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Organisational consciousness in public safety management system

Abstract: Organisational consciousness is one of the primary determinants driving organisational development. It is the organisation's capacity for assessment of its operation level, quest for uniformity and organisational identity. This consciousness revolves around objectives of actions and integrates collective efforts, thereby determining collaboration. Therefore, it performs a vital role in the public safety management system (PSMS), where efficiency of operations may be achieved only as a result of joint actions. In essence, this was an imperative to carry out research aimed at analysing the significance of organisational consciousness in the public safety management system. During enquiries the authors gave insight into the concepts of organisational consciousness and organisational development as well as characterizing the PSMS in the context of organisational consciousness.

Bearing in mind a comprehensive and adaptive approach to each analysed situation in an individual manner the relevance of organisational consciousness in public safety management systems was found. Furthermore it was testified that organisational consciousness in the PSMS affects three areas, namely: enhances involvement in accomplishment of objectives set, strengthens inter-organisational collaboration and fosters innovative solutions.

Key words: organisational consciousness, organisational development (OD), inter-organisational collaboration, public safety management system (PSMS), integral theory

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Introduction

The PSMS constitutes a complex structure of units, subgroups and modules, configured differently in each situation depending on needs. Due to the number of entities involved in execution of activities and dynamics as well as complexity of circumstances under which this system operates it represents a research area in the field of OD where Ken Wilber's [Wilber K., 2012; Wilber K., 2006; Wilber K., 2000] integral theory is one of its models. According to this theory, organisational consciousness tends to be an element fuelling OD thanks to dissemination of new ideas to other domains of the development. This enables individual organisations to adjust their operations to standard principles relevant to the system. Keeping in mind that central to fulfilment of tasks within the PSMS is inter-organisational collaboration [Kożuch B. and Sienkiewicz-Małyjurek K. 2014b], organisational consciousness plays an important role in actions performed jointly. However, a scope of research carried out in the field of public safety across the world, as evidenced by publications in international scientific literature, appears to be insufficient [Tomasino A.P., 2011], also with regard to factors driving effectiveness of actions. Therefore, the purpose of the paper is to identify the role performed by organisational consciousness in the PSMS as compared to other social factors.

Methodology

Own studies, providing the foundation for conclusions, were conducted as part of the scientific project entitled "Coordination, communication and confidence as determinants of effective inter-organisational collaboration within the public safety management system", funded by the resources of the National Science Centre based on the decision number DEC-2012/07/D/HS4/00537 over 2013-2014. They involved:

1. Desk research, including:
 - analysis of Polish and international body of literature using such databases as: Scopus, ISI Web of Knowledge and Publish or Perish,
 - analysis of legislative acts related to actions undertaken by individuals involved in public safety management,
 - analysis of internal documents, ordinances and regulations of police, fire brigade and medical rescue in Poland.
 - unstructured interviews with 15 junior and mid-level employees employed in police and fire brigade units as well as medical rescue points across Poland
2. Structured interviews conducted with 54 employees in selected emergency communication centres across Poland.

While making analyses the concept of organisational consciousness, OD and PSMS was characterized, thereby identifying the role of organisational consciousness in the PSMS.

Organisational consciousness versus organisational development

Organisational consciousness takes place when individual persons align their behaviour and operations to applicable principles. This is a trade-off between individual ambitions and requirements imposed. Overall, this is an effect of experience, interactions at diverse organisational levels, previous learning processes. Organisational consciousness provides foundations for organisational identity which is critical for making decisions and managing changes [Pees R.C., Hostetter Schoop G. and Ziegenfuss J.T., 2009]. This is also a requirement for social evolution [Espinosa A. and Harnden R., 2007]. Broadly speaking this suggests possession of general knowledge on the issue addressing the questions: what is the object of actions and why is it [Pruzan P., 2001]?

Organisational consciousness is the key to success of the organisation when pursuing its mission [Pees R.C., Hostetter Schoop G. and Ziegenfuss J.T., 2009]. It constitutes a transparent dimension combining organisation elements, thereby providing the basis for a sense of meaning and perception of the organisation as a whole [Dibrell C. et al., 2014]. Essentially, it is exercised through clear and coherent articulation of the role and values of the specific organisation. Phases at which organisation consciousness is developed may be examined at three stages: reflexive, social and collective [Pees R.C., Hostetter Schoop G. and Ziegenfuss J.T., 2009, p. 507]. Reflexive phase refers to distinctive attributes of identity, clarifies the sense underlying organization existence based on its unique traits, qualities and achievements. Thus, the focus is brought into itself, its values, targets, quality and competences. At the social phase an organisation explores its relation with surrounding environment and determines its position there. As a result, it becomes less self-centred, extends its reflexive consciousness, takes into consideration its role, image and responsibility possessed in the larger system to which it belongs. Whereas the collective phase involves mutual relationships fostering increased engagement, understanding and reflection. Due to this function, an organisation becomes a part of the larger and horizontally and vertically integrated system functioning to attain a common goal. Such integration facilitates development of ideas as well as enhanced learning potentials and OD. Accomplishment of the phases of organisational consciousness development is lasting, and each of them is a source for deeper levels of involvement and motivation [Barrett R., 2011, p. 321]. Successful organisations enhance both internal as well as external aspects of consciousness. The focus merely on internal dimensions of consciousness tends to confine innovativeness and ingenuity across organisations. Whilst concentration on external levels of consciousness without cultivation of internal levels constrains capabilities for effective operations as well as generates ineffectiveness, impracticality and no references to reality of operations. Basically, these features sometimes surface in operations performed by non-governmental organisations [Barrett R., 2011, p. 322]. Therefore, a full spec-

trum of organisational consciousness manifests itself by positive attributes of its internal as well as external dimension. Both dimensions constitute a backbone of organisational development which appears to be a broad, long-term approach aimed to enhance the functioning level for the organisation while boosting efficiency of its operations. The concept applies to changes in human resources, essence and quality of labour relationships, though it often covers the issues concerned with structural and technological changes. Operations with regard to OD results form the following premises [Kożuch B., 2011, p. 216]

- people have a natural desire for personal excellence and development;
- employees are characterized by a strong need to be accepted by other organisation members;

Whereas the strategy in OD relies on the following premises [Webber R.A., 1996, p. 515-520; Kożuch B., 2011, p. 217]:

- systematic improvement of what was good in past rather than revolutionary changes are the most desired;
- groups (teams) form a fundamental structure of the organisation;
- important aim of the change is bolstered collaboration among specific organisation elements;
- in an appropriately organised organisation decisions are made where information sources are based rather than at some predetermined levels;
- an organisation as a whole and its individual elements always pursue a predetermined objective;
- one of the objectives in the organisation is to establish an information system, mutual trust among specific elements;
- people support what they create.

The concept of OD argues that at the heart of sustainable performance of the organisation are values and employees' behaviours [Foster C., 2013]. Involved employees have to believe in what they do and see the meaning of their actions. There are numerous approaches to implementation of OD. For example in order to bring about organisational efficiency the following steps are used [Mullins L.J., 2007, p. 720-721]:

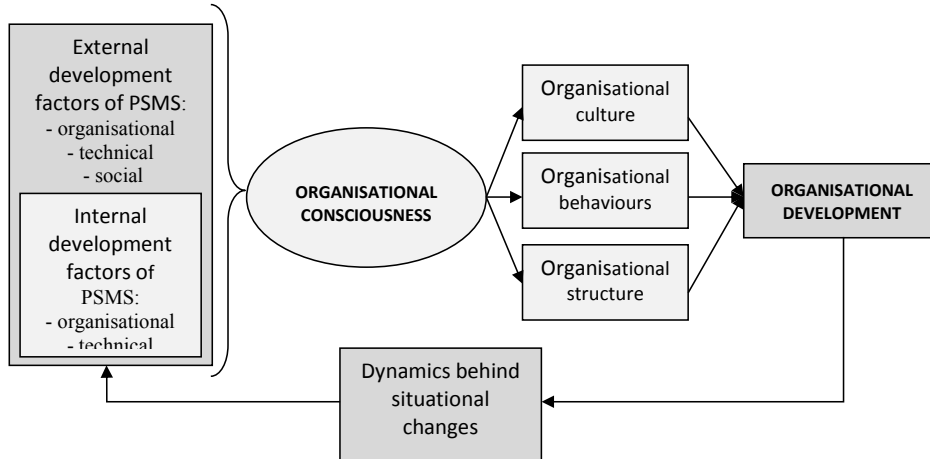
1. Survey research and feedback with questionnaire surveys determining the attitudes of members to the organisation functioning.
2. Sensitivity training groups concentrating on increasing participants' sensitivity to the emotional reactions, their diagnostic ability, and their behavioural flexibility and effectiveness.
3. Team building as a process of diagnosing task procedures and patterns within a work group.
4. Grid training aimed at attaining an orientation to maximum concern for both production and people.

Another OD approach, which requires sophisticated social and behavioural process skills, offers six steps described as follows [Shukla M., 2011, p. 207-208]:

1. Entry of an external change agent.
2. Preliminary diagnosis the relevant problem issues by the change agent.
3. Feedback to the client system - the findings of the diagnosis presentation.
4. Discussion and decision on an action plan.
5. Action implementation.
6. Further data collecting and diagnosis.

No matter what approach is used for preparation and implementation of OD, organisational consciousness is necessary as alongside OD there is growing complexity of processes [Cacioppe R. and Edwards M.G., 2005b, p. 233]. At each progress level the move to a higher level occurs in the consciousness domain in the first place. Thus, consciousness goes beyond the lower levels of the structures and it is able to integrate and harness them for further development. Consciousness of integration of initiatives launched by varied institutions contributes to increased coherence of operations among organisations and augmented innovativeness of enterprises [Cacioppe R. and Edwards M.G., 2005b, p. 231]. The role of organisational consciousness in OD was illustrated in Figure 1.

Figure 1: The role of organisational consciousness in OD



Source: study based on: [Wilber K., 2012; Wilber K., 2006; Pruzan P., 2001; Pees R.C., Hostetter Schoop G. and Ziegand J.T., 2009; Cacioppe R. and Edwards M., 2005a; Cacioppe R. and Edwards M., 2005b]

Understanding the role played by consciousness in an organisation enables to determine in which it may be used in decision-making processes, and further it provides opportunities for increasing the number of changes and boosting their efficiency. The primary objective in organisational consciousness analysis is to deploy

theoretical knowledge for strengthening performance of the organisation [Pees R.C., Hostetter Schoop G. and Ziegenfuss J.T., 2009, p. 505]. Given the specifics underlying public safety management it may be claimed that attributes of organisational consciousness carry great importance in this respect.

Public safety management system

Public safety as a category of public management is regarded as the mainstay of wealthy and well-functioning society since it is an effect of state policy pursued [Kożuch B., 2004, p. 60; Choenni S. and Leertouwer E., 2010, p. 234]. It refers to geo-physical conditions, current and potential threats as well as regional infrastructure. Public safety incorporate an entirety of initiatives launched by public administration in the form of regulatory policy as well as planning and organizational operations in order to provide society with adequate safety level and swift assistance when specific threat occurs. A traditional approach to public safety revolves around delivery of target through formulation of appropriate public policies. Currently, the need for a new approach which puts an emphasis on management issues acquired urgency [Kożuch B. and Sienkiewicz-Małyjurek K., 2014a, p. 473].

On the whole, it is assumed that enterprises run in public safety management are based on collaboration, and units involved execute parallel operations which mutually complement [Waugh W.L. and Streib G., 2006; Berlin J.M. and Carlström E.D., 2011; Kapucu N., Arslan T. and Demiroz F., 2010]. These units form the PSMS intended to fulfil one of the primary social need – need for safety. In Poland this assumptions stems from applicable laws and tasks assigned to these units which suggest the urgency for their collaboration. These entities include [Kożuch B. and Sienkiewicz-Małyjurek K., 2014b]:

1. Local government;
2. Response and rescue units, including:
 - a core unit whose competences involve taking actions in response to an emerging specific type of threat;
 - basic units which mostly respond collectively and collaborate in public safety management;
 - ancillary units being complimentary to actions taken by a core unit and basic units, whose knowledge and competences are essential in the specific situation;
3. Society: local communities and enterprises;
4. Media: radio, TV, press, Internet;
5. Non-governmental organisations;
6. Research and development units, e.g. laboratories, higher education institutions, research institutes.

A basic level at which the PSMS operates is local government – district (town/city having the district rights) together with communes [Kulesza M., 2008, p. 354].

At this level a civil leadership in the field of safety reside in the staroste (president of the city/town having the district rights), and consequently all services, inspections and guards whose operations are concerned with maintaining public safety are subject to its civil authority. Local governments are charged with initiating ventures to tackle local threats, securing financial funds for their execution as well as monitoring the progress of these operations and controlling their effects. Local government fulfils its tasks independently, and government administration has an opportunity of supervising and coordinating its operations within applicable laws [Act of 23 January 2009 on voivodeship and government administration; Act of 5 June 1998 on voivodeship self-government; Act of 8 March 1990 on commune self-government; Act of 26 April 2007 on crisis management]. Leading executive entities include units specializing in handling specific threats, and their scope of activities results from statutory tasks. For social threats occurred a leading unit of Police, for natural threats – State Fire Brigade, for epidemics - Chief Sanitary Inspectorate, for epizooty - Veterinary Inspectorate, etc. These entities accomplish their tasks under circumstances of risk and uncertainty. Furthermore, the PSMS is characterised by complexity, volatility and varying intensification of operations, depending on needs and situations. Therefore, this system may be only comprehended from the comprehensive perspective, incorporating both external and internal drivers as well as formal and informal relations. Equally, the integral theory may be helpful as it makes it possible to take into consideration systemic structures and uncertainty in OD.

The development factors of public safety management system

In public safety management OD may emerge in the continuous as well as cyclical mode. Continuous changes apply to any planned initiatives taken to strengthen effectiveness of operations (e.g. joint training). Whereas cyclical changes trigger bigger changes in culture and organisational behaviours. They may stem from, among others, experience gained while executing actions. The key role in this respect is played by the dynamics behind changes in situational circumstances as well as conditions for development of the organisation and their employees. Entities participating in operational activities constitute complementary units whose role changes depending on the situation, type of event and hazard. In this regard legal and organisational requirements create the basis for initiating actions. Though, without identifying social requirements they fail to be factors sufficient to ensure efficacy of operations performed in this area, because not all relations may be included in operational procedures [Kozuch B., Sienkiewicz-Malyjurek K. and Kozuch A.J., 2014]. While investigating three major factor groups having an impact on actions taken in the PSMS were classified. They are as follows [Kozuch B. and Sienkiewicz-Malyjurek K., 2014b]:

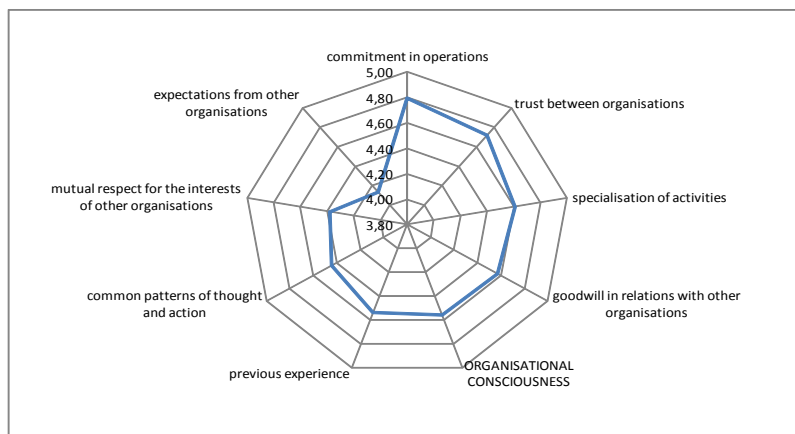
- organisational factors,
- technical factors,
- social factors.

Organisational factors pertain to existing collaboration principles and requirements likely to foster collaboration between organisations or to hinder it. They cover applicable legal regulations and the aspects developed by the organisations themselves on the basis previous experience. Technical factors refer to devices, equipment and technologies used enabling accomplishment of collaboration processes in public safety management. Whilst social factors embrace organisational factors, both formal and informal relations between organisations, as well as the level of relations between organisations. The last group also includes organisational consciousness concerned with knowledge about competencies of individual organisations, the need for collaboration as well as possible options for executing operations. Principally, it allows for integration of principles prevailing in specific units across the PSMS to ensure efficacy of jointly performed actions.

The significance of organisational consciousness in public safety management system - the results of research

One of the research elements was the evaluation of the importance of effectiveness factors influencing actions in the PSMS. Assessing the significance of organizational consciousness on the background of other social factors it was found that analysed factor is on the same level as goodwill in relations with other organisations, but lower than specialisation in activities, commitment in operations and trust between organisations. These results are illustrated in Figure 2.

Figure 2: Assessing the significance of organizational consciousness on the background of other social factors



Source: own elaboration based on the study completed.

Based on the studies completed it was also stated that lack of organisational consciousness may lead to:

- problems in conducting response and rescue actions,
- failure to reach consensus between organisations involved in actions,
- ineffectiveness of actions,
- destabilization of the PSMS,
- threat to life and health of officers, rescuers and other persons engaged in operations, and consequently loss of trust between organisations.

The respondents also attributed great significance to experience, conceptual approach to the given issue, and the role of continued advancement of operations which provides the bedrock for organisational consciousness. Organisational consciousness in units across the PSMS transcends the bounds of one single organisation. After all, those surveyed are aware that they form part of the larger organism and contemplate their role performed in actions jointly accomplished. Furthermore, these units strive for further betterment, which is the effect of recognizing the importance of integrated operations.

Consequently, it may be stated that the meaning of organisational consciousness in executing operations in a bid to guarantee public safety has not been fully examined. However, in-depth interpretations of the research findings suggest that in many cases its role in the PSMS is intuitively experienced.

The relevance of organisational consciousness in public safety management stems from the need for a comprehensive and adaptive approach to each situation in an individual manner. Each event proceeds at another place, with varying scale and intensity, and it is beset by other perils likely to trigger escalation of threats. Hence, actions undertaken in the PSMS progress differently, and additionally similar resources are engaged in actions, though with varying strength and configuration. For this reason, units within the PSMS are required to realise their role in operations conducted. All in all, having analysed the findings from interviews it was concluded that organisational consciousness in the PSMS affects in three areas, namely: enhances involvement in accomplishment of objectives set, strengthens inter-organisational collaboration and fosters innovative solutions.

Situational circumstances have implications for factors driving development of units within the PSMS, thereby affecting factors behind development of the whole system. Whilst development factors determine the shape and pace of evolution of organisational consciousness, which then exerts an influence in involvement into targets embraced, inter-organisational collaboration and innovative measures. As a consequence, it ultimately shapes organisational culture, behaviours and structure which, from the comprehensive perspective, provide directions for OD within the PSMS. This development alters along the dynamics behind situational shifts.

Conclusions

This study provides an overview of the significance of organisational consciousness in the PSMS. Even though the research concept was properly developed and organizational consciousness was characterised, the nature of this investigation was essentially exploratory. The key cause for this situation lies in the limitation of fieldwork which covered only police, fire brigade and medical rescue units. In future the surveys will be expanded and incorporate more entities of the PSMS.

1. Despite these limitations, this study addresses the relevance of organisational consciousness which in management studies is novelty and need to be tighter examined. As the result of research conducted to investigate the role of organisational consciousness within the PSMS, it was concluded that: The role of organisational consciousness within the PSMS stems from situational circumstances which have an impact on factors guiding development of the system units.
2. Organisational consciousness within the PSMS affects three spheres: enhances involvement in accomplishment of target embraced, strengthens inter-organisational collaboration and fosters innovative solutions.
3. A distinctive trait of organisational consciousness within the PSMS is that it transcends the bounds of individual units which form the system.
4. Relevance of organisational consciousness in practice of operations to ensure public safety has not been sufficiently recognized, and further research in this field is strongly recommended.

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Perception of organizational culture, commitment and loyalty of corporation employees

Abstract: The article is of empirical nature. It presents the results of research dedicated to identification of the organizational culture and the commitment of the employees of an international corporation operating on the financial services market. The OCAI questionnaire, used to identify the dominant type of organizational culture, and a questionnaire concerning the commitment and loyalty of employees in three selected branches of the company, located in Poland, England and India, were used in the research.

The main aim of the research was to identify the types of the organizational culture and to define the level of commitment of employees and loyalty, taking into account factors like branch location and nationality of the surveyed people. The assumption that organizational culture is positively correlated with the level of commitment and loyalty has been only partially confirmed and requires further verification. However, the differences between the results from the three branches (Poland, India, England) encourage continuation of that type of research.

Key words: organizational culture, commitment, loyalty, management

Introduction

The article is dedicated to the issues of organizational culture and its impact on the shaping of employee attitudes, such as commitment and loyalty. Contemporary companies more and more often declare that it is worthwhile to invest into

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and consciously shape the attitude of commitment among employees. The attitude contributes to enhanced productivity, which directly translates into the company's performance, a growth of its competitive position and market success. Highly motivated organization members work not only more efficiently, but also manifest greater loyalty towards the employer, which has also an impact on the continuity of employment (low staff turnover). Therefore, committed and loyal employees determine not only market success, but also have a direct impact on reduction of costs related to seeking new personnel, investing in their training and the induction processes.

Looking for the sources of employee commitment, one cannot omit the issue of organizational culture. For an organization with global reach, operating on geographically differentiated markets, organizational culture, including the features of national cultures, is a problem of uncontested importance. The presented article undertakes to identify relations between organizational culture and readiness to manifest behaviours testifying to employees' commitment to the affairs of the organization and manifestation of the attitude of loyalty towards it.

This article is of empirical nature. It presents the results of studies dedicated to identification of the type of organizational culture and assessment of the level of commitment of employees of a financial institution of international reach.

The main aim of the conducted research was to identify the connections between the type of organizational culture and the level of commitment and loyalty of employees, taking into account variables like branch location and nationality of the subjects. The surveys employed the OCAI questionnaire, used to identify the dominant type of organizational culture, and a questionnaire concerning the commitment of employees in three selected branches of the company, located in Poland, England and India.

Role of organizational culture on commitment and loyalty of employees –theoretical background

Research on organizational culture has a long and rich tradition. This article is based on the assumption that organizational culture is a set of (formal and informal) norms and values which shape the conduct of its members; they have an important impact on efficiency and implementation of formal tasks of an organization [see: Hofstede, 2000; Juang, Matsumoto, 2010; Schein, 2004; Sikorski, 2002].

Considering organizational culture to be the source of efficiency of the company, K. Cameron and R. Quinn differentiated four of its types: hierarchy oriented cultures, market oriented cultures, clan oriented cultures, and adhocracy oriented cultures [Cameron, Quinn, 2003]. The authors define the dominant employee attitudes, group management styles and motivation methods. Thus, the hierarchy culture features highly formalized norms and procedures, where greater predict-

ability and efficiency are strived at. The market culture is characterized by an emphasis on external issues, cooperation with external entities, attempting at maintenance of long-standing clients. Leaders of an organization oriented on the market are ambitious and demanding, and members of the organization are bound by the common goal of obtaining a superior position on the market. In the clan culture, employees are characterized by common beliefs, converging values and goals, high level of commitment and integration; teamwork and shared responsibility are the hallmark. High importance is attributed to a friendly atmosphere, which is supposed to improve the commitment and loyalty of the members, and the leader is the mentor who exercises care, builds an atmosphere of assistance, respect for tradition. As regards the adhocracy culture, it is based on close watch of the competitors and introduction of innovation. Organizations of this type are oriented on creative solutions; they esteem task-orientation and individual competences. In adhocracy, visionaries willing to experiment and implement innovative solutions are sought, and their goal is to develop unique goods.

According to R. Quinn and K. Cameron, the type of organizational culture changes along with the development of the organization according to the following pattern: first, there appears the dominant type of hierarchy culture, then the market culture, next the clan culture, and finally the adhocracy culture [Cameron, Quinn, 2003].

The type of organizational culture is directly linked to the issue of commitment, especially commitment to work, at the same time referring to the individual and personality characteristics of employees. In the literature, beside the general concept of commitment, there also appears the term 'organizational commitment', used mostly with reference to commitment of an employee to the organization and identification with it. Manifestations of commitment include defending the organization against criticism, the feeling of loyalty, long-term attachment to the organization, readiness to devote one's own time for organization's purposes, enthusiasm, determination to overcome obstacles, appropriate attitude and activity [Bugdol, 2006, p. 9]. Usually, greater commitment means stronger identification with the company and enhanced job satisfaction [Schultz, Schultz, 2008; Gajdzik 2009, pp. 23-30]. J.P. Meyer, N.J. Allen and A.C. Smith [1993, pp. 538-551] assert that organizational commitment is composed of affective commitment, continuance commitment, and normative commitment, that is commitment resulting from social norms, building the feeling of obligation and loyalty. The research reveals that employees with a high level of affective commitment are more valuable for the organization due their greater contribution of work and achieving better performance. Normative commitment gives slightly poorer effects and, just like the continuance commitment, is more susceptible to "absenteeism and fluctuation". Employees with a high degree of continuance commitment are worse at implementing tasks and have lower integration capabilities [Markowski et al., 2010, p. 7].

The problem of employee commitment in the light of the organizational culture becomes particularly significant in organizations which employ people who represent different nationalities, diverse value systems, and culturally determined behaviours. At the time of globalization of markets and implementation of international projects, organizations are facing the challenge of finding the optimum solutions in situations, when employees who sometimes represent extremely different patterns of behaviour and cultural norms meet in one organization, under one roof. Studies show the complexity of the mutual adaptation process between employees, representing different nationalities, and thus more or less different cultural elements are becoming increasingly important.

The studies, whose results are presented below, were carried out to find an answer to the question of the impact of organizational culture on unification of the conduct of employees in a multinational corporation and to consider the dominant type of culture depending on the location of the branch forming part of the corporation.

Methodology and results of the research

The aim of the empirical research was to identify the dominant type of organizational culture and to define the relationship between the type of organizational culture and the level of commitment of employees of different nationalities employed in the three branches, located in different countries (England, Poland, and India).

The research verified the following hypotheses:

H1. The organizational culture of the subject company is homogenous, regardless of location of the branch.

H2. The nationality of the respondents differentiates employees in terms of the level of commitment and loyalty.

H3. The branch location does not differentiate employees in terms of the level of commitment and loyalty.

Description of the research

The research was based on the OCAI questionnaire and a survey that measured the level of commitment of members of the organization. The survey also included questions regarding demographics, branch location, nationality of the employee and the current position in the company (corporate title). The OCAI Questionnaire (Organizational Culture Assessment Instrument) examines the existing type of organizational culture (current and desired) against four types of organizational culture: the culture of clan, adhocracy, hierarchy and market. The survey and the questionnaire were sent electronically in the beginning of 2014, with emphasis on their anonymous nature. All employees who took part in the research were working for sales support on London Stock Exchange.

