a generally understood diversity of cognitive perspectives was the most relevant factor related to preference to work in SCT or MCT. The respondents preferred to work in MCT if the task required diversity of cognitive perspectives, e.g. in a situation requiring creative or out-of-the-box thinking. In contrast, the strongest preference for working in SCT was present in the case of tasks requiring mutual understanding among the team members and like-mindedness. In addition, it was found that the preference to work in SCT or MCT entrusted with a task with specific requirements was also related to the experience in working in such teams declared by the respondents.

The study leads to conclusions of theoretical and practical nature. First of all, it is worth to note the optimistic, from the point of view of promoting diversity and preparing young people to take up professional work, conclusions that show that they appreciate the value of cross-cultural work in the implementation of certain tasks. This value is understood in the present article as a preference to work resulting from the conviction that such teams are more effective. Moreover, experience of

working in such a team is not associated with negative beliefs about its capabilities. These results indicate the need to maintain the activities in which the future participants of the global labour market can collaborate in diverse teams already during their university studies. An important issue that in the authors' opinion requires further action is providing not only the very possibility of cooperation in cross-cultural teams, but also a deeper reflection on its possibilities and limitations. Such reflection could serve the conscious acquisition of cross-cultural competences and the ability to cope with difficult situations that occur when working in such teams. Such interactions could therefore be complemented by a range of additional activities such as intercultural training or coaching sessions aimed at helping the young people to understand the processes occurring during their work.

The study described in the present article also has its limitations, characteristic for surveys. A further valuable activity will be checking the actual choices made in such situations under controlled conditions. It is also important to verify the direction of the relationship between experience and preferences related to certain requirements of the performed tasks.

## References

- Bassett-Jones, N. (2005) 'The Paradox of Diversity Management, Creativity and Innovation' *Creativity and Innovation Management*, vol. 14, no. 2, pp. 169-175.
- Behrnd, V. and Porzelt, S. (2012) 'Intercultural competence and training outcomes of students with experiences abroad', *International Journal of Intercultural relations*, vol. 36, no.2, pp. 213-223.
- Bell M.P. and Berry D. P. (2007) 'Viewing Diversity Through Different Lenses: Avoiding a Few Blind Spots' *Academy of Management Perspectives*. vol. 21, no. 4, pp.21-25.
- Boski, P. (2010) *Kulturowe Ramy Zachowań Społecznych. Podręcznik Psychologii Międzykulturowej*. Warszawa: Wydawnictwo Naukowe PWN.
- Cheng, Ch. Y., Chua, R.Y.J., Morris, M.W. and Lee L. (2012) 'Finding the right mix: How the composition of self-managing multicultural teams' cultural value orientation influences performance over time' *Journal of Organizational Behavior*, vol. 33, pp. 389–411.
- Church, A.H. (1998) 'From both sides now: the power of teamwork- fact or fiction?' *Team Performance Management*, vol. 4, no.2,pp. 42-52.
- Crotty, S.K. and Brett, J.M. (2012) 'Fusing Creativity: Cultural Metacognition and Teamwork in Multicultural Teams', *Negotiation and Conflict Management Research*, vol 5, no. 2, pp. 210-234.
- Cushner, K. (2008) 'International Socialization of Young People: Obstacles and Opportunities', *International Journal of Intercultural Relations*, vol. 32, No. 2, pp. 164-173.
- Katzenbach, J.R. and Smith, D.K. (2001) *Sila Zespolów. Wpływ pracy zespołowej na efektywność organizacji*. Kraków: Oficyna Ekonomiczna.
- Kellough, J.E. and Naff, K.C. (2004) 'Responding to Wake-Up Call: An Examination of

