Journal
of Intercultural
Management

Wszystkie artykuły zamieszczone w czasopiśmie są recenzowane.
All the articles published in the magazine are subject to reviews.

TABLE OF CONTENTS

Welcome To This Issue

With a forceful ongoing process of merging of the world's markets the ability of employees to work effectively together across borders has become increasingly critical to business success. Cross-cultural understanding by individuals and the organisation as a whole serves to eliminate misunderstandings that could harm the business and maximise the best attributes each nationality has to offer.

In order to keep pace with intercultural interactions, peace, prosperity, and harmony at workplace, the new generation of mangers need to master global workplace competencies otherwise known as cross-cultural or intercultural competencies.

Intercultural management is an emerging, important field of study in today's' management and we are extremely happy that for the fifth time those important issues will be addressed during Intercultural Management Congress.

In this issue we are pleased to have eighteen thought-provoking articles by some of our distinguished conference participants. These pieces provide only a small sampling of the many different topics addressed by this year's speakers.

In the first article entitled "Differences on Organizational Practices and Preferred Leader Attributes Between Polish Managers Studied in 2010/2011 and 1996/1997", Jerzy Mączyński and Dariusz Wyspiański compare Polish managers' perceptions of their organizational culture and their beliefs concerning attributes necessary for leadership effectiveness, investigated in 1996/1997 and 2010//2011. The second article by Agata Stachowicz-Stanusch, Charles Wankel and Jane Tamtana explores the impact of the national culture dimension and corruption on students' competencies. Czesław Zając in his article analyses and evaluates cultural context of international human resources management from the perspective of capital groups functioning in supranational scale. The article written by Dorota Kuchta and Joseph Sukpen explores the extent to which variations in accounting systems could be explained or predicted by differences in cultures. A lot of space was devoted to the topic of innovation. Barbara Kożuch writes about the issue of innovation in the management of local government.

Innovation is dealt with again by Joanna Jończyk. This time from the perspective of organizational culture.   This article is an attempt to determine factors enhancing pro-innovative organizational culture shaping. The seventh article written by Aleksandra Nizielska explores the field of cultural determinants of relations with entities from the international market environment. Adrian Pyszka and Michal Piłat write about applying Trompenaars typology of organizational culture to implementation of CSR strategy. Małgorzata Rozkwitalska in her article explores the field of barriers of cross-cultural interactions. The article written by Mariusz Sokołowicz entitled "Territorialization of Transnational Corporations as a Form of Intercultural Management. A Review of Theory and Selected Studies" aims to present the first results of empirical research undertaken in this area of social sciences. Wioletta Wereda and Beata Domańska - Szaruga write about the aspects of Local Government Units and their development in the region from the perspective of inter-organizational relations. The article written by Renata Winkler outlines fundamental challenges and paradoxes related to managing a multicultural team, and describes and analyzes, based on reference literature, areas and individual characteristics contributing to the effectiveness and success of a cross-culture leader. Mary Piecewicz and Ronald W. Reidy explore the field of innovation in a culturally diverse global enterprise. In her article Iwona Kubica investigates the field of international expatriate assignment. The article is enriched by a research results done in 2010 and 2011 by the Chair of Human Capital Management from Cracow University of Economics. Łukasz Sułkowski presents the variety and types of metaphors and give examples of their use in organisational discourse. Michal Chmielecki in his article tries to answer the question on the role of culture in PR in the XXI century. Agata Stachowicz-Stanusch presents organizational and educational best practices applied by entities that adopted Principles for Responsible Management Education and published in Sharing Information on Progress reports. The last article in this issue, written by Hanna Mizgajska and Dorota Płóciennik, examines the influence of the social-demographic features on women's motivation to set up their own business.

Welcome to this issue of the Journal of Intercultural Management. We hope that you enjoy and profit from the articles in this journal. We hope that you will visit our site www.joim.pl to pursue useful contributions on understanding intercultural management.

Sincerely,
prof. dr hab. Łukasz Sułkowski and dr Michał Chmielecki

Jerzy Mączyński
Dariusz Wyspiański
Academy of Management SWSPiZ

Differences on Organizational Practices and Preferred Leader Attributes Between Polish Managers Studied in 2010/2011 and 1996/1997

1. Introduction

The main goal of our research presented in this paper was to compare Polish middle managers studied in the years of 2010/2011 and their counterparts investigated during 1996/1997 under the GLOBE project, on manager's perceptions concerning attributes and behaviors that distinguish effective from less effective managers.

Poland as a member of the European Union is in the process of designing the suitable institutions and legislations that are beneficial to a democratic system. So, there is a good reason to believe that the political and economic transformation should be advantageous for shaping Polish management practices and organizational values.

2. Method

Middle Polish managers (defined as managers having at least two hierarchical levels below and above them) of randomly selected industrial organizations participated in our study. Managers filled out a questionnaire measuring their beliefs regarding attributes that distinguish effective from less effective managers.

In the years of 1996/1997 two hundred seventy seven Polish managers completed the leader attribute questionnaire developed by GLOBE research project.

In the years of 2010/2011 a follow-up study was conducted among 100 managers representing several industrial organizations (employing at least

100 people) located in Western part of Poland. Middle Polish managers tested in years of 2010/2011 filled out identical questionnaires as their counterparts studied in the years of 1996/1997, under the GLOBE project.

The measurement of beliefs about attributes that distinguish effective from less effective leaders asked managers to rate 8 attributes according to the degree to which they either help or inhibit someone from being an outstanding leader. Thus a high attribute score indicates that the attribute is perceived to be necessary for leadership effectiveness.

The leadership measurements asked managers to asses their leaders, according to the traits that are presented below:

1. <u>Performance Orientation:</u> improvement oriented, excellence oriented, achievement oriented.
2. <u>Team Orientation:</u> group oriented, collaborative, loyal, consultative.
3. <u>Autocratic Orientation:</u> dictatorial, bossy, elitist.
4. <u>Decisiveness:</u> willful, logical, decisive.
5. <u>Humane Orientation</u>: generous, compassionate.
6. <u>Integrity</u>: honest, sincere, just, trustworthy.
7. <u>Charismatic/Visionary</u>: foresight, prepared, anticipatory, plans ahead.
8. <u>Charismatic/Inspirational</u>: enthusiastic, positive, morale booster, motive arouser.

In generating leadership items, the focus was on developing a comprehensive list of leader attributes and behaviors. The initial pool of items was based on leadership behaviors and attributes in several existing leadership theories, as described by House et al. (1997). The items were rated on a seven-point Likert-type scale that ranged from a low of "This behavior or characteristics greatly inhibits a person from being an outstanding leader" to a high of "This behavior or characteristics contributes greatly to a person being an outstanding leader" (Koopman, P., et al., p. 11).

All scales used in this study are based on extensive pilot study (see House, et al. 2004). Questionnaire items were translated from English to Polish and then translated back into English. Back-translation were checked by US coordinating team.

3. Research results

Data analyzed in this paper concerning Polish managers investigated during 1996/1997 were drawn from extensive international research under the GLOBE project, which was developed by House (1997) to study societal, organizational and leadership differences more extensively through the use of multiple methods and at multiple levels of analysis (House, et al., 1997 a; b). In turn data concerning Polish managers during 2010/2011 have been collected by students of the Łódź Management Academy (Branch in Świdnica), while working on their dissertations.

1. <u>Performance Orientation</u>

GLOBE's concept of the Performance Orientation is defined as the degree to which a community encourages and rewards innovation, high standards and performance improvement. In relation to performance orientation, David C. McClelland introduced the concept of need for achievement, which is defined as the need to do better all the time (1987, p. 228). He pointed out that people with high need for achievement tend to derive pleasure from advanced improvement; take personal responsibility for their performance, seek continual feedback, search for information on how to do a better job, and are in general innovative.

Figure 1 presents the mean differences between the Polish middle managers of 1997/1997 and 2010/2011 on performance orientation.

Figure 1. Differences between the Polish managers of 1997/1997 and 2010/2011 on Performance Orientation.
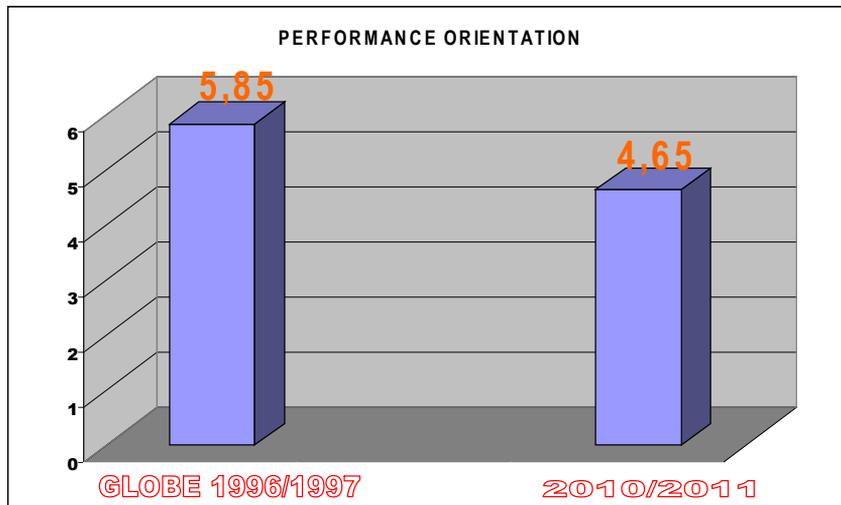
The results presented in Figure 1, indicate that Polish middle managers investigated in 2010/2011 in comparison to their counterparts from 1996/1997 are significantly less achievement oriented. It appears that newer generation of Polish managers have weaker motivation to improve its performance and develop their potentials.

2. <u>Team Orientation</u>

Team Orientation is a leadership dimension that emphasizes effective team building, collaboration, loyalty, consultation and implementation of a common purpose or goal among team members. Team-Oriented Leadership dimension in the GLOBE project include collaborative team orientation, team integrator and diplomatic orientation.

The differences between compared groups of managers on Team Orientation are shown in Figure 2.

Figure 2. Differences between the Polish managers of 1997/1997 and 2010/2011 on Team Orientation.
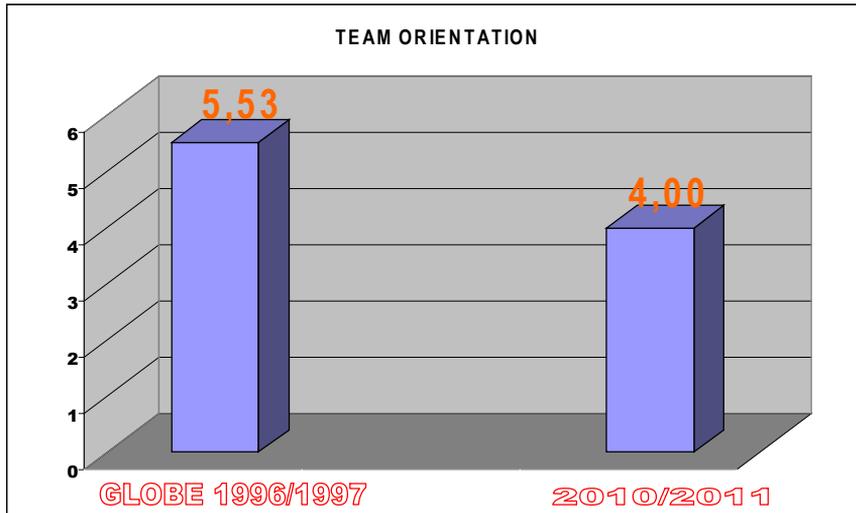
From the data displayed in Figure 2, it can be easily seen that Polish middle managers investigated in 2010/2011, in comparison with managers studied under the GLOBE project in 1996/1997, are significantly less team oriented. It can be pointed out that managers investigated in 2010/2011 express lower consideration towards subordinates interests and feelings.

3. Humane Orientation

GLOBE's concept of Humane Orientation is interpreted as the degree to which society or an organization encourages and rewards people for being generous, altruistic, friendly, compassionate, caring and kind to others. This attribute is manifested itself in the way individuals treat one another and in social programs institutionalized within each society (House, et al., 2004, p.569).

Our research results indicate that the way in which managers treat their followers, in the terms defined above, varies in the compared groups of managers.

The data for such analysis are reported in Figure 3.

Figure 3. Differences between the Polish managers of 1997/1997 and 2010/2011 on Humane Orientation.
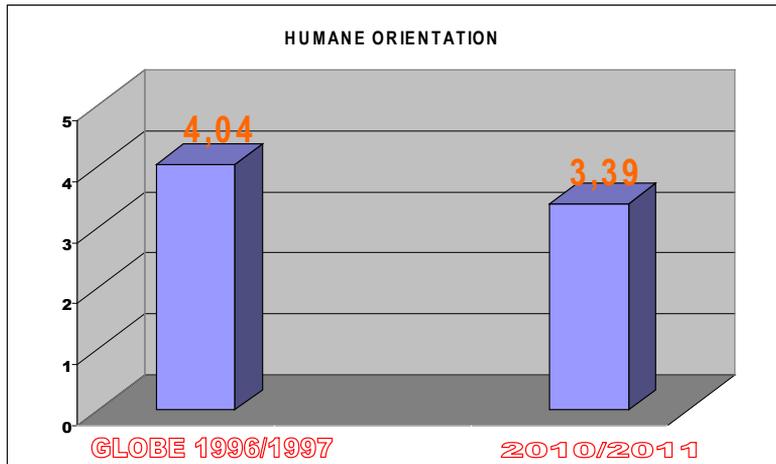
Our research data presented in Figure 3, indicate that Polish managers investigated in 2010/2011 display lower level of humane orientation than their counterparts studied in the years of 1996/1997.

4. **Autocratic Orientation**

Autocratic Orientation as a leadership attribute, under the GLOBE project is defined as being dictatorial, bossy and elitist.

The differences between analyzed groups of middle managers are shown in Figure 4.

Figure 4. Differences between the Polish managers of 1997/1997 and 2010/2011 on Autocratic Orientation.
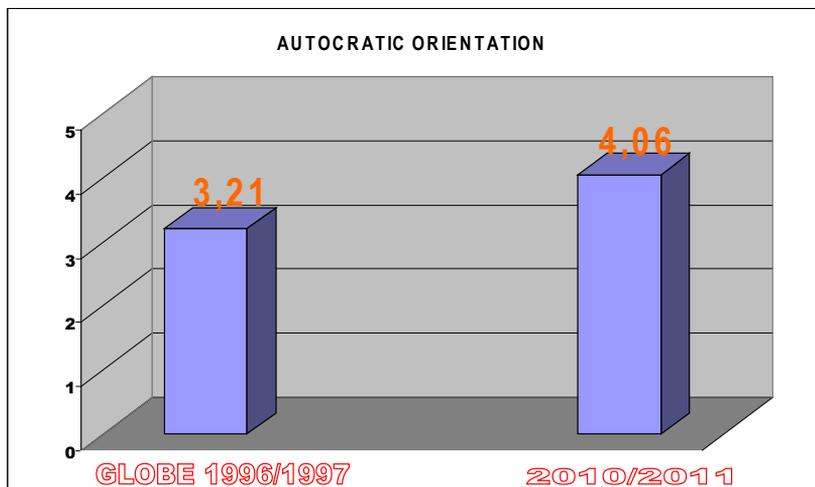
The results presented in Figure 4, show that Polish middle managers investigated in 2010/2011 in comparison to the managers studied under the GLOBE project are significantly more autocratic oriented.

5. Decisiveness Leadership Dimension

Decisiveness is a leadership attribute that is characterized by being willful, logical and less formal and procedural.

Figure 5 shows the differences between compared groups of middle managers on Decisiveness Dimension.

Figure 5. Differences between the Polish managers of 1997/1997 and 2010/2011 on Decisiveness Leadership Dimension.
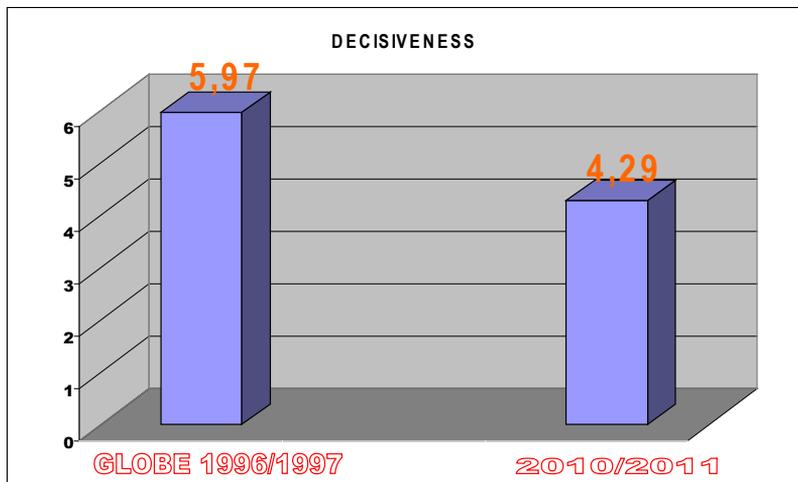
From a comparison of the results presented in Figure 5, it can be easily seen that Polish middle managers studied in 2010/2011 score lower on decisiveness dimension than middle managers investigated under the GLOBE project in 1996/1997.

The last three figures present data concerning such leadership attributes as : Integrity, Charismatic/Visionary and Charismatic/Inspirational.

6. Integrity Leadership Dimension

Integrity as a leadership dimension can be defined as being trustworthy, just, honest and sincere.

Figure 6 reports the differences between compared groups of middle managers on Integrity Dimension.

Figure 6. Differences between the Polish managers of 1997/1997 and 2010/2011 on Integrity Leadership Dimension.
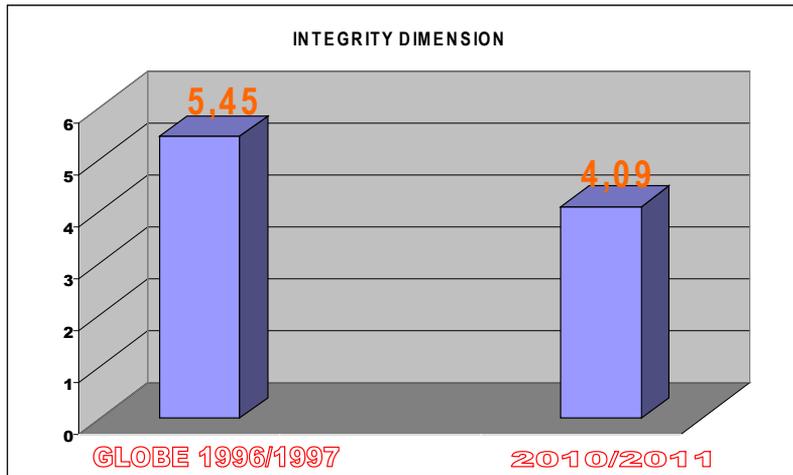
From a comparison of our research results presented in Figure 6, we can see that the managers investigated in 2010/2011 score significantly lower on Integrity Dimension, than their counterparts studied in 1996/1997.

7. <u>Charismatic/Visionary Leadership Dimension</u>

Visionary leadership can be characterized by the following terms : foresight, anticipatory, prepared, intellectually stimulating, future oriented, inspirational. An important function of visionary leadership is envisioning the future, providing long-term direction and articulating it to followers (Yukl, 1998). Thomas and Greenberger (1995) postulated that the ability to create vision is to some extend dependent on the future-time perspective characterized by the leader. A leader who is focused on future orientation is willing to direct his energy toward the future.

Figure 7, reports the differences between managers studied in 2010/2011 and 1996/1997 on Charismatic/Visionary Dimension.

Figure 7. Differences between the Polish managers of 1997/1997 and 2010/2011 on Charismatic/Visionary Leadership Dimension.
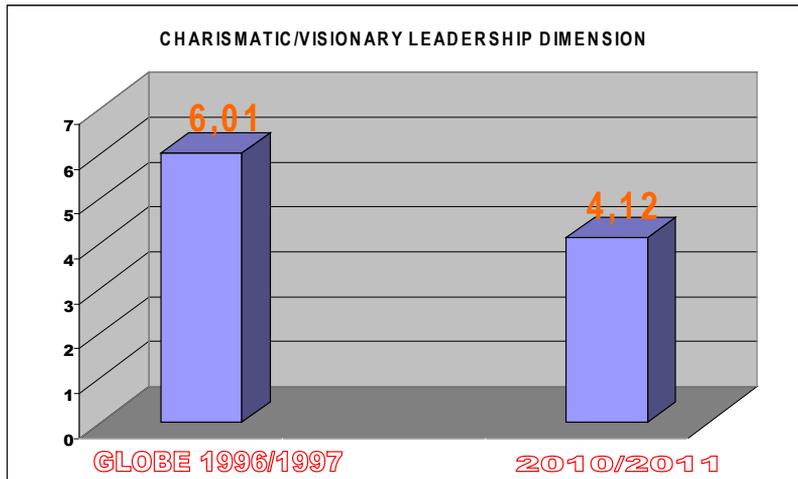
The data presented in Figure 7, show substantial evidence of differences in mean score between these two compared groups of respondents.

Managers studied in 2010/2011 display significantly lower level of Charismatic/Visionary attribute than their counterparts investigated in the years of 1996/1997.

8. Charismatic/Inspirational Leadership Dimension

Under the GLOBE research project, Charismatic/Inspirational Leadership reflects the ability to inspire, to motivate, to encourage, to build confidence, and to expect high performance outcomes from subordinates.

The last Figure show the differences between analyzed groups of middle managers on Charismatic/Inspirational Leadership Dimension.

From the results presented in Figure 8, it can be clearly seen that the managers studied in 2010/2011 display significantly lower level of Charismatic/Inspirational Leadership attribute than their counterparts investigated under the GLOBE project in the years of 1996/1997.

In other words the attribute "Charismatic Inspirational" was seen as much more important for being a good leader by middle managers studied in the years of 1996/1997.

Figure 8. Differences between the Polish managers of 1997/1997 and 2010/2011 on Charismatic/Inspirational Leadership Dimension.
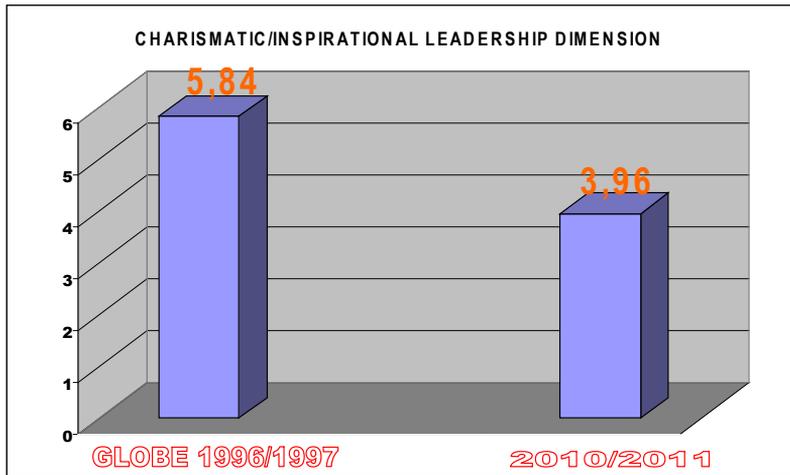
4. Conclusions

It is surprising and to some extend unexpected, that middle managers investigated during 2010/2011 revealed a substantially less negative attitude towards autocratic leadership style than did middle managers studied in 1996/1997 under GLOBE research project.

There is a good reason to assume, from results presented in this paper that the more autocratic leadership style is applied towards subordinates, there is a less opportunity to demonstrate team orientation, humane orientation, visionary, integrity and charismatic/inspirational leadership attributes in organization.

GLOBE research results clearly indicated that managerial leadership is influenced by the dimension of national culture which Hofstede labels "Power Distance".

From a survey of 116,000 employees in 40 countries, Hofstede defines this construct as "the extent to which a society accepts the fact that power in institutions and organizations is distributed equally" (1980, p. 45).

According to Hofstede (1980; 1991; 2000) in high power-distance countries, managers make decisions autocratically; they use close supervisions and do not exhibit much consideration for subordinates' interests. These subordinates are unwilling to disagree with their leaders. On the other hand, managers in low power-distance countries consult with their subordinates before making final decision and employ a higher level of consideration for subordinates' views.

Our results with respect to attributes concerned with leadership effectiveness are largely consistent with findings reported earlier for differences in organizational dimension scores. Particularly, attribute such as autocratic leadership style is

"more strongly associated with leadership effectiveness by Polish middle managers studied in 2008/2009, who also describe their organizational cultures as higher on Power Distance," (Mączyński, et al. 2010, p. 130).

Higher scores on Power Distance of Polish managers studied during 2010/2011 than their counterparts investigated in 1996/1997 were unexpected, since a great deal of beneficial changes in Poland concerned with transition from a command system to new free market economic system and above all, the process of joining European Union in 2004, took place.

That is why we assumed that substantial changes in political, social, and organizational systems, under the current transition process should decline Power Distance in organizational values and practices and lead to more negative attitude, among other things, towards the autocratic leadership style of the newer generation of Polish managers.

Explaining our research results in this light, leads to the conclusion that Power Distance is still enduring phenomenon deeply embedded in polish culture, which has an intense effect on leadership style of Polish managers. That is why Polish managers of 2010/2011 have a considerably less negative attitude towards autocratic behavior than their counterparts investigated during 1996/1997.

"Our research results point to the conclusion that the introduction of a market economy in Poland has shown little effects so far on the leadership behavior of Polish managers. It would mean that profound changes in political, social, economic and institutional systems are not sufficient (satisfactory) factors that would modify organizational values and subsequent attitudes and behaviors. It means that deep changes in the mentality of people are needed to make necessary, beneficial changes in the cultural values and subsequent (succeeding) attitudes and behaviors" (Mączyński, et al. 2010, p.131).

It should be emphasized that advancing (continuing) higher scores on Power Distance and Autocratic Behavior for Polish organizations produce unfavorable situation for Polish organizations relative to Western institutions.

We express the view, that managerial behaviors and organizational practices that emphasize Power Distance and autocratic leadership style will probably become particularly dysfunctional for organizational survival and development.

This leads to the conclusion that to be able to cope effectively with the present economic crisis and to be competitive with western organizations, Polish managers will have to acquire such a values and management practices which would help them to overcome demanding severe economic conditions (see also: Den Hartog, et al., 1997; Mączyński, et al., 1997; 2008; 2010).

References

Den Hartog, D.N., Mączyński, J., Motowidlo, S.J., Jarmuż, S., Koopman,P.L., Thierry, H., & Wilderom, C.P.M., 1997. Cross cultural perceptionof leadership: A comparison

of leadership and societal and organizational culture in The Netherlands and Poland. *Polish Psychological Bulletin,* No. 28, pp.255-267.

Hofstede, G., 1980. *Culture's consequences: International differences inwork-related values.* CA: Sage, Beverly Hills.

Hofstede, G., 1991. *Cultures and organizations: Software of the mind.* London: McGraw-Hill.

Hofstede, G., 2000. *Kultury i organizacje. Zaprogramowanie umysłu.* Warszawa: Polskie Wydawnictwo Ekonomiczne.

House, R.J., Hanges, P.I.,& Ruiz-Quintanilla, S.A., 1997a. GLOBE: The Global Leadership and Organizational Behavior Effectiveness research program. *Polish Psychological Bulletin,* No 28, pp. 215-254.

House, R.J., Wright, N.S. & Aditya, R.N., 1997b. Cross cultural research on organizational leadership: A critical analysis a proposed theory (in:) P.C.Early & M.Erez (eds.), *New perspectives in international organizational psychology.* San Francisco: New Lexington, pp. 535-625.

House, R.J., et. al., 2004. *Culture, Leadership, and Organizations. The GLOBE Study of 62 Societies.* Thousand Oaks, London, New Delhi: Sage Publications.

Koopman, P.L., Mączyński, J., Den Hartog, D.N., Witkowski, S.A., and 48 European co-authors (2001). Perception of Societal Culture and Preferred Leadership Styles in North/West and South/East European Countries. *Polish Journal of Applied Psychology,* Vol. 1, No. 1, 2001., pp. 7-22.

Mączyński, J., Jago, A.G., Reber, G.& Bohnish, W., 1994. Culture and leadership styles: A comparison of Polish, Austrian and US Managers. *Polish Psychological Bulletin,* No. 25, pp. 303-315.

Mączyński, J., Łobodziński, A., Wyspiański, D., Kwiatkowski, P.,2010. Differences on Organizational Practices and Preferred Leader Attributes Between Polish Managers Investigated in 1996/1997 and 2008/2009. *Polish Psychological Bulletin*, 2010, vol. 41, pp. 127-132.

Mączyński, J., Zamorska, J., 2008. Cross-Cultural Studies on Leadership (in:) M.Hess, T.P.Massey, Ł.Sułkowski (eds.), *Intercultural Management Studies, Academy of Management,* Łódź – Worchester: Clark University, pp. 33-41.

Mączyński, J., Zamorska, J., Łobodziński, A., 2010. Differences on Organizational Practices Between Polish Managers Studied in 1996/1997 and 2008/2009. *Journal of Intercultural Management,* Vol. 2, No. 1, March 2010, pp. 69-77.

Mc Clelland, D.C., 1987. Human motivation. Cambridge, UK: Cambridge University Press

Thomas, M.A., Greenberger, D.B., 1985. The relationship between leadership and time orientation. *Journal of Management Inquiry*, 4, pp. 272-292.

Yukl, G. 1998. Leadership in organizations. Upper Saddle River, NJ: Prentice Hall.

Abstract

This study compares Polish managers' perceptions of their organizational culture and their beliefs concerning attributes necessary for leadership effectiveness, investigated in 1996/1997 and 2010//2011. As was unexpected, our results show that Polish managers of 2010/2011 score significantly higher than managers of 1996/1997 on Power Distance, Autocratic Orientation and slightly lower on Performance Orientation, Team Orientation, Humane Orientation, Decisiveness, Integrity, CharismaticlVisionary Leadership Dimension and Charismatic/Inspirational Leadership Dimension. Our findings suggest that more autocratic orientation in Polish organizations is still necessary in order to survive and be effective during the current turbulent and highly uncertain economic and business conditions. Our findings are also consistent with regard to leadership attributes of Performance Orientation, Team Orientation, Decisiveness, Humane Orientation, Integrity, Visionary and Charismatic/Inspirational, which are somewhat less strongly associated with leadership effectiveness by Polish middle managers investigated in 2010/2011 in comparison with their counterparts studied in 1996/1997.

Charles Wankel
St. John's University, New York

Agata Stachowicz-Stanusch
The Silesian University of Technology

Jane Sekarsari Tamtana
Trisakti University

The Impact of the National Culture Dimension and Corruption on Students' Moral Competencies – Research Results

Rather fail with honor than succeed by fraud.
Sophocles

To see what is right and not to do it is want of courage.
Confucius

1. Introduction

Recent ethical scandals in many corporations have brought to the fore the issue of ethics in the business world. Many have attributed the unethical conduct at Enron, WorldCom, Tyco, Adelphia, and Arthur Anderson to pure greed. The educational system in general and business education in particular have been criticized for failing to deter and even for encouraging recent executive misconduct through their limited emphasis on student ethical development [Sims & Felton 2006].Critics suggest that ethical values are best instilled in early training and that unless students learn to value and apply ethical behavior during their preparatory stage, they cannot be expected to do so in the field. Critics further contend that if current trends continue, incidences of ethical misconduct in business practice along with negative public perception will

continue to increase [Swanson 2004]. To promote more ethical reasoning within the field of business, business education programs must better develop students' abilities to confront moral and ethical dilemmas with knowledge, sensitivity and conviction [Schmidt C.D. et al., 2009].

Ghoshal [2005] provides one of the most discussed critiques of business school education. His primary thesis is that today's business education, with its foundations in agency theory and economic liberalism, contributed significantly to the recent stream of unethical business practices [see: Neubaum D.O. et al., 2009]. Mitroff [2004] offers a particularly scathing assessment, saying business school faculty are "guilty of having provided an environment where the Enrons and the Andersens of the world could take root and flourish ... we delude ourselves seriously if we think we played no part whatsoever" [Mitroff I.I., 2004, p. 185]. Kochan [2002, p. 139] went so far as to say these scandals are the result of corporations' overemphasis on "maximizing shareholder value without regard for the effects of their actions on other stakeholders".

Despite the questions raised about the role of business schools in ethical conduct of former students, there is a strong prevailing view that exposure of individuals to good ethical practices will have positive influence on ethical behavior. Jaffe and Tsimerman [2005] explained that the ethical attitudes of current business students indicate the future moral climate of business. The attitudes students have now translate into behaviors they will have in the business world. Today's college students will be the next generation of business employees, owners, managers, and regulators. Reiss and Mitra [1998, p. 1581] explained, "In order to study the attitudes and behaviors of future organizational leaders one can look to current university business students." So, the future of business ethics depends on the attitudes of the current students.

The critics of the educational system in general and business education in particular for their failure to inculcate in students the standards of good conduct from the one side and the responsibility of business education for the ethical state of the business world from the other side have inspired us to ask the question "What is the impact of national culture and corruption level perception on students' moral competencies?" This paper presents the findings of the impact of national culture dimensions and corruption perception on students' moral competencies from Indonesia, Poland, and USA.

1. Theoretical Background

2.1 Ethics and business students

Today's university students will be tomorrow's business managers. As such, they will profoundly impact the day-to-day practice of business and the development of its governing principles. Recognition of this truth by scholars may explain, in part, the proliferation of research regarding the ethical development

of university students in general, and business students in particular, over the past 15-20 years [Sauers D.A. et al., 2005]. For example, an analysis conducted in 1998 by Borkowski and Urgas [1998] focused on factors influencing the level of ethical attitudes, based on 56 published empirical studies in this area, indicated two significant individual features that have an impact on ethical attitudes of students. Specifically these were: gender (as females exhibited a higher ethical standard than males) and age (as older students exhibited a higher ethical standard than younger ones). The results of this research do not indicate a significant relationship between academic students' profiles (business or non-business) and their ethical attitudes [Borkowski S.C. & Ugras Y.J., 1998; Tse A.C.B. & Au A.K.M., 1997]. Moreover, some recent scientific reports [Lopez Y.P. et al., 2005] show higher tolerance for unethical behaviors by students beginning their undergraduate business degree compared to those who completed their degree. In other empirical studies conducted by Neubaum et al. [2009], the hypothesis that business students held more relativistic and less idealistic attitudes than non-business students was not empirically supported. These results are consistent with previous research [Borkowski S.C. & Ugras Y.J., 1998; Tse A.C.B. & Au A.K.M., 1997]. The hypothesis that business students had stronger profit motivation than non-business students found partial support. One difference that was found is that non-business students were more interested in the environmental and social performance of firms as a criterion for assessing potential employers. This difference in approach to making career choices ("voting by feet" as a declared way of conduct) was not reflected in beliefs and views on appropriate business conduct.

The researchers did not find any supporting evidence for the hypotheses on differences in moral philosophies and profit motivation between business and non-business freshmen students.

Other studies that have empirically examined business ethics and ethical judgment among both students and professionals have focused on factors such as the environment [Peterson D. et al. 2001; Wimbush J.C. et al., 1997]; education, vocation, and career stage [Abbey A. et al., 2009] and gender [Abbey A. et al., 2009; Whipple T.W. & Swords D.F., 1992]. Of these variables, perhaps, interest in gender as an antecedent variable has received the most attention. Some studies on gender and ethics support the notion that females are generally more ethical than males [Abbey A. et al., 2009]. Other studies found no such difference [Jones S.K. & Hiltebeital K.M., 1995; David J.M. et al, 1994**].**

1.2 National culture and ethics

At present, there are at least six models of national cultures that continue to be widely cited and utilized in the organizational research literature. These include models proposed by Kluckhohn and Strodtbeck, Hofstede, Hall, Trompenaars,

Schwartz, and House and his GLOBE associates. Each model highlights different aspects of societal beliefs, norms, and/or values and, as such, convergence across the models has been seen as being very limited. However, the Dutch management researcher Hofstede [1991; 1994; 1997; 2001], perhaps the most well-known and oft cited researcher in the field of national culture, advanced the most widely used model of cultural differences in the organizations literature. His model was derived from a study of employees from various countries working for major multinational corporations and was based on the assumption that different cultures can be distinguished based on differences in what they value. Hofstede argues that it is possible to gain considerable insight into organized behavior across cultures based on these value dimensions. Initially, Hofstede asserted that cultures could be distinguished along four dimensions, but later added a fifth dimension based on his research with Michael Bond. Those dimensions are: power distance (beliefs about the appropriate distribution of power in society), individualism vs. collectivism (relative importance of individual vs .group interests), masculinity vs. femininity (assertiveness vs. passivity, material possessions vs. quality of life), uncertainty avoidance (degree of uncertainty that can be tolerated and its impact on rule making), and long- vs. short-term orientation (outlook on work, life, and relationships) [Bhagat R.S. & Steers R.M., 2009].

The effects of culture upon the ethical decision-making process has been another area of research that has become popular with ethics researchers, especially during the last decade. In general, the empirical findings of these researchers have identified some differences in the ethical orientations of the cultures examined [e.g., Armstrong R.W., 1996; Okleshen M. & Hoyt R., 1996; Swinyard W.R. et al., 1990; Whipple T.W. & Swords D.F., 1992]. In addition, some of these researchers [e.g., Whipple T.W. & Swords D.F., 1992] have used their research findings to suggest that one culture may be "more ethical" than the other.

The increasing globalization of business has inspired a number of cross-cultural studies that have examined the ethical beliefs and decision making of business students in different cultures. Some studies have found meaningful cultural effects. Brody, Coulter, and Mihalek [1998] found significant differences between the ethical perceptions of U.S. and Japanese accounting students to whistle-blowing. Since the subjects had yet to receive any formal workplace training, the authors concluded that the observed differences in ethical perceptions were due to cultural differences. Other studies, however, do not support the view that culture influences ethical beliefs and decision making. For example, Preble and Reichel (1988), in their study of Israeli and U.S. management students' attitudes towards business ethics, found both groups held relatively high moral standards.

Attention has also been given to cross-cultural aspects of ethical standards. Theorists have long suggested that countries with different cultures and values

have different perceptions as to what constitutes ethical or unethical behavior [Ferrell O. & Gresham L., 1985; Hunt S. & Vitell S., 1986; Bartels R., 1967]. Cohen et al. [1992] point out the close relationship between ethics and culture by stating, "There is evidence that ethical diversity is related to cultural diversity."

Referring to Hofstede's [2001] work, Walker and Jeurissen [2003] propose that, from the evidence of national culture differences among managers, it can be inferred that there will be national cultural differences among management students. Axinn, Blair, Heorhiadi and Thach [2005] and Christies, Kwon, Stoeberl and Bauhar [2003] note the role that cultural factors play in shaping ethical beliefs and attitudes of students. Corroborating Hofstede's [1991] research, Ballantine [2000] reported effect of culture on perception of moral identity of marketing students from Malaysia and New Zealand. Zhang, Straub, and Kusyk [2007] report differences between Canadian and French students' work and life values. Ahmed, Chung, and Eichenseher [2003] note differences in perceptions of ethicality between business students from China, Egypt, Finland, Korea, Russia, and the USA students. There are also some comparisons between students from Russia [Ludlum M.P. & Moskaloinov S., 2005], and China [Ludlum M.P. et al., 2005] Malaysia and New Zealand [Ballantine P., 2000] or South Africa and Cyprus [Thomas A. et al., 2008].

Supporting the link between national culture and ethics, Husted [1999] reported a relationship between levels of societal corruption and power distance, uncertainty avoidance and masculinity, while Getz and Volkema [2001] found a link between levels of corruption, power distance, and uncertainty avoidance. Similar results were gained in the research presented by Husted [1999], showing (1) "power distance" [Hofstede G., 1997] has a positive impact on the level of corruption, and (2) the extent to which the quest for material success dominates over a concern for the quality of life ("masculinity-feminity" – Hofstede G., 1997) positively and significantly impacts the level of corruption. Also Robertson and Watson argue that the extent to which members of a culture feel threatened by uncertainty or unknown situations positively and significantly impact on the level of corruption [see: Lambsdorff J.G., 2007].

2.3. Moral Intelligence

For almost the whole twentieth century intelligence has been associated with IQ tests, which were focused on the measurement of memory, reasoning ability and analytical capacity. The work of psychologists such as H. Gardner [1999], R. Sternberg and D. Goleman seem to confirm the view that, apart from IQ there are also the cognitive processes which determine it, and that there are different intellectual abilities, which can not be limited to general intelligence. The most radical position on the unusual types of intelligence was presented by Gardner [1999] in his theory of multiple intelligences [see: Maccoby M., 2004].

It is to him we owe the creation of a list of eight different kinds of intelligence, such as kinetic intelligence, intra-and interpersonal, or natural intelligence. This list is constantly replenished with "new types" of intelligence such as spiritual, existential, or moral intelligence.

The concept of moral intelligence used by C. Wigglesworth [2006] was popularized by D. Lennick and F. Kiel in 2005 in their book *Moral Intelligence: Enhancing Business Performance and Leadership Success*. The authors consider moral intelligence to be "the mental capacity to determine how universal human principles should be applied to our values, goals and actions" [Lennick D. & Kiel F., 2005, p. xxxiii]. They note there is a link between the observance of moral principles by managers in managing businesses and their achieving financial success. Moral intelligence is new to the playing field. Just as emotional intelligence and cognitive intelligence are different from one another, moral intelligence is another distinct intelligence. Moral intelligence is our mental capacity to determine how universal human principles – like those embodied by the "golden rule" – should be applied to our personal values, goals and actions [Lennick D. & Kiel F., 2005, p. 7]. Hence, moral competency is understood as the capacity to act in accord with moral principles.

Lennick and Kiel [2005] define moral principles as values that cut across all cultural boundaries. They argue that people overwhelmingly prefer to follow leaders who exhibit integrity, integrity being a universal human (extant across time and cultures) moral principle. Other moral principles they claim, and attempt to measure in their Moral Competency Index (MCI) are responsibility, compassion, and forgiveness [Martin D.E. & Austin B., 2008]. Each of those key moral principles is linked to moral competencies.

Two questions emerge from the above discussion: Are there any universal moral principles, valid worldwide, spanning religions and beliefs? Are the principles indicated by Lennick and Kiel (integrity, responsibility, compassion and forgiveness) of such a type?

Immanuel Kant [1785] formulated a universal principle which he named the categorical imperative: "Act only on that maxim through which you can at the same time will that it should become a universal law". Similar statements occur in many religions [Baker R., 1996]:
- Brahmanism: "This is the sum of duty: Do naught unto others which would cause you pain if done to you" (Mahabharata, 5, 1517);
- Buddhism: "Hurt not others in ways that you yourself would find hurtful" (Udana Varga, 5, 18);
- Confucianism: "Is there one maxim which ought to be acted upon throughout one's whole life? Surely it is the maxim of loving kindness: Do not unto others what you would not have them do unto you" (Analects, 15, 23);
- Taoism: "Regard your neighbor's gain as your own gain, and your neighbor's

loss as your own loss" (T'ai Shang Kan Ying P'ien);
− Zoroastrianism: "That nature alone is good, which refrains from doing unto another whatsoever is not good for itself" (Dadistan I-dinik, 94, 5);
− Judaism: "What is hateful to you, do not to your fellowman. That is the entire Law; all the rest is commentary" (Talmud, Shabbat, 31 a);
− Islam: "No one of you is a believer until he desires for his brother that which he desires for himself" (Sunnah).

Those ideas, as well as the Christian golden rule: "All things whatsoever ye would that man should do to you, do ye even so to them" (Bible, Mathew, 17:12), suggesting how we should treat others, would certainly include being honest and acting with integrity [Baker R., 1996]. There is also further research [Kriger M.P. & Hanson B.J., 1999; Jackson K.T., 1999] that has developed a set of universal values drawn from the world's major religions (Sikhism, Buddhism, Judaism, Christianity, Hinduism, Islam, Baha'ism, Confucianism, & Jainism) as the basis for making employees and organizations sound. Those values include: equality, honesty, compassion, avoiding harm, respect, peace, justice, forgiveness, service, duty, trustworthiness, being a good citizen, peace, and gratitude.

Kim Cameron [2003], who perceives principles as virtues, based on the positive psychology literature, indicates the positive influence of some of them (including those mentioned by Lennick D. & Kiel F., 2005) on individuals and organizations, such as:
− integrity has been associated with higher levels of self-esteem, intimacy, self-regard, and positive affect [Harter S., 2002], as well as with productive interpersonal relationships, teamwork, effective decision making, participation, and positive climate in organizations [Harter S., 2002; Gergen K.J., 1999; Lerner H.G., 1993];
− forgiveness is associated with broader and richer social relationships, higher satisfaction, stronger feelings of empowerment, less physical illness, faster recovery from disease and injury, and less depression and anxiety [McCullough M.E., 2000; Hope D., 1987; Fitzgibbons R.P., 1986; Enright R.D., 1994];
− and compassionate persons demonstrate higher levels of helping behavior, moral reasoning, connectedness, and stronger interpersonal relationships, as well as less depression, reduced moodiness, and less mental illness [Bateman T.S. & Organ D.W., 1983; Cassell E.J., 2002; Blum L., 1980; Solomon R.C., 1998].

Moreover, Seligman, & Csikszentmihalyi [2000] reported that virtues such as courage, hope or optimism, faith, honesty or integrity, forgiveness, and compassion all have been found to be inoculation agents against psychological distress, addiction, and dysfunctional behavior.

Despite the preponderance of such general overviews of moral principles, there are also many works and investigations on particular ones. For instance,

the phenomena of integrity, morality, and ethics are commonly understood to provide standards of "correct" behavior [Erhard W.H. et al., 2005]. Most of us have an innate sense that what is pointed to by these three elements is of fundamental importance in human affairs. As is the case with the physical laws of nature (such as gravity), integrity as we have distinguished and defined it operates as it does regardless of whether one likes it or not. Colby and Damon [1992] as well as Damon [1996] defined the moral exemplar as an individual with a sense of moral integrity and a 2002 study by Olson proved that moral integrity is positively associated with well-being and negatively associated with anxiety. This provides preliminary support for the theoretical proposal that moral integrity is experienced as a subjective sense of wholeness and balance.

Moral intelligence consists in the ability to apply methodically universal moral principles to human ethical standards, goals, and relationships [Lennick D. & Kiel F., 2005]. One of the factors that support this very definition is that morality is a priori, meaning individuals are inclined since birth to act with integrity, responsibility, compassion, and forgiveness. It is understood, and expected, that such a tendency does not mean that morality is a constant, time-independent phenomenon. The MCI attempts to measure the dynamic nature (it aims to measure if actions and beliefs are aligned) of one's moral intelligence. Accordingly, the purpose of the MCI is to help people identify attributes within a moral framework that can be developed in future. Thus, the research conducted by Lennick and Kiel purports to offer a tool that can be used by an individual to measure her or his current moral alignment and determine which fields have to be improved in order to become better aligned to their own moral compass, whereas previous research attempted to better understand the precedent factors to ethical decision-making or to model decision-making processes within an ethical context.

Therefore, based on the following assumptions:
− the modern financial crisis has except of economic dimensions also more deeper moral dimension;
− business university courses are perceived as an effective means of improving the moral standards of students, but on the other hand the current examples of corruption in the business area are expressed that they will not give the desired results;
− an individual's ethics evolve over time, ethics can be taught, and educational programs that integrate the study of ethical theory with its practical application can be highly effective;
− hence, university business education should develop the moral competencies of business students;
− there is a close relationship between the ethical standards of business students and national culture.

The research question motivating our empirical study was:

What are the impacts of national culture and the perception of corruption on students' moral competencies?

We tested the following hypotheses:

H1 The higher the value of the CPI (Corruption Perception Index) coefficient of a country (the less corrupt the country), the higher level of MCI (Moral Competency Index) of the students.

H2 The higher the level of cultural femininity (MAS) of a national culture, the higher level of MCI of the students.

H3 The higher the power distance (PDI) of a national culture, the lower level of MCI of the students.

H4 The higher the level of individualism (IDV) of a national culture, the higher level of MCI of the students.

H5 The higher the level of uncertainty avoidance (UAI), the lower the level of MCI of the students.

2. Methodology

3.1 Data and research sample

Data necessary for the research process purposes were collected from three sources:

First, the framework of cultural dimensions set forth by Hofstede [1980] was chosen as it offers measurable cultural criteria (quantified values for cultures). This is the reason the choice of one among several classification and typologies of cultures that occurred in last decades. The authors of this paper have sourced the data for calculation (as presented later in the paper) from the official Geert Hofstede on-line research resource (www.geert-hofstede.com). The data includes four national culture dimensions (PDI – Power distance Index; IDV – Individualism; MAS – Masculinity; UAI – Uncertainty Avoidance Index) calculated for each of the analyzed and compared country.

Second, data on the corruption level in particular country were collected from the results for CPI Index - Corruption Perception Index which is published by Transparency International. The collected data were sourced from the 2009 Global Corruption Report. The CPI ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index making use of survey of business people and assessment by country analysts. Those published results are also presented in the further stages of the research process description.

Third, data on the level of the moral competence of students in each particular country was acquired from online research using tools such as a survey questionnaire. The research instrument was translated into the national languages of students who participated in the research process. This questionnaire was distributed through the SurveyMonkey application.

The research group was comprised of students from three countries—Poland, Indonesia, and the United States—who were in classes on ethics or related subjects. Careful, purposeful sampling allowed the selection of especially useful study units, minimizing the risk of studying people who did not align with predetermined selection criteria. The degree of sample response was 100%. Specifically, 122 valid questionnaires were received, which were used for further analysis.

Table 2. Number of respondents by country

Country	Number of respondents	Percentage
Indonesia (IDN)	46	37,7
Poland (POL)	50	41,0
United States (USA)	26	21,3
TOTAL	122	100

Source: author's study

3.1. Description of the instrument

Moral Competency Inventory Measurement Instrument
Lennick's and Kiel's contention is that leadership potential is highly correlated with moral intelligence. The MCI sets out to measure ten competencies within a moral framework. The competencies are:

- Competence I — acting consistently with principles, values and, beliefs;
- Competence II — telling the truth;
- Competence III — standing up for what is right;
- Competence IV — keeping promises;
- Competence V — taking responsibility for personal choices
- Competence VI — admitting mistakes and failures
- Competence VII — embracing responsibility for serving others
- Competence VIII — actively caring about others
- Competence IX — ability to let go of one's own mistakes
- Competence X — ability to let go of others' mistakes.

A five-point Likert-like scale (1=Never, 2=Infrequently, 3=Sometimes, 4=In most situations, and 5=In all situations) was used for the entire forty-question tool. Additive scores of 90 to 100 were considered very high, 80 to 89 high, 60 to 79 moderate, 40 to 59 low, and 20 to 39 very low. The score indicates one's

actions with respect to his/her beliefs and is defined as an "alignment score" [Lennick D. & Kiel F., 2005]. A lower score in a specific competency was taken as being indicative of a factor that needs improvement.

3. Research results

To measure the level of the students' moral competence, a tool in the form of a questionnaire consisting of 40 questions was used. Each question was subjectively evaluated by respondents on the Likert scale from 1 to 5.

Before examining the data, it is necessary to determine its accuracy and reliability. In order to verify the reliability of measurement, the Cronbach alpha coefficient should be used, which will determine the reliability of the scales used in devising the questionnaire. In the case of the present study the Cronbach alpha index was 0.987 for the whole tool, which is an extremely high degree of reliability (Table 3). It can therefore be said that the data are over 98 percent reliable.

Table 3. Measurement of scale reliability

Cronbach's alpha	Number of position (questions)
0.987	40

Source: Author's own figures

The next stage was based on calculating the overall result by summing the points obtained from each question and dividing them by 2. The result is interpreted as shown in table 4.

Table 4. Interpretation of MCI study results

Score	Interpretation
20-39	very low
40-59	low
60-79	medium
80-89	high
90-100	very high

Source: Lennick & Kiel (2005).

Given this grading scale, the average level at which the students achieved results was examined in each country. As shown in Table 6, the results are very similar. No country fell within the low ranges of 20-39 points or 40-59 points. An interpretation of the data is that the level of moral competence of students in Indonesia and Poland is in a medium range, while the U.S. students' level is a tad higher.

Table 5. Interpretation of MCI study results by country

Country	MCI	Interpretation
IDN	78,5	medium
POL	79,9	medium
USA	80,3	high
TOTAL	122	100

Source: Author's own figures

The average level of competence for students in each of the countries is depicted in Table 5. As we can see, the majority of MCI for all countries reported a high level, as up to 74.6% of respondents fell into this group. Interestingly, the highest percentage of students with very low MCI was located in Indonesia (2.2%), while most students with high MCI come from Poland (84%). The United States was the only country in which there were no students from low-level MCI. As the value of MCI at various levels is different in each of the countries studied, the chi-square test was used to investigate the relation between these variables[1]; this allowed for the rejection of the null hypothesis regarding the independence of variables, and the adoption of an alternative hypothesis, according to which there is a statistically significant relationship between the student's country of residence and the level of moral competence.

Table 6. MCI study results for students by country

		Country			TOTAL
		IDN	POL	USA	
MCI	very low	2.2%	2.0%	0.0%	1.6%
	Low	8.7%	6.0%	7.7%	7.4%
	medium	19.6%	8.0%	26.9%	16.4%
	High	6.6%	84.0%	65.4%	74.6%
TOTAL		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

The next step was to calculate the result for each of the ten competences and to give them descriptive statistics (classic and positional measures). The index of competence was calculated by summing the values of the four questions (according to Table 7), and then dividing the result by 2.

---

[1] The chi-square value was 133.437, df = 82, asymptotic significance = 0.000. The test was performed based on single observations, rather than the aggregate data in Table 6.

Table 7. MCI study results for all ten competences

Competence	IDN	POL	USA	Question no.
I	8.2	**8.4**	8.3	1, 11, 21, 31
II	7.9	**8.8**	8.6	2, 12, 22, 32
III	7.2	7.4	**7,5**	3, 13, 32, 33
IV	8.3	**8.8**	8.4	4, 14, 24, 34
V	8.0	**8.3**	8.2	5, 15, 25, 35
VI	**8.6**	8.0	8.2	6, 16, 26, 36
VI	7.7	7.1	**7.8**	7, 17, 27, 37
VIII	7.8	7.4	**8.2**	8, 18, 28, 38
IX	7.8	**7.9**	**7.9**	9, 19, 29, 39
X	7.1	**7.8**	7.1	10, 20, 30, 40
MEAN	7.86	7.99	8.02	

Figures in bold indicate the highest values for a particular competence. Shaded cells indicate identical values for a particular competence. Hatch cells indicate the highest MCI result for a particular country.

Source: Author's own figures

Competence levels as analysed in all groups (countries) reached very similar levels. The same levels of MCI were observed in the United States and Poland to the competence of IX (7.9), and in Indonesia and the United States to the competence of X (7,1). However, various values of standard deviation for these competence show diversity among the respondents' answers. The value of competence I in all countries exceeded 8, and the standard deviation from the mean MCI was also similar. Interestingly, the median and dominant values for Poland and the U.S. were the same, amounting to 8.5. Values for MCI II competence in the three treatment groups were rather diverse. It should be noted that for the United States and Poland, the highest level of averages in the case of MCI II competencies was achieved (8.6 and 8.8 respectively). For Indonesia, this competence was VI (8.6), with a relatively small gap between the value of the minimum and maximum response (4.0) and a standard deviation of 1.07, which may testify to the rather large unanimity of the respondents. Students from the United States showed the highest level of unanimity to competence X (the standard deviation equal to 1.0); in the case of Poland, these were competences I and V (standard deviation from the average was 1.02). It is worth noting that competence IV, which showed a very similar level of MCI in all countries (8.3 in Indonesia, 8.4 in the United States, 8.8 in Poland) was the one, beside competence II, with the highest mean value for MCI Polish students. In none of the other countries were there two competences with the same maximum values.

Table 8. Descriptive statistics for each moral competency

	Competence I			Competence II			Competence III			Competence IV			Competence V		
	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA
minimum	5.50	4.00	3.50	4.00	5.00	5.50	4.50	3.50	4.50	4.00	5.00	3.50	3.50	4	5.00
maximum	9.50	9.50	9.50	9.50	9.50	10.0	9.00	9.00	10.0	9.50	9.50	9.50	9.00	9,5	9.50
mean (MCI)	8.10	8.44	8.33	7.86	8.79	8.63	7.18	7.35	7.48	8.25	8.79	8.42	8.04	8,34	8.21
standard deviation	1.16	1.02	1.28	1.29	1.13	1.21	1.15	1.39	1.46	1.11	1.13	1.58	1.24	1,02	1.31
variance	1.50	1.05	1.64	1.65	1.27	1.47	1.32	1.93	2.13	4.00	5.00	3.50	1,53	1.04	1.70
median	8.00	8.50	8.50	8.00	9.50	9.00	7.50	8.00	7.00	9.50	9.50	9.50	8,25	8.50	8.50
dominant	8.00	8.50	8.50	8.00	9.50	9.00	7.50	8.00	6.50	8.25	8.79	8.42	9,0	8.50	8.0*

	Kompetencja VI			Competence VII			Competence VIII			Kompetencja IX			Kompetencja X		
	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA
minimum	5.50	4.00	4.50	3.00	3.00	4.00	3.50	2.50	4.50	4.00	4.00	3.50	2.00	3.00	4.00
maximum	9.50	9.00	9.50	9.50	10.0	9.50	9.00	9.00	9.50	9.00	9.00	9.00	9.00	8.50	8.50
mean (MCI)	8.64	7.95	8.23	7.73	7.10	7.83	7.76	7.43	8.21	7.76	7.89	7.87	7.07	7.81	7.13
standard deviation	1.07	1.05	1.40	1.49	1.31	1.25	1.23	1.26	1.28	1.33	1.04	1.25	1.53	1.39	1.00
variance	1.15	1.10	1.96	2.22	1.72	1.56	1.51	1.58	1.64	1.76	1.07	1.55	2.34	1.94	0.99
median	9.00	8.00	8.75	8.50	7.00	8.00	8.00	7.50	8.50	8.00	8.00	8.25	7.00	8.50	7.00
dominant	9.50	8.00	9.50	8.50	7.00	8.00	8.50	8.50	9.00	8.50	8.00	8.50	7.50	8.50	7.00

* - There are many modes, of which the smallest one was chosen.

Source: Author's own figures

The results obtained for each of the competencies provide the basis for determining the results for each of the major moral principles according to the method shown in Table 9.

Table 9. Matrix of competences and moral principles

Moral Principle	Competence included	IDN	POL	USA
INTEGRITY	I, II, III, IV	31.5	**33.4**	33.0
RESPONSIBILITY	V, VI, VII	**24.4**	23.4	**24.4**
COMPASSION	VIII	7.8	7.4	**8.2**
FORGIVENESS	IX, X	14.8	**15.7**	15.0

Source: Author's own figures

To compare the results of the specific moral principles in the three countries, it was necessary to create four metavariables, each of which is the arithmetic mean of all the powers making up a given moral principle. As the number of these competencies in the various moral principles varied (one for empathy, two for forgiveness, three for responsibility, four for honesty), it seemed sensible to harmonize the results.

Table 10. Matrix of competences and metavariables for moral principles

Moral Principle	IDN	POL	USA
INTEGRITY	7.9	**8.4**	8.2
RESPONSIBILITY	**8.1**	7.9	**8.1**
COMPASSION	7.8	7.4	**8.2**
FORGIVENESS	7.4	**7.9**	7.5
Average level	7.8	7.9	**8.0**

Figures in bold indicate the highest result for a particular moral principle. Shaded cells indicate identical values for a particular moral principle.

Source: Author's own figures

The analysis of the individual moral principles in the three study groups allows us to draw some conclusions. First, the average level of all moral principles in the three countries are close to each other: the lowest value obtained in Indonesia, but this value differs from the highest, which was obtained in the United States, by only about 0.02 (Table 10). The result for Poland falls between these two values (7.9). Moreover, the values for the principle of moral responsibility are the same for Indonesia and the United States (8.1) and higher than the Polish result (7.9).

Interestingly, the lowest differentiation of an answer to this moral principle was in Poland (standard deviation was 0.99, a low value in comparison to 1.2 for Indonesia and 1.16 for the United States). Nevertheless, the highest

differentiation of an answer was reported for empathy, which should not surprise anyone, because this principle consisted of only one component.

The standard deviation values for this principle were similar in all countries, although the interval between answers in Poland was the highest (6.5), which mirrors the unanimity among Polish students. In the case of honesty, the highest score was achieved in Poland (8.4), and Poland reported a low interval between the lowest and the highest value (4.6). In Indonesia and the United States these coefficients were also low (4.4 and 5.0 respectively).

The last variable analysed is forgiveness; its lowest value was noted in Indonesia (7.4), a little higher in the United States (7.5). Despite a high score for Poland (7.9), in comparison to other countries, it is the US which reported the lowest differentiation between results (0.94), which stands for the highest unanimity among respondents.

Table 11. Descriptive statistics for each moral principle by country

	INTEGRITY			RESPONSIBILITY			COMPASSION			FORGIVENESS		
	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA	IDN	POL	USA
minimum	4.50	4.40	4.30	4.00	3.70	4.50	3.50	2.50	4.50	3.00	3.50	3.80
maximum	8.90	9.00	9.30	9.20	9.00	9.00	9.00	9.00	9.50	8.80	8.80	8.30
range	4.40	4.60	5.00	5.20	5.30	4.50	5.50	6.50	5.00	5.80	5.30	4.50
mean	7.88	8.37	8.23	8,.14	7.78	8.08	7.76	7.43	8.21	7.44	7.89	7.53
standard deviation	1.06	1.04	1.19	1.20	0.99	1.10	1.23	1.26	1.28	1.38	1.18	0.94
variance	1.12	1.07	1.42	1.43	0.97	1.33	1.51	1.58	1,40	1.90	1.39	0.88
median	8.10	8.85	8.80	8.50	7.80	8.60	8.00	7.50	8.50	8.00	8.30	7.80
dominant	8.40	8.90	9.00	9.00	7.80	9.00	8.50	8.50	9.00	8.30	8.30	7.80

Source: Author's own figures

To conclude from the above results, the relatively best scores for MCI and individual moral principles were achieved among students in the United States, although Polish and Indonesian students were not significantly far behind them (table 12).

Table 12. Mean MCI results and average level of metavariables by country

	IDN	POL	USA
mean MCI	7.86	7.99	8.02
Average level of moral principles	7.80	7.90	8.00

Source: Author's own figures

Hypotheses

Statistical tests were run for the hypothesis given below, which examined the dependency between variables. The correlation coefficient was checked for each pair. To calculate this coefficient, the formula for Pearson's R was used, because the variables analyzed were of a quantitative character.

H1 The higher the value of the CPI coefficient of a country (the less corrupt the country), the higher the level of students' MCI.

Table 13. Relationship between CPI and student's MCI

		MCI			
		78.5 (IDN)	79.9 (POL)	80.7 (USA)	TOTAL
CPI – corruption	2.8 (IDN)	46	0	0	46
		100.0%	0.0%	0.0%	37.7%
	5.0 (POL)	0	50	0	50
		0.0%	100.0%	0.0%	41.0%
	7,5 (USA)	0	0	26	26
		0.0%	0.0%	100.0%	21.3%
TOTAL		46	50	26	122
		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

According to the data in table 14, these assumptions were confirmed. The chi-square test showed that the zero hypothesis can be rejected and the alternative hypothesis can be accepted, which states that the less corrupt a country, the higher the level[2] of its students' (all its inhabitants'?) competencies. The level of students' moral competencies decreases linearly with an increase in the level of corruption in the country. This is confirmed by Pearson's R coefficient, which shows the perfect correlation of the variables (R++1)[3] . The highest level of

---

[2] The chi-square value was 133.437; df=82, asymptotic significance $\alpha=0.000$. The test was run on the basis of single observations and not the summary data from table 13. The value of the chi-square test run on the data from table 13 was 244.00; df=4, asymptotic significance $\alpha=0.000$, which confirms the hypothesis of the influence of CPI on the level of students' moral competencies.

[3] The "+" sign stands for the positive linear dependence, because the level of students' competencies MCI rises with the rise of the corruption coefficient CPI (the higher the CPI value, the lower the corruption).

corruption can be observed in Indonesia (2.8) as well as the lowest coefficient of students' moral competencies (78.5), in comparison to the other countries examined.

H2 The higher the level of cultural femininity, the higher the level of the students' moral competencies.

Table 14. Relationship between MAS and student's MCI

		MCI			
		78.5 (IDN)	79.9 (POL)	80.7 (USA)	TOTAL
MAS Femininity	42 (IDN)	46	0	0	46
		100.0%	0.0%	0.0%	37.7%
	62 (POL, USA)	0	50	26	76
		0.0%	100.0%	100.0%	62.3%
TOTAL		46	46	50	26
		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

As presented in table 14, the higher the femininity level, the higher the coefficient of students' moral competencies. In Indonesia, the femininity coefficient is relatively low (42), whereas in Poland and in the United States it is higher (62). Among the countries examined, India reported the lowest value of students' moral competencies (78.5), which proves the stated hypothesis regarding the relation between the examined variable, which confirms Pearson's R coefficient as 0.867, and describes a high dependence between the femininity of the national culture and its moral competencies ($\alpha = 0.000$).

H3 The higher the power distance of national culture, the lower the level of students' moral competencies.