Description of the test subject

The study was conducted in a financial company founded in Switzerland in 1856. It has been developing rapidly from the beginning, currently spanning all continents. Its main areas of business are: Private Banking, Asset Management, and Investment Banking. The company offers a wide range of financial services, manages capital investments in exchange transactions (shares, bonds). Furthermore, company X provides financial services to retail clients. The investment banking division provides services related to a variety of financial products, customer-oriented (companies, corporations, governments), making available acquisition of attractive investment sources that provide long-term safe profits to clients.

The company hires more than 45,000 people worldwide. In more than 50 countries, it operates over 300 branches, including four Centres of Excellence, one of which is located in the United States, two in India, one in Wroclaw. The Wroclaw branch was opened in 2007, initially employing 500 people. Until now, the number of employees has exceeded 1,500 people and keeps growing.

The company's strategy is based on six pillars:

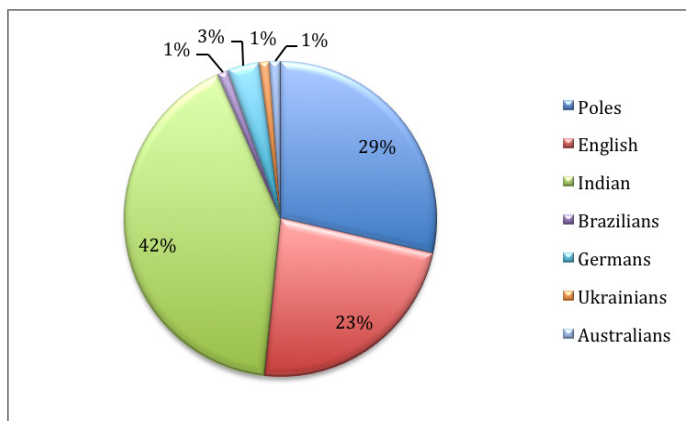
- Customer - the most important one; aiming at establishment of consistent, trustworthy relationships with clients, active listening and identification of customer needs, and seeking appropriate solutions.
- Employees - Company X is trying to attract the best people, offering opportunities and prospects that will benefit both the employee and the organization on many levels.
- Capital and risk management - prudent and wise in taking the risk, the pursuit of conservative management of liquidity and capital; the bank seeks to strengthen the capital base with an emphasis on additional issuance of conditional capital and the reduction of risky assets.
- Efficiency - essential for top performance, while fostering the reputation; implemented measures aimed at increasing productivity through emphasis on generating savings and developing a culture of efficiency.
- Cooperation - close cooperation between departments and regions is essential for delivering comprehensive solutions to complex financial needs of customers; carried out to measure and control the collaboration between internal business units.
- Responsibility - the company strives to take responsibility for every aspect of their business.

Characteristics of the respondents

The studies involved 91 employees of Company X from its 3 branches (30 people working in the London branch, 31 in India and 30 in Wroclaw). Amongst the respondents, there were people from England, India, Polish, Brazil, Germany,

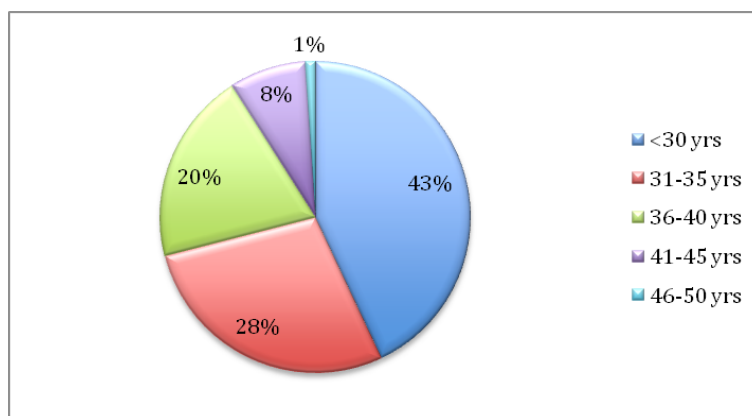
Ukraine and Australia. Respondents working in Wrocław included: 25 Poles, two Germans, a Ukrainian, a Brazilian and an Australian. In the group of 31 employees from London there were 20 Englishmen, 8 Indians, a Pole and a German. In India, a questionnaire was filled by 30 Indians and one Englishman. 49% of respondents were male, while women accounted for 51%.

Figure 1. Nationality of the respondents



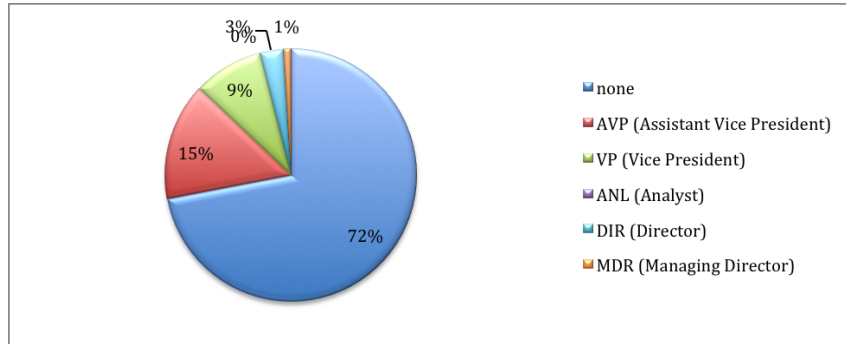
Source: Own study

Figure 2. Age of the respondents



Source: Own study

In terms of age, the respondents are dominated by young people under 30. Almost three quarters of respondents are employees aged up to 35 years (71%). Most of the younger workers are located in the Poland and India branches. The respondents from England represented all ages.

Figure 3. Corporate titles across test subjects

Source: Own study

The largest group of the respondents are people who do not have a corporate title, which is related to the high share of employees under 30 years of age participating in the study. Corporate titles are held by 28% of employees. Among them, relatively many (15%) were AVPs, VPs - 9%, DIRs - 3% and MDRs – 1%). The breakdown of the positions of the subjects by location is as follows:

Table 1. Corporate titles by location

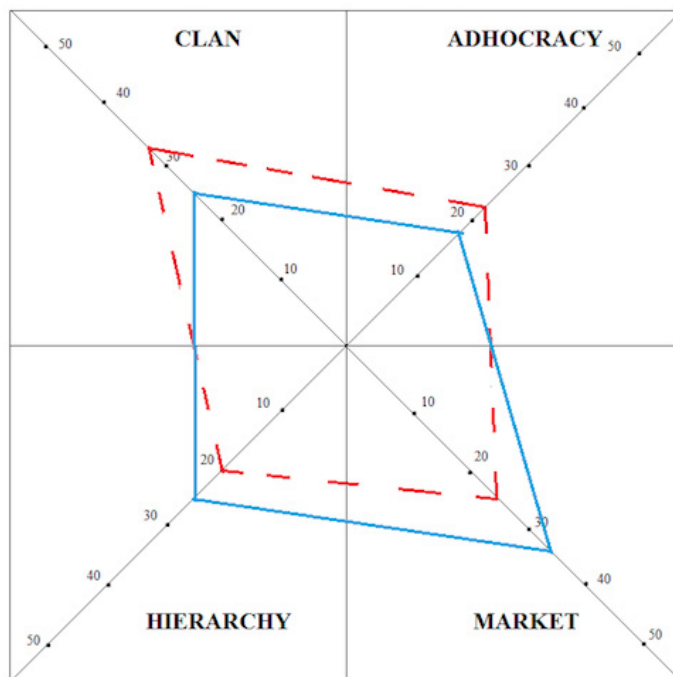
	AVP	VP	ANL	DIR	MDR
Wroclaw	4	2	0	1	0
Londyn	8	3	0	3	1
Pune	1	1	0	0	0

Source: Own study

Most of the employees that have a corporate title work in London (15 people – that is half of the subjects of this branch), and people with corporate titles accounted for the lowest share among the Pune staff (only 2 employees). The branch in Wroclaw, on the other hand, had 7 employees with corporate titles, which corresponded to around 25% of the subjects working in Poland.

The results of the OCAI questionnaire for company X and its branches

An analysis of the data obtained was carried out with respect to aspects such as the dominant type of culture in the organization, the discrepancy between the current and the desired state, the strength of the dominant culture, compliance, the degree of divergence and the presence of general trends in terms of the organizational culture type measured throughout the organization.

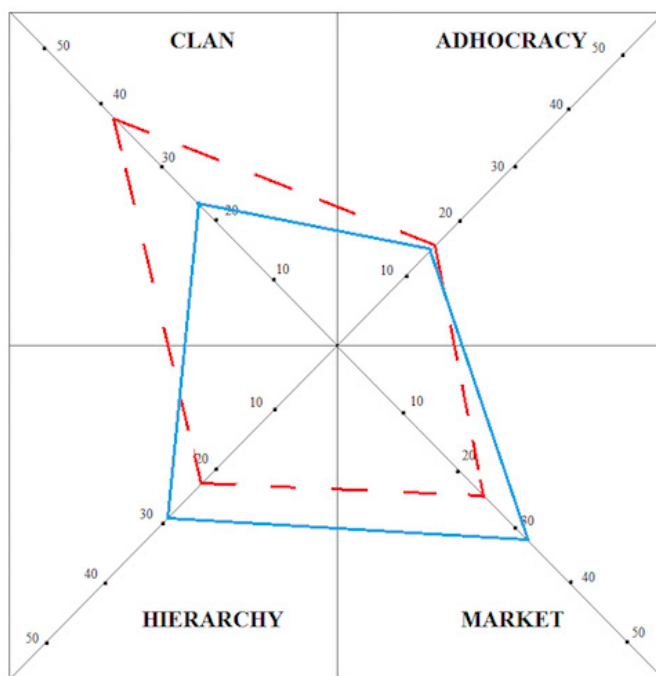
Figure 4. Company X organizational culture diagnosis

Source: Own study

The OCAI questionnaire enables specification whether the various parts (branches) are dominated by the same type of culture, and thus how strong and consistent the type of organizational culture in the studied company is. The results show that market culture prevails in all surveyed branches, therefore the organizational culture of the company is maintained regardless of its location and other differentiating factors (see H1). At the same time, the results of the questionnaire extrapolated to the entire Company X indicate the dominance of the market culture, while respondents indicate that the clan culture is the desired one; they would like to increase its importance at the expense of the significance of the market culture. The distribution of the results for particular culture types leads to the conclusion that the market culture in Company X is strong, although the other types are also present.

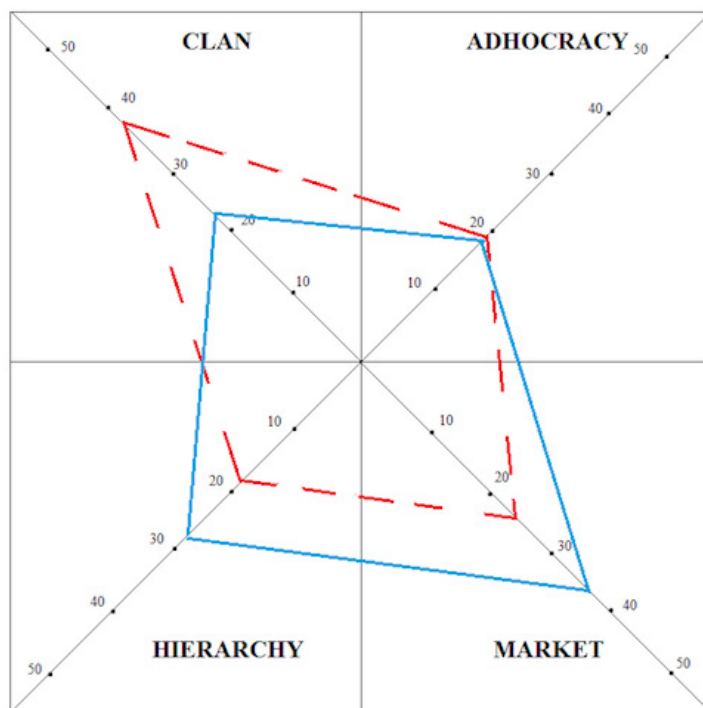
An analysis of the responses to the questionnaire shows that the trends observed in the majority of global companies are also present in the company X; for example, the higher the position held, the greater the tendency to award more points to the clan culture and rate the adhocracy culture as the least relevant.

This study assumed a comparison of the organizational culture of the three selected branches of a Company X - branches located in Wrocław, London and Pune (India). The results for the three branches are shown in the following charts.

Figure 5. OCAI questionnaire results for Wrocław

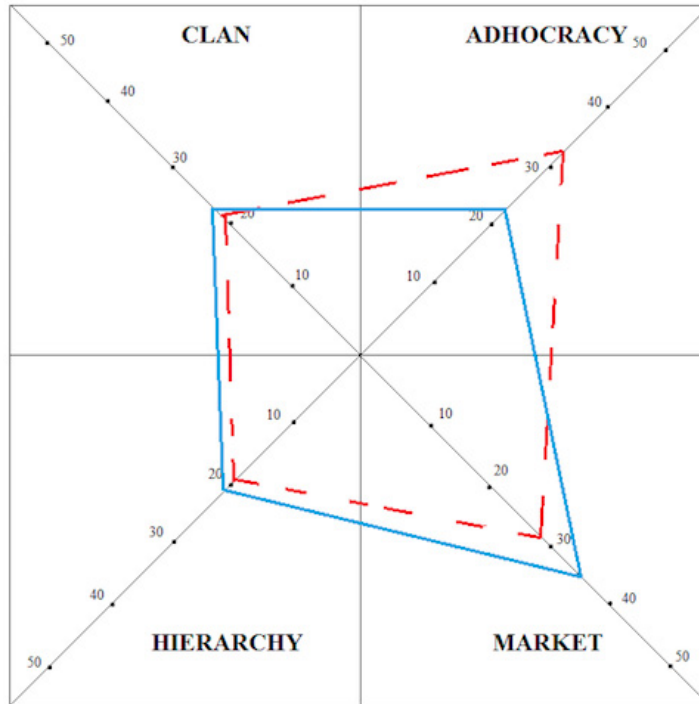
Source: Own study

The results of the branch in Wrocław show that employees stationed in Poland manifest a relatively greater need to replace the existing market and hierarchy cultures with the clan culture. There is a high discrepancy (up to 15.8 points) between the assessments of the current and the desired state (that is the clan culture). The highest level of acceptance of the current state in Wrocław was recorded with respect to the adhocracy culture, where the discrepancy amounted to just 0.9 points. Employees in managerial positions in the Wrocław branch were pointing to the clan culture as the description of their desired vision of the company, unlike the other respondents. The current state of the company, on the other hand, was described as the market culture. Foreigners working in Wrocław showed a trend similar to the Poles placed lower on the corporate ladder. Both categories of employees indicated the need of functioning in a friendly environment which values teamwork, as well as loyal and committed employees. At the same time, they perceived their organization as a place oriented on profits, where internal rivalry and effective execution of tasks are the measures of success. Superiors are considered to be demanding and prefer professional contacts. Wrocław employees would like to reduce the level of formality and hierarchy in the company by weakening the hierarchy culture elements.

Figure 6. OCAI questionnaire results for Pune

Source: Own study

The results of the respondents employed in Pune proved to be very similar to the results of the Wrocław branch, with an even greater need to strengthen the clan culture (the difference is 16.7 points). The Indians expressed the desire to reduce the degree of formality of the company, along with the perception of less need for supervisors as mentors and tutors. They wished to work in a team where everyone cares about others; this does not correspond to the focus on profit and competition, formulation of tasks and challenges. The organization's goal of attaining the dominant market position is not convincing. Respondents from Pune revealed the greatest discrepancy between the assessment of the current situation (market culture) and the desired state (clan culture). However, two English respondents occupying senior positions in the department advocated strongly for the market and hierarchy culture.

Figure 7. OCAI questionnaire results for London

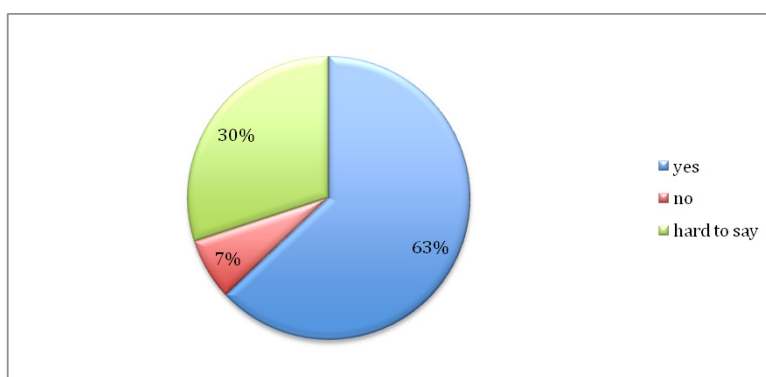
Source: Own study

The employees working in London perceive the culture of the company differently from the respondents from the both branches, Wroclaw and Pune. First of all, the subjects of the London branch evaluated the cultural level of the clan as satisfactory, even with a tendency to reduce its manifestations. It can be concluded that workers in London are not looking for a friendly and family atmosphere at work, but prefer the objectives and achieving major results. Nevertheless, like other branches, they would wish to reduce the power of the market culture, at the same time identifying the adhocracy culture as the most desired. The respondents from London would like to introduce more dynamism and creativity into the organization. The existing effective level of hierarchy was sufficient for them, but they wanted greater emphasis to be placed on addressing the challenges and introduction of innovative solutions. The organization, according to them, should encourage freedom and pursuit of their own ideas. A slightly different approach was presented by the Indian people working in London. They would rather strengthen the clan culture, similarly as their colleagues working in Pune.

Commitment and loyalty of Company X – survey results

It was assumed that the positive assessment of the company as a workplace, knowledge of strategic objectives and willingness to dedicate free time to the company are indicators of employee commitment. On the other hand, the sense of attachment and identification with the company, readiness to switch roles, and positive assessment of the development opportunities offered by the company are the manifestations of employee loyalty. Below are the results obtained in the survey.

Figure 8. Would you rate your company as a good place to work?

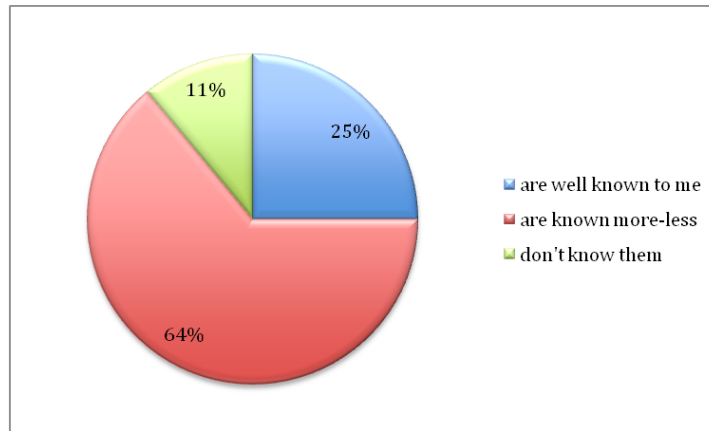


Source: Own study

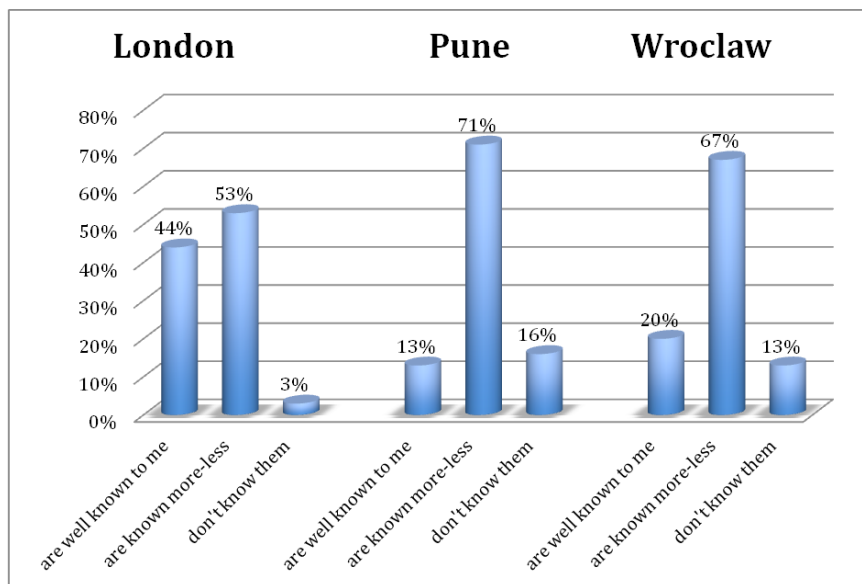
Most respondents stated that they considered Company X to be a good employer. Employees of the London branch and foreigners occupying managerial positions in Wrocław and Pune expressed a positive evaluation of Company X, also the Poles most often depicted X as a good place to work. Relatively many negative or neutral responses were found among the Indians and older workers (41-50 years) that did not hold managerial positions.

Knowledge of strategic objectives of the company

Employee commitment is also measured by the knowledge of company's strategic goals.

Figure 9. Familiarity with company's strategic goals

Source: Own study

Figure 10. Familiarity with company's strategic goals (London, Pune, Wroclaw)

Source: Own study

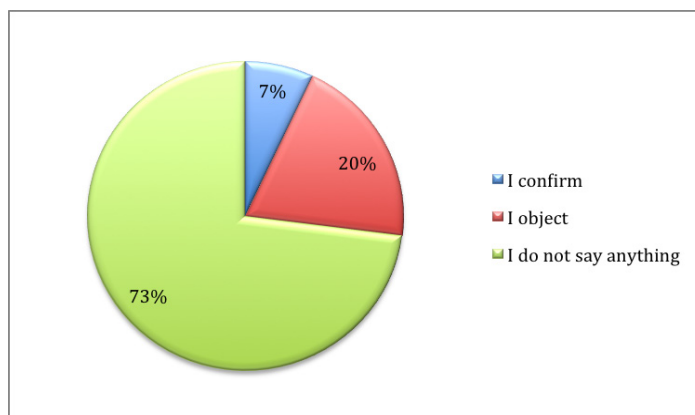
The survey showed that the strongest area was represented by the staff who generally ('more or less') know the strategic objectives of the company. The respondents who are aware of the strategic objectives of the company include mainly senior officers and staff from London. The highest percentage of respondents indi-

cating lack of knowledge of the company's goals were employees of the lowest rank, without a corporate title.

Sense of attachment to the company (identification with the company)

The survey results indicate that conformist attitudes are the strongest among X employees (the majority - 73% of respondents admit that preserves passivity (neutrality) in situations when they hear the company criticized outside. At the same time, only 7% of respondents claim that they have actively expressed critical opinions about the company. There is no reason to conclude that factors such as workplace, corporate title, age, gender and nationality differentiate employees in terms of a sense of relationship with the company.

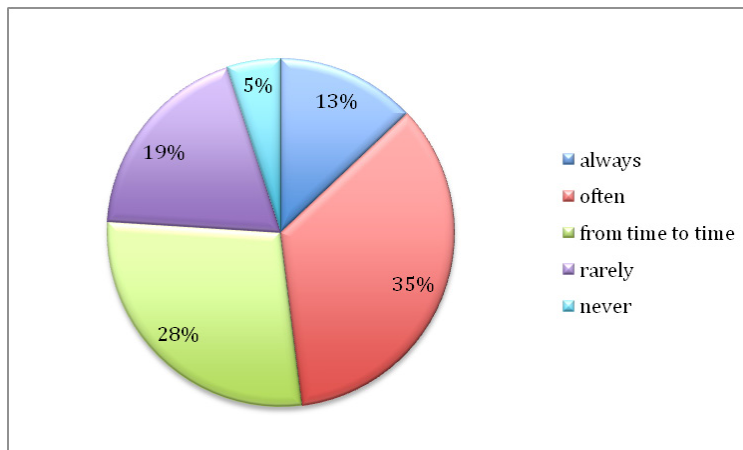
Figure 11. Employees' reaction to negative opinions about the organization



Source: Own study

The willingness to dedicate own leisure time to the company can be considered an expression of a positive attitude employee towards the company. The London employees were very likely (87%) to indicate answers “always”, “often” or “occasionally”. Similarly, the people employed in Wrocław (73%) responded positively, regardless of their position. Quite to the contrary, the workers from Pune stated that they were not willing to stay overtime (67%). It did not apply to foreigners working in Pune at managerial positions who declared their readiness to dedicate free time to the business and its needs.

Figure 12. Willingness to dedicate one's own free time to the company – overall results for the three branches

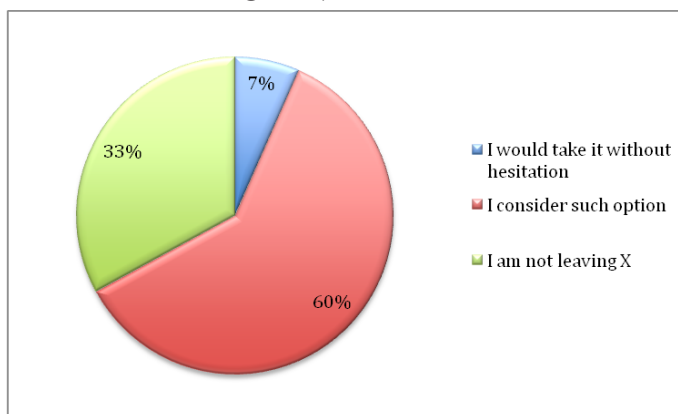


Source: Own study

Readiness to change jobs

In terms of openness to the possibility of changing jobs, respondents most frequently (60% of all responses) chose a conservative, cautious response ("I'm interested in such a possibility").

Figure 13. Readiness to change the jobs

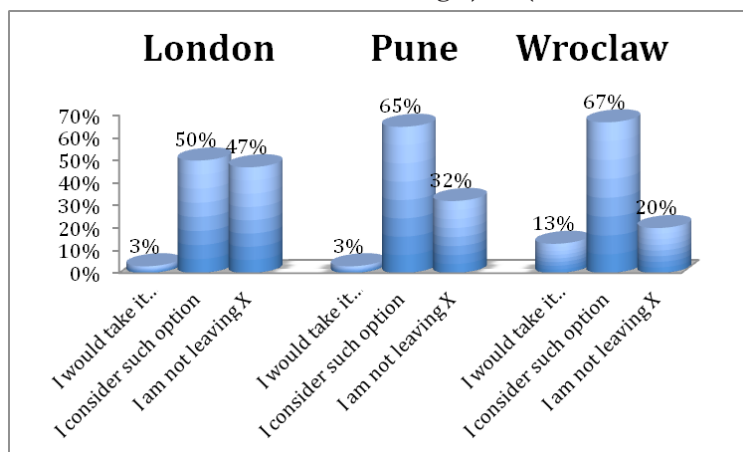


Source: Own study

The smallest share of employees willing to change jobs is accounted for by older workers above age of 40, which can be understood both as a manifestation of a realistic assessment of the labor market, the expression of fear of change and the mani-

festation of attachment to the company. Relatively most attached to the company proved to be the British and the Indians. The youngest respondents from Poland, on the other hand, showed a high willingness to change roles. The interest in job change was asserted by the people who had previously stated that Company X was a positive place to work and declared their readiness to dedicate their free time to the company. A relatively small percentage of respondents indicated an unambiguous desire to change their jobs.