- Federal Agency Diversity Management Programs' Administration & Society. vol. 36, no. 1. pp. 62-90.
- Knippenberg, D., Ginkel,W.P. and Homan, A.C. (2013) 'Diversity mindsets and the performance of diverse teams', *Organizational Behavior & Human Decision Processes*, vol. 121, no. 2, pp. 183-193
- Krawczyk-Brylka B. and Stankiewicz K. (2014) 'Developing competences for cooperation in international teams - tools and methods' in Zięba, M and Zięba, K. (ed) Innovative approaches to business education. Selected issues. Horsens: VIA University College.
- Lawthom, R. (2003) 'Przeciw wszelkiej nierówności: zarządzanie różnorodnością' in Chmiel, N. (ed) Psychologia pracy i organizacji. Gdańsk: GWP.
- Mannix, E. and Neale, M.A. (2005) 'What Difference Make a Difference? The promise and Reality of Diverse Teams in Organizations', *Psychological Science in the Public Interest*, vol. 6, no. 2, pp 31-55.
- Nouri,R., Erez,M., Rockstuhl, T., Ang, S., Leshem Calif, L., and Rafaeli, A. (2013) 'Taking the bite out of culture: The impact of task structure and task type on overcoming impediments to cross cultural team performance' *Journal of Organizational Behavior*, vol. 34, pp. 739-763.
- Pillay, S. and James, R (2013) 'Gaming across cultures: experimenting with alternate pedagogies', *Education + Training*, vol. 55, no.1, p.7-22.
- Pitts, D. (2009) 'Diversity Management, Job Satisfaction, and Performance: Evidence from U.S. Federal Agencies' *Public Administration Review*. vol. 69, no. 2, pp. 328–338.
- Popov, V., Brinkman, B., Biemans, H.J.A., Mulder, M., Kuznetsov, A.M. and Noroozi, O. (2012) 'Multicultural student group work in higher education An explorative case study on challenges as perceived by students', *International Journal of Intercultural relations*, Vol 32. No.2 , pp.302-317.
- Roberge M.E. and Dick R. (2010) 'Recognizing the benefits of diversity: when and how does diversity increase group performance?' *Human Resource Management Review*. vol. 20, pp. 295-308.
- Shen, J., Chanda, A., D'Netto, B., and Monga, M. (2009) 'Managing diversity through human resource management: an international perspective and conceptual framework', *The International Journal of Human Resource Management*, vol. 20, no. 2, pp. 235–251.
- Shore, L.M., Chung-Herrera, B.G., Dean, M.A., Holcombe Ehrhart, K., Jung, D.I., Randel, A. and Singh, G. (2009) 'Diversity in organizations: Where are we now and where are we going?', *Human Resource Management Review*, vol. 19, no. 2, pp.117-133.
- Spencer-Rodgers, J. and McGovern, T. (2002) 'Attitudes toward the culturally different: The role of intercultural communication barriers, affective responses, consensual stereotypes, and perceived threat'. *International Journal of Intercultural Relations*, vol. 26, no. 6, pp. 609-631.
- Stahl,G.K., Mäkelä,K., Zander,L. and Maznewski, M.L. (2010) 'A look at the bright side of multicultural team diversity', *Scandinavian Journal of Management*, vol. 26, no. 4, pp. 439–447

Tadmor, C.T., Satterstrom, P., Jang, S. and Polzer, J.T. (2012) 'Beyond Individual Creativity: The Superadditive Benefits of Multicultural Experience for Collective Creativity in Culturally Diverse Teams'. *Journal of Cross-Cultural Psychology*, vol. 43, no. 3, pp. 384-392.

Tirmizi, S.A. (2008) 'Towards Understanding Multicultural Teams', in Halverson C.B and Tirmizi S.A.(ed.) *Effective Multicultural Teams: Theory and Practice*. Springer.

Unsworth K.L. and West M.A. (2003) 'Zespoly: wyzwania pracy w grupie', in Chmiel, N. (ed.) *Psychologia pracy i organizacji*. Gdańsk: GWP.

Williams, Ch.T. and Johnson, L.R. (2011) 'Why can't we be friends?: Multicultural attitudes and friendships with international students', *International Journal of Intercultural Relations*, vol. 35, pp. 41-48

Woehr D J, Arciniega L.M and Poling T.L (2013) 'Exploring the effects of value diversity on team effectiveness', *Journal of Business & Psychology*, vol. 28, pp. 107-121

#### Electronic sources

Davies, A., Fidler, D. and Gorbis, M. (2011) Future Work Skills 2020, [Online] Available: [http://www.iftf.org/uploads/media/SR-1382A\\_UPRI\\_future\\_work\\_skills\\_sm.pdf](http://www.iftf.org/uploads/media/SR-1382A_UPRI_future_work_skills_sm.pdf) [29. May.2015]

Alicja Waszkiewicz-Raviv<sup>1</sup>

University of Warsaw

## Visual Code Across Borders. Visual Communication as the Answer to Intercultural Management Dilemmas

**Abstract:** The paper focuses on the visual communication channel and its practical implications to the intercultural management practice. Introducing theoretical framework provides arguments for the increasing role of the pictures in the image economy, where esthetics and visual branding are the core elements. Two main fields of business applications of visual channels are drawn in the article: external consumers communication and internal organizational communication. Author's definition of visual marketing communication (VMC) is provided and the semiotic approach is recommended for the culturally rooted customer communication that increases consumption globally, while information design and infographics are the visual messages suggested for the second field, which is internal, employees communication management.