Table 15. Relationship between PDI and students' MCI

		MCI			
		78.5 (IDN)	79.9 (POL)	80.7 (USA)	TOTAL
PDI power distance	40 (USA)	0	0	26	26
		0.0%	0.0%	100.0%	21.3%
	52 (POL)	0	50	0	50
		0.0%	100.0%	0.0%	41.0%
	78 (IDN)	46	0	0	46
		100.0%	0.0%	0.0%	37.7%
TOTAL		46	50	26	122
		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

The hypothesis stating that the higher the power distance of national culture, the lower the level of students' moral competencies, has been established. The correlation Pearson's R coefficient, which is -0,975 with the significance level α = 0.000, confirmed the dependency between the variables analysed. The level of moral competencies falls with the rise of the national culture's power distance, which can be perfectly seen in the examples of the United States and Indonesia (table 15). In the first of these countries, the power distance is low (40), with a high MCI coefficient. On the contrary, in Indonesia the power distance is almost 2 times higher than in the United States (78), with a lower moral competency level (78.5) than in the US. The mediate coefficients for Poland perfectly confirm this hypothesis.

H4 The higher the level of individualism in the national culture, the higher the level of students' moral competencies.

Table 16. Relationship between IDV and student's MCI

		MCI			
		78.5 (IDN)	79.9 (POL)	80.7 (USA)	TOTAL
IDV individualism	14 (IDN)	46	0	0	46
		100.0%	0.0%	0.0%	37.7%
	58 (POL)	0	50	0	50
		0.0%	100.0%	0.0%	41.0%
	91 (USA)	0	0	26	26
		0.0%	0.0%	100.0%	21.3%
TOTAL		46	50	26	122
		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

In this case the assumption was that there is a positive linear influence of the level of individualism of a national culture with the level of students' moral competencies. This hypothesis has also been confirmed, as demonstrated in table 16. In the United States, the level of individualism is high (the highest among the countries examined), reaching 91. There, the level of students' moral competencies was also the highest (80,7). The examples of Indonesia and Poland, where these coefficients are lower, confirm the existence of a correlation between the variables analysed. The Pearson R coefficient is close to zero (R=0.996, significance level α = 0.000), which stands for a high influence of individualism on the moral competencies level.

H5 The higher the level of uncertainty avoidance, the lower the level of students' moral competencies.

Table 17. Relationship between UAI and student's MCI

		MCI			
		78.5 (IDN)	79.9 (POL)	80.7 (USA)	TOTAL
UAI uncertainty avoidance	46 (USA)	0	0	26	26
		0.0%	0.0%	100.0%	21.3%
	48 (IND)	46	0	0	46
		100.0%	0.0%	0.0%	37.7%
	76 (PL)	0	50	0	50
		0.0%	100.0%	0.0%	41.0%
TOTAL		46	50	26	122
		100.0%	100.0%	100.0%	100.0%

Source: Author's own figures

The assumption was made that there is a positive dependency between the level of uncertainty avoidance of the national culture and the level of students' moral competencies. Unfortunately, this hypothesis did not prove correct (table 17). The coefficient of the Pearson R correlation was 0.130 (α = 0.152), which means an almost total lack of linear dependence between the variables examined. So, it cannot be said that the higher the level of uncertainty avoidance, the lower the level of moral competencies. The highest level of uncertainty avoidance was observed among students from Poland (76, which was 30 points higher than in the United States), whereas their MCI was relatively high (higher than in Indonesia). In Indonesia the level of uncertainty avoidance was close to the American level (48 for Indonesia and 46 for the US), while the MCI coefficient for Indonesia was the lowest among the countries examined. It can be said that national affiliation, and the uncertainty avoidance linked to it, determines the level of moral competencies, but it is not a linear dependence (determining factors).

Limitations of this research

The authors are fully aware that the research study was not free from numerous restrictions that could significantly affect the results:

First, one of the major hindrances was a relatively sparse representation of the research sample, as the study was conducted among students from just one university of each country. Hence, it seems crucial to conduct similar surveys at other universities in Indonesia, Poland and USA (divided into technical and economic universities as well as management faculties at the universities of humanities) in order to confirm the general studies outcomes.

Second, there are some factors that were not taken into account in the research process such as differences in the curricular content of the business ethics topic as it might well change in some of its details in subsequent years.

Third, the influence of the instructor's communication skills on students' understanding of the subject of business ethics was ignored.

Fourth, no data were gathered about the students' work experience. However, this aspect, in addition to business education, may influence on students' moral attitudes.

Conclusion

The empirical results support H1, including that "the higher the value of the CPI coefficient of the country (the less corrupted country), the higher level of student's MCI". The relatively best scores of MCI and individual moral principles were achieved among students in the United States, and it is the US which reported the lowest differentiation between results (0,94), which stands for the highest unanimity among respondents. However, the average level of all moral principles held by students in the three countries are close to each other.

In agreement with H2,H3,H4 the study results show that the higher the femininity level of a national culture, the higher the coefficient of students' moral competencies and that the level of moral competencies declines with a rise of a level of power distance in a national culture, which can be perfectly seen in the examples of the United States and Indonesia. In the first of these countries, power distance is low with a high MCI coefficient. Conversely, in Indonesia power distance is almost twice as high as in the United States with a lower moral competencies level. There is also a positive linear level of influence of individualism of a national culture and the level of students' moral competencies. Contrary to earlier findings and H5, it was not confirmed that the higher the level of uncertainty avoidance, the lower the level of students' MCI.

The results of these studies highlight important questions concerning changing moral competence in the process of education within particular countries and the way in which national culture dimensions are manifested in learning situations.

Education is an important factor in the likelihood of an employee becoming involved in schemes of unethical decisions. Where one might think that the more highly educated someone is the less likely they are to commit fraud, quite the opposite proves to be true, at least for the amount stolen in the schemes. People with an undergraduate education tend to steal more than twice as much as perpetrators with a high school education. A person with a graduate level education is likely to steal more than twice the amount in a fraud scheme as someone with only an undergraduate degree [Wankel Ch., 2010, pp. 58-59]. Future studies therefore should include the level of moral competence of students in secondary and tertiary education as well as doctoral candidates, so it might be possible to reply to the question: "In what way are the moral competences changing during the educational process of a pupil/ student/ PhD candidate?"

Charles Wankel reports that, concerning education in moral competencies, it is more important to understand the impact on student moral competencies than it is to understand that students are exposed to lectures and readings on them. The notion should not be that some students are unteachable as far as their ethical orientation or lack thereof, but rather that some instructors in some business schools fail their students in not teaching business ethics in a transformative way [Wankel Ch., 2010, pp. 61-62] and not develop skills to deliver culturally sensitive and adaptive instruction. The table below illustrates how national culture dimensions are manifested in learning situation.

Table 18. The culture dimensions in learning situations

Cultural dimensions	How this dimension is manifested in learning situations	
Power Distance	More equality	More authority
	Teachers treated as equals to be engaged and even challenged	Teachers treated as unchallenged authorities
	Students take responsibility for learning activities	Teachers are solely responsible for what happens in instruction
	Dialogue and discussion are critical learning activities	The teacher is the primary communicator
Individualism and Collectivism	More individualistic	More collectivist
	Expectation that students speak up	Student speak up is limited situations
	Expression of student's point of view is valuable component of learning	Students expect to reflect their instructor's point of view
	Hard work is motivated by individual gain	Hard work is motivated by the greater good
Nurture and Challenge	More nurturing	More challenging
	Collaboration is cultivated	Competition is cultivated
	Failure is a growth opportunity	Failure is a highly discouraged
	Seek good relationship and security	Seek challenges and recognition

Source: Parrish and Linder-VanBerschot (2010)

Fundamentally, knowledge, competences, and attitudes are all manifestations of culture. Teaching and learning are not only embedded in culture, they are cultural transmission in action – the means to culture [przypis z tego co Tabela]. So, when we teach we are teaching culture. We seek to remember this when we teach business ethics.

References

Abbey A., Abukabar B., Boghossian F. (2009) The Influence of Ethics Instructions on Ethical Judgment of Minority Students. Journal of Buiness & Economic Research. Vol. 7, No. 2, pp. 53-60.

Ahmed, M.M, Chung, K.Y., & Eichenseher, J.W. (2003) Business students' perception of ethics and moral judgment: A cross-cultural study. Journal of business Ethics. Vol. 43, No. ˝, pp. 89-102.

Armstrong, R.W. (1996) The Relationship Between Culture and Perception of Ethical Problems in International Marketing. Journal of Business Ethics, Vol. 15, pp; 1199-1208.

Axinn, C., Blair, M.E., Heorhiadi, A., & Thach, S.V. (2005) Comparing ethical ideologies across cultures. Journal of Business Ethics. Vol. Vol. 52, No. 2, pp. 103-120.

Baker, R. (1996) Values of honesty, integrity are religious – and universal. The Deseret News. 13 Oct.

Ballantine, P. (2000) Examining The Effects of Culture on Perceptions of Moral Intensity: A Comparison of Future Marketers from Malaysia and New Zealand. ANZMAC 2000 Visionary Marketing for the 21st Century: Facing the Challenge.

Bartels, R. (1967) A Model for Ethics in Marketing. Journal of Marketing. Vol. 31, No. 1.

Bateman, T.S., & Organ, D.W. (1983) Job satisfaction and the good soldier: The relationship between affect and employee 'citizenship'. Academy of Management Journal. Vol. 26, pp. 587-595.

Bhagat, R.S., & Steers, R.M. (Eds.) (2009) Cambridge Handbook of Culture, Organizations and Work: Part I Cultural Foundations. Cambridge University Press

Blum, L. (1980) Compassion. In: A.O. Rorty (Ed.) Explaining Emotions. Berkeley, CA: University of California Press, pp. 507-517.

Borkowski, S.C., & Ugras, Y.J. (1998) Business students and ethics: A meta-analysis. Journal of Business Ethics. Vol. 17, pp. 1117-1127.

Brody R., Coulter, J., Mihalek, P. (1998) Whistle-Blowing: A Cross-Cultural Comparison of Ethical Perceptions of U.S. and Japanese Accounting Students. American Business review. Vol. 16, No. 2, pp. 14-21.

Cameron, K.S. (2003) Organizational Virtuousness and Performance. In: K.S. Cameron, J.E. Dutton, R.E. Quinn, R.E. Positive Organizational Scholarship. San Francisco: Berrett-Koehler, pp. 48-65

Cassell, E.J. (2002) Compassion. In: C.R. Snyder, & S.J. Lopez. Handbook of Positive Psychology. New York: Oxford University Press, pp. 434-445.

Christies, P.M.J., Kwon, I.G., Stoeberl, P.A., Bauhat, R. (2003) A cross-cultural comparison of ethical attitudes of business managers: India, Korea and the United States. Journal of Business Ethics. Vol. 46, No. 3, pp. 263-288.

Cohen, J., Pant, L., Sharp, D. (1992) Cultural and Socioeconomic Constraints on International Codes of Ethics: Lessons from Accounting. Journal of Business Ethics. Vol. 11, No. 9, pp. 687-700.

Colby A., & Damon W. (1992) Some do care: Contemporary lives of moral commitment. New York: The Free Press.

Cole, B.C. & Smith, D.L. (1995) Effects of Ethics Instruction on the Ethical Perceptions of College Business Students. Journal Education for Business, Vol. 70, No. 6, pp. 351-356.

Damon, W. (1996) The lifelong transformation of moral goals through social influence. In: Baltes & Staudinger (Eds.) Interactive minds. Cambridge, MA: Cambridge University Press, pp. 198-220.

David, J.M., Kantor, J., & Greenberg, I. (1994) Possible Ethical Issues and Their Impact on the Firm: Perceptions held by Public Accountants. Journal of Business Ethics. Vol. 13, pp. 919-937.

Enright, R.D. & the Human Development Study Group (1994) Piaget on the moral development of forgiveness: Identity and reciprocity. Human Development. Vol. 37, pp. 63-80.

Erhard, W.H., Jensen, M.C., & Zaffron, S. (2005), Integrity: a positive model that incorporates normative phenomena of morality, ethics, and legality. Negotiation, Organization, and Markets, working paper.

Ferrell, O., & Gresham, L. (1985) A Contingency Framework for Understanding Ethical Decision Making in Marketing. Journal of Marketing. Vol. 49, No. 3.

Fitzgibbons, R.P. (1986) The cognitive and emotive uses of forgiveness in the treatment of anger. Psychotherapy. Vol. 23, pp. 629-633.

Gardner, H. (1999) Who Owns Intelligence? Available at: www.kurzweilai.net

Gergen, K.J. (1999) Affect and organization in postmodern society. In: S. Srivastava, S. and Cooperrider, D.L. (Eds.) Appreciative Management and Leadership. Euclid, OH: Williams Custom Publishing, pp. 153-174.

Getz, K., & Volkema, R.J. (2001) Culture, perceived corruption, and economics. Business and Society. Vol. 40, No. 1, pp. 7-30.

Ghoshal, S. (2005) Bad management theories are destroying good management practices. Academy of Management Learning & Education. Vol. 4, No. 1, pp. 75-91.

Harter, S. (2002) Authenticity. In: C.R. Snyder & S.J. Lopez (Eds.) Handbook of Positive Psychology. New York: Oxford University Press, pp. 382-394.

Hofstede, G. (1991) Cultures and organizations: Software of the mind. New York: McGraw-Hill.

Hofstede, G. (1994) Values Survey Model (VSM 94). Maastricht: IRIC.

Hofstede, G. (1997) Culture and organizations: Software of the mind (2nd ed.). New York: McGraw-Hill.

Hofstede, G. (2001) Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations. New York: Sage.

Hope, D. (1987) The healing paradox of forgiveness. Psychotherapy. Vol. 24, pp. 240-244.

Hunt. S., and Vitell, S. (1986) A General Theory of Marketing Ethics. Journal of Macromarketing. Vol. 6, No. 1, pp. 5-16.

Husted, B.W. (1999) Wealth, culture, and corruption. Journal of International Business Studies. Vol. 30, No. 2, pp. 339-359.

Jackson, K.T. (1999) Spirituality as a foundation for freedom and creative imagination in international business ethics. Journal of Business Ethics. Vol. 19, No. 1, pp. 61-70.

Jaffe, E.D. & Tsimerman, A. (2005) Business ethics in a transition economy: Will the next Russian generation be any better? Journal of Business Ethics. Vol. 62, pp. 87-97.

Jones, S.K. & Hiltebeitel, K.M. (1995) Organizational Influence in a Model of the Moral Decision Process of Accountants. Journal of Business Ethics. Vol. 14, pp. 417-431.

Kant, I. (1785) The fundamental Principles of the Methaphysic of Morals.

Kochan, T.A. (2002) Addressing the crisis in confidence in corporations: Root causes, victims, and strategies for reform. Academy of Management Executive. Vol. 16, No. 2, pp. 139-141.

Kriger, M.P., & Hanson, B.J. (1999) A value-based paradigm for creating truly healthy organizations. Journal of Organizational Change Management. Vol. 12, No. 4, pp. 302-317.

Lambsdorff, J.G. (2007) The Institutional Economics of Corruption and Reform. Theory, Evidence and Policy,.Cambridge University Press.

Lennick, D. & Kiel, F. (2005) Moral Intelligence: Enhancing Business Performance and Leadership Success. Wharton School Publishing.

Lerner, H.G. (1993) The Dance of Deception. New York: HarperCollins.

Lopez, Y.P, Rechner P.L., & Olson-Buchanan, J.B. (2005) Shaping ethical perceptions: An empirical assessment of the influence of business education, culture, and demographic factors. Journal of Business Ethics. Vol. 60, pp. 341-358.

Ludlum, M.P., & Moskaloinov, S. (2005) Russian Student Views on Business Ethics: Post Enron. College Student Journal.

Ludlum, M. Moskalionov, S. & Ramachandran, V. (2005) Business Ethics Attitudes in Modern Russia and China: A Cross-Cultural Analysis. College Student Journal. Vol. 39.

Maccoby, M. (2004) Only the brainiest succeed. Research Technology Management. Vol. 44, No. 5, pp. 61-62.

Martin, D.E. & Austin, B. (2008) Validation of the Moral Competency Inventory measurement instrument: Content, construct, convergent and discriminant approaches. Proceedings of ASBBS. Available on: http://asbbs.org/files/2008/PDF/M/Martin2.pdf.

McCullough, M.E. (2000) Forgiveness as human strength: Theory, measurement, and links to well-being. Journal of Social and Clinical Psychology. Vol. 19, pp. 43-55.

Mitroff, I.I. (2004) An open letter to the deans and faculties of American business schools. Journal of Business Ethics. Vol. 54, pp. 185-189.

Neubaum, D.O., Pagell, M., Drexler, J.A. Jr, McKee-Ryan, F.M. & Larson, E. (2009), Business education and its relationship to student personal moral philosophies and attitudes toward profits: an empirical response to critics. Academy of Management

Learning and Education. Vol. 8, No. 1, pp. 9-24.

Okleshen, M., & Hoyt, R. (1996) A Cross Cultural Comparison of Ethical Perspectives and Decision Approaches of Business Students: United States of America Versus New Zealand. Journal of Business Ethics. Vol. 15, pp. 537-549.

Parrish P. & Linder-VanBerschot J.A.(2010), Culture Dimensions of Learning: Addressing the Challenges of multi-cultural Instruction, The International Review of Research in Open and Distance Learning. Vol. 11, No. 2

Peterson, D., Rhoads, A., & Vaught, B. (2001) Ethical Beliefs of Business Professionals: A Study of Gender, Age of External Factors. Journal of Business Ethics. Vol. 31, pp. 225-232.

Preble, J.F., & Reichel, A. (1988). Attitudes towards business ethics of future managers in the US and Israel. Journal of Business Ethics. Vol. 7, pp. 941-949.

Reiss M.C., & Mitra, K. (1998) The Effects of Individual Difference Factors on the Acceptability of Ethical and Unethical Workplace Behaviors. Journal of Business Ethics. Vol. 17, No. 14, pp. 1581-1593.

Sauers, D.A., Kennedy, J.C, & Loo, J. (2005) Power distance and individualism as cultural determinants of ethical judgments. Journal of International Business Research.

Schmidt, C.D., McAdams C.R. & Foster V. (2009) Promoting the moral reasoning of undergraduate business students through a deliberate psychological education-based classroom intervention. Journal of Moral Education. Vol. 38, No. 3, pp. 315-334.

Seligman, M.E.P., & Csikszentmihalyi, M. (2000) Positive psychology: An introduction, American Psychologist. Vol. 55, pp. 5-14.

Sims, R. & Felton, E.L. (2006) Designing and delivering business ethics teaching and learning. Journal of Business Ethics. Vol. 63, No. 3, pp. 297-312.

Solomon, R.C. (1998) The moral psychology of business: Care and compassion in the corporation. Business Ethics Quarterly. Vol. 8, pp. 515-533.

Swanson, D.L. (2004) The buck stops here: why universities must reclaim business ethics education. Journal of Academic Ethics. Vol. 2, No. 1, pp. 43-61.

Swinyard, W.R., Rinne, H., & Keng Kau, A. (1990) The Morality of Software Piracy: A Cross-Cultural Analysis. Journal of Buiness Ethics. Vol. 9, pp. 655-664.

Thomas, A., Krambla-Kapardis, M. & Ziopiatis, A. (2008) Attitudes of management students towards workplace ethics: A comparative study between South Africa and Cyprus. African Journal of Business Ethics. Vol. 3, pp. 1-13.

Tse, A.C.B., & Au A.K.M. (1997) Are New Zealand business students more unethical than non-business students. Journal of Business Ethics. Vol. 16, pp. 445-450.

Walker, R., & Jeurissen, R. (2003) E-based solutions to support intercultural business ethics instruction: an exploratory approach in course design and development. Journal of Business Ethics. Vol. 48, No. 1, pp. 113-124.

Wankel, C. (2010) Orienting Business Students to Navigate The Shoals of Corruption in Practice. In: A. Stachowicz-Stanusch (Ed.) Organizational Immunity to Corruption: Building Theoretical and Research Foundations. IAP, pp. 63-68.

Whipple, T.W., & Swords, D.F. (1992) Business Ethics Judgment: A Cross-Cultural Comparison. Journal of Business Ethics. Vol. 11, pp. 671-678.

Wigglesworth, C. (2006) Why spiritual intelligence is essential to mature leadership. Integral Leadership Review. Vol. 6, No. 3.

Wimbush, J.C., Shephard, J.M., Markham, Steven, E. (1997) An Empirical Examination of the Relationship between Ethical Climate and Ethical Behavior from Multiple Levels of analysis. Journal of Busines Ethics. Vol. 16, pp. 1705-1716.

Zhang, Y., Straub, C., & Kusyk, S. (2007) Making a life or making a living? Cross-cultural comparisons of business students' work and life values in Canada and France. Cross Cultural Management. Vol. 14, No. 3, pp. 174-195.

Abstract

Today's university students will be tomorrow's business managers. Recognition of this truth by scholars may explain the proliferation of research regarding ethical behavior of university students in general, and business students in particular, over the past 15-20 years. Many scholars see the genesis of the crisis of the business world's ethical values in applied methods for developing students' moral competence during their university education.

Criticism of business education as well as its significance and responsibility for the ethical climate of the business world inspired the authors to define the following research question: "What is the impact of national culture and the perception of corruption on students' moral competencies?" In this paper was presented research results for Indonesia, Poland, and the United States about the influence of national culture dimensions and corruption perception on students' moral competences.

Czesław Zając
Wroclaw University of Economics

Multicultural context of international human resources management

Introduction

International human resources management is the outcome of internationalization of economic activity of companies and capital groups. It is defined and interpreted in a wide variety of ways, for example as a method of managing employees in a situation when a company runs its economic activity in an international scale [Beardwell, Holden, 2001, p.634],"international human resources management" meaning a variety of activities involving people, aimed at reaching goals of international companies and fulfilling needs of these companies' workforce [Listwan, 1995] and as a highly qualified controlling activity which is directed at effective recruiting and taking advantage of human resources in the company active in an international market [Pocztowski, 2002, p.20].

In the last two decades international human resources management has been a subject of interest of both theoreticians and practitioners of management. This direct interest is the result of a growing participation of international capital groups in a global scale business which consequently constitutes the outcome of , among others, successive waves of fusions and mergers in companies as executed in international scale. This interest , however, stems also from the appearance of specific and complex social problems, among them cultural ones as well, as they are accompanying the functioning of this type of capital groups.

The goal of this dissertation is the analysis and evaluation of cultural context of international human resources management as carried out from the perspective of capital groups functioning in supranational scale. The basis for this research is the study of literature connected with this particular issue which is conducted by the author.

1. The range and qualities of international human resources management

The range of international human resources management embraces universal problems similar to those appearing in human resources management in the companies which operate in a national scale and specific problems characteristic in international business context [Pocztowski, 2002, p. 9] Traditionally and roughly speaking, this range coincides with the area of particular problems present in the process of recruitment of so called expatriants who are employees delegated by their mother companies to work in their overseas subsidiaries. However, in a wider perspective, international human resources management is perceived as a set of personal strategies and solutions of personnel problems which emerge in the process of internationalization of economic activity of the company [Scullion, 2001, p. 228].

Thus defined, international human resources management which can be related both to capital groups and individual companies running their activity in international scale, is characterized by the following features, differing it from human resources management in companies functioning in national context [Pocztowski, 2002, p.20-25]:

− a bigger number of ventures and personnel tasks connected with, among others, preparing managers and other employees delegated overseas to work in different cultural conditions, building personal and institutional relations in international environment, preparing special remuneration package for expatriants, coordinating the relocation of employees in international context, familiarizing with tax regulations of these countries where employees are delegated to [Paauve, Dewe, 1995, p.78];
− a bigger complexity of processes and tasks originating from heterogeneity of recruited employees who come from different countries and represent different nationalities;
− a stronger employer's interference in extraprofessional life, particularly as far as expatriants are concerned as they move to work abroad together with their families;
− a bigger number and complexity of interior and exterior factors influencing personal decisions. Among the most crucial exterior factors are technological advance and progressive in global scale, diffusion of technical and organizational innovations, freedom of cash flow, products , services and workforce, changing legal regulations connected with labour market and recruitment, frequent changes of international corporations' structures which have both a direct and indirect impact on personal decisions, political risk coming from a threat of war actions, terrorism or expropriation, financial risk connected with a change of exchange rates, risk of expatriants' failure, internationalization of trade unions' activity, consulting companies and

employees' organizations. Interior factors are, among others: organization of production, logistics and distribution processes, work organization, informative-decision making systems, technological advance of IT and telecommunications infrastructure which is essential in functioning of these systems, level of qualifications of managers and employees, personnel policy and strategy accepted by decision-makers ;

– the importance of cultural context in solving the most crucial problems in all stages of human resources management process. Human resources managers are obliged to take into consideration cultural diversity in value systems, in defining the rules of personnel policy, in creating corporate procedures whose goal is to popularise multicultural diversity, creating training programs, in communication processes inside the company and offering help to managers and specialists who have been delegated to work overseas, to overcome culture shock.

2. International human resources management in multicultural environment

International capital groups functioning in a global scale but in a number of local markets, encounter influences of various national cultures. Corporate cultures of subjects constituting these capital groups are frequently varied as well. Human resources management in this type of companies takes place in a multicultural diversity context. In literature one can encounter the name 'intercultural management' which draws attention to the necessity of a various shaping of corporate culture and a different approach to personnel management in multicultural environment [Spillan, 1997, p.49-51].

'There exists a widespread conviction that globalization of life and economy has led to the rise of homogeneous culture, common to almost the whole world. Globalization of culture is connected however with its external layers, its products and not deeply rooted values which are behind them. Thus , this diversity must become a priority in management [Chmielecki 2010, p. 260]. National cultures and corporate cultures reveal plenty of similarities and differences. The denial of cultural differences' importance or their exaggerating may definitely lead to shock, cultural tensions and confusion. Cultural differences are an essential factor in building both relations between organizations and interpersonal relations. They may contribute to the growth of an organization and to the increase in the level of its competitiveness [Bertagnoli, 2001, s. 9.]. Their acknowledgement in decision making processes and personnel problem solving influences the improvement of both results of work and quality of it [Gilbert, Ivanicevich 2000, s. 94]. It is worth mentioning in here that in the circles of researchers dealing with corporate cultures exploration, there exits an unsettled debate between the perspective of convergence and cultural divergence. Some authors support

the idea of culture unification [Fukuyama 1997], while others are in favour of diversity and divergence of culture reinforced by globalization processes [Harris. Morgan 1996; Hofstede 2000; Huntington 2003].

The ability to effective work in a culturally diversified business environment, tact and tolerance while building interpersonal relations become nowadays a valuable asset searched for in employees and managers recruited by internationals capital groups. In accordance with certain views, employees of international corporations must learn to appreciate and respect other values, opinions and practices [House, Hanges, Javidan, Dorfman, Gupta, 2004].The ability to cooperate in intercultural environment and team playing skills are among the most desirable ones between managers in international capital groups [Webster, 1992, s. 1-17], as has been highlighted previously.

According to A.K. Koźmiński, intercultural management focuses on behaviours, attitudes and interactions of managers and employees coming from various countries and representing more than one culture and it is based on an assumption that culture strongly influences the way people fulfill organizational roles [Koźmiński 1999, s. 205].

National cultures and corporate cultures of companies building an international capital group may vary. These cultural differences should be taken into consideration in human resources management, particularly while taking decisions and actions and preparing various projects from the area of human resources management involving managers, such as : leading internal negotiations in the holding, communication with managers with cooperating companies, establishing working hours, preparing remuneration systems, complying with the rules of sex, ethnic and religious equality while appointing to managerial posts.

A model proposition of building relations between a parent company and its overseas daughter companies, functioning within international holdings in multicultural conditions is proposed by D. A. Heenan i H.V. Perlmutter and connected with a variety of types of cultural relations between the headquarters of international corporation and its overseas subsidiaries(tab.1).

Table 1. Human resources management in international corporations in various types of cultural relations between the headquarters of the corporation and its overseas subsidiaries

Elements of human resources management in international corporation	A type of a relation			
	ethnocentric	policentric	regiocentric	geocentric

Power decisiveness	Centralized on the level of the board of directors	Relatively low in the parent company	High in overseas subsidiaries, close cooperation between subsidiaries	Cooperation between a parent company and daughter companies in a global scale
Recruitment and selection	Key posts are appointed by headquarters from the country a parent company comes from	Key posts are appointed by subsidiaries' own employees	Key posts are appointed to the best candidates from the region	Key posts are appointed to the best candidates in the global scale
Remuneration	High remuneration in headquarters, low in overseas subsidiaries	Diversity of remuneration adapter to local conditions	Remuneration dependent of subsidiaries' input in its results	Remuneration dependent of subsidiaries' input in All corporation's results
Personnel development	centralized, controlled by the headquarters	Independent of corporation headquarters	Limited to the area of activity of the regional unit	Complex, implemented in the global scale
Communicationn, flow of information	A flow of directives and orders from the headquarters to the subsidiary, controlling information in the opposite direction	Poor flow of information from and to headquarters and between overseas subsidiaries	System of Communications based on regional systems of communication	A complex system of Communications between headquarters and subsidiaries and between subsidiaries
Staff mobility	In the majority of cases from headquarters to overseas subsidiaries	low	High between subsidiaries in the areas of its activity	High, present in both directions

Source: the author's study based on [Heenan, Perlmutter 1997, s. 18-19]

The above table mirrors various approaches of high executive managers in international corporations which should be treated as its attitude to the process of internationalization. They are the basis for isolation of four types of corporations: ethnocentric, polycentric, geocentric and regiocentric. They also allow to characterize the attitudes of these corporations' management to human resources management issues connected with applied by them mentioned above orientation.

In the ethnocentric (monocentric) type of corporate culture there occur transfers of norms and cultural values from a parent company to its overseas daughter companies. On the level of a parent company it is assumed that daughter companies approve of cultural patterns offered by a parent company, regardless cultural differences. These very differences in the ethnocentric model are regarded as of little or no importance. Depreciation of the importance of cultural differences in reality may lead to maladjustment of operational systems and management tools to cultural determinants present in the host country. It can result in a poor efficiency in the area of personnel activity and wrong tools chosen for recruitment and selection of candidates for work, assessment, rewarding and development of employees and overseas managers in subsidiaries.

The assumption taken in the ethnocentric model that the country a parent company comes from is superior to the country a daughter company originates from ,results in the import of personnel tools and operational systems and managers and personnel specialists from headquarters to its overseas subsidiaries.

The possibility of standardization of communication systems and coordination within a corporation in international holdings based on ethnocentric models, creates a chance for a decrease in management costs of such corporations which can be definitely considered an advantage of this model. It is worth mentioning here that headquarters play a key role in coordination and internal communication processes as seen from the whole company perspective.

A policentric model of corporate culture is characteristic of a diversity of corporate cultures present in overseas daughter companies which is induced by influence of national cultures hosting these companies.

Cultural diversity in the scale of the whole corporation has its advantages and disadvantages. One of the advantages is a greater flexibility of overseas organizational units of the corporation which allows them to react to changes appearing in economic, legal and trade environment faster and more efficiently, as well as the possibility of stimulation of its employees creativity hired in these units with the usage of elements of various cultures. This multiculturalism however on the other hand hinders strategic human resources management in a global scale. Daughter companies located off the country the parent company is located in, have a bigger freedom as far as communication with the headquarters is concerned as compared with the ethnocentric model. It allows these companies to better adjust coordination processes to conditions present in the hosting country, but on the other hand it may simultaneously lead to building communication barriers between them and headquarters.

The consequence of policentric orientation of the management of international corporation is a Lack of possibility of standardization in the scale of the whole group of recruitment and selection systems, assessment, motivation, and

programs of development for both managers and specialists and unification of organizational structures and channels of internal communication. It leads to employment in daughter companies of staff from the hosting country only which considerably limits their chance for promotion in headquarters located off the hosting country.

The most crucial assumption of a geocentric model of corporate culture is the integration of headquarters culture and its overseas organizational units. It is systematically accomplished by purposeful stimulating the development of elements of corporate culture of the parent company and national cultures of countries hosting daughter companies. The effect of this integration is the rise of homogenous corporate culture different from the culture of the parent company and cultures of daughter companies. The course of coordination and internal communication processes in international corporations functioning in accordance with a geocentric model is characteristic of mutuality, both between headquarters and subsidiaries and overseas subsidiaries themselves. It can result in prolongation of information flow but at the same time it creates a chance for reaching the synergy effect. It also creates a chance for division of competence as far as recruitment , remuneration and development of managers and employees is concerned between a parent company and daughter companies.

In a regiocentric model of corporate culture one deals with the appearance of the elements characteristic for both polycentric and geocentric models on the area limited to a certain region. The cultural base for human resources management here are regional values and cultural norms. They allow to implement strategic, cultural and social integration in functioning corporations in accordance with assumptions of a regiocentric model in the regional scale. Operationalization of management in these corporations enables the usage of managerial practices and operational systems and tools adjusted to regional conditions of functioning daughter companies. Its characteristic feature is the mediation of corporate representatives in the processes of coordination and communication between headquarters and subsidiaries. These representatives play a role of organizational units whose task is to regulate these processes in the scale of this region.

3. International capital groups' personnel strategies

Hierarchic and result relations between headquarters and subsidiaries located overseas in international capital groups active globally, treated as a criterion of personal strategies division in this type of corporation, allows to distinguish four types of corporate personnel strategies: monolithic, pluralistic, global and transnational [Stor, 2007, s. 79]. Simultaneously, global personnel strategy of the whole international corporation forms a base for building the following personnel strategies in its daughter companies: implementary strategies, progressive strategies, standardization and diffusion-capitalization strategies [Stor, 2007, s. 79].

Characteristics of the mentioned above corporate and local personnel strategies in international corporation is represented in table2.

Table 2 Types of personnel strategies in international capital groups

Corporate personnel strategies			
monolithic	pluralistic	global	transnational
Centralization of decision on the level of corporation. . Lack of autonomy of daughter companies in the area of personnel issues. They implement headquarters' solutions	Adjustement of headquarters' solutions in personnel issues to local solutions. A high level of daughter companies autonomy. They frequently create their own personnel solutions.	Aspiration to create standardized personnel solutions, which can be applied in any overseas organizational unit. Centralization of decision making while trying to maintain a certain daughter companies' autonomy	Development of the best local personnel practices. They can be transferred to local units or become a part of the human resources management system common for the whole corporation . Local personnel strategies contribute greatly to a global personnel strategy of the whole corporation or daughter companies.
Local personnel strategies			
implementary	progressive	standardized	diffusive-capitalized
Originating from a monolithic strategy Aiming at creating local conditions enabling to implement the headquarters' personnel solutions	Originating from pluralistic strategies. Aiming at development of various local personnel solutions, adjusted to the character of local units	Originating from global strategies. Aiming at constant adjustment of local personnel solutions to improved corporate standards	Originating from transnational strategies. Aiming at creating local conditions for the development of daughter companies human resources capital. It is an added value which through internal diffusion of knowledge and skills capitalizes on the level of the whole corporation or its daughter companies

Source: Stor, [2006, s. 317-322].

Implementation of each of the mentioned above strategies requires a certain level of corporate strategic integration. Within each from the presented above, goals and tasks are defined which refer to particular elements of human resources management such as recruitment, remuneration, assessment and development

of employees and managers compliant with the norms of personnel policy and strategic goals of a parent company.

Conclusion

Multicultural character of the internal corporate environment and the architecture of these corporations lead to the rise of specific social problems. International human resources management of this type of corporations of global range should be oriented at efficient problem solving. Efficiency of human resources management in international corporations to a large extent is dependent of competence, behaviours and attitudes of managers who perform their job in a global environment of the whole company and multicultural internal environment present in daughter companies. One of the key skills of these managers is the ability to build appropriate interpersonal relations and taking the right business decisions in this type of working environment.

References

Beardwell, I., Holden, L. HRM: A Contemporary Approach. Pearson Education, UK 2001.

Bertagnoli, L. Culture Club: Executives Get BOOT From Diversity Recognition, Marketing News. 2001. January 29.

Chmielecki, M. Komunikacja międzykulturowa w procesie zarządzania negocjacjami, rozprawa doktorska. Społeczna Wyższa Szkoła Przedsiębiorczości i Zarządzania w Łodzi. Łódź 2010.

Fukuyama, F. Kapitał społeczny a droga do dobrobytu. PWN. Warszawa – Wrocław. 1997.

Gilbert, J.A., Ivanicevich, J.M., Valuing Diversity: A Tale of Two Organizations, Academy of Management Executive 2000. No 14 (1).

Harris, P.R., Morgan, R.T. Managing cultural differences. Gulf. Houston. 1996.

Heenan, D.A., Perlmutter, H.V. Multinational Organization Development. Adison – Wesley Publihing Corporation. 1979.

Hofstede, G. Kultury i organizacje. Zaprogramowanie umysłu. PWE. Warszawa. 2000.

House, R.J. Hanges, P.J. Javidan, M. Dorfman, P.W. Gupta, V. (red.). Culture Leadership, and Organizations, The GLOBE Study of 62 Societies. Sage. Thousand Oaks. 2004.

Huntington S.P., *Zderzenie cywilizacji*, Wydawnictwo Muza, Warszawa 2003.

Koźmiński, A.K. Zarządzanie międzynarodowe. PWE. Warszawa. 1999.

Listwan, T. Funkcja personalna w odniesieniu do menedżerów: porównanie międzynarodowe. [in:] Zarządzanie zasobami pracy w gospodarce rynkowej: materiały na międzynarodową konferencję naukową 16-17 XI 1994r.. Wydawnictwo Akademii Ekonomicznej w Krakowie. Kraków. 1995.

Paauve, I., Ch. Dewe. Human resource management in multinational corporations: theories and models. [in:] International Resource Management. Sage Publications.

London 1995.

Pocztowski, A. Międzynarodowe zarządzanie zasobami ludzkimi. Kraków Oficyna Ekonomiczna 2002.

Scullion, H. International Human Resource Management. [in:] J., Storey (ed.) Human Resource Management. A Critical Text. Second Edition. Thomson Learning. London 2001.

Spillan, J.E. Zarządzanie na styku kultur. [in:] Nowakowski M.K. (red.). Bariery internacjonalizacji przedsiębiorstwa. Key Text. Warszawa 1997.

Stor, M. Strategie komunikacji w organizacjach międzynarodowych w Polsce. Organizacja i Kierowanie 2007. nr 3 (129).

Stor, M. Międzynarodowe zarządzanie kadrami. [in:] T., Listwan. Zarządzanie kadrami. Wydawnictwo C.H. Beck. Warszawa 2006.

Webster, F. The Changing Role of Marketing in the Corporation. "Journal of Marketing" 1992. No 56.

Abstract

This paper is dedicated to the analysis of the cultural context of international human resources management. The issue has been presented from the perspective of international capital groups active in the global scale. A variety of different definitions of international human resources management has been presented, as well as its range and characteristic features which distinguish it from human resources management functioning in a national scale. The analysis of various models of multicultural environment where processes of international human resources management takes place, has been carried out. Personnel strategies built and implemented in international corporations have also been discussed in a synthetic manner.

Dorota Kuchta

Joseph Sukpen

Wrocław University of Technology

The Influence of Culture on Accounting Systems

1.0. Introduction.

Culture over the years has been acknowledge as a social phenomenon that has shaped human existence as well as the various aspects of life that has to do with man. This concept has been defined varyingly by numerous scholars and prominent among such definitions include; Rohner (1984) defines culture as "the totality of equivalent and complimentary learned meanings maintained by a human population or by identifiable segments of a population and transmitted from generation to the next"; Hofstede (1980) also defines culture as „the collective programming of the mind which distinguishes the members of one human group from another". Another popular definition of culture is that proposed by Edward Burnett Tylor. Culture, he wrote, is „that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society".

The above definitions of culture are all correct but for the purpose of this article, the definition of Hofstede (1980) is most applicable. This is because further in his work, he identifies certain structural elements of culture which most strongly affect known behavior in the work situations of organizations and institutions. This phase of Hofstede's study is important to this paper since these elements of culture will be adopted to see to what extent they influences the various accounting systems that would be considered under this study. This study will equally be looking at the various factors that influence the classification of accounting systems and the relevance of culture in this case.

An accounting system is defined as an organized set of manual and computerized accounting methods, procedures, and controls established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data for management decisions. These systems are often based on the business transactions that are recorded in the course of an enterprise's business operations.

There is however a problem as to the classification of accounting systems since different authors adopt different methods and approaches to this process. Among some of the classifications of accounting systems include the following; management and financial accounting systems; internal, external and tax accounting systems; financial and cost accounting systems; classifies government accounting systems into cash, modified cash, modified accrual and full accrual; other types of accounting systems are determined based on the work of Hofstede (1980, 1983) and the work of S.J Gray (1988). For the purpose of this paper, the accounting systems that will be considered in the discussions of this paper will include the Internal Accounting system, the External accounting system and the Tax accounting system.

2.0. The Types of Accounting Systems.

In reference to the definition of an accounting system as „an organized set of manual and computerized accounting methods, procedures, and controls established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data for management decisions", and importing from work off the European commission, the following accountings will be discussed; Internal (management) Accounting System, External (financial) Accounting System and the Tax Accounting System.

2.1. Management Accounting System (MAS).

Management accounting is concerned with providing information for the managers of an organization that is, to those who are inside an organization and who direct and control its operations (Garrison and Noreen, 1999). Kaplan (1983) describes MAS as part of a management control system whose function is to increase organizational effectiveness by providing useful information for management, planning and control. The value of companies can be enhanced by MAS through ensuring the effective use of resources to gain competitive advantage. Organizational theorists have pointed out the significance of MAS variables in understanding parts of organizations such as motivation, decision-making and control (Waterhouse & Tiessen, 1978).

Managerial accounting information among others include: Information on the cost of an organization's products and services; budgets; performance reports; and other information which helps managers in their planning and control activities. These systems are designed mainly to measure the efficiency

of internal processes within an organization. Researchers over the years have suggested that the development of MA could be the answer to the need for more information, with which to excel in the increasingly competitive business environment. Shields et al. (1991) reported suggestions that MA practices might account for the competitive advantage of Japanese companies over the U.S companies.

There have been major developments in management accounting systems over the years. These systems have developed amidst many criticisms of its inadequacies. For example the traditional MAS which uses techniques such as single volume-based factory overheads for costing products and financial performance measures for determining performance have been criticized on the grounds that the techniques are old and were originally developed to measure companies and factories which were largely labor intensive and modern technologically enhanced institutions (Johnson & Kaplan, 1987; Cooper, 1988; Cooper & Kaplan, 1988; Kaplan, 1988). There have been calls for the development of up-to-date systems to meet the information demands of modern companies. Recent studies of the modern systems have however failed to overwhelmingly confirm the fact that these modern systems are superior in performance over the traditional systems.

The last decade's new managerial accounting practices such as activity-based-costing, the balanced scorecard and bottleneck accounting were developed. Unlike traditional managerial accounting, activity-based-costing deemphasizes direct labor or raw material as cost drivers and concentrates instead on activities (e.g. the number of production runs per month) that drive costs. Activity-based costing gives the management of an organization a clear picture of the cost drivers and the opportunities to reduce costs (Kaplan and Norton, 2001).

Traditionally, management accountants' principal performance report was variance analysis, which is a systematic approach to the comparison of the actual and budgeted costs and revenues during a production period. While some form of variance analysis is still used by most manufacturing firms, it nowadays tends to be used in conjunction with other performance reports such as the balanced scorecard. A balanced scorecard is a set of financial measures, operational measures on customer satisfaction, internal processes and the organization's innovation and improvement activities (Kaplan and Norton, 1992). Kaplan and Norton also argue that the balanced scorecard can be used as a strategic management system which identifies the value drivers of an organization's strategy and a management system to align the organization to the strategy (Kaplan and Norton, 2001).

In a traditional variance analysis, managerial accountants compare the actual sales with the budgeted sales. A traditional variance analysis however does not point out which bottleneck coursed an unfavorable difference between

actual and budgeted sales (Veltman, 2011). With bottleneck accounting however, managerial accountants are able to determine: the bottlenecks of an organization and; how much money was lost because of each bottleneck.

Some of the principles of management accounting that makes it unique in its own right include the fact that its information is prospective in other words it is not based on historical data; that it is based on general usefulness for the company and not case based; information provided here is usually confidential and meant for only managers and not the public and finally it is prepared based on the needs of managers and not in reference to general financial accounting standards.

2.2. Financial Accounting System (FAS).

Whilst the purpose of accounting is to provide the information that is needed for sound economic decision making, financial accounting is targeted at preparing financial reports that provide information about a company's performance to external parties such as investors, creditors and tax authorities. Financial accounting information can be defined as 'the product of corporate accounting and external reporting systems that measure and publicly disclose audited, quantitative data concerning the financial position and performance of publicly held firms' (Bushman & Smith, 2001). Thus financial accounting is the fundamental source of independently certified information about the performance of executives. Indeed, financial accounting systems provide valuable information to corporate control mechanisms that help to alleviate the agency problem which results from the separation of managers and financiers.

Information in financial accounting is designed for decision maker and persons who are not involved in the daily management of an enterprise. Most of the times managers of a company are seriously concerned about reports that generates the financial accounting which in any case is insufficient for making operational decisions of the company.

It's important to point out that the purpose of financial accounting is not to report the value of a company. Rather, its purpose is to provide enough information for others to assess the value of a company for themselves. If financial accounting is going to be useful, a company's reports need to be credible, easy to understand, and comparable to those of other companies. To this end, financial accounting follows a set of common rules known as Accounting Standards or Generally Accepted Accounting Principles (GAAP).

According to Porporato (2008) accounting theory may be defined as the coherent set of hypothetical, conceptual and pragmatic principles forming a general frame of reference forming a general frame of reference for inquiring into the nature of accounting. Recent accounting theories which are founded on microeconomics consider an enterprise as an economic entity whose main

activities affect the economy through its operations in the market. This approach is equally founded on the premise that all financial information has inevitable financial consequences.

Financial accounting information also enhances the information environment more generally by disciplining the unaudited disclosures of managers and supplying input into the information processing activities of outsiders.

The quality of financial disclosure can impact firms' cash flows directly, in addition to influencing the cost of capital at which the cash flows are discounted. Financial accounting information of firms and their competitors aid managers and investors in identifying and evaluating investment opportunities. An absence of reliable and accessible information in an economy impedes the flow of human and financial capital toward sectors that are expected to have high returns and away from sectors with poor prospects.

As argued by Black (2000) and Ball (2001), a strong financial accounting regime focused on credibility and accountability is a prerequisite to the very existence of vibrant securities markets. Efficient stock markets in which stock prices reflect all public information and aggregate the private information of individual investors presumably communicate that aggregate information to managers and current and potential investors. Recent papers by Dow and Gorton (1997) and Dye and Sridhar (2001) explicitly model a strategy-directing role for stock prices. The development of a country's financial sector facilitates its growth (for example, King and Levine [1993], Jayaratne and Strahan [1996], Levine [1997], Demirguc-Kunt and Maksimovic [1998], and Rajan and Zingales [1998]). Levine (1997) presents a framework whereby a well-developed financial sector facilitates the allocation of resources by serving five functions: to mobilize savings, facilitate risk management, identify investment opportunities, monitor and discipline managers, and facilitate the exchange of goods and services.

Financial accounting apart from all the above is based also on a set of principles that govern the way transactions are recorded. These are common set of accounting principles, standards and procedures that companies use to compile their financial statements. GAAP are a combination of authoritative standards (set by policy boards) and simply the commonly accepted ways of recording and reporting accounting information. Among some of the generally accepted accounting principles include; business entity principle, monetary unit principle, going concern principle, cost principle, time period principle, conservatism principle, consistency principle, materiality concept, full disclosure principle, objectivity principle, matching principle etc.

2.3. Tax Accounting systems.

This system of accounting is based on taxes rather than the appearance of public financial statements. Most of the times this accounting system is governed

by internal revenue codes which dictate the specific rules that companies and individuals must follow when preparing their tax returns (Investopedia).

The tax accounting system has had to make adjustments to keep up with the complexities as well as the intricacies involved in the various businesses. It is important that the tax accounting system makes sure that all the businesses are meeting the criteria that had been established in order to pay appropriate taxes. It is therefore important that the people who are behind the formulation of the tax policies as well as those who are executing the policies understand the importance of keeping their tax accounting systems up to date as well as coordinating the taxpaying population.

In general the tax accounting system has two methods that are followed in order to file the tax returns. These two methods are the cash basis method as well as the accrual based method. The cash base method calculates the income earned when the cash is received whereas the accrual base method considers the income earned when the event that would make sure that the cash would be received has occurred. One advantage of the tax-based accounting system is that it is more streamlined than the accrual option. Since the system is geared to gather and process only that information pertinent to the preparation of taxes at year-end (fiscal or calendar, as the case may be), this eliminates a lot of unnecessary record-keeping that is not always needed by the company owner or managers to operate their business. The Implementation of tax-based accounting system also allows business owners to make better budget and acquisition forecasting predictions for their company, since they will have a better grasp of their true profit and loss margins being experienced at present--or anticipated due to tax benefits or discounts. As purchases are made--or possible expenditures are considered--the company will focus on the tax implications of these changes prior to taking action, ensuring a more accurate „forecasting" of future profits to be realized or tax gains anticipated. These result in management having a better handle on the effects these changes will have on cash outflow and income too.

By implementing the tax-based accounting system, a company is showing a goodwill effort to be legally compliant in regards to business tax matters; therefore, it is unlikely that it will incur any unnecessary audits. But, if for some reason an error is uncovered by the Internal Revenue Service at a later date, it will be looked upon with less suspicion by tax investigators than if the accounting system used had not emphasized a focus on observing tax laws and compliance. Selection of appropriate tax accounting system depends on the goals and business plans of the company. For a proprietor of a small company, whose main objective is to develop legal compliance with the federal tax authorities utilizing tax-based accounting system or the cash system would be beneficial as compared to the accrual method.

This system of accounting is quite different from the aforementioned two because whilst they depend on managers and accounting principles as the case

may be, this system depends largely on the tax legislations that are operating within a particular country which introduces us to the differences in the various systems of accounting in relation to the different backgrounds and what role culture plays in explaining this puzzle.

3.0. The Influence of Culture on Accounting Systems.

There are a myriad of definitions of culture among which some authors propose music, arts, the way of life and generally things that identify a group of persons as a unique social group. For the purpose of this publication however the definitions of culture that are most appropriate are those proposed by Rohner and Hofstede. „The totality of equivalent and complementary learned meanings maintained by a human population or by identifiable segments of a population and transmitted from one generation to the next" or more informally it could be defined as „a system of meanings in the heads of multiple individuals within a population" (Rohner 1984). Another equally suitable definition of culture says it is "the collective programming of the mind which distinguishes the members the members of one human group from another", Hofstede (1980).

These definitions of culture have been adopted for the purpose of this publication for two main reasons; first that they reflection the ideal theory of culture which is predominantly used among cross-cultural anthropologists in recent times (Jahoda 1984, Rohner 1984). Secondly, they are consistent with the emphasis on values and meaning systems contained in a majority of definitions and conceptualizations of culture over the years (Parsons & Shils, 1951; Kroeber & Parsons, 1958; Fayerweather, 1959; Kluckhohn & Strodtbeck, 1961; Evan, 1975). These definitions of culture explain the various observed in the manner in which certain universal phenomena are approached in different countries and this lays an ideal background for progression into the examination of culture as an explanatory variable for the differences in approach to the various accounting systems. In this case, the paper focuses principally on the concept of national culture.

Differences between national accounting systems are general explained by economic, legal, political and cultural factors, Saudagaran (1990). It is however important to note from the definitions of culture adopted herein that, culture defines the whole identity of segments of a population and that extends to include their political and economic organizations, as well as their social, religious and legal systems. This in essence means that any universal phenomenon which is found within a particular social group or segment of a population, it will take-on certain identifiable qualities and traits of that group of people.

The following are some observations made by some authors concerning accounting. Accounting is a 'social construct reflecting the society in which it has developed', Haller and Walton (1997). Every national accounting system is

largely the reflection of the country's economic, social and cultural specifications, Raffournier (2000). All these statements testify to the fact that accounting though universal, takes on the nature and characteristics of the society or country in which it is practiced.

Complementing the above perceptions is the proposal by Gray (1988)that a theoretical framework incorporating culture could be used to explain and predict international differences in accounting systems and to identify patterns of accounting development internationally.

It is important at this stage to introduce Gray's model of how societal values influence the accounting subculture. He argues that national culture may be likely to permeate organizational and occupational subcultures with varying degrees of integration which lays foundation for the premise that accounting systems and practices can influence and reinforce societal values. This model focuses especially on the influence of societal values on the institutional framework for the development of accounting. The attitude of accountants are shown as being related to and derived societal and work-related values which eventually attempts to explain the differences in the practice of accounting in individual countries.

This part of the article will be based on Radebaugh, Gray and Black (2006). It offers a deep insight and explanation to the various connections and linkages between culture and accounting.

Fig. 3.1: Culture, Societal Values and the Accounting Subculture.
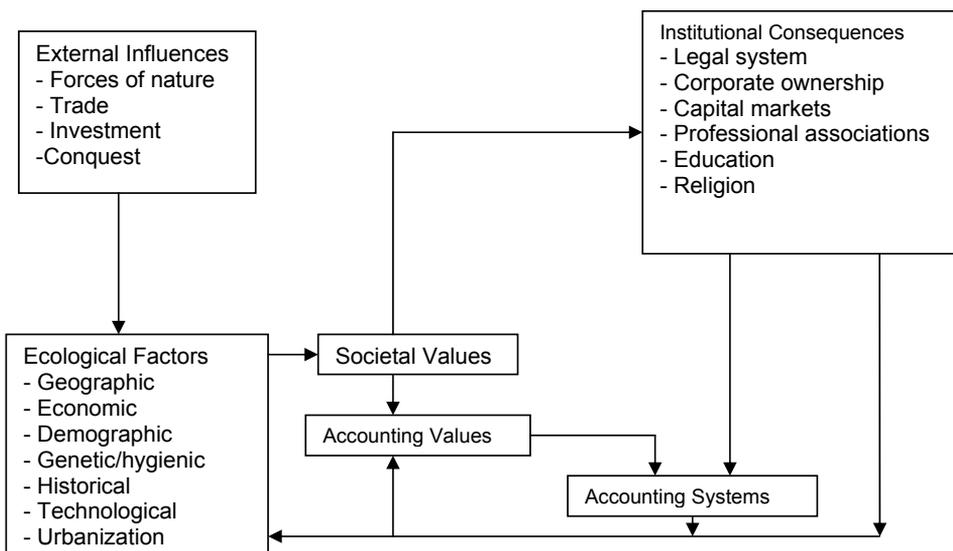
Source: S.J. Gray (March 1988)

This model by Gray shows how institutional consequences and external influences have an impact on ecological factor; how societal factors and institutional consequences have an impact on accounting values; and how accounting values and Institutional consequences shape the accounting system.

In order to be able to assess the impact of culture on accounting, it is important to consider the structural elements of culture that affect business proposed by Hofstede's study. This study revealed four fundamental societal value dimensions – Individualism, Power distance, Uncertainty and Masculinity.

Satisfying the premise that societal values permeate a nation's social system, and if societal value orientations are related to the development of accounting system then Gray's argument that there is a close match between culture areas and patterns of accounting systems internationally does makes sense. It is therefore possible to infer wherefrom that Hofstede's cultural value dimensions have a relationship with 'accounting values'. Gray (1988) proposes four accounting values derived from accounting literature review and practice. They are;

Professionalism versus statutory control: Which reflects a preference for the exercise of individual professional judgment and the maintenance of professional self-regulation as opposed to compliance with prescriptive legal requirements and statutory control; Uniformity versus flexibility: This value reflects a preference for the enforcement of uniform accounting practices between companies and for the consistent use of such practices over time, as opposed to flexibility in accordance with the perceived circumstances of individual companies; Conservatism versus optimism: This value reflects a preference for a cautious approach to measurement that enables one to cope with the uncertainty of future events as opposed to a more optimistic, laissez-faire, risk-taking approach; Secrecy versus transparency: This value reflects a preference for confidentiality and the disclosure of information about the business only to those who are most closely involved with its management and financing as opposed to a more transparent, open, and publicly accountable approach, Radebaugh, Gray and Black (2006).

3.1. Influence of Culture on Financial Accounting System

The very fact that financial accounting information is prepared for the consumption of largely persons outside of the organization makes it subject to the demands of standards and legislations as has been indicated in the earlier part of this publication. There are many ways in which culture (in this case, societal value) could influence the financial accounting system and this will be discussed in line with the already identified accounting values.

According to Radebaugh, Gray and Black (2006), professionalism, the first value of accounting is most likely the most probable to be linked with the societal dimension of individualism and uncertainty avoidance. As they put it "A preference for independent professional judgment is consistent with a

preference for a loosely knit social framework where there is more emphasis on independence, a belief in individual decisions, and respect for individual endeavor. This is also consistent with weak uncertainty avoidance where practice is all-important, where there is a belief in fair play and as few rules as possible, and where a variety of professional judgments tend to be more easily tolerated. There also appears to be a link, if less strong, between professionalism and power distance in that professionalism is more likely to be accepted in a small power distance society where there is more concern for equal rights, where people at various power levels feel less threatened and more prepared to trust each other, and where there is a belief in the need to justify the imposition of laws and codes". It is succinctly clear from the above that depending on whether or not a society is individualistic or more inclined to uncertainty avoidance, will determine its approach to accounting professionalism. This explains the occurrences in which certain nations have legislation to govern accounting practice and to promote fair play whilst others allow each accountant the freedom to operate, bringing out their potentials.

The cultural dimensions of uncertainty avoidance and individualism can also be discussed closely with the accounting value of uniformity. This is another aspect in which culture has an influence on the financial accounting system. The choice of more uniformity in accounting approach is linked strongly with uncertainty avoidance which is as a result of concern for law and order, rigid codes of behavior, need for written rules and regulations, respect for conformity as well as for ultimate, absolute truths and values, Radebaugh, Gray and Black (2006).

Conservatism is a significant accounting value dimension because 'conservatism' is arguably „the most ancient and probably the most pervasive principle of accounting valuation" (Sterling, 1967). Conservatism can be linked most closely with the uncertainty-avoidance dimension. As Radebaugh, Gray and Black (2006) put it „conservative measures of profits and assets is consistent with strong uncertainty avoidance that stems from a concern with security and a perceived need to adopt a cautious approach to cope with the uncertainty of future events. A less conservative approach to measurement is also consistent with a short-term orientation where quick results are expected and hence a more optimistic approach is adopted relative to conserving resources and investing for long-term results". This is especially very evident in the case of valuation of businesses.

Another accounting worth considering in examining the influence of culture on accounting is secrecy versus transparency. The extent of secrecy appears to vary across countries, with lower levels of disclosure - including instances of secret reserves - evident in Japan and continental European countries such as France, Germany, and Switzerland than in the United States and United Kingdom. This value can also be linked to the dimension of uncertainty avoidance where

there is the need to restrict the disclosure of information to outsiders to avoid conflict and competition and to preserve security. The following diagram shows this interaction and linkage in greater detail.

Fig.3.1.1: Culture and Accounting Systems in Practice
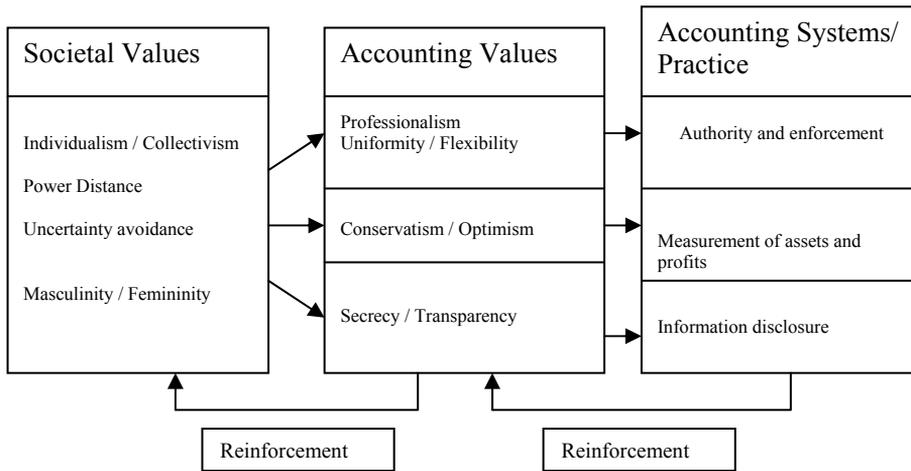
Source: Radebaugh, Gray and Black (2006).

Deriving inspiration from the Gray's argument of the usefulness of distinction, this diagram above differentiates the authority for accounting systems on the one hand and the measurement and disclosure characteristics of accounting systems on the other. In accounting practice, issues concerning professionalism and uniformity are governed mainly by legislation and certain organized authority which most of the time stems from the society's approach to individualism and collectivism. Information disclosure and measurement are mainly linked the accounting values of conservatism and secrecy which by extension are derived from the cultural dimensions of uncertainty avoidance and power distance. The following diagrams show how these factors interact with the various identified cultures.

3.2. The Influence of Culture on Management Accounting Systems.

The definition of management accounting emphasizes three important attributes of good management accounting information: the technical, behavioral and cultural attributes. The technical attribute of management accounting refers to the measurement-related qualities desired in management accounting information; this attribute has decision relevance and process understanding properties. The behavioral attributes refer to the way that measurement affect behavior. There are several ways in which management-accounting measures can

impact the behavior of people in organizations. It changes cognitions and alters perceptions, motivates behavior, changes attitudes and aspirations and changes attributions. The cultural attributes refers to the beliefs, values and mindsets imbedded in a measure. Management-accounting measures are symbols that reflect and support values, beliefs, and mindsets of members of an organizational or societal culture. These collectively shared beliefs guide the behavior of people at the subconscious level.

Fig. 3.1.2:

Less-developed Latin

Statutory Control

Near Eastern

Less-developed
Asian

Asian Colonial

African   Japan

Uniformity

Nordic

Germanic

Anglo-American

More-developed Latin

Professionalism

Fig. 3.1.3:

Secrecy

Less-developed Latin

Near Eastern

Less-developed
Asian   Japan

Africa

Optimism   Conservatism

Asian Colonial

Nordic

Anglo-American

Transparency
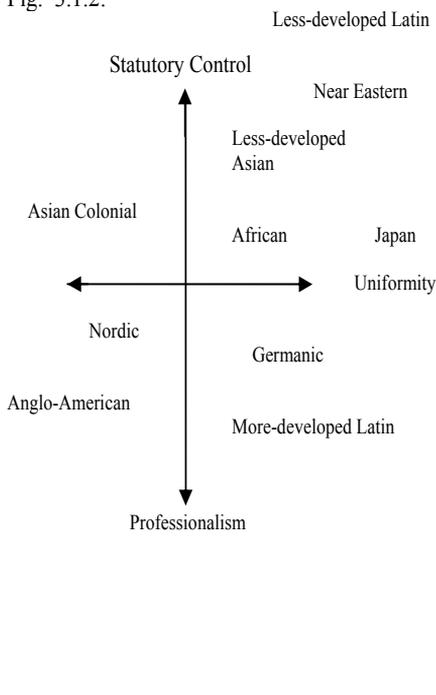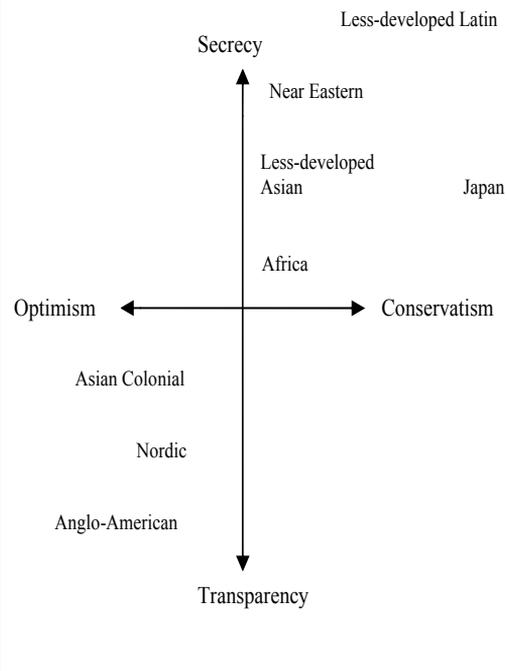
Source: S.J. Gray (March 1988)
Fig. 3.1.2: Accounting Systems: Authority and Enforcement.
Fig. 3.1.3: Accounting Systems: Measurement and Disclosure.

The resulting behaviors are easier to sustain because they are not driven by the threat of punishment or the lure of rewards, but because people believe in them. Values are used to interpret the meaning of accounting measures. If these measures are consistent with the beliefs, values, and symbols important to the groups people belong to - family, firm, community, ethnic group, or country - then it is likely these measures will be acceptable as a basis for action. For example, if individuals believe that meeting budgets reflects that they are disciplined, hard-working, and responsible, then they will try very hard to achieve the budget,

Ansari, Bell Klammer & Lawrence (1997). The most detailed research concerning the nature of the influence of culture on management accounting system is the work of Graeme Harrison. This work is based on the influence of culture and personality on the relation between reliance on accounting performance measures (RAPM) in the evaluative style of superiors and work-related attitudes of subordinates in Singapore and Australia.