Figure 14. Declaration of readiness to change jobs (London, Pune, Wroclaw)

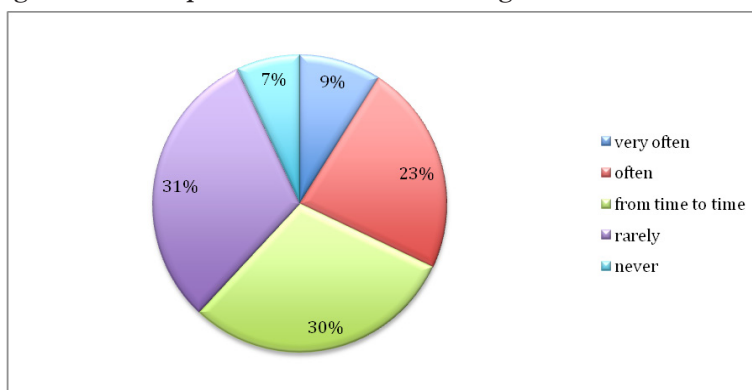


Source: Own study

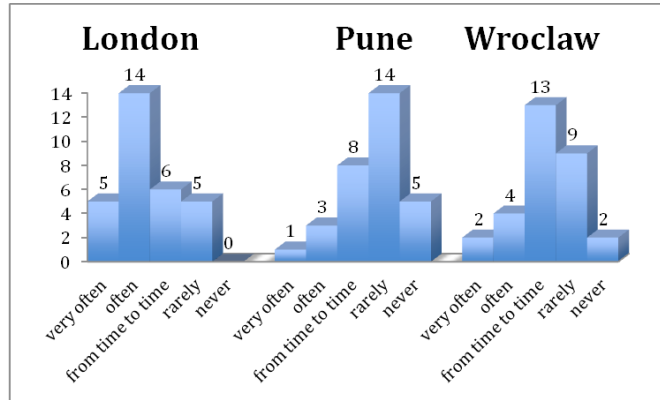
Development opportunities in the current job

Respondents were asked to assess the prospects of the development of the benefits of Company X. Figure 15. illustrates the combined results for all subjects taking part in the survey and Figure 16. illustrates results for the three branches.

Figure 15. Participation in vocational trainings



Source: Own study

Figure 16. Participation in vocational trainings

Source: Own study

The biggest opportunities in terms of development and improvement concern senior managers and people working abroad. Most of the employees checked: „from time to time”, „rarely” or „never”. In the opinion of the surveyed workers under 30, who do not occupy managerial positions, they have little opportunities for improvement or development.

Conclusions

The results of conducted research testify to the uniform nature of the organisational culture in the examined enterprise. In the three branches of company X, the subjects pointed to the market culture as the dominant one, regardless of the branch location (Poland, India, England). At the same time, despite the coherence of the organisational culture in the examined organisation, the results of the specific branches reveal that factors like nationality, age, occupied position differentiate the employees' levels of commitment and loyalty. The assumption that organisational culture is positively correlated with the level of commitment has been only partially confirmed and requires further verification.

The employees that manifest the highest degree of approval of the current type of organizational culture are those from the London branch, as well as officers from the two other branches. They also declare a relatively high level of commitment and loyalty towards the company. The most committed and loyal are employees who are foreigners in the examined branches. At the same time, commitment and loyalty do not coexist. However, one may talk about a trend showing a connection between employees' nationality and their commitment level. Employees from Wroclaw, despite a critical attitude towards the dominant type of organizational culture, declare a relatively high commitment to performance of their tasks and disclose low attachment to the company. As regards the studied employees of the Pune

branch, although they were also dissatisfied with the current type of organizational culture, they manifested a low level of commitment, while declaring a relatively high loyalty towards the company. It seems that the situation can be explained by the perception of the possibilities of professional development of the employees in specific branches of the company. In the case of the Wrocław branch workers, low assessment of the possibilities of development in company X coexists with a clearly lower attachment to the company. On the other hand, although the employees of the Pune branch do not consider their development opportunities as high, this does not reduce their loyalty towards the company.

The presented results do not enable clear determination of the interdependence between the nationality of employees and readiness to commit oneself and the level of loyalty, as well as the correlation between the type of organizational culture and the commitment and loyalty of employees. However, the differences between the results from the three branches (Poland, India, England) encourage continuation of that type of research.

An important question, which arises in the context of the presented results, concerns the effects of uniformization of the organizational culture in companies operating in the conditions of multiculturalism, and, above all, the impact of the organizational culture on the level of commitment and loyalty of employees of various nationalities.

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Cultural traits of the future managers from generation Y – an example of young Europeans

Abstract: On the one hand, internationalization and globalization processes influence the fact that attitudes and behaviours of representatives of different cultures become similar. On the other one, opposite processes which aim at the manifestation of cultural differences can be observed.

The aim of this article is to find an answer to the question whether young people, students of higher schools of economics, future managers show similar cultural traits or whether the influence of the native environment is so strong that young Europeans manifest different values. In order to answer this question selected characteristics, which are significantly applicable at work in an enterprise have been used.

The answer to the aforementioned question has been searched both in the literature on the subject as well as in empirical studies conducted in ten European countries (Belgium, the Czech Republic, Finland, France, Spain, the Netherlands, Germany, Poland, Portugal, Great Britain). Their results show significant similarities of cultural traits among the young respondents coming from the surveyed countries. These characteristics are manifested in various attitudes, hypothetical behaviours and the judgment of behaviour of others.

Key words: national culture, generation Y, young Europeans

Introduction

Benefits which stem from the standardization of activities and refer among others to the economies of scale reached in an international activity contribute to the situation in which the activities of enterprises in foreign markets become similar. It is also influenced by the circumstances on the side of the demand which is connected with convergence processes based on the interpenetration of cultural traits

between markets and cultures. In other words, societies learn customs, behaviour, lifestyle of others and sometimes acquire these traits while getting away from tradition and values typical of their native culture [Hoque et al., 2011, pp. 23-25; Gupta V., Wang J., 2004, p. 39]. On the other hand, divergent processes are more and more often observed, especially in highly developed countries. They are characterized by an opposite trend connected with emphasising cultural membership and elevating these traits over other ones - foreign [Ogbor J.O., Williams J., 2003, p. 3; Živko T., 2006, pp. 1025-26].

On these grounds the segments of people who are more susceptible to being influenced by other cultures and acquiring their traits and ethnocentric groups are distinguished. Among the former ones mainly young, well-educated people who know foreign languages, travel a lot and are open to adapt customs from other cultures are distinguished. In the article *Global youth united: homogeneous group prime target for U.S. marketers* A. Parmar states that young people (the so called young adults) are a segment having convergence traits on a global scale. At the same time he emphasises their significant purchasing power (although he does not analyse the source of funds) and great inclination toward spending money which make them heavily influence the activities of enterprises [Pamar A., 2002, p. 1-48]¹. According to antiglobalists, N. Klein among others, the media, especially television, play an important role in creating „global youth”. Through television young people (regardless of national culture and where they live) share the way they dress, use advertised goods or eat similar food in global chains like McDonald's [Klein N., 2004, p. 134]. A certain criterion of similarity is also education. Some common characteristics, regardless of a country, can be noticed among young people graduating from universities of economics, humanities or technology. Education directs a certain way of thinking, world view, attitudes toward different situations and their judgement. Young people graduating from faculties of economics judge changing conditions, foresee possible scenarios or make decisions in a different way than graduates with humanities degree, e.g. in history, art studies, psychology etc.

On the other hand, among those more „resistant” to cultural influences of other societies people who are elder, poorly educated, without the knowledge of foreign languages and reluctant to go abroad are mentioned [Ogbor J.O., 2000, p. 50]. However, it is not a rule concerning all foreign markets. The financial crisis caused that even among the young parts of societies nationalist attitudes are prevalent, e.g. France, Spain.

¹ Similar theses are pointed out by many researchers and scientists who claim that young consumers are „free” from cultural influences in their actions. Such conclusions are formulated by S.M. Choi and C.L. Ferle among others on the basis of the surveys conducted among the Korean and American youth (the so called young adults) [2004, pp. 490–495].

The aim of this article is to find an answer to the question whether young people, students of higher schools of economics - future managers show similar cultural traits or whether the influence of the native environment is so strong that young Europeans manifest different values. The article has been written on the basis of the literature on the subject and empirical studies conducted by the author in ten European countries². In order to answer this question selected characteristics, which are significantly applicable at work in an enterprise have been used.

Literature overview

Classifications of national cultures distinguished in the literature are very useful in terms of conducting business activities in the markets of particular cultural groups. While researching cultural roots of national types of behaviour, both in social as well as business areas it can be highly predicted how members of a particular society (foreign market) will react to different situations and problems, which is very important when establishing cooperation or solving conflicts etc. Previous studies conducted internationally have made it possible to distinguish certain cultural dimensions which are particularly characteristic of cultural groups. Among the most widespread studies the research conducted by F. Trompenaars, Ch. Hampden-Turner, G. Hofstede and their collaborators and the GLOBE project (under the supervision of R.J. House) should be indicated. The aforementioned studies conducted among enterprises on many foreign markets show the specificity of their organizational cultures and, at the same time, cultural traits of a given society. Organizational cultures of enterprises are created by people who behave in a particular way, conform to certain values, customs, norms etc. Some of the dimensions strictly correspond to the behaviour of individuals – people who co-create an organization, therefore to relationships, differences between supervisors and employees [Lee S.M., Peterson S.J., 2000, p. 406]. The question asked frequently in modern literature refers to homogeneity of managerial characteristics of today's managers in the international arena. Is it possible to talk about specific management styles which are only characteristic of a specific country/culture or is it possible to "expand" them also to other markets [Jacob N., 2005, p. 515; Kirsch Ch., Chelliah J., Parry V., 2011, p. 165]? There are countries such as Canada or Switzerland where cultural differentiation influences the diversity of management styles within one country (depending on which region an enterprise comes from). On the other hand, globalization processes and increased internationalization contribute to employing in branches of international companies people from different countries and cultures [Dong K., Liu Y., 2010, p. 224; Yeganeh H., 2011, pp. 329-330] and representatives of various generations, i.e. the so called baby-boom generation (1946 – 64),

² The majority of presented results were obtained within the research project funded by the Ministry of Science and Higher Education nr 1 HO2D 005 27.

generation X (1965-1980) or generation Y (1981-2000). It may cause obliteration of dissimilarity in the specificity of the activity of enterprises.

Generation Y

Representatives of generation Y, which developed very quickly, are the youngest generation group in the society dominated by new technologies. As employees they are characterized by the development toward structuring (division of tasks, procedures etc.) and focusing on work [Wendover R.W., 2007, p. 75]. In comparison to generation X they are more active in social and sport activities and believe that their work and involvement matter in today's world. Although the representatives of generation Y are the youngest employees in enterprises they learn quickly and want to be „up-to-date” with all new technological solutions. Generation Y consists of people who are ones of the best educated adults and are geographically mobile [Altimier L., 2006, p. 8; Kwok H., 2012, p. 234]. They demand from their supervisors and co-workers clear presentation of tasks which are to be done [Gursoy D., Chi C., Karadag E., 2013, p. 43]. Solnet and Hood (2008) distinguished the values which are recognized by the representatives of generation Y and connected with work. These values include respect, appreciation, involvement, constant development, honesty and concern for individuals [Solnet D., Hood A., 2008, p. 65; Chi Ch.G., et al. 2013, p. 44]. The results of other studies conducted among the representatives of generation Y prove that they feel most comfortable in organizations (enterprises) where they can develop themselves, have vast choice of projects to work on, conditions to learn and develop new skills, and are provided with flexible schedules as well as a piece of “game” in their work [Altimier L., 2006, p. 8]. Next, Broadbridge and others state that generation Y has the tendency to be more cooperative, is less hierarchical, has more altruistic attitude, is eager to delight in work and appreciates freedom and independence in making decisions [Broadbridge A.M., et al. 2007, p. 985; Kwok 2012, p. 233].

On the other hand, L. Altimer asks what should be done to motivate generation Y in organizational structures. He answers stating that first of all, loyalty should not be expected from them. The representatives of generation Y regard employment as a possibility (and even an opportunity) to earn money. Secondly, they should be given maximum independence and flexibility in acting and a possibility of self-managing. Thirdly, they should be enabled to have access to new technologies and trainings (the choice of workplace and interest in it often depend on the availability of trainings). Fourthly, they should be allowed to participate in interesting and developing tasks and projects [Altimier L., 2006, p. 8].

Cultural dimensions

The following subsections present the selected (according to the extent to which they can be applicable in work of future managers) cultural dimensions

distinguished in the studies conducted by G. Hofstede, F. Trompenaars and Ch. Hampden-Turner, R. House et al, R. Gesteland; it is emphasized in which projects they have been described. The characteristics have been selected according to how essential they are in managerial work. They include: individualism - collectivism, universalism – particularism, specific – diffuse, status achieved – status ascribed, internal direction – external direction, monochronicity – polichronicity, low – high degree of uncertainty avoidance, great – small power distance, masculinity – femininity [Yeganeh H., 2013, pp. 54-60; Kirsch Ch., Chelliah J., Parry V., 2011, pp. 164-166; Clausen L., 2010, p. 58-59]. Moreover, these dimensions were measured in empirical studies concerning the degree of similarity in the researched European countries.

Individualism – collectivism (presented in the studies by G. Hofstede, F. Trompenaars and Ch. Hampden-Turner and in the GLOBE project – here with the distinction between institutional and intra-group collectivism) – this distinction refers to the way of perceiving an individual - an individual person and a group. In individualistic cultures particular individuals, individual work and the results achieved by individuals are of high importance. Everyone works for their own success and is individually responsible for that. On the other hand, in collectivistic cultures a group and being its member matter, while a group can be interpreted as a society, organization or family. An individual works for a success of a group – an enterprise which is responsible for this activity [House R., et al. 2002, pp. 5; Trompenaars F., Hampden-Turner Ch., 1997, p. 54, Hofstede G., p. 52-64; Minkov M., Hofstede G., 2011, p. 10-20]

Universalism – particularism (a dimension distinguished in the studies by F. Trompenaars and Ch. Hampden-Turner) – it refers to the compliance with legal and social norms valid in a particular society. In universalist cultures the regulations which are valid in a given country/culture are applied regardless of the nature and importance of a situation as well as attendant circumstances. On the other hand, in particularistic countries the specificity of a situation is taken into account. It is judged not only because of valid norms but also needs and problems of people are taken into account [Trompenaars F., Hampden-Turner Ch., 1997, p. 30-43].

Specific – Diffuse (a dimension distinguished in the studies by F. Trompenaars and Ch. Hampden-Turner) – refers to connecting private and professional spheres. Diffuse is characterized by interpenetration of and joining professional matters with private life. Relationships beyond enterprise (after work) are the same as in the workplace. On the other hand, specific societies disconnect a professional sphere from private life. A manager is a supervisor for his or her employee only during work time. After work, an employee usually does not use titles connected with the job (organizational hierarchy is not applicable) [Trompenaars F., Hampden-Turner Ch., 1997, p. 83-90].

Status achieved – Status ascribed (a dimension distinguished in the studies by F. Trompenaars and Ch. Hampden-Turner and the GLOBE project as an attitude toward efficiency) In some societies status is given to people on the basis of their achievements. They are the so called “achievement cultures” where the achieved status refers to what and how something is done. Other cultures give status for example because of age, class membership, sex, the connections one has and education. They are the so called “ascription cultures” where the ascribed status refers mainly to who one is. In ascription societies higher positions are rather occupied by elder people. It is very tactless to send there young talented high-level managers to hold business talks with people 20 years older than them who occupy particular positions e.g. because of age and experience. In “achievement cultures” a high position can be achieved by a young person through constant striving to reach new and better goals as well as personal development [Trompenaars F., Hampden-Turner Ch., 1997, pp. 106-108].

Influence of external factors on making decisions/attitude towards environment (a dimension distinguished in the studies by F. Trompenaars and Ch. Hampden-Turner) – it refers to the dependence of the activity of an individual on external factors. In outer-direction societies (external control) people believe that what is happening in their lives does not depend on them but on other factors. On the other hand, in internal-direction cultures course of events, decisions and people’s attitudes in certain situations depend on the people themselves, no one and nothing can influence it [Trompenaars F., Hampden-Turner Ch., 1997, pp.145-147].

Perceiving time (a dimension distinguished in the studies by F. Trompenaars and Ch. Hampden-Turner, E.T. Hall, as well as R.R. Gesteland) In the studies by F. Trompenaars and Ch. Hampden-Turner two groups of societies are distinguished. In the first group time is perceived as sequential (linear), thus “is treated as a sequence of passing events”, whereas in the second one it is synchronous (nonlinear), so “the past, present and future are interconnected in such a way that visions referring to the future and memories from the past create the present”. Typical features of sequential-time cultures correspond to the characteristics formerly described by E.T. Hall and R.R. Gesteland which are typical of a monochronic group (monochronic cultures are characterized by punctuality, precision, making plans and realizing them consistently). On the other hand, synchronous-time cultures correspond to the characteristics of a group presented as polichronic (polichronic cultures are characterized by treating time with flexibility, lack of schedules and rush) [Trompenaars F., Hampden-Turner Ch., 1997, pp. 125-129; Gesteland R.R., 2001, pp. 56-60].

Attitude towards challenges, new situations, i.e. uncertainty avoidance (UN): high and low degree (a dimension distinguished in the studies by G. Hofstede and in the GLOBE project – refers to behaviour in new unknown situations). In cultures with a low degree of uncertainty avoidance people have a positive

attitude towards the future, unknown and uncertain situations which may occur [Hofstede G., 1997, p. 109; House F. et al. 2002, pp. 5-6; Minkov M., Hofstede G., 2011, p. 10-20]. On the other hand, in societies with a high degree of uncertainty avoidance people are more pessimistic as far as the unknown and uncertain future is concerned (they make risky decisions more rarely, rarely change their uncomfortable situation because it is what they know and every change is connected with uncertainty) [Kirsch Ch., Chelliah J., Parry W., 2011, pp.167-168].

The meaning of hierarchy, i.e. power distance (a dimension distinguished in the studies by G. Hofstede and the GLOBE project) – it refers to an extent to which members of a given society accept the fact that there are significant differences in power (jobs, positions) between people both in a society, organizations as well as in a family. A high degree of power distance is connected with accepting a hierarchical set of roles in an organization or society. On the other hand, a low degree of uncertainty avoidance refers to egalitarianism in various areas [Hofstede G., 1997, pp. 140-145; House F., et al. 2002, p. 6; Minkov M., Hofstede G., 2011, p. 10-20].

Masculinity – femininity (distinguished in the studies by G. Hofstede and the GLOBE project as two dimensions: assertiveness and gender equality) – it refers to values dominant in a given society. In femininity cultures the values are set on a man, concern about his quality of life (people work to live), helping weaker ones whereas masculinity cultures focus on achieving a success, competition is prevalent (people live to work), “strong” and unsusceptible individuals are promoted [Hofstede G., 1997, p. 79-90; House F., et al. 2002, pp. 5-6; Minkov M., Hofstede G., 2011, p. 10-20].

In the following part of the article the author presents the results of the studies obtained within the project concerning identification of the aforementioned cultural traits of young Europeans.

Methodology

The research whose results are presented below was conducted in 10 European countries (Poland, the Czech Republic, Germany, Finland, France, Belgium, the Netherlands, Spain, Portugal and Great Britain) among young people who were students of colleges of economics (aged 18-30), and was finished in 2012. Its main aim was to identify cultural traits of young Europeans which could influence their behaviour, attitudes and managerial decisions in the future. The results presented in the article are only a part of the whole project. The main research question is to answer the question whether there are differences among young Europeans regarding to their cultural traits. Basing on the literature and observations of the young Europeans consumers' behavior in context of the presented matter, the following hypothesis was advanced and verified: there is a differentiation between young Europeans with regard to the nature and level of importance of values and behaviors.

The research was conducted as a survey with the use of the distributed questionnaire and a non-random sampling technique, i.e. snowball sampling [Schroeder J., Bartosik-Purgat M., Mruk H., 2013]³. The first group of the respondents was selected by the persons conducting the research (collaborating with the author on particular markets). Then, they were asked to choose other (subsequent) individuals. As a result, in the research participated in total 1519 respondents, including 391 Polish, 149 Czech, 128 Spanish, 164 Portuguese, 82 French, 82 Belgian, 75 Dutch, 183 German, 146 Finn and 119 British respondents. Majority of respondents in all countries were in the age group 18 – 25 years. Regarding to the gender the cultural groups were similar in all the surveyed countries (any gender didn't dominate).

The results of empirical studies⁴

The young Europeans were asked to answer the questions concerning their behaviour in certain situations, express their opinion on the behaviour of others or give their opinion on a particular subject. Since the majority of the researched persons declared willingness to work in the acquired profession these exercises aimed at identifying their traits with reference to the aforementioned characteristics which can be helpful in presenting attitudes and behaviour of the future managers.

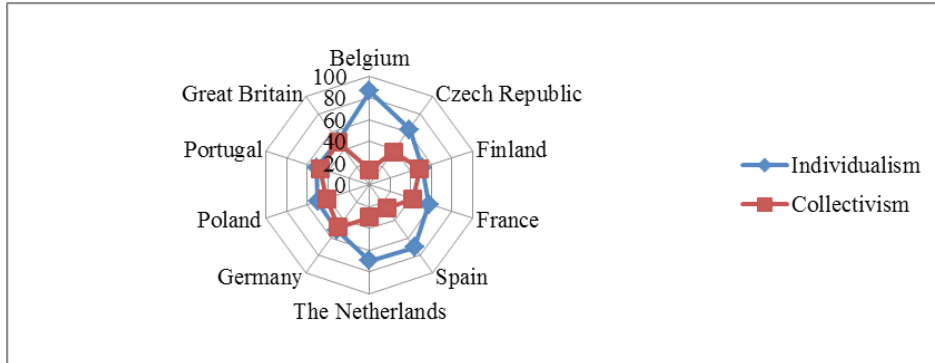
Individualism/collectivism

While referring to individualistic and collectivistic values the young Europeans demonstrated discrepancy in the presented views (Figure 1)⁵. Future Belgian, Dutch, Spanish, Czech and French managers decidedly stood for individualistic behaviour and values, thus it should be concluded that in the future they will present such attitudes at work (individualism, working for one's own success, individual success, individual responsibility etc).

³ Snowball sampling is a non-probability method. The group chosen with this method is unrepresentative. The results obtained in the presented research should not be treated as general for the total population of young Europeans coming from the researched countries. The results are only characteristic of the groups of young consumers who participated in the research.

⁴ A detailed description of the research methodology and all the results have been presented in: [Bartosik-Purgat M., 2011].

⁵ The young Europeans were asked to point out support for or negation of the presented attitudes (collectivistic or individualistic), e.g. "Everyone bears individual responsibility for their actions, even if they work in a team" or "If someone works in a team the responsibility for actions of each member is held by the team".

Figure 1. The importance of the collectivistic and individualistic values

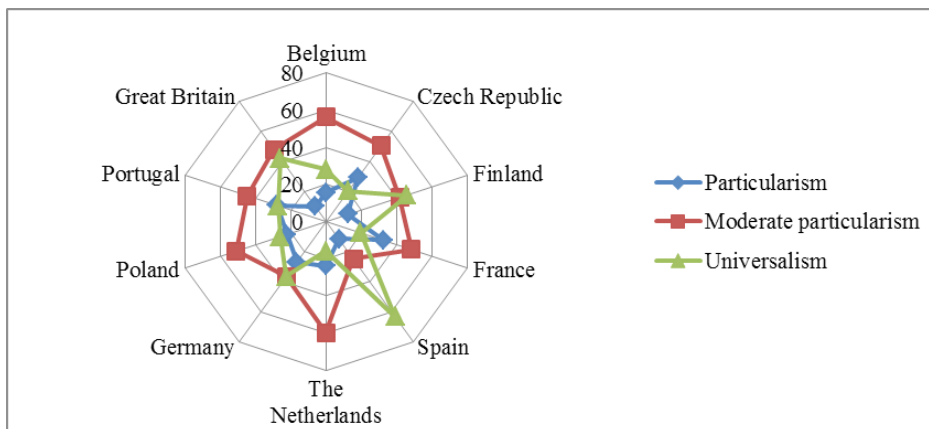
Source: own research.

In the other countries, that is Finland, Germany, Poland, Portugal and Great Britain significant prevalence of individualistic or collectivistic values has not been noticed. The results show moderate attitude towards both dimensions. Therefore, it is difficult to unambiguously identify or predict the traits of future managers while referring to the discussed scope.

Universalism/particularism

Working in an international enterprise or corporation is connected with constantly making decisions referring to the compliance with valid norms or legal regulations etc. It is an aspect which was measured among the researched sample of the young Europeans. They were supposed to empathise with the stated problem in which making a decision was connected with, on the one hand, strict compliance with the law (universalism) and, on the other one, departure from accepted norms (particularism). The obtained results are presented in Figure 2. where, in comparison to the previous dimension, much greater similarity between the researched countries can be observed. In the vast majority of countries, that is Belgium, the Czech Republic, France, the Netherlands, Poland, Portugal or Great Britain the moderate support for universalistic or particularistic values is prevalent.

Figure 2. Universalistic and particularistic behavior of young Europeans



Source: own research.