**Keywords:** image economy, intercultural management, visual communication, integrated marketing communication, information design, infographics

Contemporary social life is saturated with data and information. The digital technology, mass media culture and globalization are most commonly identified factors responsible for this fact. The sources of this overload phenomenon are various, but interesting from the point of view of business practice is one of its consequences. The iconic turn is emerging, images are crucial and immanent part of human communication process. The scientists from various fields have been studying visual phenomenon and their role in contemporary culture [Machin D., 2014]. Anthropologists mainly focus on meaning of human gesture and expression among people evoked by and through pictures, archeologists study meaning of

<sup>1</sup> alicja.waszkiewicz@id.uw.edu.pl

visual cultural artifacts through nowadays knowledge grid. Philosophers of mind are occupied by the nature of visual signifiers in the brain and art historians trace patterns, techniques and materials of paintings.

Also applied sciences deal with the theme. In the management studies what can be the most useful, these are the discoveries of psychologists who examine the way the brain and psyche of the customers process visual information for example during shopping. Furthermore the design studies provide valuable descriptions of the best way to transmit accessible, appropriate and attractive product or service information that can be extremely helpful for IT design and proper construction of effective online business channels. Last but not least, are media studies that research visual media industry, the nature of representation and persuasion, as well as neoliberal economy ideology transmission through images. And contemporary business cannot function properly without relations with media. Extensive and multifaceted field of visual studies is not much as defined discipline, but a broad set of overlapping concerns. Nevertheless, visual embrace to social life can be unquestionably seen in economy. The power of the visual communication definitely determines the business practice and it has growing influence on international management and this article will point out two main fields where this occurrence can be observed. The paper also presents list of examples what types of creative visual messages can be useful to enhance the management performance on both defined areas.

### **International business communication in times of image economy**

According to Entwistle [2002, pp. 317-339] we live in times of aesthetic economy, where financial calculations are intertwined with cultural trends, bound to forms of cultural knowledge and to social, cultural and institutional relations. In contemporary world capital matters but more and more as well counts beauty, splendor, acquired taste and visual recordings. Fluidity of the media technologies permitting the emergence of new forms of visual expression (like infographics on Pinterest or selfies on Instagram) relates growingly with business practice. New professions, like bloggers and vloggers, conquered the mediasphere and now they need to be taken under serious consideration by majority of marketers and managers. Virtual and visual media creators' opinions matter, they are trendsetters and their photography and comments often condition consumers choices. Most vivid this influence is in fashion industry, it's also quite intense in beauty sector and luxury brands categories.

In addition Shroeder [2004] coins term emphasizing role of the visual in business and calls it 'image economy'. In visual communication picture serves as a stimulus in constructed message, a text or a representation that drives cognition, interpretation and influence preference of the recipient, as a result it often stimulates consumption.

Of course cultural meaning is not facilitated only by pictures, public sphere meaning attributed to products and services vacillate between reconfigurations of written, textual and visual systems. However, it's the visual that is much more persuasive in the cursory, brief reception and non-analytical interpretation of advertising messages. Consumer attention span on the marketing message takes only few seconds. Navigating dense media landscape is daunting and very rarely relates on long textual messages. Nowadays globalised world of international supply and demand it's very crowded and highly competitive. It's not the product or service but brands that matter. Perceived in a fast way during volatile market cycles, it's the symbolic meaning of brand logo, its colors and imaginary world that anchors the attention of the over stimulated consumer. Contemporary image economy trades with visual representations of the better life and it happens on the global scale. Not only for the customers but also for international corporations members well-designed information is stimulating, attractive and engaging. These qualities pique interest in both groups even before information is processed or internalized. In that case aesthetics are not superficial, it's essential to get people's attention.

It appears that the visual communication is the important component in the plurality of contemporary business. The approach to the construction and reading of images in company's practice addresses two different publics in two main management areas, these are: consumer brand communication and employees organizational communication. Both will be described in the following parts of the article.