Considering the fact that management accounting is concerned with the provision of useful information for the use of managers, the way superiors evaluate subordinates in an organization is key especially with respect to the personality of employees. Some of the cultural dimensions used in this study include: individualism, power distance, authoritarianism, job-related and job satisfaction. The results from this study the hypothesis that high reliance on accounting performance measures and budgets in superior evaluative style is associated with associated with higher job satisfaction in a high power distance and low individualism society while low reliance on RAPM and budgets is associated with higher job-satisfaction in a low power distance and high individualism society, Graeme Harrison (1993).

Though this study was conducted on the basis of two countries – Singapore and Australia, it introduces an insight into the possible influence of culture on some management decisions that top managers make as well as some of the processes through which such decisions are made and therefore sets a basis on which further research could be conducted or the basis on which reasonable generalizations could be made consideration the cultural trends herein established.

3.3. The Influence of Culture on Tax Accounting.

The concept of tax accounting derives its essence from tax culture which is defined as „the entirety of all relevant formal and informal institutions connected with the national tax system and its practical execution, which are historically embedded within the country's culture, including the dependencies and ties caused by their ongoing interaction", Nerré (2008). This term according to Nerré involves even more than the concepts of 'culture of taxation, and 'tax-paying'. It involves all the actors of national culture with its subject of tax culture. The tax code is determined by cultural norms and historically developed institutions.

Since tax accounting just like financial is based on financial information that is prepared for mainly external persons, most of the cultural dimensions influence its practice in the same manner. This is especially true in the case of the accounting value of conservatism. As Gray puts „The varying impact of conservatism on accounting measurement practices internationally has also been demonstrated empirically. Such differences appear to be reinforced by the relative development of capital markets, the differing pressures of user

interests, and the influence of tax laws on accounting practice in the countries concerned". This concept of conservatism is principal when enterprises state the profits since it is based on this value that they will be taxed. This is strongly linked with the cultural dimension of uncertainty avoidance, which depending on the prevalence rate within a culture (nation) will determine whether the conservative or optimistic outlook is adopted in the declaration of profit.

4.0. Conclusion.

This worked has examined the most significant categorizations of accounting systems –Financial, Management and Tax accounting systems. Particular attention has been paid to what each of these systems entail, what principles underlie their practice as well as the purpose for which each of them are instituted. This discussion has been put in the right context by a brief review of literature on this field. Researchers in the literature considered have given a clear indication from their work so far that, there is an influence of culture on the various accounting systems under consideration and that the cultural dimensions proposed by Hofstede – Individualism, power distance, uncertainty avoidance and masculinity, have an impact on the universal accounting values proposed by Gray – Professionalism, Conservatism and Secrecy, which eventually produce certain trends in accounting practice. From the trends in accounting practice – Authority, Measurement and Information, it is possible to determine which of them have an influence on which accounting system. This work has however been unable to confirm whether the conclusions drawn from the work of Gray; Hofstede and Radebaugh, Gray and Black are right. It is important that further research is conducted to find out what exact influence culture has on the various accounting systems. Another important area in which further research could be done is to investigate the extent to which the disparity in the practice of the various accounting systems is attributable to culture.

References

Ansari, S., Bell, J., Klammer, T. & Lawrence, C. 1997. Strategy and Management Accounting. Version 1.1. Irwin, United States of America.

Ball, R., Infrastructure Requirements for an Economically Efficient System of Public Financial Reporting and Disclosure. [in] „Brookings-Wharton Papers on Financial Services". 2001, pp. 127-169.

Basu, S., The conservatism principle and the asymmetric timeliness of earnings. [in] „Journal of Accounting and Economics", 24, 1997, pp. 3-37.

Bjornenak, T., Diffusion and Accounting: the Case of ABC in Norway. [in] „Management Accounting Research". No.8, 1997, pp. 3-17.

Black, B., The Core Institutions that Support Strong Securities Markets. [in] „Business Lawyer", 55, 2000, pp. 1565-1607.

Burns, T. and Stalker, G.M., The Management of Innovations, London, Tavistock Publications, 1961.

Bushman .R.M. & Smith .A.J., Financial accounting information and corporate governance. [in] „Journal of Accounting and Economics". 32, 2001, pp. 237 – 333.

Chow, C. W., Kato, Y. & Shields, M. D. 1994., National culture and the preference for management controls: an exploratory study of the firm-labor market interface. [in] „Accounting, Organizations and Society",19, 1994, pp. 381–400.

Chow, C. W., Shields, M. D. & Chan, Y. IC, The Effects of Management Controls and National Culture on Manufacturing Performance: an Experimental Investigation, [in] „Accounting Organizations and Society" 1991, pp. 209-226.

Chow, C. W., Shields, M. D. & Chan, Y. IC., The Effects of Management Controls and National Culture on Manufacturing Performance: an Experimental Investigation. [in] „Accounting Organizations and Society" (1991) pp. 209-226.

Chow, C.W., Shields, M.D., Chan, Y.K., The effects of management controls and national culture on manufacturing performance: an experimental investigation. Working paper presented at the 12th annual congress of the European Accounting Association, Stuttgart. 1989.

Chui, A.C.W., Lloyd R.U., & Kwok C.C.Y, The determination of capital structure: Is national culture a missing piece to the puzzle? [in] „Journal of International Business Studies" 33, (1) (1st Qtr), 2002, pp. 99-127.

Cooper, R. & Kaplan, R. S., Measure costs right: Make the right decisions. [in] „Harvard Business Review", 66 (5), 1988, p. 96 & 103.

Cooper, R., Kaplan, R.S. Maisel, L.S., Morrissey & Oehm, R.M., Implementing Activity-Based Cost Management: Moving from Analysis to Action. Montvale, Institute of Management Accountants. 1992.

Cooper, R., The rise of activity-based costing part 2: When do I need an activity-based cost system? [in]. „Journal of Cost Management for the Manufacturing Industry". 2(3), 1988. P. 41 & 48.

Demirgüç-Kunt, A. & Maksimovic, V., Law, Finance, and Firm Growth. [in] „Journal of Finance". 53, 1998, pp. 2107-2137.

Dimanpour, F., Organizational innovation: a meta-analyses of effects of determinants and moderators, [in] „Academy of Management Journal", 1991, 34, 555-590.

Dimanpour, F., The adoption of technological, administrative, and ancillary innovations: impact of organizational factors. [in] „Journal of Management", 1987. 13, pp. 675-688

Dow, J. & Gorton, G., Noise Trading, Delegated Portfolio Management, and Economic Welfare. [in] „Journal of Political Economy". 105(5), October 1997, pp. 1024–1050.

Dye, R. A., Sunder, S. S. 2001., Why not allow FASB and IASB standards to compete in the U.S.? [in] „Accounting Horizons". 15, 2001, pp. 257-271.

Evan, W. M., Measuring the Impact of Culture on Organizations. [in] „International Studies on Management and Organization". 1975, pp. 91-113.

Fayerweather, J., The Executive Overseas. Syracuse, Syracuse University Press, 1959.

Foster, B.P. & Ward . T. J., Theory of perpetual management Accounting Innovation Lag in Hierarchical Organizations. [in] „Accounting, Organizations and Society". Vol. 19, 1994, pp. 401 – 411.

Frucot, V., and W. T. Shearon., Budgetary participation, locus of control, and Mexican managerial performance and job satisfaction, [in] „The Accounting Review", 66 , January 1991, pp. 80-98.

Garrison R. H., Noreen E. W., Managerial Accounting, 9th Edition, P.L.U.S. Edition, Irwin McGraw-Hill, New York 2000.

Gosselin, M., The Effect of Strategy and Organizational Structure on the adoption and implementation of Activity Based Costing. [in] „Accounting, Organizations and Society". Vol. 22, No. 2, 1997, pp. 105-122.

Gray, S. J. Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally. Abacus (March1988): pp.1–15.

Harrison, G. L., Reliance on accounting performance measures in superior evaluative style - The influence of national culture and personality, [in] „Accounting, Organizations and Society" 18 (4): 1993, 319-339.

Harrison, G. L., The cross-cultural generalizability of the relation between participation, budget emphasis and job related attitudes, [in] „Accounting, Organizations and Society", 17 (1):1992, 1-15.

Harrison, G.L. and McKinnon, J., Culture and Accounting Change: A New Perspective on Corporate Reporting Regulation and Accounting Policy Formulation, [in] „Accounting, Organisations and Society" 1986, 11(3), pp. 233–252.

Harrison, G.L., Reliance on Accounting Performance Measures in Superior Evaluative Style: the Influence of National Culture and Personality, [in:] „Accounting, Organisations and Society", 1993. 18(4), pp. 319–339.

Harrison,G.L. & McKinnon,J.L., Cross-cultural research in management control systems design: a review of the current state. [in] „Accounting, Organizations and Society",24,1999, pp.483–506.

Hofstede, G. H., Culture's Consequences. International Differences in Work-Related Values (Beverly Hills, CA: Sage 1980).

Hofstede, G. H., Culture's Consequences. International Differences in Work-Related Values, Beverly Hills, CA: Sage 1980.

Hofstede, G. H., The Cultural Relativity of Organizational Practices and Theories, [in] „Journal of International Business Studies" , Fall 1983, pp. 75-89.

Hofstede, G. H., The Cultural Relativity of Organizational Practices and Theories, [in] „Journal of International Business Studies", Fall 1983, pp. 75-89.

Hofstede, G. H., The Cultural Relativity of the Quality of Life Concept, [in] „Academy of Management Review", 1984, pp. 389-398.

Hofstede, G. H., The interaction between national and organizational value system. [in] „Journal of management studies". 22:4, July 1985.

Hofstede, G.H., Cultures and Organizations: Software of the mind, London: McGraw-Hill, 1991.

Hope, O.K., Firm-level disclosures and the relative roles of culture and legal origin. [in] „Journal of International Financial Management & Accounting". Vol. 14, 2003, pp. 218 - 248.

Jahoda, G., Do We Need a Concept of Culture? [in] „Journal of Cross-Cultural Psychology". June 1984, pp. 139-151.

Jayaratne, J., Strahan, P.E., The finance-growth nexus: Evidence from bank branch deregulation. [in] „Quarterly Journal of Economics". 111. 1996, pp. 639-670.

Johnson, H. T. & Kaplan, R. S., Relevance lost: The rise and fall of management accounting. Boston: Harvard Business School Press, 1987.

Kaplan, R. S. (1988). One cost system isn't enough. [in] „Harvard Business Review". 66 (1), 1988, p. 61&66.

Kaplan, R. S. & Norton, D.P., The strategy focused organization, Harvard Business Press. 2001.

Kaplan, R. S., & Norton, D. P., The Balanced Scorecard - Measures That Drive Performance. [in] „Harvard Business Review". 70 (1), 1992, pp. 71 - 79.

Kaplan, R. S., Measuring Manufacturing Performance: A New Challenge for Management Accounting Research. [in] „The Accounting Review" 58, October 1983, pp. 686-705.

Kimberly, J.R., & Evanisko, M.J., Organizational innovation: the influence of individual, Organizational and contextual factors on hospital adoption of technological and administrative innovation, [in] „Academy of Management Journal", 1981, 24, pp. 688 – 713.

King, R.G. & Levine, R., Finance and Growth: Schumpeter Might Be Right. [in] „Quarterly Journal of Economics" 108, 3, August 1993, pp. 717 – 737.

Kluckhohn, F. R. & Strodtbeck, F. L, Variations in Value Orientations, Evanston, IL: Row, Peterson & Co., 1961.

Kroeber, A. L & Parsons, T., The Concepts of Culture and of Social Systems. [in] „American Sociological Review". October 1958, pp. 582-583.

Kwok, C.C.Y & Tadesse S., National culture and financial systems. [in] „Journal of International Business Studies", 37, (2) March 2006, pp. 227-247.

Lau.C.M.. Low, L.C.and Eggleton. L.R., The impact of reliance on accounting performance measures on job-related tension and managerial performance: additional evidence, [in] „Accounting, Organizations and Society". 20 (5): 1995, 359-381.

Levine, R., Financial Development and Economic Growth: Views and Agenda. [in] „Journal of Economic Literature". Vol. XXXV, June 1997, pp. 688 – 726.

Libby, T. & Waterhouse, J. H. Predicting change in management accounting systems, [in] „Journal of Managerial Accounting Research", 1996, 8, pp. 137–150.

Merchant, K. and van der Stede, M., Management Control Systems: Performance Measurement. Evaluation and Incentive. 2nd edn. Prentice-Hall, Upper Saddle River, N.J., 2007.

Nerré B., Tax Culture: A Basic Concept for Tax Politics, Economic Analysis and Policy. Vol. 38. No. 1, March 2008.

O'Connor, N. G., The influence of organizational culture on the usefulness of budget participation by Singaporean-Chinese managers. [in] „Accounting, Organizations and Society", 20, 1995, pp. 383–403.

Parsons, T. & Shils, E. A., Values, Motives and Systems of Action, [in] Parsons, T. & Shils, E. A. (eds), Toward a General Theory of Action, pp. 47—109. Cambridge, MA: Harvard University Press, 1951.

Porporato .M., The Relevance of Recent Financial Accounting Literature for Standard Setting: A Literature Review. 2008.

Pratt, J., & Beaulieu, P., Organizational culture in public accounting: size, technology, rank, and functional area. [in] „Accounting, Organizations and Society", 17, 1992,pp. 667-684.

Pratt, J., Mohrweis, L.C., & Beaulieu, P., The interaction between national and organizational culture in accounting firms: an extension. [in] „Accounting, Organizations and Society", 18,1993, pp. 621-628.

Pugh, D.S., D.J. Hickson, and C.R. Hinings, An empirical taxonomy of structures of work organizations, [in] „Administrative Science Quarterly", 1969, 14 115-126.

Radebaugh, Lee H., Sidney J. Gray, and Ervin L. Black. 2006. International Accounting and Multinational Enterprises. Edited by Anonymous. Hoboken: Wiley.

Raffournier B., Les normes comptables internationales, Ed. Economica, Paris, 2000.

Rajan R. and Zingales, L., The Firm as a Dedicated Hierarchy. Mimeo. University of Chicago. 1998.

Rohner, R. P, Toward a Conception of Culture for Cross-Cultural Psychology, [in] „Journal of Cross-Cultural Psychology", June 1984, pp. 111.

Shank, J.K. and Govindarajan .V., Strategic Cost Management: The New Tool for Competitive Advantage. New York, Free Press. 1993.

Shields, M. D. & Chow, C. W., Management accounting practices in the U.S. and Japan: Comparative survey findings and research implications. [in] „Journal of International Financial Management and Accounting", 3(1), 1991, p. 61.

Soeters, J., & Schreuder .H., The interaction between national and organizational cultures in accounting firms. [in] „Accounting, Organizations and Society" 13, 1988, pp. 75-86.

Sterling, Robert R. 1967. "Conservatism: The Fundamental Principle of Valuation in Traditional Accounting." Abacus (December): 109–132.

Veltman, M., 'Bottleneck accounting', Maanblad voor Accountancy en Bedrijfseconomie. Juni 2011.

Waterhouse, J. H. & Tiessen. P., 1978. A contingency framework for management accounting systems research. [in] „Accounting, Organizations and Society". 3(1), 1978, pp. 65-76.

Williams, J. J. & Seaman, A. E. Predicting change in management accounting systems: national culture and industry effects. [in] „Accounting, Organizations and Society", 2001, 26, pp. 443–460.

Woodward. J., Industrial Organization: Theory and practice, Oxford University Press. 1965.

Abstract

This paper explores the extent to which variations in accounting systems could be explained or predicted by differences in cultures. Researches both in the past and present have attributed the differences in certain universal phenomena to culture and other environmental factors and since then, the argument that supports culture as the explanatory variable has gained grounds. The different systems and patterns of accounting practice in each country is an indication of the variability and inconsistency of certain universal phenomena. This work explains the concept of accounting system. It also adopts the three groupings of accounting systems; the internal accounting system, the external accounting system and the tax accounting system. These accountings systems are discussed in detail in this article with particular attention to the principles that underlie each of them; the nature of their functions as well as the purpose and objectives they each seek to achieve. This work also discusses the concept of culture (national) in relation to business operations and the various significant elements of culture identified. The possible influence of culture on each of these systems is examined with particular attention on other systems of classification and accounting principles . This discussion ends with an attempt at finding out whether culture is the single most important variable that accounts for the differences in accounting systems or that indeed there are other equally important factors that account for this variation.

Barbara Kożuch
Jagiellonian University

Towards innovation in the management of local government

Introduction

The nature of perception of innovation in public organizations is well reflected in the widespread view that innovation in public management is an oxymoron, which consists of terms of opposite meanings. However, theoretical analysis and examples of practices make this an outdated opinion.

Several years of operation within the European Union resulted in the acceleration of changes in the management of public organizations. Their intensity and pace, and the spatial distribution is very diverse. Nevertheless, the focus on the changes, including innovative, is more often seen in daily practice of public organizations.

An aim of this paper is to understand the essence of innovative public management at the local level and its main circumstances, for which it was desirable to change the competence of managers and officials - independent experts to enable implementation of this model. The essence of public management was described on the basis of an analysis of concepts and models, showing different aspects of this management.

Then the specificity of public managers and officials-professionals supporting them was demonstrated as well as their interest in effective management in the context of cooperation with NGOs. These considerations illustrate the results of own research of 2010, devoted to various aspects of public management in Polish organizations, especially the orientation of the cooperation, as well as the results of research found in the literature of the field.

2. Innovation – the latest direction of change in management in public administration

In the current internal and external environment of public administration organizational changes in management become necessary and increasing the efficiency of management in public administration depends in particular on the changes that are innovative. Changes in the sphere of innovative management are characterized by: significant radicalism, the adequacy of the new theories and concepts, a technological breakthrough, ability to create effects corresponding with the modified mission.

Therefore, efficient management of contemporary public organizations is an innovative management. This regularity is shown in several studies of public administration systems [Verheijen 2006; Combe, Brown 2006; Brown, Silbergh, Sartorius, Combe 2006; Metcalfe 1994, Evans, Evans 2002].

The emphasis on the need for innovation in the context of the modernization of government has been known for a long time. In American literature innovation was considered in the context of theories and concepts of organizational change and policy interventions, as well as the conditions for the development of innovative public organizations, including public entrepreneurship. Also emphasized was the importance of decision-making processes in budgeting, results-based management and the role of innovation in the processes of reforming and governance.

Innovations in the management of public administration [Alberti, Bertucci 2006, p. 3-6] are defined as creative ideas put into practice as management solution to address the persistent problems of public management. Innovation, therefore, is the act of creating and implementing a new way of achieving concrete results and increased productivity. This may include new elements, new configurations of existing components, a radical change or moving away from traditional ways of doing things. It applies to new services, new policies and programs, new approaches and new processes.

Innovation processes taking place in public administration are similar, although specific, to the logic of the market for the products [Rothwell 1977 for Szatkowski 2001]. In the context of innovation in management we can talk about an innovative model of management in public administration and, more broadly, in the public sector. It shows some similarities with other recent public management concepts, such as relationship management of public organizations, public governance and a new public service, while different characteristics of their change and complexity can be observed.

The fundamental assumptions of the model of public management innovation stem from the theory of democracy, the concept of civil society, the concept of development based on knowledge and social capital, as well as approaches to organizational change management. There is a desire to balance the rationalities: political, economic and organizational.

The main category of this model is the public interest determined on the basis of public values shared by members of the public, and the conditions of its implementation are negotiated with partners and stakeholders. Citizens and self-organizing groups are recognized as strategic stakeholders.

The role of the state comes down to creating conditions for the functioning of all three socio-economic sectors, including the implementation of public interest and self-organization of society.

The primary mechanism for achieving the goals is to focus on innovation in:
– setting strategic goals;
– creating conditions for cross-sectoral and the inter-organization cooperation;
– coordination of public policies, programs and projects with various partners, also outside the public sector.

Desirable competencies of public managers

Managers of public organizations (Kożuch 2010, p. 347-351) represent different level managers whose primary responsibility is to effectively and efficiently manage organizations providing public services of high quality. These managers solve problems of management in accordance with the criteria of political rationality, taking into account the economic rationality of the appropriate market economy. They are different from managers operating in business. They have a distinct value system associated with the general attitude of cooperation rather than confrontation, which is more typical for businesses. While administrators concentrate on functioning of public organizations in compliance with the law, for business managers the efficiency of the organization is the most important.

The competence of public managers includes: possession of knowledge used in the work of management, as well as experience, skills and abilities necessary to achieve the goals of the organization, professional ethics, cultural values and social sensitivity. (Lane, Wolf 1990, p. 61; Kozuch 2004, p. 225; Virtanen, 1996, p. 56).

Professionalism of a public manager is connoted with the ability to set objectives and formulate measures to ensure public programs that provide implementation of the policy adopted by the legislative bodies. Hence the importance of specialized knowledge and skills of cooperation in the areas of policy, power and conflict. In the light of the cited studies the most desirable competencies of public managers include:
1. self-awareness of features and competences of public managers;
2. ability to determine strategic goals under conditions of considerable diversity of stakeholders and the implementation of these objectives to the public benefit;
3. proficiency in creating conditions for inter-organizational and cross-sectoral cooperation;

4. ability to coordinate public policies, programs and projects implemented with various partners, also outside the public sector;
5. ability to participate in social life, understanding the relationship between public management and leadership in public service,
6. having motivation to take action for others.

Thus, the matching of public managers and officials - independent professionals and the need of implementing innovative public management covers three areas:

I. the specificity of public managers and officials-professionals;
II. public strategic management;
III. organizational collaboration.

Significant positive changes in these three areas correspond to higher quality of human resources in public organizations.

Effectiveness of innovative public management in the light of empirical research

Studies involving specific qualities, skills and motivation of public managers and key areas of change in public management at the primary level were conducted in 2010 in 34 municipalities and cities, whose executives were interested in participating in the research. The respondents were mayors or office clerks and people dealing with staff matters, as well as officials responsible for issues related to direct interaction with NGOs. A total of 112 public managers and those in positions of civil servants were surveyed. Some issues are present in all the questionnaires, e.g. the advantages of creating strategies and methods of task assessment. Some questions were answered by mayors and specialists in human resources or mayors and specialists in collaboration with NGOs. Other questions were about the characteristics of managers, mayors and opinions expressed by HR workers and specialists in cooperation with NGOs. Other questions relate directly to typical ranges of activity on the test sites. For a concise illustration the reasoning carried out in this paper is focused on the analysis of selected responses. It was considered that the opinions of respondents on the following issues allow to initially illustrate the necessity of changes in the characteristics and competencies of the implementers of public management:

1. need to have a strategy,
2. specific qualities, skills and motivation of public managers,
3. leadership for inter-organizational collaboration.

In recent years, a view often presented by theorists and practitioners is that public organizations need the same solutions as those that can be applied in business management. The mayors and HR-workers, as the people involved in solving human resource management problems, were asked for verification of this type of opinion.

Table 1.A need to have a strategy in the opinion of the respondents

Specification	Number of answers			
	mayors	HR-workers	Collaboration workers	Total
is not needed at all	0	0	0	**0**
is needed, because it is expected by its associated organizations (eg. banks, funds, NGOs)	9	11	8	**28**
is needed, since it enables the consistent pursuit of its objectives	28	25	29	**82**
is needed, because it shows what are the aims for the local government and what there is to achieve	22	16	20	**58**
is not needed, since the direction of the organization is sufficiently determined by the provisions of law	0	0	0	**0**
is needed because it facilitates the creation of the office's image in the environment	8	11	10	**29**
is needed, because existing ethical rules can be defined	0	0	0	**0**

Note: respondents selected no more than 3 replies
Source: developed on the basis of own studies in 2010

The data contained in Tab. 1 indicate that all respondents - regardless of their position - recognize the importance of strategic management in the area of contemporary public affairs. They clearly recognize that the directions of the organization are not sufficiently defined by law. The most important attribute is assigned to increasing the efficiency of the organization by consistently striving for goals (82 responses), and awareness of the mandate of the organization (58 responses). To a lesser extent the strategy is appreciated as a tool for creating lasting relationships with stakeholders and public communication (respectively 28 and 29 responses). However, quite surprisingly, especially when we take into account numerous public declarations of local communities, it turned out that there was not a single answer concerning ethical principles in the current strategy. Respondents also saw the need for changes in planning. Mainly mayors stressed

the need to change the time horizon of strategic plans (14 responses), increasing the autonomy of the management agencies in determining courses of action (11 responses), and also reducing the impact of environment on the process of planning in the office (10 responses). A slightly different distribution of answers was observed when respondents were HR workers. They stressed changing of the time horizon of strategic plans (17 responses), and the inclusion of external experts in the planning process (10 responses). The analysis concerning the strategic management points to a greater focus on the inside of offices rather than openness to stakeholders.

Table 2 Diversity of qualities, skills and motivation of public managers in the opinion of the respondents

Specification	Number of answers		
	mayors	HRM	total
Different characteristics of public managers	22	25	**47**
No different characteristics of public managers	0	6	**6**
Different skills of public managers	20	21	**41**
No different skills of public managers	9	10	**19**
Different motivations of public managers	25	30	**55**
Different motivations of public no managers	3	4	**7**

Note: some respondents did not reply to this question
Source: developed on the basis of own studies in 2010

The responses illustrate the notion of the existence of specific public managers. Interviewees drew the greatest attention to the differences in the motivation of public managers and those operating in business (55 responses). Then they emphasized the diversity of characteristics of these occupational groups (47 responses). Also, most respondents, but with a smaller majority, expressed the opinion that the skills of public managers and business ones are different. Thus, practitioners' opinions of management are well illustrated by the view expressed by some public management theorists who argue that public managers are characterized by qualities, skills and motivations other than in the case of business managers. Interesting results are in the section on key management activities (Table 3).

Table 3 The most important management activities in the opinion of the respondents

| Specification	Number of answers	
	mayors	HRM
delegating powers to lower levels of management	3,48	6,87
reward for specific achievements	4,89	4,97
assigning of clearly formulated tasks	2,10	4,77
formulation of objectives to mobilize joint action	3,76	4,70
application of penalties for specific offenses	7,04	4,19
evaluate subordinate staff work results	4,34	3,90
advising employees and helping them in carrying out tasks	4,41	3,58
feedback to workers on the implementation of their tasks	4,48	2,32

Source: developed on the basis of own studies in 2010

The analysis of the data from Table 3 shows that opinions on the most important management activities vary depending on the position. Mayors primarily advocate the use of penalties for specific offenses, and - to a lesser extent - rewarding for concrete achievements, giving the staff feedback on the implementation of tasks, advising employees and providing them with assistance in performing tasks. Management of this type is characterized by elements of the authoritarian style with a touch of democratic one. However, HR-workers concentrate on delegation of powers to lower levels of management, rewards for specific achievements, assigning of clearly formulated tasks and formulating objectives to mobilize joint action. The results confirmed their preference for a democratic management style.

A questionnaire for chief executives officers also included questions about the core competencies of the modern public manager and their opinions on the nature of public managers (Fig. 1).

The following competencies of managers connected with their characteristics, education and experience turned out to be of great importance: consistency in action (average 4.68, similarly hereinafter), the ability to organize and to lead their group (average 4.57), truthfulness in all activities and relationships (4,50), emotional stability (4.36), having experience directly related to the current role of occupational roles (4.21). Interviewees attributed less importance to: above-average intelligence (3.82) and a high level of motivation and the pursuit of purposes, including follow-up or professional degrees, certificates, awards, etc.

Figure 1. Specificity of public managers
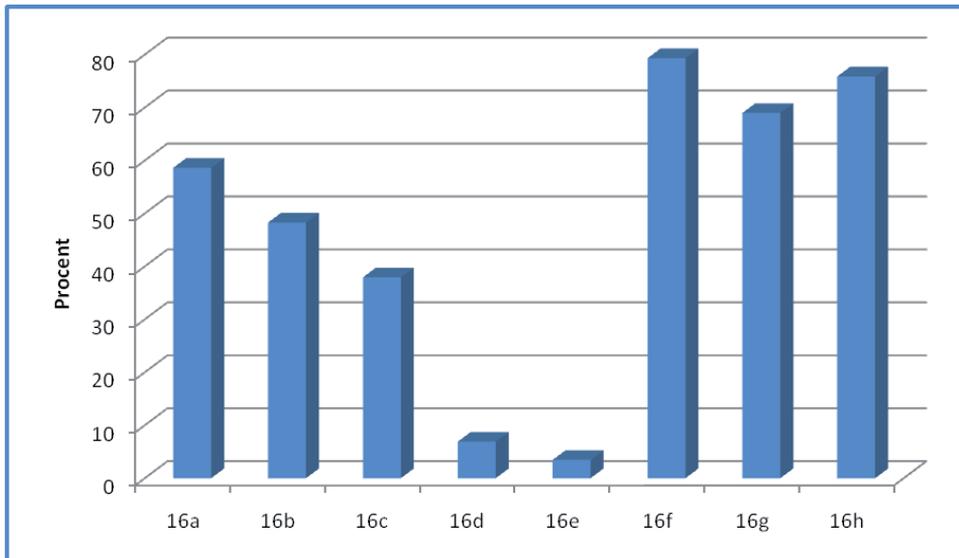
a) internal conviction of rightness of organizational goals; b) developing instruments of more effective management; c) appropriate use of own competencies, d) skills in finance; e) effective building of own position; f) inter-organizational collaboration; g) observance of principles of honesty and justice; h) good interpersonal skills.
Source: own research

Respondents correctly noted the ability to interact with different organizations, the ease of establishing contact with citizens and other clients of offices and application the principles of fairness and justice in the planned and ongoing activities. In other words, they appreciated the importance of the inter-organizational collaboration, establishing relationships with stakeholders and communication with them. From the characterization made by the respondents emerges a picture of a specific model of public managers, whose existence has not been confirmed in the responses to other questions of the questionnaire. Therefore one can think that opinions on specific competencies and public managers are more declarative in nature.

Opinions of respondents about their preferred type of leadership can be inferred on the basis of answers to the questions about the assessment procedure of the tasks (table 4).

Table 4. Procedures for assessing the implementation of tasks in the opinion of respondents

Specification	Number of answers*			
	mayors	HR workers	Collaboration workers	Total
no assessment procedure	12	15	13	**40**
there are procedures to assess the quality of execution of tasks, including standards, action plan, procedures for evaluation of the expenditure	8	8	8	**24**
there are procedures to improve the quality of the tasks of which consumers and citizens are informed	2	2	1	**5**
there are procedures to improve the quality of performance of tasks that are part of a public debate	2	0	0	**2**
There are other procedures	6	7	3	**16**

Note: respondents selected more than one answer.
Source: developed on the basis of own survey in 2010

The self-assessment made by the respondents that rated it, so often declared, is one of the weak points of implementers of public management competencies. Much of the survey indicates a lack of interest in assessment procedures (40 responses) or considers customarily accepted unstructured methods of assessment to be procedures (16 responses). Some respondents acknowledge that there are procedures to assess the quality of execution of tasks, including standards, action plan, procedures to assess expenditure (24 responses). Moreover, the results clearly outline a tendency to focus on the inside of the office without crossing its borders and, therefore, without informing or enabling citizens to assess the degree of implementation of public tasks. This illustrates maladjustment of management practices to implementation of innovative public management, including public governance. Hence it can be concluded that the function of leadership focuses more on interaction and cooperation of officials within the office than on the conducting of the territorial community.

Conclusions

The above considerations allow us to say that organized activities in the public interest (and not for profit) can be a criterion distinguishing public

organizations, while they also determine the nature of their relationship with the environment, as reflected, among others, in cooperative behaviour as an attribute of public sector institutions. Implementation of an innovative model of public management which is oriented to simultaneous formation of internal relations and external matching competencies required of public managers to the new rules. In particular, in relation to the management of local government the important issues are:

1. proper setting of strategic objectives, including development of abilities to create the results corresponding to the modified mission of an organization;
2. creating conditions for inter-organizational and cross-sector cooperation;
3. effective coordination of projects, programs and public policies, implemented in collaboration with various partners, also outside the public sector;
4. modern human resource management aimed at attracting and retaining high quality of these resources.

In behaviour of public managers necessary is the transition from an authoritarian to a democratic style, and then to a participatory one, and then - the move away from directing managers attention mainly to the inside of the organization with a tendency to underestimate external relations.

References

Alberti A., Bertucci G., *Replicating Innovations in Governance: An Overview*, [in:] *Innovations in Governance and Public Administration: Replicating what works*, DESA UN, New York, 2006.

Brown, Robert, David Silbergh, Witold Sartorius, and Colin Combe. 2006a. *Administrative Capacity Review of Poland*. Background paper. Washington, D.C., The World Bank.

Combe C., R. Brown 2006. *E-Governance in Estonia and Its Replicability*. Background paper. Washington, D.C., The World Bank.

Drucker P. F., *Innowacja i przedsiębiorczość. Praktyka i zasady*. PWE, Warszawa 1992.

Evans A., Evans G., *Improving Government Decision Making Systems in Lithuania and Latvia*, Journal of European Public Policy 2002 nr 8.

Kożuch B., *Kompetencje menedżerów organizacji publicznych: teoria a praktyka zarządzania* Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu Nr 156/2010 pod red. T. Listwana i S. Witkowskiego.

Kożuch B., *Zarządzanie publiczne w teorii i praktyce polskich organizacji*, PLACET, Warszawa 2004.

Lane L.M., Wolf J.F., The human resource crisis in the public sector, Quorum Books, Westport 1990.

Metcalfe L., *International Policy Coordination and Public Management Reform*. International Review of Administration Sciences 1994, nr 60.

Rothwell R., *The characteristics of successful innovations and technically progressive firms*. "R & D Management"1977.

Szatkowski K., *Istota i rodzaje innowacji*, [in] Brzeziński M., *Zarządzanie innowacjami technicznymi i organizacyjnymi,* Difin, Warszawa 2001.

Verheijen T., *Administrative Capacity in the New EU Member States. The Limits of Innovation?* Working Paper Nr 115. World Bank, Washington, D.C. 2007. http://www-wds.worldbank.org/servlet/WDSContentServer/ IW3P/IB/

2007/08/28/000020953_20070828155717/Rendered/INDEX/405590ECA0Admi1LIC0disclosed0Aug271.txt (27.01.2011).

Virtanen T., The competencies of New public managers, [in] Farnham D., Horton S., Barlow J., Hondeghem A. (eds), New Public Managers in Europe. Macmillan Press Ltd., London 1996.

Abstract

Until recently, innovation was associated only with the business sector. In recent years a noticeable interest in innovative management has also appeared in public organizations, including local administration. The analysis showed the innovative model of public management is characterized by a high capacity for multi-faceted and multi-level problem solving governance. Then it was shown that the orientation of innovation is closely linked with the need to match the competence of officials at all levels to the changing expectations of citizens and customers.

Joanna Jończyk
Bialystok University of Technology

Model of pro-innovative organizational culture – a theoretical study

Introduction

Development and survival of modern organizations increasingly depend on effective implementation of changes to the new knowledge, ideas, or discoveries. Thus the need to create a new framework for the functioning of organizations in which innovation will be recognized as fundamental cultural norms arises. At the same time there is growing evidence that organizational culture can significantly affect the level of innovation in organizations. The purpose of this article is an attempt to approximate the theoretical model of pro-innovation culture. Knowledge of the factors determining this type of culture will undoubtedly let managers deliberately shape innovation in the organization.

The essence and the model of organizational culture

For the first time the term "culture" in relation to the organization was used by E. Jacques in 1951. He has defined corporate culture as "customary and traditional way of thinking and acting, shared in greater or lesser extent by all members, and the new members must learn and at least partially accept that they themselves may be accepted in the company" [Aniszewska, 2007, s. 13]. However, only in the early eighties of the twentieth century culture of the organization became the subject of increased interest to researchers in psychology and sociology of organization and management theory. Analysis of the definitions of many foreign authors [Peters and Waterman 1982; Deal and Kennedy 1982; Pettigrew 1979; Hofstede 1980, Robbins 2004, Schein 1992, *Martins 1987, Langfield-Smith 1995; Bate 1999; Cameron* and Quinn 2003; Brown 1995] as well as Polish authors [Sikorski 2006; Kostera 2008; Zbiegień-Maciąg

2005, Sułkowski 2002, Konecki 2002] indicates the existence of differences in the description of this concept, depending on whether they concern the way of thinking or action. Another difference is the treatment of culture as a subsystem of organization or its synonym [Smircich, 1983, p. 328-358]. In general, differences in definitions depend on the discipline, on the basis of which the concept of culture is defined. The science of management points to the three main categories describing the organizational culture [Bratnicki, Kryś, Stachowicz, 1988, s. 68; Hofstede 2000, p.266]. The first one treats culture as a system of values shared by members of the organization. Second, as the climate of the organization associated with the common perception of the organizational situation. Third, as a set of beliefs characterizing a specific group of participants in the organization respect the specific patterns of effective action [Stańczyk, 2008, p.22]. In turn, one of the most popular definitions of organizational culture in management literature is considered by Edgar H. Schein term. It treats the organizational culture as "a pattern of shared basic assumptions, the group learned in the course of solving the problems of external adaptation and internal integration, working well enough that they were considered valuable, and therefore taught to new members as the correct way to perceive, think and feel in relation to these problems" [Schein, 1992]. The author distinguishes three levels of culture, taking as criteria for division the durability and visibility. The most visible level of culture is artefacts (artificial creations of the culture): language (specific language, myths and stories), behavioural (collective rituals, ceremonies) and physical (equipment, technology, material objects). The second level of the standard form of organizational culture and norms and values, much more durable than artefacts and far more difficult to observe: declared and observed. The deepest, most enduring and yet most difficult to identify the level of organizational culture are basic assumptions. They relate to the nature of human relationships, the organization as such environmental organizations and organizations relationship with the environment [Schein 1992]. It should be noted that in the opinion of E.H. Schein culture is a strategic management area, which reflects its impact on the inner life of the organization and its relationship with the environment. It is worth noting that the broader culture is widespread among workers and deeply rooted in their consciousness; the harder it is subject to change. On the other hand, in the present circumstances it is difficult to ensure organizational culture homogeneity and consistency [Deal, Kennedy, 1982]. There is therefore a dilemma to choose between strong cultures, but the trends are closing, locking, new orientation and a weak culture, but more open to the outside, the new orientations. This problem corresponds to the definition of organizational culture in the context of the theory of open systems [French and Bell, 1995]. This approach stresses the interdependence of the various subsystems and components in the organization, which is regarded as an open system [French and Bell, 1995].

This model explains the interactions between the subsystems of the organization (goals, structure, management, technology and people) that take place at different levels, between individuals and groups within the organization and with other organizations and the external environment. No doubt can be seen as the primary determinant of behaviour in the workplace. Against the background of the work of Schein (1985) and based on a systems approach, Martins [1987] developed a model used to describe the organizational culture, composed of eight elements:
1) The mission and vision of the organization,
2) External Environment,
3) Measures to achieve the objectives of the organization,
4) The image of the organization,
5) Process management,
6) The needs and expectations of employees,
7) Interpersonal Relationships,
8) Leadership.

At the same time, this model was used by Martins [2003] as a starting point in the development of organizational culture factors influencing innovation in the organization (the model will be presented later in this article). Therefore, it is necessary to approximate the concept of innovation, which need to be absorbed the more distinctly by modern organizations is raised in numerous studies.

The concept of innovation in organization

Like the concept of organizational culture in the literature can point to the ambiguity of the concept of innovation. This concept is not clearly interpreted in the literature. Some definitions focus on the description of specific innovations, such as the implementation of an idea for a new product or service. Other categories of innovation refers to modes of action such as restructuring, cost savings, improved communications, new technologies, new organizational structures, or employment plans [Robbins, 1996]. The best-known definition of innovation was determined by J. Schumpeter, who treats this concept in terms of techniques and technologies and apply them to the five cases: 1) conduct a new product, 2) the introduction of process innovation, 3) opening a new sales market, 4) the opening of a new supply market, 5) introduction of management of innovation [Schumpeter, 1960, p.104]. According to P. Drucker, innovation is the specific instrument of entrepreneurship [Drucker, 1992, p. 5]. It is a concept more economically and socially understood than technically explained. The universal way to treat the concept of innovation was proposed by A. Pomykalski. In his view, innovation is a process involving all activities related to the generation of an idea, invention, creation and implementation of this new product, service, or process [Pomykalski, 2001, p.17]. It should also be pointed out that innovation

can be not only technical, but also social [Kwiatkowski, 2000, p.84]. The broad approach to this phenomenon presents J. Penc, who says that innovation can take many forms: improving products, processes for their preparation, to introduce new production methods, improving the organization of work, modernization of management methods and techniques, marketing, distribution, or introduction of new technology [Penc, 1998, p.271]. Analysis of the definition of innovation can make innovation considered as implementation of a new or significantly improved product, process, marketing method or a positive material change in the organization. Considering the nature of innovation should be noted the need to concentrate research (with all their diversity) on the common elements of innovation, which are the change and novelty. It should be stressed that innovation is regarded as something new, which leads to change. However, changes cannot always be regarded as an innovation, since it does not always involve new ideas and do not always lead to improvements in the organization. Dynamic changes in the environment of contemporary organizations need to determine the broadcasting activities of the new features of their adaptability and flexibility. At the same time, these changes are an important determinant of innovative activity, which should be based on the culture of these organizations. It is worth noting that innovation in organizations also applies to the specific attitudes, skills and behaviour of staff. Further it can be concluded that the ability to shape effective relationships with stakeholders of the organization in rapidly changing conditions of their operation aimed at innovation, it can become a key feature of the workers. Important roles in these processes also play managers, who should care for a conscious acceptance of innovative changes both at home as well as in their subordinates to become leaders in innovation.

Relationships of organizational culture of innovation - an attempt to determine the model

Organizational culture seems to be a key factor in the success of any organization. As indicated by some studies, effective organizations have the ability to absorb the innovations to organizational culture and management processes [Tushman and O'Reilly, 1997]. This thesis, however, requires an attempt to accurately determine the characteristics and determinants of pro-innovative culture in the organization. The main issue here are links with the culture of innovation. The literature suggests, among other things, two main ways to link these phenomena [Tesluk, Faar, Klain, 1997, p. 21-41]:

1) Use the processes of socialization in the organization, which may cause the accepted standards for innovation and shared by individuals, will become common standards.
2) Use of assumptions and principles that lead to promotion, rewarding activities of personnel directly affecting innovation in the workplace, for example through the financial support of workers forming new ideas.

Despite many empirical studies highlighting the importance of values, norms, or behaviour in the promotion and implementation of innovation, ultimately there is no consensus on the model of pro-innovative culture [Ahmed, 1998; Nystrom, 1990; O'Reilly, 1989, Pinchot and Pinchot, 1996]. An interesting attempt in this regard has taken N. Martins, which is examining the relationship between organizational culture and innovation, pointed to the need to combine measures, including seven areas (strategy, focus, trust relationships, behaviour stimulating innovation, work environment, customer orientation and management support) to create a model of organizational culture to support innovation [Martins, 2003]. Based on the model of Martins and using the achievements of other researchers, in particular, such as: Lock & Kirkpatric, Ternblanche, Dunford, O'Reilly, Filipczak, Frohman and Pascarella, 1990, p. 21; Shaw] can point to the following areas and related factors that may indicate a proinnovative organizational culture. These are the organizations strategy, organizational structure, staff orientation on organizational goals, trust relationships, behaviour stimulating innovation, the internal environment, customer orientation (internal and external), management methods:

The first area is the strategy of the organization (mission and vision of the future of the organization). Innovation strategy supports the development and implementation of new products and services, and a source of innovation lies in the vision and mission, which are focused on the future. In addition, vision and mission of innovative organizations are focused on solving customer problems. It is important that employees understand the vision and mission to promote innovation and undertook the effort of reducing the differences between the current situation and future vision and mission. It is also essential to organizational goals and objectives to reflect the priorities and values of the organization, which in turn may promote or hinder innovation.

The second area is the organizational structure. Organizational structure uses flexibility, autonomy, decision making and teamwork. It is well to the organizational structure to support creativity and innovation. Important values such as: flexibility, autonomy and creativity are crucial in support of creativity. The stimulation of creativity and innovation are essential for independence and equality in decision making. The speed of decision making may also support or inhibit innovation. Another important aspect is the teamwork, where team members show us the trust and mutual respect, mutual understanding for their views and style of action, make decisions, despite differences of opinion, effectively communicate, and are open to new ideas.

The third area is personnel oriented for the purposes of the organization. The idea is that employees understand the mission and vision of the organization, associated with the need to be innovating. Important here is the commitment of employees to the objectives of the organization and the results used standards

[Terblanche, 1990, p. 283; Martins, 2003, p. 227]. Lock and Kirkpatrick (1995, p. 120) argue that it is necessary to setting specific targets for specific innovations and standards to achieve them. The results of measurements of the objectives should lead to improved creativity and innovation (Filipczak 1997, p. 36, St. Martins, 2002, p. 151].

The fourth area is the relationship of trust. In recent years, widely disseminated in the literature is a new approach to culture, namely, based on trust [Barrett 1997, p. 15)], which argues that organizational culture, which is based on trust, which is manifested in the openness, in the opinion of many researchers is that trust is crucial for the success of the organization in an increasingly complex and rapidly changing environment (Dunford, 1999; Martins, 1987). Relationships of trust in an organization are related to the mutual openness of the people to themselves. People feel emotionally secure, what in turn can promote the development of pro-innovative working environment (Filipczak, 1997, p. 35, Frohman and Pascarella, 1990, p. 21]. A high degree of innovation can be achieved if the corporate culture is created by management and promotes a high degree of confidence (Shaw, 1997, s.120; Martins, 2000, p. 229). Mutual trust makes it easier for people to adapt to change and new ways of doing things, what may increase the likelihood of success [Shaw 1997, p. 3].

The fifth area is behaviours that encourage innovation. The idea is to generate aspects, such as encouraging the generation of ideas, good ideas, sales, management ideas, ideas, and encouragement to take initiatives and to find new ways to solve problems. Management should develop values that promote risk-taking and must demonstrate through their actions that risk-taking and experimentation are the good behaviour patterns [Arad, Hanson & Schneider, 1997, p. 48, Robbins, 1996, p. 736]. At the same time it is important to take risks that were balanced to ensure the freedom of workers in decision making. The management of this process should involve employees. Shattow [1996, p. 4] argues that participation in decision making can lead to rapid generation of ideas, faster decision-making and transforming into the results.

The sixth area is the work environment. The determinant of this idea seems to focus on employees in the organization and how to work within the organizational culture. It can be argued that in an environment where employees feel well, they have the freedom to create new ideas and participation in decision-making and the organization continues to evolve [Martins, 2000, s.234].

Seventh area is customer orientation. This factor focuses on understanding the needs of internal and external customers improve customer service and flexibility in customer service. For many organizations, innovation is essential for their ability to offer high quality products and services (Hellriegel, Slocum and Woodman, 2001, p. 436). At the same time Nystrom [1990, p. 156] emphasizes that the response to the needs of clients should be flexible.

The eighth area is management support. Important here are such concepts as open communication, fault tolerance, and adaptation of rules and regulations. Open communication within the organization on an equal level is like its "open door in supporting innovation and change" [Filipczak 1997, p. 36, Lock and Kirkpatrick 1995, p. 20] and Shattow [1996, p. 47]. Bresnahan [1997, p. 52]. As pointed out by Tushman and O'Reilly (1997, p. 115) the level of tolerance for mistakes, especially in relations with superiors will promote or obstruct innovation. At the same time it creates the possibility of errors and opens discussion and learning mistakes. In a culture of innovation, managers should create access to knowledge, both internal and external, to encourage the idea of generating new ideas, emphasize the positive aspects of innovation, as well as assist in their implementation. Thus, to a large extent the efficiency of managers depends on the degree of adaptability of workers to new rules, regulations, rate of acceptance of change and innovation in organizations.

Conclusion

For most organizations today, change is inevitable. At the same time effective implantation of changes in strategy, technology, work systems and management style requires a thorough analysis of the values, beliefs and behaviour patterns of organization. Summarizing the above considerations it can be concluded that the model presented in the article (firmly embedded in the proposal of Martins) offers an interesting approach to the description of pro-innovative culture. The identified factors (strategy, structure-oriented goals, and trust relationships, behaviour stimulating innovation, work environment, customer orientation, and support mechanisms) are difficult to even be considered as an established theory, but they can certainly serve as a starting point for better understanding of the issues of pro-innovative culture in the organization and further empirical research. Such studies seem to be quite urgent, especially since more and more forcefully the literature points the need for effective management of innovation, where the role of culture is already unassailable.

References

Aniszewska, G. 2007, *Kultura organizacyjna – istota zjawiska*, [w:] Aniszewska A (red.), Kultura organizacyjna w zarządzaniu, PWE, Warszawa.

Ahmed, P.K. 1998, *Culture and climate for innovation*, "*European Journal of Innovation Management*", Vol. 1, No.1, pp. 30-43.

Arad, S., Hanson, M.A. & Schneider, R.J. 1997, *A framework for the study of relationships between organizational characteristics and organizational innovation*, „The Journal of Creative Behaviour", 31 (1), pp. 42-58.

Barret, R. 1997, *Liberating the corporate soul*. „HR Focus", Vol. 74, No. 4, pp. 15-16.

Bate P. 1999, Strategies for Cultural Change. Oxford: Butterworth-Heinemann.

Bratnicki M., Kryś R., Stachowicz J. 1988, *Kultura organizacyjna przedsiębiorstw. Stadium kształtowania procesu zmian zarządzania*, Ossolineum, PAN, Wrocław.

Brown A. 1995, *Organizational Culture*. London: Pitman.

Bresnahan, J. 1997, *The elusive muse*. „CIO", 11 (2), 50-56.

Cameron Kim. S., Quinn R. E. 2003, *Kultura organizacyjna – diagnoza i zmiana. Model wartości konkurujących*, Oficyna Ekonomiczna, Kraków.

Christensen, C.M. and Raynor, M. 2003, *The Innovator's Solution: Creating and Sustaining Successful Growth*, Harvard Business School Press, Boston.

Deal T, Kennedy A. 1982, *Corporate Cultures. Reading*, MA: Addison-Wesley.

Drucker P. 1992, *Innowacja i przedsiębiorczość – praktyka i zasady*, PWN, Warszawa.

Filipczak, B. 1997, *It takes all kinds: creativity in the work force*, „Training", 34 (5), pp. 32-40.

Freidson E. 1972, *The clinical mentality*, [w:] Profession In Medicine. A Study of Sociology of Applied Knowledge, New York, 1972, p. 158-184.

French, W.L., Bell, C.H. 1995, *Organizational Development: Behavioral Science Interventions for Organization Improvement*, 5th ed., Prentice-Hall International, Englewood Cliffs, NJ.

Frohman, M. & Pascarella, P. 1990, *Achieving purpose-driven innovation*. „Industry Week", 239 (March 19), p. 20-24.

Hellriegel, D., Slocum, J.W. & Woodman, R.W. 2001, *Organizational Behaviour (*9th ed.). Australia: South-Western College.

Hofstede, G., Neujien, B., Ohayv, D.D. and Sanders, G. 1980, *Measuring organizational culture: a quantitative and qualitative study across cultures*, "Administrative Science Quarterly", Vol. 35., No. 2, pp. 286-316.

Hofstede G. 2000, *Kultury i organizacje. Zaprogramowanie umysłu*, PWE, Warszawa 2000.

Jończyk J. 2010, *Badanie innowacyjności publicznych zakładów opieki zdrowotnej*, [w:] Lewandowski R. i Walkowiak R. (red.), *Współczesne wyzwania strukturalne i menadżerskie w ochronie zdrowia: Problemy zarządzania,* Wydawnictwo Olsztyńskiej Wyższej Szkoły Informatyki i Zarządzania, Olsztyn, p. 93-98.

Konecki K. 1985, *Kultura organizacyjna*, „Studia socjologiczne", No 3-4.

Konecki K. T. Chomczyński P.(eds.) 2007, *Zarządzanie organizacjami. Kulturowe uwarunkowania zarządzania zasobami ludzkimi.* Wydaw. UŁ, Łódź 2007;

Kostera M. 2003, *Antropologia organizacji. Metodologia badań terenowych*, PWN, Warszawa.

Langfield-Smith K. 1995, Organizational culture and control. In: Berry A, Broadbent J, Otley D, eds. Management Control: Theories, Issues and Practices. London: Macmillan Press Ltd.

Lock, E.A. & Kirkpatrick, S.A. 1995, *Promoting creativity in organizations*. [In:] C.M. Ford & D.A. Gioia (Eds.). *Creative action in organizations: Ivory tower visions and real Word voices*. London.

Martins N. 1987, Organisasiekultuur in 'n finansiële instelling/Organisational culture in a financial institution (DPhil thesis). Pretoria: University of Pretoria.

Martins E., Terblanche F. 2003, *Building organisational culture that stimulates creativity and innovation*, „European Journal of Innovation Management", Vol. 6 Iss: 1, pp.64 – 74.

N˙strom, H. 1990, *Organizational innovation,* [in] West, M.A., Farr, J.L. (eds.), *Innovation and Creativity at Work: Psychological and Organizational Strategies*, Wiley, Chichester, pp.143-61.

Pettigrew, A.M. 1979, *On studying organizational culture*, "Administrative Science Quarterly", Vol. 24, pp. 570-81.

Penc J. 1998, *Zarządzanie dla przyszłości. Twórcze kierowanie firmą*, Wyd. Profesjonalnej Szkoły Biznesu, Kraków.

Peters T., Waterman R. 1982, *In Search of Excellence,* Haper and Row, New York.

Pinchot, E. & Pinchot, G. 1996, *Five drivers for innovation,* „Executive Excellence", 13 (1), pp 9-10.

Pomykalski A. 2001, *Zarządzanie innowacjami*, PWN, Warszawa – Łódź.

Robbins S.P. 2004, *Zachowania w organizacji*, PWE, Warszawa, p. 428-430.

Shattow, M. 1996, *Out of the blue*, „Electric Perspectives", 21 (3), pp. 44-54.

Schein, E. 1992, *Organizational Culture and Leadership*, 2nd ed., Jossey-Bass, San Francisco CA.

Schumpeter J. A.1960, *Teoria rozwoju gospodarczego*. PWN, Warszawa.

Shaw, R.B. 1997, *Trust in the balance: Building successful organizations on results, integrity and koncern*, San Francisco: Jossey-Bass. (The Jossey-Bass business and management series).

Sikorski, C. 2006, *Kultura organizacyjna. Efektywnie wykorzystaj możliwości swoich pracowników,* Wydawnictwo C. H. Beck, Warszawa.

Stańczyk, S. 2008, Nurt kulturowy w zrządzaniu, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław.

Sułkowski, Ł. 2002, *Kulturowa zmienność organizacji*, PWE, Warszawa.

Smircich, L. 1983, *Studying Organizations as Cultures,* w: Morgan G., Beyond Method: Strategies for Social Research, Beverly Hills-London- New Delhi 1983, p. 160-172;.

Tesluk, P. E., Faar J. L., Klein S. R. 1997, "*Influences of organizational culture and climate on individual creativity*" Journal of Creative Behaviour, Vol.31 No. 1, pp. 21-41.

Tushman, M.L., O'Reill, 1997, *Winning through Innovation: A practical Guide to Learning Organisational Change and Renewal*, Harvard Bussines School Press, Boston.

Zbiegień-Maciąg, L. 2005, *Kultura w organizacji: identyfikacja kultur znanych firm*, Wydawnictwo Naukowe PWN, Warszawa.

Abstract

This publication is an attempt to determine factors enhancing pro-innovative organizational culture shaping. The analysis of literature leads to conclusion that the main factors of pro-innovative culture are strategy, structure-oriented goals, and trust relationships, behaviour stimulating innovation, work environment, customer orientation, and support mechanisms. The identified factors are difficult to even be considered as an established theory, but they can certainly serve as a starting point for better understanding of the issues of pro-innovative culture in the organization and further empirical research.

Aleksandra Nizielska
University of Economics in Katowice

Cultural determinants of relations with entities from the international market environment

Introduction

A range of factors which should be taken into account when designing the activities aimed at creating long-term customer relationships is growing, along with an increase in the arena covered by a company's activities: from the local one to the international one. As a result, companies operating in the international environment need to take into account so-called cultural determinants in their customer relationship management.

National versus organisational cultures

The term of culture was first defined by E.B. Tylor, who says this is 'that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits learned by man as a member of society[Bartosik Purgat M., 2006, p.14].

According to A. Kłoskowska, culture is "a relatively integrated whole, comprising people's behaviours following the patterns common for a social community, which have been shaped and learned during interactions and which contain the products of such behaviours" [Kłoskowska A., 1980, p.40].

G. Hofstede defines culture as 'the collective programming of the human mind that distinguishes the members of one human group from those of another' [Hofstede G., 2000, p.40]. There are three levels of human mind programming:
– human nature, which is universal and inherited,
– culture, which is group specific and learned,
– personality, which is specific for an individual, partly inherited and partly learned.

When conducting research into the impact of culture onto the process of creating relations with entities from the environment, there are a few basic layers:

1. the level of affiliation with a specific national culture,
2. the level of affiliation with the culture connected with a specific ethnic (regional), linguistic or religious group, within a specific and separate national group,
3. the level of the culture resulting from the affiliation with a specific social and occupational group or/and generation,
4. the level of organisational culture connected with one's role and position in a workplace [Karcz K., p.46-46; Hofstede G., p.46].

It seems that the process of establishing relations with entities from the environment is mostly affected by the level of affiliation with a specific national culture and the level of organisational culture connected with an individual's role and position in their workplace. What matters here is the mutual influence of the organisational culture and the national culture. At the level of national cultures, the differences occur, first of all, in the area of values and, to a small extent only, in the area of practices. At the level of organisational cultures, however, we can see the biggest differences in the area of practices.

One of the definitions states that the national culture is a collection of personal cultures (values, norms, preferences, language, personalities, attitudes) of all the members (individuals) of the society [Bartosik – Purgat M., 2006, p.14].

A very broad definition of the national culture is presented by Ph. R. Cateora and P.N. Ghauri. They believe that the national culture includes every part of a human life: material, intellectual and spiritual. They divide it into six parts, i.e.: material culture (technology, economy), social institutions (social organisations, political structures), education (literacy), a system of beliefs (religions, superstitions), aesthetics (art, folklore, music, drama, dance) and language [Cateora Ph. & R., Ghauri P.N., 2000, pp. 109-116].

The literature identified four features of the national culture, namely:

– the national culture is handed down from generation to generation,
– it acquires supra-individual and anonymous features,
– culture is regarded as a human attribute,
– culture is regarded as a complex whole,
– culture is regarded as 'dynamically stable [Bartosik Purgat M.,2006, pp. 21-26].

The organisational culture, in turn, may be defined as 'a learned product of a group experience, based on values, norms, and cultural patterns resulting from these' [Sułkowski Ł., 2002, p.58].

According to G. Hofstede, the organisational culture is 'the collective programming of the human mind that distinguishes the members of one organisation from those of another [Hofstede G., 2000, p. 375]. It may also

be assumed that it is a system of processes, which are typical for a company and connect values, social and cultural norms, favoured by the management and workers, with their attitudes and the ways in which these attitudes affect organisational behaviours [Despahnde R., Webster F.E.,1989, pp.13-15]. Consequently, the organisational culture is a means of conveying values and norms, shared by the members of an organisation, which are the components of their national cultures. The national culture starts to be learned by an individual from childhood, unlike the corporate culture, which starts to be learned when the individual joins a company [Chatman J.A., Jehn K.A., 1994, pp.522-553].

Cultures, both the national culture and the organisational culture, affect each other, which may lead to their partial or complete convergence. Although a lot of convergence can be seen in so-called 'hard' elements of management the unification process of the organisational culture does not tend to run at the same pace and with the same intensity. To simplify, we can say that managers all over the world do more or less the same things (cultural convergence), but in a different way (cultural divergence) [Kostera M., 1996, p. 521]. Therefore, it may be assumed that managers all over the world communicate and establish relationships but this process differs depending on the national and organisational culture they belong to.

Influence of culture on relationship marketing

The influence of culture on relationship marketing may be analysed in the following dimensions [Karcz K., 2005]:
1) culturally determined relationships between a company and its present and potential customers – individual consumers (in particular, the process of multicultural communication),
2) culturally determined relationships among companies operating in a market:
   – a company and its present and potential institutional customers (business-to-business),
   – companies operating within a given sector (competitors, middlemen, suppliers etc.);
3) culturally determined relationships between a company and its stakeholders,
4) culturally determined relationships within multinational corporations, having subsidiaries in numerous countries and employing workers from various nationalities and cultures.

The impact of the cultural environment on the establishment and maintenance of relationships with key stakeholders may be analysed from two managerial perspectives. Firstly, cultural factors should be taken into account on the strategic field, in particular in a company's marketing strategy, and secondly – on the field

of tactics and tools for operating on an international market, especially with regard to a so-called marketing mix.

When formulating their marketing strategies, companies should pay attention to the cultural specificity of the given market and, as a result, carry out marketing activities in compliance with the effective social and cultural norms. Owing to that, the company may be perceived as one which is connected with the local market and takes into consideration its specificity. When standardising their marketing activities, even companies whose operations are based on a global marketing concept tend to pay more and more attention to cultural differences in their international environment. Many of them, using the experience they gain, also try to take into consideration the 'think global – act local' principle [Karcz K., 2005].

Before creating their programmes, aimed at expanding and strengthening customer relationships on international markets, companies should first identify the cultural affiliation of their potential buyers from a given country, get familiar with their characteristics and various aspects of their culture, before they start planning the methods and tools targeted at reinforcing the mutual relationships [Pabian A., 2007].

Cultural dimensions and the types of relations with entities from the environment

The literature shows many types of national and organisational cultures. G. Hofstede identifies the following dimensions of national cultures: power distance (small versus large), individualism versus collectivism, masculinity versus femininity, strong versus weak uncertainty avoidance. According to this author, the dimensions of organisational cultures include: orientation towards procedures – orientation towards outcomes, taking care of workers – taking care of production, affiliation – professionalism, an open system – a closed system, lenient control – strict control, rule by law – rule by pragmatism [Hofstede G., pp. 47-57]. F. Trompennars and Ch. Hampden Turner, in turn, specify the following dimensions of national cultures: universalism – particularism, individualism – collectivism, emotional cultures and reserved cultures, fractional cultures and comprehensive cultures, cultures in which an achieved or an ascribed status matters, cultures with different attitudes to time and environment [Tromennars F., Hampden Turner Ch., 2002, pp. 22-24].

The GLOBE concept comprises 9 dimensions: quality of workmanship, forward-looking orientation, uncertainty avoidance, power distance, family collectivism, institutional collectivism, gender egalitarianism, assertiveness, humanistic orientation [House R.J., Hanges P.J., Javidan M., Dorfman P., Gupta P.W. (ed), 2004]. S. Schwarz enumerates personal (individual) values, such as power, achievements, hedonism, search for sensations, subjectivity,

universalism, goodness, conformism, tradition and security, and cultural values, such as background (social order, respect for tradition, obedience), hierarchy (power, modesty), mastery (ambition, confidence), effective autonomy (pleasure, exciting life), intellectual autonomy (broad horizons, curiosity), egalitarianism (justice, equality), harmony (unity with the nature, global peace) [Schwarz S.H.,2007, pp. 711-728]. R. Gesteland divides cultures into: pro-transactional and pro-partnership ones, low and high context, ceremonial and non-ceremonial, monochromic and polychromic, expressive and reserved [Gesteland R., 2000, pp.60-75].

Further analysis focuses on the descriptions of the dimensions presented by the national cultures and the organisational cultures, according to G. Hofstede, T. Trompenaars, Ch. Hampden Turner and R. Gesteland (cf. Table 1 and Table 2).

Table 1 The impact of national cultures on the process of relationship building on international markets (typology by R. Gesteland, T. Trompenaars, Ch. Hampden Turner and R. Gesteland)

TYPOLOGY BY G. HOFSTEDE	
CULTURE	FEATURES
– Large power distance	– Superiors and subordinates, by principle, believe that they are not equal. In organisations, there is a strong trend towards maximum centralisation of power, subordinates' role is limited to following superiors' orders. Superiors enjoy special privileges, and contacts between superiors and subordinates can be established only when initiated by superiors.
– Small power distance	– Superiors and subordinates believe that they are equal partners. Organisations are relatively decentralised, workers have easy access to their superiors, they expect all decisions which affect their work to be discussed with them.