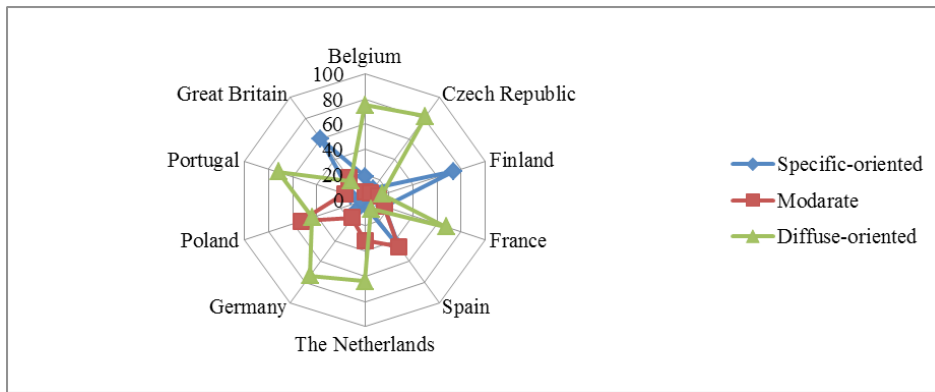
On the other hand, in Spain significant prevalence of universalistic traits has been observed which denotes that the young people who were researched and future Spanish managers will make their professional decisions strictly according to valid legal norms and accepted rules. The results obtained in Finland and Germany can be similarly commented on, however here in contrast to Spain, the prevailing support for universalistic traits has not been received. The attitudes of young Germans or Finns are not surprising because these cultures belong to societies where all legal regulations are strictly followed. Nevertheless, the results obtained in Spain aroused interest and triggered the necessity of further analyses. They showed that the results in the Spanish sample were influenced by the specificity of the region where the research was conducted. It was Catalonia which is famous for industriousness, diligence and achieving the goals that have been set.

Specific-oriented/diffuse-oriented

Working as a manager also involves establishing relationships with other co-workers (employees, superiors). In some countries professional relations and hierarchies are transferred to “private grounds”, i.e. a manager is a manager irrespective of whether an employee meets him or her in the corridor of the company or when walking a dog (diffuse-oriented approach). On the other hand, in other countries relations from the workplace are not valid in situations after work (specific-oriented approach). The young Europeans were asked to describe their behaviour in hypothetical situations in which the degree of interpenetration of private and professional spheres can be recognized. Figure 3. presents the results obtained in empirical studies which show prevalence of diffuse-oriented approach among young respondents from Belgium, the Czech Republic, France, the Netherlands, Germany

and Portugal. These results can be slightly surprising since very assertive behaviour is prevalent among young people, which is attributed to specific. However, young age of respondents could have influenced the majority of diffuse behaviours because young people (especially not yet employed – students) have respect for the supervisors.

Figure 3. Specific and diffuse behavior of young Europeans



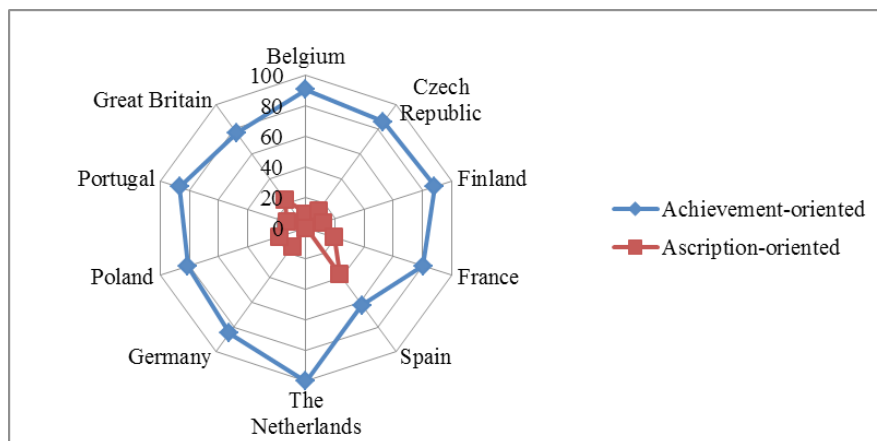
Source: own research.

The prevalence of specific behaviours in Finland and Great Britain is not surprising since they are egalitarian cultures with flat organizational structures where the boss is the employee's partner, parents are partners in relationships with their children etc. Interesting results were obtained in Catalonia where the smallest number of people chose a neutral solution or specific variation.

Status achieved/ascribed

In some countries the position and status which a given person has within an organization (enterprise) is connected with what a given person has achieved. On the other hand, in other cultures it is thought that the status can be achieved either with age (respect for the elderly, e.g. Asian countries) or in relation to being a member of an appropriate class, origin etc.

In all the researched countries an opinion that the status of an individual should depend on his or her life achievements and not age or origin (in the Netherlands it gained 100% of support) gained definitely greater support. The second view approving the ascribed status gained the greatest support in the Spanish group (Figure 4). It is therefore advisable when preparing business meetings between representatives of different cultures to take into account the fact that young persons occupying high positions should not participate when in another group of participants there are elder persons holding parallel positions.

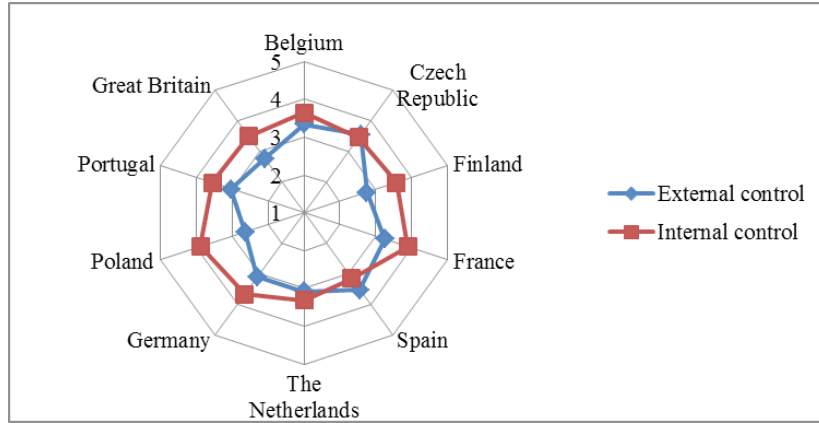
Figure 4. Attitude to way of determining status of the organization

Source: own research.

Internal/external control

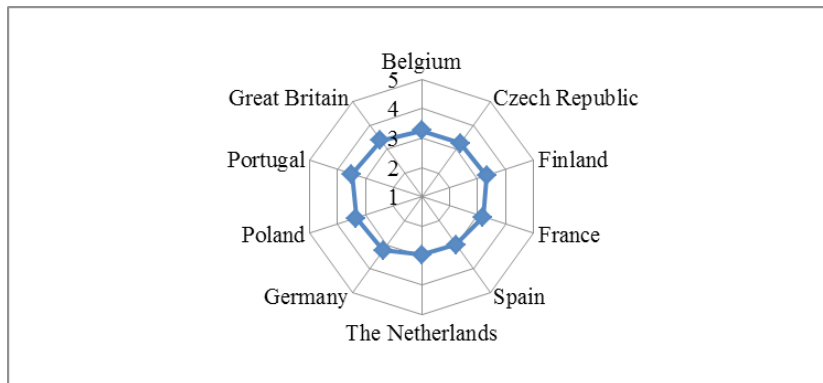
While referring to the dependence in actions (also in making decisions) young Europeans emphasize mainly their self-reliance and the dominant attitude towards environment and other external factors (Figure 5). In their opinion all achievements and merits should be attributed to their own actions and should solely depend on work and actions of individuals. The highest percentage of support for the opinion on the dependence of actions and decision on external factors was found in the group of young Catalonians and Czechs. The characteristics of internally directed groups also include a flexible attitude, willingness to compromise and living with harmony with the nature (acceptance of the nature).

In managerial work organization and planning are indispensable. However, there are significant differences between cultures which refer to the way of perceiving and respecting time. Young Europeans show unusually similar attitude to treating time, i.e. punctuality, obeying schedules, planning etc. (Figure 6). Almost all the respondents presented the above the average level of monochronicity, therefore they proved to appreciate punctuality while having meetings and respect previously made decisions (plans). However, it is not a very high level of monochronicity. What influences this attitude to time is, on the one hand, the young age of the respondents and, on the other one, education they get, that is higher education in economics. This in turn teaches students to respect time, since “time is money”.

Figure 5. Internal and external control in the organization

Source: own research.

Attitude to time

Figure 6. Attitude to time among young Europeans – degree of monochronicity

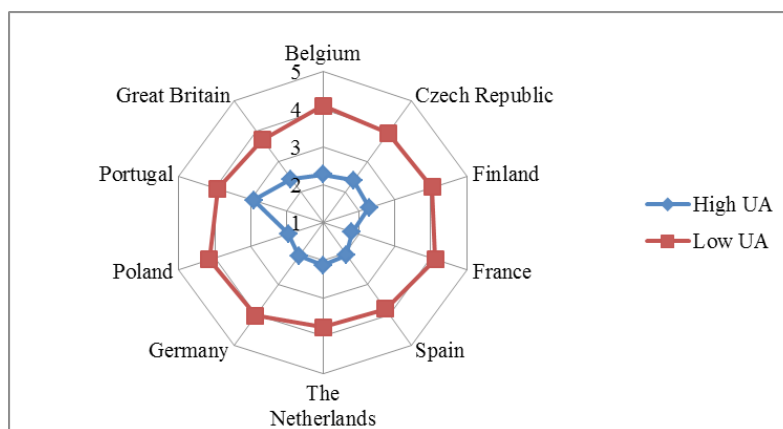
Source: own research.

It is interesting that even in the Spanish and Portuguese groups, which are stereotypically considered to be polichronic (treating time with flexibility) the obtained result was rather high, which denotes their monochronic approach (what is more, the young Portuguese respondents reached the highest degree of monochronicity among the researched cultural groups).

Uncertainty avoidance

An essential trait of a manager influencing the length of a decision-making process and the manner in which decisions are made is the degree of uncertainty avoidance. It is an indicator of sensitivity to changes, situations which are new and difficult to predict as well as various innovations. In cultures with a low degree of uncertainty avoidance there is a greater respect for what is different and new. The things that can also be observed are greater proneness to risk and great respect for young people. In cultures with a low degree of uncertainty avoidance decisions are made more easily and quickly because there is no the so called fear of tomorrow (the future). The process of considering and discussing particular alternatives is much shorter than in cultures with a high degree of uncertainty avoidance. On the other hand, the representatives of cultures with a high degree of uncertainty avoidance claim that the future brings danger because it is unknown. They are afraid of all changes and new things. They are also characterized by the lack of proneness to take risk, strong nationalism and concern for safety.

Figure 7. Uncertainty avoidance of young Europeans



Source: own research.

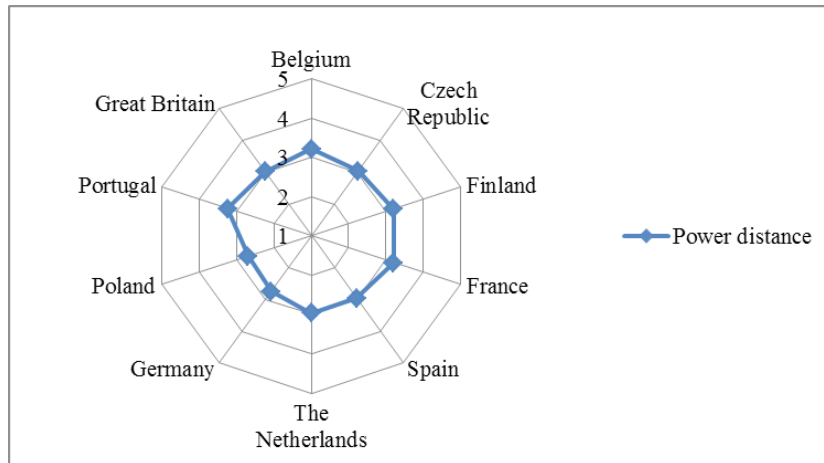
The results of the research conducted among young Europeans show that in all cultural groups the theses regarding the low degree of uncertainty avoidance, that is the lack of concern for a new, unknown day which should be taken with openness and joy gained greater support.

Power distance

Working in an organization involves the division of roles, dependence and differences between the employed people. In societies characterized by a great power distance not only within a family but also at a workplace a person who is at the top

of a hierarchy makes the final decision. If such a person does not participate in a business meeting it should be expected that it will take longer to make a decision because its participants will certainly pass on all arrangements on the basis of which a decision-maker will give his or her opinion. In cultures with a high degree of power distance high positions in an enterprise are usually occupied by elder people who are often there because of their age, vast experience or origin.

Figure 8. The degree of hierarchy's recognition among young Europeans

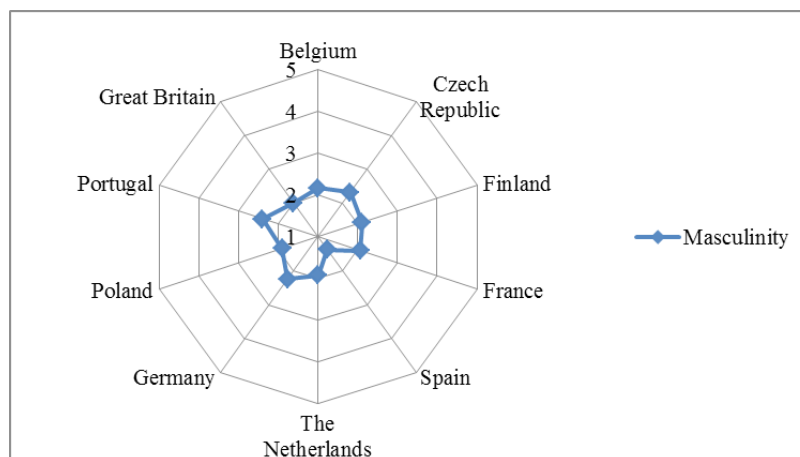


Source: own research.

In the research conducted among the young Europeans the degree of hierarchy was measured with the use of theses concerning the necessity of showing respect to older people, supervisors etc. The higher the degree of conformity with these opinions the greater the power distance. General results in all the surveyed countries show the average (slightly above the arithmetic mean) degree of hierarchy with regard to supervisors. The highest level of power distance was obtained in the Portuguese, French and Fin groups. It means that the representatives of these countries support the thesis concerning respect and esteem for supervisors. However, the differences between the other researched countries are insignificant (Figure 8).

Masculinity/femininity

Hierarchy and differences between people are also connected with behaviour promoting characteristics considered as masculine. Masculine traits in an organization concern focus on a success, achievements or competition. In societies with the intensification of masculine traits high managerial positions are usually occupied by men.

Figure 9. The degree of masculinity among young Europeans

Source: own research.

The young Europeans, when asked about conformity with the statements presenting behaviours and attitudes of a masculine society supported these theses insignificantly (unequivocal agreement among the surveyed respondents can be observed). The largest average indicating the dominance of masculine traits was obtained in Portugal, however, it is the result not exceeding even the arithmetic mean for the scale used (Figure 9). The smallest indication of expression of masculine features is obtained in the group of young Catalans.

Summary

When summing up the results of the research conducted among the young Europeans, students of higher schools of economics, future managers a definite similarity regarding the distinguished cultural traits should be emphasised. Table 1. presents a comparison of the cultural dimensions introduced in the theoretical and empirical parts as well as the degree of similarity obtained in the ten researched countries.

Table 1. The degree of similarity of cultural features among young Europeans*

Cultural dimension	The degree of similarity
Individualism/collectivism	±
Universalism/particularism	+
Specific-oriented/diffuse-oriented	±
Status achieved/ascribed	+
Internal/external control	+
Monochronicity/polichronicity	+

High UN/low UN	+
Hierarchicity (average degree)	+
Masculine values (low degree)	+

*+ **Very similar**, i.e. the majority of the researched countries present the same attitudes, behaviours, stances etc.

*± **Moderate**, half of the researched countries present the same attitudes, behaviours, stances etc.

*- **Varied**, i.e. there is a significant differentiation of particular attitudes, behaviours, stances etc. among the researched countries

Source: own research.

Similarity in the presented views or hypothetical behaviours of young Europeans have been observed in almost all areas (that means that the hypothesis has not been positively verified). The greatest differentiation has been observed with reference to the degree of acceptance of individualistic and collectivistic values as well as interpenetration of private and professional spheres in everyday life. It should be emphasized that as far as the “specific/diffuse” dimension is concerned despite the fact that in the majority of countries the respondents stood for the diffuse the author has recognized it as a moderate degree of similarity since in the rest of the countries (Finland and Great Britain) the collected views have been extremely different.

Answering the question posed in the part of the article including its aim which concerned the degree of similarity of cultural traits among the researched persons it should be unambiguously stated that this degree is high. Young Europeans, irrespective of which country and culture they come from, are characterized by similar traits. At this point it is also advisable to demonstrate the results of the research conducted among the people aged 19-29 in Lithuania and Latvia, in which the Hofstede's indexes were used. It is worth noting that as far as each dimension is concerned these results are analogous to the results obtained in the discussed research [Huettinger M., 2008, pp. 370-372]. What is more, while referring to the results of other researchers presented in the theoretical part of this article they are extremely analogous to the results of the studies concerning generation Y in general [Solnet D., Hood A., 2008; Chi Ch.G. et al. 2013; Broadbridge A.M. et al. 2007; Kwok H., 2012; Altimier L., 2006].

In the next part of the analysis a question should be asked whether in a few years the same respondents, as managers in enterprises, will present the same views, traits and values. The answer to this question is not unambiguous and it is an interesting point for further research and studies. It may turn out that the similarity in views is influenced by age and little work experience, and consequently after a few years the same respondents will show different attitudes. On the other hand, it may turn out that convergent processes and globalization will influence the increase in the similarity of traits of people representing other cultures.

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Social return and organisational culture

Abstract: ‘Social return’ (SR) is a term in the Netherlands that summarises all efforts to integrate people with a mental or physical handicap in the labour market. It is an important political topic because government wants not only an inclusive society but also a decrease of expenditures on social benefits; an important topic for employers, because organisations can profile themselves as socially responsible; and a topic for applied research, finding ways and means of realising the concept.

The Rotterdam University of Applied Sciences is mainly involved because of the value of SR for applied research and the development of solutions that work. Several projects have been implemented with third parties, all of them involving students, e.g. through BA graduation research. However, the research also shows that there is no large-scale adoption among entrepreneurs yet. Three problems have been identified: (1) the SR policy currently has many negative side effects; (2) entrepreneurs must recognize that the involvement of employees with a SR indication not only costs money but may also contribute to profits; (3) insufficient attention is paid to finding the proper match between possible employees and suitable jobs (possibly with an adapted working environment). However, ‘social return’ is a feasible concept and the problems may be addressed. At the same time the initial efforts on realising ‘social return’ point at the importance of organisational culture.

The main aim of this paper is to show the link between organisational culture and the successful implementation of social return.

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Key Words: Social return, organisational culture, employees, entrepreneurs, government, the Netherlands.

Introduction

In the Netherlands the concepts of ‘social return’ and ‘participation society’ are politically hot potatoes with possibly major consequences for tens of thousands of people and huge financial consequences [Klamer et al, 2005]. They imply a major reorganisation of the welfare state and are possibly setting examples for other countries. In view of such importance a proper understanding of these concepts and their consequences are of course of prime importance, as well as determining all the conditions and ways and means of realizing them. This implies and includes a role for the Rotterdam University of Applied Sciences (RUAS), in particular its R&D Centre Entrepreneurship and Business Innovation (EBI).

This paper first describes the concepts in question and the reasons for their importance. It then moves on to the applied research in this field, in particular the co-operation between the R&D centre mentioned and business in the Rotterdam area. Although most of the work in question is on-going, we do know already that SR is not yet fully adopted by entrepreneurs, because they don’t know how to apply the concept of social return successfully. Developing more details in the months to come, a toolbox and a ‘manual’ of best practices may emerge. Part of this story is that much attention needs to be paid to the so-called soft factors, presenting themselves as hard conditions. These soft factors are on the one hand part of the organisational culture and influencing organisational culture on the other [Assenberg van Eijdsen et al., 2013; Bryan et al, 2014; Timmers, 2014]. An additional objective of this paper is to draw the attention of possibly interested parties to these topics, either because they are already actually involved (possibly under different labels) or because they face a future in which such a debate may well start in their own society.

Concepts and Importance

Although the Dutch use the English term ‘social return’, the concept is (still) rather Dutch. The words may be even confusing when you think about the concept ‘social entrepreneurship’. The latter indicates that social entrepreneurs are individuals with social passion and creativity to find innovative solutions to society’s most pressing social problems. They do not leave societal needs to the government [Ashoka, 2014; Praszquier & Nowak. 2012].

However, social return (SR) in the Dutch context is initiated by the government. It encompasses, all efforts to include people with a distance to the regular labour market, not in special employment locations created by the welfare organisations; e.g. people with a physical disorder, people who are partially fit for work or even young people looking for an internship. New legislation forces companies to hire

people with a distance to the labour market if they want to qualify for a tender by government. Specifically 5% of the value of the tender has to be spent on hiring people with a social return indication.

Helping these people is a really important governmental objective because work is a condition for social inclusion. Unemployment can wreak havoc on lives and families. If unemployment continues for a long time, it may result in resignation and maladjustment. It is also linked to attempted and actual suicide, marriage breakdown and child battering [Macionis & Plummer, 2007]. Although the idea of social return promotes societal development, the problem for entrepreneurs is that social return may result in additional costs, increasing the price of products or services and consequently, decreasing the competitive edge.

The wider framework of social return is called the participation society, a term first formally used by government in the Speech of the Throne in September 2013. The idea is to create a more inclusive society in which nobody is left behind and people are involved in supporting one another. One of the motivations for building such a society is simply that the welfare state is becoming too expensive. For instance, in the Netherlands more than 673.000 people are at present unemployed [CBS, 2014]. The costs of the welfare state are also pressing due to the difficult financial position of government as a result of the economic crisis and the modest expectations for improvement in the near future. Ultimately it raises the question of the sustainability of the welfare state and stresses the need for reorganisation.

Against this backdrop and prompted by a series of governmental measures, organisations are looking for ways and means of realising SR. Again, business is in most cases not a frontrunner in this field, but at the same time willing to think along and to try out approaches that might work. This implies that others should come up with proposals and at the same applied research needs to be done to discover the conditions for a successful implementation.

A simple example may give you an initial idea. Autistic people are often very good in debugging computer code but need a quiet working environment (sounds, colours and so on). An entrepreneur may invest in the physical aspects of the working environment and in the training of the people concerned and have a return on investment through the reliability of the work done. This isolated example has in a few cases been realised with success and not only in the Netherlands.

Methodology

Research in the Netherlands is divided between several parties: academic universities, universities of applied sciences and independent institutes (private, governmental agencies or supported by the government). Academic universities mainly focus on finding relations and developing theories (which might be derived from business practices), universities of applied sciences apply these theories in organisa-

tions and try to answer the questions from them. Furthermore, research has a much more central place in academic universities than in universities of applied sciences. In the latter the focus is clearly on education, focused on job profiles and research has a supporting function.

The EBI of the RUAS is in itself just one of the many parties in this game but has recognised the importance of social return early on. As a result, EBI established a research programme in this field and has already obtained a rather comprehensive idea of the problems and their possible solutions. One of the aspects of the research at EBI is the involvement of students, not so much as part of the regular curriculum but rather in terms of electives, so called minor+ programmes, traineeships and in particular BA thesis research. Within the latter framework students are available full-time for a period of five months to work on a specific aspect. Over time these theses give an overview of relevant literature, best (and worst!) practices, conditions and consequences (financial or otherwise). Although involving groups of students every half year implies an on-going effort of introducing and monitoring them, it also guarantees a series of fresh perceptions, ideas, alternatives and out-of-the-box thinking.

In 2011 EBI started its applied research with the application of design based action research of social return, as described by Andriessen [2008]. First an inventory of stakeholders has been made. This inventory revealed a sheer number of stakeholders that are involved with SR, of these stakeholders a representative sample was drawn. These stakeholders consisted out of (local) governments, several entities (integration agencies, procurement advisor, employer services) and SME's and large companies like ESFA, Ferro-Fix, VolkerWessels, Dura Vermeer and Joulz. Secondly, these stakeholders were interviewed by the EBI research team. These interviews showed that the research needs a holistic approach, because of the complexity of the topic and the interrelationships of the different aspects. Therefore, thirdly, in the period 2013 - '14 five BA theses and three minor+ rapports are dedicated to a social return related subject. Research questions included ways and means of increasing the SR participation of entrepreneurs [Konstantopoulos, 2014]; Critical success factors of SR [Moerkerken, 2014; Koppers et al., 2014]; the matching of employers and employees [Timmers, 2014]; Methodologies for measuring the impact of SR [Spoorendonk, 2014]; and the development of a sustainable business case [Assenberg van Eijdsen et al., 2013; Boddé, 2014; Bryan et al., 2014]. The students have done qualitative research in the form of case studies. In this phase where how and why questions stood central, case studies were the preferred method [Yin, 2003]. The ultimate goal of the case studies was to obtain a deeper insight into reality [Harrison, 2002]. The case studies were carried out in close interaction with practitioners (entrepreneurs, governments, people with a SR indication). By studying different cases, the reality is better approximated and the complex real-

word context in which the real events take place are highlighted [Eisenhardt, 2007]. RUAS was able (on the basis of their own interviews and the different case studies of students) to draw some first lessons, presented in the results.

Results

Already in those early days a key factor for success was recognised, the acceptance of social return throughout the organisation and hence, being a part of the organisational culture [Assenberg van Eijdsen et al., 2013; Bryan et al, 2014; Timmers, 2014].

Case studies at Ferro-Fix led us see that acceptance of social return is really important [Assenberg van Eijdsen et al., 2013; Boddé, 2014]. This company started as a sheltered workplace and was later privatized (text box 1).

Tekst-box 1: Case Ferro-Fix

Ferro-Fix

The company Ferro-Fix, who produces steel products, attaches great value to social return. Almost all staff has a distance from the labour market. In 2013 Ferro-Fix is declared as the smartest business.

Ferro-fix is a former 'social workplace', which has after privatization grown, to a commercial enterprise. This transition caused a loss of 4 million. In 2012 this loss is reduced to the minimum. Not only the improvement in processes made this possible, but also more attention to the staff. The example of Ferro-fix let us see that it is possible, with people who have a distance from the labour market, to pursue commercial goals.

We also have seen that the implementation of social return takes a lot of time and that there is sufficient support and communication from the management and staff needed to make the concept of Social Return a success. A positive attitude among employees and the management have much impact on the implementation of Social Return. [Assenberg van Eijdsen et al., 2013; Boddé, 2014].

The research included series of interviews, resulting in a solid understanding of the consequences of privatization of such an organisation. The case research at Ferro-Fix shows that it is possible to combine commercial objectives, without losing the social character. In this now commercial organisation 117 out of the 125 employees have a physical, psychological and/or a mental disability.

At Ferro-Fix social return was generally accepted by all involved and the concept became part of the organisational culture. However, the organisation has a special background and one may and should wonder how social return would work out at regular commercial companies that are forced to apply the 5% norm in gov-

ernmental tenders. Which means in practice that 5% of the purchase value should be spend on social return indicated people. This is the next step in the research programme at EBI through the use of best practices. Three important lessons have already been drawn up till now (text box 2).