### **Intercultural consumer brand communication through visual ICM channels**

To reach the clients grouped in various publics organization is leading strategic, ongoing, multichannel, measurable and diversified communication practice. Nowadays it's been proceeded largely through visual channels. As Kliatchko [2005, p. 23] proved in his literature review on integrated marketing communication definitions, "IMC is the concept and process of strategically managing audience-focused, channel-centered, and results-driven brand communication programmes over time". ICM conception inserts various communication disciplines into holistic viewpoint, it draws from methodologies, experiences and tools of both public relations and marketing. Integration drivers are both market-based, to avoid audience fragmentation, as well as organizational-based, to increase accountability, positioning and improve efficiency, increasing profits in the end [Cornelissen J., 2009]. Contemporary ICM main goal is establishing long-lasting relationship, consumers' loyalty and consumption stimulation, and the axis used for that purpose is the brand. What's more, brand is being constructed through visual language. Looking from the visual communication perspective, there are particular visual

marketing tools listed below:

- corporate identity system, especially: logo, colors and typography
- packaging
- pack shots
- infographics
- ATL messages
- ambassador
- leaflets, posters and catalogs
- layout of the website (in particular online store)
- advertising films and audiovisual materials (e. g. virtual tour)
- visual messages dedicated for the online platforms and social media, like Instagram, Facebook, You Tube, Pinterest
- special events
- building / headquarters of the organization
- visual merchandising

Visual marketing communication is to establish a contact and in the long run a bond with the customer through brand images used in ICM. By **visual marketing communication (VMC)** we may mean **acts of representation where a marketer is an economic text maker, a sender who uses a spectrum of visual resources to communicate a set of organization ideas, attitudes and values to different publics.** The recognition of designed images exist within a social structure, images are seen by the receivers and deciphered from a particular cultural perspective. VMC should be audience-specific. Some forms of visual messages may claim to the modernist objectives of universality and globalization, but most of the contemporary brand communication operates within more limited, national and culturally-rooted boundaries. Culture influence shared conceptual maps and encrypts the codes which govern the visual relationships of translation between them.

Concerning visual brand communication tools, some of them may use colors, shapes and typeface to provoke particular emotional response among customers, refer to universal values (like red to connote love). For, example sans serif typeface is often used to invoke modernity, while Spencerian script (known from Coca-Cola logo) looks like hand written and may connote tradition and individuality. But trans-national corporations communication strategy needs to be audience-focused to be successful. More and more TNCs relies on semiotic studies to “translate” their brand values from one cultural context to another [Oswald L., 2015]. Semiotic approach becomes commonly used paradigm for visual studies [Rose G., 2012] also in business practice. Semiotics adapts linguistic theory to the study of media saturated with visual signs and anchors them in the culture of the consumers. As Oswald [2012, p 4] emphasizes “semiotics transcendent the analysis of communication per se and can be used strategically to align the brand with

its heritage and positioning and clarify competitive distinctions". That goes along with the theoretical definition and business practice of ICM, mentioned above in the text. The underlying assumption states that there is the mutual influence of the sender and recipient of the marketing messages and socially constructed, local lenses associated with ethnic subculture are unique. This should be taken under consideration for advertising and PR campaigns using visual tools, designed for different multicultural markets during management practice for a global brand.

The issue is not new, however the tools to deal with the dilemma are novel. Rozkwitalska [2009, pp. 93- 95] states that the problem of cultural differences can be found in theories borrowed from cross-cultural management field as well as developed independently by international business theorists. The author emphasizes that on the level of TNCs it's 'the opportunist' strategy that works the best, means cultural cooperation, not authoritarian implementation of the senders strategies without negotiating them with recipients in their cultural context. 'Managing international activities means managing separate functions, like human resources, marketing, finance, production, research and development, etc. The first two are culturally sensitive in particular' [Rozkwitalska M., 2009, p 96]. Marketing visual signs may change meaning as they move from one culture to the next in global marketing, from one point to the next in global visual socially-created media sphere. For example, the Malboro cigarette brand had to adapt its visual signs in advertising billboards when entering to China market, as classic American cowboy icon with non-Asian face wouldn't represent the target. So the actor was changed to resemble Chinese, however, other signs stayed the same: cowboy hat, cigarette in the mouth, casual shirt, wild landscape in the background and of course unchanged was logo and singular typeface of Malboro.