– Collectivism – Individualism	– Relationships between a superior and a worker are perceived in ethical categories. They resemble, to a large extent, family relationships, they are based on mutual commitments which ensure security in exchange for unquestionable loyalty, the interest of a group is more important than the interest of an individual, the group i.e. „we" is the main source of identification for its members and the guarantee of security in difficulties of one's life. In exchange for that, members are required to show loyalty to their group, and any disloyalty poses almost a risk for an individual's existence, people belong to strong groups, from the moment of their birth, and the source of identification is affiliation with a network of social connections – Relationships between an employer and employees are perceived as a business transaction, „I", being a given person's identity, clearly differs from „I" of the other people in the environment, people are classified on the grounds of their personal characteristics, bonds between individuals are loose and everybody pays most attention to themselves and their closest family, an individual is a source of identification
– Masculinity – Femininity	– Managers believe that conflicts can be resolved by confrontation, 'live-to-work' attitude to work, a manager is a person who makes decisions easily and quickly, is assertive and aggressive, makes decisions independently, based more on facts than conclusions drawn from discussions with subordinates – Managers aim to resolve conflicts by compromise and negotiations, 'work-to-live' attitude towards work, a manager is inconspicuous, follows his/her intuition and aims to reach agreement
– Strong uncertainty avoidance – Weak uncertainty avoidance	– There are many formal and informal laws, by which behaviours of employees and employers can be controlled – Laws and regulations are created only if and where absolutely indispensable

– Long-term orientation	– Perseverance (industriousness), thrift, hierarchy, marriage as a pragmatic relationship within a bigger family
– Short-term orientation	– Respect for free time, consumerism, egalitarianism, marriage as a free relationship between two people
TYPOLOGY BY F. TROMPENAARS AND CH.HAMPDEN TURNER	
– Universalism	– There is only one truth or reality; more emphasis is put on regulations than mutual relations between partners, people's behaviours are regulated by universal rules. People relate as equals. All individuals who are subject to the same rule should be treated in the same way, there is a tendency to prepare official agreements, a trustworthy person is somebody who respects a word they have given or a concluded contract. A contract is a method for life. An agreement is no just a text concerning rules but it codifies mutual commitments made by parties, proves that parties accept the terms and conditions and provides for a law of recourse, if parties fail to meet their promises.
– Particularism	– There are a number of points of view for the same reality, representatives of particularistic cultures place more emphasis on mutual relations than regulations between partners. Everything is considered with reference to a specific situation. A person is not treated as an anonymous citizen but as a friend, husband or any other unique person, both in a positive and negative sense. Focus is more on interpersonal relations than on rules, official agreements tend to be modified. A trustworthy person is somebody who respects changing circumstance, there are a number of perspectives (sides) of a reality, different for every contractual party
– Individualism	– *„Primary focus on oneself",* a worker is expected to follow his/her own interest first. In a workplace a worker should be treated as an individual with specific, personal features, workers achieve objectives on their own and bear personal responsibility
– Collectivism	– *„Primary focus on objectives and tasks"* , an employer never treats their employees as individuals but as members of a particular group. A worker is expected to submit to the superior interest, even if it does not overlap with his/her own interest. Employees achieve objectives as a group, which implies collective responsibility

– Affective cultures	– Managers clearly express their feelings, people representing neutral cultures are perceived as hiding their feelings, managers communicate in verbal and non-verbal ways. Openness and effusiveness reduce tension, emotions are revealed easily, effusively and violently. Lively, expressive behaviours are admired, touching, gestures and expressive facial expressions are accepted
– Neutral cultures	– Managers believe that feelings should be controlled so that they do not distort the perceptions of the reality and do not result in a loss of self-control, reserved people tend to treat anger, delight and excessive emotionality as non-professional; Managers do not reveal their feelings and thoughts, only in exceptional cases they may show stress by their facial expressions or postures. Cold and reserved behaviour is admired; physical contact, gestures or expressive facial expressions are often regarded as taboos
– Specificity	– Workers tend to keep their private lives aside, a boss distinguishes professional relations with their subordinate and isolates these from other issues
– Diffusiveness	– Workers combine their private and professional lives; when making decisions about their interests, they do not only consider purely economic aspects but also a private sphere of their partners.
– Goal-oriented cultures	– Workers are evaluated according to the performance of their functions, mutual relations are strictly functional
– Ascriptive cultures	– A status is ascribed to the ones who are naturally respected by others – elderly people, highly-qualified people, specialists in certain fields,
– Internal direction	– Conscience and believes are internal, managers follow their own believes, conscience and ethics
– External direction	– External patterns and factors affect a manager; when making decisions, managers follow signals from the environment
– Sequential	– Managers' actions are quick, within the shortest possible time sequence,
– Synchronic	– Managers take coordinated and synchronised actions

TYPOLOGY BY R. GESTELAND	
– Pro-transactional attitude – focus on task performance	– Managers are open to do business with newly met people, they quickly get down to business during meetings; they communicate in a concrete, open and honest way, in order to understand one another better, a lot of arrangements are made by phone, fax, email, not face-to-face. Clearing up doubts is based on contracts, not personal relations, lawyers play an important part in concluding and performing contracts
– Pro-partnership attitude – focus on interpersonal relations	– Managers do not tend to do business with newly met people, they establish first business contacts in an indirect way; they avoid conflicts and confrontation, communicate in a restrictive, highly contextualised way (not to offend anybody) and prefer frequent face-to-face contacts. Clearing up doubts is based on mutual relations more than provisions of a contract.
– Ceremonial and hierarchical attitude	– Managers attach importance to a social and professional status and hierarchy, they show respect to people with high social status.
– Non-ceremonial and egalitarian attitude	– Managers attach less importance to a social and professional status, they are quickly on a first-name basis with newly met people, they do not use surnames and titles; managers avoid ceremony in interpersonal relations. More egalitarian organisations, with lower differences in status and power, are preferred.
– Polychromic cultures	– Managers attach more importance to people and good relations than punctuality and schedules, they are flexible about deadlines and schedules
– Monochromic cultures	– Managers attach more importance to punctuality and keeping deadlines

– Reserved cultures	– Managers speak quietly, they hardly ever interrupt one another, there is a bigger physical distance between interlocutors, gestures and facial expressions are limited
– Expressive cultures	– Managers speak loudly, they often interrupt one another, there is a smaller physical distance between partners, people tend to touch one another, expressive facial expressions and enthusiastic gestures appear

Source: The author's own work based on: Hofstede, [2000, pp. 61-210], Gesteland, [2000, pp. 25-30], Trompenaars & Hampden – Turner [2002, pp. 22-25].

Table 2 The impact of organisational cultures on establishment of relationships on international markets (classification by G. Hofstede)

TYPOLOGY BY G. HOFSTEDE – DIMENSIONS OF ORGANISATIONAL CULTURES	
CULTURE	FEATURES
– Orientation towards procedures – Orientation towards outcomes	– Workers believe that their typical features are avoidance of risk and limited involvement in work, – Workers perceive themselves as people who easily adapt to new situations and are dedicated to their work,
– Care about workers – Care about production	– Workers' personal problems are taken into consideration, an organisation feels responsible for ensuring decent living conditions for its workers, all important decisions are made by a group – Proper execution of work is in focus, an organisation is interested in workers' performance only and does not care about their family or personal happiness
– Affiliation – Professionalism	– An organisation's norms refer to professional life and private life alike – Private life is separated from personal life
– Open system – Closed system	– Workers demonstrate a friendly attitude to new recruits and outsiders – Workers are closed and reserved, even when dealing with their co-workers

– Lenient control	– Workers feel that no one in a company manages costs, dates of meetings, the company or work are frequent topics of jokes
– Strict control	– Workers feel that close attention is paid to costs, all meetings are held punctually, jokes about work or the company are told only occasionally
– Rule by law	– Entities ruled by law believe that their role is to give evidence about the inviolability of rules, the main emphasis is placed on correctness of perceived organisational procedures, even at the expense of performance
– Rule by pragmatism	– Pragmatic entities are market-oriented, their priority is to meet customers' needs, performance is in focus, instead of keeping correct procedures

Source: The author's own work, based on Hofstede [2000, pp. 278-289].

In general, companies which plan to implement relationship marketing on an international market should remember that cultural differences which occur between nations may facilitate but also hinder, or even prevent, building of stable business relations on such a market. These differences may also adversely affect the atmosphere of cooperation, which is the background of and the basis for every partnership. This is particularly important in case when business partners represent completely different cultures. Geographical proximity (e.g. two neighbouring nations) does not have to mean affiliation with the same culture. Therefore, it is so important to take into account cultural differences when establishing long-term partnership bonds on distant but also close, or even neighbouring, foreign markets. That is why, before initiating or implementing any programs aimed at building stable relations on international markets, some in-depth research into and an analysis of cultural differences between the countries where the partners come from, should be conducted.

Every aspect listed above affects the establishment and maintenance of relations with partners on international markets. What seems most important is the fact whether representatives of a given country represent a pro-partnership culture or a pro-transactional culture and, consequently, how inclined they are to establish stable, friendly relations with business partners or to focus not a transaction as such and the conclusion of a contract.

Business partners representing universalistic or particularistic cultures will differ in their attitude to the importance or a contract and room for negotiations. Managers will also differ in their perception of their business partners. They may be treated as close and special people, with whom they will be connected not only because of professional issues but also because of personal issues, and

for whom they will be able to make an exception to the arrangements previously made in a contract. Managers may also not make exceptions when dealing with their partners and treat a contract as a final thing. The representatives of specific cultures, who they will keep their private life aside, and the representatives of diffused cultures, who combine private lives and professional lives, will behave in a similar way.

The representatives of collective cultures or individual cultures will differ in the composition of their teams when negotiating transactions; this will be done by a bigger group with a leader or by individual representatives with decision-making power.

The relations with various groups of stakeholders on international markets are also affected by the aspect of: small/ large power distance. In countries where this distance is large, business contracts will remain the responsibility of people on high positions, who are authorised to represent their company outside, while in countries where this distance is small, also lower-rank employees will be responsible for business contacts.

The division into masculine and feminine cultures, in turn, will affect the way conflicts are solved. Managers representing masculine cultures will tend to solve conflicts by confrontation, managers representing feminine cultures will tend to solve conflicts by compromise.

In societies dominated by a culture in which uncertainty is strongly avoided, mutual relations between partners will be highly formalised, while in cultures where uncertainty is not avoided so strongly, mutual relations are friendly and non-formalised.

Communication, which is connected with relations, and first of all, non-verbal communication, is affected by belonging to affective or neutral cultures. Representatives of affective cultures communicate openly, using a lot of non-verbal signals, while non-verbal communication of neutral cultures is very poor. This aspect is similar to the aspect of reserved versus expressive cultures.

Mutual relations between partners on international markets will be influenced by their belonging to performance-oriented cultures, where mutual relations are strictly functional, or to ascriptive cultures, where a status is ascribed to generally respected people, e.g. because of their age or education. Similarly, mutual relations will be affected by belonging to ceremonial or non-ceremonial cultures.

The division into monochromic and polychromic cultures, as well as sequential and synchronic cultures, determines the attitude to time. This may affect timely performance of a transaction and the sequence and priority of tasks to be performed.

The relations with entities on the European markets will also be affected by the various organisational cultures they belong to.

Managers who deal with representatives of organisations which focus on keeping procedures may be aware that their partners will avoid risk and will be involved in work to a limited extent. Representatives of cultures focusing on performance, however will focus on their objectives and functions.

Representatives of organisations focusing on workers will combine private life and professional life, representatives of organisations focusing on production will focus on a task to be performed, and their professional life will be separated from their private life.

In organisations dominated by affiliation, norms of the organisation apply both to personal life and professional life, and in organisations dominated by professionalism, private life will be separated from professional life.

Organisations ruled by law place the main emphasis on correct perception of organisational procedures, and pragmatic organisations are mainly market- and customer-oriented.

In companies with lenient control, workers feel that not much attention is paid to management, and in companies with strict control, there is a general belief that management and staff work organisation are of primary importance.

Conclusions

One should remember that it is very difficult to obtain information about cultural differences, and in some cases, such information may not even exist (e.g. with reference to small or very remote countries). A lack of secondary data often means a need to conduct our own direct research into the specificity of activities and behaviours of our business partners in a given area. Furthermore, managerial staff and personnel involved in establishment of stable relations on international markets should be trained in cultural differences so that they can meet the relationship marketing goals more effectively and quickly.

References

Bartosik – Purgat M., Otoczenie kulturowe w biznesie międzynarodowym, Polskie Wydawnictwo Ekonomiczne S.A., Warszawa 2006.

Bjerke B., Kultura a style przywództwa. Zarządzanie w warunkach globalizacji. Oficyna Ekonomiczna, Kraków 2004.

Cateora Ph. R., Ghauri P.N., International Marketing. European Edition, McGraw-Hill Publ., London 2000.

Chatman J.A., Jehn K.A. , Assessing the Relationship Between Industry Characteristics and Organizational Culture: How Different can You Be?, Academy of Management Journal 2004, No.37 (June).

Desphande R., Webster F.E., Organizational Culture and Marketing: Defining the Research Agenda, Journal of Marketing 1989, No. 53 (January).

Gesteland R., Różnice kulturowe a zachowania w biznesie, PWN, Warszawa 2000.

Hofstede G., Kultury i organizacje, Zaprogramowanie umysłu, Polskie Wydawnictwo Ekonomiczne, Warszawa 2000.

House R.J., Hanges P.J., Javidan M., Dorfman P., Gupta P.W., (ed) , Culture, leadership, and organizations. The GLOBE study of 62 societes. Thousands Oaks: Sage 2004.

Karcz K., Kulturowe uwarunkowania marketingu relacji otoczeniu międzynarodowym, [w:], Trans'05. Wspólna Europa. Zrównoważony rozwój przedsiębiorstwa a relacje z interesariuszami, pr. zb. pod red. H. Brdulak i T. Gołębiowskiego, Szkoła Główna Handlowa, Warszawa 2005.

Kłoskowska A., Kultura masowa, PWN, Warszawa 1980.

Komunikacja międzykulturowa w integrującej się Europie – aspekty metodyczne, wyniki badań, praca zbiorowa pod red. K. Karcz, Warszawa 2004.

Kostera M., Zarządzanie międzykulturowe, w: Zarządzanie, teoria i praktyka, red. nauk. A. K. Koźmiński, W. Piotrowski, PWN, Warszawa 1996.

Pabian A., Kulturowe uwarunkowania tworzenia więzi z klientami na rynkach międzynarodowych, [w:], Budowanie związków z klientami na rynku Business to Business – teoria i praktyka, pr. zb. pod red. O. Witczaka, CeDeWu, Warszawa 2007.

Schwarz S.H., Universalism values and the inclusiveness of our moral universe, Journal of Cross – Cultural Psychology 2007, No. 38 (6).

Sułkowski Ł., Kulturowa zmienność organizacji, PWE, Warszawa 2002.

Trompenaars F., Hampden – Turner Ch., Siedem wymiarów kultury. Znaczenie różnic kulturowych w działalności gospodarczej, Oficyna Ekonomiczna, Kraków 2002.

Abstract

The article presents the impact of culture on the relations with entities from the international market environment. There were presented the definition of culture and the differences between national and organisational culture. However, the main aim of the article was to present the different approaches to the national and organisational culture's dimensions (Hofstede, Trompenaars & Hampden Turner, Schwarz versus GLOBE) and the influence of cultural differences on implementing the relationship marketing on international markets.

Adrian Pyszka

Michał Piłat
Cracow University of Economics

Applying trompenaars typology of organizational culture to implementation of csr strategy

1. Introduction

Nowadays many authors declare Corporate Social Responsibility (CSR) in strategic terms as it is no longer seen as the invention of some social activist but important source of competitive advantage. However various researchers still struggle to figure out what shape and utility should the tools of CSR have and what implementation model could be the best to fulfill the business objectives.

The study aims to demonstrate whether Trompenaars bipolar model of organizational culture could prove useful while implementing CSR strategy and to propose some good practice in this case.

2. Theoretical framework

Culture

A lot has changed in world of management since 80s and many leaders tend to ask a question whether corporate culture is still important. However high interest in that area seems to be a sufficient prove that it still is. According to a recent survey by management consultancy Bain & Company, 9 of 10 senior executives believe that corporate culture is as important as strategy for business

success[1].

Corporate culture is described as general constellation of beliefs, mores, customs, value systems and behaviors that are unique for each corporation (Tunstall, 1983)[2]. By Schein (1992) organization culture is the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and integral integration. Bratnicki, Stachowicz and Kryś (1988) have also connected culture with integration throughout shared symbols, rituals, meanings and comprehension patterns[3]. Cameron and Quinn (1988), define culture as the core values, assumptions, interpretations and approaches that characterize an organization[4]. Hofstede states that culture is a collective programming of brain, which goes top-down and bottom-up hence it certainly is based upon feedback.

Organizational culture involves all organizational members, originates and develops at all hierarchical levels, and is founded on a broad-based history that is realized in the material, behavioral and lingual aspects (or artifacts) of the organization[5].

According to Trompenaars (1994) culturally influenced organization can differ among countries based on certain key dimensions on the bipolar typology[6]. The typology is based on four cultural types: family, Eifel tower, guided missile and incubator.

The Family Culture (a power-oriented culture) Trompenaars' first type of organizational culture is characterized by strong emphasis on the hierarchy and an orientation towards person. Individuals within this organizational form are expected to fulfill their tasks as directed by the leader, who may be perceived as the caring parent. Subordinates not only respect the dominant leader or father figure but they also seek guidance and approval.

The Eiffel Tower (a role-oriented culture) An orientation toward the task as well as a strong emphasis on hierarchy characterizes this type of culture. The 'Eiffel Tower' is intended to symbolize the typical bureaucratic tall organization – narrow at the top and wide at the base where roles and tasks are clearly defined and coordinated by the top leaders. Authority is derived from a person's position or role in the organization, not the person as such.

---

[1] P. Michelman: *Is corporate culture still important.* Harvard Business Review Online, Wednesday June 6, 2007.

[2] A. Brown: *Organizational Culture*. Pitman Publishing. London 1995, p. 6.

[3] M. Bratnicki, R. Kryś, J. Stachowicz: *Kultura organizacyjna przedsiębiorstw.* Ossolineum, Wrocław 1988, p. 67.

[4] K. S. Cameron, R.E. Quinn: The conceptual foundations of organizational culture. Higher Education: Handbook of Theory and Research, New York: Agathon, 1988, p. 356–396.

[5] M. J. Hatch, M. Schultz: *Relation between organization culture, identity and image.* European Journal of Marketing, Vol 31, No 5/6, 1997, p. 357-358.

[6] F. Trompenaars*: Riding the Waves of Culture: Understanding Diversity in Global Business,* Irvin Publishing, Burr Ridge IL 1994, p. 154.

Figure 1: Trompenaars bipolar model of organizational culture

EQUITY

INCUBATOR   GUIDED MISSILE

PERSON   TASK
EMPHASIS ◄─────────────┼─────────────► EMPHASIS

FAMILY   EIFFEL TOWER

HIERARCHY
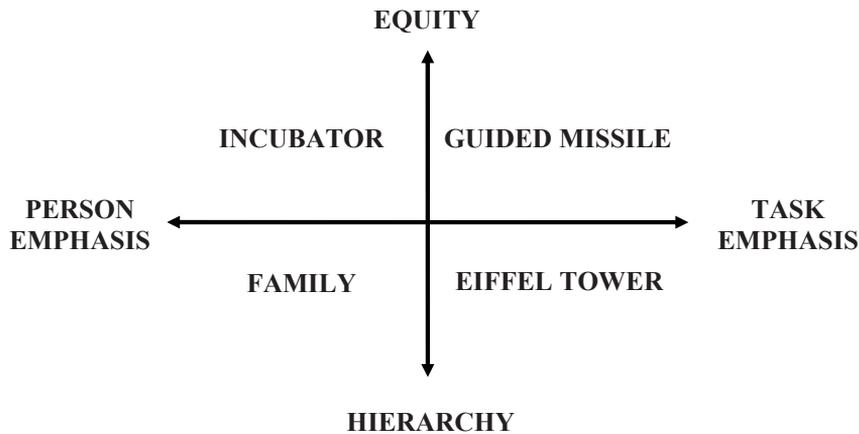
Source: F. Trompenaars: Riding the Waves of Culture: Understanding Diversity in Global Business, Irvin Publishing, Burr Ridge IL 1994, p. 154.

The Guided Missile culture (a task-oriented culture) This type of organizational culture is described by a strong emphasis on equity as well as orientation towards the task. It is based on the motto "getting things done". Organizational structures, processes and resources are all focused on achieving the specified task/project goals. Power is derived from expertise rather than formal hierarchy.

The Incubator culture (a fulfillment-oriented culture) According to Trompenaars this type of organizational culture is characterized by an orientation towards person as well as a strong emphasis on equality. The Incubator culture is aimed at serving as the incubator for the self-fulfillment and self-expression of its members.

Naturally in practice organizational cultures do not fit neatly in any of selected type, however the groupings can be useful in helping to determine how individuals act when it goes to thinking, learning, change, motivation, conflict and so on. What is more Trompenaars typology, although based on corporations, can be highly dependent on national cultures hence each dimension of is influenced by a group of factors derived from geographical outcome[7].

3. Corporate Social Responsibility

According to McWilliams and Siegel (2001) the definition of CSR is not always clear, because of so many conflicting goals and objectives. McWilliams stated that CSR could be perceived as actions that appear to further some social good,

---

[7]   See: R. J. House, P. J. Hanges, M. Javidan, P. Dorfman, V. Gupta: *Culture, Leadership and Organizations: The GLOBE study of 62 societies,* Sage Publications, London/New Dehli 2004, p. 201.

beyond the interests of the firm and that which is required by law. An example of CSR is going beyond legal requirements in adopting progressive human resource management programs, developing non-animal testing procedures, recycling, abating pollution, supporting local businesses, and embodying products with social attributes or characteristics.[8]

Caroll (1974) stated that CSR is referred to as corporate citizenship, corporate ethics, corporate stewardship, and social responsiveness. [9] Sharp and Zaidman (2010) argue that CSR encompasses a broad range of activities oriented to the social good, including environmental commitment, community involvement, a code of ethics, and fair business practices.[10] In this case social responsibility is similar to sustainable development (Laszlo, 2008 p.34), when social responsibility and sustainable development are interchangeable.[11] The term sustainable development was used by the Brundtland Commission (EU) which coined "meets the needs of the present without compromising the ability of future generations to meet their own needs."[12] According to Crane and Matten (2007) sustainability refers to the long-term maintenance of systems according to environmental, economic and social considerations. As indicated by Crane and Matten sustainability as a phenomenon also represents a specific goal to be achieved which is called a 'triple bottom line'.[13] TBL represents the idea that business does not have just one single goal – namely adding economic value – but that it has an extended goal set which necessitates adding environmental and social value.

The most established and accepted model of CSR in the literature is the 'Four-Part Model of CSR'[14] by Carroll and Buchholtz (2000). Carroll and Buchholtz (2000) assert that CSR is a multi-layered concept, which can be differentiated into four inter-related aspects: economic, legal, ethical and philanthropic expectations, placed on organizations by society at a given point in time.[15] According to Carroll economic aspect is concerned with the economic performance of the company, while legal, ethical and voluntary (philanthropic), address the societal aspects of CSR.

---

[8] A. McWilliams, D. Siegel, Corporate Social Responsibility: A Theory Of The Firm Perspective. Academy of Management Review 2001, Vol. 26, No. 1, 117-127.

[9] A. G. Carroll: The four faces of corporate citizenship. Business and Society Review, 1974, 100 (1), p. 1-7.

[10] Z. Sharp , N. Zaidman: Strategization of CSR. Journal of Business Ethics (2010) 93:51–71.

[11] Ch. Laszlo: Firma Zrównoważonego Rozwoju, Studio Emka, Warszawa, 2008, p.34.

[12] United Nations. 1987."Report of the World Commission on Environment and Development." General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2007-04-12.

[13] A. Crane, D. Matten: Business Ethics, Oxford University Press, 2007, p.23.

[14] sometimes called 'after profit obligation' – opposite to 'before profit obligation'

[15] A. G. Carroll, A. K. Buchholtz: Business and society: ethics and stakeholder management (4th edn.) Cincinnati, Thomson Learning, 2000, p.27.

From the other hand, Maon, Lindgreen and Swaen (2009) argue that 'CSR is a stakeholder-oriented concept that extends beyond the organization's boundaries and is driven by an ethical understanding of the organization's responsibility for the impact of its business activities, thus, seeking in return society's acceptance of the legitimacy of the organization'.[16]

Sharp and Zaidman (2010) demonstrate that CSR differs significantly from "standard" business strategy initiatives and entails a number of differences from more standard business initiatives within a company. In this case problems with social responsibility and traditional business activity may arise from four reasons (Table 1).

Table 1: CSR problems during business initiatives

Problem	Characteristic	Possible solution
Contradistinction to business goals	CSR addresses social needs that are virtually infinite, difficult to measure, and largely beyond the organization's immediate control.	Specify social goals and initiatives and link with corporate activity.
Ethical dimension of CSR activities	Standard strategic business activities are purely profit orientation.	Combine ethical goals with competitive advantage measures.
Decentralization of CSR activities	CSR activities are less central to the company's primary business mission.	Integrate CSR strategy with business strategy, goals, mission, vision and organizational culture.
Active involvement of employees as volunteers	Employees act both as employees in a for-profit organization, and simultaneously as volunteers in a not-for-profit organization (identity dissonance for the employees and organizational discord or conflict).	Use CSR activities to integrate and motivate employees (accolades, awards, publication in the company's newspaper etc.).

Further, corporations tend to develop CSR policies using a stakeholder model (Brammer and Millington, 2003). Following to Waddock, Bodwell

---

[16]   F. Maon, A. Lindgreen, V. Swaen: Designing and Implementing Corporate Social Responsibility: An Integrative Framework Grounded in Theory and Practice. Journal of Business Ethics (2009) 87: 71-89.

and Graves (2002) during implementation of CSR strategy very important problem is institutionalization of responsibility with company stakeholders. Institutionalization involves input from key stakeholders in a process of mutual learning and engagement by getting their perspectives on the decisions that the company is making. Waddock, Bodwell and Graves (2002) point out that recognizing decisions that are likely to be controversial can be a helpful way to avoid possible problems.

4. Cultural factors influencing CSR

According to Brown (1992) organizational culture appeals to emotions as a way to shape attitudes and behaviors of individuals[17]. In this way it strengthens desirable behaviors and weakens those which are not appreciated. Thus it can make people more active or passive as far as their initiative is concerned.

CSR as a strategy aims particularly at both social and environmental aspects of doing business and is concentrated on gaining competitive advantage[18]. This in fact has a lot in common with a role of organizational culture. As a result CSR strategy might be driven by cultural factors such as norms, values, beliefs, attitudes, assumptions and behaviors.

Organizational culture (e.g. by Trompenaars) is often expected to create the need for social responsibility and thus influence specific actions from its workforce. Those actions can be either top-down or bottom-up depending on the described cultural factors[19] (Figure 2). Most important they need to be strictly linked to company "sense of belonging".

Figure 2: Model of cultural impact on corporate social responsibility strategy implementation

---
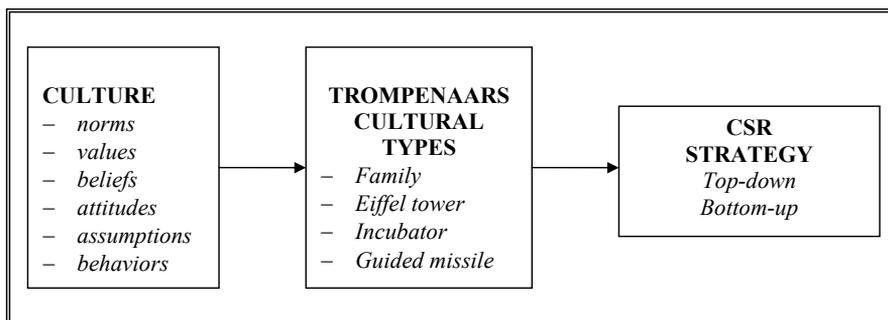
[17] See: A. Brown: *Organizational Culture: A Key to effective leadership and organizational development*, "Leadership and Organizational Development Journal" 1992.

[18] B. Van de Ven, R. Jeurissen: Competing Responsibly, Business Ethics Quarterly, Vol.15, Iss. 2, 2005.

[19] C.B. Dobni: *Measuring innovation culture in organizations. The development of a generalized innovation culture construct using exploratory factor analysis*, 'European Journal of Innovation Management', Vol. 11, No. 4, 2008, p. 540-545.

5. The model of culturally driven CSR strategy

The initiative towards implementation of CSR strategy could have different backgrounds based on the characteristics of Trompenaars model. The more hierarchical the company is the more power distance it reveals and thus employees mainly follow orders instead of stepping forward with their own ideas and concepts. Strict obedience in these cultures is highly valued[20].

In this way the "top-down" approach suggests that managers ought to be the initiators responsible for the whole process from planting the CSR meaning into employees' heads up to initiating final strategy. Their job is, above all, to provide employees with clear understanding of economic, legal, ethical and philanthropic responsibilities[21] which are culturally driven aspects of CSR. Hence the managers need to come up with the ideas of how to fulfill strategic objectives such as[22]:

— realization of important social interest through amassing capital, creating jobs, goods and services,
— hiring and managing people, selling goods and services to the customers, establishing business relations,
— harmonizing social and own benefits by avoiding negative social phenomena as well as prevent them.

On the other hand the initiative towards implementation of CSR strategy could take the form of bottom-up one and originate with the regular employees. According to Trompenaars the more egalitarian cultures the more those employees have to say. Hofstede states that in such organizational cultures are most often characterized by low-strata and consist of highly educated people. These cultures in fact encourage and promote individuals with their own ideas, proposals and concepts[23]. As a result less powerful members of the company are very much welcome to submit their own projects related to the strategy of Corporate Social Responsibility.

Table 2 presents example models of CSR implementation by changing the placement and direction of CSR activities inside organization, and regarding to proper Trompenaars culture types.

[20]   G. Hofstede: *Kultury i organizacje*, PWE. Warszawa 2000, s. 51.

[21]   M. Piłat: *Innovation through simplicity. Practical ways to put innovation into business practice*, [in] P. Cervinek, P. Musil: New *Economic Challenges*, Masarykova Univerzita, Brno 2010, p. 47.

[22]   G. Baran: *Raportowanie jako ważny element powiązania społecznej odpowiedzialności ze strategią organizacji* [w:] Nalepka A., Ujwary-Gil A., Organizacje komercyjne i niekomercyjne wobec wzmożonej konkurencji oraz wzrastających wymagań konsumentów, WSB-NLU, Nowy Sącz 2009; K. Davis, R. Blomstrom: *Business and Society: Environment and Responsibility*, Wyd.3, McGraw-Hill, New York, 1975, [w:] Rybak M.: Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa, PWN, Warszawa, 2004, s.28-29.

[23]   R. Hodgetts, F. Luthans, J.P. Doh: *International management. Culture Strategy and Behavior*, McGraw-Hill, New York 2006, s. 93.

Table 2: Models of CSR implementation aligned with Trompenaars cultural types

Bottom-up (via-employees) - group of employees decided to embark on volunteer projects - individuals (TRs) *CSR as an emerging activity/ strategy*	*Incubator* **Employee centered approach** *(Nord, Riggis Fuller)*	*Guided missile* **An integrative CSR framework (planned change – but evolutionary)** *(Maon, Lindgreen, Swaen)*
Top-down (via management) - global level - local national management *CSR as a part of organizational strategy*	*Family* **Strategization of CSR** *(Sharp, Zaidman)*	*Eiffel tower* **Total Responsibility Management** *(Waddock, Bodwell, Graves)*

Nord and Riggs Fuller (2009) reported a case studies involving both perspectives of CSR strategy.[24] They believe that the activities associated with increasing CSR should also be viewed from a wider perspective so that it attends to actions of lower-level organizational participants, whose actions also can and often do affect change in organizations. Further, Nord and Riggs Fuller (2009) noted that the traditional view treats CSR as part of the organization's overarching strategy, seeing change as a product of deliberate decisions made by top-level executives and implemented in a top-down manner. In contrast, employee-centered perspective, containing "small wins"[25] and activity of "tempered radicals" [26] (TRs) views CSR change as, at least in part, produced incrementally through actions initiated by people at all levels of the organization. When done the right way and in the right place, spontaneous actions by lower-level participants can have positive effects (direct impacts and stimulate other members) on organizations' CSR behavior. It involves both viewing small steps (rather than organizational goals) as legitimate change and recognizing that the change can come from lower-level employees.

---

[24]   W. Nord, S. Riggs Fuller: Increasing Corporate Social Responsibility Through an Employee-centered Approach, Employee Respons Rights J (2009) 21: 279-290.

[25]   "Small wins" - are controllable opportunities that produce visible results. Achievement of one small win sets up conditions for other small wins.

[26]   "Tempered Radicals" - people who want to succeed in their organizations yet want to live by their values or identities, even if they are somehow at odds with the dominant culture of their organizations.

Waddock, Bodwell and Graves (2002) stated that CSR is similar to quality management systems. They developed systemic approach to CSR for setting and managing responsibility goals within companies by using total responsibility management (TRM) systems approaches for managing responsibilities to stakeholders and the natural environment. TRM approach involves three major processes: inspiration or institutionalizing a vision of responsible practice throughout the enterprise, integration of responsibility into corporate strategies, building human resource capacity, management systems, improvement and innovation through indicators that measure responsibility and learn from experiences. Furthermore, the key element of TRM approach is ensuring that CSR is built into the corporate vision and associated values with the support of top management to ensure that everyone in the organization and its supply chain is aware of that commitment and seeks to meet it. It is called inspiration processes and includes: a) responsibility vision, values b) leadership built on foundational values c) stakeholder engagement. During integration processes TRM is putting into practice by translating vision into reality within: a) strategy b) human resource c) responsibility d) integration into management systems e) responsibility measurement systems. An innovation and improvement process implies learning from the past and it is required: a) improvement: remediation, innovation, and learning b) results: performance, stakeholder, and ecological outcomes and responsibility c) transparency and accountability. Waddock, Bodwell and Graves (2002) derived some ideas to prepare managers for implementing TRM approach into organization e.g.: create a vision and related set of values that articulate the company's core responsibilities and relate those responsibilities to corporate strategies, engage all stakeholders in continuing dialogue (meet society's and stakeholders' expectations by feedback and inputs on possible problem areas), build employee capacity to understand and take responsibility for corporate impacts and become a learning organization (identify key performance indicators that measure improvements or highlight problems).[27]

Sharp and Zideman (2010) applied model of strategy as practice, developed by Jarzabkowski (2005). This kind of approach views strategy as "something that people do". Sharp and Zideman noted that "strategization" refers to the process by which a strategy is integrated into organizational behavior and culture, and it is the ongoing interplay between top managers and the strategizing practices in shaping strategy over time.[28] As related in Table 1 CSR differs significantly from "standard" business strategy initiatives however CSR meets three strategic criteria: CSR is a goal-oriented activity both in content and in form, CSR engages the three actors: top management, the community of employees, and goal-

[27]   S.A. Waddock, Ch. Bodwell, S.B. Graves: Responsibility: The new business imperative Academy of Management Executive. 2002, Vol, 16, No. 2.

[28]   Z. Sharp, N. Zaidman: Strategization of CSR. Journal of Business Ethics (2010) 93:51–71.

directed activity. Third, the model assigns to the organizational community in strategization, to explain the process by which a CSR initiative penetrates an organization. The success of a CSR program depends on the organizational community's internalization and acceptance of CSR. Following Sharp and Zideman (2010) CSR have unique, value-centric nature of activity, which is an effect of lack of resistance to CSR within the organizational community. There is a tendency for CSR activity to migrate from group volunteerism to individual volunteerism and institutionalized CSR in the organization. This transition can serve as an indicator that voluntary activities can be standardized and routinized in the organization.

According to Maon, Lindgreen and Swaen (2009) developed integrative framework, based on multiple case study and Lewin's planned change model, highlights four stages that span nine steps of the CSR design and implementation process.[29] First step is raising CSR awareness inside the organization as the result of the influence of four key drivers: economic, social, political, and individual. This framework considers both top-down and bottom-up processes. Step two is assessing corporate purpose in its societal context. It contains uncovering corporate norms and values, identifying key stakeholders and critical stakeholders' issues. It is very important to improve organizational fit, a CSR program must align with the values, norms, and mission of the organization. Another problem is to defining which stakeholder categories the organization should cooperate with and include. Step three is establishing a vision and a working definition for CSR (the motivation supporting the commitment to CSR and the stakeholders and issues identified as most important to the organization). During step four there is assessing CSR status by auditing current CSR practices and benchmarking competitors' practices and CSR norms and standards. Step five is responsible for developing a CSR-integrated strategic plan which has to be implemented in step six. To empower process of implementation, step seven includes communication about CSR commitments and performance, and step eight evaluates this implementation. The last step is institutionalizing CSR via continuous stakeholder dialogue, because CSR have been adopted as the long-term strategy and decision-making guide.

6. Conclusions and recommendations

Theoretical study of CSR indicated connections between organizational culture types and corporate social responsibility. Based on the literature analysis the model describing how Trompenaars cultural types predict facets of CSR was developed (Figure 1, Table 2).

---

[29]   F. Maon, A. Lindgreen, V. Swaen: Designing and Implementing Corporate Social Responsibility: An Integrative Framework Grounded in Theory and Practice. Journal of Business Ethics (2009) 87:71–89.

According to Tolhurst, Pohl, Matten and Visser (2010) there are many different factor influencing cultural issues for CSR, what CSR issues are addresses and how to "walk the talk". These factors are: a) diversity in how the societal, legal, political and economic institutions in a country interact; b) corporate governance structures, organizational characteristics, behavior, and strategies adapted to CSR; c) cultural differences across industry sectors and organizations, and within organization; d) analysis of risks, bottom-line, corporate culture and values of its leaders; e) cultural issues arise for joint ventures, mergers or takeovers; f) diverse thinking on CSR at different levels of the company e.g. the top management, across boarder, executives, or operational level; g) diverse thinking across the functional areas within a business e.g. among 'more boundary spanning' functions (HR, Marketing, Public affairs, Community affairs, Environmental affairs) and the 'less boundary spanning' functions (Finance, Legal, R&D, Engineering); h) vested interests, values and expectations differ across different stakeholder groups e.g. investors, employees, suppliers and neighboring communities; i) ideological differences among members of different sectors e.g. government, civil society and business (what CSR issues are prioritized, expectations and what is accepted or practiced as CSR)[30].

Analysis of different CSR models and conditions explaining the nature of CSR inside the organization with special regarding to three important issues:

1) the most presented models of CSR implementation are mixed in nature, because of interactions inside organizations and rising awareness of employees, not only managers at the top of organization,
2) CSR could be a part of wider formal strategy or an emergent strategy,
3) CSR need to fit to organizational pattern of strategy and culture.

Probably the main problem is not which way to go, but how to institutionalize responsibility. According to Waddock, Bodwell and Graves (2002) the institutionalization of responsibility is not downwardly unidirectional and internal to the firm, but it is a two-way street, down and up within the firm and its suppliers (…) Engaging stakeholders and getting their perspectives on the decisions that the company is making, particularly decisions that are likely to be controversial, can be a helpful way to avoid possible problems.[31]

References

Baran G.: Raportowanie jako ważny element powiązania społecznej odpowiedzialności ze strategią organizacji [w:] A. Nalepka, A. Ujwary-Gil, Organizacje komercyjne i niekomercyjne wobec wzmożonej konkurencji oraz wzrastających wymagań konsumentów, WSB-NLU, Nowy Sącz 2009.

---

[30]   W. Visser, D. Matten, M. Pohl, N. Tolhurst: The A to Z of Corporate Social Responsibility, 2nd, Revised and Updated Edition, 2010, p. 130-131.

[31]   S.A. Waddock, Ch. Bodwell and S.B. Graves: Responsibility: The new business imperative, Academy of Management Executive, 2002, Vol. 16, No. 2

Brammer S., Millington A.: 2003, The Effect of Stakeholder Preferences, Organizational Structure and Industry Type on Corporate Community Involvement, Journal of Business Ethics 45, 213–226.

Bratnicki M., Kryś R., Stachowicz J.: Kultura organizacyjna przedsiębiorstw. Ossolineum, Wrocław 1988, p. 67.

Brown A.: Organizational Culture: A Key to effective leadership and organizational development, "Leadership and Organizational Development Journal" 1992.

Brown: Organizational Culture. Pitman Publishing. London 1995, s. 6.

Cameron, K. S., Quinn, R. E. Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework. Addison Wesley Longman, 1999.

Carroll A. B.,.Buchholtz A. K.: Business and society: ethics and stakeholder management (4th edn.) Cincinnati, Thomson Learning, 2000, p.27 .

Carroll A.G.: The four faces of corporate citizenship. Business and Society Review, 1974, 100 (1), 1-7 .

Crane A., Matten D.: Business Ethics, Oxford University Press, 2007, p.23.

Davis K., Blomstrom R.: Business and Society: Environment and Responsibility, Wyd.3, McGraw-Hill, New York, 1975, [w:] Rybak M.: Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa, PWN, Warszawa, 2004, s.28-29.

Dobni C.B.: Measuring innovation culture in organizations. The development of a generalized innovation culture construct using exploratory factor analysis, 'European Journal of Innovation Management', Vol. 11, No. 4, 2008, p. 540-545.

Hodgetts F., Luthans J.P.Doh: International management. Culture Strategy and Behavior, McGraw-Hill, New York 2006, s. 93.

Hofstede G.: Kultury i organizacje, PWE. Warszawa 2000, s. 51.

Laszlo Ch.: Firma Zrównoważonego Rozwoju, Studio Emka, Warszawa, 2008, p.34.

Maon F., Lindgreen A., Swaen V.: Designing and Implementing Corporate Social Responsibility: An Integrative Framework Grounded in Theory and Practice. Journal of Business Ethics (2009) 87:71–89.

McWilliams A., Siegel D.: Corporate Social Responsibility: A Theory Of The Firm Perspective. Academy of Management Review 2001, Vol. 26, No. 1, 117-127.

Michelman P.: Is corporate culture still important. Harvard Business Review Online, Wednesday June 6, 2007.

Nord W.R., Riggs Fuller S.: Increasing Corporate Social Responsibility Through an Employee-centered Approach. Employ Respons Rights J (2009) 21:279–290.

Piłat M.: Innovation through simplicity. Practical ways to put innovation into business practice, [in] P. Cervinek, P. Musil: New Economic Challenges, Masarykova Univerzita, Brno 2010, p. 47.

R. J. House, P. J. Hanges, M. Javidan, P. Dorfman, V. Gupta: Culture, Leadership and Organizations: The GLOBE study of 62 societies, Sage Publications, London/New Dehli 2004, p. 201.

Sharp Z., Zaidman N.: Strategization of CSR. Journal of Business Ethics (2010) 93:51–71.

Trompenaars F.: Riding the Waves of Culture: Understanding Diversity in Global Business, Irvin Publishing, Burr Ridge IL 1994, p. 154.

United Nations. 1987."Report of the World Commission on Environment and Development." General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2007-04-12.

Van de Ven B., Jeurissen R.: Competing Responsibly, Business Ethics Quarterly, Vol.15, Iss. 2, 2005.

Visser W., Matten D., Pohl M., Tolhurst N.: The A to Z of Corporate Social Responsibility, 2nd, Revised and Updated Edition, 2010.

Waddock S.A., Bodwell Ch., Graves S.B.: Responsibility: The new business imperative Academy of Management Executive. 2002, Vol, 16, No. 2.

Abstract

The paper is a consequence of authors' interests in the fields of organizational culture as well as corporate social responsibility (CSR). Nowadays both fields continue to gain the mangers' attention as they seem to be important component of what company is all about. The study aims to demonstrate whether Trompenaars bipolar model of organizational culture could prove useful while implementing CSR strategy and to propose some good practice in this case.

Małgorzata Rozkwitalska
Gdansk University of Technology

Barriers of cross-cultural interactions according to the research findings

Introduction

Transnational corporations (TNCs) are companies that encounter cultural barriers by their very nature. According to one of many definitions TNCs are entities that face the challenge of managing complex multi-environment system of multiple societies to balance sufficient unity and flexibility to adapt to varying circumstances [Westney D.E., Zaheer S. 2003, pp. 349-350]. To achieve their goals TNCs need, among other things, to overcome cultural barriers in managing foreign subsidiaries. Thus developing knowledge in this area is significant. There is a necessity to label major types of cultural barriers in theory and practice. Hence, this article presents a brief description of major problems in an intercultural setting with emphasis on the research findings in this matter. These are the aims of this thesis. At the same time, field researches that concentrate on cross-cultural issues in foreign subsidiaries, cultural barriers especially, are relatively rare.

The concept and classification of cultural barriers

Cultural barriers in managing foreign subsidiaries are defined as "culturally determined factors that are obstacles in effective operating of TNC as a whole and its each part" [Rozkwitalska M. 2009, s. 144]. These are cultural contingents as well as other things that are impediments to cross-cultural interactions. They hinder effective goals achievement of a TNC and its subsidiaries [Rozkwitalska M. 2010, chapter 2.1]. Whereas, **cross-cultural (intercultural) interactions** is reciprocal influence (action) of a person from one national or organizational culture on other person(s) from different national or organizational culture(s)

[Rozkwitalska M. 2010, chapter 2.1]. Major determinants of human actions are individual and organizational factors which are influenced by three levels of mind programming [see Kożusznik B. 2002, p. 16, Hofstede G., Hofstede G.J., 2007, pp. 17-18]. On that basis the concept of cultural barriers is created (see figure 1). These are [Rozkwitalska M. 2010, chapter II]:

– *national culture bonded*, like: cultural distance, cultural shock, cultural stereotypes and auto-stereotypes, prejudices, and national ethnocentrism,
– *organizational*: TNC's headquarters' characteristics, institutional ethnocentrism, the cultural gap, and subsidiary's characteristics,
– *individual rooted,* like: ethnocentric attitude, perception barriers, low international experience of individual, his or her characteristics, insufficient level of cultural intelligence and cultural competences.

Figure 1: The model of cross-cultural interactions and sources of the cultural barriers.
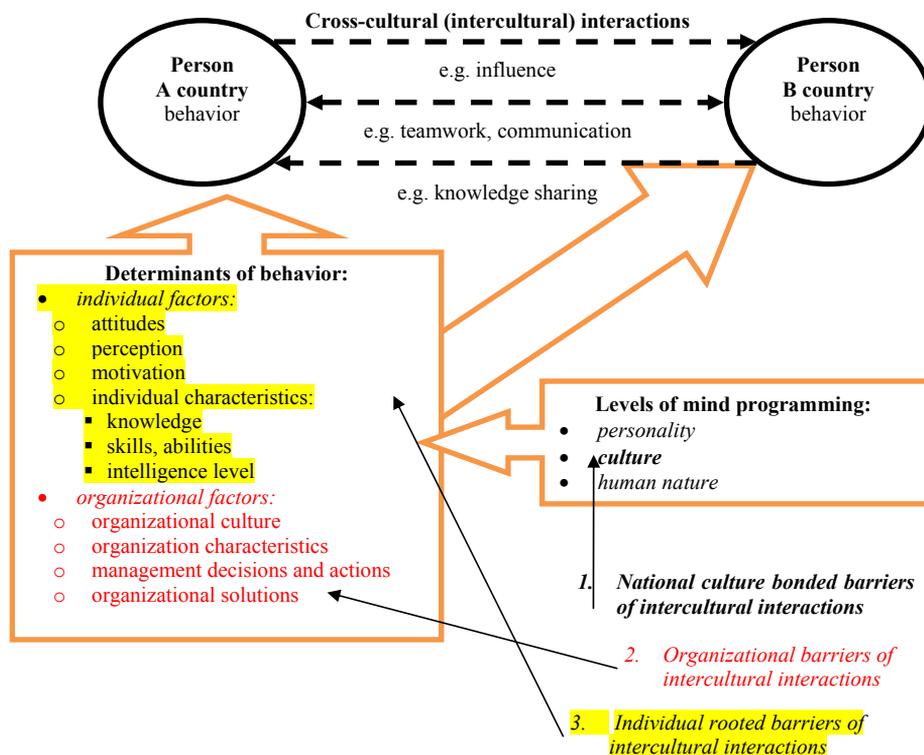
Source: Rozkwitalska M. 2010, chapter 2.1, figure 2.1.

The national culture bonded barriers create environment for TNC and its subsidiaries' performance. They influence perceptions of representatives of other nations and attitudes towards them. The organizational barriers form the boundaries within which human actions take place. They can facilitate or hamper cross-cultural interactions, strengthen or weaken other cultural barriers that are associated with national culture or persons participating in intercultural interactions. For example, when top managers decide to enter a foreign market through international joint venture they can expect stronger cultural barriers than in whole-owned subsidiaries [Barkema H.G., Bell J.H.J, Pennings J.M. 1996, pp. 151-166]. The organizational barriers influence subsidiaries' management where cultural obstacles can be visible. The individual rooted barriers directly affect behavior of people in a cross-cultural setting. They can be associated with individual attitudes, perceptions, motivations, knowledge, skills, abilities, intelligence, personality, etc. For example, when a person assumes that cooperation with the Swiss will be well-organized and punctual (like in Polish stereotype of Swiss watches) he or she can underestimate potential problems related to possible poor time management skills of a potential Swiss partner.

Description of the research project

The research was conducted in foreign subsidiaries of TNCs operating in Poland in most cases among top and middle level managers in winter at the end of the year 2009. Foreign subsidiaries are defined in the broad and narrow sense. According to the first concept **foreign subsidiaries** are the same as foreign affiliates (i.e. subsidiaries, associates, and branches) if the owner of at least 10% of equity capital stake (or its equivalent for unincorporated enterprise) is a TNC. In the narrow sense **foreign subsidiary** is a subsidiary only. It means that a TNC owns in this type of company more than 50% of equity stake [Rozkwitalska M. 2010, chapter 1.2]. For the sake of the research **transnational corporation** is defined as an entity that has at least two direct investment enterprises in two various countries [Rozkwitalska M. 2010, chapter 1.2].

The non-probabilistic sample[1] consisted of 48 subsidiaries (all but one has more than 50% foreign equity stake according to REGON database). The half of them was green-field investment, half of them were established by acquisitions. The capital origin in these entities was North-American, European (43.8% enterprises had their headquarters in EU), and Asian. 1/5 of subsidiaries had mixed capital. The sample mostly consisted of large incorporated subsidiaries. They represented various sectors: manufacturing and services. Most of them were located in northern and central Poland and have been running their operations for many years. In the majority of cases they were owned by mature

---

[1]   A non-probabilistic sample was selected because there aren't any data available that enable to distinguish a foreign subsidiary of a TNC from a foreign subsidiary that doesn't belong to a TNC [see Rozkwitalska M. 2010, chapter 4.1].

TNCs with long-lasting performance on international markets [Rozkwitalska M. 2010, chapter 4.3].

The information was obtained from 45 managers and specialists working for TNCs. They were Poles and two foreigners living in Poland for years and speaking Polish fluently. They were middle level managers in most cases and represented various departments: technical/manufacturing, administrative, sales, Human Recourses, finance, accounting, quality, logistics, and others. They worked for TNCs' subsidiaries at least for 1.5 years (more than 40% of the respondents had more than 4.5 years of work experience in TNCs. The information was acquired through semi-structured interviews[2]. Each lasted approximately 1.5 hours and was conducted in company offices in most cases. The research problem was defined: "Intercultural barriers in functioning of TNCs' foreign subsidiaries located in Poland". Among other things the author tried to explore major sources and areas of cultural barriers in cross-cultural interactions of subsidiaries [Rozkwitalska M. 2010, chapter 4.3]. The cross-cultural interactions that were scrutinized included [Rozkwitalska M. 2010, chapter 4.3]:

1   interactions in multi-cultural teams, including virtual teams too,
2.   subordinate-superior relationships, where one side is a foreigner,
3.   participation in cross-cultural negotiations,
4.   office contacts with other foreign affiliates of TNC,
5.   office contacts with foreign partners,
6.   internship and training in other foreign affiliates of TNC,
7.   official trips abroad,
8.   participation in training led by foreigner(s),
9.   participation in meetings with foreigner(s),
10. official duties under the procedures of TNC.

The respondents' most frequent type of cross-cultural interactions were (in the following order): 9, 7, 1, 4, 10, 2, 8, 5, and then 6 and 3. In most cases the interviewees participated in more than 7 types of cross-cultural interactions mentioned above. So they can be perceived as a reliable source of information in this area of research especially referring to internal cross-cultural relationship. The majority of the respondents had international experience before. Most of them made frequent trips abroad, used to live abroad, used to work for foreign companies or used to work abroad [Rozkwitalska M. 2010, chapter 4.3]. This foreign experience could affect perception of the cultural barriers and influence the cultural competence of the interviewees.

---

[2]   The method was chosen to ensure exploration of a poorly analysed area of cultural barriers up to now. The method enables to achieve deep and detailed observations. It provides more accurate data, however as a type of qualitative research it doesn't enable to generalize the obtained results. Comparison of the data is also limited [Babbie E. 2008, s. 40-41,172-173, 212-215, Brenner B. 2009, s.92-107].

Research finding[3]

This chapter gives a summary of the research findings concerning the following main and additional research questions:

– *Main research question*: Were or are there cultural barriers in the foreign subsidiaries where interviewees worked or work in?
1. If the answer is 'Yes', what were or are the major sources of cultural barriers?
2. If the answer is 'Yes', what did or do the respondents perceive as cultural barriers?
3. If the answer is 'Yes', what organizational factors can strengthen cultural barriers?
4. If the answer is 'Yes', where did or do cultural barriers occur?
5. If the answer is 'Yes', what was or is the significance of cultural barriers?

The answer to the main research questions is 'Yes'. It means cultural barriers could or can be observed in the analyzed subsidiaries. It can be proved by the analysis of the results achieved with reference to the additional questions mentioned above. The next paragraphs recapitulate them. Table 1 summarizes major sources of cultural barriers according to the interpretation of the author, based on the empirical results obtained from the interviews. Table 2 gives the answer to the second research question mentioned above.

Table 1. The sources of cultural barriers in foreign subsidiaries of TNCs in Poland. The summary of the research findings.

Cultural distance as a barrier to cross-cultural interactions
Almost all respondents see differences in behavior of Poles and foreigners. For 63.6% of them, these differences are the reason of some kinds of problems at work. However, the problems aren't frequent.
Organizational factors as cultural barriers
The analysis of interviews allows to distinguish the most important cultural barriers that are affected by organizational factors. These are: • institutional ethnocentrism that was pointed out by 43.8% of the interviewees, • insufficient understanding of the Polish general environment, mostly the law and economy, as well as the task environment, i.e. the specificity of particular Polish sectors by the central or expatriates, • strategic orientation of a central, especially the dissonance between declarations and actions, • strategic choices, i.e. problems with integration of organizational cultures in TNCs that use acquisitions, • limitations of Human Resources practices, i.e.: the formal lack in recruitment, promotion, and evaluation requirements of having cross-cultural knowledge, inefficient selection and utilization of expatriates, insufficient level of communication skills (use of functional language) in foreign affiliates of TNCs and their headquarters.

---

[3] This part summarizes the research findings that are reported in detail in forthcoming book: Rozkwitalska M. 2010, chapter V.

Individual rooted cultural barriers
The research proved significance of the following individual rooted barriers: • a tendency to make assumptions in cross-cultural interactions, • possible Pygmalion effect, • ethnocentric attitude of Polish employees towards employment policy in subsidiary, except leadership of Polish entity, • ethnocentrism of foreigners, • weak communication in functional language among TNC's employees, • the lack of ability to communicate in the Polish language among expatiates working in Poland.

Source: Rozkwitalska, M. 2010 chapter 5.1, table 5.5.

Table 2. Impediments to cross-cultural interactions according to the interviewees.

Cultural distance as a barrier to cross-cultural interactions
Cultural differences were perceived by interviewees with reference to: • a superior role and position perception, and a style of leadership, • preferences within the scope of authority delegation and a style of decision-making, • preferences within the scope of information flow between job position in a subsidiary and in contacts with the central, • behavior towards women that is considered to be inappropriate, • life priorities: work versus personal life dilemma, • verbal and non-verbal behavior, • an approach to the necessity and the scope of formalization, • importance of interpersonal relationships in an organization and with partners, • an approach to Human Resource Management hard or soft, problem with feedback, • communication styles, • practices, a style of work, foreigners' expectations. Factors mentioned above were perceived by the respondents as cultural barriers.
Organizational factors as cultural barriers
Among other things, interviewees tended to mention the following as barriers: • transfer of foreign patterns to the Polish environment, • behavior of headquarter that reveals its domination and perception of being better than its subsidiaries, • conflict between declarations and actions, • actions unfit to Polish specificity, the lack of understanding of Polish reality, • integration of organizational cultures and the culture gap, • problems with using functional language (see also table 4): o   necessity of translation and difficulties with literal translation that can produce communication noises, o cross-cultural communication that is time-consuming and costly, • geocentric point of view that can lead to (see also table 4): o overwhelming belief in universality of promoted solutions, o rigidity of attitudes and solutions, o tendency to force solutions without questioning, o tendency to ignore subsidiaries' issues, • ethnocentric policy of promotion (see also table 4).

Individual rooted cultural barriers
With references to individuals, respondents pointed out barriers that are caused by: • ethnocentric foreigners – ethnocentrism among other things affects communication and internal relationships (see also table 4), • expatriates with insufficient qualifications or efficiency, • employees and contractors who have difficulties in using functional language and insufficient skills.

Source: adapted from Rozkwitalska M. 2010, chapters 5.1 and 5.2.

In both tables the sources of the cultural barriers were arranged according to the concept described in the first part of this article. All types of the cultural barriers were identified in the analyzed subsidiaries. The interviewees also indicated other impediments in internal cooperation in TNCs (see table 3). They can be associated with the nature of transnational corporations. They may be responsible for accumulation of negative attitudes towards the central, e.g. suspicions about the motives or authenticity of actions (i.e. hidden motives). These can further affect the relationships with foreigners inside and outside a TNC. Activities, norms, behavior that are perceived as strange, difficult or incomprehensible when unconsciously associate with nationality or the nature of corporation can produce ethnocentric attitudes with their negative impact on cross-cultural interactions. Information included in table 3 refers to the answer to the third research question mentioned previously. The table includes some examples described during interviews.

Table 3 reveals the necessity of providing subsidiaries' staff with appropriate training that should raise awareness of the specificity and needs of a TNC. This can prevent or decrease the occurrence of problems described in table 3.

The next table provides the answer to the fourth question. A few examples contained in it show the major areas where cultural barriers appeared in the analyzed subsidiaries.

Table 3. Organizational factors that can strengthen cultural barriers according to the interviewees.

Corporate reporting, planning, and accounting systems
Different approach to reporting and planning in a small and large organization can produce tensions in subsidiary-central relationship: In a subsidiary of an English corporation Polish partners who run their office in Poland negatively assessed the corporate requirements to "fill tables" and preparing long-term plans. According to them, the specificity of the Polish market makes it impossible to formulate realistic assumptions. As a result, they see long-range planning as a time-wasting activity: *"Statistics are useless, they cannot produce real effects. They only let demonstrate the mass of clerks' results in the central."*(from interview) Meeting the reporting and planning requirements of the central are a huge burden for the small Polish office that hires only a few employees. According to the top managers, this situation makes it impossible to focus on attracting new clients. At the same time, this subsidiary is accountable for results. This is one of the major factors that create problems in cross-cultural interactions in this entity.   *Meeting the headquarters' requirements can be a big strain for the subsidiary and can produce tensions in interactions:*   A manager working for a French corporation said that his central loves reports and statistics. However, nobody controls whether the data in the tables are true. The investor also requires expanded administration for budgeting purposes. To meet this requirement the subsidiary makes savings in other areas. It affects the employees' perception of the business competence of the French investor.
Global efficiency imperative and cost pressure
The divide of the company profits in a corporation can produce the feeling of inequity in a subsidiary and can decrease employees' motivation: Negotiations with global clients are run on the central basis in a small subsidiary. Competition forces the corporation to decrease the price level. Contracts are realized by the local foreign subsidiaries. Part of the income achieved from contracts is paid back to the central. Low margin negotiated globally by the headquarters is the cause of low profitability of contracts for subsidiaries. It also puts pressure on the Polish office to increase its turnover. Thus employees work harder but subsidiaries' profits are still the same. As a result it is difficult to compensate employees for their growing efforts. Motivation and job satisfaction drop. Employees cannot see pluses of cooperation with the foreign investor. Dislike towards the corporation increases.   *Some of corporation's activities produce suspicions among subsidiaries' employees what the real motives of these actions are or what the competences of corporation's managers are:*   In a subsidiary of an American corporation the eco-saving action was launched as an effect of the world crisis. As a part of this action paper towels in toilets were replaced by electric dryers. According to the respondent, this action was more propaganda than helped to reach planned objectives. No calculations were made or any assessment of this action's influence on the natural environment (at least subsidiaries didn't receive such information). As an effect employees don't believe in authenticity of these activities.   *Subsidiaries' employees sometimes hardly accept the precedence of the corporate interest over the subsidiary interest:*   Global efficiency pressure can negatively influence the subsidiaries' relationships with clients. If the turnover generated by a client is too small in relation to the turnover of the whole group, this client is marginalized. From the central point of view such client is no longer attractive.

Time zones
Objective factors can also create barriers to task realization in a corporation. Awareness of the phenomenon occurs among subsidiaries' managers:
Time zones create problems in functioning of multi-cultural teams. The lack of physical presence of team members at one location hampers control and leading activities.
Time zones had a huge impact on difficulties in implementation of reporting system in a subsidiary of a Mexican corporation. According to the manager of this company: „(…) *vast time differences require very intensive and time-consuming work on data proceeding that are necessary to be sent at the end of each reporting period."* (from an interview)

Source: Extracted and adapted from Rozkwitalska M. 2010, appendix 5, table 17.

According to the research findings the major areas where cultural barriers occurred were: communication, organizational culture, Human Resource Management i.e. development plans referring to local staff, and internal cooperation. Three sources of the cultural barriers could be observed in all these areas.

The last question stated at the beginning of this chapter refers to the significance of the cultural barriers noted in the analyzed foreign subsidiaries. During the research it was assumed that the important cultural barriers might cause prejudices, lack of satisfaction from contacts with foreigners, and job discontent. In 18.2% of the analyzed subsidiaries the interviewees pointed out significant cultural barriers. They also accepted ascertainment: "This is impossible to cooperate effectively with some nations". All of them felt job discontent too. However, one of the respondents noticed that the cultural barriers in the subsidiary he worked in helped him to develop his professional competences. Table 5 recapitulates information referring to self-assessment of the job content and satisfaction from cross-cultural interactions according to the interviewees.

Table 4. Areas of occurrence of cultural barriers according to the interviewees.

Communication
Technical/branch language as a cultural barrier: The manager of a subsidiary in a Norwegian corporation paid attention to a communication barrier resulting from differences in technical vocabulary, meanings of terms, and mistakes associated with them. This problem may result from various educational systems in Poland and Norway. Translation that is made by external translators is full of mistakes because they don't have a branch vocabulary. Some managers also emphasize difficulties in finding staff with appropriate acquaintance of branch language.
Colloquial language as a cultural barrier: In spite of good language skills of Vietnamese employees there was a necessity to avoid colloquial language that was incomprehensible for them. Due to time restrictions it was not easy to pay attention to vocabulary. This caused problems in communication in a subsidiary of a Vietnamese corporation.
Ambiguity of words as a communication barrier: This problem was raised in a subsidiary of a French corporation. According to the manager, translation from French to English created misunderstandings because English is more ambiguous.
Barriers in written communication: In spite of English being functional language, sometimes documents and correspondence are in Flemish in a subsidiary of a Belgian corporation.
Videoconference and teleconference as a cultural barrier: The quality of transmitted signals hampers communication via video- and teleconferences. Additional problems occur because of differences in accents and defect of speech. Thus employees often use mails after video- or teleconferences. This practice prevents mistakes but enlarges the amount of time spent on communication.
Native speakers' syndrome: Some of the interviewees indicated that communication with native speakers is much more difficult than with non-native speakers. Non-native speakers tend to be more tolerant and pay more attention to being understood properly. However, presentations made by native speakers were evaluated higher, as one of the respondents noticed.
Exclusion barrier: The interviewees described a kind of discomfort when foreigners start to speak in their native language during meetings or teamwork. They felt excluded from the group.
Language barriers in sale: In spite of the law requirements, documents for clients aren't sometimes translated into a local language. The lack of a local name for a product can also be a barrier in sale.
Financial consequences of communication in functional language: The costs of translation into functional language and language training are part of subsidiaries' budget and increase inputs.

Application and use of corporate solutions
Corporate regulations sometimes hamper or block carrying out tasks: In a subsidiary of a small niche German corporation, the manager pointed out problems with acquiring necessary documents that enable undergoing the certification process in Poland and launching a product on our market. Starchy procedures cause that problem to get stuck in the central. According to the respondent, the headquarters' managers use procedures to cover themselves or to reduce autonomy of the subsidiary in Poland. *Implementation of the corporate solutions in a subsidiary without taking into consideration its specificity, can produce problems in mutual interactions and negatively affect perception of the central:* Some problems with implementation of methods in technology management occurred in a subsidiary of a French corporation. Disparity of technology used in the Polish subsidiary and other affiliates and the central caused unfitness of methods to the subsidiaries' needs. Despite that, the central put pressure on the subsidiary to use designed methods because they brought results in other affiliates. Implementation process was evaluated by reporting system only. Polish managers couldn't discuss with the central, so they decided to report effects of the implementation that didn't take place. They filled the tables with data which represented results obtained by the realization of the Polish not corporate concept. If figures in rows tally, nobody in the central goes into detail whether the solution was applied or not.