At the same time studying SR points at a more overall aspect, being organisational culture. Our research shows that there is a link between a successful implementation of SR and the embedding of SR in the organisational culture. To combine commercial objectives with social return requires a major change in the organisations culture. Hence, the importance of change management. Management has to provide sufficient information to the staff to ensure that the current staff is involved in the change process. In addition, management has to monitor the degree of satisfaction of all employees during the implementation of social return. Also personal relations should be created with people to achieve a sustainable effect. In summary a successful implementation of SR, requires support of everybody in the organisation (all layers), and has to be embedded in the organisational culture [Bryan et al., 2014; Nispen and Fazili, 2006; Timmers, 2014].

Text-box 2: Lessons learned

Government (regulations)

Decentralisation leads to confusion

The SR regulation for tenders require that 5% of the total tender amount is paid to SR. Since SR is decentralised to municipalities, some municipalities propose strict requirements and other municipalities try to provide tailor-made solutions. This decentralization results in a lack of uniform policy; different demands are made on entrepreneurs and no clear systems are used by municipalities. Transparency among municipalities is missing and entrepreneurs (who operate nation-wide) experience little guidance by lack of information [Koppers et al., 2014; Timmers, 2014].

Perceived displacement

The 5% norm may also result in the replacement of current employees by people with a social return indication. This is especially the case with entrepreneurs who work with many permanent staff and less flexible staff. The so-called danger of 'crowding out' may result in resistance and decreasing support among current employees for social return [Bryan et al., 2014; Koppers et al. 2014].

Employers do not invest in employees with an SR-indication

In addition, social return indicated people are often not durable employed. Employees with a SR-indication can only be recorded under the 5% obligation for six months. As a consequence employees with an SR-indication are replaced within six months by other SR-employees. Therefore entrepreneurs do not invest in these people, resulting in the fact that employees do not feel valued. They stick in a negative spiral of uncertainty (have a job, don't have a job). Entrepreneurs find also adverse effects of this phenomenon, because the social return indicated workers miss motivation and do not work optimally. This is frustrating, because they may have fired employees who were motivated [Timmers, 2014].

New instrument based on long term SR-effect

All parties (municipalities, entrepreneurs and employees) experience disadvantages of the 5% norm. An instrument that is based on growing SR-efforts of businesses is now being developed. Performance ladders, which would give an indication how an entrepreneur has performed in the context of social return in multiple projects, can possibly take away this negative effect. A label ensures that sustainable placement can take place. These ladders however have to be further explored. The question is how these ladders can best be monitored. Local authorities are reluctant to accept this new instrument. In case of the 5% norm they have the idea to have more control. Further research on acceptance and how monitoring can be applied is required [Konstantopoulos, 2014].

Lesson 1: The 5% norm has many negative side effects, performance ladders may offer a solution, but need to be further explored.

Business case (social return)

Entrepreneurs need to know whether social return can lead to a profitable business case. Right now, entrepreneurs hardly have any idea of the effect of social return on the results of the company. Entrepreneurs face uncertainties and are for this reason reluctant to apply social return. This attitude relates to the costs for additional supervision, the adaption of the workplace etc.

The SROI method (social return on investment) will probably be a good methodology for measuring the impact and returns of social return. The methodology however has to be further explored. Besides, more research after successful examples is needed [Spoorendonk, 2014; Moerkerken, 2014].

Lesson 2: Successful examples are needed (perhaps by use of the SROI method) which show that social return can lead to a profitable business case.

Matching (candidates)

Social return may be quite a burden when implemented, in particular the matching of people with a distance to the labour market with business. There is insufficient knowledge about the skills of the target group available within municipalities to facilitate successful matching to sustainable work, while they are the ones who decide which people are being employed by a tender project. Municipalities prioritise the placement of people who are long term unemployed. Entrepreneurs really want the skilled people on the right positions, so they can work efficiently. A big discrepancy, which makes sustainable placing almost impossible. A few municipalities recognize this problem and do not only provide skill tests to social return indicated people but also let entrepreneurs participate in the candidate decision. This is a positive development [Bryan et al., 2014; Koppers et al., 2014; Timmers, 2014].

In addition, there are many more factors involved in correctly matching people with a social return indication to workplaces, like extra attention, exaptation and jobs who perfectly fit the skills of the social return indicated person. This is really important, because the motivation of a person is largely affected by the skills needed for the job [Vollaard and King, 2000]. If the job fits the skills of a person, and he or

she receive attention and feels accepted, this provides not only a major effect on the motivation, but also on the attitude and behaviour and indirectly on the production level (soft factors) [Parson, 2014]. However, our research shows that entrepreneurs treat people with a social return indication often as difficult candidates and don't give them the attention they need [Timmers, 2014].

Lesson 3: let entrepreneurs participate in decisions concerning candidates, give the selected candidates the attention they need and accept them.

By knowing all this EBI is going to continue research in a business network (40 partners). If all lessons learned will be considered, it should lead to sustainable placement of handicapped people. However, this is a complex issue, because of the many stakeholders involved. Ultimately, we are going to develop a toolbox and a 'manual' for entrepreneurs. Much attention will be paid to the so-called soft factors (motivation, attitude and behaviour), which run like a thread through the lessons learned and which are both part of the organisational culture and factors of influence on organisational culture [Nispen, 2014].

Culture as a wider framework

The effect of soft factors may be summarised under the heading of culture, in particular the effect of organisational culture on a practical application of social return and the other way around, how social return affects organisational culture [Assenberg van Eijdsen et al., 2013; Bryan et al, 2014; Timmers, 2014]. These relations have not been previously investigated (by our knowledge).

Culture may be considered as an institution in the sociological sense of the word. Culture then is a way of thinking, acting and feeling of a group of people. The way of thinking is based on values and beliefs. Furthermore, culture is delineated to time and place. Organisational culture is then the culture of a group of people, working in a specific organisation. An as yet unsolved issue in the literature is whether the core of organisational culture should be found in the values of the organisation (e.g. Schein) or in the practices (e.g. Hofstede) [Nispen, 2014].

Organisational culture has an effect on employees; 'the way we do things here'. Organisational culture sets a framework and determines preferred ways of doing things. In the first months in a job people actually learn to accept the organisational culture (enculturation). Although such a culture is not written in stone, it evolves as a result of, amongst others, the composition of the staff, the demands of customers, preferences of stakeholders (shareholders, suppliers), the economic sector and societal developments [Hofstede, 2010; Nispen, 2014; Schein, 2000].

Applied to social return organisational culture may initially set a framework for the people who come to work within a social return context. However, many of these people have a special background, which might well clash with the 'demands'

of the organisational culture. The social return project may then be doomed to fail from the start. However, recognising this, management may decide to change the organisational culture with all its possible consequences for the employees who are already working in the organisation. This is one of those Scylla and Charibdis questions that demonstrate that tailor-made solutions on this area are required.

On the other hand these ‘special employees’ have an effect on the organisational culture. This group comes to work and needs to be treated in a separate way (physical aspects of the working environment, working hours, ways of instructing them, feedback procedures, co-operating with other employees and so on). As a consequence the way of working together in all its aspects is changing with all its effects of the ‘regular employees’.

In both cases (the effects of organisational culture and changes to organisational culture) the adaptation process may be painful or at least not run smoothly. The active contribution by those who join the organisation in the context of a social return project might well be limited, putting the burden of change on those who already worked for the organisation. For these reasons a dedicated effort in guiding these changes and involving everybody is an important condition. However, years of experience and lots of studies demonstrate that cultural change in organisations is hard to realise and quite demanding [Hofstede, 2010; Nispen, 2014; Trompenaars, 1997]. This implies that realising social return may well be difficult for this reason alone!

Furthermore, the motivation of organisations to be involved in social return also needs attention from a cultural point of view. Ultimately, financial considerations might be decisive but even if the financial balance is neutral or positive, it does not guarantee that an organisation is willing to participate. What other factors are at play? They may include public relations, societal pressure and corporate social responsibility but also personal factors or indeed the organisational culture (e.g. not with a strong focus on profit but rather on the contribution of the services or products to society).

DEALING WITH THE ‘SOFT’ FACTOR

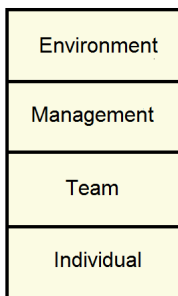


Figure 1

Organisational culture has been recognised for decades as an important aspect of organisations and hence, organisational culture has been a topic of research for decades as well. The soft factors, like motivation of people, are part and parcel of organisational culture. By matching for example handicapped people to jobs through social return they expand their experience and increase their participation in society at large. Furthermore their life gets more structured,

often a prerequisite for finding solutions to other personal problems. To realise a successful integration of these people with a social return indication, much attention needs to be paid to the soft factors and the motivation of these people [Bryan et al, 2014]. Entrepreneurs should be oriented towards people with a social return indication and make an effort to integrate those employees in the organisational culture; while allowing the adaptation of that culture at the same time. Furthermore, the use of job carving is also important: give the employee tasks within his capabilities. This is possible with the help of internal and external labour specialists. Finally, organisations have to accept the social return staff as full-fledged employees and not see them as burdens or barriers, demanding extra attention. They have to invest in the Social Return indicated people, so they feel valued [Timmers, 2014]. This whole idea of mutual adaptation may also be perceived from the perspective of different levels (figure 1), again showing the complexity through the application on each level.

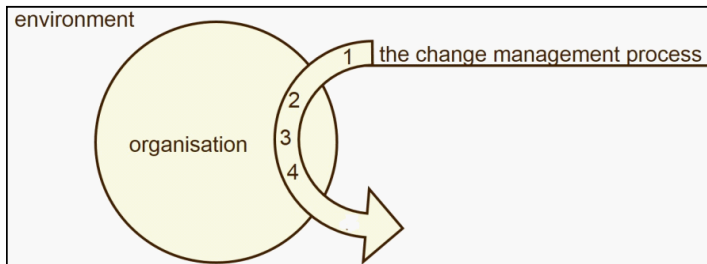


Figure 2

The implementation of social return may also be viewed as a change process (figure 2). Change management starts with changes in the environment, prompting an organisation

to change; e.g. the affordability of the welfare state. Most of the time this signal is picked up by people lower in the organisation, necessitating internal communication to convince the top to do something about it; e.g. the costs and limited results of sheltered workplaces. Management then takes measures (interventions; step 2 in figure 2) and demands implementation (step 4); e.g. policy setting by government. However, more often management forgets that you cannot do something in new ways with old patterns of thinking; e.g. setting the norm of 5% social return in public tenders. You might even say that you need to work first on the change in culture; e.g. convincing employers that handicapped people could well be fully satisfactory employees without costing more. The combination of measures and cultural change ultimately relates in an organisation that is more adapted to its environment; e.g. a welfare state in which only a limited group of people depend on government [Nispen and Fazili, 2006].

Stating the mutual relation between hiring people with a distance to the labour market and organisational is one thing, changing culture quite another and the output may only be controlled to a certain degree. Cultural change requires quite some

resources, for example time, good communication and support [Bryan et al., 2014; Konstantopoulos, 2014; Koppers et al., 2014; Spoorendonk, 2014]. Finally, a toolbox needs to be developed with lots of techniques, best practices, checklist, things to be avoided, models, performance indicators, specific governmental requirements, monitoring and implementation techniques and the like. However, please note that this toolbox may only be applied to the national culture of the Netherlands and needs to be adapted to other cultures. For this is further research needed.

Practical Implications

Success or failure of SR has huge implications for people (with a SR indication or not), companies and society as a whole. In view of such wide-ranging and fundamental implications the necessary conditions need to be known and realised. Research and the practical application of its results (casus, toolbox, conditions, management aspects, adaptations, cost factors and the like) is a necessary condition in its own right, separate from the benefits of this research for education.

Overviewing the implications, we may recognise three key parties, the persons with a SR indication, the organisations concerned and government. The first group has much to gain, in particular dignity, income and inclusion. However, the persons in question have to be willing to be involved, to learn, to adapt and to accept obligations. These aspects may well require counselling and support, which still needs to be provided by social services.

The organisations, in particular companies, have to co-operate in finding ways and means of employing these people without (much) additional costs. Indeed, they may benefit through image (PR, CSR) but also by saving costs. However, business should be prepared to adapt procedures or work places, to involve people with a SR indication, to monitor the co-operation with the other employees (not us-and-them but only us) and to realise cultural change. How to do this, is the focal point of the research at RUAS. Although each situation is unique, the understanding of the situation and the ways and means of making it work are not. Although we still need to discover what works best in what situation under which conditions, the first steps on this road have been set and we are confident we can travel it.

The third major group in terms of implications is government at all levels. On the national level a ministry of social affairs may save money but ultimately the objective is to realise a more inclusive society in which people try to support one another before turning to the government. On the municipal level the same argument applies but it also carries the brunt of implementation. Overall, the willingness of municipal authorities is not in doubt but they face more questions than they have answers on realising these objectives. One aspect will be a closer co-operation with business, better diagnoses of jobs, possible employees and the conditions to match them. The importance of soft factors and a series of specific aspects have been mentioned.

Together they stress the need for tailor-made solutions. However, this does not imply that every situation is unique and requires a unique solution. Rather, as mentioned above a toolbox of experiences, practices, techniques should be applied in a flexible way by people with a solid background (social return is not about applying simple tricks) and with respect for all concerned. This toolbox is in development and tools may be added, adapted or discarded. The toolbox also contains for instance consultation within a company, selection procedures, and communication, setting priorities by government, specific agreements and objectives.

Perspectives

Social Return is an on-going development, but we see its strength in reality. Research has already contributed through policy changes of municipalities. Municipalities recognise more and more tailor-made approaches. However, these policies need to be monitored and measured. Through the business network 'IkZitOpZuid' (businesses in a deprived area of Rotterdam) EBI assists the municipality, including the sharing of best practices and the establishment of business cases. Working together in the chain is a concept which is stressed frequently. Some participants dare to say that a good implementation of SR can bring in money; e.g. a cleaning company recognised the financial benefits of social return.

At the same time social return should also be considered as a long-term perspective. The aging population in the Netherlands with a high demand for professional care and at the same time an outflow of professionals, necessitates investment in lower and medium level professionals. Through training of people with a social return indication, they may well do those jobs, which are difficult to fill. At the same time this longer-term perspective should also be used for reaching a more common understanding of social return and the ways and means of making it work. Although we do stress the need for tailor-made approaches, the diversity of concepts in different industries does not promote the concept as a whole.

At the same time an exchange of experience within the European Union is quite important and would even save considerable amount of governmental funds. In many of the EU member states the affordability of the welfare state is under pressure while an important part of the labour force cannot be involved in the labour market in traditional ways. Why should each country re-invent the wheel if it can learn from others? Of course cultures and national frameworks of rules and procedures differ from one another but the content of the toolboxes may be exchanged, including their application. Again, the one business is not the other but business needs show quite some compatibility (from saving money to corporate social responsibility).

These perspectives require lots of willingness to co-operate between parties, which did not have social return as a common interest in the past. However, recog-

nising the need may be a first step. Turning the co-operation into a success requires policies that work. Whether they do, do not or to what degree needs to be determined by research and ultimately applied in business life.

Conclusion

Social return is a feasible and important subject. Social return is an opportunity to reduce public spending and more importantly an opportunity to fulfil the social obligation of municipalities and national governments (inclusive society). Examples like Ferro-Fix show that if properly implemented social return may result in a profitable business case. Furthermore, SR enhances the concept of corporate social reasonability and thereby increases the competitive position. Finally and last not least, people with difficulties in holding a job in a regular way don't only have the opportunity to participate in society, but also to develop personal and professional skills.

Although social return is here to stay, more research is required, both into specific aspects and into the effects of soft factors. In addition social return could well be a research area that integrates different disciplines and business across borders in an applied way.

The objective of this paper was to introduce the concept of social return and in particular to highlight the need to work on what is mistakenly called soft factors. Mistakenly indeed, because they are at the core of success or failure. They are not something extra or additional but rather a primary focus for attention. They may appear to be difficult to get a grip on but once you start working with them, you find the way to deal with them. Ultimately the inclusion of people with a SR indication depends on their acceptance by their colleagues. They should not be a separate group but rather a group of colleagues with possibly some other handles than the others. If they would be a separate group, the emotions may run high in no time: 'they take our jobs', 'they are cushioned by protection', 'they do not fully contribute to the company's objectives', 'we have to work harder to compensate for their output' and so on. Realising the required co-operation is indeed a cultural change and this change is not going to happen by itself. Rather, the change requires planning, guidance, talks and all those other aspects of change management. The topic in question is so huge and the consequences so far-reaching that much more research and co-operation is required across the border of geography and disciplines. This type of intercultural management within a company is a relatively new phenomenon and at the same time a highly motivating topic for researchers, students, companies, governments and the people in question.

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Intercultural interactions in the German subsidiary operating in Poland-a case study

Abstract: The purpose of this article is to identify the benefits and weaknesses arising from intercultural interactions arising between foreigners and local staff in the German subsidiary operating in Poland. The research procedure was a case study, and a method was 12 semi-structured interviews with Polish managers.

Research problems concerned the general perception of the Polish managers in relation to cooperation with foreigners. The respondents indicated the benefits and problems of this cooperation, as well as practical guidance (advice) to improve these interactions. This case study enriched the empirical achievements in the area of the new trend in management sciences, which is the positive organizational scholarship (POS).

Key words: intercultural interactions, expatriates, positive organizational scholarship (POS)

Introduction

The development and geographical expansion of international corporations causes that increasingly more often it is necessary to deal with cultural diversity and teams consisting of employees of different nationalities. The cooperation of expatriates with local management results in a number of intercultural interactions which are both negative and positive.

Individuals who work with foreigners in multinational subsidiaries are involved in intercultural (cross-cultural) interactions. These contacts can be seen as a particular form of interpersonal relationships where universal elements (human nature) and specific ones (personality and culture), all in all, collide one another [Rozk-witalska, 2011, p.57].

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Significance of cultural factor in business activity of international companies

The significance of culture is a very important factor of international business environment as it determines the needs of people and - thus - of the market. This, in turn, implies the selection and adaptation of marketing, financial, personal and other strategies. Different values acquired in the process of socialization by people from different cultures influence their attitudes and behavior in their workplace, define their interpersonal relationships. In an international company, the inclusion of the cultural factor in personnel-related activities has the form of - to give an example - different approach to motivation of employees, manner of work organisation, solution of conflicts, or conduct of negotiations.

The research by R. Reida [2008] reveals that 79% of polled American employees work for companies that have branches throughout the world, and 88% of respondents work with people representing different cultures.

The necessity of working and spending time with foreigners at workplace or in private life makes people reflect and take a stance on the unknown 'Other'. According to R. Kapuściński [2006], encountering the Other is a real challenge for the 21st century as, admittedly, others are the Others but for the Others - I am the Other in fact. In the age of global society, revolution in technology, communication and relocation, we will meet a new Other all the time and we should be prepared for such a meeting. This individual aspect of perceiving the cultural diversity is noticed by the authors of UNDP Human Development Report [2004]: *"Expanding cultural freedoms needs urgent attention in the world of the 21st century that needs both greater respect for diversity and stronger commitment to unity."*

However, according to M. Kostera and M. Śliwa [2012, p. 74], though it is important to recognize the significance of knowledge about cultural differences, its acquisition is not an easy issue. Culture constitutes a kind of "glasses" through which we perceive the surrounding world and also a point of reference for assessing other cultures. Looking at others from the angle of our own culture defines before-

hand what we consider as 'normal' even if we are not aware that some solutions and systems developed within a given context are treated by us as universal ones.

The significance of culture in relation to organisation is considerable. From among 16 main reasons for failures of mergers and takeovers, almost half of them is related to cultural determinants [Purgal-Popiel, 2004, p.73]. At this point, we can quote F. Trompenaars [2002, p. 21]: "*Culture is the context in which things happen; out of context, even legal matters lack significance*". And pursuant to G. Hofstede, "*cultural factors plus economic factors explain in 85% the values characteristic of a given society*" [as cited in Durska, 2003, p. 29].

Cultural diversity in work teams - positive and negative outcomes

Even if we can define some common core of values (e.g. the employees are convinced that the values declared in the corporate mission are right) or we unify the external form (e.g. physical artefacts such as clothing), than we have still plenty of space left for differences. Thus, the organisations incorporate the spheres of shared and unified values but also the spheres of differences [Glinka, Jelonek, 2010, p. 57].

Cultural diversity may be defined as co-existence in a group whose members are different in terms of sex, age, nationality, and other characteristics. The essence of diversity is not only the aspect of multinationality but also of other characteristics which may divide and cause conflicts in a group [Griffin, 2004, p. 178]. According to N. Adler [as cited in Glinka, Kostera, Brzozowska, 2012, p. 295], cultural diversity has both **positive** and **negative** outcomes. The first group includes expansion of meanings, greater openness to new ideas and points of view, increase in the possibilities of choice in the organisation due to the possibility of creating more diverse options.

In response to changes in this area in the markets and the social sphere, the concept of 'diversity management' is emerging [Wziątek-Staśko, 2012], which concept has been more and more popular in the world and Poland for two decades. Diversity management refers mainly to building the awareness and acceptance of sociodemographic differences in an organisation and to undertaking activities that give the possibility of using such differences to the benefit of the organisation. They may be of **observable** character and be related to sex, age, race, ethnic origin. The second type of differences is of **non-observable** character and refers to people's feeling of identity in relation to other groups of employees. It refers to - for example - the area of professional experiences, work seniority in an organisation, attitude to life, life style [Juchnowicz, 2014, p. 23].

In the mid of the 90s of the last century in the literature the distinction between **multiculturalism** and **interculturalism** has been established. Multiculturalism requires first of all the recognition of cultural diversity in a given area and the guaranteed right of peaceful coexistence for all cultures [Bolten, 2006]. Multicultural

coexistence means a situation in a particular social space groups representing different cultural traditions.

Interculturalism emphasizes the interpenetration of cultures and cooperation. Furthermore, F. G. Stevens et al. [as cited in Rozkwitalska, 2012, p. 21] notice that interculturalism acts as a catalyst for changes through the development of social capital and positive interpersonal relationships. Other positive effects of intercultural interactions described in the literature on the subject include the increase in creativity, productivity, adaptability, satisfaction, improvement in communication [Stahl et al., 2010], better understanding of foreign employees, more effective cooperation with foreign clients, better marketing qualifications in the scope of foreign client services, improved creativity [Glinka, Kostera, Brzozowska, 2012].

Negative outcomes of cultural diversity and specified barriers in multicultural teams may include increased uncertainty connected with a higher level of diversity, problems in agreeing on activities and meanings, problems and errors in communication which make shared understanding difficult [Glinka, Kostera, Brzozowska, 2012, p. 295]. The sources of cultural barriers which hinder the effective functioning of multicultural teams include such factors as [Rozkwitalska, 2011, p. 176]:

- cultural distance,
- organisational factors (e.g. strategic orientation of the headquarters, limitations in the scope of HRM practices),
- factors rooted in an individual (e.g. ethnocentric attitudes¹, weak communication, making initial assumptions and being directed by stereotypes in relation to foreigners).

Given the foregoing positive and negative outcomes of cultural diversity, it is worth emphasising at this point that the literature on the subject from the last decade is particularly focused on the issue of influence of positive interactions on the effectiveness of multicultural teams and the entire organisation [Stahl et al., 2010; Luthans et al., 2007]. The concept known as Positive Organisational Scholarship by Kim S. Cameron, Jane E. Dutton and Robert E. Quinn [2003] is rooted in positive psychology and is focused on studying and description of the so-called positive deviance cases in organisations [Stahl et al., 2010, p. 441]. The representatives of the POS try to highlight those mechanisms in organisations, the so-called positive spirals of flourishing [Bernstein, 2003], which contribute to the creation of superior or unexpected (but positive) effects at the level of individuals, groups and organisations.

The followers of this trend notice that the organisations that are focused on cultivating positive emotions and characteristics in their employees such as trust, optimism and vigour, contribute to the achievement of much higher level of such

¹ More information about the causes and effects of individual and institutional ethnocentrism can be found in Przytuła S., 2014, pp. 131-132.

employees' commitment and job satisfaction [Youssef & Luthans, 2007, pp. 774–800] and better financial results [Ramlall, 2008, pp. 1580-1600].

Positive psychology specifies well-being in relation to an individual which includes four elements: positive emotion, meaning, positive relationships, and accomplishment. An organisation may build on positive potential of individuals and the level of such positives depends on how many positive emotions a human being has, what meaning a human being finds in their life, how much positive are their relationships with others, and whether a human being has any accomplishments [Seligman, 2011].

According to M. Rozkwitalska [2012, p. 17], **intercultural interactions** - as a special form of interpersonal relations in terms of the POS - constitute the mechanisms explaining the creation of positive effects in organisations.

For a long time, the Gallup Institute has been realising the potential of studying positive phenomena in organisations. For 30 years, it has carried out the research on people's talents and strengths. Their results have become the basis for constructing a new tool being the StrengthFinder which enables the managers to manage their people based on their strengths and not competence gaps. In turn, the researchers from the University of Michigan developed a workshop method called Reflected Best Self (RBS) which enables the identification of workshop participants' strengths and the development of appropriate activities in managing their personal and professional development [as cited in Kalinowska, 2006].

At this point, it seems appropriate to discuss the study conducted in the scope of international managerial staff in relation to mutual perception in business relationships. Its objective is to specify both positive and negative aspects of mutual cooperation between foreigners and Polish staff being the result of subjective perspective and judgement of multicultural team members.

And thus, in the foreigners' opinion, Polish managers are hard-working, courageous, friendly, resourceful, with good knowledge of foreign languages. The English and the Germans view Polish managers as individualists while they consider themselves as those able to work in teams. On the other hand, it is also worth showing how Polish managers perceive their work with foreigners. Conducted studies show that the level of cultural tolerance in Polish managerial staff is quite high. Polish managers would be the most willing to hire an European, then an Asian, and further places were taken by the Americans, employees originating in South America and Africa. Polish managers attached the greatest significance to education and professionalism of co-employees and not to skin colour, religion or country of origin. The results of the study also showed that Polish managers have problems with overcoming stereotypes which function in general consciousness of the Poles - as stated by 28% of respondents; 39% of respondents were not able to give an explicit response [Simpson, 2010, p. 58].

The studies including the employees in subsidiaries of international corporation in Poland prove that the positives prevail in the intercultural interactions, which grossly contributes to the development and “flourishing” of individuals. The respondents specified such benefits from the cooperation with foreigners as personal development, flexible management style, auto-reflexivity, expansion of perspectives, willingness to learn, more effective communication, confrontation with stereotypes [Rozkwitalska et al., 2014].