Another global brand from FMCG market, Burger King had a creative concept for international campaign that incorporates iconic signs in the form of real heroes from different cultures that for the first time taste the Whooper sandwich. "Take people that have never before experienced a burger, prove that they've never before experienced a burger with the fact that their language doesn't even contain a word for burger, and then give them your burger and your competitor's burger to see which one they like more. Film the whole process (including the always important making of footage), stitch together a convincing story line, and call it a day", wrote adman Cory O'Brien on his blog "The Future of Ads". The successful campaign not only has persuasive meaning concerning the transparency and credibility of the intercultural burger testers, but also shows Burger King as a global brand and what's more the commercial can be used all around the globe. The last argument is important from the intercultural management cost cutting. Just translate the slogans in the ad, pictures in the whole movie stay the same.

The two examples shows two strategies, however both taking under consideration

the need of incorporation of cultural signs knowledge. Some brands like Marlboro maintain in the visual marketing channels the frame of the original market message(eg. cowboy figure) and only adjust particular signs (eg. face of the cowboy) to the new cultural context. On the other hand, as shows Whopper campaign, one might already on the level of TNC headquarter marketing department, creating the message that includes a choice of signs from different cultures. In both cases, comprehensive cultural analysis using visual semiotics methodology seems recommended.

### **Visual employees internal communication**

Visual communication in the international business practice has also second field of application. Except external, brand communication to the customers and stakeholders, it's the internal, employees communication that underlines everyday management practice. Within particular organizational culture of international company there are many channels of information transmission, one may say that even too many. Interchange of thoughts, connection, is fundamental for company's executive processes and it's not an easy task, especially if conducted globally. To create messages that are received, properly deciphered, internalized and understood, messages that are able to switch the workers mindset from off to on, from passive to active, to be persuasive and more over to achieve all of it in the multicultural environment, becomes very challenging task. Using visualization to synthesize ideas appears to be not only an effective medium, it's the type of communication employees brains crave. Both human resources (HR) well as public relations (PR) departments may join forces in this activities, following gaining support among top managers. The development of visual channels becomes necessity. It's happening already, through the virtual tools of communication, through world wide web and company's intranet, but not only. How Ingledew [2011, p 9], put it straightforward: 'Clearly communicating is not simply a matter of creating visually striking images that capture the eye of the viewer, it's about capturing their brain. You must create ideas that ambush the mind and thoughts, and execute these ideas in fresh and exciting visual ways."

In the literature there are two main terms used for the visual display of the information and both can be successfully used in internal communication in the international environment. These are information design items and infographics [Meirelles I., 2013 p 10] and both are utilized as for mapping abstract data to the form of visual representation that makes facts and figures easier to be understood.

**Information design** (also called as "infovis") involves the design of systems. It can be exemplified by the information arrangement (like headquarter and company's regions map, delivery logistics tracks), wayfinding systems (office numbers and names, exits, conference rooms, exhibits centers routs ect.) or visualization of

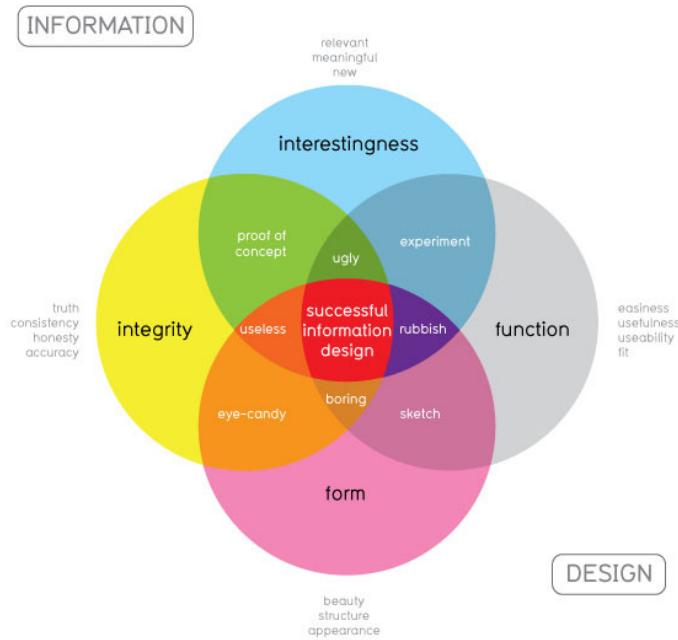
the statistics. **Infographics** stands for visual displays in which graphics (e.g. map, illustration, diagram) communicate information together with verbal forms. They can range from simple diagram of organizational structure where squares and boxes denote company's departments with their horizontal or vertical interdependencies to metaphorical representations, like using symbols of a tree or an iceberg to connote process of company's origin or hidden agenda (iceberg part under water). Infographics in the service of company's internal communication may be useful messages in organizational media (corporate press) as well as visual tools during trainings, briefings, international video calls, HR meetings. To draw a mission, make hash tag cloud for an event, visualize change process, create pictorial representations of sales plan etc., these are some of the examples. Visualization of information has a unique function because it shows the structure of the object, the scale and scope or other phenomenon visible at first glance, despite the cultural background and language of the employee. It's universal as the biology of visual perception process. Infovis have to be processed cognitively, with more attention and focus and longer than simple photo. Infographics are powerful tools in explaining the causes and dynamics of the processes especially in complex multicultural environment, they are also commonly used in global media.