Corporate culture

The sense of being separate isn't always perceived as a cultural barrier:
Not all of the respondents accept the ascertainment that being separate means that cultural barriers in interactions between subsidiary and corporation exist. Such individual features can be a source of innovations, according to the manager working for a Norwegian corporation: *"We must be separate if we are to be innovative."* (from an interview)

Some Polish employees are skeptical about customs promoted in the organizational culture. Some of them are reluctant to accept corporate mores and behavior:
According to interviewees, there were some problems in their subsidiaries with implementation of lunch break or open space. At the beginning Polish employees had difficulties with receiving and giving feedback. Some engineers were reluctant to develop soft skills. Typical American political correctness is incomprehensible and seems to be strange and useless for some Polish employees. Not everyone believes in the sense of evaluation process and development plans. In a subsidiary of a Japanese corporation employees cannot accept the prohibition of listening to the radio during working hours.

Unreasonable implementation of corporate symbols in a Polish subsidiary can be a cultural barrier:
An English corporation wanted to unify the image of its local offices. Each subsidiary was to implement the corporate symbols and the uniform interior design. Polish partners found this idea useless and costly (changes in decor were to be financed by the subsidiary). The reason was obvious. The clients of local offices don't visit them. Contacts are through telephone, mail or outside because of the specificity of the sector.

Insufficient training referring to the corporate culture can create a cultural barrier:
A problem in implementation of *5S* and *kaizen* methods occurred in a subsidiary of a Japanese corporation. According to the interviewee, the reason lied in insufficient level of corporate training. Employees didn't understand the importance of these methods and their goals.

A dissonance between declarations and performance raises suspicions of subsidiaries' staff towards authenticity of promoted values and norms:
If there is a discrepancy between declaration and actual actions employees start to be suspicious and treat values as propaganda.

The range of universality of promoted values can be a cultural barrier in implementation of corporate culture:
Problems associated with promotion of corporate values among Polish employees (like in other affiliates) could be observed. The employees tend to regard themselves as outstanding due to the fact that they work for a famous international company in a subsidiary of an Anglo corporation. As a result young employees started to demand higher salaries.

Development of locale personnel
Inefficient corporate training: In a subsidiary of a French corporation a manager pointed out the lack of ability to analyze the training needs. People with good language skills are sent to language courses as common practice. At the same time, others who should attend such courses are not sent. *Promotion paths as cultural barriers:* Flat organizational structure limits vertical promotion opportunities in a subsidiary of an American corporation. This company offers horizontal promotion, e.g. to its other affiliates. Employees declare each year what their development plans are and whether they want to be moved abroad. This practice doesn't solve the problem for someone who wants to further his or her career in Poland according to the respondent. *Ethnocentric promotion policy as a cultural barrier:* The manager pointed out a limited opportunity to advance an international career in a subsidiary of a Portuguese corporation. The Portuguese have priority over other nations when recruitment starts, according to the interviewee. *Insufficient parent language acquaintance as a barrier in an international career:* According to the interviewee, the French associate French language proficiency with intelligence and competence. As a result people with good French language skills were promoted in a subsidiary. Another respondent told that only Poles who knew Swedish could build a career in the headquarters despite the fact that the functional language in this TNC was English.
Internal cooperation
Ethnocentrism and cultural distance as sources of cultural barriers in an internal cooperation: An Austrian subsidiary of a French corporation tends to blame a Polish subsidiary for the clients' complaints. There is a lack of willingness to study this problem objectively. There are a number of obstacles in the way of cooperation between Turkish affiliate and another subsidiary. The respondent pointed out the following reasons: incomparable level of technical qualifications, differences in formalization scope, and various approach to discussion. *Taboo as a cultural barrier:* Cooperation between a Polish subsidiary and a Finnish corporation was problematic. The reason lied in the management fee. The level of it was too high for the Polish entity. The negotiation lasted over half a year. The Finns found it inappropriate to question the level of the management fee. They treated it as a kind of taboo. They put pressure on the Polish director. The Polish party started to demand a detailed bill for the management fee. As a consequence they began to demand payment for services that previously were free of charge. Finally the crisis was reconciled. The management fee was reduced to the level accepted by the Polish party.

Source: Extracted and adapted from Rozkwitalska M. 2010, appendix 5, table 22-26.

Table 5. The level of satisfaction in cross-cultural interactions and job content according to the interviewees.

The level of satisfaction in cross-cultural interactions	Percentage of persons (%)
satisfactory	54.5
highly satisfactory	38.6
neutral	6.8
dissatisfactory	4.5
Job content	**Percentage of persons (%)**
Occurrence of the job content	87.5
Reasons for the job content	**Reasons for the job discontent**
• self-actualization need satisfaction, • work for TNC, • contacts with foreigners, • material incentives (salary, financial stability), • atmosphere, • material incentives other than salary, • esteem need satisfaction, • security need satisfaction.	• cultural barriers, • burnout, • weak growth of the Polish subsidiary.

Source: Rozkwitalska M. 2010, chapter 5.2, table 5.8.

Almost all respondents were satisfied with cross-cultural interactions. The same is true if we consider the job content. The major reason for the job content is connected with self-actualization need like approach to knowledge, promotion perspectives, challenging tasks, development of skills, and participation in management process etc. The respondents also pointed out working for corporation as a source of their job satisfaction. They associated their work in a TNC with openness to the world, a sense of security as a result of professional management in a TNC, and their better situation on the labor market. The interviewees very often mentioned cross-cultural interactions as a reason of the job content.

Only 12.5% of the respondents were dissatisfied. Some of them reported cultural barriers as a reason for that fact.

The analysis showed occurrence of cultural barriers in the studied subsidiaries. However, according to the interviewees they weren't significant. In more than ten subsidiaries the culture barriers were important. The origin of capital seems to be less important as a reason of the cultural barriers. Nevertheless, some determinants of the cultural barriers can be indicated. Therefore the cultural barriers are likely to be greater if:

1. an entry option is acquisition and a type of a foreign subsidiary is a joint

venture with a local partner,
2. foreign equity stake is less than 100%,
3. strategic orientation of the central is ambiguous,
4. TNC uses third language as functional language[4].

Conclusions

Cross-cultural interactions face various obstacles. TNCs by their nature are multicultural entities so are their subsidiaries. They need to handle different cultural barriers rooted in cultural distance, organizational factors and individuals.

This article labeled major types of cultural barriers with empirical evidence of their occurrences. Such classification can be used to design appropriate methods to solve problems in cross-cultural settings. It emphasizes that a TNC can decrease importance of cultural barriers by appropriate decisions and structuring. There is a necessity to use proper recruitment techniques to select employees with openness to cross-cultural interactions and to train local staff and expatriates. According to the research findings, the major areas of concern were communication, company culture, human resource practices, and interpersonal relationships.

The research findings also suggest that cross-cultural interactions or work in a multi-cultural environment can be a determinant of job content. Functioning in such environment affects development of competence and influences self-actualization need satisfaction.

References

Barkema H.G., Bell J.H.J, Pennings J.M., *Foreign entry, cultural barriers, and learning*, "Strategic Management Journal", Vol. 17, 1996, pp. 151-166.

Babbie E., *Podstawy badań społecznych*, PWN, Warszawa 2008.

Brenner B., *Management Control in Central and Eastern European Subsidiaries*, Palgrave Macmillan, Hampshire 2009.

Hofstede G., Hofstede G.J., *Kultury i organizacje*, PWE, Warszawa 2007.

Kożusznik B., *Zachowania człowieka w organizacji*, PWE, Warszawa 2002.

Rozkwitalska M., *Problemy zarządzania międzykulturowego w przedsiębiorstwach z kapitałem zagranicznym*, „Problemy zarządzania", Vol. 7, nr 3(25), 2009, pp. 127-149.

Rozkwitalska M., *Bariery w zarządzaniu międzykulturowym. Perspektywa filii zagranicznych korporacji transnarodowych*, (publikacja przyjęta do druku) Oficyna (a Wolters Kluwer Business), Warszawa 2010.

---

[4]   The majority of subsidiaries in the sample used third language as functional language. Thus the sample selection process could confuse real effect of this determinant on cultural barriers.

Westney D.E., Zaheer S., *The Multinational Enterprise as an Organization,* w: Rugman, A.M., Brewer T.L., (red.). *The Oxford Handbook of International Business,* pp. 349–350, Oxford University Press, New York 2003.

Abstract

The aims of this article are to label major cultural barriers and to present results of empirical findings referring to barriers to intercultural interactions in foreign subsidiaries of transnational corporations (TNCs). The qualitative research was conducted in TNCs' foreign subsidiaries operating in Poland in winter 2009/2010. The article describes how respondents perceive the problems in cooperation with foreigners, their sources, areas and significance.

Mariusz E. Sokołowicz
University of Łódź

Territorialization of Transnational Corporations as a Form of Intercultural Management. A Review of Theory and Selected Studies

Introduction

The review of literature concerning the growing role of territory (region) in the open economy, in conjunction with the literature on institutional economics lead to conclusion, that today region cannot be perceived only by its physical characteristics in a manner formed by the heritage of location theories. It is not only the "container" of basic resources (land, capital, labor) and cannot be simply interpreted as a place of transport costs' minimization. Today territory should be perceived and analyzed as a form of specific organization that support enterprises' competitiveness by the high level of human capital, social capital and through effective institutional environment.

In this context, the activity of transnational corporations (TNCs), functioning in supra-local and supra-regional space can simultaneously be shaped and shape specific territories (cities, regions). This process is a subject of analyses in the spirit of the concept of territorialization, according to which as well as the processes of globalization and local development are not contradictory, also the aims of corporations vs. cities and regions do not necessarily stay in conflict. The phenomenon of territorialization, interpreted as an example of ability to draw from a variety of resources in specific locations, can be treated as a manifestation of more or less conscious intercultural management.

The aim of this paper is to present the theoretical context for analyzing dependences described above, as well as to present the results of research, conducted by the author in this field of social science. In the first part,

the definition of transnational corporations and their impact in regional development were presented. The second part refers to considerations that strategies of corporations – if they stay sensitive to the territorial context – can contribute to strengthening the competitive position of both enterprises and regions as places of their location. These reflections refer to the assumptions of institutional economics, which strongly derives from the belief that history and culture matter in building territorial specificity. Further, this topic is developed by the definitions and characteristics of territorialization, also known as embededdness. The last part of this paper provides an overview of empirical research devoted to the phenomenon of territorialization in Łódź Metropolitan Area.

1. The impact of transnational corporations on regional development

The term "transnational corporation" (TNC) refers to enterprise that conduct its activity in at least two countries. According to UNCTAD[1], TNC can be defined as a company composed of so called parent company and its foreign affiliates. The former is an entity that controls the assets of other companies located offshore, through the participation in their equity, while the latter is a stock company or limited company, where the investor form other country (parent company) posses a long-lasting impact on its management. Typically, the breaking point of the control is considered as at least 10% of shares or voting rights in such a company [OECD, 1996, p. 8]. According to P. Dicken [1992, p. 226], TNC is a complex economic organization, which coordinates the activities on international scale, undertaking strategic decisions from a single center of decisions.

Dependently on the aims of the enterprise, the access to existing or potential markets, possessed resources, the level of risk and the probability of success, TNC can chose from between several ways of commencement of activities on a supra-regional and transnational scale. The process of international expansion of TNCs is made primarily in the form of acquisitions of shares in existing companies in other countries (*brownfield investment*) or in the form of creation of new economic entities (*greenfield investment*). Thus, it should be noted that, although among other equally important areas of economic activity of TNCs there are also cooperative forms of development (joint ventures and strategic alliances) [see: Grzegorczyk W., 2006, pp. 42-63; Nowakowska A., Przygodzki Z., Sokołowicz M.E., 2011, pp. 160-169], to call a given company "transnational corporation", is it should conduct economic activity in at least one country (other than the country of origin), in the form of so-called foreign direct investment (FDI).

---

[1]   United Nations Conference on Trade and Development is a body of General Assembly of United Nations, responsible for promoting economic development though building conducive conditions for international trade and foreign investment.

Undertaking direct economic activity on international scale by TNCs is connected with the need of establishing organizational structures, located in many cities and regions. Today, the globalization processes have led to a growing dynamics of FDI, especially since the half of nimieties of 20th century[2]. Thus, regions became widely open on international capital flows.

From the economic point of view, investments are a basic driving force of economic growth. The key impulse behind this process is the mechanism of multiplier effect[3] which causes that every growth (or decline) of autonomous investment spending will lead to an increase (or decrease) of total production and income in the economy. Investment taken by one economic entity involves, in the place of its realization, development of new economic activities and cooperative linkages with other economic entities (as an effect of increased demand for investment goods). Then, the symptom of the positive impact of new investment on regional economy, is so called multiplier effect, expressed by the growing employment and revenues in firms being subcontractors for the main investor (supply multiplier), and the growing purchase power of employees resulting in growing consumption demand (income multiplier). Moreover, the income and employment growth as a result of new investment entails growing local budget revenues, partly reinvested by public sector (fiscal multiplier) [see: Domański B., 2005, p. 89; Domański R., 2006, p. 97].

Since FDI is usually realized by enterprises operating in more than one country and organizing their structures on international and even global scale, their production and services implemented

in the regions as places of their location are sold primarily in international markets. Thus, FDI despite being an important source of capital and influencing positively structural changes in local economies strengthens also regional economic base by generating international demand (outside regional economy). Among other positive effects of TNCs activity, one can also indicate growing qualifications of the workforce, creating demand for intermediate goods and services (through linkages with local suppliers and subcontractors), and transfer of innovation and new technologies.

---

[2] According to UNCTAD, the average yearly FDI flows in 70. were reaching the value of 24.0 billion USD. In 80., FDI reached the level of 92.9 billion USD but in 90. it was already 402.1 billion USD. In 2000-2010, the average yearly value of worldwide FDI was 1,160.0 billion USD with its maximum total value of 1.78 trillion USD in 2007 (since 2008, the decline of yearly FDI flows are being observed) [UNCTAD database, http://stats.unctad.org/fdi/ReportFolders/reportFolders. aspx, accessed 20.08.2011].

[3] The term „multiplier effect" was popularized by British economists John Maynard Keynes [Keynes, 1985].

Table 1. Main directions of the impact of TNCs on the countries and regions as the location of their branches and affiliates

The impact of TNCs on the economies	
Potentially positive	**Potentially negative**
– providing new resources of capital to host countries and regions, – new workplaces (income multiplier), – upskilling local workforce (human capital development), – generating demand on intermediate goods and services (supply multiplier), – stimulating growth and economic efficiency by moving resources (re-structuring), – new infrastructure development (fiscal multiplier), – technology and innovation transfer, through: o direct transfer from parent companies to branches and affiliates, o cooperation with local enterprises, o imitation by the competitors, o cooperation with local actors other than the companies (universities, R & D units, local authorities, etc.).	– exploiting host countries' resources (natural resources, workforce) – imposing unfavorable institutional solutions (e.g. in the field of tax law or labor law), – risk of financial crisis (foreign capital appreciates local currencies while its rapid withdrawal from the host country leads to quick depreciation) – acquisition of local companies, – brain drain of skilled workers from local companies, – destruction of the environment through the transfer of "dirty technologies", – contributing to income inequalities (e. g. through labor market bifurcation).

Source: Own composition.

In the considerations on the activity of TNCs undertaken in the form of foreign direct investment, one cannot avoid also critical voices. They refer mainly to the fact that corporations have a possibility of discounting the differences in the prices of factors of production and exploit them without a positive return-impact on the economy of the host countries and regions. TNCs are also often accused of imposing unfavorable institutional solutions (e.g. in the field of tax law or labor law), hostile takeovers of local companies, use of tax differences or the transfer of "dirty technologies" threatening the natural environment. Foreign direct investment influences also significantly balance of payments, where inward FDI can lead to uncontrolled appreciation of local currencies but its rapid withdrawal from the host country leads to its quick depreciation.

Because of the possibility of the emergence of both tangible benefits and risks associated with foreign direct investments, its final effects should be always considered as a balance of cost-benefit analysis. There are many factors that finally prejudge it, e. g. economic policies of states and regions, TNCs' strategies (there are more and more corporations searching their competitive position not

in simple resources' exploitation but in maintaining a relatively sustainable competitive advantage) or the level or regions' development as potential attractive place of FDI locations.

2. Local and regional differences in corporate strategies – an institutional context

International comparisons of corporate strategies conducted over the years reveal undoubted differences in their developmental paths, which are an effect of cultural conditions. Unusually, comparative analyses on TNCs concern their "nationality" with the special emphasis on American, German and Japan models (Zorska A., 2007, pp. 133-138]. In the case of American companies, a strong desire to safeguard shareholders' interests is primarily exposed (board has a strong control over the activities of managers). What is more, American TNCs are often financed on very dynamic markets (where venture capital is well developed).

In the German model, a significant level of control by employees is exposed, as well as important role of banks as sources of corporate financing (mainly by placing their representatives to the bodies of companies). However, the German TNCs are recently a subject of criticism, because the small elasticity of their structures limits more and more their innovativeness and competitiveness.

One of the main features of Japan corporation is an important role of the class of their managers, being however responsible also to the employees, banks and members of formally established supply network (called *keiretsu*). Moreover, Japanese corporations are strongly influenced by the main bank functioning within the *keiretsu*. This model gives more possibilities of concentrating on long-term development strategies than American one (more concentrated on short-term effectiveness). However, more often one indicates on the "Americanization" of Japanese corporate model.

As M. Castells [2010, p. 220] has indicated, in the process of globalization, international enterprises will be undoubtedly transforming their structures into supra-local and supra-national networks. However, the idea of corporations that are completely detached from their cultural context is only a mythical representation of completely hypothetical global firm. In other words, the cultural context must be treated as an important factor that can, at the same time, strengthen or weaken the possibilities of building competitive advantage of enterprises, especially transnational ones. What is important, the cultural dimension of economic activity can be considered not only one the national state level, but also – albeit in a more subtle way – on the level of regions as parts of the territories of the countries. The growing role of the region as a specific economic entity is one of the most important trends in contemporary economic literature. Japan economist and corporate manager, Kenichi Ohmae [1993, p.

78], referring to the example of Italy was writing, that treating this country as an economic entity ignores the fact that it is divided into industrial North and rural South and this situation results in differences in the regional competences and regions' share in national GDP. Among other contemporary economic writings on regions as a sources of competitive advantage, one can mention those of M. Porter [2001] on clusters, A. Saxenian's [1996] on the success of such economic areas as *Silicon Valley* and *Route 128* in United States or consideration of Allen Scott and Michael Storper [2003, pp. 579-593] on the role of regions in the global economy. Also, the works referring to so called evolutionary economic, *path dependency* and institutional economics [Arthur B., 1989; David P. A., 1985; Hodgson G. M., 1988 or Nelson R. R. and Winter S. G., 1982], contribute to the elaborations indicating the important role of (locally and regionally rooted), cultural dimension of economic activity.

The variety resulting from the ability of reconfiguring and joining together resources that are "fixed in localities", can be the source of enterprises' competitive advantage. As far as in the initial analyses of grand enterprises, their internationalization used to be explained mainly by the pure cost and effectiveness aspects, today they concentrate mainly on the role of technological, sociological and cultural ones [see e. g.: Zorska A., 2007, pp. 204-222].

The reflections on the role of regions as places of location of economic activity appear in economic science since the first publication of Johann H. von Thünen [1826]. However, the development of theory and research on the role of places in the economy was usually an attempt to adapt macroeconomic methodology to the regional level. Barely since 80. in 20th century, in the field of urban and regional economics, one can observes the move towards so called endogenous approach, treating regions an important source of competitive advantage. Since then, territory is as a place of building specific resources, shaped by the mutual interactions between its dwellers. In other words, the relational capital and accumulation of knowledge in the region contribute to the rise of such resources that cannot be simply transferred to other places.

The resources described above are, next to traditional and easily measurable ("hard") location factors, some kind of unrepeatable "soft" location factors[4]. From the enterprises' point of view, such location criteria as availability of natural resources, material capital, low labor costs, transport infrastructure, etc. are more and more often supplemented or even replaced by: qualified workforce, R&D potential, professional public administration, high quality of life, presence of business supporting institutions and demanding but rich consumer market [Sokołowicz M. E., 2006, pp. 10-12].

---

[4]   The classification of location factors into "hard" and "soft" ones was implemented by B. Grabow, D. Henckel i B. Hollbach-Grömig [1995]. It is based on the question whether the given location factor influences firms' activity directly or not, and whether it can be quantified. Thus, "hard" location factors affect enterprises directly and can be measured while "soft" ones affect firms indirectly and their quantification is rather heuristic.

Thus, in economic and regional science, the so called institutionalism (especially institutional economics)[5] is the valuable theoretical field supporting such intellectual analyses, as well as the research. This field of economic thought is based on the assumption, that specific social, relational and cultural conditions are responsible for the welfare of enterprises, but also nations, countries and regions. These conditions differentiate the economic output of such entities, despite similar level of basic production factors.[6] Ipso facto, institutionalism can successfully contribute to the explanation of not only the reasons of regional disparities but also the character of processes responsible for these disparities [Amin A., Thrift N., 1994; Cooke Ph. Morgan K.., 1998; Storper M., 1997].

Institutional economics takes into account the social context of economic processes and underlines the evolutionary character of economic growth. Thus, it distances itself from excessive simplification of economic phenomena typical for mainstream economics but also from Marxian determinism and reductionism [Cumbers A., MacKinnon D., McMaster R, 2003, p. 325]. It must be noted, that institutional economy has much to offer to regional science. As P. Healey [1999, p. 118] claims, this field of science can contribute to the development of "place-based discourse", because places are socially constructed, thanks to the relations among their actors and own history.

It appears more and more evident that in grand international enterprises, innovations are the effects of "decentralized specialization", which is an ability of elaborating such corporate strategy, that is able to concentrate on core competences (created within an organization) and at the same time, profit from the cooperation with various regional environments [see: Amin A., Cohendet P., 1999; Nohria N., Ghoshal S., 1997]. Thus, TNCs can strengthen their core competences, functioning as global knowledge pipelines that link different systems of innovation. These systems can exist together with the hierarchical structures of corporation, especially in the field of governing those types of activities which do not belong to core competences' portfolio and thus, can be a subject of outsourcing in the region [Nowakowska A., Przygodzki Z., Sokołowicz M. E., 2011, pp. 172-173], This thesis can be perceived as a quintessence of "marriage" of institutional approach with local and regional development theories, especially if the latter are deepened in theoretical considerations

---

[5]   It must be stated here, that institutional economics is a very wide field of economics. What is more, also many strands of mainstream economics, such as evolutionary economics, with Geoffrey M. Hodgson [1997] as its main representative [see also: Nelson R. R., Winter S. G 1982] or resource-based-view of the firm (RBV) [Barney J. B., 1991].

[6]   On the national level, one of well known classifications of institutional systems was introduced by Bruno Amable [2003, pp. 13-15; see also about French school of regulation: Amable B., 2007, pp. 80-86], who differentiated five models of capitalism: 1. Anglo-Saxon (Great Britain, USA, Australia, New Zeeland, Ireland), 2. Social democratic (Denmark, Norway, Sweden), 3. European continental (France, Germany, Netherlands, Austria), 4. Mediterranean and 5. Asiatic (Japan, Korea).

on the role of spatial proximity in economic development in the concept of territorialization (embededdness).

3. Corporate intercultural management and the regions – towards territorialization

The roots of the concept of territorialization (being close to the concept of embededdness) date back to the works of Karl Polanyi [1957] and was developed in the field of "New Economic sociology" [Swedberg R., 1991, pp. 251-276]. Besides, main theses of this approach refers to the basic assumptions of institutional economics claiming that economic relations are *embedded* in conditions that are shaped by both economic and non-economic institutions (e. g. culture) as well as the rules enabling their implementation and effective functioning [Chavance B., 2007, p. 39; Polanyi K., 1957, p. 249]. These institutions are defined as specific self-restrictions adopted in order to create a predictable and clear structure of mutual economic relationships. They are both of formal (rules, laws, constitutions) and informal nature (patterns of behavior, conventions, and beliefs).

Embededdness means that every character of economic relations is not an effect of fully rational decisions of independent entities. In fact, no economic entity is completely independent, because every economic decision is influenced by social relations that form patterns of behavior and ways of reactions to changes. The essence of this phenomenon is well illustrated by Mark Granovetter [1985, p. 481] claiming all economic relations are rooted into networks of social relations.

Along with the progress of work on the phenomenon of embededdness, its sociological dimension was enriched by other aspects. P. J. DiMaggio [1990; 1994] pointed out, among others, that economic processes depend not only on social factors but also cultural ones. With S. Zukin [DiMaggio P. J., Zukin S., 1990], he also differentiated four types of the factor of embededdness: 1. Cognitive; 2. Cultural; 3. Political; 4. Structural (shaped by interpersonal relations).

One of the variants of embededdness is also a concept of territorialization which is based on the assumption that what significantly contributes to the strengthening the institutional environment of economic activity (interpreted as form external economies[7]) is a territorial proximity [see: Rallet A., Torre A., 2005; Revue, 1999]. Thus, even in the age of the growing role of other types of

---

[7]   The advantages of the location of enterprises in a geographic proximity can be interpreted in the category of external economies, defined as benefits that a single company obtains by the mere fact that it operates in the space of concentration of many other economic actors [Marshall A., 1920]. Location of similar types of economic activity (including direct competitors) in one place is the example of external economies, where the success of one company cannot remain unnoticed by the others [Maskell P., 2001]. This assumption refers to the notion of so called spill-over effects treated as an intangible but very important source of external economies [Marshall A., 1920].

proximity[8], territorial proximity is still a key factor reducing transaction and communications costs, mainly through enhancing the process of developing common codes and a common business language (see: Oinas P, 1990; Ghemawat P., 2001]

The review of a broad literature devoted to the phenomenon of the growing role of territories in the economy of global capital flows, combined with the literature on institutional economics lead to a conclusion, that region today cannot be perceived only by its physical characteristics in a manner formed by the heritage of location theories. It is not only the "container" of basic resources (land, capital, labor) and cannot be simply interpreted as a place of transport costs' minimization. Today region (territory) should be perceived and analyzed as a form of specific organization that support enterprises' competitiveness by the high level of human capital, social capital and through effective institutional environment. It is a form of organization that reduces uncertainty and risk, is a source of information and accumulated specific knowledge and competences that strengthen the innovativeness (Pietrzyk I., 2006, p. 34].

The notion of territorialization appears also in the field international management. In the literature one can identify some evidence that in many cases, transnational corporations' affiliates locate in host countries and region such activities, which are strongly rooted in the specificity and regional systems of new knowledge creation [Sokołowicz M. E., 2008, pp. 62-69]. Transnational enterprises are these players in the market economy, which are able to introduce market resources of the region on the international markets. Thus, they can not only exploit the basic regional resources but also participate in creation of regional specificity if they permanently link their strategies with business location site. From the territories' point of view, what can really decide about their competitiveness in the global economy, it is the ability to actively participate in international economic processes. The capacity of responding to the global challenges is expressed by the possibilities of adapting regional resources to transnational enterprises' needs. In this context, territorialization can be defined as the effect of process in which these enterprises, at the same time, use and contribute to regional specific resources[9]. The latter decide about

---

[8] A. Rallet and A. Torre distinguish two types of proximity: organizational and spatial one, analyzing the interdependencies between them [Rallet A., Torre A., 2005]. In contrast, R. A. Boschma [2005] distinguishes five types of proximity: cognitive, organizational, social, institutional and geographical one [see also: Nowakowska A., Przygodzki Z., Sokołowicz M. E., 2011, pp. 183-189].

[9] When interpreting regional resources as a base of building competitiveness, regional science refers to one of the strands of management science, namely Resource-Based View of the Firm – RBV. Its main representative, J. B. Barney claims that enterprises in the same branch or strategic group, even if they are similar in terms of basic resources, can differ substantially because of specific resources. The latter must posse four essential characteristics [Barney J. B., 1991, pp. 106-112]: 1. Be strategically valuable, 2. Be rare when compared to competitors; 3. Be imperfectly

the long-term competitiveness, since their reconstruction in other territories id too costly or even impossible (Sokołowicz M. E., 2008, p. 69].

Transnational corporations, regardless their development path, in order to sustain competitive advantage, must become knowledge-based organizations. In other words, the key motive of functioning on the international scale is to build strategic resources on the base of specific competences and knowledge. According to B. Kogut and U. Zander [2003], foreign direct investment and creation of new affiliates are to much bigger extent driven by the need of effective knowledge exploitation that the need of reducing transaction costs. Thus, knowledge management within TNC, especially in the context of relations between parent company and affiliates, must be interpreted by not only technological, but also sociological, cultural and institutional aspects.

Knowledge transfer within TNC is accompanied by the processes of developing cooperative linkages between affiliates and their local economic environment [Zorska A., 2008, p. 158]. Contemporary TNCs' activity is more and more a subject of simultaneous internationalization and decentralization, when the latter leads to higher level of affiliates' autonomy that allows enhancing their local competences and innovativeness. Moreover, more and more often, corporations search for innovations outside their organizational structures, creating a space for cooperation with the local environment of their affiliates [Zorska A., 2008, p. 251-269]. In other words, searching for locally and regionally embedded strategic resources is a way of building TNCs' competitiveness. However, this kind of strategy demands a high level of intercultural competences which can be defined here as the capabilities of anticipating innovative potentials derived from local knowledge resources and skills.

This approach also allows for finding that there is never only one model of TNC's success, because there are almost endless business solutions arising from the exploration of cultural or social diversity in different locations. This thesis is close to findings of the five-years-research of 500 corporations made by S. Berger [2006]. It led to conclusion that if there was only one correct model of competing, one product or only one way satisfying customers, then in every industry, only one global company would operate. This vision is obviously far from the economic reality.

4. Perspectives on the TNCs' territorialization in the region if Łódź in qualitative research

The quantitative analyses of the activity of foreign owned companies operating in Polish cities and regions contribute effectively to depict the general economic situation in terms of the structure and the level of FDI inflows (static dimension).

imitable (as a combination of historical conditions, casual ambiguity and social complexity of the process of their creation) and 4. Be non-substitutable by other resources. Although RBV refers to the enterprise, it can be implemented also in the field of regional science.

However, it has limited utility for detailed analysis, devoted to the influence of TNCs on regional competitiveness and regional economic base in terms of dynamic approach. This situation justifies the qualitative analyses, concetrating on detailed regional case studies. However, in Poland analyses of this kind stay fragmentary. Among few research, one can mention those of B. Domański [2001; 2005; Pavlinek B., Domański B., Guzik R., 2010] and in the region of Łódź A. Kukliński *et al.* [2000] and lately M. E. Sokołowicz [2008; 2010a; 2010b].

Last of authors made his first deep analysis of the phenomenon of territorialization, based on standardized in-depth interviews among managers of 12 TNCs' affiliates from the agglomeration of Łódź, conducted in 2005. The results have revealed that most of surveyed companies treated the region mainly as a place of the location of industrial activity and what is important, showed no inclination to implement cooperating strategies or strategies based on the development of innovative solutions (technology transfer to the region was limited) [Sokołowicz M .E., 2008, pp. 118-119]. Among dominating location factors, the companies mentioned those that were not "territorially tied" and could be accessed also in other Polish regions (low labor costs, relatively low land prices, communication availability, tax exemptions offered in Special Economic Zones). In consequence, the region of Łódź was perceived as a place that offered mainly lower costs of economic activity but not valuable strategic resources that are based on specific culture, social relations, skills or knowledge [Sokołowicz M .E., 2008, pp. 102].

The strategies of TNCs' affiliates operating in the agglomeration of Łódź as well as the techniques of the organization of production is strongly affected by their relations to regional resources, mainly in terms of linkages with local firms and institutional environment. It was expressed i. e. by the fact that few of surveyed companies declared cooperation with local small and medium sized enterprises (SMEs), as well as with research and development (R&D) entities. These observations led to the conclusion that at this stage of development of Łódź agglomeration, enterprises' territorialization processes did not take place.

Figure 1. Business location factors in Łódź Metropolitan Area, as indicated by the respondents
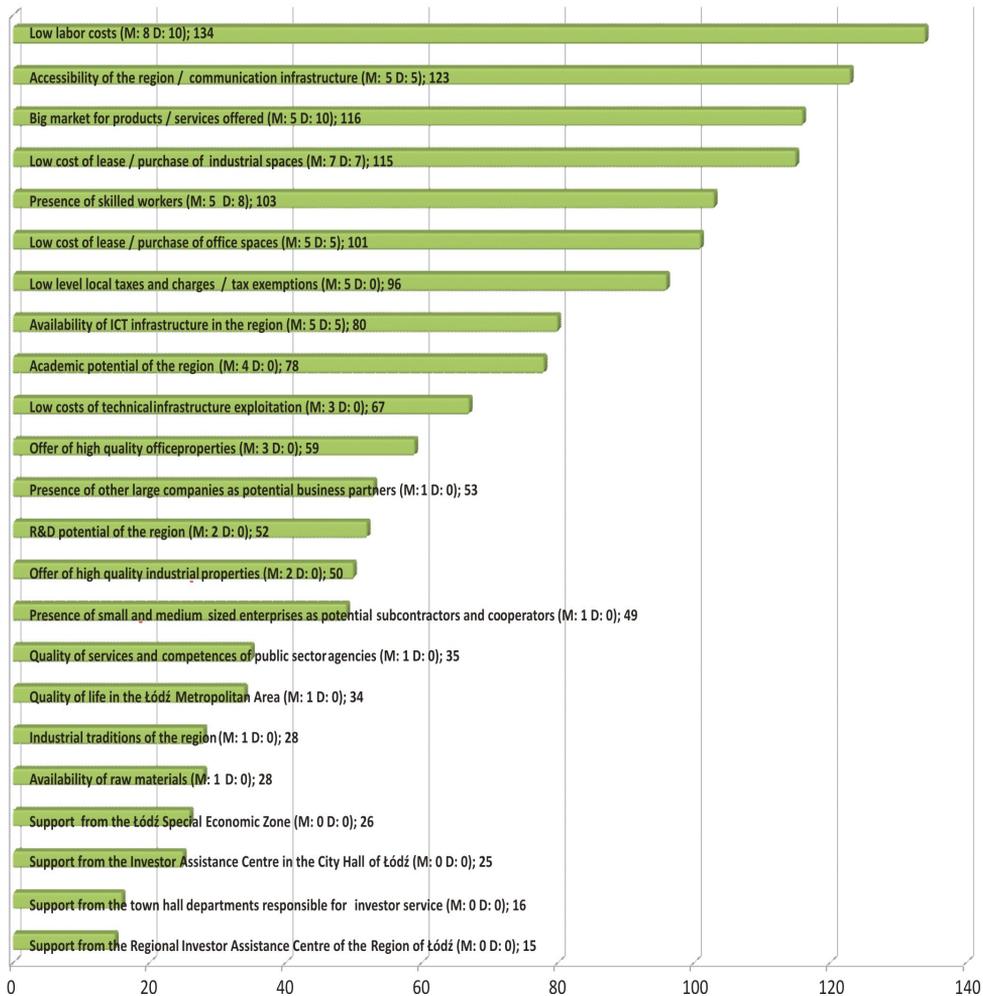
Letters in brackets refer to significance of a given location factors, rated on 1-10 scale, where M is a median and D is a dominant. The number at the end of each indication shows the sum of the responses rated on a 1-10 scale.

Source: Own study.

Unfortunately, similar conclusions appeared in case of subsequent research conducted between 2009 and 2010. The project was based on the realization of computer assisted personal interviews addressed to the managers of enterprises with foreign capital employing more than 50 workers. From 85 entities from Łódź metropolitan area meeting the preliminary criteria, 21 entities agreed to participate in the project.

In the opinions of surveyed companies, similarly to the previous research, the predominance of cost-based location factors was observed. Efficiency-based location factors that could decide about such important elements as R&D potential, local competences and know-how, strong and efficient linkages with local SMEs, were assessed as relatively less important [more broadly: Sokołowicz, M. E., 2010b, 2011]. Although representatives of TNCs' affiliates positively evaluated the level of education of local workers, the R&D offer of the region remained almost unnoticed, despite theoretically strong potential of local universities'. In other words, among competitive advantages of Łódź metropolitan area, the cost advantages continue to dominate, to the detriment of regional R&D potential (see Figure 1).

5. Conclusions

The phenomenon of territorialization of enterprises may be perceived as a way of linking together TNCs' activity and the struggle for enhancing competitiveness of the regions. This idea derives from the fact that companies can both benefit and participate in the creation of region-specific resources. In this process, these are the corporate strategies, especially in the context of the ability to manage in diverse cultural environments, which can decide about the capacities to derive from the specific resources of the region. Resources of this kind can be treated as a specific rent and as those, they cannot be delocalized or reproduced in different territories. However, they cannot be interpreted as simple generic resources (availability of land, capital and labor), since "the prosperity of firms depends on region-specific intangible assets embodied in a knowledge and competence base with a high degree of tacitness, which is sustained and reproduced by interaction patterns that are firmly rooted in a particular institutional setting" [Boschma, R. A., 2005, p. 1012]. Therefore, contemporary ability of corporations in the field of intercultural management lies in the ability to benefit from the intersection of two levels: the global and the local one and refers to the notion of glocalisation – a semantically rich oxymoron introduced by R. Robertson [1995] to depict the idea "think globally act locally".

The studies conducted so far in the field of economics and management reveled, that on the current stage of economic development, Polish regions are attractive places of foreign direct investment location. In terms of quantitative approach, the activity of companies with foreign capital brings about more positive than negative effects (growth in employment, a multiplier effect, modernization of the economy, etc.). However, today it is too early to recognize the universality of processes of territorialization of TNCs in Polish regions, which is expressed, among others, by the results of research carried out in the Łódź metropolitan area, where cost location factors dominate to the detriment of innovative potential of is economy. This conclusion should be a signal to evaluate pro-investment policy

of Poland hitherto realized. It seems that this policy should concentrate, inter alia, on the balancing with the policy of SMEs support, mainly by promoting networking and helping in building relationships between TNCs' affiliates and the regional environment. Moreover, pro-investment policy addressed to big transnational enterprises should be more selective and should be based on the monitoring of the corporate strategies, especially in the field of enterprises' relations with regional environment. Striving for more sophisticated strategy (i. e. based on sustainable relationships with the local environment), can be perceived as a higher form of intercultural management and thereby contribute to strengthening the competitiveness based on the strategically valuable resources – both for TNCs and the regions.

References

Amable B., *The Diversity of Modern Capitalism*, Oxford University Press, Oxford 2003

Amin A., Cohendet P., *Learning and adaptation in decentralised business networks*, „Environment and Planning D: Society and Space", 17, 1999, pp. 87–104

Amin A., Thrift N., (eds.), *Globalization, Institutions and Regional Development in Europe*, Oxford University Press, Oxford 1994

Arthur B., *Competing Technologies, Increasing Returns and Lock-in by Historical Events*, "Economic Journal", vo. 99, 1989, pp. 116-131.

Barney J. B., *Firm Resources and Sustained Competitive Advantage*, "Journal of Management", vol. 12, no. 1, 1991, pp. 99-120

Berger, S. *How We Compete*, Currency-Doubleday, New York-London-Toronto-Sydney-Auckland 2006

Boschma R.A., *Competitiveness of Regions from an Evolutionary Perspective*, "Regional Studies", vol. 38.9, 2004, pp. 1001-1014

Boschma R. A., *Proximity and Innovation: A Critical Assessment*, "Regional Studies", Vol. 39.1, 2005, pp. 61-74.

Castells M., *Społeczeństwo sieci*, PWN, Warsaw 2010

Chavance, B., *L'économie institutionelle*, Editions La Découverte, Paris 2007

Cooke Ph., Morgan K., *The Associational Economy: Firms, Regions, and Innovation*, Oxford University Press, Oxford 1998

Cumbers A., MacKinnon D., McMaster R., *Institutions, Power and Space. Assessing the Limits to Institutionalism in Economic Geography*, "European Urban and Regional studies" 10, 2003, pp. 325-342

David P. A., *Understanding the Economics of QWERTY*, "American Economic Review", 1985, vol. 75, pp. 332-337

Dicken P., *Global Shift. Internationalization of Economic Activity*, The Guilford Press, New York-London 1992

DiMaggio P. J., *Cultural aspects of Economic Organization*, [in:] Robertson, F. R., Robertson, A. F., (eds.), *Beyond the Marketplace*, Aldine de Gruyter, New Jork, 1990

DiMaggio P. J., *Culture and Economy*; [in:] Smelser N. J., Swedberg R., (eds.), *The Handbook of Economic Sociology*, Princeton University Press, Princeton, 1994, pp. 27-57.

Domański B. (ed.), *Dziesięć lat doświadczeń pierwszej polskiej specjalnej strefy ekonomicznej. Mielec 1995-2005*, Instytut Geografii i Gospodarki Przestrzennej UJ-Agencja Rozwoju Przemysłu S.A, Cracow 2005

Domański B., *Kapitał zagraniczny w przemyśle Polski. Prawidłowości rozmieszczenia, uwarunkowania i skutki*, IGiGP UJ, Cracow 2001

Domański R., *Gospodarka przestrzenna. Podstawy teoretyczne*, PWN, Warsaw 2006

Ghemawat P., *Distance Still Matters: the Hard Realities of Global Expansion*, Harvard Business Review 79, no. 8, 2001, pp. 137-147

Grabow B., Henckel D., Hollbach-Grömig B., *„Weiche Standortfaktoren"*, Schriften des Deutschen Institut für Urbanistik, Band 89, Stuttgart – Berlin – Köln 1995

Granovetter M., *Economic Action and Social Structure. The Problem of Embededdness*, "American Journal of Sociology", Vol. 91 (1), 1985, pp. 481-510

Grzegorczyk W., *Strategie wejścia polskich przedsiębiorstw na rynki zagraniczne*, Stardruk, Warsaw 2006

Healey P., *Institutionalist Analysis, Communicative Planning and Shaping Places*, "Journal of Planning Education and Research", no. 19, 1999, pp. 111-121

Hodgson G. M., *Economics and Evolution: Bringing Life Back Into Economics*, University of Michigan Press, Ann Arbor 1997

Hodgson G., M., *Economics and Institutions: A Manifesto for a Modern Institutional Economics*, Cambridge: Polity, 1988

Keynes, J. M., *Ogólna teoria zatrudnienia, procentu i pieniądza*, PWN, Warszawa 1985

Kogut B., Zander U., *Knowledge of the Firm and the Evolutionary Theory of Multinational Corporation*, "Journal of International Business Studies", vol. 34, issue 6, 2003, pp. 516-529.

Kukliński A., Kołodziejski J., Markowski T., Dziemianowicz W (eds.), *Globalizacja polskich metropoliii*, Euroreg, Warsaw 2000

Marshall A., *Principles of Economics*, Macmillan, London 1920

Maskell P., *Towards a Knowledge-Based Theory of the Geographical Cluster*, "Industrial and Corporate Change", 10 (4), 2001, pp. 921-943

Nelson R. R., Winter S. G., *An Evolutionary Theory of Economic Change*, Belknap Press, Cambridge 1982.

Nohria N., Ghoshal S., *The differentiated network: organizing multinational corporations for value creation*, Jossey-Bass Publishers, San Francisco 1997

Nowakowska A., Przygodzki Z., Sokołowicz M. E., *Region w gospodarce opartej na wiedzy. Kapitał ludzki – innowacje – korporacje transnarodowe*, Difin, Warsaw 2011

OECD, *Benchmark Definition of Foreign Direct Investment*, Paris 1996

Ohmae K., *The Rise of the Region State*, "Foreign Affairs", Vol. 72. No. 2, 1993, pp. 78-97.

Oinas P., *Activity-Specificity in Organizational Learning: Implications for Analysing the Role*

of Proximity, GeoJournal 49, 1990, pp. 363-372

Pavlinek B., Domański B., Guzik R., *Industrial Upgrading through Foreign Direct Investment In Central European Automotive Manufacturing*, "European Urban and Regional Studies", 16 (1), 2009, pp. 43-63

Pietrzyk I., *Polityka regionalna Unii Europejskiej i regiony w państwach członkowskich*, PWN, Warsaw 2006

Polanyi, K. *The Economy as Instituted Process*; [in:] Polanyi K., Arensberg C. M., Pearson H. W., (eds.), *Trade and Market in the Early Empires. Economies in History and Theory*, Free Press, Nowy York 1957

Polanyi K., *L'économie comme procesus institutionnalisé* ; [in:] Polanyi K., Arensberg C. M., Pearson H. W., (eds.), *Les Systčmes économiques dans l'histoire et la théorie*, Larousse, Paris 1957, pp. 249.

Polanyi K., *The Great Transformation: the Political and Economic Origins of our Time*, Rinehart, New York 1944

Porter M. E., *Porter o konkurencji*, PWE, Warsaw 2001

Rallet A., Torre A., *Proximity and Localization*, "Regional Studies", Vol. 39.1, 2005, pp. 47-59

"Revue d'Economie Régionale et Urbaine", *Paradigme de millieu innovateur dans l'économie spatiale contemporaine*, "Revue d'Economie Régionale et Urbaine", no. 3, 1999

Robertson R., *Glocalization: Time-Space and Homogeneity-Heterogeneity;* [in:] Featherstone M., Lash S., Robertson R. (eds.), *Global Modernities*, Sage Publications, London 1995

Saxenian A., *Regional Advantage: Culture and Competition in Silicon Valley and Route 128,* Harvard University Press, 1996

Scott A. J, Storper M., *Regions, Globalization, Development*, "Regional Studies", vol. 37, 6&7, 2003, pp. 579-593.

Sokołowicz M. E., *Koordynacja polityki proinwestycyjnej jako wyraz wzmacniania powiązań gospodarczych w kształtowaniu spójności Obszaru Metropolitalnego. Studium przypadku ŁOM*, [in:] Jewtuchowicz A., Wójcik M. (eds.), *Łódzka metropolia. Problemy integracji gospodarczej*, Wydawnictwo Biblioteka, Copyright by Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2010a, pp. 125-150

Sokołowicz M. E., *Strategie lokalne wobec korporacji transnarodowych jako czynnik integracji lub dezintegracji Łódzkiego Obszaru Metropolitalnego*, [in:] Jewtuchowicz A., Wójcik M. (eds.), *Łódzka metropolia. Problemy integracji gospodarczej*, Wydawnictwo Biblioteka, Copyright by Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2010b, pp. 109-124

Sokołowicz M. E., *Activity of foreign capital-owned enterprises in Poland – is it really embededdness so far? The case of Łódź Metropolitan Area (Poland)*, "Regional Science Inquiry", 2011, *in preparation*

Sokołowicz M. E., *Dlaczego rozwój nie jest równomierny? Wpływ spółek z udziałem kapitału zagranicznego na zróżnicowania w poziomie rozwoju polskich regionów*, [in:] Przygodzki Z. (ed.), *Rozwój miast i regionów w procesie integracji europejskiej*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2006, pp. 9-20

Sokołowicz M. E., *Region wobec procesów globalizacji – terytorializacja przedsiębiorstw międzynarodowych (na przykładzie regionu łódzkiego)*, Prace Doktorskie z Zakresu Ekonomii i Zarządzania, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2008

Storper M., *The Regional World: Territorial Development in a Global Economy*, Guilford Press, London 1997

Swedberg R., *Major Traditions of Economic Sociology*, "Annual Review of Sociology", vol. 17, 1991, pp. 251-276.

Thünen J. H., *Der isolierte staat in Beziehung auf Landwirtschaft Und Nationalökonomie*, G. Fischer, Jena 1921; first published 1826

Zorska A., *Korporacje transnarodowe: przemiany, oddziaływania, wyzwania*, Polskie Wydawnictwo Ekonomiczne, Warsaw 2007

Zukin S., DiMaggio, P. J., *Structures of Capital: the Social Organization of the Economy*, Cambridge University Press, Cambridge 1990

Abstract

This paper presents the concept of territorialization as a form of embededdness – the phenomenon that underlines an active role of local of regional business environment in the processes of building long-term competitive advantage of both enterprises and territories. Although this idea derives from economic sociology, putting accent on social relations between economic actors, it is also becoming more popular in the field of regional economics, supported by the intellectual heritage of institutionalism. The thesis about important role of spatial proximity, in terms of its contribution to building regional specific resources, based on the cultural and economic history, is especially interesting in the analyses of transnational corporations. The latter, when are able to build long term effective relations of their subsidiaries with local environment, can become a knowledge-based innovative organizations, and thus, draw from the relational rent which is territorially rooted. This kind of corporate strategy should be perceived as a form of high intercultural competences and be a manifestation of combining a success of the corporation with the success of the region.

According to the research conducted in Łódź and Łódź Metropoiltan Area, this Polish region is still far from such a model of management. It is still a place attracting foreign direct investors mainly by low prices of land and labor as well as tax exemptions. This situation is an effect of both strategies of corporations, locating their affiliates here, and strategies of territorial units attracting foreign investors. In order to start building a long term (sustainable) competitive advantage, this region should concentrate more on identifying and valorizing specific resources as location factors. Among the latter, one should indicate strong linkages with local suppliers or universities, but also a knowledge and competence base, residing, among other things, in the cultural conditions.

Wioletta Wereda
Beata Domańska-Szaruga
University of Natural Sciences and Humanities in Siedlce

Inter-organizational relations in local government units as a challenge for their development in the region

Human perfection is not only the acquisition of
abstract knowledge ... but also
active relationship with another human being.
John Paul II

Introduction

In the global economy, the nature of business relationships is changing rapidly. Executives at companies of all sizes are beginning to realise the need to collaborate and partner more frequently

with suppliers, customers and alliance groups—and even competitors—to launch new products, innovate more quickly, lower costs and improve overall customer service. The goal is to develop a network of suppliers and corporate partners that is mutually rewarding and transcends traditional business agreements, which were based largely on price negotiation.

As companies collaborate with one another the old transactional arrangements have become more complex and, in some ways, more risky. Firms now share more information with their partners than before, opening up the possibility of sensitive business data ending up in the wrong hands and creating significant issues around trust. In addition, corporate cultures may clash, as companies extend their business networks across different regions, management styles and languages. As a result, companies must think very carefully about the types of partnerships that make the most business sense, and how best to manage the development of these relationships to ensure success [Report "The collaboration advantage. Customer-focused partnerships in a global market", 2008, p. 6].

In recent years the development of market economy in Poland has caused that ordinary administration in local communities stopped to be effective. Implementation of community management has become very useful. Activities being a part of process of the management of territorial self-government unit can be divided into a few kinds. The most important ones are: defining rules of community's policy and coordination of the realization of local policy and monitoring of the usage of sources and means given to community, verification and control of effects of the realization of local policy aims as well the introduction of territorial marketing which is to be used to create specific unit's image and help in its development in particular region. Unfortunately, elements of management in the modern economy more and more often are not enough that is why specialists are looking for new instruments supporting communities` activities in the region. On account of that inter-organizational relationships will become one of the major issues brought up and used by practitioners in the management of territorial self-government units as communes.

Inter-organizational relations (IOR) – a short overview

Inter-organizational relations, as its subject name suggests, is concerned with relationships between and among organizations. "IOR", in this article, refers to the name of the field – i.e. inter-organizational relations – and "IORs" refers to these inter-organizational relationships. The study of IOR is concerned with understanding the character and pattern, origins, rationale, and consequences of such relationships. The organizations can be public, business or non-profit and the relationships can range from dyadic, involving just two organizations, to multiplicitous, involving huge networks of many organizations [Copper S., Ebers M., Huxham C., Smith Ring P., 2010, p. 4].

Interorganizational relations have been the focus of many studies. The shift from perceiving organizations as autonomous entities to understanding the extent of interdependency among organizations is largely the result of environmental influences on organizations [Pennings J.D., 1981, pp. 433-455]. In order for organizations to deal with on-going environmental pressures and uncertainty, organizations have established linkages with other organizations as one strategy to deal with these new challenges [Fenell M.L., Ross C.O. and Warnecke R.B., 1987, pp. 311-340; Oliver C., 1990; 1991; Thibault L. et al., 1997]. The establishment of partnerships is viewed by organizations as a new way of operating in order to control and minimize environmental pressures. In this part there are some examples of these studies.

Establishing partnerships between organizations and local governments has become imperative for the provision and delivery of services/programs. Societal, economic, and political changes have forced professionals to consider their service delivery approach. Alternative ways of delivering services such as

enabling the community to provide their own services, by forming partnerships with community organizations by mutually exchanging resources in order to maintain public welfare [Vail S., 1992; 1994] and offer new possibilities from the already established service provider approach.

Aforementioned, only a few studies have investigated inter-organizational relations between a local government and other community organizations. For instance, L. Thibault examined the influence of environmental pressures on inter-organizational relations between parks and recreation departments and other organizations. They found that "local governments are increasingly relying on partnerships in order to acquire important resources aimed to maintain or enhance the quality of services offered to the public" [Thibault L. et al., 1997, p. 353]. The establishment of these partnerships is attributed mostly to the need to respond to environmental pressures facing local governments. Further to this study, L. Thibault have identified how local governments interpret environmental pressures, such as economic, political and social pressures, are affecting the establishment of partnerships for the provision of leisure services to their community. They found that senior managers identified limited financial resources, political and social pressures as major reasons for developing partnerships.

economic pressures as budget cuts and maintaining the same level of leisure services without increasing taxes. Political pressures... as the existence of competing values held by politicians, special interest groups and the public. Notion of accountability also surfaced in their interpretation. For social pressures, population growth and ethnic diversity were identified [Thibault L. et al, 1999, p. 13].

As confirmed by these studies [Parsons M., 1990, pp.12-18; Thibault L. et al, 1997, pp. 351-358; 1999; Vail S., 1992 pp.217-233], the establishment of inter-organizational relations with other groups is perceived by local governments as one solution to adopt in order to maintain and sometimes increase the level of leisure services offered to the community.

Vail examined inter-organizational relations in the study of the sport delivery system of the City of North York in Ontario. She specifically focuses on the inter-organizational relations between community organizations and user groups. Vail's results showed a stronger line of communication between the North York Parks and Recreation department and community sport organizations than among community sport organizations. Sport organizations communicated rarely amongst themselves; their perceived competition for facility access and human resources appeared to be deterrent t communication. As Vail argued, establishment and management of effective partnerships by way of communication becomes a priority for community organizations when

interacting with the local government since local government are the "owner" of needed facilities. The competition for human resources among the community organizations providing leisure services is increased as potential volunteers have less time to commit [Vail S., 1992, pp.217-233].

According to other studies inter-organizational relations can be divided into two groups: transactional relationships and collaborative ones. Transactional relationships as agreements meant to fulfill specific, immediate needs. Collaborative relationships, meanwhile, are defined as partnerships created to meet mutually beneficial goals, and share the risks and rewards of future business opportunities. Both types of relationships serve valuable purposes for companies: the goal of transactional relationships tends to be the continued (and sometimes automated) execution of specific functions, such as order replenishment or ongoing maintenance of, say, the help desk. Collaborative relationships, meanwhile, aim to connect companies to bring about faster innovation and create future growth opportunities. They can evolve from transactional relationships, particularly when companies seek ways to gain a competitive advantage in reaching the end customer. In order to contrast the characteristics of the two types of business relationships, the survey asked senior executives to classify the nature of their most important business relationship as transactional or collaborative. In the survey[1] conducted by the Economist Intelligence Unit in March 2008 fifty-nine percent (302 in all) of the respondents (senior executives) described their most important business relationship as collaborative (called the "collaboration" group) and 41% of the surveyed executives defined their most important business relationships as transactional (the "transaction" group) [Report "The collaboration advantage. Customer-focused partnerships in a global market", 2008, p. 7].

Inter-organizational relations in local and regional partnership

There have always been inter-organizational (and inter-sectoral) relationships and joint working in local and regional development. In particular, the public sector (in its many roles as planner, regulator, provider of resources and factors of production such as land) has always worked closely with private sector interests: developers, financial institutions, and employers. At the same time, the interests of communities and social groups have been taken into account, primarily but not only through the institutions of representative democracy. However, in many countries, these inter-organizational relationships have been increasingly overlain by the development of more institutionalized forms of partnership. One key distinction between traditional collaboration and partnership is that,

---

[1]   Research was based on a survey conducted by the Economist Intelligence Unit in March 2008 of more than 500 business executives worldwide, as well as desk research and in-depth interviews with executives from around the world about the changing nature of business relationships, and the associated challenges and opportunities.

while in the former the normal pattern was a core-periphery model, in the latter, at least in principle, the model is of a number of partners collaborating with each other, without (in principle at least) any assumption of primacy by one partner [Geddes M., 2010, pp. 204-205].

Although the broad principle of local partnership is now becoming increasingly generalized across the globe, partnership takes many forms. Partnership vary in relation to:
– their remits, responsibilities, and resources;
– the spatial scale at which they operate;
– the organizations and interests which are partners;
– and in the broad form which collaboration takes [Geddes M., 2010, p. 209].

LRD (local and regional development) partnerships exhibit considerable variety in the organizations and interests within the partnership. The 'partnership space' in this context can initially be defined as that of the intersection between the three spheres of the state (and the public sector), the market (including both business and trade union interests), and civil society (including NGOs – non-governmental organizations and community groups). This can help to identify a number of ideal-types (Figure 1):
– Partnerships at the centre of this space, involving partners from all three spheres. There are many partnerships of this kind, often with multidimensional remits. Such multipartner partnerships are promoted by a wide range of state programmes of the EU, many EU member states including the UK, and by federal or state governments in Australia for example.
– Partnership primarily between state and market partners. Not surprisingly, such partnerships are often concerned with economic development or labour market issues.
– Partnerships primarily between state and civil society partners. There are distinctions in this type between those where the civil society partners are community organizations and interests, and those where the partnership is between state agencies and NGOs. In parts of the developing world, large transnational NGOs often play a lead role in development partnerships.
– A fourth ideal-type, partnerships primarily between market and civil society actors, is much less common, and although examples do exist, this is an indication of the dominant role of the state in urban and regional development partnerships.

This triangular partnership space between state, market, and civil society is one of the main characteristics which distinguishes the 'new' urban and regional partnerships from either collaborative relationships within the state/public sector (either between different tiers of the state, or between various sectoral state agencies), or from the corporatist model of partnership in which the three poles were the state, business, and trade unions. It is interesting to note,

however, that new versions of essentially corporatist partnership, widened to include participation from employment-related NGOs such as those delivering training and employment placement services, are emerging around local and regional labour market issues [Andersen S.K., and Mailand M., 2002].

Figure 1. Partnership ideal types
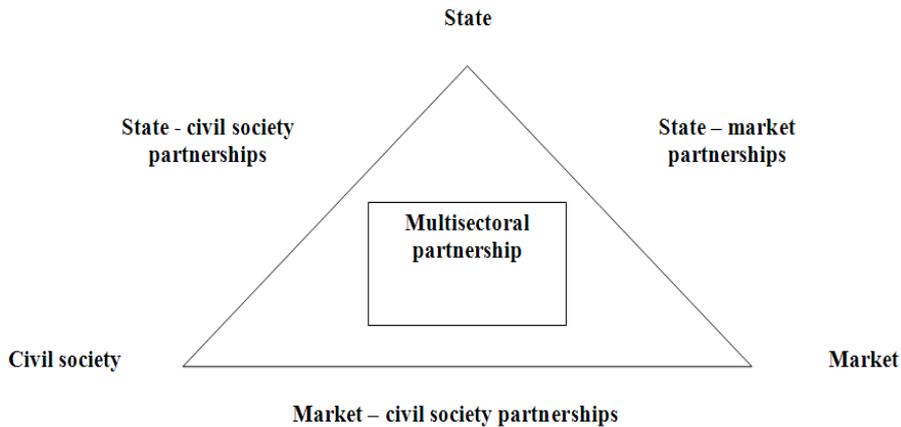
Source: Andersen S.K., and Mailand M., 2002.

J. L. Crompton described inter-organizational relations between the public sector and the commercial sector for the purpose of building recreational facilities. He developed three categories of relationships: a) using existing commercial facilities; where the local government leases commercial building instead of developing/building their own; b) facilitating new commercial projects; where the local government motivates capital commercial investment by producing minimal public resources; and c) joint development with the commercial sector, where the local government matches resources with the commercial sector towards the development of facilities [Crompton J.L., 1989, pp.107-121]. In another study, Crompton investigated forces affecting the public sector when privatizing recreation services and programs. Four reasons for privatizing were outlined:

(1) frustration with the inflexibility and relatively high cost inherent in the traditional approach of direct service delivery, (2) the convergence of political agendas from both the conservative and liberal wings of political spectrum, (3) recognition of the inherent inefficiencies associated with the monopolistic supply of services, and (4) awareness of the distinction between service provision and production [Crompton J.L., 1989, p.89].

Reasons for involvement in inter-organizational relations

There is also considerable variation in the nature of the partnership relationships in which partners are involved. Various aspects of this issue were discussed, but it is useful at this point to establish the parameters within which partnership is located in terms of another set of ideal-types. Partnership is, on the one hand, located between networked (loose) and contractual (tight) forms of collaboration, involving elements of each, depending on the precise form of the partnership in question. At the same time, partnership is also located on the spectrum between hierarchical and associational organizational forms—and again different partnerships display elements of both (Figure 2) – [Geddes M., 2010, p. 214].

Figure 2. Partnership and other ideal types

Hierarchy

Network _____ Partnership _____ Contract

Association
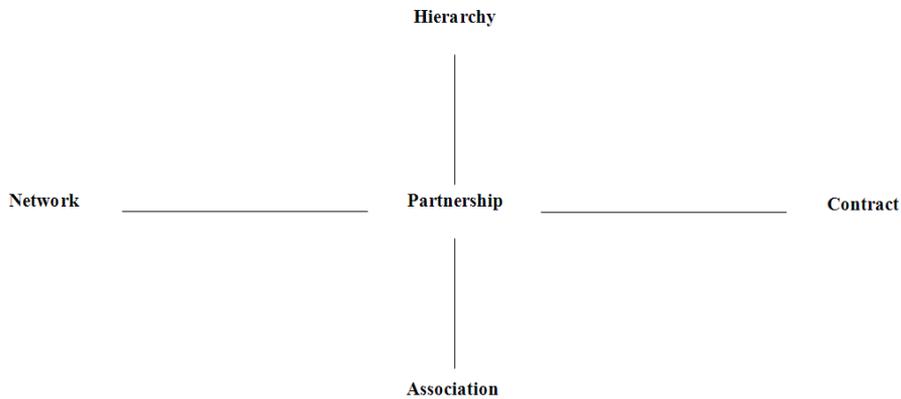
Source: Geddes M., 2010, p. 214.

There are many reasons for entering partnerships with other organizations. Determining these reasons becomes the first step towards establishing effective partnerships. The reasons for involvement in inter-organizational relationships differ from one organization to the next, according to the organization's needs. However, commonalities have been found in the motives behind partnerships. Oliver has uncovered six determinants or motives for establishing alliances with other organizations. These determinants are: reciprocity, efficiency, stability, legitimacy, necessity, and asymmetry [Oliver C., 1990, pp. 241-256]. Even though these determinants are described separately, their influence and interaction on one another is essential to note. Organizations have many reasons for being involved in partnerships. When explaining the following reasons for involvement, it is important to acknowledge that some of these reasons overlap.

a) Reciprocity

Reciprocity describes an organization's motives to cooperate, collaborate and coordinate with potential partners [Oliver C., 1990, pp. 241-256], creating a certain interdependence with potential partners. The concept of reciprocity occurs when both partners are pursuing the same goals and interest. To improve community welfare and leisure opportunities for all community members is one reason why the local government and community organizations join their efforts.

b) Efficiency

Efficiency, is linked to an organization's needs to increase and improve its "input/output" by controlling environmental and organizational resources [Oliver C., 1990, pp. 241-256]. In time when resources are scarce and competition is high, it becomes essential for an organization to be more efficient in its operation. The search for external resources is viewed by many authors as the primary reasons for establishing partnerships and is used to analyze inter-organizational relations, defining it as the resource dependency framework.

c) Stability

Stability is related to the need by an organization to control environmental uncertainty [Oliver C., 1990]. In order to obtain a better control over the environment, partnerships are created. Organizational environment is defined as "everything outside an organization's boundaries" [Robbins S. P., 1990, p. 206], while environmental uncertainty is defined as "the degree of heterogeneity and concentration among environmental elements" [Robbins S. P., 1990, p. 219].

d) Legitimacy

Another reasons for involvement is the need for legitimacy. It represents the need for an organization to conform to societal norms, values, rules, and expectations [Oliver C., 1990, pp. 241-256]. In some instances, one partner may need or wish to establish a partnership with another organization for the credibility and reputation of the partner-organization. It has been process [Rourke F.E., 1984] have been identified as key resources. Political advocacy, legitimization and legislative policy process are all related to an organization's ability to establish strong relationships with politicians and legislators, consequently leading to its acceptance and success in the community. Gaining community legitimacy is perceived as essential in the development of community programs.

e) Necessity

Another determinant for establishing partnerships is by necessity. Necessity is defined as the need for establishing linkages "in order to meet necessary legal

or regulatory requirements [Oliver C., 1991, p.243]. This reason for involvement is not relevant to the purpose of this study, given local governments and community organizations are not forced in entering partnerships with one another. Even though the establishment of partnerships is sometimes perceived a need for these partners in order to deliver some public services, both partners are voluntarily involved in the partnership process.

f) Asymmetry

Finally the last reason for involvement in the establishment of partnerships is asymmetry. Asymmetry is described as the exercise of power and control of one organization over another for its resources [Oliver C., 1990, pp. 241-256]. For the purpose of this study, the asymmetry element is not applicable due to the mandate of the public sector. This reason may not be relevant given the fact that local governments tend to assume a facilitator role when entering partnerships as opposed to a directive role [Vail S., 1992]. In most cases, local governments enter partnerships in order to maintain the same level of public services accessible to their community without any tax increase [Thibault L. et al., 1999, pp.124-141]. Local governments have not intention in taking over a service or an organization.