The group of 29 Polish managers covered by the study who cooperate with foreigners on an everyday basis were asked about the strengths and weaknesses of such cooperation. Pursuant to 85% of Polish managers, expatriates are needed in Polish subsidiaries, and the balance of *pros and cons* of their presence in Polish subsidiaries gives a positive result. Polish staff indicated the international experience as the foreigners’ strength: “Expats’ horizons of experience are wide - they have usually worked in several countries”, “They know Western practices and standards in the scope of staff management”. In addition, Polish staff emphasised the expatriates’ roles as ambassadors and liaisons between the headquarters and a subsidiary: “Expats usually have contacts in the headquarters and the corporate culture is rooted in their minds”, “They single out with their knowledge of procedures and corporate methods of work”. Yet, the highest number of positives referred to expats’ knowledge and competencies: “They are often depositories of know-how and are experts in a given area; they also have the ability to transfer their knowledge to others”, “They are very good in foreign languages (English, French, German), “They are communicative”, “They may transfer knowledge, innovation, as well as proven products and solutions (in the countries they have worked, not widespread in Poland yet)” [Przytuła, 2014b, p. 16].

Research methodology and case study results

The case study is a typical procedure for idiographic research focused on the examination of phenomena which - by nature - are difficult to generalise [Chelapa, 2010, p. 472]. Moreover, it is especially recommended in the scope of acquiring the knowledge about those study areas which lack consolidated knowledge. According to K. Jajuga, it is a procedure of exploratory nature, which has just started to search for knowledge and variables that may explain the problem being the subject matter of the research procedure and bring a solution to it closer [as cited in Chelapa, 2010, p. 483]. Given the fact that the issues related to intercultural interactions and their diagnosis in subsidiaries of international corporations operating in Poland are underrepresented in the literature on the subject, and also that we are dealing at present with the formation of a new trend in the sciences related to management, that is Positive Organisational Scholarship (POS), then the choice of this research procedure may be considered as justified.

The objective of the study was to identify the positive and negative forms of intercultural interactions between foreigners and local staff in a subsidiary of a German corporation operating in Poland. The case study discussed in this article is one of five case studies conducted in subsidiaries of foreign corporations in Poland within a wider research project financed by the National Science Center in Poland (the research grant no. 2013/09/B/HS4/00498).

The methods applied in this procedure include the analysis of documentation carried out based on the materials made available by the company, and on the corporate websites of the subsidiary and the headquarters of the corporation, as well as interviews. Semi-structured interviews lasting about 60-75 min. were conducted in April 2014 and involved a group of 12 Polish managers cooperating with foreigners on an everyday basis. The research problems determined in relation to the empirical objective of this study have a form of the following questions:

1. What are the first associations concerning professional cooperation with foreigners?
2. Are described benefits of mutual cooperation with foreigners relate primarily to organization, whether they are also personal benefits?
3. What problems can be observed in association with foreigners?
4. What should be done in order to improve the cooperation with foreigners?

The study was carried out in the German subsidiary that was established on the Polish market in 1997 in the form of greenfield investment. The whole X corporation still has 5 other units (subsidiaries) on Polish territory and operates within such sectors as: automotive and industrial technologies, products and services for professional and private use. In the researched subsidiary R.B. currently work approx. 400 people, including 10 expatriates who were sent directly from the German headquarter. Plant Manager is German and the other foreigners (Turks, Indians, French, Germany) are in the rank of directors or heads of departments. The duration of a foreign mission in Poland for these expatriates is 4 years.

At this point, it is worth paying attention to a special place taken by the issue of cultural diversity in the strategy of the entire corporation. The X corporation employs more than 300,000 employees representing 200 cultures, and it operates in 300 locations in almost 150 countries. About 90 percent of research teams are international teams. The basis of good cooperation within such teams is the intercultural management. The occurrence of regional and cultural differences among the company employees and their individual strengths are treated as a valuable resource and one of global success factors. It is reflected in the code of values and the German Diversity Charter signed by the X corporation and issued by the federal government.

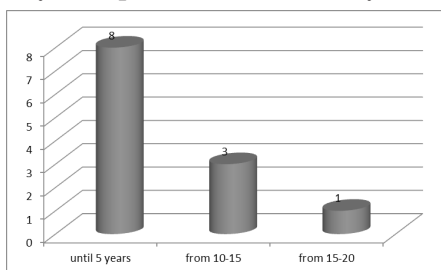
Moreover, within the diversity management program implemented by all subsidiaries of this corporation throughout the world, different forms of diversity are promoted:

- Hiring and promoting female specialists and executives has been one of the strategic priorities in corporate development since 2010. The aim is for 20 percent of all executive positions worldwide to be filled by women by 2020.
- Age management. What matters is the combination of practical experience and fresh ideas. The goal is to create a working environment where up to four generations can work together – from the approximately 6,500 apprentices worldwide to the more than 1,600 former associates over 65 who continue their commitment to corporation as senior experts. This results in an intergenerational exchange
- Intercultural competence. People from over 60 nations come together at corporation X, so intercultural competence is part of daily round. The whole corporation leverage diversity, pooling and sharing the collective cultural knowledge with the help of intercultural courses, language courses and individual development programs. The company also encourage employees to undertake periods of work outside their home countries and also actively promote mutual acceptance and appreciation among the different people who work at corporation X – for instance, through networks, forums and various events.
- Work-life balance. Corporation X promotes a working culture in which associates can balance their professional commitment and their personal goals. Flexible working hours and home office arrangements are established components of this approach.

The area of activity oriented to diversity management is one of the key strategic objectives of the entire corporation, and individual undertakings and activities of local units in this scope show that it is not only about “slogans” but actual initiatives.

As far as the group of respondents in this case study is concerned, the interviews have been done with 12 people, of which 7 women and 5 men. The majority of participants in the study (8 people) are aged 30-39, 3 people are aged 40-49, and there is one respondent aged 20-29. The majority of respondents work in this subsidiary not longer than 5 years (Figure 1).

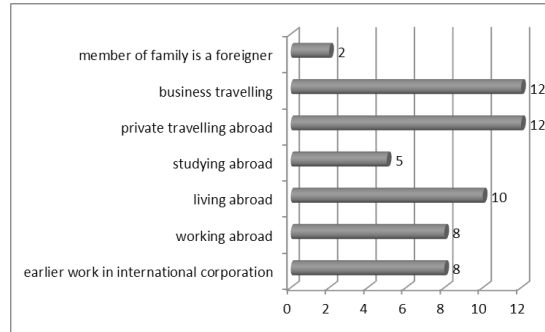
Figure 1. Seniority of respondents in subsidiary



Source: own research

The demographics questions also included the questions about the forms of the respondents' contact with interculturalism in their work so far. All respondents indicated foreign business and private trips, majority of the respondents lived or worked abroad, and also experienced the interculturalism during their earlier work in international corporations (Figure 2).

Figure 2. Contact of respondents with interculturalism



Source: own research

The study results obtained within the interviews which constitute the answers to the formed research questions are presented below:

Ad.1) What are the first associations concerning professional cooperation with foreigners?

The respondents gave the following associations listed herein in a concise manner: difficulties, challenge, nationality, foreign language, behaviour, otherness, new experience, greater knowledge, stereotypes, personal efforts in the scope of establishing relationships, overcoming oneself, administrative problems.

The answers including positive associations referred to personal challenges, contact with foreign language, deriving knowledge and experience from foreigners, obtaining another perspective of perceiving oneself and others. Some examples of quotes from the study:

Respondent C: *"For me, it is first of all a new cultural experience which also facilitates my language and procedural development as upon accepting a foreigner to our subsidiary, I have to learn the procedures and provisions of law that are effective in such a foreigner's country. I would like to also see how those systems differ from each other to make an expat feel good in our country so he/she is not surprised with some regulations that are not effective in his/her home country."*

Respondent K: *"I like cooperating with foreigners as I have mastered here English, overcome barriers and learnt new cultural customs."*

Negative associations connected with the cooperation with foreigners referred to such issues as stereotypes, language problems, effort connected with learning new things, administrative problems. Examples of answers are as follows:

Respondent A: *"The first association is maybe 'difficulties' which are a kind of challenge. Besides, the work with foreigners means to me that some activities have to be done 'in a different way', translated and adapted to the foreigners' needs and their level of perception, knowledge."*

Respondent L: *"A new foreigner means new problems with settlement of invoices, payment of bills for their children's school, rent of accommodation, and thus - mainly more administrative work. Besides, the time - as it is first necessary to explain in English our specific tax provisions, procedures, regulations, which always prolongs communication."*

Ad.2) Are described benefits of mutual cooperation with foreigners relate primarily to organization, whether they are also personal benefits?

Table 1 presents all the benefits mentioned by respondents that they held personally, as well as the advantages of working with foreigners, which gains the whole organization:

Table 1. Benefits of working with foreigners, which relates to the individual and to the organization

Personal benefits	Benefits for organization
broadens awareness	Benchmarking-subsiary in Poland can take advantage of solutions already used in other locations
develops tolerance	networking-network of interpersonal contacts around the world
getting to know another culture, style, and organization of work	sharing knowledge and experience
speaking foreign language	over 100 years of business in different markets is a mine of know-how for the Polish subsidiary
learns to look from a different perspective on himself	creativity of a workforce-collaboration of many different people in one place triggers creativity, innovation
there is no monotony in daily work	
pride of working in an intercultural environment	

Source: own research

Examples of answers concerning the benefits derived by an individual:

Respondent B: *"The cooperation in multicultural team develops my tolerance towards other nationalities. I try to better understand such people, acquire knowledge of their culture, and learn how to be patient."*

Respondent I: *"I have the possibility of polishing a foreign language, learning about different culture, and at the same time gaining distance to my own culture."*

The benefits obtained by the organisation from multi-cultural teams are given in the following answers:

Respondent F: *"Expats share their personal contacts from the whole world, which creates a platform for experts from specified functional areas throughout the organisation and facilitates cooperation."*

Respondent C: *"The X corporation has a long record in Germany - it has been operating there for more than 100 years, and therefore in Poland, we can benefit from the experience worked out by this company in other markets. It refers to production improvements, as well as administrative and procedural ones. I think that there is no other place where the procedures are so developed as in the X corporation. Though in Poland this level of formalisation is much lower than in the German units, which is often complained about by German expats."*

3) What problems can be observed in association with foreigners?

The most frequently mentioned problems arising from cooperation with foreigners, both on a personal as well as organizational level, respondents pointed to the communication. Other issues are presented in Table 2.

Table 2. Personal and organizational problems in cooperation with foreigners

Personal problems arising from cooperation with foreigners	Organizational problems arising from cooperation with foreigners
communication-lack of fluency in speaking foreign languages	communication-poor knowledge of the English language on the side of the Poles and foreigners delayed deadlines, resulting in an understatement, creates barriers in the implementation of current tasks
lowered morale among the local staff, when the higher position is taken by a foreigner	frequent rotation of foreigners in managerial positions makes for Poles no sense of follow-up
disappointment with the lack of competence and knowledge of foreigners coming to Polish unit	problems of adaptation of both parties to work together-staff of local and foreign
requires effort, commitment and time to effectively collaborate with a foreigner	

Source: own research

Examples of answers concerning the problems which adversely influence the unit are as follows:

Respondent B: *"I hope all the time that the presence of foreigners relocated here will actually facilitate and improve the model of managing this unit. At the beginning of the operations of this unit, there were about 20 expats here. Now, there are 8 of them and I have not noticed any significant decline in quality and results of our plant as a result of their smaller number. I have an impression that the expats come here to learn something so my expectations have not been met in terms of gaining experience. During my career here, there was only one German Plant Manager who*

had incredible experience and he shared this experience with us - we could use it easily any time we wanted. The others come here like to the testing ground - they usually occupied lower positions in the headquarters than they are offered here in Poland and thus they do not have significant knowledge and experience. I think that it results from lower positioning of the Polish unit in comparison with other units (in Germany, the plants of this corporation generate huge turnover which is even 20-30 times higher than in Poland, and that's why they are better staffed there)."

Respondent C: *"Personal problem encountered by the Polish staff include the undermined morale and jealousy which are noticeable when an expatriate comes to the Polish unit - the motivation in Polish employees is completely missing or reduced as they think they are equally experienced and may occupy a given position."*

Examples of respondents' answers concerning the problems which adversely influence the organisation are as follows:

Respondent A: *"The organisation suffers losses due to the barriers in mutual cooperation between the Poles and foreigners, and Polish employees do not simply understand some activities undertaken by the headquarters like, to give an example, the employment of engineers from Turkey. In addition, poor knowledge of the English language by some foreigners causes that each meeting or valuation interview has to be held with an interpreter, which is burdensome and cost- and time consuming."*

Respondent H: *"I am not a native speaker of German and English, and some of my statements may be oversimplified when the procedure is interpreted/translated, the time is also wasted. And when I do not understand something well, then I make mistakes - and thus the entire organisation suffers loss. Frequent rotation of foreigners and lack of management continuity are also bothersome. An expat will not make any long-term decision because they are here for 4 years and then there is another one who completely changes the rhythm of the work."*

Ad. 4) What should be done in order to improve the cooperation with foreigners?

Improvement ideas concerning the facilitation of cooperation between the local staff and foreigners and elimination of adverse phenomena also refer to three fundamental areas:

- the activities undertaken by foreigners, e.g. learning Polish, being prepared in the scope of basic knowledge concerning culture, religion, labor law in Poland, assuming the open-minded attitude and not ethnocentrism;
- the activities undertaken by local staff, e.g. undertaking initiatives directed at building own international career, gaining intercultural experience (in private and professional life), considering the fact of learning foreign languages as an investment, being open-minded and tolerant to others;
- the activities undertaken by the organisation, e.g. conducting the information campaign for local staff about the foreigners' mission in a Polish subsidiary; organizing common intercultural trainings for expats and local staff.

Selected answers being a kind of practical recommendations are given in table 3:

Table 3. Actions improving the mutual cooperation of foreign and local staff

Respondent	Quotation
A	„Expats should learn Polish language not only from compulsion, but from conviction. In contrast, the Polish workers should be aware of this, what is the purpose of expatriates and how much a factory in Poland will benefit from their presence”.
B	„A joint cross-cultural workshop for expats and Poles should be organized, so that the local managers know what to expect in the attitudes of foreigners and what a religious and cultural behavior has expats”.
C	„The corporation should organize more training in the field of cultural differences, as the 2-day training for expat from the different country is rather too little. Intercultural training should be carried out at the headquarters in Germany before moving to Polish, and upon arrival at the Polish unit again it should be repeated with emphasis on eliminating stereotypes”.
D	Would recommend quite a global solution, not only in relation to our corporate. I think we should sent more Europeans to India and employ more Indians in Europe. I believe that the only direct contact let us known the nation. There are so many small things that being in a foreign country a person absorbs “from the air” and no training is not able to convey. Intercultural training does not fulfill its role without contact „face to face” and a real immersion in a foreign culture”.
E	„ I would recommend to raise cross-cultural awareness, but not only with poster but with workshop ”.
F	„ You can organize more training or workshops on cultural differences, which are conducted at headquarter and adapt them in the Polish subsidiary ”.
G	“There is a need for more information training about the cultures distant from the Polish. For example about the customs of Turks and Indians”.
H	„There should be short workshops on culture of the country. Such knowledge would let us to avoid surprise, and even shock in mutual interactions. For example, expat from India was shocked when he saw that we discuss with our boss, or even negate some of his ideas”.
I	„There should be more training oriented to eliminate stereotypes on both sides. Still it is hard at our headquarters to find someone who would like to come on assignment to Poland, because they have very poor knowledge of our country. When you come here, you are pleasantly surprised to find that, for example, in stores you can buy the same chocolate, as in Germany”.
J	„I could propose work in project teams, but mixed- international. Unfortunately, people are afraid to break their own language barriers, afraid of contact with strangers”.
L	„Expats should learn Polish language. On the other hand, the Polish staff should be informed about: why the expatriate has to come here, and what is its added value? Expats should know in advance the specific culture and patterns of behavior of the Polish staff”.

Source: own research

Summary of and conclusions from the study

Scientific explorations speak with one voice that national culture in interactions influences the group members' behavior. The results of the study show in fact that the groups which are culturally diverse function in a different way than uniform groups. Yet, it is not possible to explicitly answer the question which kind of group achieves better results. Numerous researchers emphasize that cultural differences occurring in a given group and the multitude of values, perspectives and types of behavior have positive influence on the ability to solve problems by a group and its creativity [Kostera, Śliwa, 2012, p. 119].

The most important results obtained in own research and concerning the interaction between Polish staff and foreigners in a subsidiary of a German corporation operating in Poland show the following:

- The perspective of cooperation with foreigners trigger numerous positive associations in Polish staff: personal challenges, contact with foreign language, deriving knowledge and experience from foreigners, obtaining another perspective of perceiving oneself and others. The respondents indicate also fears and problems related to such cooperation as stereotypes, language problems, effort connected with learning new things, administrative problems. Yet, pursuant to majority of Polish managers, positive interactions prevail in cooperation with foreigners;
- Undoubtedly, personal benefits derived by Polish managers cooperating with foreigners on an everyday basis in workgroups are such that they expand their own awareness of cultural differences, develop their tolerance, learn about different culture, style and organisation of work, have contact with foreign language, feel proud that they work in intercultural environment.
- The benefits gained by an organisation from multicultural workgroups include first of all the transfer of know-how (using the expatriates' knowledge and experience and the solutions suggested by them that have been already applied in other locations), increase in creativity and innovativeness of teams of employees.
- The most often indicated problems within the cooperation with foreigners include communication issues restricting personal contacts (lack of knowledge of a foreign language), and also influencing the operation of the entire organisation (the necessity of hiring an interpreter/translator, prolongation of decision-making process, delays in fulfilment of on-going tasks). We may say that for someone who comes to a foreign country for a several-year contract, the learning of a given language seems to be a necessity not only because of the efficient management of local staff but also because of everyday life issues. At this point, it should be noted that the knowledge of the local language of a host country positively influences the perception of foreigners by local employees. It is confirmed by the survey conducted by J. Eisenberg et al. (2009, p. 4) concerning

the leaderships styles among managers-expatriates in Poland. According to it, the expatriates were viewed as sensitive, tolerant, open and friendly, although 65% of Polish employees think that the knowledge of the Polish language would give the managers from Western Europe greater approval and sympathy from their Polish subordinates. It means that it is enough for a foreigner to make an effort to learn the language of a host country to be more positively perceived by local staff.

- Other problems of personal character include undermined morale of local staff when a higher position has been assumed by a foreigner, disappointment with lack of expats' competence and knowledge.
- A significant problem related to the employment of foreigners in key positions in a studied German subsidiary was the lack of sense of continuity of activities arising from frequent rotation of expatriates.
- The managers who were respondents also gave several guidelines which - when taken into account by the organisation, prospective expats and local employees - would influence the increase in positive interactions in multicultural teams.

At this point, we can quote the guidelines formulated by N. Adler [as cited in Sikorski, 2002, p. 40] which seem to be helpful in the scope of mutual multicultural cooperation:

- It is better to assume rather cultural differences than similarities until the latter ones are proven.
- One should be empathetic, which means attempts to understand or interpret a given situation looking at it from the point of view usual for a representative of a different culture.
- It is better to rather describe than interpret or assess what someone said or did.
- The explanation of a situation should be considered as probable and not certain.

In the context of interpersonal relations between foreigners and local managers, what would be of interest in further research perspectives is an individual viewpoint, that is identification of 'positive deviance' cases which facilitate the achievement of positive results at the level of individuals (e.g. mutual respect, self-development, tolerance, sense of fulfilment, expertness, well-being). Thus, it would be necessary to diagnose such personal traits as for example optimism, open-mindedness, self-effectiveness, cognitive curiosity, and cultural flexibility. Moreover, the analysis in the paper is also limited because of the drawbacks of the applied methods to select the sample and collect the data as well as its explorative character. Future research is recommended to deepen the conducted study.

Summary

Development and geographical expansion of multinational corporations makes it more complex and more often we are dealing with cultural diversity within teams

of employees. Mutual cooperation of foreigners and local staff raises many intercultural interactions, of both negative and positive.

The purpose of this article is to identify the benefits and weaknesses arising from intercultural interactions arising between foreigners and local staff in the German subsidiary operating in Poland. The research procedure was a case study, and a method was 12 structured interviews with Polish managers. Research problems concerned the general perception of the Polish managers in relation to cooperation with foreigners. The respondents indicated the benefits and problems of this cooperation, as well as practical guidance (advice) to improve these interactions. This case study enriched the empirical achievements in the area of the new trend in management sciences, which is the positive organizational scholarship (POS).

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Cultural determinants of employee relationship management

Abstract: culture context of employee relationship management is the subject of the analysis undertaken in this article. The authors based on the assumption that the knowledge of what values and standards culturally conditioned guides nationalities or ethnic groups constitutes the foundation of people management in transnational organizations. The article contains results of a critical analysis of the concept of Employee Relationship Management (ERM) and its culture context. The research problem undertaken in the article is: how does the cultural and national context influence the process of employee relationship management. On the basis of carried out analyses, it has been concluded that it is possible to distinguish dimensions of culture which support relations building in the workplace. Relationship management with employees is supported by: small power distance, femininity, collectivism and high contextuality.

Key words: cultural differences, employee relationship management, typologies of cultures

Introduction

The aim of the article is to get to know cultural determinants of employee relationship management. Basing on the concept of Employee Relationship Management by W. Stotz [2007], the authors advance a thesis that the way of building relationships between the employee and the organisation, their duration and effects for functioning of the professional employee are in a large extent culturally conditioned. This thesis has been formulated on the basis on of the results of an earlier

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questionnaire survey [Moczydłowska J.M., 2014] on the barriers of employee relationship management. Cultural differences, including the religious and linguistic ones, have been identified as the most important sources of difficulties of employee relationship management by 30% of respondents taking part in the research. This result justifies the necessity for a deepened analysis of cultural determinants of employee relationship management.

Employee Relationship Management – the epistemological analysis

The definition of Employee Relationship Management in Polish literature [Lipka A., Winnicka – Wejs A., Acedański J., 2012, p. 132] is interchangeably used with the concept of internal management of relational capital. In a natural way, therefore, it is necessary to point to the genesis of this concept in the theory of relational capital. Relational capital arises as an outcome of interdependence and interaction of related through relationships entities. Studies on the nature and importance of relational capital have been developing for at least 30 years in a broad stream of studies on intangible capital of an organisation (it is alternatively referred to as invisible capital and from the 1990s as intellectual capital) [Edvinsson L., Malone M.S., 1997]¹. It is possible to venture an opinion that distinction of relational capital was closely connected with the concept of Customer Relationship Management (CRM) requiring enterprises to focus their attention on customers and put the customer in the centre of all activities of the enterprise and build long-lasting relationships with customers. These relationships were (and still are) perceived in terms of an important source of competitive advantage. While the management of external relational capital can be regarded as the domain of marketing management, the internal relational capital results mainly from the way of implementation of the personnel function. If the aim of CRM is to build loyalty of external customers, based on its widely understood satisfaction, the aim of personnel activities, especially based on the concept of ERM, is to build loyalty of internal customers also based on the satisfaction. This way of thinking is reflected in the concept of marketing personnel (also referred to as marketing staff), that treats an employee as an internal client of the organisation.

The essence of Employee Relationship Management lies in making decisions and undertaking personnel actions aimed at building long-lasting relationships with employees by enabling them to meet their needs, expectations and delivering them increasing benefits of an economic and psychological character. Defined, in this way, Employee Relationship Management is regarded as the base for retention employee management [Lipka A., 2011, p. 205]. In organisations, based on knowledge, the outflow of employees with key, rare and difficult to imitate competen-

¹ The term “intellectual capital” was first used in 1969; the first work on the subject appeared in 1975 by G.R. Fiewel, but in the current context, it returned in the scientific literature of management science at the beginning of the 1990s.

cies constitutes a serious threat. Actions undertaken within the frames of ERM may minimise this problem. Linking employees with the organisation by building an attitude of loyalty, emotional attachment and sense of belonging increases the resistance of employees to offers of competitive companies in the labour market, which makes the enterprise personally, and indirectly, economically more stable, for example, by reducing costs of replacing employees. It should be noted that the aim is to build the real loyalty, not the common or forced one.

The aim of ERM is also to build the brand of the organisation as an attractive employer, it means, attracting from the labour market candidates with the highest level of competencies and the greatest developmental potential. The result of the use of ERM should be the increased employee engagement in the implementation of professional tasks. The base of engagement is, in this approach, the loyalty of employees to the employer. The effect of professionally implemented personnel strategy, based on ERM, is the increase of value of human capital, and thus, the increase of value of the entire organisation. At this point, however, it is necessary to emphasise that ERM has not only economical dimension, but also the humanising one [more on the subject: Jamka B., 2011]. In other words, it does not only provides a measurable benefit for the employer, resulting from the value generated by the high-quality human capital, but also means investing in employees, that is, providing the specific balance of benefits for the employer and employee. In a different way, we can say that Employee Relationship Management means striving to integrate the aims of the organisation and its employees, and even co-responsibility for the organisation.

What distinguishes the concept of Employee Relationship Management from other concepts, such as Talent Management or Professional Competency Management, is drawing attention to the emotional context of the relationship of employer and employee. High efficiency of work is supposed to be achieved by building relationships based on emotional attachment and engagement of an employee. Therefore, it is not merely the behavioural dimension consisting in “being” in the organisation, but primarily, the emotional dimension manifesting itself in the form of a specific sympathy, that is, a positive attitude towards the employer. Emotional relationships between employees and the organisation can result from a variety of premises of an emotional and symbolic character. They include: compliance of the personal system of values with the system of values present in the organisational culture, the sense of breaking social norms in case of departure from the company, desire to continue and even strengthen the relationship of trust, sense of agency and professional efficiency [Lipka A., 2011, p. 90; Moczydlowska J.M., 2013a, pp. 29-39].

The state of positive emotional bonds between employees and the organisation is possible to achieve by far-reaching individual incentive influences. Just as external customers look for tailored offers, similarly, internal customers have different needs

and expectations towards personal products and services [Stotz W., 2007, p. 32]. A responsible employer is aware that not only money is the incentive in choosing the place of work and the quality of the work. Equally important are: opportunity for professional development, clear objectives or attractive, interesting professional tasks, as well as friendly organisational culture based on trust and good interpersonal relationships within employee teams [Moczydłowska J.M. 2013b pp. 32-39].

Culture models and management

The ongoing process of internationalisation of business activities imposes on the managerial staff a duty to take into account the cultural context of management. In a particular way, this regards people management who are specific “carriers” of various patterns and cultural norms strongly conditioned by, among others, the national identity of employees, their language, religion, and rooted in the centuries-old tradition of customs. The working environment of most enterprises is currently a place of mutual interaction between people from different cultures. This state of affairs leads to the occurrence in organisations many different: systems of value, work styles and work attitudes, ways of perceiving reality, preferences and beliefs. As a result, more and more frequently and on an increasing scale, managers are forced to operate in a multicultural environment and use more and more culturally diverse workforce. It should be emphasised, that cultural diversity is a current and important issue in spite of increasing globalization whose indirect consequence is interpenetration of cultures and increasing unification of behavioural patterns and cultural norms.