Such forms of internal visual communication may be **static** (e.g. not moving organization map on PPT slide), **dynamic** (e.g. short illustrative video of company's recruitment process in the illustrative form) or **interactive** (for example application with some charts that change contents depending on employees cursor movement). Concerning content of visual forms that represents company's information, it can be categorized as: **non-numeric** (infographics with flags representing TNC global positions), **descriptive** (dress code illustration), **multidimensional** (merging or change process in the firm).

Being ubiquitous in modern urban landscapes, infovis and infographics are rebranded knowledge assemblages for an information era. Designers may use web-based tools to create momentary infographics (for company's anniversary, local national holidays etc.) that are rapidly disseminated via social media networks or other internal media. Graphic data displays utilize established design principles (like the rules of Gestalt psychology) to increase the impact of internal, organizational research, to reach not only the eyes but the mind of the employees all over the world, despite the cultural differences in symbolic representation connotations. These messages are universal. However, inexpensive tools can provide graphic elements and design templates, the effective information visualizations definitely require compelling data and logical narratives to involve organization members. Don't tell, show it to the people, but not forget to explain them the context; it's the essential visual tip for international managers. The Figure 1 from portal infosthetics.com shows the interdependencies between **function, form, integrity and**

**interestingness.** This field demands more research, nevertheless acknowledging its importance and understanding the biologically rooted basics of human image perception is the opening step for international communication management.

**Figure 1 Interdependencies between design, form and practical application of information visualization.**



Successful information design is supposed to be honest, consistent and accurate to company's real status, also relevant, meaningful and new to make it interesting, as well as easy, usable and useful to be functional for the employees. And last but not least, even to say equally important the visual message needs to be well structuralized and ... beautiful. Not only in the internal communication but also integrated marketing communication to the global customers. In image economy it's the image that matters. And international organization's message is only as good as company's ability to share it through visual channels.

### Bibliography:

- Cornelissen, J. (2009), *Corporate Communication. A guide to theory and practice*, London: Sage.  
 Entwistle, J. (2002), 'The Aesthetic Economy. The production of value in the field of fashion modeling', *Journal of Consumer Culture*, vol. 2, no. 3, 317-339.  
 Ingledew, J., (2011), *The A-Z of visual ideas*, London: Laurence King.

- Kliatchko, J. (2005), ‘Towards a new definition of integrated marketing communications (IMC)’, *International Journal of Advertising*, vol. 24, no. 1, pp. 7-34.
- Machin, D. (2014), ‘*Visual Communication*’, Handbooks of Communication Science 4, DE GRUYTER MOUTON.
- Meirelles, I. (2013), *Design for Information: An Introduction to the Histories, Theories, and Best Practices Behind Effective Information Visualizations*, Rockport Publishers.
- Oswald, L. R. (2012), *Marketing semiotics. Signs, strategies and brand values*, Oxford: Oxford University Press.
- Oswald, L. R. (2015), *Creating Value: The Theory and Practice of Marketing Semiotics Research*, Oxford: Oxford University Press.
- Rose, G. (2012), *Visual Methodologies. An Introduction to Researching with Visual Materials*, Open University Press.
- Rozkwitalska, M. (2009), ‘Cultural Dilemmas of International Management’, *Journal of Intercultural Management*, vol. 1, no. 1, pp. 91–99.
- Schroeder, J.E. (2004), ‘*Visual Consumption in the image economy*’, in Ekstrom K., Brembeck H. (ed.) *Elusive economy*, Oxford: Berg.

Web recourses:

- O’Brien, C. (2015), *Controversy Makes Whopper Virgins A Success For Burger King*, <http://thefutureofads.com/controversy-makes-whopper-virgins-a-success-for-burger-king>  
<http://infosthetics.com/cgi-bin/mt/mt-search.cgi?search=successful+information+design&IncludeBlogs=1&limit=20>