From the research reviewed in the previous part of the paper, it is clear that the establishment of linkages with other community organizations, non-profit or the commercial sector, is now perceived favourably and widely used by local governments as a strategy to fulfill the needs of the community with regard to the provision of public services.

Inter-organizational relations in communes and their role in the development of the units

Regional and local development is a process of changes in the system, taking into account its needs and appropriate goals, preferences and the hierarchy of values that make up its economy. The objectives of this development are universal, but in certain circumstances makes their realization (e.g. through the development of tourist activities). Each regional and local system has its own objectives tree, corresponding to the existing capabilities and expectations [Wojtasiewicz L., 1997, pp. 8-9]. The basic objectives of development can be viewed in four dimensions:
– Meeting the basic needs of the population;
– Using of owned resources and existing opportunities to create economic development and entrepreneurship such as rural tourism development;
– Improvement of operations and ensuring the integral development of a sustainable type and an efficient functioning of all entities and institutions at the local unit;
– Reliability of systems` functioning and their proper "powering" in resources.

These objectives are related to the achievement of tasks, included in programs or development strategies such as creating a climate for the location and good for business, setting up new ventures, employment, etc., including the definition of growth factors. Growth factors are generally followed the use of the following issues [Trojanek M., 1994, p. 45]:

– Utility values produced by nature (e.g. natural resources, soil);
– Utility values generated by humans (e.g. production facilities, frastructure);
– Workforce (size and structure, skills, motivation, etc.);
– Cultural and economic traditions of the area (e.g. economic performance);
– Institutions for the development and promotion of the area (e.g. banks, business incubators, development agencies);
– Attractiveness of residence (e.g. land use, landscape, environment).

All these factors may be essential for the development of the area (region, local scale) if there will be created the conditions for their use and the interface with existing circumstances. The fact that factors have (or will have) a decisive role shows the strategic decision analysis, including strengths and weaknesses of the area and the opportunities and risks for its development. This indicates the validity of the identification and preparation of the strategy which is usually the basic element of development and the policy of regional and local authorities [Wiatrak A., 2006, p. 13].

Regional and local development involves a process of positive change, the quantitative increase and qualitative progress whereas the management of this development is its evolution through its impact on economic entities using different types of legal, economic, institutional, promotional and information instruments. However it should be taken into account that this effect is primarily an incentive from which economic entities can benefit (internal and external ones), but not necessarily. Consequently, many people emphasize that we are not dealing with the management of the region (and relevant local scale) but the management in the region [Olesiński Z., 2005, p. 14]. Such a definition can be accepted as regional or local authorities cannot force entrepreneurs to take a specific project. It is always a choice of entrepreneurs but by way of business (or continuing to take a new one) they must take into account the existing system of regulation and interaction of state and local governments. Therefore, the important role has a developed system of regulations and interactions and its flexibility to existing conditions because it largely determines its effectiveness. Adaptation to the existing system of regulations can be regarded as management of regional development or local one. It should also be taken into account that part of the task is carried out directly by the public organizations (e.g. infrastructure) or in a safety way by public-private partnerships, and so in this case we are dealing with development management in a regional and local scale.

Management is the process of making the many different bodies in charge of - interrelated - decisions and actions that aim to ensure the functioning of such

organizations in order to efficiently, effectively and efficiently its objectives have been achieved.

The process consists of the following management functions: planning and decision making, organization, interaction with people (motivation, leadership, communication, etc.) and monitoring. All management functions are also relevant to the management of regional and local development, but in this case the basis for action is planning, especially strategic planning - to prepare the strategy and identification of further courses of action, which is cyclical. The particular role of regional planning in systems is due to the unequal development between regions, the emergence of problem regions, disruption of economic and social equilibrium, and with it the need for interaction, allowing use of existing factors of development.

Another important function of management in local or regional systems is the interaction with people which includes cooperation both in the preparation of plans and their implementation. Here is important an approach to people, their ability to act but also by his own example to encourage (action) or explaining the need for specific action, including training and consultancy. The involvement of people of authority (administrative or local government) can be a motivator to work, shaping the patterns of behavior and a partner leadership [Wiatrak A., 2005, p. 42 and next]. This should be a participatory approach, taking account of local leaders in the field of an economic and non-economic life. Concerning this management function, you need to take into account that its scope changes on the regional and local levels. In the first case, this function relates to the wider setting of development directions and coordinate their implementation, while in the second - mainly to ensure cooperation and ties between people, including motivating. It should also be taken into account that the managers of the municipality, county or province requires a competence in the work, forward-looking attitude, ability to inspire, but also challenge the action which ca be inappropriate in some circumstances. Important are also the skills of negotiation and conflict resolution.

Organizing in the regional and local systems concerns primarily the functioning of various institutions, the coordination of their activities and the emergence of new ones which should foster the implementation of planned objectives (e.g. creation of development agencies, foundations, incubators and business support centers, associations and business and non-economic associations etc.). In the process of territorial management units there may be distinguished managing people and objects of managing. For example, in the municipality of the first group include: the municipal council and its committees, community board, mayor, mayor or city president, secretary and treasurer of the municipality while the second group consists of: municipal companies (e.g. in water), institutions (health and social care, education, etc.), business entities

in the municipality, farms, village councils, individuals (local communities), organizations (social, cultural, political), etc.

Organizational actions taken by these measures, as well as the use of institutions, marketing activities in the region (county, municipality) should focus mainly on ensuring the realization of the action plans and development strategies, because the organizational structure should reflect the needs of management. Consequently, the resulting institutions or teams can be either permanent or interim (until completion of tasks). It should be emphasized that the community of the area has greater skills and the organizational culture, the more the organization is moving towards cooperation, joint decision-making. Controlling is focused on the acquisition and use of human resources, material, financial and information services, so as to ensure the achievement of the objectives of the organization in accordance with the principle of economy, ranging from the planning stage and ending with the implementation of the adopted plans. Controlling should give the answer if:

– The objectives have been properly defined and they lead to their current evaluation of the implementation and make the appropriate corrections;
– The taken activities are effective and are properly adjusted and they take into account the assistance programs (e.g. within the European Union structural funds);
– Actions are monitored and information on the financial side of the strategy is available;
– The achieved results have been disseminated,
– There was a learning process and the inclusion of the population in the implementation of the strategy.

Cyclicality of management of regional development or local one due to the nature of the activities and their implementation. One of them ends and another begins. This results both from the area strategy to be pursued, and its continuation or modification, depending on existing circumstances. The important part here is the acceptance by the inhabitants of the area and their activity in achieving the development goals, working plans and directions for further action. It should be also taken into account to compare the possible courses of action depending on the capabilities of their finance and monitoring and evaluation of actions implemented. Such a procedure is possible thanks to goals that - if they are well defined - the following functions: planning, organizing, coordinating and integrating, motivating and control. These functions are universal in nature, resulting from various stages of the management structure and contributing to the achievement of the objectives [Wiatrak A., 2006, pp. 14-16].

Analysis of the management process focuses on the dependencies that occur between entities and facilities management, and therefore in local development are very important Inter-Organizational relationships.

Thus, relationships can be interpreted as a kind of relationship and interdependence between the switched lowing individuals and entities of the economic system. As a result of good relations and dialogue creates a system of values showing the relationship of trust and satisfaction. Currently, more and more we see the essence of the relationship not only with respect to the company-client system, but also as regards the municipality one or the region one.

Create positive relations in the system of the municipality or region, bringing tangible benefits, because:
– Let create a positive relationship between the inhabitants of the municipality and the residents and the authorities, which in turn will help implement a development strategy based on local communities;
– Cooperation between the entities of local governments and higher order gives opportunities to share experiences and undertake joint actions to implement the relevant projects;
– Appropriate investor relations make it possible to develop the region by improving infrastructure, creating jobs and tourism development;
– Enable efficient management of municipal finances;
– Give more opportunities to raise aid funds of the European Union [Chlipała P., Rutkowski M., 2004, pp. 21-22].

Key areas between which we should develop appropriate community relations in the system (Figure 3) relate primarily to intra-regional co-operation between residents, authorities, institutions and businesses in order to create a development vision and a clear image of the municipality, which will achieve competitive advantage in the long term. Developing partnerships in the region is a process of interdependent, dynamic and holistic activities, which means that it is difficult to identify which areas of relationship are the most important because all are closely linked to some extent. Residents, enterprises, institutions, local authorities, as well as visitors to the region, natural and economic values and the external environment create a peculiar system of elements among which can and should occur the appropriate links and relationships [Mruk H., 2004, pp.273-275].

Figure 3. The spheres of relations` creation in the region
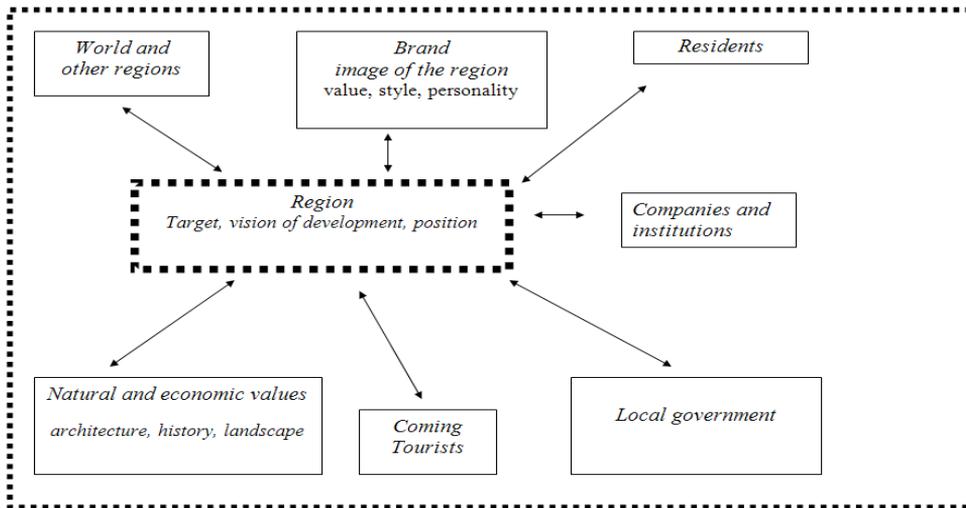
Source: Mruk H., 2004, pp.274.

The problem of regional relations and related to this the improvement of entities` relations in a regional arrangement must be resolved taking into account the importance of competition between different areas as the history and reality shows that wins the competition areas that make better use of regional resources and mutual relationship, creating a long-term co-partnership [Styś A., Styś S., 2004,pp. 347-352].

Among the development of mankind, in every aspect of its life, including the seemingly chaotic weave all sorts of active forces (including market forces) can be presented in two main elements of development: a factor that is selfish rivalry, competition, and altruistic, characterized by a concern not only about their own destiny but also about the fate of others, or cooperation. One of the main symptoms of a factor of solidarity, cooperation in social and economic life is the affiliation of the units to achieve specific common goals. The idea of cooperation, contrasted with the selfishness of the dominant world of private interest is the most constructive element in overcoming the difficulties associated with the fragmentation of Polish agriculture. The main premise of cooperation is a response to the rules set by the agriculture-food industry and dealers in terms of market forces. Solving problems is an appropriate strategy for the organization to formulate goals and objectives. The essence of the organization's strategy is to create the social foundations of motivation for commitment and loyalty, they are conditioned by the ultimate success of the group for which the fundamental values of equality, respect, team spirit, commitment, shared problem-solving. A

group is a democratic control, authentic social processes, mutual understanding, trust, acceptance. Units are organized in order to achieve certain benefits in accordance with the principle that "no single person, even the strongest, is not able to achieve the goal without the support of others" [Woźniak M., Lechwar M., 2009, p.140].

Conclusions

Formally, the objective of many partnerships is to secure high levels of involvement and commitment from all partners. However, most partnerships are characterized by serious inequalities of power and capacity among partners. Given the lead role of local and regional governments in many partnerships, local and regional authorities frequently make primary contributions. Indeed, the problem with the role of the local authority may be that it is seen to be too dominant, excluding or marginalizing other partners' interests. However, the major local government contribution to partnerships often tends to come from officials. Sometimes it is very hard to determine the level of partnership in the local area but it should be highlighted that a long-term cooperation among dependent entities can lead to the creation of relations between them and next deeper relationships and at the end even loyalty of partners towards each other.

References

Andersen, S.K., and Mailand, M. (ed.), *The role of employers and trade unions in multipartite social partnerships,* The Copenhagen Centre, Copenhagen 2002.

Crompton J.L., A taxonomy of public-commercial joint ventures, Loisir et societe/ Society and Leisure 12(1), 1989.

Cropper, M. Ebers, C. Huxham, P. Smith Ring (ed.), *The Oxford Handbook of INTER-ORGANIZATIONAL RELATIONS*, Oxford University Press, Oxford and New York 2010.

Chlipała P., Rutkowski M., *Relacje samorządu terytorialnego z otoczeniem w świetle badań gmin województwa małopolskiego,* [in] J. Karwowski (ed.), *Lokalne układy partnerskie.* Uniwersytet Szczeciński, Szczecin 2004.

Fenell M.L., Ross C.O. and Warnecke R.B., *Organizational environment and network structure*, [in] Research in the Sociology of Organizations, Vol. 5, 1987.

Geddes, M., *Inter-organizational relationships in local and regional development partnerships* [in] S. Cropper, M. Ebers, C. Huxham, P. Smith Ring (ed.) *The Oxford Handbook of INTER-ORGANIZATIONAL RELATIONS*, Oxford University Press, Oxford and New York 2010.

Mruk H., *Uwarunkowania marketingu partnerskiego w regionie,* [in] J. Karwowski (ed.), *Lokalne układy partnerskie*. Uniwersytet Szczeciński, Szczecin 2004.

Olesiński Z., *Zarządzanie w regionie. Polska- Europa- Świat*. Difin, Warszawa 2005.

Oliver C., *Determinants of interorganizational relationships: Integration and future direction* [in] Academy of Manangement Review 15(2), 1990;

Oliver C., *Network relations and loss of organizational autonomy* [in] Human relations 44(9), 1991.

Parsons M., *Towards community development* [in] Recreation Canada 48(1), 1990.

Pennings J.D., *Strategically interdependent organizations* [in] Nystrom P.C. and Starbuck W.H. (ed.) *Handbook of organizational design*, Oxford University Press, New York 1981.

Report "The collaboration advantage. Customer-focused partnerships in a global market", Economist Intelligence Unit Limited London, New York, Hong Kong 2008.

Robbins S. P., Organization theory: Structure, design and applications, NJ: Prentice Hall, Englewood Cliffs, New Jersey 1990.

Rourke F.E., Bureaucracy, politics, and public policy, MA: Little Brown and Co., Boston 1984.

Styś A., Styś S., Problematyka relacji w marketingu [in] Karwowski J. (ed.) Lokalne układy partnerskie, Uniwersytet Szczeciński, Szczecin 2004.

Thibault L., Frisby W., and Kikulis L.M., Interorganisational linkages as a strategic response to change: The case of public community sport and leisure [in] Davis I. and Wolsencroft E. (ed.) Fifth congress of the European association for sport management conference proceedings, European Association for Sport Management, Glasgow, UK 1997.

Thibault L. Frisby W., and Kikulis L.M., Interorganizational linkages in the delivery of local leisure services in Canada: Responding to economic, political and social pressures [in] Managing leisure 4, 1999.

Trojanek M., Oddziaływanie władzy lokalnej na efektywność przedsięwzięć inwestycyjnych, Zeszyty Naukowe AE w Poznaniu, seria II, z. 137, Poznań 1994.

Vail S., Toward improving sport delivery: A community perspective [in] Journal of Applied Recreation Research 17 (3) 1992.

Vail S., Better together: Partnership building between recreation and sport leaders [In] 1994

Wiatrak A., Uspołecznienie przygotowania i realizacji strategii rozwoju gminy [in] Zarządzanie rozwojem lokalnym, Wyd. Fundacja Współczesne Zarządzanie, Białystok 2005.

Wiatrak A., Skala regionalna i lokalna – istota, rozwój i zarządzanie [in] Problemy zarządzania. Zeszyty Naukowe nr3/2006, Uniwersytet Warszawski, Warszawa 2006.

Wojtasiewicz L., Czynniki rozwoju lokalnego – nowe ujęcia metodologiczne [in] Problematyka rozwoju lokalnego w warunkach transformacji systemowej, PWN, Biuletyn KPZK, Zeszyt 177, Warszawa 1997.

Woźniak M., Lechwar M., Relacje społeczne jako kapitał i szansa rozwoju regionów na przykładzie Doliny Strugu [in] J. Toruński (ed.) Regionalny wymiar kapitału relacyjnego, Wydawnictwo Studio Emka, Warszawa 2009.

Abstract

The main purpose of the text is to identify and understand the issues of inter-organizational relations in local government units. Briefly, IOR (Inter-organizational Relations) is concerned with relations between organizations, but it can be interpreted at different levels. That is why, it is commonly known that local government units are able to create relations, but on the other hand, to function in the region they are obliged to fulfill the needs of the community. In the contemporary world each local government unit must take care of the position in the region and as well as of gaining funds for further development. In order to be a cooperative leader in the region, local government unit should use inter-organizational relations with their all partners.

Renata Winkler
Cracow University of Economics

Effective leadership: what kind of skills and competencies should a cross-culture leader possess?

1. Introduction

The unique character of conditions in which contemporary organizations find themselves functioning nowadays can best be captured by a quote from Heraclitus: "Change is the only unchangeable thing", and clarified further by a statement from I.I. Mitroff, who said that "for all practical purposes, all business today is global" [Adler N.J., 2002, p. 236]. The constantly progressing globalization of business entails changes in strategy, structure and managers' competencies. The way of leading organizations is continually transforming, prompted by ongoing demographical changes, the emergence of new work ethics, unprecedented development of information technologies, increasing role of education and science, growing significance of flexibility in organizations, and also due to uncertainty, both internal and external, aroused by these unrelenting changes internal and external uncertainty resulting from ongoing changes and linking individual initiative with organizational goals [Karaszewski R., 2010, p. 407]. One of the challenges up to which organizations must face today is the rapidly increasing heterogeneity of their staff. For many reasons, cross-cultural cooperation presents an overwhelming problem (particularly in the case of intercultural personnel) for all the involved parties. We come from different cultural backgrounds, imbued with different systems of values determining the way in which we perceive, interpret and react to the world; in a work environment, where cooperation is pivotal, these differences become not only the source of ambiguity and insecurity, but also cause misunderstandings which adversely affect the atmosphere, and, consequently, its overall efficiency.

Therefore, for purely practical reasons, we can recently observe a gradual increase of interest in such issues as skills, qualities, abilities and knowledge necessary for effective leadership in a culturally diverse organization. This article aims to discuss the most frequently encountered problems arising from a high level of employee cultural heterogeneity, and, in that context, to review and analyze competence profiles of cross-cultural leaders, based on reference literature.

2. Challenges and paradoxes in managing multicultural staff

Because cross-cultural leaders have to deal with the specificity of a multicultural work environment while simultaneously attempting to reach the highest possible management effectiveness, they must be able to skillfully balance and optimize contradictory or mutually exclusive options and tendencies within the organization. According to B. Fisher–Yoshida and K. Geller [2008, pp. 48-49], these challenges, often intrinsically self-contradictory, can be divided into following categories:

1. paradox of knowing
2. paradox of focus
3. paradox of communication
4. paradox of action
5. paradox of response

Re 1. Paradox of knowing refers to the situation in which *a cross-cultural leader is conscious of, and respects both his own and a foreign culture.* On the one hand, it seems commendable that a leader who has to work with culturally diverse staff should be able to „suspend" his own cultural background, and forgo, for the time being, his own values and principles, while he embraces the new, foreign ones. However, such process calls for very specific personality traits and requires investing a tremendous amount of cognitive energy and time into getting to know other cultures, while these particular commodities cross-cultural leaders, given the highly demanding character of their work, can hardly afford to spare. It has been established that in order to be successful in that area, leaders must:

– cultivate cultural sensitivity;
– develop awareness and knowledge regarding formative factors responsible in a given culture[1] for shaping the mindsets of individuals in respect of perception, feelings, concluding and reacting. It entails familiarizing oneself with fundamental principles, rules, standards, assumptions, meanings, ideas, values and beliefs specific for these cultures;
– be aware of the ways in which these conditions might influence group processes;
– be able to refrain from passing judgment;
– be capable of self-criticism.

[1]   Both his own, and foreign cultures.

On the other hand, when a manager meets all the above conditions, having accepted and internalized foreign values and behavioral models, he loses credibility in the eyes of his staff [2], and additionally suffers on a personal level, as he succumbs to a cultural identity crisis.

Re 2. Paradox of focus ensues from *the tension between individual focus and group focus*. In individualistic cultures taking individual, independent decisions is viewed as natural. Also, confrontations of opposite points of view are considered standard procedure and do not adversely affect relationships between colleagues in a workplace. The same refers to evaluating by managers the competencies of employees and partners; that the results of that evaluation are taken into account and affect management's future decisions is also seen as natural. In contrast, in collectivistic cultures, an employee who has taken an independent decision, instead of drawing praise may be viewed as disrespectful towards other coworkers, his action considered selfish, sometimes to the point of being interpreted as a breach of loyalty. Similarly frowned upon in collectivistic cultures is a management style which favors confrontation of opposing ideas, or relies in decision-making on employee competence appraisal, instead of considering, in that respect, the character of relationships existing between the workers. Also worth noting is the fact that the individualistic approach is defined by a lesser, in comparison with the collectivistic one, distance between management and staff. Different cultural conditioning teaches people to perceive different things as normal, or unquestionably natural and humane [compare Ferraro G.P., 2002, p. 4]. Therefore, a culturally diverse organization is a place where antagonistic expectations and standards are bound to clash. Leaders of multicultural teams are faced with the necessity to embrace these frequently rival perspectives, and make them work effectively and harmoniously together.

Re 3. Paradox of communications results *from lack of common ground between direct and indirect communication styles*. Different cultures have different communication styles and patterns, which, internalized since childhood, are considered by representatives of these cultures the only natural and rational ways of expression. In direct communication style cultures, agents are expected to express their feelings and emotions freely during interaction. Appreciated is expressiveness and clarity of communication. The goal is stated directly, and the speaker makes every effort to get the message across to the listener as clearly as possible, to avoid any possible misunderstandings. Conversely, in cultures representative of indirect communication style, the speaker's emotions should never be reflected in the message, nor should they in any way affect its form. The speaker's intentions and expectations should be articulated subtly, and alluded to, rather than stated openly. Emotional restraint is highly advised and

---

[2]   In the eyes of his staff his actions cease to be intelligible and rational. A 'denationalized' manager is viewed as a stranger in either culture, and his actions are often perceived as being too cautious.

appreciated. In practice, conforming to these two entirely opposite standards is impossible. When dealing with a group consisting of persons with such mixed communication „defaults", the paradox of communication becomes painfully obvious; communication is the basis of all action, and its quality affects the performance of the whole team. A partial remedy, devised to help cross-cultural leaders deal with the problem, are thought to be training classes in dialogue techniques, focused on overcoming culture-specific differences in communication styles.

Re 4. Paradox of action. This paradox describes *culture-specific differences in styles of operation,* which, according to B. Fisher–Yoshida and K. Geller [2008, p. 47] can be either „process participative" or „process formative". A style specific for a given culture determines the way in which this culture approaches tasks, and also what values it appreciates the most, and what it sees as priorities. In organizations preferring the „process participative" approach, a manager who does not get involved, who does not devote his time to explain, understand, think through and plan every stage of the task, will elicit neither the support, nor the commitment from his team. On the other hand, staff members accustomed to the „process formative" style, will expect concrete decisions and prompt acting upon them; they are also more likely to focus on estimating possible losses, instead of concentrating on long-term advantages a given activity may bring. Having to cooperate with a team discordant in this respect, a manager faces another paradox. How he manages to cope with it to a great extent affects the credibility of his competency in the eyes of his employees, as well as his prestige, level of commitment of his subordinates to the task, and the organization itself.

Re 5. Paradox of response. This type of paradox ensues from the differences between short-term orientation cultures and long-term-orientation ones in defining such fundamental categories as *future, present* and *past* (and, consequently, in defining notions such as *punctually, already/yet, in a moment, soon*), and from discrepancies in *understanding the notion of responsibility for the consequences of currently undertaken actions.*

Aside from the paradoxes listed and briefly discussed above, a leader in a multicultural organization must also be prepared to face, in the case of geographically dispersed companies (virtual teams, where employees work together on a long-distance basis), other challenges, such as [Brake T., Walker D.M., Walker T.T.,1995, p. 229]:
– absence of, due to time zones differences, common business hours reflecting the regular working schedule in a given country;
– no possiblity of direct, face to face contact (communicating solely via phone, videoconferencing, e-mail, intranet/Internet);
– differences regarding the status in various cultures of age, sex, origin.

It is worth noting here that just as there is no authoritative way of defining leadership[3] as such, it is equally difficult to provide a definitive profile of a cross-culture leader. In the case of the latter much depends on cultural makeup of the team, with whom and where they have to work, and how their work is organized from legal and technical perspectives. Still, efforts are being made to discern and describe the key factors that may contribute to the performance and effectiveness of cross-culture leaders, while simultaneously indicating that in their actions they should respect one universal rule: act "global as you must, local as you can" [Fisher–Yoshida B., Geller K., 2008, p.47].

3. The framework of cross-culture leader competency

In their book[4], which offers a comprehensive conceptual multi-faceted analysis of the term „leadership", B.M. Bass and R.R. Bass [2008, p. 23] propose to define this undoubtedly complex and multidimensional category as "the ability to influence, motivate and enable others to contribute to the effectiveness and success of organizations of which they are members". Incidentally, R. Karaszewski [2008, p. 30] arrived at similar conclusions following his survey of 222 managers employed at the biggest corporations according to Forbes Global 2000 annual ranking. He pointed out two additional aspects [Karaszewski R., 2008, p. 43]:

− leadership is an ongoing, highly dynamic process in which the driving engine is the leader's vision;
− leadership is "a function of many factors working together, comprising the leader's individual qualities, forces present in the environment, strategic perspectives, quality of his relations with his subordinates, ability of the organization to adjust to the uniqueness of the leader, his tasks, and imitators".

R. Karaszewski [2008, pp. 387-388] established[5] that a leader should be characterized by following traits and abilities:

− determination/commitment,
− insight into the future, creating visions,
− high professional competence,
− ability to inspire others,
− responsibility,
− honesty and integrity,
− ability to inspire trust,
− ability to exert influence,

[3]   There are over 350 existing definitions of "leadership" [Deng L., Gibson P., 2009, p.348].

[4]   *The Bass handbook of leadership: theory, research and managerial*. The book has had three editions up to date; for thirty-five years, since it first came out, it has been considered the bible of leadership studies.

[5]   In the course of the research he conducted to verify the most desirable managerial traits as defined by R.M. Stogdill; R.D. Mann, and R.G. Lord; C.L. De Vader, and G.M. Alliger; E.A. Locke, and S.A. Kirkpatrick; J.M. Kouzes, and B.Z. Posner.

– reliability,
– ability of objective evaluation,
– achievement drive,
– empathy.

Similar conclusions were also reached by S. Holt, R. Bjorklund, and V. Green. Having compared and analyzed the results of surveys conducted among managers in nineteen different countries, they have come up with a top 10 list of most desirable qualities (skills, abilities and personality traits) a cross-culture leader should possess[6] [Holt S., Bjorklund R., Green V., 2009, pp. 153-154]:

– responsibility/commitment,
– charisma,
– competency/experience,
– authenticity/integrity,
– drive/passion,
– intelligence,
– vision/insight into the future,
– courage/risk,
– empathy,
– eagerness.

Additionally, both R. Karaszewski and S. Holt, R. Bjorklund and V. Green note that the results distribution (frequency of indication and hierarchy of significance) are closely related to cultural conditioning of the respondees.

Comparing the above research results with the conclusions reached by V. Suutari [2002, pp. 224-226] who conducted comparative analyses of global leaders competency frameworks, it seems justifiable to mention at this point two vital positions in reference literature: the *Conceptual framework of cross-cultural leadership effectiveness,* by L. Deng and P. Gibson (figure 1), and *Factors Contributing to the Development of the Global Manager*, by T. Brake, D.M. Walker and T. T. Walker. I shall try, within the scope of this article, to present a brief summary of the content of each of these works.

During an extensive qualitative interview L. Deng and P. Gibson [2009, pp. 351-352] conducted with cross-culture leaders, they discerned an essential series of cross-cultural leadership competencies which they subsequently grouped into three categories: transformational leadership (TL), emotional intelligence (EQ) and cultural intelligence (CQ). Table 1. below features the key factors in each category, as established by L. Deng and P. Gibson.

---

[6]   When compared, the list appears very similar to R. Karaszewski's results.

Figure 1. Conceptual Framework of cross–cultural leadership effectiveness
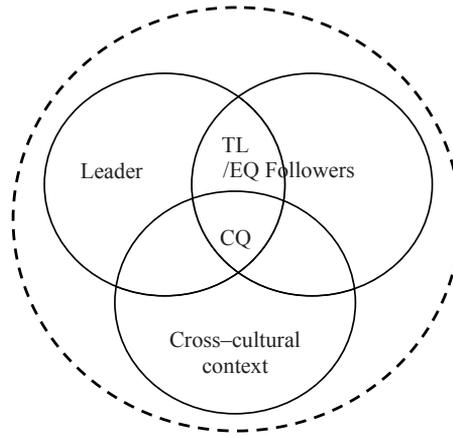
Source: [Deng L, Gibson P, 2009, p. 351].

Table 1. Factors enabling leadership effectiveness in a cross-cultural work environment:

	transformational leadership (TL)	**emotional intelligence** (EQ)	**cultural intelligence** (CQ)
Specific components /factors	— idealized influence through role modeling — inspirational motivation through vision — individualized consideration through mentoring and coaching	— self–awareness — self–management — empathy — social intelligence	— cultural awareness — motivational cultural adaptation — adaptive behavior — effective cross– cultural communication

Source: [Deng L., Gibson P., 2009, pp. 353-354].

However, according to T. Brake, D.M. Walker and T.T. Walker [1995, pp. 230], considering the specificity of challenges a cross-culture or global manager might face in a multicultural workplace, we should look for factors contributing to his success in other areas, such as:
– inclinations and personal virtues,
– competency and professional experience,

– organizational factors.

In reference to inclinations and personal virtues, the authors particularly emphasize a cross-culture leader's advantage of having multiple roots, and his exposure to cultural diversity in the immediate family (thereby he perceives a heterogenic workplace as his natural environment), also indicating as valuable in this context bilingualism and early international experience. Additionally, they regard as highly desirable such character and personality traits as: self-confidence, responsibility, curiosity, imagination, communication skills, having 'core values', career goals and expectations of life.

In reference to the second category they indicated as especially important the analytical skills and professional competency (including specialist knowledge), knowledge of other cultures acquired in the course of studies in a foreign country, acquired interpersonal skills and ability to speak foreign languages. In the area of professional experience they listed as prerequisite: early multicultural work experience, performing a broad variety of tasks in the course of professional life, and early experience in performing tasks requiring taking responsibility.

Among the organizational factors determining effective cross-cultural leadership they named: acting on behalf of the organization both locally and globally, horizontal organizational structure, clearly defined career paths for employees, hiring staff representative of minimum three different nationalities, ensuring high quality of communication processes, careful consideration when establishing professional selection criteria and making sure they are observed, encouraging development of mentoring relationships between supervisors and subordinates, and expressly show respect for all cultural factors.

The two frameworks of cross-cultural leadership competency proposed by L. Deng and P. Gibson, and T. Brake, D.M. Walker, and T.T. Walker, respectively, not only do not stand in opposition to each other, but they appear to be mutually complementary.

4. Conclusion

The complexity of issues related to the notion of leadership, and especially leadership in a multicultural organization, makes it impossible at this point to formulate unequivocal solutions. The frameworks presented above should be regarded merely as guidelines indicating what factors may turn out to be significant and advantageous for the organization from the standpoint of cross-cultural management effectiveness. Nevertheless, in the face of growing importance of issues related to the subject, such efforts are well worth taking, for as G. Colvin noticed, in his introduction to a special report for *Fortune* magazine: "Your competition can copy every advantage you've got - except one. That's why the world's best companies are realizing that no matter what business they're in, their real business is building leaders" [Colvin G., Demos T., Mero J., Elliott J., Yang J.L., 2007, p. 98].

References

Adler N.J., *Women Joining Men as Global Leaders in New Economy* [in:] *The Blackwell handbook of cross–cultural management*, M.J. Gannon i K.L. Newman (eds.), Blackwell Publishers Ltd, Oxford–Malden, 2002, pp. 236–250.

Bass B.M., Bass R.R., *Bass Handbook of Leadership: theory, research, and managerial applications*. Fourth edition, Free Press a Divisions of Simon and Schuster, Inc., USA 2008, pp. 1516.

Brake T., Walker D.M., Walker T.T., *Doing Business Internationally. The Guide to Cross–Cultural Success*, IRWIN, New York1995, pp. 283.

Colvin G., Demos T., Mero J., Elliott J., Yang J.L., *Leader Machines* [in:] "Fortune" 2007, Vol. 156, Iss. 7, pp. 98–106.

Deng L., Gibson P., *Mapping and modeling the capacities that underlie effective cross–cultural leadership: An interpretive study with practical outcomes*, [in:] "Cross Cultural Management: An International Journal" 2009, Vol. 16, No. 4, pp. 347–366.

Ferraro G.P., *The Cultural Dimension of International Business*, Prentice Hall, New Jersey 2002, pp. 214

Fisher–Yoshida B., Geller K., *Developing transnational leaders: five paradoxes for success* [in:] "Industrial and Commercial Training" 2008, Vol. 40, No. 1, pp. 42–50.

Holt S., Bjorklund R., Green V., *Leadership and Culture: Examining the Relationship between Cultural Background and Leadership Perceptions* [in:] "Journal of Global Business Issues" 2009, Vol. 3, Iss. 2, pp. 149–164.

Karaszewski R., *Leadership in global business environment through a vision creation process,* [in:]"The TQM Journal" 2010, Vol. 22, No. 4, pp. 399–409.

Karaszewski R., *Przywództwo w środowisku globalnego biznesu*, Dom Organizatora, Toruń 2008, pp. 435.

Suutari V., Global leader development: an emerging research agenda [in:] "Career Development International" 2002, Vol. 7, Iss. 4, pp. 218–233.

Abstract

The article outlines fundamental challenges and paradoxes related to managing a multicultural team, and describes and analyzes, based on reference literature, areas and individual characteristics contributing to the effectiveness and success of a cross-culture leader.

Mary Piecewicz
Ronald W. Reidy
Clark University

The Spirit of Innovation in a Culturally Diverse Global Enterprise

Methods

The focus of our research was taken from a qualitative perspective. Our hypothesis was that *Innovation* is successful and sustainable when two critical factors are present – *Leadership Capability* and a defined *Communication Process*. This (a priori) predetermined assumption (O'Leary, 2010) stems from our professional expertise, academic experiences and an extensive review of existing literature. Our survey was conducted to verify our hypothesis through direct input from professionals across multiple knowledge-based industries around the world.

We applied five preliminary steps in the formulation of the research survey:

1. Defining the question under investigation
2. Designing the research methodology (including Literature Review)
3. Collecting the data
4. Analyzing the data
5. Reporting the findings

Our methodology consisted of administrating a cross-functionally designed survey to gather pertinent information from a specific population at a single point of time. The survey was conducted from 2 July 2010 through 4 August 2010. We utilized a standard online survey service that ensured a consistency in responses. (Our chosen survey application is Section 508 Certified under US Federal Law). Our survey instrument consisted of six segments utilizing both open-ended and closed questions:

1. Introduction – Purpose of Survey

2. Demographic Profile
3. Organizational Culture
4. Organizational Communication
5. Leadership and Innovation
6. Respondent's View on Leadership and Innovation

The closed ended questions utilized category choices, multiple choice and Likert Scale responses.The target population was working professionals. The survey was made available through various public distribution lists (academic, alumni, professional organizations, and networked social groups.) Our survey followed standard data privacy, security and intent-to-use disclaimers. All steps were taken to ensure our survey questions were impersonal. Question sequencing followed from general to specific and similar content was placed together in the survey instrument.

Survey responses were anonymous. When unique or unusual terms were used in the survey, clear definitions were provided to avoid confusion or misinterpretation. (We created a defined set of *Operational Definitions* for the survey construction as well as for the composition of the final research paper. Industry categories were taken from 2010 U.S. Labor Board definitions. A total of 230 respondents completed the online survey. Baseline response data forms the respondent profile as depicted in Figure 1 *"At-A-Glance: Respondent Profile"*. Our analysis was done on baseline data as well as filtered and crossed-tab results for greater granularity of the analysis.

As our research topic revolves around organizational skills*(Innovation, Leadership* and *Communication* within an enterprise), our analysis is subject to Type III error. (Type III error is asking the wrong question, but getting the correct answer.)

In some cases, respondents self-selected questions to answer that reduced our ability to generalize for the entire population surveyed. We have identified those cases where self-selection bias occurs in our detailed analysis (Figure 1).

Figure 1 At-A- Glance: Respondent Profile – 227 out 230

Years of Experience	14.5 % < 5 years	25% 5 to 15 years	60% more than 15 years				
Highest Level of Education	5.3% High School	26% College	35.2% Graduate	31% Post Graduate	13% had additional Professional Certification		

| Current Geographic Location	4.8% SE Asia	7.9% Eastern Europe	4.8% Western Europe	1.3% Middle East	76.2% North America	3.1% South America	1.8% Other
Job Level	55% Subject Matter Expert	23% Supervisor/ Manager	9.3% Director	13% Executive			
Industry (top ranked)	30% Technology	9.3% Professional Consulting	8.4% Education	8.4% Health Care	8.0% Manufacturing	4.4% Telecom	2.2% Trade
Corporation Type	59% multi-national	41% non-multinational					

Innovation has become a ubiquitous term that is utilized today by globalbusinesses. The meaning of Innovation varies depending on the age of the industry, global business experience, and management understanding and commitment to the innovation process. For purposes of our discussion, we have defined Innovation as:

– An adaption of an existing method or process to a new situation;
– An amalgamation of an existing method or process in a new application;
– Or a completely new idea or product/service

We purport that the "The Spirit of Innovation" is not an isolated phenomenon nor is it a solitary event. Rather, innovation is driven by multiple elements that are transacted within a sustainable system framework. These elements, or system components, exist in a highly communicative environment providing strategic support and continuous feedback throughout the enterprise. We term this system model the *Sustainable Transformation System* (STS) (Figure 2).

The STS model allows innovation to incubate through organizational leadership. This model represents the enterprise, which for purposes of this research includes personnel at the individual contributor and management levels. Senior management leadership is designated separately to emphasize their role in setting overall organizational strategy. Both the enterprise and leadership levels share a common environment, strategy, and set of organizational assets. Interspersed within, and surrounding the components of the STS model, is a Communication layer. It is through this layer that the Leadership defines the environment, determines available organizational assets, and provides strategic direction to the enterprise.

Figure 2: *Sustainable Transformation System (STS)*
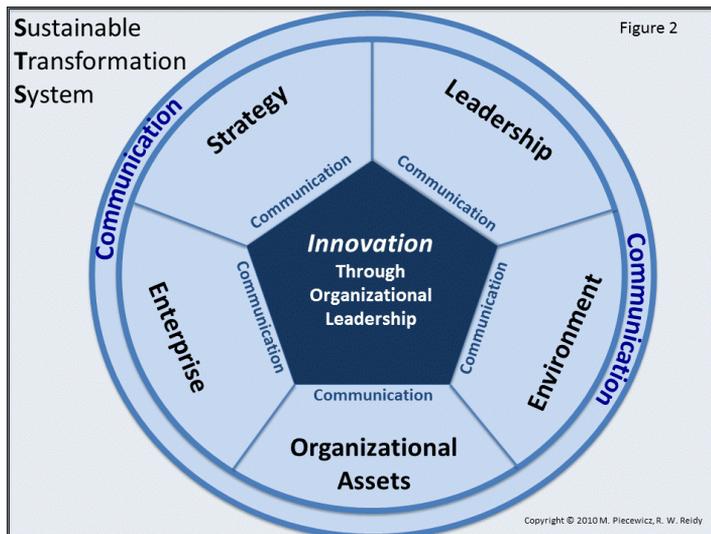
Ponder, (1998, p.1), states "Leadership is the ability to get the right things accomplished at the right time with the assistance of other people." He further asserts that these leaders are "ordinary individuals usually placed in a position of responsibility." We contend, and our survey confirms that leadership is a necessary criterion to spark innovation. 71.3% of respondents indicated that the presence of leadership was critical in promoting an innovative environment. Innovative organizations do not restrict leadership opportunities in high profile programs only to senior management level but encourage employees at the enterprise level as well. Does this sharing of leadership really occur in organizations? Our respondents overwhelmingly indicated (79.2%) that their organizations do in fact promote this type of behavior.

Building a leadership-centered environment as part of the corporate strategy and institutionalizing it is the "ultimate act of leadership." It is in these cultures where strong leadership is valued, Kotter, (1999, p.65). To build a leadership culture one must first have a learning culture. Learning organizations provide supportive environments, concrete processes, and positive reinforcement from senior management. These elements are considered the "building blocks of the learning organization," (Garvin, Edmonson & Gino). These building blocks empower individuals to embrace and promote the opportunities for leadership. Not all of leadership tasks are grandiose in nature and are often unremarkable and mundane. Dubrin (2001) notes that mundane activities encountered by leaders are not frequently represented in management and leadership studies. These activities include informal discussions where extraordinary dialogue and listening skills are required, (as cited by Alvesson, Sveningsson, 2003). For

example, the mundane management activities within the leadership paradigm tend to fall towards the transactional side of the leadership equation as pointed out by Bass (1985b, 1990a) and requires communicative competence in negotiating leader-member transactions to be successfully executed. Barge (1994) indicates that in addition to day-to-day activities true leaders are communication focused and exhibit "charisma, individual consideration, and intellectual stimulation," (as cited by Flauto, 1999). Development of leadership skills does not automatically occur. Rather, "leaders have the responsibility to correctly train their subordinates and then develop them into productive and contributing members of their team...well-trained workers, coupled with effective leadership, are an essential part of what makes an organization successful," Ponder, (1998, p.89). Respondents in our survey (65.1%) stated that their organization offered training/mentoring programs to assist in developing innovative skills. According to a survey from IBM's Institute for Business Value, one competency area Chief Executive Officers (CEOs) value highly is creativity. "CEOs who select creativity as a leading competency are far more likely to pursue innovation through business model change," (as cited by Kern). Our respondents (83.7%) concur, and noted that their organizations encouraged creativity and innovation in their workplace. Today, in addition to task skills, one essential area of training is that of intercultural awareness. Reidy (2010) has argued "businesses must develop cultural sensitivity to communications between people from different centralized and distributed subsystems and cultures. This cultural sensitivity, or awareness, is critical to consistency of strategy, process, communication and improved employee and customer loyalty through the value chain and in the reduction of barriers and the potential prevention of organizational silos." We deem it is the role of leadership within the organizational structure to include these concepts in the overall business strategy.

For purposes of this research study, the term "business strategy" refers to a long-term plan of action designed to achieve a particular goal or set of goals or objectives. This strategy is the roadmap for management to strengthen and improve the performance of the enterprise. In essence, strategy dictates how a business should be conducted in order to achieve desired goals. It is dispersed via organizational communications allowing tactical execution by all business functions. "The first building block of the people process is its linkage to strategic milestones over the near (0-2) years, medium (2-5 years), and the long terms, as well as the operating plan targets. Business leaders create this linkage by making sure they have the right kinds and numbers of people to execute the strategy," Bossidy, Charan, (2002, pg. 148). This also means that the proper business processes are in place to facilitate consistent and repeatable performance. According to Senge et al, (1994, pg. 437 & 438), there are five elements a leadership team must drive if they wish to adopt a learning agenda:

"Shared Vision, Organizational Assessment; Strategy as a Learning Activity, Organizational Strategy, and Organizational Change." A shared vision refers to engagement of the entire organization's participation, e.g., the "Spirit of Innovation". Organizational Assessment is the unbiased in-depth review of the organization for strengths and weaknesses. Strategy as a Learning Activity reflects a participative process by the collective to think differently in creating a strategy that reinvents the business or organization. It is not strategy created by the few that is given to the many to execute on. Organizational strategy encompasses all functions within the organization and evaluates them based on what the new strategy requires from a support perspective. Organization Change relates to the collective organization to change and maintain behaviors in a totally committed and sustainable manner. We agree with these premises as they relate to the development of an innovative organizational strategy to clearly define corporate vision; develop an understanding of the industry; competitors, and customers; facilitate continuous and consistent communication messaging throughout the enterprise; and, to continuously assess the organization.

Today, markets are global and businesses leaders must create and foster productive non-threatening environments for their internal cultures to thrive. These cultures include functions within the business, e.g., engineering, marketing, finance, sales, etc. and global cultures that may be internal and/or external to the business. Respondents to our survey (71.1%) believe there is an open environment of trust and mutual respect within their organizations. These organizational attributes are critical when building innovation across cultures. Earley, Ang, and Tan asserted, "A deep understanding of cultures around the world becomes imperative for effective leadership" (as cited by Moodian, Ed., 2009, pg. 191). Developing and rewarding cultural awareness and sensitivity within an organization allows for efficient communication and messaging for increased understanding. This in turn creates a baseline for cultural competence to grow. The basic principles include: management support, well-defined best practices such as respect for others – including what is acceptable and unacceptable behavior with rewards and penalties respectively, well documented processes, and a thorough understanding of the challenges working in global teams represents. Trompenaars and Hampden-Turner (1998, pgs. 161-163) describe four types of corporate images,which they define in the form of metaphors, as to how employees view their relationship to the organization: "The Family", "The Eiffel Tower", "The Guided Missile" and "The Incubator." Each metaphor has its own characteristics; however all share three aspects of organizational structure that are vital in determining the organizational culture. These are the relationship between the employee and her/his organization; the reporting structure/ system hierarchy that defines superiors and subordinates; the employee's views regarding the organization's future,raison d'ętre, organizational goals, and

where in this structure the employee feels they belong. Creating organizational awareness to models such as this will allow for greater cultural sensitivity and assist in facilitating communication and messaging throughout the organization. Supporting the findings of Trompenaars and Hampden-Turner,our respondents indicated (78.2%) that their business leadership had a clear focus and sense of direction for the future.

A critical element for a successful innovative event is the *Organizational Assets* of the enterprise. Organizational assets are defined as any formal or informal plan, process or procedure that ensures a company can effectively and efficiently continue to operate successfully. A component of Knowledge Management (*KM*) (Smith, 1998)such processes and tools are utilized by a corporation to continuously improve, maintain and exploit all knowledge based elements to achieve business goals. (Knowledge base is defined as the data, information, intuition, knowledge (know how), understanding (know why), and wisdom, residing throughout the enterprise.

An example of an organizational asset is the established procedure for managing change within the organization. The process defines how an organization is going to communicate, adapt and monitor a change event.Change management is usually a formal process, including a systematic approach and application of knowledge. It entails the definition and adoption of corporate strategies, structures, procedures, and technologies to deal with change stemming from internal and external conditions that result from an innovation.

Given that innovation by definition is a change, having an established, well-documented procedure for management of change is a prerequisite for success. In reviewing the respondent data to Question #17, 60% of the respondents agreed that their firms had established processes and procedures for identifying and resolving issues for innovative implementation. Further segmenting of the data revealed that multinational firms had a 70% positive response to this question.

In addition to a defined management of change plan, the successful company will also employ other organizational assets when implementing an innovation. Quality management procedures, risk management processes, resource planning, change management and communication plans are critical organizational assets during an innovative event. Respondent data to questions around established processes bears this out. Question #20 asked "When implementing an innovative change, my organization focuses on 'how' to implement rather than focusing on the 'why' to implement", to which 60% of respondent agreed. Parsing the response data further, 70% of multinational respondents agreed their firms had defined plans on "how" to implement vs. the 51% agreement from the non-multinational segment.

The fact that multinational respondents were more positive in their responses to Questions #17 and #20 makes logical sense. For a global enterprise

to implement a new change quickly and efficiently there has to be a well-defined and time-tested process for managing change. (It is interesting to note that the top 10 firms in the 2010 Bloomberg Business Week "Ranking *of Most Innovative Companies*" were all multinationals with well-established organizational infrastructures (Special Report - 2010 Top Innovative Companies, 2010).

All organizational assets (processes, procedures, programs) detail specific roles and responsibilities. This is especially true of a Management of Change Plan. Defining ownership and accountability to individuals or corporate functions decrease the sense of anxiety and uncertainty. The most critical responsibilities of Management of Change Plan focus on "how" the organization is going to react to an innovative event, not the "why" it is reacting. Examples of "how" planning are: Assessing Change Readiness, Preparing Functional Change Management Plans, Building Leadership Coalitions to Drive Change, and Managing Resistance to Change. The vehicle for ensuring the execution of the Management of Change Plan is the Communication Plan. A formal Communication Plan makes certain there is an understanding and participation across all levels of the enterprise. The "how" component of the Communication Plan involves the formal way the corporate change message is organized and encoded.

A large majority of respondents (61%) to Question #21 agreed that their company provided timely and frequent communication to those impacted by an innovative event. Using "company type" as a filter, multinational companies utilized frequent communication 65% vs. 51% usage by non-multinational firms. The high percentage of positive responses from multinational participants indicates that communication planning is considered essential for achieving a successful global implementation. Implementing an innovation, by definition, requires more communication than routine or standard work. Leaders, managers, employees need to connect more often, collaborate more frequently and share information more quickly.(Kouzes & Posner, 2007)

Responses to Question #27 regarding availability of adequate resources to assist employees adapt to new processes and standards, 60% of respondents agreed. There was no statistical significant difference when the data was segmented by business type. This high response rate can be easily explained due to the growing importance of resource management as a discipline in the last few years. Today, most successful corporations have processes and programs in place to ensure that the right level of skill and staffing is available. For companies to survive in the 21st century's highly competitive and innovative environment, resource planning, as an organizational asset, is critical. (Moody, 2002).

Question #29 assessed leadership engagement in monitoring and evaluating impacts of change in the organization during an innovative event. Sixty five percent (65%) of respondents agreed with this statement. Company type did not have any bearing or impact on this response. This data verifies the notion that an

engaged leader who monitors the impact of innovation is more likely to succeed with his/her transformation across the enterprise. (Kotter, 2007; Cohen, 2002)

Directing and managing an innovative event requires a set of organizational assets that are well developed and well managed(Harrington, 2006). A requirement for managing organizational assets is the need for sustainability. This is achieved through feedback mechanisms such as debriefs or lessons learned.(Dilworth & Willis, 2003). The idea that a successful organization "must continually be absorbing new lessons in order to respond to changes in its environment is critical to a systems thinking enterprise."(Senge, 1990). As a company moves forward with today's innovative event, the organizational (tribal knowledge) assets must be modified and adapted to the new innovation(Kotter, 2007). Today's innovation is tomorrow's history and organizational assets need to be adjusted to reflect the impact of the innovation.

The lifeline of every organization – regardless of size or industry focus - is communication. Communication, the "Aqua Vita" of the enterprise, is the sustaining force in a systems thinking environment. The degree to which this life force is channeled through the organization is critical in today's globalized business environment. Today, most formalorganizational communication is focused around seven basic tenets(Cutlip, 1952) or the 7Cs checklist, which has become a de facto organizational standard:

1. *Credibility*: Communication begins in a climate of belief. This trusting atmosphere is built by the performance of the sender who should reflect an earnest desire to serve the receiver. As a result, the receiver develops a high regard for the competency of the sender.
2. *Context*: A communications program must align with the realities of its environment. Business activities must confirm, not contradict, the message.
3. *Content*: The message must have meaning and relevance for the receiver. Content determines the audience and vice versa.
4. *Clarity*: The message must be put in simple terms. Words used must have exactly the same meaning to the sender as they do to the receiver. Complex messages must be distilled into simpler terms. The farther a message must travel, the simpler it should be. (This is a crucial tenet today given the global nature of business transactions.)
5. *Continuity and Consistency*: Communication is an unending process requiring repetition to achieve understanding. Repetition, with variation, contributes to both facts and attitudes.
6. *Channels*: Use of established channels of communication is crucial. It always should be a channel the receiver uses and respects.
7. *Capability of audience*: Communication must take into account the capability of the audience. Communications are most effective when they require the least effort on the part of the recipient.

The degree to which an organization embraces these seven tenets of formal communication is directly proportional to the effectiveness of the organization to support and embrace an innovative event. For a "systems" organization, success depends on effective communication both oral and written. (Mahoney, 2002) Our research data bears out the importance of communication as a critical skill and organizational core competency. Question #33 asked respondents to rate the importance of skills of a business leader from a category of 10 leadership traits. The categories were derived from John Kotter's leadership actions for transforming an organization (Kotter, 2007). Overwhelmingly, effective communication was ranked the highest (80%). When the data is parsed based by other variables, effective communication still retains its top ranking. Filtering by business type, years of experience or job position had no statistical impact on the response. All respondents viewed communication as the critical leadership skill in an innovative situation. In response to Question #35, "To encourage the Spirit of Innovation, individuals and organizations must actively communicate to ensure a successful innovation." 86% agreed with this statement. Company type, job level or years of experience again had no bearing on the high degree of agreement with the statement.

What the data did reveal was a disconnect from the ideal state of understanding and desire for effective communication versus what is actually experienced by the members of the enterprise. Questions on the existence of effective communication within the enterprise reveal that although highly valued, effective communication does not always exist. In response to Question #22 regarding communication across enterprise functions, 64% responded that it was fair to poor. Filtering the responses by company type - multi-national (59%) vs. non multi-national (62%) revealed similar results. Question #23 dealt with communication across company geographical regions. Here again, 70% responded it was fair to poor. Cross regional communication within multinational organizations was better with only 59% responding it was fair to poor.

What these negative responses reveal is that although known to be a critical, communication does not easily crossover organizational and geographic boundaries. The potential for failed communication is multiplied when a message must cross-organizational lines and regional cultural differences. (Beamer, 2001) (Lewis, 2007). Removing such barriers would increase the flow of communication to improve efficiency and transformation. Demolishing communication silos aligns with one Deming's key 14 key principles for transforming a business. His principle Number 9 addresses breaking down communication barriers between people and departments. (Deming, 1986). The importance of communicating the message across all sectors and regions of the enterprise cannot be stressed enough. To get the enterprise to act upon an innovative event requires a 'collective" behavioral change. The communication must go beyond simply

sending/receiving a message to an internalization of the message – enough to change attitudes and behaviors.(Cohen, 2002) This can only be accomplished when barriers and obstacles to effective communication are removed.

In addition to the formal communication process within any organization, there is a parallel process – communication via the informal network. This complimentary activity fills the "white space" not covered by official organizational communication. Informal networks, established between individuals and functional units, allow communication to flow in a more dynamic and on-going fashion.(Baker, 2002) These informal connections reflect and emphasize the corporate culture and corporate messaging on a more personal basis. During a management of change event, informal communication networks help ensure that the transformation message is transmitted both laterally and diagonally among employees. Companies that exploit informal communication networks have greater probability of success for innovation or change(Cross, Parise, & Leigh, 2006). With the explosion of social media networks, employees are connecting and communicating in nanoseconds. It is incumbent on today's leaders to tap into these technical communication capabilities (Web 2.0) to help bring about new and effective organizational changes. (Argenti, 2009).

Communication must flow formally and informally; top down, bottom up and horizontally. It is leadership's main function to act as a channel of communication across the enterprise to ensure operational excellence in all cases, most importantly during an innovative event. (Barnard, 1968). Barnard, an earlier pioneer in the area of systems thinking before Peter Senge, viewed organizations as communication systems. He advocated that it is particularly important for leaders to develop a sense of common purpose and to communicate that purpose across the organization. (Common purpose can be anything from strategy execution to the implementation of an innovation). Barnard argued that is important that employees understand and accept the communication. The communication must also be consistent with the organizational goals. The concept of purpose and clarity in organizational communication is also promoted by other experts such as Karl Weick (Weick, 1995)and Gareth Morgan (Morgan, 1997).

While our survey did not touch upon the root cause of poor communication, it does underscore the importance for leaders, managers and employees to focus on how communication is managed, especially during a management of change (innovative) event. Without a comprehensive communication flow (formal and informal), the effectiveness of other components (leadership, organizational assets, environment, and strategy) is at risk. In a systems organization, the very nature of its complexity (the sum of the parts are greater than whole) requires a greater emphasis on communication. Each component within the enterprise is interdependent and communication must be managed between and among component parts.(Eric M. Eisenberg and H.L. Goodall, 2002; Senge, 1990)

As previously stated, innovation is not an isolated phenomenon nor is it a solitary event. The Spirit of Innovation requires a blend of strategy, culture/environment, communication, and leadership elements in order to maximize the innovative potential. Innovator Bob Rosenfeld (n.d.) argues that there are five principles that must be applied to successfully implement innovation within an organization. Rosenfeld postulates the process begins when people convert problems or barriers into ideas. In following Rosenfeld's thoughts on process, our respondents (83.6%) confirmed that they had the opportunity to use innovative techniques in their day-to-day tasks at their place of work. Secondly, Rosenfeld states there must be a formal or informal framework or system for innovation to exist. Within this framework there are five innovation categories. Regardless of the category, innovation demands a system or framework in order to survive. Third, passion is a required principle and is used to fuel innovation. Rosenfeld warns that with passion sometimes comes pain and leaders must balance the two. The fourth principle deals with proximity of individuals. He affirms that close proximity promotes the innovation process by allowing trust to formulate and build between individuals. Lastly, individual differences should be leveraged as they allow differing perspectives based on thought processes, cultures, and problem solving methodologies.

"Reverse innovation," according to Govindarajan, (Harvard University IdeaCast, 2009), is a methodology General Electric (GE) has found quite useful when working cross culturally. In the model, multinational Local Growth Teams (LGT's) innovate products in their developing markets based on factors such as demand, environment and cultural needs. The developing market then brings the product via the parent company to the developed markets. Success in deploying this reverse innovation methodology include having adequate local resources, ensuring the LGT's are tethered to some type of global technology centers, and, LGT's must take an approach of "experiment and learn." The LGT's have changed the cultural mindset of GE and taught executives a crucial lesson in innovation practices. In a discussion on why companies do not stay on top in their industries and subsequently fail, Christensen (2000, pg. 30), states that the structure of an organization and how individuals within the organization work together may have been done so purposely so as to facilitate the design and build of a new product. This organizational design could easily prevent the ultimate design of a new product if the groups are unable to work together.

Conclusion

In this research study we have explored the Spirit of Innovation in a culturally diverse global enterprise. The majority of research studies to date focus on innovation from a consultant or senior management viewpoint and perspective. We agree that executive management is a critical component to the innovation

process however, we are presenting that this is a limited view. While senior management plays a key role in the innovation process, there are other equally critical components required: capable leadership across the enterprise, intercultural awareness, effective cross-organization and cross-global communication, negotiation skills, and the ability and willingness to manage change. We based our claim on our research around innovation from the "bottom up" (the core enterprise level), e.g. individual contributors (ICs) and lower and middle management (Managers) and our examination of the innovation process through their "field-of-view." This perspective exposes elements of the process at the execution level. It is through this enterprise viewpoint that one is able to visualize the STS framework components i.e., enterprise, environment, strategy, organizational assets, communication, and leadership, driving towards and resulting in the Spirit of Innovation.

References

Alvesson, Mats, Sveningsson, Stefan (2003). Managers Doing Leadership: The Extra-Ordinarization of the Mundane. Retrieved fromhttp://hum.sagepub.com/content56/12/1435

Argenti, Paul A, and Barnes, Courtney M., (2009) Digital Strategies for Powerful Corporate Communications. McGraw Hill: New York

Baker, Kathryn A. (2002), *Organizational Communication*. Maxwell, AL: Air Force University Press

Barnard, C. (1968). *The Functions of the Executive.* Cambridge MA: Harvard University Press.

Beamer, L. Varner, I. (2001). 2nd edition *Intercultural Communication in the Global Workplace* New York: McGraw Hill

Bossidy, L., Charan, R. (2002), *Execution – The Discipline of Getting Things Done*. New York, New York: Crown – Random House

Christensen, Clayton M. (2000). *The Innovator's Dilemma.* New York, New York: Harper Business

Cross, Robert and Parise, Salvatore and Weiss Leigh (2007), The Role of Networks in Organizational Communication. *McKinsey Quarterly Review, 1-10*

Cialdini, R. B. (2009). *Influence: Science and Practice.* Boston: Pearson Publishing.

Darrell Rigby, K. G. (2009). Innovation in Turbulent Times. *Harvard Business Review* , 1-10.

Earley, Ang, & Tan, (2006), as cited by Fischer, C.M., (2009) *Assessing Leadership Behavior As It Relates To Intercultural Competence* (M.A. Moodian, Ed). Los Angeles: Sage Publications, Inc.

Eric M. Eisenberg and H.L. Goodall, J. (2002). *Organizational Communication: Balancing Creativity and Constraint, 3rd Edition* . Boston : Bedford St Martin Press .

Fisher, K. (2000). *Leading Self Directed Work Team* . Boston: McGraw Hill.

Flauto, Frank J. (1999). Walking the Talk: The Relationship Between Leadership and Communication Competence. Retrieved from http://jlo.sagepub.com/content/6/1-2/86

Garvin, D.A., Edmondson, A.C., & Gino, F. (2008). Is Yours a Learning Organization? *Harvard Business Review, March, 2008, reprint.*

Goleman, D. (2000). Leadership That Gets Results. *HBR OnPoint*, 80-90 .

Harvard Business Press. (2003). *Managing Change and Transition* . Boston MA: Harvard Business School Publishing Corporation.

Harvard University (Producer). (2009, October 22) How GE is Disrupting Itself [No. 168]. Podcast retrieved from Harvard University IdeaCast Web site.

Kern, Frank. (2010). What Chief Executives Really Want. *BusinessWeek.com, May 19, 2010.* Retrieved from http://businessweek.com:/http://businessweek.com/

Kotter, John P. (1999). <u>on </u>*What Leaders Really Do.* Boston: Harvard Business School Publishing

Morgan, G. (1997). *Images of Organization* . London : Sage Publications.

O'Leary, Zina (2010). *The Essential Guide to Doing Your Research Project.* London: SAGE Publications, Ltd.

Pearce, T. (2003). *Leading Out Loud.* San Francisco: Jossey Bass Publishing .

Piecewicz, M. M. (2010). Communication in Global Work Group Projects. *Journal of Intercultural Management*, 36-48.

Ponder, Randall D. (1998). *The Leaders Guide: 15 Essential Skills*. Central Point, Oregon: Oasis

Reidy, R.W. (2010). Intercultural Awareness; the New Value Chain Principle. *Journal of Intercultural Management, 2 (1), March, 2010, 57-68.*

Rosenfeld, R. (n.d.). The Essence of Innovation: 5 Principles. Podcast retrieved from Center for Creative Leadership: http://www.ccl.org.podcast

Senge, P.M., Kleiner, A., Roberts, C., Ross, R.B., & Smith, B.J. (1994). *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization.* New York: Currency - Doubleday.

Trompenaars, F., Hampden-Turner, C. (1998). *Riding the Waves of Culture – Understanding Diversity in Global Business, (2nd ed.).* New York: McGraw-Hill

Varner, I. (2001). *Intercultural Communication in the Global Workplace 2nd edition.* New York: McGraw Hill .

Weick, K. E. (1995). *Sensemaking in Organizations* . London: Sage Publications

Abstract

Innovation has become a ubiquitous term that is utilized today by global businesses. The meaning of innovation varies depending on the age of the industry, global business experience, and management understanding and commitment to the innovation process.

Some believe innovation lies only within the realm of physical invention or new

ventures. Others contend that new ideas or a change to existing product and/or process methodologies constitute innovation. No matter the definition, innovation whether formal or informal demands that change is part of the equation. In today's world, innovation is synonymous with management of change. Critical components for success are:

– *Capable Leadership*
– *Intercultural awareness*
– *Effective cross-organizational and cross-global communication*
– *Negotiation skills*
– *Management of Change*

To encourage the Spirit of Innovation across the enterprise, individuals and organizations must actively communicate with complete trust to ensure commitment to successful innovative change.

This paper will discuss the importance of innovation throughout a culturally diverse global enterprise, best practices to foster an innovating environment, and management of change methods for engaging individuals and organizations to maximize contributions and exceed goals.