As aptly described by one of the pioneers of the research on cultural patterns, G. Hofstede [1993], national culture is responsible for the specific “programming of the mind” that affects the way of people’s thinking, feeling and acting. Researchers of cultural determinants of management practices [cf. Rozkwitalska M., 2008, pp. 80-87] attempt to identify the influence of cultural environment on motivating employees, leadership, degree of decentralisation of power, organisation of activities, solving conflict situations, group management, negotiation, etc.. In all these areas, multiculturalism constitutes an important issue; hence the efforts aiming at identifying the basis of cultural differences and creating models that reflect behavioural patterns and cultural norms. These models are supposed to facilitate the management by providing knowledge of cultural differences in the perception of the world. An example of such a model is Fukuyama’s model of trust [1995]. It is a one-dimensional model as it divides cultures according to one criterion: the level of trust. Countries belonging to the cultures of low trust (e.g. countries of southern Europe, such as Italy or Spain) are characterised by close family and clan ties and a low level of trust in business relationships. The management is dominated by bureaucratic rules and procedures and reluctance to enter into relationships with

own employees. Great significance is assigned to the hierarchy which performs the role of a regulator complementing the ethical principles. Countries with a high level of trust are dominated by strongly developed social, friendly ties, which mean that people are inclined to build relationships also beyond the family. Little emphasis is put on formal regulators of behavioural patterns. A positive climate of cooperation defined by a high level of trust leads to reduction of labour costs and increase of innovation through group work and delegation of authority [Fukuyama F., 1995, pp. 27 - 28].

Table 1. Multidimensional models of culture

G. Hofstede's model	
Attitude towards the importance of group and individual interests	collectivism versus individualism
Attitude towards the hierarchy and its relevance	power distance
Attitude towards incentive stimuli	masculinity versus femininity
Attitude towards unpredictable events and changes	acceptance of uncertainty versus rejection of uncertainty
Attitude towards time, time perspective accepted at work and in life	long-term orientation versus short-term orientation
R.R. Gesteland's model	
Attitude towards a partner and the way of conducting business	pro-partnership versus pro- <i>transactionalism</i>
Attitude towards conventions, hierarchy, principles, rules and ways of showing respect	formality versus informality
Attitude towards time	monochronicity versus polychronicity
Methods of communication	restraint versus expressiveness
Seven dimensions of culture in F. Trompenaars and C. Hampden-Turner's model	
Attitude towards people	universalism versus particularism individualism versus collectivism restraint versus emotionality fragmentation versus wholeness achieved status versus ascribed status
Attitude towards time	sequentialism versus synchronism
Attitude towards the environment	harmony versus aggressiveness

Source: own study based on: Hofstede G. and Hofstede G.J., 2007; Gesteland R.R., 2002; Trompenaars F. and Hampden-Turner Ch., 2002.

The most known multi-dimensional culture models are models of G. Hofstede, R. R. Gesteland and F. Trompenaars and C. Hampden-Turner (cf. Table 1). Each of them describes culture in many dimensions indicating their influence on human behaviours, his/her perception of environment and time and individual system of values. Considering the subject of the article, in the further part of the text these dimensions will be analysed in detail that are most relevant for employee relationship management.

Cultural determinants of emotional reactions in the workplace

The concept of ERM is based on the belief in the exceptional value of a positive emotional connection of employees and the organisation. In the context of the subject of the article, it is justified, therefore, to ask how cultural differences may influence the willingness of employees to emotional engagement in relationships with the employer. It is a more precise question about cultural differences in experiencing and expressing by people own emotions. The authors do not feel competent to enter the anthropological and psychological discourse over the nature of emotions and decide whether emotions are universal internal states of biological bases, or rather relative, cultural constructs. After numerous leading figures [cf. Ekman P. and Davidson R., 1994; Reiter M. and Starczuk J., 2012], we assume that people's emotions, the way of their experiencing and expressing, are conditioned by many variables, especially by personality, gender, age and membership to a particular social, national or ethnic group. There are no reasons to presume that any other variables are responsible for emotional reactions arising in the workplace and in the relation of the performed work (the profession, organisational role). Thus, it is reasonable to strive to identify cultural patterns, which – besides before mentioned variables – shape the specificity of an emotional connection of employees and the organisation.

Among cultural dimensions relating directly to human emotionality is *restraint* versus *expressiveness* of R. R. Gesteland's model [2002], which corresponds to *restraint* versus *emotionality* of F. Trompenaars and C. Hampden-Turner's model [2002]. The authors describing cultural differences in expressing emotions, at opposite poles put cultures in which spontaneous and open expression of emotions are taken as natural and those in which restraint, moderation and reserve are expected. In countries such as Argentina, Italy or Spain, that is those that are treated as examples of expressive cultures, emotions are expressed by loud talking, lively gestures, shortening spatial distance between interlocutors, frequent and intense eye contact and impulsiveness. On the other hand, in countries such as Germany, Austria and Poland, such expression of emotions is not well seen. The degree of social consent for intensive expression of emotions in a variety of situations, including in the workplace, is much smaller. In reserved cultures, people expect a higher degree of rationality in decision making.

Culture and building relationships in the work environment

Among cultural dimensions that have the greatest influence on relationships between employees and supervisors is power distance of G. Hofstede's typology. It is defined as "the extent to which less powerful members of organisations and institutions accept and expect unequal power distributions" [Hofstede G. and Hofstede G. J., 2007, p. 58]. Inequality of power is a widespread phenomenon occurring in all cultures, but societies have different approaches to it. In low power distance cultures, people are seen as "naturally" equal and, therefore, inequalities in the access to power evoke objection. It is considered obvious that people exercising power are subjects to continuous monitoring in the area of ethics. The teamwork is promoted, in which people cooperate in order to achieve objectives of the organisation on principles of partnership. In large power distance cultures, inequalities are treated as justified, even desirable, because they ensure law and order. The superior imposes emotional distance in relationships with subordinates treating them as a potential threat to his/her position in the organisation. Power is primal in relation to morality. Countries characterised by a particularly high level of power distance are: Ecuador, Guatemala, Venezuela, Panama, as well as Japan, Belgium and France. In contrast, small power distance is visible in Scandinavian and Anglo-Saxon countries and Germany.

Table 2. Culture dimensions as a favourable and impeding factor to build relationships in the workplace

Culture dimension that is favourable to build and strengthen relationships in the work environment	Culture dimension that impedes building and strengthening relationships in the work environment
Small power distance	Large power distance
Femininity	Masculinity
Collectivism	Individualism
High context	Low context

Source: own study

Building and maintaining employee's relationships with the team and organisation as a whole is much easier in countries dominated by a collectivist culture. *Collectivism* versus *individualism* is dimension highlighted in several models of cultures (cf. Table 1). Its authors [cf. Hofstede G. and Hofstede G.J., 2007, Trompenaars F. and Hampden-Turner C., 2002] agree that people representing various cultures differ in terms of giving validity to individual and group interests. Most features of the collectivist culture are visible in countries in which operates Confucianism, i.e. in Asian countries: China, Korea and Japan. These cultures are also referred to as "shame cultures" in opposition to Western cultures that are "guilt cultures."

This means that norms of conduct determine there a concept of shame consisting in regulating functioning in the society by a strong emphasis on adaptation to the group (maladjustment brings shame, social rejection, lack of unity with the group, including the loss of identity). In a milder form, collectivism is seen in European countries, e.g. Greece or Portugal.

In collectivist culture countries, employees perceive themselves as members of the group and treat its other members in a privileged way expecting loyalty in return. It fosters building strong bonds and, consequently, long-lasting relationships. In contrast, in individualistic groups regulation of social norms is more rooted in an individualistic notion of morality, reward and punishment system, for example, religious concepts of sin, salvation, heaven and hell. In individualistic culture countries (mainly the United States and Anglo-Saxon countries, but also to a large degree, Poland and Germany), interpersonal relationships are not regarded as value in itself, but as a tool for implementation individual, and in extreme cases, even selfish objectives. Employees tend to achieve individual results and want to be rewarded for them. Making the individual remuneration dependent on the team performance raises opposition. Meeting the needs of autonomy and self-realisation in the working environment is more important than satisfying the needs of belonging. The power of relationship and identification with the employer is much smaller.

Another dimension of culture of fundamental importance for building and maintaining employees' relationships with the organisation is *masculinity* versus *femininity*. Although it is quite a controversial dimension as it defines the assigned social roles (usually stereotypically) between genders, it has its far-reaching consequences for interpersonal relationships in the workplace. In "female" societies (for example, in the Scandinavian countries, Belgium and the Netherlands), the idea of the common good is very vivid: dominates the cooperative approach, perception of needs of another person and building relationships [more on the subject: Kisil A., Moczydłowska J. M., 2014]. Good atmosphere in the workplace and a sense of community are more important than short-term tangible results achieved through internal competition and rivalry. "Female" societies promote partnership, gender equality and democratic leadership. Harmony and social solidarity, which are distinguishing features of a female culture, constitute for employees the source of meeting one of the basic needs of groups: the safety need. This means, that for organisations operating in such a culture it is much easier to manage employee relationships than for organisations dominated by a male national culture.

Dimension of culture that plays an important role in building relationships in the work environment is context also referred to as *wholeness* versus *fragmentation* [Rozkwitalska M., 2008, p. 85]. In comprehensive cultures (high context), professional and personal lives intertwine with each other. Contacts in the workplace are not treated as strictly official. For employees, it is natural to build deeper and more

personal contacts with colleagues than it happens in low context cultures. This fosters building and maintaining relationships, even though it also carries some risk, e.g. too personal treatment of criticism of ideas or behaviours associated with the performed work. This raises a risk of excessive frustration of employees and entering into conflicts. Moreover, a large depth of bonds may cause a certain tightness of the group, and hence difficulties in adaptation and integration of new members of the organisation. Attributes of a high context culture can be observed, for example, in Far East countries, but also in Southern and Eastern Europe. In contrast, a low context culture dominates in the USA and in Northern and Western Europe.

Conclusion

It is a current statement that cultural diversity is a human feature and organisational cultures are settled in the cultural heritage of a given country or region. And, although individual and team behaviours are conditioned by many diverse factors, cultural determinants play a particularly important role. This also refers to employee relationship management, that is building and maintaining long-term relationships between an employee and employer – relationships based on positive emotions, loyalty and engagement. This article attempts to indicate which cultural dimensions, highlighted in the most famous models of cultures, are favourable to this process, and which can be a potential source of difficulties for practitioners willing to implement the ERM concept. As interesting, we regard the fact that the birthplace of the ERM concept is Germany, a country characterised by an individualistic, male and low context culture, thus impeding building and strengthening relationships of employees and the organisation. Indirectly, this is a proof that none of the cultures does not exclude the use of this concept for more efficient management, but only makes this process more difficult.

We consider the influence of cultural factors on relationship management with employees as an open subject and worth detailed empirical research. What needs some verification are the hypotheses concerning the role of a language and the style of communication being culturally determined, which are vital relationship determinants within the work environment. Further research should also take into consideration the factor of the age of employees which, being “placed” on cultural variables, can indicate the impact of cultural conditioning within particular age groups. It also seems reasonable to check the influence of religious beliefs of employees on their relationships in the organization.

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Chosen aspects of economic profitability in agricultural companies in the context of global economic crisis¹

Abstract: Negative consequences of the economic crisis, which began in the United States in 2007, affected economies of all countries. The unfavourable economic situation on world markets was also reflected in the financial condition of Polish companies. It also refers to agriculture which plays a significant role in Polish economy. The following paper covers change trends in economic profitability of a group of 10 agricultural companies. Chosen liquidity and profitability ratios have been presented as well as synthetic measure which is at the root of the compilation “Ranking of 300 best agricultural companies”. The presented findings cover the years 2007-2012.

Key words: agricultural companies, global crisis, economic profitability, „Ranking 300”

Introduction

Crisis, which affected markets, institutions and different types of financial assets led, not for the first time in history, to a global crisis. This time, however, due to its range and harsh consequences, it was compared to the Great Crisis from the 1930s [Mitrega, Niestrój 2012, p. 49]. The recent financial crisis risks reversing the region's recent gains and exposes the region to significant adverse economic and social impacts as the economies in Europe and Central Asia are forecast to experience the deepest contraction among all emerging and developing economies [The Impact... 2010, p. 83]. At first the negative consequences of the crisis which began in the United States in 2007 were not severe for Polish economy. However, already in the year 2008 it was emphasized that the economic situation in the world was

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going to be poor for a long time and it could by no means be disregarded (resulting from, inter alia, continuity of changes in the financial sector, possibility of inflationary pressure, considerable halt to globalizing processes and the necessity of solving gigantic problems of public finance) [Global Financial Stability Report - GFSR Market Update 2008, p. 10].

The intensity of crisis is different between countries and it has affected mainly the resource rich countries. In general, the crisis affected the economy in the region through reduced capital flows, namely a decline in investments, a decline in domestic production and exports, and a decline in remittances [World Bank, 2009, p. 25]. As it was emphasized by the analysts of the international advisor company Deloitte, in the first quarter of 2013 weakening market environment was still tangible in the euro zone and it is possible that the situation will not change in the next quarters. It means that the "euro zone" has been in recession for more than six quarters, the longest recession in its 14-year history [Global Economic Outlook 2013, p. 6].

Due to the fact that all sectors of economy are inextricably linked, crisis events influenced the condition of agriculture and subjects functioning on this market. In the agricultural sector the most significant symptoms of the recession comprise: fall in demand for produce, lowering the purchase price of milk, decrease in export of farm and food products, decrease in the use of mineral fertilizers, increase in the surplus of workforce, further widening of price scissors, worsening of the situation of food economics, increase of the area of fallow and waste land [Rokicki 2009, p. 1]. The above-mentioned reasons also undoubtedly influence the financial condition of agricultural companies.

Objective and research methodology

The primary objective of the conducted research was to evaluate economic profitability of the companies ranked as 300 best agricultural companies.

Research material comprised empirical data derived from "Ranking 300" prepared annually by the Institute of Agricultural and Food Economics (IAFE) in cooperation with the Agricultural Property Agency (APA). The evaluation of the companies comprises economic ratios.

In the classification, the key criterion in ordering the researched companies is synthetic measure. It is composed of four partial ratios [Ranking 300... 2012, pp.26-27]:

- Return on sales ratio – the relation of the profit on sales to the sum of sales revenue from products, commodities and materials;
- Value creation index – the relation of the return on equity and the cost of own capital which has been defined as the sum of the return on assets without risk and the financial risk premium. Medium deposit interest rates have been adopted as risk-free assets for the period of two years inclusively in 2012. They

were at the level of (4.7%) per annum and were identical for all companies. As regards the financial risk premium it was the product of the difference between profitability and interests on debt of each company (the relation of paid interests in 2012 to the sum of long- and short-term liabilities at the end of 2012) and the level of own capital debt burden (total liabilities have been divided by the value of own capital in 2012). Index level higher than one proves the increasing value of the company for its owners.

- Added value ratio – the relation of added value to total revenue. As added value there have been summed up the following: net financial result, amortization, agricultural tax and payments charged on costs, ground rent, compulsory charges on financial result, costs of foreign capital and costs of remuneration and benefits.
- Cash generating ratio – the relation of net operating surplus to the sum of net sales revenue, other operating revenue and extraordinary gains. The operating surplus has been defined through the subtraction of expenses covering operating of the company from its earnings. The receipts have been calculated as the sum of sales revenue, other operating costs and extraordinary gains. The expenses have been calculated as the sum of costs of operational activity, other operating costs, extraordinary losses and compulsory charges on financial result.

Table 1. Partial ratios of synthetic measure in “Ranking 300”

Type of ratio	Definition
Return on sales ratio	profit on sales / sales revenue from products, commodities and materials
Value creation index	return on equity / return on assets without risk + equity risk premium
Added value ratio	(net financial result + amortization + agricultural tax + payments charged on costs + ground rent + compulsory charges on financial result + foreign capital costs + remuneration costs and benefits) / total revenue
Cash generating ratio	((sales revenue from products, commodities and materials + other operating revenue + extraordinary gains) – (costs of operational activity + other operating costs + extraordinary losses + compulsory charges on financial result)) / (sales revenue from products, commodities and materials + other operating revenue + extraordinary gains)

Source: own study on the basis of “Ranking of 300 best agricultural companies in 2012” p. 26-27.

Source data have been collected by the Institute of Agricultural and Food Economics (IAFE) with the use of survey questionnaire sent by post or e-mail. The companies have been classified on the following basis – higher position of the company in each partial ratio translates into its higher final position in the ranking [Ranking 300... 2012, p. 26].

Due to the great number of the researched collectivity, 10 companies have been analyzed in the following article, the ones that in the years 2010-2012 occupied

leading places in „Ranking 300”. The time frame of the research has been extended to the years 2007–2012. It has been recognized that such a time frame made it possible to observe some change trends regarding the level of chosen profitability ratios of these economic subjects.

Research findings

Characteristics of the companies

Ten companies have been chosen for the research. The companies were in the lead of 50 best agricultural companies in the years 2010 – 2012. The analysis comprised those economic subjects that agreed to reveal their names. To keep comparability of the data, another condition required being listed in the Ranking in the researched years that is in the years 2007-2012.

The research has been conducted on the basis of statistical data of 8 companies oriented at crop production and 2 companies that have run additional animal production (the so-called mixed production orientation) (table 2). The analyzed economic subjects are located in six voivodeships: Pomeranian, West Pomeranian, Lublin, Opole, Kuyavian-Pomeranian and Lower Silesian. The companies employed from 2 workers in GR Derczewo to 42 employees in RSP Hopkie. The analyzed group comprised 4 micro-companies as regards the level of employment and 6 small companies. When it comes to the area of agricultural land it made up between 170 ha in GR DERCZEWO and 982 ha in RSP Hopkie. It needs to be noted, however, that in the 2012 Ranking there were only 4 companies that employed more than 249 workers and 41 economic subjects that employed between 50 and 249 workers. It means that 85% of all companies employed up to 49 workers.

Table 2. Chosen information on the researched companies

	Name of the company	Voivodeship	Orientation of the production	Employment [number of workers]	The area of agricultural land [ha]
1	GR ADKONIS	Pomeranian	Crop	4	485
2	GR DERCZEWO	West Pomerania	Crop	2	170
3	GR Hulcze	Lublin	Crop	20	874
4	AGA-AGRO	Opole	Crop	6	485
5	PR-P FARMCO	Lower Silesian	Mixed	11	608
6	PRUH BUKOROL	Opole	Crop	15	637
7	RSP Maniów Wielki	Lower Silesian	Crop	8	408
8	ZPR Kowróż	Kuyavian -Pomeranian	Crop	24	994
9	PPHU BARYCZ	Lower Silesian	Mixed	14	852
10	RSP Hopkie	Lublin	Crop	42	982

Source: own study on the basis of “Ranking of 300 best agricultural companies in 2012”

Profitability analysis

Profitability evaluation of the companies began with the analysis of return on sales ratio. As it has been already defined, it denotes the relation of profit on sales to the sales revenue. From the research it follows that the lowest level of the ROS ratio was noted in the years 2008-2009 (table 3). At that time, more than a half of the researched companies made a loss in sales which resulted in the negative ROS ratio. Since 2010 visible improvement in the field has been observed. In the years 2007-2012 the greatest values of the ratio were noted by GR ADKONIS and GR DERCZEWO. In 2012 the ROS ratio was at the level 38.33% and 46.77%, respectively. It has to be noted that companies produced a positive financial result in sales in the whole analyzed period. Additionally, favourable tendencies in this field were observed in GR Hulcze and PRUH BUKOROL.

In the years 2007-2012 in the researched companies the return on assets ratio (ROA) was positive. It means that the researched group achieved a positive net financial result. It needs to be emphasized that, however, there was a decrease in the return on assets in the years 2008-2009. The companies developed lesser ability to generate profits through the use of their assets. However, the company GR DERCZEWO was an exception – in 2009 it delivered a record great return on assets ratio - 47.21%. Since next year most of the agricultural companies experienced a significant increase in the relation of net profit to total assets. In the years 2011-2012 the situation stabilized – in that period the level fluctuations of ROA ratios were minor.

Similar tendencies as regards the ROA ratio were apparent in the analysis of return on equity. It needs to be stressed that the researched companies achieved positive financial results even in the crisis years in Poland. It has to be noted, however, that in that period the effectiveness of own capital decreased. Still, in the years 2010-2012 there was a considerable improvement in the use of own capital. In the researched companies the return on equity ratios (ROE) were high – above 15%.

Table 3. Return on sales, assets and equity in the researched agricultural companies in the years 2007-2012

Name of the company	2007	2008	2009	2010	2011	2012
<i>Return on sales ratio [%]</i>						
GR ADKONIS	55.45	48.24	28.14	66.76	59.38	38.33
GR DERCZEWO		36.14	23.43	35.10	43.62	46.77
GR Hulcze	55.49	35.78	10.59	31.86	22.48	16.66
AGA-AGRO	37.84	-9.32	-25.11	31.31	28.20	20.62
PR-P FARMCO	-2.48	-9.92	3.34	5.41	26.06	19.14
PRUH BUKOROL	20.15	6.28	6.60	9.34	22.06	23.41
RSP Maniów Wielki	23.12	-44.97	-11.18	7.55	6.50	-7.54
ZPR Kowróż	6.63	-0.60	-12.95	24.18	16.80	26.29
PPHU BARYCZ	-0.80	-32.67	-37.24	2.41	11.13	-3.12

RSP Hopkie	24.29	-3.90	-13.69	25.30	16.99	7.30
<i>Return on assets ratio [%]</i>						
GR ADKONIS	19.90	31.37	12.62	55.91	36.57	21.76
GR DERCZEWO		11.09	47.21	14.94	21.40	23.17
	28.55		11.52	21.06	17.57	18.49
GR Hulcze		20.91				
AGA-AGRO	20.18	0.91	6.87	17.08	16.34	14.31
PR-P FARMCO	12.62	3.75	10.26	19.29	34.75	36.20
	17.98	16.24	11.46		13.22	15.26
PRUH BUKOROL				12.08		
RSP Maniów Wielki	18.27	10.94	3.82	20.97	18.51	13.37
ZPR Kowróż	20.59	24.18	9.90	18.98	16.51	20.59
PPHU BARYCZ	22.39	5.25	11.80	24.59	22.08	15.92
RSP Hopkie	19.40	9.66	7.90	22.37	15.45	11.70
<i>Return on equity ratio [%]</i>						
GR ADKONIS Kwakowo	20.34	33.76	13.10	58.99	44.02	25.99
GR DERCZEWO Derczewo		12.03	53.77	26.67	50.68	46.38
GR Hulcze	46.37	38.28	24.55	35.67	26.75	25.22
AGA-AGRO Łukowice Brzeskie	32.11	1.42	11.16	22.79	19.65	17.33
PR-P FARMCO Wilczkowice	16.68	6.25	14.96	26.72	41.44	40.20
PRUH BUKOROL Bukowice	24.57	21.90	15.59	15.21	18.87	20.45
RSP Maniów Wielki	29.02	15.87	6.64	26.62	24.06	17.96
ZPR Kowróż	35.42	30.49	20.29	31.51	23.83	25.68
PPHU BARYCZ Gądkowice	25.71	6.10	13.21	26.78	25.8	18.04
RSP Hopkie	21.39	11.04	8.84	24.59	16.90	12.68

Source: own study on the basis of “Ranking of 300 best agricultural companies” in the years 2007-2012.

In the “Ranking 300”, next to profitability ratios, evaluation of liquidity is a significant aspect (table 4). The ratio of current liquidity is calculated as a quotient of current assets excluding short-term prepayments and short-term liabilities. In the analysed period the ratio in question was above the limit value which in literature is defined as around 2. In agricultural companies, due to the need of keeping high level of production inventory and commodity products, the optimal level of the current liquidity ratio is higher than presupposed in literature, that is around 3, when assumed, that it is calculated on the basis of current assets and current liabilities at the end of the calendar year, that is with high level of inventory [Runowski 2008, p. 161]. Thus, taking into account the optimal level of current liquidity ratio for agricultural companies, the companies that did not manage to settle short-term liabilities were the following: AGA-AGRO in the years 2007-2009, and ZPR Kowróż excluding the years 2008 and 2012. Significant attention needs to be

paid to the company RSP Hopkie that in the analysed period achieved considerable overliquidity. A similar situation was noted in PR-P FARMCO Wilczkowice (in the years 2011-2012) and PRUH BUKOROL (in the years 2009-2012). It needs to be noted, however, that too high level of the current liquidity ratio is not a favourable situation. It may result from upholding high levels of the mentioned assets which more often than not manifests non-effective assets management.

Similar tendencies were noted as regards the quick ratio which the relation of current assets excluding inventory and short-term prepayments to short-term liabilities. In agricultural companies the ratio is supposed to be around 1.4 [Runowski 2008, p. 161]. As a rule, the researched companies were capable of settling current liabilities with the use of current assets excluding the inventory. It ought to be emphasized that the value of the quick ratio far too below the limit value was noted in AGA-AGRO. It was typical of the whole period excluding the year 2011. On the other hand, significant overliquidity in the field was noted in, inter alia, RSP Hopkie, PRUH BUKOROL and PR-P FARMCO.

In "Ranking 300" the evaluation of financial liquidity was conducted on the basis of the company ability to cover liabilities with the use of financial surplus (credit capacity ratio). It is defined as a relation between the sum of net financial result and amortization to the value of total liabilities. The ratio denotes what part of total liabilities the company settles with the worked out financial surplus. The higher value of the ratio in question, the shorter time needed for the company to pay off its liabilities.

In the years 2008-2009 the researched agricultural companies developed the lowest ability to cover liabilities with the use of the earned financial surplus. Since 2010 a rise in the value of the ratio in most of the companies has been noted. It manifests itself in shortening the time necessary for paying off liabilities with the use of financial surplus.