Iwona Kubica
Cracow University of Economics

Course of international assignment - individual and organizational perspective

Introduction

Progressing degree of globalization and internationalization of companies has resulted in the fact that competition on the world market is greater than ever. Companies must, therefore, be managed both in the worldwide aspect - as if the world was one great market, as well as the local aspect, by perceiving the world as a group of many separate and loosely related markets [Armstrong M., 2005, p. 105]. Initially the interest of researchers and practitioners was concerned, first of all, with the issues related to production, marketing or strategy building, however, with time, it extended also on personnel issues. As a result, we have observed gradual departure from narrow treatment of international HRM often understood as hiring employees in an international company in its foreign branches, for the benefit of treating international HRM as all strategies and practical solutions concerning personnel problems in the process of internationalization of companies [Scullion, 2001, p. 288]. Therefore, we can assume, like A. Pocztowski, that international HRM are highly qualified operations of regulating nature, focused on effective acquisition and use of human capital in a company operating on international markets [Pocztowski A., 2008, p. 90]. As can easily be noticed, international HRM is more difficult than management of within the boundaries of one country. It results, among others, from [see Armstrong M., 2005, p.103 and Pocztowski A., 2008, pp.91-92]:

– greater complexity of human resources resulting from greater heterogeneousness of employment in an international company (employees are differentiated by the country they come from) [1]

---

[1]   On the basis of subject literature we can distinguish three categories of countries and

- greater number and complexity of factors affecting personnel decision making (macroeconomic environment, technological innovations, free flow of goods and services or changing legal regulations on a local and global scale)
- greater number of tasks/activities as compared to companies operating on only one market (e.g. trainings preparing for the departure, orientation in tax and legal regulations of host countries, preparation of special remuneration packages, etc.)
- the need for acquisition of the best employees for international operations, regardless of their country of origin and frequent interventions of the company in personal life of departing employees and their families which accompany them
- cultural diversity, including various cultures, social systems or legal requirements
- communication difficulties (geographic dispersion prevents personal contact which cannot be replaced by even the most modern electronic communication systems; an additional difficulty is language diversity of employees working in the company)
- greater risk of functioning of an international organization, including political risk, terrorism, financial risk, foreign exchange risk or risk related to failure of an employee sent to work abroad.

Taking into consideration the above factors, it seems obvious that multinational companies (MNCs) need managers and top class specialists who are able to think and act according to the standards of global markets, with simultaneous consideration for expectations of local markets. As a result, international assignments that managers and specialists are sent on, start to be a more and more common practice in international organizations [see Liu, Y., 2009, p. 307]. Thus, it is worth looking closer at the specific nature of an international assignment - its goals, costs, risk, but - first of all, employees participating in it.

1. Expatriation process - model perspective

By analyzing subject literature, various terms can be found, referring to an international assignment as well as a person participating in it. We can observe evolution from a manager from the host country, employed in the mother country by an international company, through a manager-expatriate, delegated to a foreign branch of an organization, to a global and transnational manager

the corresponding three groups of employees, i.e. PCN (parent-country nationals) the country of origin of a given organization and the group of employees working there, HCN (host-country nationals) the host country where the agency, branch or another organizational form of an international enterprise is located, hiring local employees, as well as TCN (third-country nationals) a third country where the company or its branch conducts business activities and from which financial, material and human resources are acquired [see Pocztowski A (ed.), 1999, p.11].

with competencies enabling such a person functioning on various markets [Pocztowski A., 2008, pp.94-95 and Perkins S.J., 1997, p.513]. This evolution is shown in the table below.

Table 1. Competence evolution of an international manager

Traditional expatriate manager	International manager
Focuses on one overseas country/area	Deals with many countries, often in different regions
Adopts to living in one culture	Adapts to working in several cultures
Uses cross-cultural skills primarily on foreign assignments	Uses cross-cultural skills both at home and overseas
Works with and coaches people from one country	Works with and learns from many cultures
Expatriation is primarily to get the job done	"Transpatriation" is for career and organizational development
Develops a one-country perspective	Develops a global perspective

Source: Hurn B.J., 2006, p. 280.

Nowadays, not only managers go on international assignments, but also specialists, and sometimes ordinary employees. That is why the term 'expatriates' in this study refers *to all employees hired by an international company outside the borders of the country of their origin for a definite period of time in order to implement the tasks in business entities controlled by it*. At this point it is also worth taking into account the duration of an international assignment. Forms of international shifts, taking account of the period of staying outside the borders of the expatriate's country of origin, are presented in the table below.

Table 2. Forms of international shifts of expatriates.

Long lasting stay	Long-term contracts, lasting 1-5 years (traditional) *(permanent contract)*	An employee moves abroad for the duration of contract (1-5 years), usually with a partner and family. The purpose of the stay is implementation of the entrusted project/task
	Mid-term contracts, lasting 3-12 months *(short term assignee)*	The purpose of the stay is to fill the skill gap in a given entity or to solve suddenly emerging difficulties and problems
Short-term stay	Turnover contracts, usually lasting from 1 to 3 months *(rotational assignee)*	After several months of work in the country of the company's origin, an employee leaves to work in a different country for several months
	Contracts for international commuting, usually lasting less than 1 month *(commuter assignee; flexpatriate)*	An employee commutes to of a given organizational unit located in a different country, usually for weekly or two-week stays during which the expatriate's family stays in the country of his or her origin

Source: on the basis of Juchnowicz M.(ed.), 2009, p.477.

Apart from the aforementioned types of delegation to work abroad, we can distinguish also other non-standard, but becoming more and more significant, forms of work on foreign markets. They include, among others, temporary task (employees from the country of origin regularly set out on weekly or two-week stays in a different country, performing fixed task there), design works (an employee leaves as a member of international research and development teams), virtual tasks in the form of teleworking (without the need to leave the country of origin). The aforementioned forms are intended to limit high costs accompanying traditional forms of expatriation.

The decision on which form of an international assignment to choose depends, above all, on the purposes of delegating an employee abroad by a company, a role performed there and the competence profile of the expatriate. Research findings available in literature show that expatriates are sent abroad in order to execute three groups of purposes that must exclude one another [see Collings D.G., Scullion H., 2007, pp.219-220 and Juchnowicz M.(ed.), 2009, p. 479]. These are:

– covering of designated posts (mainly managerial and specialist ones) in order to provide an organization branch with professional handling of processes implemented on host markets in accordance with the standards of the headquarters; it often results from competence gap among local staff
– transfer of knowledge and skills (training and improvement of employees on host markets or design works) and support in the process of developing corporate values
– development of operations on international markets.

Another classification applies to roles played by expatriates during an international assignment. Among available models, an interesting one seems to be the model developed by Petison P. and Johri L. [2] [Petison P., Johri L., 2008, pp. 744-756]. The authors base their model on two dimensions - readiness to perform tasks as well as management skills of local employees - and on this basis they determine the method and effectiveness of implementation of the entrusted tasks. These are:

– commander - the expatriate exercises direct control over a foreign branch of the company in order to minimize and avoid risk that may arise
– conductor - the expatriate is responsible for management of employees, so that they effectively performed their tasks, as well as guarantees cooperation among all entities involved in task implementation
– coach - the expatriate is responsible for training and development of potential, knowledge and skills of local employees; at the same time, the expatriate does not interfere with planning, organization and implementation of work in the teams, creating only an environment favourable for learning and development of local employees

---

[2]   This concept refers to the previous suggestion of A.W.Harzing [Harzing A.W., 2001, pp. 366-379].

– connector - the expatriate plays a control role through connection and building of long-term relations and commitment among the entities participating in the execution of tasks; these entities include a branch, headquarters, local suppliers and local communities.

The described roles are presented in the figure below.

Figure 1. The roles of expatriates

Managerial capabilities of local employees	high	**Coach**	**Connector**
	low	**Commander**	**Conductor**
		low	*high*
		Task readiness of local employees	

Source: Petison P., Johri L., 2008, p.748.

Apart from the above-discussed premises for sending an expatriate on an international assignment, an important thing are also motives directing this person, and these are - according to the declaration of the people concerned themselves: their desire to gain experience, professional development, improvement of the financial situation or creation of better possibilities of promotion and development of professional career[3]. However, we cannot forget that the successes and experience of an employee on the domestic market are not a sufficient guarantee of successful course of an international assignment. When delegating an employee to work abroad, it is necessary to take account of not only high technical competencies, but also personal characteristics and interpersonal skills facilitating work in an international environment (e.g. sensitivity to foreign cultures, tolerance or approval of a specific lifestyle involving frequent travels) or family situation[4].

In the light of the presented analyses, there is no doubt that expatriation is a complex process that international organizations must learn to manage effectively. Therefore, many studies divide the entire process into stages, the most

[3]   On the basis of the findings of empirical research conducted by the Chair of Human Capital Management of the Cracow University of Economics in the group of expatriates in the years 2010-2011.

[4]   In many cases also the health condition of candidates and their families is taken into consideration, as well as the family members' attitude towards moving abroad and their acculturation capabilities [see Pocztowski A., 2008, p. 95 and Trompenars F., Hampden-Turner Ch., 2005, p. 256].

frequent of which is a three-stage model distinguishing preparation (preparation of the assignment, selection of a candidate as well as preparation for the trip), the stay (being on an international assignment) and repatriation (return to the mother country). Such a division has been adopted also in the present study. Due to the complexity of the whole process, the issue of preparation and repatriation will only be mentioned, and the middle stage, i.e. the stay on an international assignment, will be discussed in detailed. This analysis will be supported by findings of empirical research carried out by the Chair of Human Capital Management of the Cracow University of Economics in the years 2010-2011 among expatriates and companies sending or receiving them for international assignments[5].

2. Course of an international assignment

2.1. Preparation

Before the organization starts the broadly understood recruitment of a candidate for an expatriate, it must undertake a number of activities and settle several key issues:

– identify and define the needs of stakeholders and beneficiaries of the process (the organization itself, its shareholders, customers, suppliers, etc., as well as the potential expatriate)

– assess alternatives of the assignment implementation (employment of a local manager, delegation of the expatriate to work or employment a global manager) and examine availability of material and intangible resources (among others, specify the amount of financial resources, availability of candidates, etc.)

– construct a profile of qualification and competence requirements for a candidate

– specify the strategy of an international assignment and indicate strategic objectives to be pursued by the expatriate

– specify the measures of the international assignment's success (the ratio of outlays to benefits, etc.)

The conducted research showed that the need to delegate an employee to work abroad resulted, first of all, from the need of creation and implementation of a new project, building and development of the company's operations abroad (including opening and subsequent management of a branch), as well as ensuring high quality of services, reorganization of the company or formation of an international team. For this purpose, the examined organizations searched for

---

[5] At the time of preparing the article the author had only pilot research findings, covering a group of 7 expatriates and personnel departments of 2 companies - the headquarters and branches of an international corporation. Completion of in-depth research is scheduled for the end of 2011.

experienced candidates, capable of working in an international environment, open and flexible towards different cultures.

Only an organization prepared this way may begin the process of recruiting an employee sent on an international assignment. In the process of selection organizations most often reach to the analysis of documents, recruitment interview, recommendations or Assessment Center [Hurn B.J., 2006, pp. 279-286]. In the researched companies the process of internal recruitment started from obtaining from a candidate the declaration of willingness and readiness to leave and filling in surveys. Then the candidates underwent interviews, various types of selection tests, AC/DC, and in some cases - the decision was based on the superior's approval.

The last action undertaken by international organizations in the first stage of the expatriation process is preparation of the already selected candidate to go abroad. These activities usually include [Leopold J., etc., 2005, pp. 294-295]:
– cultural awareness improvement programs (these can be cultural trainings, more often however, organizations only provide information about the country of destination)
– language training (they may cover expatriates and persons accompanying them)
– study trips preceding the international assignment (their purpose is to become familiar with the new workplace, co-workers or the country itself; they are also often associated with looking for an apartment, school or day nursery for children)
– settlement of the trip's objectives, the method of their evaluation, the planned professional development as well as determination of remuneration package[6].

Frequent practice applied by organizations is also assistance in finding or ensuring of an apartment for an expatriate, assistance in relocation and care for any formal issues (among others, work permit, visa, tax consultancy). These practices seem to confirm the findings of empirical research. In nearly l̄ of cases, organizations provided expatriates with: language courses, relocation organization as well as provided a visit to the host country. Although the respondents emphasized that organizations prepared them for being expatriates mostly through care for current professional development (often they were expatriates many times), they completed most of the preparations (concerning, first of all, culture and preparation for the departure of the accompanying people)

---

[6] Remuneration of employees delegated abroad usually differs from remuneration of employees not taking part in such assignments. Most often - apart from basic remuneration, it includes allowance for increased costs of living, expatriation allowance, housing allowance and allowance for the costs of relocation, allowance for the costs of travel of the expatriate and persons accompanying him/her, allowance for the costs of education or allowance for the accompanying person [see Leopold J. et al., pp. 294-295].

on their own. It is surprising that only in one case the organization covered also the expatriate's family with preparations for the trip. Therefore, we can be under an impression that companies send their best employees on international assignments (often those who already have such experience), assuming that they will deal with a new situation on their own. Thus, we may assume that organizations - despite technical preparation, still do not pay sufficient attention to activities facilitating the acculturation process of the expatriate and his or her family.

2.2. Stay

The process of preparation presented above is of strategic importance in the process of expatriation, since it directly affects the success of an international assignment. As shown by foreign research, the percentage of employees returning earlier ranges from 25 to 40% in developed countries and up to 70% in developing countries [see Luthans K.W., Farner S., 2002, p. 781 and Hofstede G., Hofstede G.J., 2007, pp. 338-339]. Organizations are reluctant to talk about outlays on international assignments, especially about the costs generated by unsuccessful international assignments. It is estimated that - depending on a post and location, direct costs of earlier ending of an international assignment, including training, remuneration and costs of relocation, can reach up to USD 80.000 [O'Sullivan S.L., et al, 2002, p.79][7]. To this amount we should also add indirect costs, difficult to be estimated, associated with interruption of tasks implementation, sustained losses or lost possibilities for the development of markets or/and products [Luthans K.W., Farner S., 2002, p. 781]. Most of these returns are associated with inability to adapt to a new culture of the expatriate and/or - which is much more often, of persons accompanying him or her. The cultural shock referred to here is the phenomenon of emotional disorientation resulting from living and working in a cultural environment different from culture of the country of a given person's origin [Leopold J., etc., 2005, p.295]. The cultural shock usually does not happen straightaway, but after some period on the market of the host country. When the family goes with the expatriate, this shock is usually experienced more intensively by the partner staying at home (often also with children). It results from the fact that the person going to work is supported by local personnel and dedicates him- or herself to work, whereas accompanying persons must struggle with "the prose of everyday life" [Trompenars F., Hampden-Tuner Ch., 2005, p.256]. These theses seem to confirm the findings of empirical research. Even despite best preparations mentioned earlier in the study, it is not possible to avoid the problems or even difficulties in the first weeks of the stay abroad. In the provided answers we can identify 4

---

[7]   According to other sources, these costs can amount to USD 55.000-150.000 or even more than USD 1.000.000 [see Lee H.W., 2007, http://findarticles.com/p/articles/mi_qa5440/is_200709/ai_n21295139/ and Luthans K.W., Farner S., 2002, p.781].

main categories of emerging problems, i.e. problems with language, daily life (logistics), problems resulting from cultural differences as well as those related to work in a new place of employment.

People staying abroad for some time also often mention mood swings, the course of which is quite accurately reflected by the acculturation curve, namely the curve of adaptation to new culture. It is presented in the figure below.

Figure 2. Typical course of the process of experiencing cultural shock

Mood swings

| Honey moon | Cultural shock | Overcoming | Adaptation |
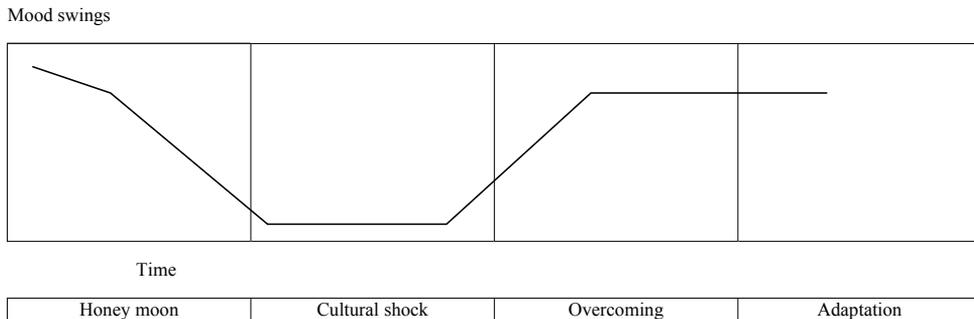
Source: Pocztowski A., 2008, p. 97.

In the presented figure the feelings (positive or negative ones) are the function of time. The first phase (usually relatively short) is called a "honey moon" period [8], when the expatriate is curious about new experiences, and the local community tries to be nice. After this period there can appear problems associated with different approach to work, the need to perform tasks or with home sickness. The symptoms of cultural shock may have the form of rash, loss of appetite, depression, insomnia, swelling or palpitation [see Pocztowski A., 2008, p. 97 and Trompenaars F., Hampden-Turner, 2005, p. 256]. Cultural shock and the accompanying symptoms of physical ailments may be so strong that sometimes it is necessary to dismiss such a person from the international assignment. However, it is possible to overcome the cultural shock, thanks to the gradual learning of the rules of operation, assimilation of some local values or gaining greater confidence and building relations with the local community [G., Hofstede Hofstede G.J., 2007, p. 337]. F. Trompenaars and Ch. Hampden-Turner provide several possible scenarios of overcoming the cultural shock:
– two paths of severe cultural shock (applying to ca. 20% of managers) which lead

---

[8] In the subject literature we can encounter various terminology for particular phases of cultural shock. G. Hofstede calls them euphoria-cultural shock-adaptation-state of balance [see G., Hofstede Hofstede G.J., 2007, p.337-339]. On the other hand, De Cieri et al. suggest the following phases: the period of waiting and concerns - honey moon - the party is over - regeneration [see De Cieri H., et al, 1991, pp.379-380]. For the purpose of this study the nomenclature proposed by A. Pocztowski [Pocztowski A., 2008, pp.97-98] has been adopted.

to decrease in work efficiency and often involve dismissal of a manager from the international assignment; the first one consists in expressing contempt for local population, isolation or escape into alcohol, while the other one - in transferring responsibility for their failures on the local population as well as the conditions in the host country, often also indicating their families as victims of unfair local culture

– two paths of relative adjustment (applying to the group of 80% of managers) lead to gradual adaptation to the conditions of life and work, as well as achieving the expected effects of work; the first one is reached through awaiting and counting the time to return to the mother country, while the other one applies to persons who fully adapt to different conditions, benefit from cultural diversity, improve their position, increase innovativeness, and at the end of the trip often regret that the time of the international assignment has come to an end.

The length of the time scale of overcoming the cultural shock depends on the time of stay abroad. Persons leaving for short foreign stays (up to 3 months) declare going through all of the first three phases in such a short time. On the other hand, people on several-year long international assignments claim that the phase of cultural shock lasts approximately one year or longer and only after such a long time are they able to proceed to the next phase [G., Hofstede Hofstede G.J., 2007, p. 337]. These declarations seem to be confirmed by the surveyed expatriates. When asked for defining the emotions that accompanied them in the initial period of stay abroad, they most often indicated curiosity, sense of challenge, sense of appreciation as well as excitement and euphoria. In addition, they also mentioned home sickness, anxiety, frustration, sense of loss or solitude. As regards solitude, it was experienced mainly by everyone who went on an international assignment alone (without a partner). All expatriates agreed as to the fact that the experienced emotions were coming in waves – from anxiety or confusion at the beginning, through curiosity, euphoria and the sense of challenge, to the sense of appreciation (in most cases). The duration of such a "cycle" was individual and lasted from several weeks to approximately six months. Only the sense of solitude or home sickness came in waves and with various intensity.

An important part in overcoming the cultural shock may also be played by support of the headquarters and/or the host entity. When asked about the level and effectiveness of such support in the first weeks of their stay, the expatriates assessed them from very satisfactory, through „not bothering", to the total lack of support. This evaluation was based, to a large extent, on subjective measures of actions actually undertaken by the company with regard to beliefs (expectations) of the expatriate as to the company's obligations towards him or her. The forms of support for expatriates from parent companies include:

– permanent readiness **of the HR department in the country of origin** to provide assistance (the possibility of reporting every problematic situation or any other case, the possibility of sending complaints and comments to the organization mediating in the process of expatriation)

– **a coordinator** in the parent organization who visits the agency at various time intervals, so as to check whether everything goes properly (he has the opportunity to report the need to change the expatriate for emotional, organizational reasons, etc.), provides information about the situation in the country or helps in handling local issues of the expatriate, due to his or her rare presence in the mother country

– assistance of **a relocation agent**, whose task is to find an apartment, car, etc. in the host country

– support **in professional development** associated with the trip (providing coaching, language course, trainings)

– **financial support** of the expatriate's initiatives by the company *("we will pay for insurance, but you have to find it",* payment of the children's tuition fee, etc.)

Also the management and/or HR specialists supported expatriates in the first weeks of their stay. Although the respondents felt support of the aforementioned entities (e.g. through the possibility of turning to the team or the superior in any problematic situation), these entities have not undertaken pro-active steps towards the expatriates even once. Only in one case did the expatriate have **a sponsor** - a person on a managerial position in the corporate structure of the visited company, selected by the expatriate before the departure. The sponsor's tasks included assistance in matters requiring non-standard approach to solving professional problems abroad. Such a solution is also supported by M. Armstrong, encouraging companies to appoint the so-called career sponsor who is constantly in touch with an employee entrusted to him and, if necessary, provides help and acts as a mentor [Armstrong M., 2005, p. 112].

When discussing expatriation, we cannot however, forget about the main purpose of an international assignment - an employee delegated to work abroad must not only cope with different conditions and culture of life, but, first of all, fulfil professional duties. A tool often used for this purpose is performance management. In the case of employees delegated to work abroad we should bear in mind that one of the main determinants of their work's effectiveness is the effectiveness of the aforementioned adaptation process. As a result, the actual effects of the expatriate's work should be evaluated not earlier than after six months of the assignment. When assessing the expatriate's work on the basis of performance, we should, among others, use a tool examining the expatriate's behaviour at the working post, take into account the time needed for adaptation, consider the level of difficulty of any entrusted tasks as well as

determine evaluating entities cooperating with the expatriate on a current basis [O'Sullivan et al. 2002, p.81]. When asked whether they know how the goals related to their expatriation are assessed, the expatriates usually answered that they were subject to the global system of evaluation, binding in the whole organization. Usually two types of criteria were used in such a situation:

– **quantitative** (hard) ones – achievement of the agreed results (e.g. financial results of the branch), achievement of the assumed plans (e.g. sales plans) or relevance of the made decisions

– **qualitative** (soft) ones –, the course of cooperation in a foreign institution, relations with co-workers (superiors and/or subordinates), satisfaction of subordinate employees, involvement in the social life of the organization, etc.

The stay on an international assignment cannot also release employees from their further professional development. Therefore, they very often participate in trainings. The surveyed expatriates mentioned that cultural trainings conducted in the mother country brought them no or hardly any benefits. This may result from the fact that at that time the expatriates were "placed" in the cultural conditions of their mother countries. For this reason, a more sensible solution seems to be undergoing such a training during the stay abroad (usually 3 to 6 months from arrival) , when the expatriate has already experienced the first cultural shock. Such a training should be focused on the structure and relations with the local people, perception of the world, mentality, values or lifestyle patterns. Having already the first experiences and observations about the country, the expatriates will have the possibility of systematizing their knowledge about the country they have to live in as well as looking for the most effective solutions to the problems they have to deal with in a given moment [Selmer J., 2010, p. 43].

Apart from cultural trainings referred to before, the expatriates pursue their own path of trainings (set by the headquarters) or they are subject to the same trainings as local employees [see Armstrong M., 2005, p. 110-111]. A frequent practice is continuation of language trainings. All these actions depend, to a large extent, on the adopted policy of trainings and development (HRD). In the subject literature, we may find a statement that *international assignments need to be regarded as a phase in a systematic job rotation process*. This means that professional career of the expatriate should be planned carefully. It cannot be treated only as a form of promotion, but must also enable taking a series of posts after coming back to the country, taking account of the acquired knowledge, intercultural experience, as well as capabilities developed abroad [O'Sullivan et al. 2002, p.81]. As shown by the conducted research - negligence in this very sphere are most painfully perceived by expatriates and very strongly affect effectiveness of the next stage of an international assignment, i.e. repatriation.

2.3. Repatriation

Repatriation ends the process of delegation to work on a foreign market and involves the return of the expatriate and his or her family to the mother country and company. In the subject literature we can often find the opinion that the greatest problem encountered by international companies is re-adaptation after coming back to the country [Armstrong M., 2005, p.112]. expatriates frequently experience secondary cultural shock[9] that often seems to go unnoticed by their organizations, perceiving repatriation as a natural action, not another challenge. Expatriates staying for a long time outside their countries and parent organizations complain that they are beyond the centre of events, do not have a proper status, lose autonomy and are left on their own (both in terms of further career development and exclusion from professional environment) or - that their knowledge and experience gained abroad are not used properly [see Armstrong M., 2005, p.112 and Leopold J. et al., p.296]. Therefore, it is suggested that the organization should get involved in the process of preparing the expatriate to return from the international assignment, which will bring double-sided benefits. Such activities include, among others, trainings preparing for return (often associated with what is happening in the company, new legal regulations being prepared, if they have changed during the stay abroad, mentoring, etc.), creation of a career development plan (written guarantee of employment, covering a sequence of posts on which the expatriate may be employed after return), visits to the mother country (keeping in touch with the domestic unit so that the expatriate was "up to date" with the events in the company), logistic support (related to relocation and all associated formalities). In fact much more attention is paid to filling the gap after the expatriate in the structures of the host organization rather than his or her individual return [Leopold J., etc., 2005, p.296-297]. Negligence in this area is surprising because - as mentioned before, expatriation is very costly and organizations cannot afford to lose an employee that they have invested so much in, and who, in connection with disappointment - leaves the organization after coming back to the country. Expatriates covered by pilot research proved to be of similar opinion. On the basis of the conducted research, it seems that organizations were not always prepared for receipt of a returning employee and were not able to offer to such a person a post being a form of promotion. The respondents frequently emphasized that they had to prepare for return on their own (mainly actions of organizational nature) and their families were involved only in planning of issues related to life after coming

[9]   In the first phase the expatriate has hopes and some concerns associated with coming back to the country, then - just after coming back to the country, there is a stage of excessive euphoria which develops into solitude, disappointment and doubts. Secondary cultural shock ends with achieving mental balance, however, it may turn into a crisis associated with the expatriate's failure to adapt to domestic conditions of working and living [see De Cieri H., et al, 1991, p. 380].

back to the mother country. The return to the country often involved the sense of uncertainty and discomfort in connection with the lack of knowledge as to how their further career in the parent organization would look like. Therefore, it seems justified to suggest that the companies should be more involved in the process of repatriation in a way making another change of the place of residence the least troublesome, the expatriates should know their future in the company, and organizations should fully use knowledge and experience gained by employees during international assignments.

3. Summary

In many cases an international assignment is deemed successful when it is finished in time and there is no need to "dismiss" the expatriate from the agency. On the other hand, a failure is the unplanned quitting of the employee during the stay abroad or immediately after his or her return [see Lee H.W., 2007]. A more and more frequent opinion, however, states that an international assignment should be treated as unsuccessful also when the entity (the expatriate and his or her organizational unit) does not reach the planned effects of work, the expatriate is not able to adapt to living in a new professional and cultural environment and experiences psychological withdrawal or the trip is interrupted by accompanying persons [see Lee W.H., 2007 and Lee P.-Ch., 2007, pp. 29-30]. Ambiguity of the definition of success/failure of expatriation is reflected also in the diversity of the ways of evaluation of an international assignment by the organization and expatriates themselves, and therefore these assessments may vary. In pilot surveys the expatriates unanimously assessed their assignments as totally successful. Among the determinants of success they listed: individual characteristics, attitude and skills (first of all building relations in the host country) and then the family situation, local context and actions of the organizations (both of the parent and local ones). On the other hand, companies participating in the research considered successful an assignment ended in time, with simultaneous lack of or very limited analyses of the mission's efficiency (e.g. ROI).

In the light of the aforementioned analyses and the conducted research, it seems reasonable to popularize among international companies the concept of increasing involvement in preparation and coordination of the mission, greater care in management of a professional career of expatriates, as well as measurement of expatriation's effectiveness. And the expatriates themselves - or persons aspiring to such type of professional career - should pay great attention to the development of their technical competences, interpersonal skills, intercultural sensitivity, as well as take into account acculturation capabilities of their families. Only such an approach will make an international assignment be assessed as completed with double success - of the organization as well as of the expatriate.

References

Armstrong M., *Zarządzanie zasobami ludzkimi,* Oficyna Ekonomiczna, Kraków 2005, pp.103, 105, 110-112

Collings D.G., Scullion H., *Global staffing and the multinainal enterprise,* [in:] "Human Resources Management. A Critical Text" 2007, pp. 219-220.

De Cieri H., Dowling P.J., Taylor K.F., *The psychological impact of expatriate relocation on partner,* [in:] "The International Journal of Human Resource Management" 1991, Vol. 2, No. 3, pp.379-380.

Harzing A.W., *Of bears, beens and spider: the role of expatriates in controlling foreign subsidiaries,* [in:] "Journal of World Business" 2001, no 36/4, pp. 366-379.

Hofstede G., Hofstede G.J., *Kultury i organizacje,* PWE, Warszawa 2007, pp. 337-339.

Hurn B.J., *The selection of international business managers: part 1,* [in:] "Industrial and commercial training" 2006, no 38/6, p. 279-286.

Juchnowicz M. (red.), *Kulturowe uwarunkowania zarządzania kapitałem ludzkim,* Oficyna a Wolters Kluwer business, Kraków 2009, p.477, 479.

Lee H.W., *Factors that Influence Expatriate Failure: An Interview Study,* [in:] "International Journal of Management" 2007, http://findarticles.com/p/articles/mi_qa5440/is_ 200709/ai_n21295139/ (dostęp 22-08-2011r.)

Lee P.-Ch., *Factors that Influence Expatriate Failure: An Interview Study,* [in:] "Journal of Business Systems, Governance and Ethics" 2007, Vol. 2 No.2, pp. 29-30.

Leopold J., Harris L., Watson T., *The strategic Managing of Human Resources,* Pearson Education Limited, Harlow 2005, pp. 294-297.

Liu Y., *Perceived organizational support and expatriate organizational citizenship behavior. The mediating role of affective commitment towards the parent company,* [w:] "Personnel Review" 2009, nr 38/3, pp. 307-308.

Luthans K.W., Farner S., *Expatriate development: the use of 360-degree feedback,* [in:] "Journal of Management Development 2002, Vol. 21 No. 10, pp. 781.

O'Sullivan S.L., Appelbaum S.H., Abikhzer C., *Expatriate management "best practices" in Canadian MNCs: a multiple case study,* [in:] "Career Development International" 2002, Vol. 7 No. 2, p.79, 81.

Perkins S.J., *Globalization. The People Dimension. Human Resources Strategies for Global Expansion,* Kogan Page, London 1997, p.513.

Petison P., Johri L., *Managing local employees: expatriate role in a subsidiary,* [in:] "Management Decision 2008, Vol. 46,5, pp. 744-756.

Pocztowski A. (red.), *Międzynarodowe aspekty zarządzania zasobami ludzkimi,* Wyższa Szkoła Biznesu National-Louis University, Nowy Sącz 1999, p.11.

Pocztowski A., *Zarządzanie Zasobami Ludzkimi. Strategie-procesy-metody,* PWE, Warszawa 2008, pp. 90-92, 94-95, 97-98,

Scullion H., *International Human Resources Management,* [w:] "Human Resources Management. A Critical Text" 2001, s. 288.

Selmer J., *Expatriate cross-cultural training for China: views and experience of "China Hands"*, [in:] "Management Research Review" 2010, Vol. 33 No.1, p. 43.

Trompenars F., Hampden-Turner Ch., *Zarządzanie personelem w organizacjach zróżnicowanych kulturowo*, Oficyna Ekonomiczna, Kraków 2005, p. 256.

Abstract

Progressing process of globalization and internationalization of companies puts new challenges in front of human resources management, which should undoubtedly include expatriation process management. Sending employees to international assignments entails the need for appropriate selection of candidates, their preparation for the journey, support during their stay, continuous monitoring of works, as well as preparation for return to the mother country. Errors or negligence in any phase of the expatriation process have unpleasant consequences for organization - both in connection with finance as well as the loss of prestige of the company itself or departure of the most talented employees who - discouraged by the international assignment, will leave the organization. How, therefore, should international assignment be organised to be successful?

In the presented paper the author wishes to focus mainly on the expatriate's stay on international assignment (the two remaining ones stages - preparation and repatriation, will be discussed in brief), by analyzing it from the point of view of the expatriate as well as the parent and the visited organization. Apart from the strictly organisational aspect of support of the expatriate's stay, the issues of socio-cultural adaptation as well as cultural shock, being an indispensable element of an international assignment, will be discussed.

The paper has been supplemented with research findings which covered expatriates and organizations sending or accepting them for international assignments. The research was conducted by the Chair of Human Capital Management of the Cracow University of Economics in the years 2010 and 2011.

Łukasz Sułkowski
Academy of Management SWSPiZ

Types of metaphors of organisation

Introduction

The purpose of this article is to present the variety and types of metaphors and give examples of their use in organisational discourse. Metaphoric thinking is a useful approach to make out the organisation and is permanently blended in the management learning process. Metaphors constitute a part of language and their changing is connected with transformation of the way of thinking and speaking and, thus, organisation actions. Depending on the standpoint taken, a metaphor may be perceived as a useful technique or a foundation to make out the organisation. One must see, however, that using a metaphor should not be totally unrestricted. Metaphoric thinking sets on certain tracks, indicates hidden properties of the examined object, prompts to creative thinking, however, complete identification of the described object with the metaphor is pointless. Employment and discovery of the *quasi*-metaphoric process for management interpretation should lead to a better cognition of the organisational life[1].

The nature of metaphoric thinking in management

The issue of metaphors of organisation has been precisely defined and developed by G. Morgan and other authors[2]. Organisations are perceived and understood in

---

[1]   Porównaj: C.M. Schmidt, *Methaphor and Cognition: A Cross-Cultural Study of Indigenous and Universal Constructructs in Stock Exchange Reports*, Intercultural Communication, ISSN 1404-1634, 2002, issue 5, http://www.immi.se/intercultural/.

[2]   G. Morgan, *Obrazy organizacji*, PWN, Warszawa 1997. P.K. Manning, "Metaphors of the Field: Varieties of Organizational Discourse." *Administrative Science Quarterly*, 24: 660–671, 1979. H. Tsoukas, "The Missing Link: A Transformational View of Metaphors in Organizational Science." *Academy of Management Review*, 16: 566–585, 1991. Morgan, G. "Paradigms, Metaphors and Puzzle Solving in Organization Theory." *Administrative Science Quarterly*, 25: 605–622, 1980.

various ways. Gareth Morgan believes that in the process of interpretation of the 'organisational life' and the organisation itself we use images or metaphors[3]. As part of the cognitive function it is used when we aim at understanding of a part of reality through other part[4]. It offers a possibility of comparing the organisations and management to other objects or processes. Therefore, metaphoric reasoning concerns both researchers and theorists as well as managers and management practitioners[5].

Apart from G. Morgan's proposal, one will find many other metaphors in management that will emphasise other approaches to organisational reality, e.g. organisation – theatre, organisation – temple, organisation – text[6]. John J. Clancy has identified six main metaphors employed in business: journey, game, war, machine, organism, and society[7]. War metaphors may be applied to the analysis of strategic activities of businesses on the market[8]. Farid A. Muna proposed seven metaphors on management that aptly refer to the description of Arab cultures (candle, iceberg, tripod, transit lounge, mosaic, helicopter, and bridge)[9]. Polish literature offers metaphors of organisation proposed by S. Kwiatkowski, M. Kostera, and Ł. Sułkowski[10].

Types of metaphors

Among various types of metaphors emerging from professional literature several that are used more frequently in terms of management may be pointed.

1. A cognitive metaphor associates the object with an experience outside of the object for cognitive purposes and is the fundamental type of metaphor.
2. A core metaphor, which constitutes a fundamental method of interpretation, is used in management with reference to understanding of the organisational culture as the organisation itself.
3. An extended metaphor allows to develop one interpretation plot. If it is assumed that the organisation is a theatre then their participants may be

---

[3]   Tamże, s. 11-14.

[4]   G. Lakoff, M. Johnson, *Metaphors we live by*, Chicago University Press, Chicago 1980, s. 81.

[5]   R.L. Sproull, *A Scientist's Tools for Business: Metaphors and Modes of Thought.* Rochester, NY: University of Rochester Press, 1997.

[6]   M. Kostera, *Postmodernizm w zarządzaniu*, PWE, Warszawa 1996, s. 41.

[7]   J.J. Clancy, *The Invisible Powers. The Language of Business*, Lexington Books, Lexington 1989.

[8]   Heracleous, L. and C. D. Jacobs. 2008a. Crafting strategy: The role of embodied metaphors. *Long Range Planning*, 41: 309-325; Ph. Kotler, Marketing, Rebis, Poznań 2005; Ł. Sułkowski, *Czy rynek można postrzegać jako pole bitwy*, w: „Przegląd Organizacji", nr 10, 2003.

[9]   F.A. Muna, *7 Metaphors on Management. Tools for Managers in the Arab World*, Gower, Burligton 2003, s. XV-XIX.

[10]   M. Kostera, *Postmodernizm w zarządzaniu*, PWE, Warszawa 1996; S. Kwiatkowski, *, O psie, płocie, paradygmacie teorii organizacji i przyszłości praktyki zarządzania*, "Przegląd Organizacji", 1995: nr 12, 1996: nr 1; Ł. Sułkowski, *Temple, church and religion metaphors in values management*, "Management", nr 1, 2008

perceived as actors, strategic options as different scenarios, and organisational cultures as acting styles, etc.

4. A mixed metaphor is one that leaps from one comparison to another, causing surprise or giving a paradoxical feeling. In an organisational discourse such role is assigned to postmodern use of a variety of conflicting metaphors (e.g. 'an organisation is a kaleidoscope which transformed into a happening once the machine collapsed').

5. An absolute metaphor is a linguistically non-reducible concept[11]. A prerequisite to use this kind of metaphors may be the ambiguity and the problem with reductionism of basic notions of our sciences: such as organisation, management, strategy, structure, culture, etc.

6. Literature, didactic, and therapeutic metaphors also play other roles than just cognitive. In management, metaphoric thinking is used e.g. to educate managers and to diagnose organisational cultures[12].

7. A dead metaphor is one in which the sense of a transferred image is absent; as in 'to take the reins' or 'hold sway' when the physical act of grasping and holding is referred to like it was in the beginning of the metaphor, yet it historically vanished. However, the linguistic and spatial association remains in human mind and directs the way of reasoning.

8. Metonymy is a figure of speech used in rhetoric in which a thing or concept is not called by its own name, but by the name of something intimately associated with that thing or concept[13]. An example could be the phrase 'organisation axes the employees', as indeed it is not the organisation that axes but the managers employed in the organisation.

9. An implied metaphor is indirect and refers to a bigger lot, e.g. 'people are like cog-wheels of the organisational machine'.

10. A latent metaphor signifies that certain words may be omitted due to the communicational economy, e.g. the sentence 'he was sacked' means that someone was made redundant.

11. Synecdoche is a figure of speech, a type of metonymy, in which a part of something is used to refer to the whole thing or *vice versa*[14]. Using of a synecdoche for management discourse may be illustrated by the following sentences: 'The manager has not decided yet. This demiurge needs time.'

12. An active metaphor is in the process of introduction, therefore, it should be clearly explained, e.g. 'the culture of this organisation is like bipolar disorder, once it pushes employees towards hyperactivity, other they fall into depression and catatonic stupor'.

---

[11] G. Cantón, César, "La metaforología como laboratorio antropológico" (pags. 9–25), estudio introductorio a: Hans Blumenberg, Conceptos en historias, Síntesis 2003, 303 pags.

[12] http://en.wikipedia.org/wiki/Metaphor.

[13] http://sjp.pwn.pl/slownik/2482594/metonimia.

[14] http://encyklopedia.pwn.pl/haslo.php?id=3982076.

13. A submerged metaphor is one that hides the first part which is interpreted through the second part, e.g. 'a manager goes with the flow thanks to grounded employees'.
14. A conceptual metaphor offers a broad and universal interpretation framework that often is also an extended metaphor, e.g. 'life consists in organisation'.
15. A pataphor is an extreme, pointless, exaggerated form of metaphor aiming at drawing somebody's attention. The sentence 'an organisation, this large organism, where managers are the head, employees are the hands and the management system forms the inner organs' includes a pataphor.
16. A simple metaphor is an accepted and identified, short and relatively unequivocal comparison in use, e.g. 'to fire'.
17. A complex metaphor uses more than one comparison. For instance, the sentence 'the roots of organisation grow in the bedrock of western culture' is a double metaphor because of the terms 'roots' and 'bedrock'[15].

Cognitive typology of metaphors

Five epistemological positions that define the significance of metaphoric thinking may be presented.

• Neopositivism

Metaphors do not play a significant cognitive role as they do not reflect the organisational reality, but they may play a creative role – they spur imagination and encourage to look for original solutions. A machine or organisation metaphor may be interpreted in neopositivism categories.

• Rationalism

Metaphors of organisation are contained within presuming by analogy, which may, assuming the position of methodological pluralism, be included in scientific methods. In this meaning there are few fitting metaphors of organisation and management as they must reflect the key properties and relations of the described object[16]. Rational interpretation is often used in reference to a 'learning' organisation.

• Cognitivism

Metaphors are basic structures to interpret organisational reality present in language, and thus, in the way of thinking. Creating a metaphor is a spontaneous, linguistic, and cultural process that organises a field for a discourse around a certain basic metaphor. An example of such *quasi*-metaphors could be forming of sentences around a source metaphor, e.g. 'an organisation is a machine' or 'an organisation is a container'[17].

---

[15] http://literaryzone.com, metaphor, Internet.
[16] J. Niemczyk, *Analogie w naukach o zarządzaniu*, w: „Organizacja i kierowanie", nr 3 (109), 2002, s. 17.
[17] O. Jäkel, *Metafory w abstrakcyjnych domenach dyskursu*, Universitas, Kraków 2003, s. 229-235.

- Pragmatism

A pragmatic approach describes metaphor as a tool for action. Transfer of ideas on organisation onto different objects may serve as diagnosis or initiation of actions. Such an approach seems to be assumed by G. Morgan in his 'Images of Organisation'. A metaphoric analysis is to improve a organisation.

- Postmodernism

Metaphors of organisation are only 'linguistic games'; they are non-commensurable and open to any use. One may imagine a metaphor comparing the organisation to any chosen object. It may be metaphorically compared to: an organism, a text, time, a black hole, a pair of shoes or a dog. Metaphoric relations do not respect cause-and-effect relations and do not have to offer any cognitive contents. One does not have to know the object to which he or she compares, the only thing needed is the idea of it. The value of metaphor does not depend on the metaphor itself but on the interpreter. An example of a metaphor using the postmodern approach may be a 'vibrating' organisation.

- Criticism

Metaphors have also been proposed by the authors of CMS paradigm. Their purpose is mainly to criticise the predominant movement in the theory and practice of management. Among the metaphors there are: management as an disturbed communication, mystification, cultural drug, colonisation of power[18].

Conclusion

The use of metaphors may be a useful tool to understand and manage organisations. Principally, as mentioned in the article, as we deal with a variety of metaphor types which are often used implicitly in the management discourse. The described metaphoric approach toward management is applied both in research as well as in managerial and consulting practice all over the world[19]. However, in Poland the knowledge of the idea and method of metaphors is not particularly common among researchers, not to mention managers. Therefore, the knowledge and use of metaphoric thinking in organisational discourse should be extended.

References

Alvesson M., Willmott H., Making Sense of Management. A Critical Introduction. London: Sage 1996.

Cantón G., César, "La metaforología como laboratorio antropológico" (pags. 9–25), estudio introductorio a: Hans Blumenberg, Conceptos en historias, Síntesis 2003, 303 pags.

[18]   M. Alvesson, H. Willmott, *Making Sense of Management. A Critical Introduction*. London: Sage 1996 ;J. Duberley, Ph. Johnson, *Understanding Management Research: An Introduction to Epistemology*. London, Sage, 2003b, s. 128

[19]   Gannon, M. (1998). Intergrating context, cross-cultural dimensions, and cultural metaphors in management education and training. Paper presented at the Biennial International Conference of the Western Academy of Management, Isthanbul, Turkey, June 28-July 2, 1998.

Clancy J.J., The Invisible Powers. The Language of Business, Lexington Books, Lexington 1989.

Duberley J., Johnson Ph., Understanding Management Research: An Introduction to Epistemology. London, Sage, 2003b, s. 128.

Gannon, M. (1998). Intergrating context, cross-cultural dimensions, and cultural metaphors in management education and training. Paper presented at the Biennial International Conference of the Western Academy of Management, Isthanbul, Turkey, June 28-July 2, 1998.

Heracleous, L. and C. D. Jacobs. 2008a. Crafting strategy: The role of embodied metaphors. Long Range Planning, 41: 309-325.

http://en.wikipedia.org/wiki/Metaphor.

http://encyklopedia.pwn.pl/haslo.php?id=3982076.

http://literaryzone.com, metaphor, Internet.

http://sjp.pwn.pl/slownik/2482594/metonimia.

Jäkel O., Metafory w abstrakcyjnych domenach dyskursu, Universitas, Kraków 2003, s. 229-235.

Kostera M., Postmodernizm w zarządzaniu, PWE, Warszawa 1996, s. 41.

Kostera M., Postmodernizm w zarządzaniu, PWE, Warszawa 1996.

Kotler Ph., Marketing, Rebis, Poznań 2005

Kwiatkowski S., O psie, płocie, paradygmacie teorii organizacji i przyszłości praktyki zarządzania, "Przegląd Organizacji", 1995: nr 12, 1996: nr 1.

Lakoff G., Johnson M., Metaphors we live by, Chicago University Press, Chicago 1980, s. 81.

Manning P.K., "Metaphors of the Field: Varieties of Organizational Discourse." Administrative Science Quarterly, 24: 660–671, 1979.

Morgan G., Obrazy organizacji, PWN, Warszawa 1997.

Morgan, G. "Paradigms, Metaphors and Puzzle Solving in Organization Theory." Administrative Science Quarterly, 25: 605–622, 1980.

Muna F.A., 7 Metaphors on Management. Tools for Managers in the Arab World, Gower, Burligton 2003, s. XV-XIX.

Niemczyk J., Analogie w naukach o zarządzaniu, w: „Organizacja i kierowanie", nr 3 (109), 2002, s. 17.

Schmidt C.M., Methaphor and Cognition: A Cross-Cultural Study of Indigenous and Universal Constructructs in Stock Exchange Reports, Intercultural Communication, ISSN 1404-1634, 2002, issue 5, http://www.immi.se/intercultural/.

Sproull R.L., A Scientist's Tools for Business: Metaphors and Modes of Thought. Rochester, NY: University of Rochester Press, 1997.

Sułkowski Ł., Czy rynek można postrzegać jako pole bitwy, w: „Przegląd Organizacji", nr 10, 2003.

Sułkowski Ł., Temple, church and religion metaphors in values management, "Management", nr 1, 2008.

Tsoukas H., "The Missing Link: A Transformational View of Metaphors in Organizational Science." Academy of Management Review, 16: 566–585, 1991.

Abstract

The purpose of this article is to present the variety and types of metaphors and give examples of their use in organisational discourse. Metaphoric thinking is a useful approach to make out the organisation and is permanently blended in the management cognition process. Metaphors constitute a part of language and their changing is connected with transformation of the way of thinking and speaking and, thus, organisation actions.

Michał Chmielecki
Academy of Management, Clark University

The importance of culture in global public relations

Introduction

PR is changing. International communication, both external and internal, is becoming increasingly important. Because the world is "getting flat" and "spiky" medium-sized companies have started participating on a scale larger than ever before.

PR is experiencing a dramatic paradigm shift. Shift caused by mainstream Internet acceptance. Google, Facebook, MySpace, Twitter have outgrown the vision of Marshall McLuhan's (McLuhan, 1965) global village and with it unprecedented expectations of public relations practitioners to service a new, intercultural, worldwide audience (Fitzgerald, Spagnolia, 1999).

No one active in public relations needs to be reminded how dramatically the profession has been changed. A question remains whether the change has been for the better or for the worse. It can certainly be argued that the emphasis on speed that has accompanied the spread of the Internet has left both the practitioners and theorists all feeling a little cheated in some ways.

Monocultural approach is no longer valid. People from around the world want immediate access on the Web to the latest information about every aspect of a client. This use of the Web helps PR people because press releases and other documents are available 24/7 to journalists from every part of the world, on the other hand it afflicts PR practitioners with a loss of control. The Web forced PR people to work harder because they're exposed to the public in ways that didn't exist before.

Practitioners as well as theorists are required or rather forced, because it's not a matter of choice, to be global communicators, governed by a whole new set of personal and professional rules to accommodate this new role (Kemper, 1998).

Information travel so fast than within seconds a press release originating in New York is read by thousands of people on their computer, mobile or PDA screens in China, Mexico, Norway, Poland etc.

Similarly, corporate web sites communicate messages instantaneously to a vast international conglomerate of stakeholders.

Public relations

Coombs, Holladay, Hasenauer & Signitzer (1994) indicated that public relations, which is an organisational function is influenced by the way the business operates. Researching public relations cannot be practiced in isolation or deviate from corporate structures and cultures therefore it is necessary to examine the literature outside the public relations field.

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

Should PR be different in every society?

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

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

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

Toward a global PR theory

The early days of public relations knew no theories. With no theoretical foundation, public relations in many cases did more harm that good. First explanations of mechanisms of PR were published in 1976 by Grunig. Gruning et. al. created the 'Four Models of Public Relations' concept (Grunig and Hunt, 1984). These were:
– publicity,
– public information (both one-way communication),
– symmetrical communication

– two-way asymmetrical communication.

Several international studies indicate that there are various public relations models around the world. (Grunig et al., 1995, Huang, 2000, Jo and Kim, 2004, Park, 2002, Rhee, 2002, Sriramesh, 1992). However, an important question - why certain public relation practices are more common in certain countries still remains. (Jo and Kim, 2004).

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

In 1992, C. Botan (Botan, 1992) pointed out that the tremendous growth of PR was concentrated mainly in the US. A PR matrix developed by him involved four factors:
– level of national development
– primary clients
– legal-political context
– history of the practice.

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

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

"The generic principles are as follows:
1. *Public relations is involved in strategic management.* An organization that practices public relations strategically develops programs to communicate with the strategic publics, both external and internal, that provide the greatest threats to and opportunities for the organization.
2. *Public relations is empowered by the dominant coalition or by a direct reporting relationship to senior management.* In effective organizations, the senior public relations person is part of or has access to the group of senior managers with greatest power in the organization.
3. *The public relations function is an integrated one.* Excellent departments integrate all public relations functions into a single department or have a mechanism to coordinate the departments. Only in an integrated system of public relations can public relations develop new communication programs for changing strategic publics.
4. *Public relations is a management function separate from other functions.* Many

organizations splinter the public relations function by making it a supporting tool for other departments such as marketing, human resources, law, or finance. When the public relations function is sublimated to other functions, it cannot move communication resources from one strategic public to another the way an integrated public relations function can.

5. *The public relations unit is headed by a manager rather than a technician.* Communication technicians are essential to carry out daily communication activities. Yet excellent public relations units must have at least one senior communication manager who conceptualizes and directs public relations programs or this direction will be supplied by other members of the dominant coalition who have no knowledge of communication or relationship building.

6. *The two-way symmetrical model of public relations is used.* Two-way symmetrical public relations is based on research and uses communication to manage conflict and improve understanding with strategic publics. Excellent public relations departments model more of their communication programs on the two-way symmetrical model than on the press agentry, public information, or two-way asymmetrical models.

7. Asymmetrical system of internal communication is used. Excellent organizations have decentralized management structures that give autonomy to employees and allow them to participate in decision making. They also have participative, symmetrical systems of internal communication. Symmetrical communication with employees increases job satisfaction because employee goals are incorporated into the organizational mission.

8. Knowledge potential for managerial role and symmetrical public relations. Excellent public relations programs are staffed by professionals — people who are not only educated in the body of knowledge but who are also active in professional associations and read professional literature.

9. Diversity is embodied in all roles. The principle of requisite variety states that effective organizations have as much diversity inside the organization as in the environment. Excellent public relations includes both men and women in all roles, as well as practitioners of different racial, ethnic, and cultural backgrounds.

10. An organizational context exists for excellence. Excellent public relations departments are nourished by organic, decentralized management structures, which allow participative rather than authoritarian cultures. Organizations turbulent complex environments produce activist publics that pressure the organization and actually push it towards excellence (L. Grunig et al., 1998, pp. 337–339).

However, there is a group of scholars who believe that the diversity in culture itself challenges the practicality of the two-way symmetrical communication

approach. That approach was developed in the West, which has dominated public relations research and education (Holtzhausen, Peterson and Tindall, 2003; Bardhan, 1996).

Culture needs to be more clearly understood in the public relations context. I will help to understand why some of the models from the Western region become impractical for non-Western practitioners.

Overview of cultural patterns

Undoubtedly adequate knowledge of both language and culture is needed to communicate effectively in any society, but success in the practice of international public relations relies heavily on the recognition of those cultural patterns and values that shape the cross-cultural communications process.

Dimensions of culture

Scholars generally agree that variations between groups can exist on multiple dimensions: cognitions, behaviors, and values. However, cross-cultural research has focused on shared cultural values as the major source of differentiation among national groups. The definitions of, and assumptions about, culture in more than 90 studies are quite consistent, but there is great variation in its measurement.

Table1. Cultural value studies

Cultural value	Studies that measured cultural value[1]
Individualism/collectivism	Chen, Meindl, and Hui (1998) Cullen,Parboteeah,and Hoegl (2004) Earley,Gibson,and Chen (1999) Elenkov and Manev (2005) Ensari and Murphy (2003)
Individualism	Gomez,Kirkman,and Shapiro (2000) Huang and Van de Vliert (2003) Smith,Peterson,and Schwartz (2002) Spector et al. (2001,2002) Volkema (2004) Adair,Okumura,and Brett (2001) Gibson and Zellmer-Bruhn (2001) Lam,Schaubroeck,and Aryee (2002) Murphy-Berman and Berman (2002) Tinsley (2001) Wade-Benzoni et al. (2002)

[1]   Studies were not included in bibliography

Collectivism	Gibson (1999) Gelfand and Realo (1999) Kirkman and Shapiro (2001a) Kirkman and Shapiro (2001b) Murphy-Berman and Berman (2002) Van de Vliert,Shi,Sanders,Wang,and Huang (2004)
Horizontal individualism and Vertical collectivism	Chan and Drasgow (2001) Chen and Li (2005) Robert,Probst,Martocchio,Drasgow,and Lawler Thomas and Au (2002) Thomas and Pekerti (2003)
Horizontal collectivism	Chen and Li (2005)
Vertical individualism	Robert et al. (2000)
In-group collectivism	Fu et al. (2004)
Independent or interdependent self-construal	Brockner,Chen,Mannix,Leung,and Skarlicki (2000) Gelfand et al. (2002) Murphy-Berman and Berman (2002)
Idiocentrism and allocentrism	Lam,Chen,and Schaubroeck (2002) Schaubroeck,Lam and Xie (2000)
Power distance	Earley (1999) Elenkov and Manev (2005) Gibson and Zellmer-Bruhn (2001) Hofstede,Van Deusen,Mueller,and Charles (2002) Huang and Van de Vliert (2003) Hui,Au,and Fock (2004) Kirkman and Shapiro (2001a) Kirkman and Shapiro (2001b) Lam,et al. (2002) Peterson and Smith (1997) Smith et al. (2002) Van de Vliert and Van Yperen (1996) Volkema (2004)
Hierarchy	Adair et al. (2001) Tinsley and Brett (2001)
Egalitarianism-hierarchy	Glazer and Beehr (2005)
Hierarchical differentiation	Tinsley (1998) Tinsley (2001)
Achievement	Cullen et al. (2004)
Universalism	Morris et al. (1998)
Conservatism	Glazer and Beehr (2005) Tinsley and Pillutla (1998) Kirkman and Shapiro (2001a) Kirkman and Shapiro (2001b) Smith et al. (2002)
Determination	Kirkman and Shapiro (2001b)
Doing orientation	Smith et al. (2002)
Loyal involvement– utilitarian involvement	Tinsley (1998)
Explicit contracting	Tinsley (2001) Gibson (1999)

Field independence	Fu et al. (2004)
Future orientation	Smith et al. (2002)
Harmony–mastery	Elenkov and Manev (2005)
Masculinity	Smith et al. (2002) Volkema (2004)
	Fischer and Smith (2004)
Openness to change	Morris et al. (1998)
Self-enhancement	Tinsley and Pillutla (1998)
Self-transcendence	Tinsley (1998)
Polychronicity	Tinsley (2001) Cullen et al. (2004)
Pecuniary materialism	Tinsley and Brett (2001)
Self-direction	Spreitzer,Perttula,and Xin (2005)
Traditionality	Tinsley and Brett (2001)
Tradition	Elenkov and Manev (2005)
Uncertainty avoidance	Fu et al. (2004) Smith et al. (2002)
	Volkema (2004)

Source: A. S. Tsui, S. S. Nifadkar, A. Yi Ou, Cross-National, Cross-Cultural Organizational Behavior Research: Advances, Gaps, and Recommendations, 2007; 33; p. 426 Journal of Management

A. Ihator (Ihator, 2000), published an article in which he described some of the approaches used in contrasting cultural values that may be helpful to the international public relations practitioners. According to Ihator these cultural values were defined as: 1. individualism versus collectivism, 2. high-context and low-context communication styles, 3. degree of media independence and cultural impact on media content and channels and 4. orientation to time.

The author will present 3 of those values leaving out the degree of media independence and cultural impact on media content and channels and add power distance and uncertainty avoidance indexes.

1. Individualism versus Collectivism.

Individuals' perception of their place and role in society are culturally determined. What inspires, motivates and impresses individuals is different across the globe. Every society has its unique cultural code that triggers certain behaviors.

Collectivism is typical for almost all Asian countries, while individualism is the major feature of Western countries. Hofstede (Hofstede, 2001, p. 210) points out that the Western region, especially the United States, attribute individualism as the major factor to success. This seem to explain why public opinion campaigns in collaboration with two-way communication models are successful as there is a genuine lack of fear of any negative repercussions in voicing one's own opinion providing its politically correct. Individualism that is perceived as pure greatness in the West is seen as selfishness in Asia (Hofstede, 2001, p. 210). There is a study

conducted by Mattison (Mattison, 1988) which indicates that within the Indian society individuals discontinued pursuing individual goals if elders within the family network showed any signs of discouragement. Confucian worldview that highlights the lack of existence outside the individual's relationship network (So, Walker, 2005, p. 93) shaped the Chinese collectivism. Family is often seen as the archetype of social organisations. So and Walker (2005) also suggest that often in Asia to avoid disturbing family harmony and often people will place family's priorities above their own individual needs. Rhee for instance defines harmony as "…overcoming individuality to maintain harmony in the family" (Rhee, 2002, p. 162).

The Asian business culture complicates PR even further. In the West dominant stakeholders are often external shareholders. Nevertheless, in China and India, community and family networks influence heavily business structure. Board of management while making every decision always considerate how it will affect the family and government network. It happens usually at the expense of minor investors (Kimber, Lipton, 2005).

Independent trade unions and associations often represent employees in Western regions. In many Asian countries trade unions exist but are easily influenced via loyalty to the company (Kimber, Lipton, 2005). In some countries (e.g. Japan) employees are not encouraged to fight for their rights. Their success is relies on their ability to work hard and sacrifice everything else for the company good.

2. High-context versus Low-context Communication Styles.

Every form of communication must take place in a social context. Culture determines the context. In a communication transaction where the sender and receiver of the message come from the same linguistic group and social background, there is more likelihood both of them would ascribe very similar meaning to the message. In some cultures, the message is clearly articulated in the words, there is no hidden meaning, while in others, what was said and not said have to be considered to derive any substantive meaning.

3. Orientation to Time.

Some cultures treat time like a precious commodity. Time is carefully measured, people act according to timetables. The production and distribution of news releases and the organizing of news conferences, among others, have to follow strict schedule. Excuses for not meeting mass media deadlines are not accepted. In other cultures the public relations practice may not follow a strict timelines. There exist no universal meaning of time. Culture influences the way time is perceived, defined and used.

Long-term vs. short-term orientation is the most important one for ethical questions of PR (Hopper et al. 2007, p.98). Discussion about the concept of lie

may have a different outcome depending on the culture of the participant. Long-term perspective thinking is strongly bond with such concerns as reputation building, customer trust and reliability, which actually are classical motivators for ethical behavior within the field of PR.

European and Anglo-American countries, have demonstrated a short-term orientation in systematic global comparisons (Lussier 2009, p. 392). People in those societies place emphasis on short-term results, rapid need-gratification (Samovar et al. 2009, p. 207). This for example can influence such areas as CSR. (Samli 2008, p.115, Riahi-Belkaoui, 1995, p.79).

According to Hofstede (Hofstede, 2001, p. 351), long-term orientation values elements such as persistence and perseverance and prioritises relationships according to status. For short-term orientation cultures status within a relationship holds very little relevance (Hofstede, 2001, p. 351).

4. Hierarchy and Power Distance

Asian regions have relatively tall, pyramid style business structure, while the West business models show flatter structures. The reason for this is the hierarchical nature and the large power distance which exists in the Asian region, where people seek order and structure (Leichty and Warner, 2002, p. 66). The West scores quite low in power distance as managers rely more on personal experience rather than authority for decision making (Hofstede, 2001, p. 87). Reynolds and Valentine (2004) pointed out that hierarchical structures helped maintain harmony and face preservation in Asia. That model of thinking naturally have been to found in business world where the inequality amongst managers and workers is expected (p. 44). Holtzhausen et. al. suggest that in Asia the need for hierarchy would make two-way symmetry culturally impractical and unacceptable" (Holtzhausen et. al., 2003, p. 310).

5. Uncertainty Avoidance

The European region scores high in uncertainty avoidance. The dimension of uncertainty avoidance is a ability to deal with uncertain and unfamiliar elements within its culture (Hofstede, 2001). High uncertainty avoidance suggests issues such as resistance to change, pessimism, distrust and lower ambition to advancement.

The current research points out that culture is a major influence on the practice of PR.

It is widely acknowledged that culture impacts on not only individuals but also organisations. As a result functions with the organisation such as public relations are also influenced by culture. Coombs et. al. (1994) suggest that organisational behaviour is directly impacted by culture and since public relations is a form of organisational behaviour, it will be affected by culture as well.

Symmetrical communication usually works in the environment where the publics to be engaged are equipped with equal skills and resources to sustain effective dialogue and contribution to a public relations' activity (Karlberg, 1996). One must admit, that resources and communication skills of publics vary significantly across the globe. The culture itself imposes difficulties in implementing symmetrical communication models. Dimensions such as hierarchy, collectivism and uncertainty avoidance add to the complications in practicing standardised western models.

Conclusion

Cross cultural differences can thwart PR campaign plans. It is therefore crucial that PR practitioners incorporate a cross cultural competence and global thinking approach. With the growth of international business, PR have become more complex. Public relations functions therefore become far more challenging. In addition to the usual professional skills, PR practitioners should expand their knowledge of world cultures, languages, customs, ways of conducting business.

References

Botan,C., International public relations: Critique and reformulation. Public Relations Review, 18, 1992

Coombs, T. W., Holladay, S., Hasenauer, G., Signitzer, G., International Public Relations: Identification and Interpretation of Similarities and Differences Between Professionalization in Austria, Nprway, and the United States. In: Journal of Public Relations Research, 6 (1), 1994

Fitzgerald, S. Spagnolia, N., Four predictions for PR practitioners in the new millennium. Public Relations Quarterly, 44(3): 12, 1999

Grunig,J.E.,Excellence in public relations and communication management. Hillsdale, NJ:Lawrence Erlbaum Associates, Inc., 1992

Grunig, J. E., Grunig, L. A., Sriramesh, K., Huang, Y.H., Lyra, A., Models of public relations in an international setting, Journal of Public Relations Research, Vol.7, No.3, 1995

Grunig, J. E., Hunt, T., Managing public relations. New York: Harcourt Brace Jovanovich, 1984

Hofstede, G. H. , Culture's Consequences. Comparing Values, Behaviours, Institutions and Organizations Across Nations. 2nd edition. Thousand Oaks/CA: Sage Publications, 2001

Holtzhausen, D.R., Peterson, B.K., Tindall, N.T. Exploding the Myth of the

Symmetrical/Asymmetrical dichotomy: public Relations Models in the New South Africa, Journal of Public Relations Research, 15(4), 2003

Huang, Y.-H., The personal influence model and gao guanxi in Taiwan Chinese public relationsî. Public Relation Review, Vol.26, No.2, 2000

Ihator, A., Understanding the cultural patterns of the world-an imperative in implementing strategic international PR programs", Public Relations Quarterly,Vol.45 No.4,2000

Illman, P.E., .Developing overseas managers and managers overseas. NewYork: AMACOM, 1980

Jo, S., Kim, Y. Media or personal relations? Exploring media relations dimensions in South Korea. Journalism and Mass Communication Qarterly, Vol. 81, No.2, 2004

Karlberg, M., Remembering the Public in Public Relations Research: From Theoretical to Operational Symmetry. Journal of Public Relations Research, 8(4), 263-278, 1996

Kemper, C. L., Communicators, go global. Communication World, (15)8, 1998

Kimber, D., Lipton, P. Corporate Governance and Business Ethics in the Asia-Pacific Region. Business and Society, 44(2), 2005

Leichty, G., Warner, E., Cultural Topoi. In R.L. Heath (Ed.). Handbook of PublicRelations, California: Sage Publications, Inc, 2001

Lussier, R.N., Achua, C. F., Leadership: In Theory, Application, & Skill Development. 4th Edition. Florence KY: Cengage Learning, 2009

Mattison, M., Conceptualizing the Person: Hierarchical Society and Individual Autonomy in India. American Anthropologist, 90(3), 1988

McLuhan, M., Understanding media: The extensions of man. New York: McGraw Hill, 1965

Ovaitt, F. PR without boundaries: Is globalization an option? Public Relations Quarterly, Spring, 5–9, 1998

Reynolds, S., Valentine, D., Guide to Cross-Cultural Communication. Upper Saddle River, NJ: Prentice Hall, 2004

Rhee, Y., Global public relations: a cross-cultural study of the excellence theory in South Korea. Public Relations Research, Vol.14, No.3, 2002

Samli, A Coskun, Globalization from the bottom up: a blueprint for modern capitalism. Berlin: Springer Verlag, 2008

Samowar, L. A., Porter, R. E., McDaniel, E. R., Communication Between Cultures. 7th Edition. Florence KY: Cengage Learning, 2009

Sriramesh, K., Societal culture and public relations : ethnographic evidence from India, Public Relation Review, Vol. 18, No.2, 1992

So, Y.L.,Walker, A., Explaining Guanxi. Abingdon, Oxon: Routledge, 2006

Vercic, D., Grunig, J.E., Grunig, L.A. Global and specific principles of public relations : Evidence from Slovenia. In H. Culbertson, N.Chen (Eds.), International public relations: A comparative analysis (pp. 31–65). Mahwah, NJ: Lawrence Erlbaum Associates, Inc, 1996

Abstract

PR is changing. International communication, both external and internal, is becoming increasingly important. Can cross cultural differences thwart PR campaign plans? Is it therefore crucial that PR practitioners incorporate a cross cultural competence and global thinking approach? With the growth of international business, PR have become more complex. Public relations functions therefore become far more challenging. What is the role o culture in PR in the XXI century?

Agata Stachowicz-Stanusch
Silesian University of Technology

The implementation of Principles for Responsible Management Education in practice – research results

1. Introduction

The beginning of the current decade was replete with numerous corruption scandals and a financial crisis, which became premises for questioning the goals, stances, and curricula of business schools. Such concerns were bolstered by a seeming ethical disorientation by many businesses and businesspeople.

Universities have always been preeminent in leading individuals to better lives. Indeed, they are seen as having in their mission the discovery and promulgation of truth and knowledge. Their graduates are hoped to have places as educated citizens who help improve their societies. However, over the last few years the educational system generally and business education particularly have been criticized for failing to inculcate students in moral conduct [Gardner, 1991] and even as having weakened the moral character of students [Etzioni, 2002].

Consequently, business ethics education has faced the necessity of reflection, and drawing lessons that might mitigate its weaknesses in educating honest and responsible businesspersons. Although some initiatives dedicated to the improvement of business education processes exist, such as the *Principles for Responsible Management Education* (PRME)[1], there remain many open questions

---

[1]   The PRME initiative is in significant part the result of the efforts led by the UN, AACSB International, EFMD, the Aspen Institute's Business and Society Program, EABIS, GMAC, GRLI, Net Impact, and other institutions. These organizations have conducted some of the major learning and educational initiatives on responsible management worldwide. The PRME project consolidates, frames and gives new momentum to this joint initiative, framing it entirely by internationally accepted values such as those portrayed in the United Nations' Global Compact on *Human Rights*, *Labour*, *Environment* and *Anti-corruption*.

and doubts about business ethics education in the aftermath of numerous corruption scandals.

We should devote all our efforts not only to addressing lessons learned from the most recent business corruption scandals and financial crises, but also question in far-reaching ways what and why are we teaching now, and what and why should we be teaching future business leaders to have them best prepared to cope with the challenges of leading with integrity in the global environment.

2. Research results[2]

A notable preliminary step that has moved us closer to answering such questions is the identification of best practices for the Principles for Responsible Management Education framework, which was based on an analysis of 115 Sharing Information on Progress reports. These constitute an important element of the PRME initiative. The analysis stemming from these reports was premised on the six PRME initiative framework principles, which were extended into 54 criteria for report assessment. Criteria development was based on in-depth analysis of organizational practices in the reports and each was paired with the most appropriate principle. Additionally, categories from reports were used in the articulation of the general criteria. The criteria are presented in Table 1.

Table 1. Criteria for Sharing Information on Progress reports analysis

General info	message from Executive Dean
	mission statement
	core values
	future perspectives

Principle 1	**Purpose** We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.	Through students' initiatives	student clubs and organisations
			students' participation in conferences, workshops, competitions and other events
			students' organization of conferences, workshops, competitions and other events
		Through curricula solutions (different ways for gaining capabilities)	case studies in curriculum
			(team) projects in curriculum
			projects for a company (or other organization)
			other curriculum elements
Principle 2	**Values** We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.	In curricula (content)	ethics and/or CSR courses in curriculum
			legal responsibility issues in curriculum
			financial (and fiscal) responsibility issues in curriculum
			environmental responsibility issues in curriculum
			special programs for MBA
			practicum, internships
		values in strategy	
		values in code of conduct/ethics	

Principle 3	**Method** We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.	Institutional solutions	unit or person responsible for responsible management education
			procedures and norms connected with social responsibility implemented within educational process
		Evaluation	indicators, commitees, surveys focused on evaluating responsibility of educational processes
		Infrastructure	laboratories, libraries, databases containing resources on resposbile management
		Educational practices	conferences, seminars, symposia, discussions as educational practice
			e-learning, webinars as educational practice
			study tours as educational practice

|			
Principle 4	**Research** We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.	Internal support	research unit (e.g. institute) focused on ethics/responsibility
			(financial) support for research teams
			(financial) support for research projects
			research agenda/plan focused on ethics/responsibility
		Research results	publications and conference presentations
			gained awards for research activity
			currently conducted research on ethics/responsibility
Principle 5	**Partnership** We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.	unit or person responsible for contact with stakeholders	
		Partnership with business	education executives
			joint projects with business
			including business in educating process (e.g. leader speakers series)
			awards and other (financial) support for business
		Partnership with science and other schools	joint projects with science and schools
		Partnership with (local) government	educating officials
			joint projects with government

		Partnership with students	co-operation with student organizations
			awards and other (financial) support for students
			student exchange
			networking, discussions and other of views exchange with students
		Partnership with other organizations	joint projects with other ogranizations (NGOs)
			awards and other (financial) support for organizations
Principle 6	**Dialogue** We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.	Communication tools	symposia, conferences, seminars as communication tool
			blogs, newsletters, websites as communication tool
			magazines, reports as communication tool
		Best practices (exemplication)	use of renewable energy, emission reduction, etc.
			responsible HR policies
			contributions to society
			other examples of campus best practices

Source: author's own study based on http://www.unprme.org/the-6-principles/index.php

Analyzed reports in most cases (98 schools or institutes) include a message from Executive Dean or President of School (see: Figure 1).

Figure 1. Results for criteria included as General info in Sharing Information on Progress reports analysis
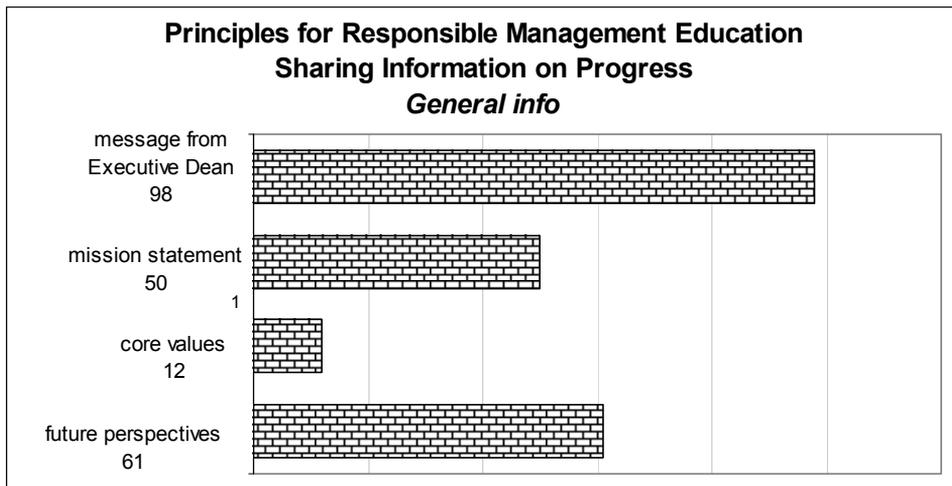
Source: authors' study based on conducted research analysis

Nearly half of the research sample includes mission statements in the Sharing Information on Progress reports. Such as:

ASB contributes added value to society through research, education and dialogue on companies and organisations and their surroundings. Together with the rest of Aarhus University, we develop knowledge, welfare and culture through research and research-based education, dissemination of knowledge and consulting.

Aarhus School of Business, Aarhus University (Denmark)

ESADE's mission is to promote teaching and research in the areas of business management and law, in order to contribute to the scientific, social and personal education of highly professional individuals fully aware of their responsibility in the development of a society that upholds people's dignity according to humanistic and Christian traditions, and in a context of intercultural dialogue.

ESADE (Spain)

Quite rarely the reports include the articulation of core values. However, there are some examples:

The school promotes the principles of stimulation, authenticity, openness, performance, competitiveness, solidarity and responsibility. Not only are these values important in Brittany but across the world as well.

ESC Bretagne Brest (France)

Respect: respect for people, individual characteristics and talents, focusing on corporate value.

Listening: discussion, listening, curiosity: the valorisation and sharing of knowledge and knowhow.

Passion: heart, courage and steadfastness on which our commitment and work are based. Work seen as a source of opportunities for selfrealisation, personal gratification and production of social value, as well as profit and development for companies.

Intellectual and professional rigour: reliability and understanding as fundamental elements of every decision and action. Research and experimentation as the only way to grow constantly.

Ethics: individual responsibility for the quality of life both personally and as part of the community that has been entrusted to them.

These values influence the way we plan our training courses, most of which have been redesigned along with our mission in order to "train" actual and future managers to be able to pursue economic objectives taking into consideration also their impact on the environment and the society as a whole.

ISTUD Foundation (Italy)

Within the **Principle 1** the very popular students' initiatives indicated in reports were students' clubs and organizations most of which were associated in Net Impact and Students in Free Enterprise (SIFE). Those initiatives were also connected with students' participation in events such as Aspen Case Competitions or Annual Net Impact Conferences. Among many curriculum solutions that influence students' capacities quite widespread within analyzed institutions were advisory projects (see: Figure 2) focused on CSR or environmental issues realized with a company or NGO as well as other curriculum elements such as role playing exercise, simulation games, mentoring programs and service learning. The last of mentioned activities were directed to local or abroad communities.

Figure 2. Results for criteria included as Principle 1 (Purpose) in Sparing Information on Progress reports analysis

Principles for Responsible Management Education
Sharing Information on Progress
Principle 1

student clubs and organisations
61

students' participation in conferences, workshops, competitions and other events
47

students' organization of conferences, workshops, competitions and other events
29

1

case studies in curriculum
45

(team) projects in curriculum
29

projects for a company (or other organization)
46

other curriculum elements
48
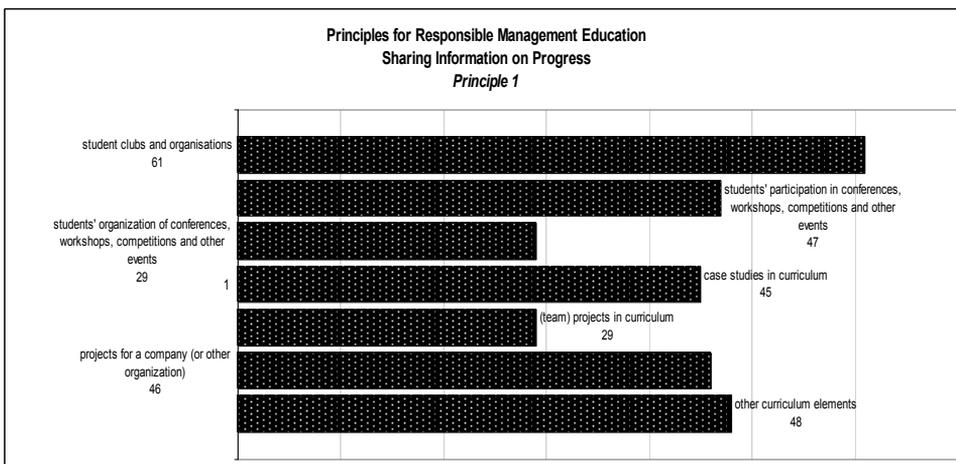
Source: authors' study based on conducted research analysis

Examples of such contribution to society provided by engaged students were

for example preparation of tax returns for local community members, completing an economic analysis for environmentally nonprofit organizations or teaching citizens in countries with developing economies from African, Asian or South American countries. Just like in below examples:

Each year, for instance, curriculum based service-learning courses are offered in South Africa and Ghana, respectively, in which students study the economies, histories, and cultures of the countries while teaching entrepreneurship to youth in disadvantaged areas (South Africa) or to community members (Ghana). In this way, students put their classroom knowledge of entrepreneurship to use by teaching citizens in countries with developing economies, while also gaining cross-cultural knowledge and skills that come with a traditional study abroad experience. Another off-shore course offers students the opportunity to travel to Norway to study environmental entrepreneurship, and Babson has developed a new course, Social Responsibility through Eco-Enterprise in Turkey, in which students learn about Turkish culture and society while also working with a local women's business that makes marketable goods from post-consumer and industrial waste.

Babson College (USA)

[The] course aims to view low income consumers in a different light, and discuss business practices and tools that enable companies to understand and address the challenges of serving this market. Field visits to poor communities are required to pass the course. Includes visits to firms serving this market and homes of poor consumers. Students must prepare a business plan to serve new markets.

IESA (Venezuela)

The **Principle 2** regards the content of curriculum connected with responsibility as well as it investigates if values of global social responsibility are incorporated in organizational documents such as strategy and code of conduct or ethics. In many cases curriculum is based on Aspen Institute's Giving Voice to Values curriculum materials and usually includes ethics/CSR courses (103 reports), environmental issues and special programs for MBA studies (60 reports) as it is presented in Figure 3.

Giving Voice To Values (GVV) is an innovative, cross-disciplinary business curriculum and action-oriented pedagogical approach for developing the skills, knowledge and commitment required to implement values-based leadership. Drawing on the actual experiences of managers as well as multi-disciplinary research, GVV helps students identify the many ways to voice their values in the workplace. It provides the opportunity to script and practice in front of peers, equipping future business leaders not only to know what is right, but how to make it happen. Moreover, the GVV curriculum is free to educators. Today the curriculum, which was launched by Mary C. Gentile at the Aspen Institute with Yale School of Management, is housed at Babson College, with pilot programs in over 100 schools and organizations on five continents.

Figure 3. Results for criteria included as Principle 2 (Values) in Sharing Information on Progress reports analysis
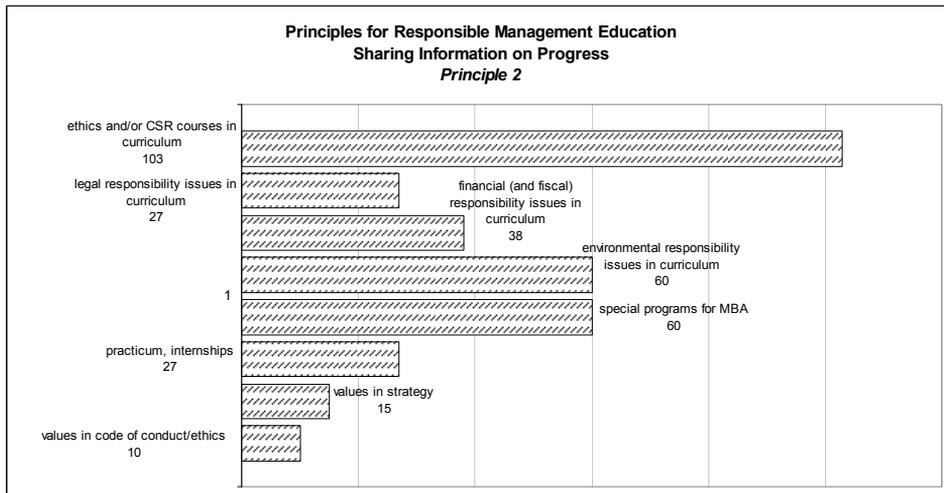
Source: authors' study based on conducted research analysis

Although in reports it is rarely mentioned that organizational documents include the responsibility issue there are some. For instance:

The 2009-2012 strategy for Aarhus School of Business defines 'sustainable growth through innovation' as a core value and focus point for the entire business school – our research, study programmes, organisation and culture.
In 2010/2011, we will continue to work on the implementation of the strategy and further develop our activities.

Aarhus School of Business, Aarhus University (Denmark)

AIM's Career Management Services Office continues to follow and implement the Placement and Internship Code of Ethics established in 2006. This aims to put in perspective deliverables from both students and recruiters, and to ensure that students and recruiters comply with placement rules.

Asian Institute of Management (Phillipines)

Methods used in responsible education are usually educational practices such as conferences, symposia and seminars, often with lectures conducted by representatives of companies (called e.g. as Leader Speakers Series). Moreover, schools evaluate their responsibility of educational processes with the use of some surveys and indicators such as the rank position in Beyond Grey Pinstripes Global Top 100 ranking (Aspen Institute) (see: Figure 4).

Figure 4. Results for criteria included as Principle 3 (Methods) in Sharing Information on Progress reports analysis

Principles for Responsible Management Education
Sharing Information on Progress
Principle 3

- unit or person responsible for responsible management education 32
- procedures and norms connected with social responsibility implemented within educational process 27
- indicators, commitees, surveys focused on evaluating responsibility of educational processes 34
- laboratories, libraries, databases containing resources on resposbile management 16
- conferences, seminars, symposia, discussions as educational practice 52
- e-learning, webinars as educational practice 12
- study tours as educational practice 19

Source: authors' study based on conducted research analysis

Beyond Grey Pinstripes is an independent, biennial business school survey and ranking managed by the Aspen Institute's Center for Business Education. Results are published every other year.

Findings from the survey highlight how academic institutions prepare students to meet the business challenges of tomorrow. Beyond Grey Pinstripes is unique—Aspen celebrates coursework, research and activities that prepare MBAs for social, ethical and environmental stewardship. Aspen evaluates business school programs on the following metrics:
– Required and elective courses with innovative content addressing relevant issues in mainstream, for-profit business
– Faculty research on social, ethical and environmental topics published in peer-reviewed business journals.

Quite rare but interesting teaching method are the study tours with different destination:

2009 Global Study Trips Included:
Japan: Summer 2009
- *Course in Global Economics at Rikkyo University, a Tokyo 6 school*
- *Corporate visits to Panasonic, Toshiba (parent company of Westinghouse), and Mazda*
- *Cultural experiences in Hiroshima, Kyoto and Tokyo*
- *Anthropological tour of rural farmlands in Mizusawa*
India: Summer 2009
- *Course in Global Economics at Saintgits Institute of Management*
- *Collaboration with MBA students from the International Management Institute*
- *Corporate visits with Tata Group and Ernst & Young Consulting*

- *Cultural and educational experiences in Cochin, Kottayam, Kumili and New Delhi.*

<div align="right">Duquesne University, Palumbo-Donahue School of Business (USA)</div>

Student Study Tours: Our Student Study Tours to Brazil and Chile in 2009 were arranged to ensure that students gained experiences and cross cultural awareness of business practices in dealing with sustainable development with hands on experience in terms of social responsibility and good corporate citizenship. Thus the role of business in society was underscored and our students were exposed to how private sector entities can facilitate societal development in a sustainable manner, particularly in developing economies / societies.

<div align="right">Arthur Lok Jack Graduate School of Business (Trinidad & Tobago)</div>

Research activity in the field of social responsibility of scrutinized schools is usually presented in reports in a form of list of publications and conference presentations (86 cases) and currently conducted research (see: Figure 5).

Figure 5. Results for criteria included as Principle 5 (Research) in Sharing Information on Progress reports analysis
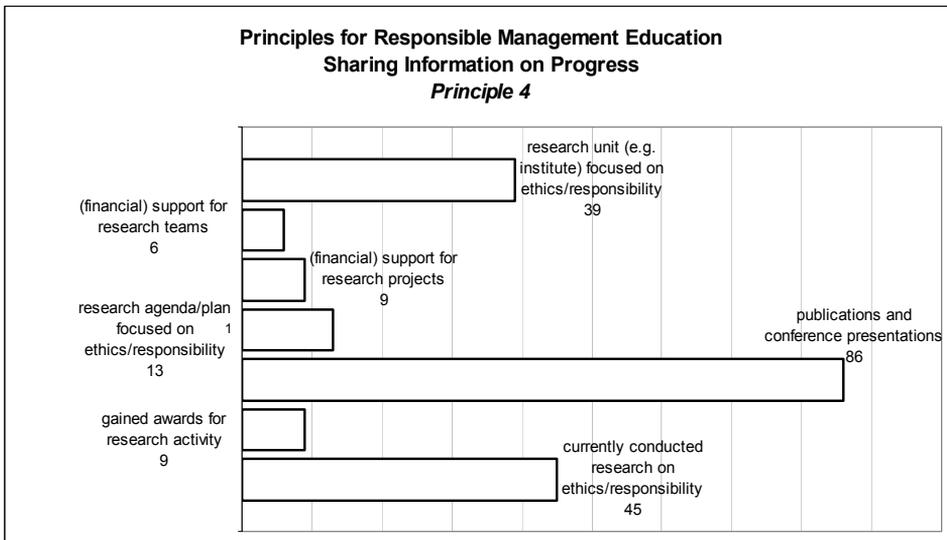
Source: authors' study based on conducted research analysis

Only nine entities pride themselves with gained award for research achievements in discussed area, such as:

The active research on corporate responsibility at the Discipline of Organizations and Management was rewarded with two significant awards in the year 2009. The leader of the group, Professor Minna Halme received a personal award of the Academy of Finland for her merits in improving the societal impact of science through participation in public

discussions and distributing understanding of her field e.g. by popular writing (thus also serving the principle 6). The whole research group received an award of the Foundation of the School of Economics for good scientific quality and significant societal impact on a demanding field.

Helsinki School of Economics (Finland)

2009 Moskowitz Prize for Socially Responsible Investing

Graziadio professor Meretno (Augus) Harjoto researched the possible link between corporate bottom-lines and the actual performance by companies aspiring to be more socially responsive, as impacted by pressures on their corporate reputation. The study earned Harjoto and his co-authors, the prestigious 2009 Moskowitz Prize for Socially Responsible Investing at the SRI in Colorado, the largest and longest-running sustainable and responsible investing conference in the world. The Moskowitz Prize is awarded annually by the Center for Responsible at UC Berkeley's Haas School of Business in cooperation with the Social Investment Forum. The prize is the only global award recognizing outstanding quantitative research in the field of socially responsible investing.

Graziadio School of Business and Management (USA)

The institutional support for the research activity is quite limited because though in 34 cases there were established special research units (institutes, departments, research teams) focused on ethics/responsibility, just in few reports there was declared a financial or other support for research teams (6 cases) and projects (9 cases). There are the examples:

Jacksonville University is currently offering (Fall 2009) a special topics course, EPA P3 Special Topics Course: Residence-To-Garden Greywater Delivery System. An interdisciplinary team of students and faculty is working together to design a system to capture rainwater, air conditioning water, and laundry wastewater to irrigate a garden on campus. Funding was secured by a grant.

Davis College of Business, Jacksonville University (USA)

The Applied Research & Innovation Department was established in 1995 and has conducted since then more than 30 research projects. Most of the applied research projects are financed by Public Funding Bodies such as the EC or Greek Ministries. However, there is a number of research activities which are self-funded by ALBA and focus on the creation of new knowledge for the societal well-being.

ALBA Graduate Business School (Greece)

Partnership with various kinds of stakeholders (business, other schools and organizations) is extensively declared (see: Figure 6).

The joint projects are often connected with jointly conducted research or organized events as well as joint conduct of educational processes. School often cooperate in elaborating a common curriculum, business representatives participate in conducting lectures and NGOs provide with business schools projects based on students' service-learning:

A good example for an ongoing dialogue between EBS and NGO´s is rendered by the student association Make A Difference e.V. (M.A.D.). It was founded at European Business School in 2005 after 15 students had spent one week of their first semester in a ghetto and build a house for and together with an impoverished family. Since then, the association has grown to a total of over 100 members, with an increasing proportion of EBS' alumni. Five house building trips have been made, funded by the participants and their engagement in fundraising activities. In addition to the house building trips M.A.D. is also concerned with other projects that promote the association's objectives.

European Business School (Germany)

Partnership with students is usually connected with support directed to them in a form of various scholarships as well as with the possibility of study abroad within the student exchange programs, as for instance:

SFU Business and the Learning Strategies Group (Executive Education) have a history of partnering internationally, from student exchange programs and field schools to customized executive programs tailored specifically to organization and Government needs. In the previous year, the School hosted an executive program for Nigerian senior leaders, with a key theme being business sustainability and ethics.

SFU Business Simon Fraser University (Canada)

Figure 6. Results for criteria included as Principle 5 (Partnership) in Sharing Information on Progress reports analysis
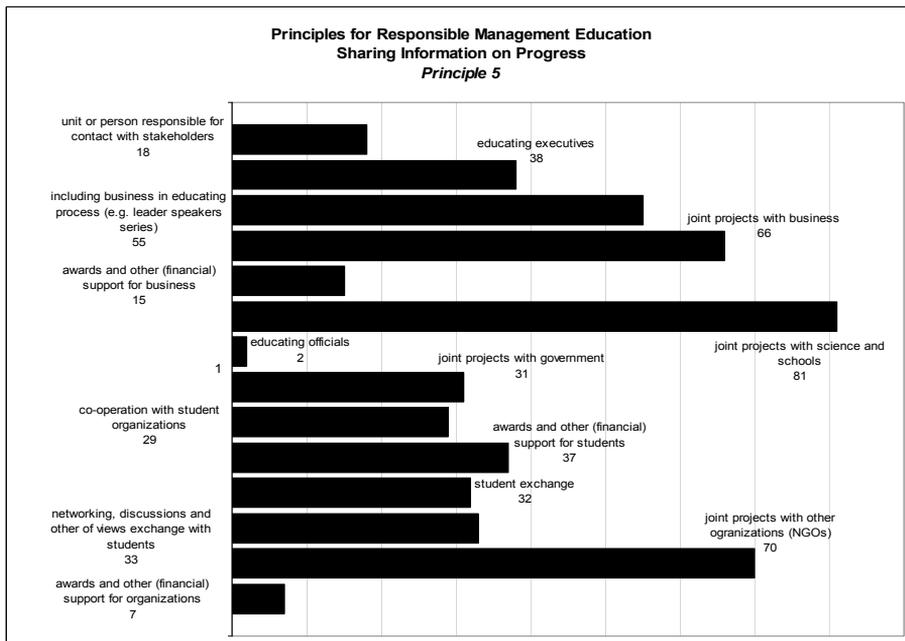
Source: authors' study based on conducted research analysis

Analyzed schools provide their **dialogue** with environment with the use of tools (of which most popular are organized conferences, seminars and forums) as well as with their own examples of responsible conduct (Figure 7).

Figure 7. Results for criteria included as Principle 6 (Dialogue) in Sharing Information on Progress reports analysis

Principles for Responsible Management Education
Sharing Information on Progress
Principle 6

symposia, conferences, seminars as communication tool 90

blogs, newsletters, websites as communication tool 23

magazines, reports as communication tool 19

1

use of renewable energy, emission reduction, etc. 49

responsible HR policies 12

contributions to society 48

other examples of campus best practices 23
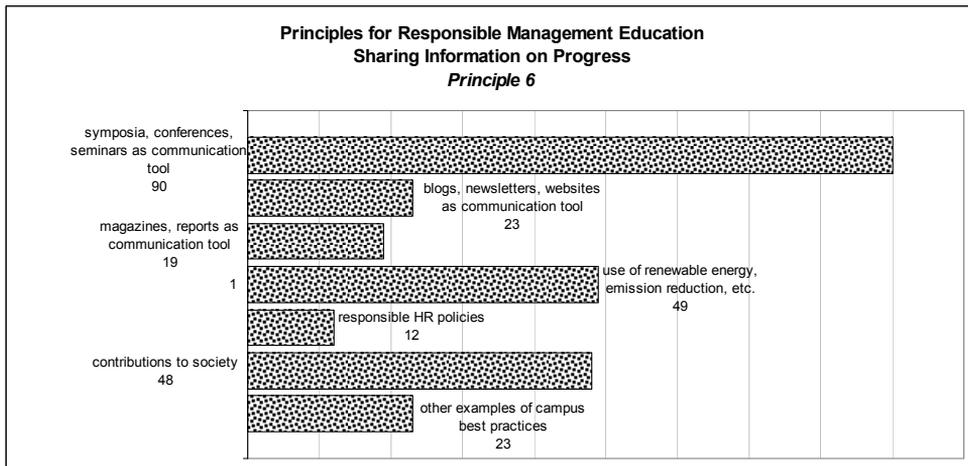
Source: authors' study based on conducted research analysis

Those best practices capture initiatives such as green campus (including activities such as the use of renewable energy, emission reduction, etc.), contributions to society (in many cases it is a result of service learning – services are provided by students) as well as other unique ideas such as:
— a car-sharing station on the university campus

Responsible transport:
Setting up a Car-sharing service at BEM, in partnership with the cooperative AutoCool: since October 2009 BEM has had the first car-sharing station on the Bordeaux university campus.

BEM Bordeaux Management School (France);

— film festival on global responsibility

In order to raise the awareness of the current economic, social and environmental challenges, the students of Audencia's Global Responsibility Track organize an annual film festival in the area of Global Responsibility.

Audencia Nantes School of Management (France)

— or fair-trade products at the school's cafeteria

One of Audencia's first priorities when implementing the Global Compact was to promote fair-trade products. The school has decided to act as an example.

Since the end of 2005, it is possible to buy fair-trade coffee and tea at the school's cafeteria. All coffees, teas and orange juices the school offers to its numerous guests are fair-trade products.

Audencia Nantes School of Management (France).

3. Conclusions

The Wall Street Journal argues that business schools, by failing to systematically and critically discuss issues such as executive incentive programs, have contributed to the financial crisis [Jacobs, 2009]. Likewise, *The New York Times* wonders whether "the way business students are taught may have contributed to the most serious economic crisis in decades" [Holland, 2009]. The bottom line is that we cannot solely neglect that business schools have a responsibility to train their students in a responsible way. As James Post [2009] remarked recently in the *Financial Times*, "schools must now reinvent themselves as part of the solution". Similarly, Angel Cabrera [2009], President of Thunderbird School of Global Management, argued recently: "Let's not waste a good crisis!". We should not waste this opportunity to finally put responsible management education in its rightful place: at the strategic core of business school curriculum [Rasche, Escuero, 2010].

Thus, although it is generally acknowledged that integrity "is at the heart of what effective business and education is all about," executives seem ill-prepared to cope effectively with the challenges of leading with integrity in a global stakeholder environment. Furthermore, relatively little is known about how management education can prepare managers and professionals for those challenges [Stachowicz-Stanusch, Wankel, 2010].

Principles for Responsible Management Education are one possible agent to drive this process. The PRME embody a voluntary set of to which business schools can adhere in the interest of providing future leaders with the necessary insights and skills to reflect upon; critically analyze, and provide leadership with regard to corporate responsibility [Rasche, Escuero, 2010].

References

Cabrera A. (2009), Let's Professionalize Management, http://blogs.hbr.org/how-to-fix-business-schools/2009/04/a-hippocratic-oath-for-future.html.

Etzioni A. (2002), Profit Without Honor: When It Comes to Ethics, B-Schools Get an F, *The Washington Post*, Sunday, August 4, pp. B4.

Gardner H. (1991), The Tension between Education and Development, *Journal of Moral Education*, 20(2), pp. 113-125.

Holland K. (2009), Is it time to retrain b-schools? *New York Times*. Saturday, March 14.

Jacobs, M. (2009). How business schools have failed business. *The Wall Street Journal*, Friday, April 24, pp. A13.

Post J.E. (2009), "Never Waste a Crisis": Corporate Governance Reform After Satyam, *Vikalpa*, Vol. 34 (1), Indian Institute of Management, Ahmedabad.

Rasche A., Escudero M. (2010), Leading Change: The Role of the Principles of Responsible Management Education, *Journal of Business and Economic Ethics*, Vol. 10 (2), pp. 244-250.

Stachowicz-Stanusch A., Wankel Ch. (2010): The Principles for Responsible Management Education – a pathway to management education for integrity, *Organizacja i Kierowanie* (in print).

www.unprme.org

www.unprme.org/the-6-principles/index.php

Abstract

In the paper author presents organizational and educational best practices applied by entities that adopted Principles for Responsible Management Education and published in Sharing Information on Progress reports. The analysis was based on over a hundred reports from 34 countries and was conducted in terms of over 50 criteria.

Hanna Mizgajska
Dorota Płóciennik
Poznań University of Economics

Influence of the social-demographic features on women's motivation to set up their own business.

Introduction - women entrepreneurs in Poland

Polish women are in the lead of the most enterprising women in Europe [Lisowska 2010]. This statement has been confirmed by OECD (Organization for Economic Co-operation and Development) in the research carried out by SME and Entrepreneurship Outlook. The rate reflecting the share of women in the group of persons working on their own account in 2003 in selected countries of the European Union was calculated. The countries with the highest rate are: Portugal 41.3%, France 39% and Austria 34.9%, while the countries with lowest rate are: Ireland 16.2%, Denmark 24%, Sweden 24.9% and Italy 25%. Women entrepreneurs from Poland with the index of 35.6% are characterized by high professional activeness within the examined area [OECD 2005].

There is no doubt that women in Poland are willing to set up their own economic activities. In the literature, however, one can find only few cases of the research explaining the factors which motivate to such a step – IPSOS-Demoskop, Pentor 2005. Therefore, the subject of women's professional activeness, especially their motivation to run their own firms, is particularly important and interesting.

Figure 1. Share of woman self-employed in total self-employment in 2003
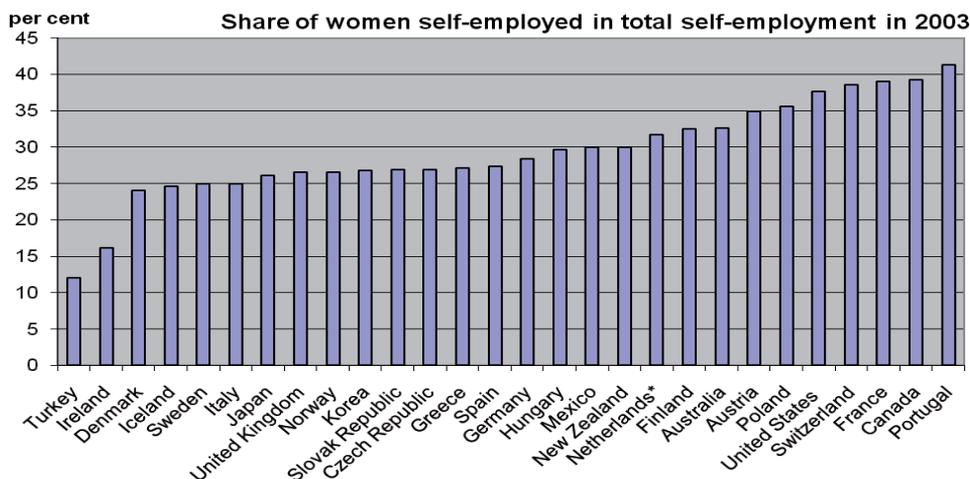
Source: OECD SME and Entrepreneurship Outlook, 2005

The purpose of this paper is to compare the influence of selected social-demographic factors on the motivation to open women's and men's own firms. Among these factors there are: age, sex, education, professional experience, unemployment, family status and place of residence. The following research problems have been presented in the work below:
1. What social-demographic features influence the specific type of motivation
2. The influence of social-demographic features on the specific type of motivation is different for women and men

In the present article one applied the result of the author's surveys conducted in the form of a direct interview in the group of 120 women owners and 120 men owners of small and middle-sized enterprises established before 2008 in Poland. The substantive data, which concerned the years 2008-2010, was gathered by the 2nd grade students of the University of Economy in Poznań in the first half of 2011. The empirical material was processed by the comparative analysis methods (the chi-square conformity test and the t-student test), while the level of significance α= 0,05 was assumed with the substantive verification of the hypotheses.

The examined problem in literature

In Poland, the interest in the issue of women's entrepreneurship dates back to 1989, which marked the beginning of the transformation process. The research carried out by Polish women authors focus on the professional activeness issues [Rolnik –Sadowska 2009, Lisowska 2008], the factors and barriers of running one's own business [Zapalska 1997, Lisowska 2001, PARP 2002, Mizgajska

2008a], female management style [Zapalska 1997, Mizgajska 2008b, Lisowska 2009 and Kupczyk 2009] and success factors [Rollnik–Sadowska 2009].

The problem of external and internal factors influencing the decision on establishing one's own firms and the barriers was started in the research by Zapalska [1997] and by IPSOS- Demoskop in 2001 [PARP, 2002]. The works on comparing the meaning of these factors as motivation for setting own enterprises in Poland, Ukraine and in Lithuania were performed by Lisowska [2001]. In these papers the factors influencing women's entrepreneurship were compared with the factors influencing men's entrepreneurship. The most important external factors for establishing one's own business in 2001 [PARP 2002] both, for women and for men in Poland were: lack of another possibility, favorable market conditions and unemployment. On the other hand, Mizgajska [2008a] examined the impact of external (pull) and internal (push) factors on the decision of opening women's own businesses in the region of Wielkopolska. According to her research, the most important factors were favorable market conditions, lack of satisfaction from the previous work and unemployment.

In the Polish literature a number of papers are missing regarding influence of the demographic-social factors on the motivation to open one's own business by women and men. The heretofore existing papers dealt only with the problem of education influence on women's decision to establish their own firm [Mizgajska 2007]. In 2005, H. Mizgajska examined how the level of women's education and participation in trainings before opening their own firms influence their external and internal motives related to the opening of their own companies. According to her research, the level of education determined the hierarchy of importance for the external and internal factors. In 2007 H. Mizgajska continued the research on the impact of education on the motives for setting up own business by women in the group of 109 enterprises run by women. The author [Mizgajska 2011] diagnosed a relation between formal education, professional experience and participation of women owners in trainings and the factors influencing the decision to set up own business as well as the generated results of the enterprises. The work confirmed the hypothesis that education and professional experience of women were decisive as concerns the hierarchy of the importance of the external and the internal factors affecting the decision to form a company. At the same time, the importance hierarchy resulting from the external motives was less differentiated than the internal motives. The quoted research concerned only enterprises run by women.

In the Anglo-Saxon literature there are numerous classifications of research into the factors motivating women to found their own business. Among the most known ones there is the theory of "push and pull factors" [Shapero and Sokol 1982, Hisrich and Brush 1985]. The authors included the following factors in the "push" group: frustration, lack of satisfaction from work, burning out and boredom with

the previous work. Among the "pull" factors there were: independence, autonomy, education, family security. According to the research of these authors as well as Clain [2000] and Orhan and Scott [2001] "push factors" are the main motivation for women to found their own business and "pull factors" provide motivation for men. Another division of the factors affecting motivation is, according to Bartol and Martin [1998], the division into the factors concerning: the characteristics of the person-entrepreneur, the life path and the environmental factors. On the other hand, Partboteeach [2000] classifies motivation similarly as: the features related to the entrepreneur's experience, to the entrepreneur's personality and to the entrepreneur's surroundings.

The problem of similarities and differences between the motivation to open own business by women and men is discussed very often in the Anglo-Saxon literature. Some authors' research indicates that "the pursuit of independence is an important motivation for women and men [Shane et. al., 1991, Hisrich et.al, 1997], while "attaining a higher position in the society" is more important for men than it is for women [Orhan and Scott, 2001]. On the other hand, Moore and Buttner [1997] suggest that the push factors are more important for women. Some of the authors [Chaganti, 1996] indicate that there is no great difference between women and men as far as motivation is concerned. Others, such as [Brush 1992] emphasize that the differences in motivation are the result of the socio-cultural influence of the family, the glass ceiling, etc.. This view of the differentiation of motivation depending on the sex is supported by feminist theories.

On the other hand, research into the relation between education and the motives for establishing own firms was not undertaken very often. The relations between education and the psychological features motivating women to open their own companies were subject to the examination by Okhomina [2004 s. 10]. Okhomina found out that the level of education moderated the relations between the three psychological features such as: the need of achievement, the pursuit of internal control and the tolerance of ambiguity and an enterprising orientation. It means that an entrepreneur with a high level of internal motivation combined with a high level of education is more innovative and competitive than others.

Education and its connection with the factors motivating to establish one's own firm were examined on the occasion of the social-demographic characteristics of women enterprise owners. According to Uhlaner and Thurick [2007], the decision to establish own business in the case of women depends, among other things, on such demographic features as age and number of small children.

Among the socio-demographic factors affecting women's entrepreneurship, Bartol and Martin [1998] included education, age, experience, environment and influence of the family.

The influence of age on motivation was examined by Dann and Bennet [2005]. They found out that women above 35 who opened their own business indicated the level of independence as an essential motivation.

In the research by Mattis [2005] conducted in the USA, men (59%) set up enterprises that were connected with their previous profession, while women (42%) formed companies that were completely independent from their previous job.

Social-demographic features of women entrepreneurs

In the literature one can observe a certain tendency in the distribution of the social-demographic features of women entrepreneurs. Most often, they are women above 40 being in a stable relationship and having one or two children.

The average age of women entrepreneurs in the research is lower than in the heretofore existing literature – it is 43 years. Exactly the same average age was shown for men. The age distribution in the examined groups is even in the age ranges from 31 even to 60 years.

Table 1. The age distribution of entrepreneurs

Age range	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70
Women	4	13	19	22	26	21	19	14	5	1
Men	5	17	23	20	21	23	21	21	7	1

Source: Own study based on research conducted

Distribution of the professional activeness of the groups of businessmen and businesswomen with regard to age in the conducted research is presented in picture no. 1. We can observe lower activeness of women in the age group up to 35. The polarization of curves can be caused by the family development phase falling within the given age ranges [Wóycicka 2009].

The phenomenon observed in the analyses is increased activeness of women in the age range 36-45, and the bimodal curve of men's age – meaning decreased activity of men at 35-55.

An average woman running her own business, similarly to an average man, is in a partnership or marriage relationship. They run a household composed of four persons. A woman's family usually has one dependent child, while a man's family has two.

Women who have their own firms live, most often, in smaller localities up to 80 thousand inhabitants – 85 % of the surveyed ones.

Figure 2. Distribution of entrepreneurs' professional activeness with regard to age
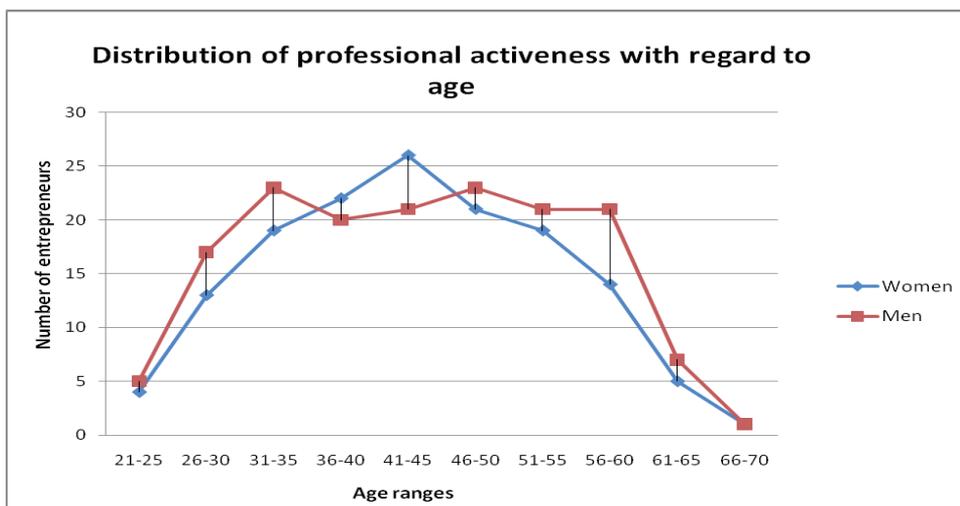
Source: Own study based on research conducted

Businesswomen running their own business were very well educated. The comparison of women and men did not show significant differences in the formal education. It is confirmed by the result of the research conducted in the previous years. [Mizgajska 2008a, Demoskop 2001]

Table 2. Level of entrepreneurs' education

Education	Woman	Man
basic	0.00%	0.63%
vocational	11.89%	16.46%
secondary school	45.45%	39.87%
university	42.66%	43.04%

Source: Own study based on research conducted

Influence of the social-demographic features on the motivation to set up own business - key differences between woman and men entrepreneurs

Running of an economic activity enables an entrepreneur not only to manage her/his own time, tasks or income. Important pros are also: highly valued independence, the willingness to implement one's own ambitions and "being your own boss". However, one should remember about the high risk, duties, numerous overtime hours and irregular payouts – a frequent issue, especially in the initial phase of a company functioning [Rollnik-Sadowska 2010]. At the end of 2010, persons working on their own account constituted 18.74% of all the

employed. Also, looking at the data presented by the Chief Statistical Office, one can observe an increasing tendency.

The purpose of this work is to present the influence of the social-demographic features on women's motivation to found their own business and to show the significant differences in such influence among men. The parameters analyzed entail: age, sex, marital status, education, size of the place of residence, family status and professional situation before the start of one's own activity. In literature, these factors leverage with the establishment of one's own enterprise.

The external and internal factors which are deemed significant for the Polish conditions according to the research by Demoskop from 2001 were assumed to be the factors motivating establishment of one's own company. The first group, also called "push factors", in literature is often specified as less favorable to the society owing to its more negative character. A business person is driven mainly by the willingness to maintain her/his work place [Wasilczuk 2010], for reasons such as: lack of satisfaction with the previous work, lack of development possibilities, unemployment, parents' example, family relations, the "glass ceiling" effect, favorable conditions on the market and flexible work time. On the other hand, the "pull" factors which result from the internal needs of a business person included: the pursuit of independence, the internal need of action, the need of fair salary, the need to be "your own boss", the need to fulfill a personal ambition, the need to dominate, willingness to prove value, a predilection for risk taking as well as the values instilled at home.

The research problem of the present paper assumed a difference in the influence of the selected social-demographic features on the motivation to set up own enterprises among women and men. The difference is visible even in the correlations of the motivating factors, which drove the entrepreneurs. The research conducted on a group of men showed relations mainly with the group of internal motivators – and thus, those which are defined in literature as positive. On the other hand, among women, relations with external factors occur as often as the relations with internal factors. These results can be deemed consistent with the analyses conducted by the Polish Agency for Enterprise Development in 2001, which showed that regardless of sex, business people followed mainly the internal factors. Nevertheless, a minor difference was visible in the group of women owners, who chose the external elements more often. In the analysis of the particular elements, men marked factors such as favorable circumstances, independence and a predilection for risk more frequently. Women, in return, marked their willingness to prove value [Polish Agency for Enterprise Development 2001]. The author's research showed that the distribution of the most crucial "push" motivators in the analyzed groups was similar. The most often marked ones were: favorable conditions on the market, lack of satisfaction

with the previous work, lack of the possibility to develop and flexible work time. The difference is visible in the "pull" factors – the internal ones. Men declared a predilection for risk and the need to be "their own boss" more willingly than women did. For women, the need to fulfill their personal ambition and willingness to prove value were more important. The groups selected the key factors consistently: pursuit of independence – 76.22% of women and 82.91% of men, the need of fair salary – respectively, 69,23% and 64.56%.

In Polish literature one can find cases of research presenting an entrepreneur's profile. Referring to the above mentioned work, one can distinguish both, a male and female owner's social-economic features as well as the motivations they followed while setting up their own businesses. However, not numerous analyses are known considering the occurrence of significant dependencies between the examined areas. Can one say that motivation factors of a group of women and men depend directly on the features which determine them?

The work covered the analysis by the t-student and chi-square methods between the mentioned social-demographic features and the push and pull factors in the group of women and men. The conducted research showed that there is no connection between the age and place of living in the group of women and men and the motivating factors.

The factors presented in table 3 were part of the features having a significant influence with distinction between sexes.

Table 3. Significant social-demographic features influencing motivation of entrepreneurs to establish their own businesses.

Sphere	Women	Men
Family situation		• Distribution of income in the family budget • Marital status
Education and experience	• Education level Running enterprise in accordance with the profession learned • number of work places before establishing one's own business • work on managerial positions	• running one's own company by an entrepreneur

Source: Own study – p (level of significance) = 0,05

The questionnaire distinguishes the part concerning the family status, which shows: marital status of the owner, professional situation of the spouse,

the number of people belonging to the household with distinction of underage persons and distribution of income within the family budget. The above described aspects of family life have been taken into consideration in the analyses owing to the transformation of the traditional professional model of a family ("the male breadwinner model"), in which it is the man who supports the household on his own. Nowadays, partnership relations also present an equal share in the professional life and in consequence, also in the family budget. Models: "Dual breadwinner", "dual carer model" are becoming popular. In these models duties are divided between both, woman and man [Wóycicka 2009].

In the conducted research one noticed, finally, the relation between the marital status of the person (thus, whether the person is single or in a partnership, or a marriage relationship) and distribution of inflows to the family budget as well as the internal motivators. The mentioned significant relations occurred only in the group of men.

Men in stable marriage or partnership relationships (82% of the examined men) were motivated mainly by the need of fair income. Most of them – 64.55% of the businessmen, driven by the internal need of action, belonged to the group of the sole or main breadwinners. The research confirmed this dependency. Distribution of income in the family budget showed a discrepancy between women and men. With female entrepreneurs, only one in three women is the main or sole breadwinner in the family, and a decisive majority (55.24%) have an equal share in the household income. Male entrepreneurs were not supported so much by their partners. According to the statistics, only one in three owners is supported by his female partner to the same degree, and a significant part (64.55%) indicate themselves as the main or sole breadwinner in the family.

Table 4. Distribution of income in the household budget

What is the share of your income in the family budget?	woman	Man
I am the main breadwinner in the family.	27.97%	48.73%
I am the sole breadwinner in the family.	9.09%	15.82%
The partner is main breadwinner in the family.	7.69%	2.53%
I and my partner have equal shares in the family budget.	55.24%	32.91%

Source: Own study

Another group of social-demographic parameters, which was analyzed, contained issues referring to formal education. This feature entered into reaction only with the analyzed businesswomen.

Female owners with completed university education most often chose the factor: the internal need of action, as opposed to the female entrepreneurs with secondary and vocational education, who deemed the need to be "their own boss" to be the most important factor. Ultimately, one can say that among women there is a dependency between formal education and the hierarchy of internal factors.

Table 5. Influence of the women's education level on the hierarchy of their internal factors

Internal factors	Education		
	vocational	secondary	university
Internal need of action	5.88%	38.46%	57.38%
The need of being "your own boss"	58.82%	27.69%	24.59%

Source: Own study

The research carried out on 120 women showed also some interesting information – women entrepreneurs fulfilling their personal ambitions by running their own company were more willing to participate in trainings than their colleagues for whom this motivational factor was no so important. These ladies spent, respectively, 29 and 12 days on courses in the years 2008-2010.

During the author's measurement, also features included in entrepreneurs' professional experience were specified. Among these features there were: period of service before starting own business, the number of the entrepreneur's previous work places and whether the entrepreneur worked on managerial positions.

The data from the European research presented by the European Commission confirms the professional position of women. In 2008 in Poland, only 34.7% of women worked on managerial positions. To compare, almost twice as many man: 65.3% worked on high positions. With this result, Polish women are placed above the European average, which is 32.5%. The country in the European Union which took pride in the high percentage of women on managerial positions in 2008 was France – 40%. An example, on the other hand, can be the USA, where women had a very large share – 46% of all managers [Lisowska 2010].

64.91% of women entrepreneurs who, in a direct interview, marked the need of fulfilling their personal ambition as an important factor earlier worked on non-managerial positions.

Also, the number of work places in which women worked before founding their own company turned out to be of importance. The first strong relation

occurred with women owners who changed work more frequently. There was a visible relation with the external motivation factors such as: lack of satisfaction with the previous job, lack of development possibilities, crisis, predilection for risk – contrary to other women entrepreneurs related to the positive factors. The most important ones were: pursuit of independence, parents' example and favorable market conditions.

In addition, the authors wished to expand the vision of the professional situation before the establishment of one's own activity – whether the given person worked in a private, state company or was the owner of another company, whether the person was acquiring education or was unemployed. Unemployment was a significant factor in the experiments and analyses carried out in the previous years, both by the author and by IPSOS- Demoskop. Also, the analyses of "Polski biznes '95" conducted by the Warsaw School of Economics showed that the external motivating factor – the threat of losing one's job was selected by 34% of women and 26% of men [Lisowska 2010]. Unfortunately, in the conducted research, the fact of being unemployed and the time of unemployment duration did not have a significant influence on choosing the factors motivating to own business establishment. The entrepreneurs who declared unemployment before opening their own business were: 27.27% of women and 19.62% of men. It can be noticed that ladies encountered difficulties on the labor market more often.

Table 6. Distribution of unemployed persons before they start their own business

Unemployed person before starting her/his own business	Woman	Man
Up to 1 month	5.59%	1.27%
from 1 to 3 months	5.59%	6.33%
from 3 to 12 months	8.39%	9.49%
above 12 months	7.69%	2.53%
I was no unemployed	72.73%	80.38%

Source: Own study based on research conducted

The perspective of work in a family firm turned out to be important for entrepreneurs. The increasing significance of such businesses can be confirmed by the numerous researches conducted by state research institutions, which show that family businesses constitute 36% of the micro, small and middle-sized enterprises in Poland [Polish Agency for Enterprise Development 2009].

The analyzed group of men was divided with regard to the fact of running a business together with the family. Two different relations were observed. Men who ran a family business were unsatisfied with the current work much less frequently – 39%, whilst in the other group even 61.54% of people chose the factor: lack of satisfaction with the previous job. In addition, an important factor for owners of family firms was the need "to be your own boss" (60.98%). One can observe a stronger relation with the positive motivation factors in the team of family business entrepreneurs.

Amongst women entrepreneurs, one distinguished significant references in the sphere of professional experience. In spite of the fact that the aspect of running a family business did not influence women owners' motivation, it turned out worthwhile to emphasize the relation of the position occupied by a woman in the past (whether it was a managerial function) and the profile of the current company's activity.

In addition, half of women owners running their own business consistently with their learned profession found lack of development possibilities to be a significant external factor. This could mean that the previous work did not give them the possibility to develop in their learned profession or that they did not have a position related to their qualifications. Also, women entrepreneurs running enterprises with activity profiles different than their learned profession were related to the push factor – for as many as 23.53% of women family relations were important.

At the end, an entrepreneur had to answer our question whether she/he encountered discrimination practices regarding sex in their life. The subjects of discrimination and the "glass ceiling" are known in literature. In the transformation period women became professionally independent. However, it is common to think that it is easier for women entrepreneur to open their own economic activity than to overcome the invisible barriers on the way to the managerial position [Lisowska 2010]. Nowadays, women are aware of their professional possibilities. According to the conducted analyses, 65.73% of women encountered discrimination in their professional life. Most often, the "weaker sex", in spite of performing the same duties as the "stronger sex", earned less or was promoted less frequently. Also, cases of unequal treatment during interviews are frequent. Ultimately, however, the research showed that the discrimination factor, similarly as unemployment, did not influence taking the decision on establishing their own company.

Table 7. Discrimination practices regarding sex

Discrimination practices regarding sex	woman	man
During interview	17.48%	9.49%
Lower salaries of women performing the same duties as men	27.97%	13.92%
Women promoted less frequently than men	18.18%	12.66%
Other	2.10%	1.27%

Source: Own study based on research conducted

Conclusions and recommendations for economic practice

From among the examined social-demographic features only the level of education and professional experience of women were correlated with the internal and external factors influencing the establishment of their own companies.

Women who obtained higher level of education mentioned the internal need of action as the most important motivation to set up their own company. The most important need for owners with vocational and secondary education was the need to be their own boss.

A considerable number of the women entrepreneurs for whom the significant motivating factor was the need of fulfilling their personal ambitions used to work on a non-managerial position in the previous job. In addition, women managers running their enterprises in consistency with the profession they learned earlier mentioned lack of development possibilities as the key motivation. Women who did not work in their profession deemed family relations to be a crucial factor.

The last social-demographic feature which influenced women's motivation to establish their own businesses was the number of the work places in which the owners used to be employed. Women who changed the job more frequently chose the external factors more often – lack of satisfaction with the previous work, lack of development possibilities, crisis, predilection for risk. The following factors were significant for the rest of women entrepreneurs: pursuit of independence, parental example and favorable market conditions.

The conducted research showed differences in the influence of social-demographic features on the specific type of motivation between women and men who established their own companies. Women were driven by external factors more often than men. They were often motivated by development possibilities and fulfillment of their personal ambitions but also, by assuring a workplace consistent with their learned profession.

The relations between the social-demographic features concerning family life and professional experience were important for the entrepreneurs. Men in

relationships selected the need of fair salary as the crucial motivator to set up their own business. Moreover, men driven by the internal need of action were often either the main or sole breadwinners in the family.

The need to be your own boss was significant for the men who ran a family business. These businessmen were less often unsatisfied with their current job than owners of other enterprises.

The economic practices aimed at supporting entrepreneurship among women have been already existent on the labor market. There are numerous projects, most often connected with minimizing unemployment, which incorporate professional activation of women.

The authors are of the opinion that women's entrepreneurship should be promoted because such attitude facilitates development of professional equality and, in consequence, economic growth.

By observing the solutions proposed in France, where work on one's own account and self-employment of women are at the highest level in the European Union, one can set the recommendations with the aim to improve the economic situation: [OECD 2005]

- Practical classes in schools aimed at building enterprising attitudes and awareness of the sex,
- Popularization of the sources of activity financing,
- Organization of local enterprising support groups – this recommendation is meant to activate local authorities: successful businesswomen or advice centers. Business attitudes are promoted among women "from the neighborhood" by giving access to one's knowledge, experience and creative energy.

References

Bartol K.M., Martin D., (1998), .*Management,* Int. Edition, Irwin, New York. McGraw-Hill,

Brush C.G., *(*1992*),* "Research on Women Business Owners: Past Trends, a New Perspective and Future Directions"*, Entrepreneurship Theory and Practice* 17*:* 5-30*.*

Buttner E., Moore D., (1997), *Women's organizational exodus to entrepreneurship: Self –reported motivations and correlates with success,* Journal of Small Business Management, 35(1).

Chaganti R., (1986), Management in women-owned businesses. Journal of Small Business Management, 24(4), 18-29.

Clain S., (2000), *Gender differences in full – time self –employment*, Journal of Economics and Business, Vol. 52.

Dann S., Bennet R., (2005), *The changing experience of Australian women entrepreneurs*, In: S. Fielden L., Davidson M.J, (eds.) *International, Handbook of*

women and Small Business Entrerpreneurship

Hisrich R.D., Brush C.G., (1985), *Women and minority entrepreneurs* :A comparative analyses'in J. Hornaday E., Shills E., Timmons J. and Vesper K. (eds) *Frontiers of Entrepreneurship* Research, Wellesley, MA. Babson Center for Entepreneurial Studies.Hisrich R., Brush C., Good D., & DeSouza G., (1997), Performance in entrepreneurial ventures:Does gender matter, Frontiers of Entrepreneurship Research, Babson Center for Entreprenerial Studies.

Kupczyk T., (2009), *Kobiety w zarządzaniu i czynniki ich sukcesów*, Wyższa Szkoła Handlowa, Wrocław.

Lisowska E., (2001), *Przedsiębiorczość kobiet na tle krajów Europy Środkowej i Wschodniej*, Szkoła Główna Handlowa, Warszawa.

Lisowska E., (2008), *Równouprawnienie kobiet i mężczyzn w społeczeństwie*, SGH, Waszawa..

Lisowska E., (2009), *Kobiecy styl zarządzania*, Wydawnictwo Helion, Gliwice.

Lisowska E., (2010), *Polki są najbardziej przedsiębiorcze w Europie*, banier.pl.

Mattis M.C., (2005), I'm out of here: Women leaving companies in the USA to start their own businesses, In: S. L.Fielden,.Davidson M.J,(eds.) *International, Handbook of women and Small Business Entrerpreneurship*

Mizgajska H., (2007), *Wpływ edukacji na motywy i ograniczenia przedsiębiorczości kobiet na przykładzie Wielkopolski,* w: P.Wachowiak, M.Dąbrowski, B.Majewski (red.) *Kształtowanie postaw przedsiębiorczych a edukacja ekonomiczna,* Fundacja Promocji i Akredytacji Kierunków Ekonomicznych , Warszawa.

Mizgajska H., (2008 a), *Motywy i ograniczenia przedsiębiorczości kobiet w Wielkopolsce*, w: J.Stankiewicz (red), *Koncepcje zarządzania kapitałem ludzkim we współczesnych organizacjach,* Uniwersytet Zielonogórski, Zielona Góra.

Mizgajska H., (2008 b), *Specyfika sposobu zarządzania przedsiębiorstwem przez kobiety. Na przykładzie Wielkopolski*, Organizacja i Kierowanie nr 3.

Moore D.P., Buttner E. H., (1997), *Women entrepreneurs: Moving beyond the glass ceiling.* Thousand Oaks, CA. Sage.

OECD, (2005), *SME and Entrepreneurship Outlook 2005*, OECD Publishing.

OECD, (2011), *Labour Force Statistics 2010,* OECD Publishing.

Okhomina D., (2004), *Does level of education influence psychological traits? Evidence from used car entrepreneurs,* Journal of Management and Marketing Research,

Orhan M., Scott D., (2001), *Why women enter into entrepreneurship : An explanatory model*, Women in Management Review, 16, (5).

Partboteeach K.P., (2000), *Choice of Type of Corporate Entrepreneurship*: A Process Model , Academy of Entrepreneurship Journal, Volume 6, Number 1.

PARP, (2002), *Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2000- 2001,* Warszawa, s. 287- 294.

Rollnik –Sadowska E., (2009), *Przedsiębiorczość kobiet w Polsce*, Difin, Warszawa.

Shapero A., Sokol L., (1982), *The social dimensions of entrepreneurship.* In C.A.Kent, D.L.Sexton, &K.H. Vesper(eds.)*Encyclopedia of Entrepreneurship. Englewood* Cliffs, NJ: Prentice Hall.

Shane S., Kolvereid L. and Westhead P., (1991), An Exploratory Examination of the Reasons Leading to New Firm Formation Across Country and Gender, Journal of Business Venturing, 6 (6) p. 431-46

Uhlaner L.M., Thurik, A.R. , (2007), *Postmaterialism influencing total entrepreneurial activity across nations.* Journal of Evolutionary Economics, 17(2).

Wasilczuk J., (2010), *Przedsiębiorczość kobiet*, w: Gawrycka M., Wasilczuk J., Zwiech P., *Szklany sufit i ruchome schody – kobiety na rynku pracy*, CeDeWu Sp. Z o.o., Warszawa

Wóycicka I., 2009, *Model opieki w Polsce*, w: Kotowska I.E. (red) *Strukturalne i kulturowe uwarunkowania aktywności zawodowej kobiet w Polsce*, Wydawnictwo Naukowe SCHOLAR, Warszawa.

Zapalska A., (1997), A profile of Women Entrepreneurs in Poland, " Journal of Small Business Management" , Vol. 35.No 4s.

Abstract

We are witnessing considerable changes in the labor market in today's economy, which is based on knowledge. Labor awareness is growing in the society and it is accompanied by the problem of equal professional opportunities for women and men.

The purpose of the present work is to assess the relation existing between selected social-demographic features such as: age, sex, marital status, education, size of the place of residence, family status, professional situation before starting one's own activity, and the motivation to set up one's own enterprise. The factors having a crucial influence on establishing one's own economic activity have been divided into external and internal ones. Amongst the external factors, the following ones have been listed: convenient market circumstances, lack of other possibilities, lack of satisfaction with the previous work, lack of growth possibilities, unemployment, parental model, family relations, the „glass ceiling" effect, flexible work time and the crisis. On the other hand, internal factors included: pursuit of independence, the internal need for action, the need of fair earnings, the need to be „one's own boss ", the need to fulfill one's personal ambition, the need to dominate, the need to prove value, the disposition to take risk, the values inculcated at home. In the present work, the author compared the influence of selected features in the enterprises run both by women and men.

The empirical material was collected amongst male and female owners of small and medium-sized enterprises (employing up to 249 people) established before 2008 in Poland. The substantive data concern the period 2008-2010. The survey research in the form of a direct interview (240 questionnaires) was carried out in the first half of 2011 by the students of the 2nd grade studies at the Poznań University of Economics. The collected material has been processed by the methods of descriptive statistics and the method of correlation and regression.