Table 4. Liquidity ratios in the researched companies in the years 2007-2012

Name of the company	2007	2008	2009	2010	2011	2012
<i>Current liquidity ratio</i>						
GR ADKONIS	36.84	9.78	19.38	7.67	3.14	3.5
GR DERCZEWO	0.18	no data	no data	no data	no data	no data
GR Hulcze	8.00	14.52	5.55	3.87	8.8	7.6
AGA-AGRO	2.24	1.56	1.01	3.00	5.58	2.8
PR-P FARMCO	3.71	3.03	4.04	8.54	40.02	43.8
PRUH BUKOROL	7.77	7.59	17.22	28.75	29.9	27.5
RSP Maniów Wielki	28.04	2.37	2.67	4.81	5.86	3.7
ZPR Kowróż	2.35	9.36	4.58	3.77	2.72	12.7
PPHU BARYCZ	4.68	4.03	4.63	7.42	5.04	6.7
RSP Hopkie	47.69	43.47	29.71	46.33	40.27	32.3

<i>Quick ratio</i>						
GR ADKONIS	36.56	9.78	18.75	7.67	3.14	3.5
GR DERCZEWO	0.08	no data	no data	no data	no data	no data
GR Hulcze	4.08	9.80	2.55	2.32	4.42	4.60
AGA-AGRO	0.28	0.21	0.09	0.63	1.58	0.6
PR-P FARMCO	0.94	0.72	1.13	2.21	11.43	24.6
PRUH BUKOROL	3.86	4.20	9.23	14.5	15.72	16.3
RSP Maniów Wielki	15.04	1.23	2.03	1.74	3.99	2.4
ZPR Kowróż	0.95	3.93	2.85	1.42	1.73	8.4
PPHU BARYCZ	2.70	1.56	2.17	4.83	3.48	5.2
RSP Hopkie	36.10	32.62	22.48	38.25	30.4	25.9
<i>Credit capacity ratio</i>						
GR ADKONIS	9.18	4.53	3.90	11.45	2.37	1.6
GR DERCZEWO	no data	1.55	4.29	0.39	0.42	0.5
GR Hulcze	0.87	0.54	0.31	0.62	0.64	0.9
AGA-AGRO	0.61	0.10	0.26	0.79	1.14	1.0
PR-P FARMCO	0.71	0.17	0.46	0.85	2.44	4.0
PRUH BUKOROL	0.88	0.86	0.69	0.76	0.53	0.7
RSP Maniów Wielki	1.20	1.04	0.34	2.96	3.73	1.5
ZPR Kowróż	0.80	2.10	0.28	0.59	0.69	1.3
PPHU BARYCZ	2.10	0.98	1.88	3.83	1.91	1.8
RSP Hopkie	3.43	1.22	1.26	3.68	2.68	2.5

Source: own study on the basis of “Ranking of 300 best agricultural companies” in the years 2007-2012.

Synthesis of the research into economic profitability is the position of the particular companies in the presented Ranking (table 5). In the analysed period the classification of the researched subjects has changed greatly. GR ADKONIS deserves significant attention. At the beginning of the analysed period the company occupied 134th place in the Ranking, and in the years 2010-2011 came first in the classification. Another company that enjoyed significant improvement in the field was GR DERCZEWO. In 2007 the company was 208th, however, since 2009 it has been in the first five of the Ranking. The opposite situation was noted in RSP Maniów Wielki (fall from the 10th place to the 82nd) and RSP Hopkie (fall from position 48 to 66).

Table 5. Position of the researched companies in the „Ranking 300” in the years 2007-2012

Name of the company	2007	2008	2009	2010	2011	2012
GR ADKONIS	134	4	7	1	1	9
GR DERCZEWO	298	204	3	4	3	2
GR Hulcze	5	2	10	2	6	48
AGA-AGRO	13	252	50	7	8	30

PR-P FARMCO	181	163	88	38	4	8
PRUH BUKOROL	39	8	12	27	10	23
RSP Maniów Wielki	10	25	98	10	20	82
ZPR Kowróż	108	41	60	12	58	36
PPHU BARYCZ	102	190	102	16	18	80
RSP Hopkie	48	66	58	11	47	66

Source: own study on the basis of “Ranking of 300 best agricultural companies” in the years 2007-2012.

Summary

Global economic crisis influenced, to a lesser or greater degree, economic situation of all countries and most sectors of the economy. As a result of crisis events, the situation of the economic subjects listed in the Ranking of 300 best agricultural companies compiled annually by IAFE changed.

The lowest level of return on sales ratio was noted in the researched group in the years 2008-2009. In that period almost half of the companies made a loss in sales. Similar downward trends were noted as regards the ROA ratio which proved lesser ability to generate profits through the companies' own assets. It needs to be stressed, however, that the researched companies achieved a positive net financial result, which resulted in positive values of the ROA ratio. In the years 2008-2009 the financial effectiveness of own capital decreased as well.

It also has to be emphasised that respective positions of given companies were changing in the Ranking as a result of achieving different values of the ratios that make up synthetic measure used in the classification of these economic subjects.

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Determinants of building competitive positions of family enterprises – case study

Abstract: The paper presents theoretical and practical aspects of the issue of a family enterprise and building a competitive advantage. The aim of the paper was to attempt to determine the elements building a competitive position of an enterprise and to identify the factors that have contributed to the success, with a case study of a family production company.

Key words: family firms, competitiveness, determinants of competitiveness, small and medium enterprises, success factors, comparative advantage.

Introduction

Enterprises operating on today's market, regardless of their size or character, must deal with a huge dynamism of their environment. In order to function on the market, they must find out how to gain a stable position, which requires a company to simultaneously compete in such areas as: costs, quality, capability of fulfilling contractual obligations, flexibility – ability to quickly adapt to changing market requirements - and pre- and post-sale service. Modern economic entities, on the one hand, see this situation as a chance for their development, but on the other hand, encounter a range of obstacles and difficulties arising not only from the business they conduct but also from a turbulent environment.

The above-mentioned problems connected with enterprises' operation are especially relevant in the sector of small and medium-sized enterprises which constitute

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an important group of entities in the Polish economy. In 2012, enterprises of this size constituted 99.89% of all firms registered in Poland, according to the National Business Registry (Polish: REGON) system [Central Statistical Office, Bank of local data]. Among Polish small and medium-sized enterprises, we can distinguish family firms whose structure is comparable to that of the whole SME sector. Family firms, due to their specific social and economic characteristics, play a special role on the market, as they significantly contribute to the generation of domestic product and job creation.

The aim of this paper is to show the multi-dimensional aspect of the issue of a family firm and to present selected elements of competitive advantage used by small and medium-sized family enterprises. Further, the paper includes results of the author's own survey, whose aim was to determine the factors that are relevant in building a competitive position of a family enterprise engaged in the business of baby carriage and children's car seat production. The survey also allowed to determine the success factors for the enterprise analyzed.

Specificity of family firms – selected aspects

1. In the literature of the subject, family firms are not perceived in a uniform manner, which may result, on the one hand, from numerous attempts to define the term family firm, and, on the other hand, from the multidimensional aspect of this type of economic entities. Difficulty in defining a family enterprise may, according to K. Safin [2007, pp.17-18], be caused by a few reasons which include, among other things: lack of one-dimensionality of this term, as today's family enterprises constitute a very diverse group, with varied ownership structure, various scale of operation, management methods or model of governance.
2. linking two disparate terms: enterprise and family, which are disparate, because an enterprise has objectives connected with satisfying external needs, risk-taking and economic independence, whereas a family is a social institution whose aim is procreation, running a joint household, organizing the life of family members and securing own internal needs.

A family is a special environment for the development of entrepreneurial characteristics and behaviour. According to G. Thornton [2004, p.17], the specificity of a family firm is caused by mutual influence of two systems on each other, i.e. enterprise and family, which follow different logics. Characteristics of a family system include: concentration on own problems, behaviour based on emotions, unconditional acceptance, reluctance to changes, sharing or life-long independence. An enterprise system, on the other hand, is characterized by: acceptance of changes, membership dependent on the results and rewards for these results, orientation towards achievement of goals, lack of emotional behaviour and reaction to the external environment. Thus, the main characteristic of a family enterprise is interdependence between an enterprise (business) and family.

Entrepreneurs running a family business look at it in a little different way, as such entrepreneurs are fully devoted to achieving results. This is their fundamental approach and way of life. The owner of an enterprise of this type must maintain the company on the market, as the future of his/her family depends on it. It is connected with constant uncertainty, highest degree of risk, continuous work, self-discipline, responsibility for people and the capital borrowed, and a long list of sacrifices. In family firms, more often than in other types of companies, we can notice complete involvement and devotion on the part of the managers, which are at the same time family members. Family is connected with the firm at a more emotional level. Dynamism, energy and optimism are the basic characteristics of entrepreneurs running family businesses [Kaluža 2009, pp.69-41].

In family firms, we can see a stronger identification with the values of the enterprise or inner belief in the mission pursued by the firm, compared to non-family firms. This may result from the sense of community, belonging and generational identity shown by family members working in the firm. Thus, one of the components of a family firm's success may be a source of a worker's motivation, because the manager of a family company approaches his/her activities with more passion compared to other managers [Skrojny 2006, pp.7-9].

Elements of enterprises' competitive advantage

Literature of the subject provides numerous, overlapping definitions of competition and competitiveness. These terms refer, among other things, to economies, sectors, strategies or enterprises. However, literature of the subject stresses that we cannot define competitiveness in the same way with reference to economies, regions or enterprises. This is mainly due to the fact that they pursue different goals.

According to OECD, competitiveness is „the ability of companies, industries (sectors), regions, nations or supranational regions to generate high income and employment levels on a sustainable basis” [Globalisation and competitiveness: relevant indicators, organisation for economic co-operation and development]. However, the term competitiveness is most often used at an microeconomic level. It is then defined as „capability of facing up to the competition and achieving success in the conditions of competitiveness (...) capability of selling products that meet the requirements of the demand (price, quality, quantity) and at the same time ensure profits that allow a company to grow” [Latruffe 2011, p.5].

Traditional factors of competitiveness include price, properties of the products and services offered, production costs, quality and brand [Kasiewicz 2006, p. 50-52]. In the case of enterprises operating in sectors connected with high technology, there are also intangible factors of competitiveness. One of them is knowledge and its potential is now growing at an increasing pace [Drucker 1995, p.54]. So, there is a growing need for a skilful management of internal and external knowledge re-

sources, use of tools for remembering the knowledge gathered and ability to share it [Kwasek 2011, p. 51-63]. In addition, the family relationships and ties may be the subject to the appropriate management in order to generate competitive advantages, exclusively characteristic of the companies of a family nature [Tomski 2013, pp. 121-130].

However, the factors which influence competitiveness of individual entities are usually divided into internal and external ones. Internal factors are mainly connected with a company's activity and effectiveness, in particular implementation of its strategy [Kochański, Kurek 2003, p. 112]. In the case of small or medium-sized entities, basic internal factors which may consolidate their competitive positions include:

- transparency of organizational structure,
- orientation towards innovation and
- determined activity manifested in the person of the entrepreneur.
- Internal determinants which weaken competitive positions of entities of this scale in relation to their competitors include, among other things: limited resources, structural limitations and the way of managing an organization and lack of officially defined plans of action [Nogalski, Karpacz, Wójcik-Karpacz 2004, pp. 32-35].

Internal resources possessed by enterprises are not the only factors that affect their competitiveness. The environment in which they operate matters as well. The character of external determinants is largely historically or geographically shaped. Based on M.E. Porter's model of 5 forces, it is necessary for entrepreneurs to correctly identify the sector in which they operate and choose the best „position” for themselves from which they will be able to effectively respond to the forces dominating in their environment [Porter 2001, p. 23; STRATEGOR 2001, p. 36]. They are especially important for the competitiveness of small entities often make their activities conditional on their environment [More: Sipa 2009, pp.232-241].

For an enterprise to achieve high effectiveness of activity on a long-term basis, it must gain a permanent competitive advantage which is often defined by three dimensions: kind, size and stability [Skawińska 2002, p.15]. **The competitive advantage** gained by a company is „...a characteristic of a given market” and its value depends on the force of a company's distinguishing capabilities, size of the market and general profitability of a given sector. [Skawińska 2002, p.32]

When building a competitive advantage, entrepreneurs must remember that a better position on the market can change into a competitive advantage only when it allows an enterprise to increase the outcomes of its operation and decrease the volume of expenditures with the same outcomes [Matejuk 2003, p. 13]. In order for entrepreneurs to build a competitive advantage, they must be capable of appropriate management at various planes to identify a source of their advantage over the

competitors (relations with stakeholders, appropriate innovative solutions, imitation, capability of cooperation with market environment, etc.). J.Key distinguished three basic sources of competitive advantage: innovations, architecture and reputation. Table 1 presents a short description of these sources.

Table 1. Characterisation of sources of competitive advantage according to J.Key

Source of advantage	Characterisation
Innovations	Permanent competitive advantage is ensured by few innovations which are effectively protected by patents and additionally supported by appropriate strategies, as introducing innovations is accompanied by risk of failure. Effectiveness of this source of competitive advantage largely depends on an enterprise's innovative maturity which allows it to early notice changes occurring in the organization's environment.
Architecture	A system of relations within a company, between a company and its suppliers and/or customers and within a group of companies engaged in associated business (networks). A properly developed and functioning architecture allows a company to quickly and effectively respond to the conditions on the market, and by that to gain a competitive advantage. We can distinguish internal, external and network architecture.
Reputation	Objective opinion of the environment about a given economic entity. It is, in a sense, a kind of architecture and meets the conditions of sustainability. It comprises high level and quality of an enterprise's performance. Companies often shape their way to gaining a competitive advantage by going from distinguishing capabilities based on innovations or architecture to a more sustainable competitive advantage arising from reputation.

Source: own work based on: J. Kay, *Podstawy sukcesu firmy*, PWE, Warszawa 1996, pp. 29, 33, 99-102, 114-118, 126, 144; I. Bielski, *Przebieg i uwarunkowania procesów innowacyjnych*, OPO, Bydgoszcz, 2000, p. 178; A. Kwiecień, *Reputacja jako źródło przewagi konkurencyjnej*, [in:] *W poszukiwaniu strategicznych przewag konkurencyjnych*, part I., Czarnota J.L., Moszkowicz M. (Ed.), Wydawnictwo Wydziału Zarządzania Politechniki Częstochowskiej, Częstochowa 2003, p. 116.

Literature of the subject usually presents the division of competitive advantages proposed by M.E. Porter. He distinguished the following advantages:

- „minority” advantages connected with lower costs (basis of cost leadership strategy) and
- „majority and sustainable” advantages which ensure greater differentiation compared to the competitors from the same sector (basis of the differentiation strategy) [Porter 2001, p. 10; STRATEGOR 2001, p. 197].

The greater and more sustainable is the advantage on the market, the longer an enterprise is independent from its competitors [Jasiński, Kamiński 2003, p. 19]. According to G. Hamel and C. K. Prahalad [1999, pp. 14, 163-166], a company may

gain a sustainable competitive advantage only when it obtains key (main, core) competences in the field in which it operates.

In the conditions of a very strong competition, the competitive strategy adopted and implemented by an enterprise has growing impact on achievement of market success. Thus, a competitive strategy should be based on:

- deepened analyses of the factors constituting key sources of competitive advantage,
- deepened analyses of current and future as well as direct and indirect competitors
- coordinated competitive operations on various markets using resources of various countries as well as resources and skills of other enterprises – strategic mergers and acquisitions [Pierścionek 2007, p. 160].

Family enterprises, although classified to the group of small and medium-sized entities, are characterized by specific features which give them advantage over other, non-family enterprises from the same industry. Family companies should build competitive advantages based on internal family bonds which make them more resistant to crises [Jablowski 2014, p. 10]. Family members usually have a deep sense of ownership of the company, show great motivation, are exceptionally loyal and often work above a standard. The strengths of such companies include: respect of and attachment to tradition, work security, responsibility, focus on quality, long-term goals, and large margin of independence in thinking and acting [Winnicka-Popczyk 2013, pp. 13-14]. Their competitive advantage may be tradition and values passed from generation to generation [Jablowski 2014, pp. 9-10].

Fast decision-making allows family firms to more often implement risky projects, change dynamically and better adapt to new market needs; they are characterized by direct and meaty communication thanks to continuous mutual interactions between management members [Winnicka-Popczyk 2013, pp. 13-14].

Building of competitive advantage by family enterprises – results of own survey

Presentation of the family company WÓZKI

The company WÓZKI¹ was set up in 1970. It specializes in production of multi purpose trolleys and pushchairs. Its offer also includes children's car seats and various types of accessories. The company tries to catch up with the changes on the market, by adjusting to customer expectations, introducing innovative solutions both in terms of manufacturing technology and colours. In 2000, the company WÓZKI decided to significantly extend its offer, which resulted in the introduction of new brands under the main one.

The survey conducted shows that the company operates based on established organisational structure, but there is no organisational framework that would clear-

¹ At the request of the owner, the enterprise examined is called WÓZKI in this paper

ly show work relations and reporting lines.

Over the years, the number of people employed in the enterprise examined has changed. At first, the company WÓZKI was classified as an micro enterprise. With its growth, the number of employees also grew, and at the end of 2013 it had 39 employees in full time equivalent units.

The enterprise WÓZKI is a family company which has been passing its experience and traditions from generation to generation. It was set up by its current owner. As of end of 2013, there are 3 family members working in this company (first grade blood relation) and holding managerial posts. However, observation and an interview shows that the persons who manage and lead the company do not have any knowledge on the issue of “a family company”, and are not aware that their company is included in this group. At the same time, they think that being a family company doesn’t make it easier or more difficult for them to function on the market. During day-to-day operations of the company, both the fact that the company employs family members and that family relations exist are ignored.

The survey revealed that the company sells its products through wholesale customers. This may be due to the fact that it delivers large production orders. Retail sales would have been connected with additional costs and could have disrupted the delivery of orders to main customers. The company sells its products mostly abroad, declaring that the export to the European and Asian markets amounts to 55% of its total sales, whereas the domestic sales is 45%.

To consolidate their positions on the market, enterprises often resort to other elements, such as post-sale service. The company “WÓZKI” also uses this element and guarantees its customers a fast and reliable service

Factors of building a market position of the family company WÓZKI

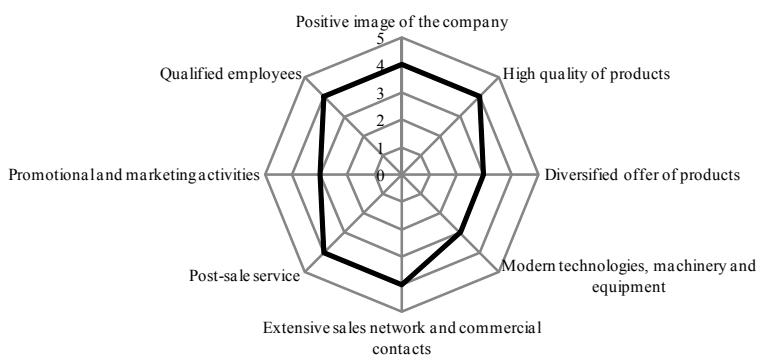
Building a competitive position on the market requires continuous observation of the near and external environments. By determining its market position, an organization is able to appropriately define its goals and adopt an appropriate market strategy.

The survey conducted shows that the company WÓZKI assesses its position on the market as good, as it chose the answer “4” from a five point scale. A range of factors impacted the competitive position gained by the company. The most important determinants, as indicated by the person managing the company (the owner), included: high quality of the offered products, positive image of the company, a large number of qualified employees, extensive sales network and commercial contacts, as well as a post-sale service. According to the owner, the above mentioned factors have a significant impact on the company’s competitive position on the market. A little less important are such factors as: modern technologies, machinery and equipment, diverse product offer, and promotional and marketing

activities (figure 1). The responses given in the survey show that the owner sees the superiority of human resources in an organization over material resources in the form of technologies, machinery and equipment. He also thinks that quality is more important than diversity of the offered products in building their competitive position on the market.

A competitive position on the market is closely connected with the concept of an enterprise's success. Literature of the subject shows a great diversity in definitions of this term. Success is a positive outcome of some undertaking, achieving the objective set, or – with reference to an enterprise – a positive result of a company's activity in various areas of the business conducted or simply its triumph on the market [Overview of definitions. See more in: Lemańska-Majdzik, Tomski 2103, pp. 203-214].

Figure 1. Determinants of a family company's competitive position*



* scale of points, answers: 1 – no importance; 2 – very little importance; 3- medium importance; 4- big importance; 5 – very big importance

Source: Own work based on own survey

Moreover, in organizations of this type, an enterprise's success is perceived as a personal success of the company's owner. This can be also seen in the enterprise WÓZKI examined. The survey conducted shows that the enterprise WÓZKI achieved market success. The owner of the enterprise examined defines success as:

- recognizable brand on the market,
- extensive coverage of the company's operation
- investment processes as part of the company's development.

In the above attempt to define success, we can see relation between the perception of success by the company's owner and its functioning on the market. According to the owner, the enterprise WÓZKI sells its products both throughout the country and abroad, which makes the company's brand recognizable on the

market. Moreover, the enterprise is continuously investing in new technologies and in infrastructure. An example of such activities is extension of the plant, completed in 2011, as a result of which new office, production and storage facilities were built. Such a large investment was necessary in order to increase production and storage capacity.

According to the owner, success of an enterprise depends on numerous factors which can directly and indirectly impact the company. It is the outcome of many factors occurring simultaneously. Also in the case of the company examined, the success it achieved is the result of many variables (table 2).

Table 2. Factors determining a family company's success

IMPACT	SUCCESS FACTORS
THE GREATEST	Approach of the company's owner Family members' managerial skills Company employees
MEDIUM	Taking advantage of market opportunities Many years of market experience Employing family members Adopting an appropriate strategy of action
THE LEAST	Cooperation with other enterprises from the same industry

Source: own work based on own survey

The survey shows that the factors which had the greatest impact on the company's success were: approach of the company's owner and family members' managerial skills. The entrepreneur also appreciates his employees' contributions to the market success achieved by the company. The least important in achieving the success was cooperation with other enterprises from the same industry. Such a situation may result from the fact that Polish entrepreneurs are afraid of establishing cooperation with other entities, who are perceived as direct competitors rather than potential partners.

Summary

Changeable conditions in which enterprises function today lead to greater uncertainty connected with growing competition in the environment, and consequently bigger problems with achieving and maintaining an appropriate level of competitiveness. A competitive position, or advantage over the competitors, gained by an enterprise, is not something that is permanent. Enterprises that do not consolidate their competitive positions on the market condemn themselves to "withdrawal" from the market, because they do not maintain advantage over other entities from the same industry.

The survey has showed that the persons running and managing the enterprise do not perceive their company as a family company, although the company employs

family members and all of them have managerial positions. The reason for that may be, on the one hand, lack of knowledge on family companies and the scope of assistance provided to entities of this type, and on the other hand, no need for identification with this group of enterprises.

The enterprise examined perceives its competitive position on the market as good and it thinks that it achieved success. The most important factors which had impact on the competitive position achieved include: high quality of the offered products, positive image of the company, large number of qualified employees, extensive sales network and commercial contacts and post-sales service. We can also notice a relation between the perception of success by the company's owner and its functioning on the market. The owner of the entity examined defines success as: recognizable brand on the market, extensive coverage of the company's operation and investment processes as part of the company's development. The factors that had the biggest impact on the success achieved by the company include: approach of the company's owner, family members' managerial skills and appropriately selected team of qualified employees.

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Towards Family Entrepreneurial Orientation. The Construct, Dimensionality and Measurement

Abstract: The paper is an attempt to transfer the dimensions of entrepreneurial orientation (EO) onto the family ground. It constitutes an attempt to emerge the model of family entrepreneurial orientation (FEO) as the family background determining attitudes and entrepreneurial intentions. The research was conducted on a group of students who were asked to respond the questions concerning their families, and particularly, the ones formulated with reference to the existing concepts of entrepreneurial orientation referring to organizational entrepreneurship. There was conducted explanatory and confirmatory factor analysis. The reliability of the scale was analyzed using Cronbach's alpha reliability estimate.

Key words: entrepreneurship, family, family firm, entrepreneurial orientation (EO), family entrepreneurial orientation (FEO)

Introduction

Although studies of entrepreneurship and family business, to a great extent, have developed independently, one can find some indications that they are now moving closer to each other [Anderson et al., 2005, pp. 135–154]. Traditionally, there have been some common topics of interests between the two fields, which have occasionally attracted entrepreneurship scholars to examine family businesses, and also family business scholars to examine issues conventionally considered within the realm of entrepreneurship studies. Recently, there has been an increasing amount of the research conducted on the intersection of entrepreneurship and family business [Habbershon, Pistrui, 2002, pp. 223–237].

While following the current combining the research on entrepreneurship with some family issues, the paper is an attempt to transfer the dimensions of entre-

preneurial orientation (EO) onto the family ground. It constitutes an attempt to emerge the model of family entrepreneurial orientation (FEO) as the family background determining attitudes and entrepreneurial intentions.

The research question refers to the possibility of creating a model of FEO. Therefore, the paper is an attempt to answer the question whether there is an possibility to create a theoretical construct of entrepreneurial orientation referring to the family, based on the idea and essence of the concept of entrepreneurial orientation.

The concept of family entrepreneurial orientation, suggested in the present paper, is the author's own concept. It constitutes a kind of an experiment whose source is the idea of integration of the concept of EO and the specificity of the family as a "generator" of entrepreneurial intentions which, in further stages of the activity, are transformed into new ventures.

Entrepreneurial Orientation. The Background for Creating Family Entrepreneurial Orientation Construct

As A. Wójcik-Karpacz [2012, pp. 47-56] indicates, in the management science there are structures defined as orientation. They constitute an attempt to build up an integrated tool for understanding and measuring a specific type of attitude of an organization or its inclinations towards a specific phenomenon. According to Webster's Encyclopedic Unabridged Dictionary [1989, p. 1015] the term *orientation* is used, among others, in psychology and it is the ability to locate oneself in one's environment with reference to time, place and people. It also may be understood as the adjustment or alignment of oneself or one's ideas to surroundings or circumstances [Collins English Dictionary Online, 2009]. Among many kinds of orientation the management science refers to, it is possible to identify entrepreneurial attitude [Covin, Slevin, 1988, pp. 217-234; Lumpkin, Dess, 1996, pp. 135-173].

One of multidimensional features of entrepreneurship is EO, which is a social process developed by the participants of the organization whose innovative, proactive and risky strategic behavior transform the organization. [Bratnicki 2009, s. 20]. In a commonly used definition, EO is seen as the processes, practices, and decision-making activities that lead to new entry [Lumpkin, Dess, 1996, pp. 135-173]. In what is often seen as the original study of EO, D. Miller [1983, pp. 770-792] considered an entrepreneurial firm as one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with 'proactive' innovations, beating competitors to the punch". EO can thus be seen as an inclination or attitude to act entrepreneurially in one or more dimensions. The original three dimensions of EO – risk-taking, proactiveness and innovativeness – have been extended with two more dimensions: autonomy and competitive aggressiveness [Lumpkin, Dess, 1996, pp. 135-173]. EO reflects the managerial response to the changes in the environment, and within the organization itself [Nogalski, Kar-

pacz, 2011, s. 43-51]. In viewing EO as a set of attitudes of individuals and teams within entrepreneurial families and family firms, it is possible to assume that these attitudes influence the practices, processes and decision-making styles allowing for entrepreneurial behavior.

Entrepreneurship and Family Context. The Direction for the Research

H. Aldrich and J. Cliff [2003, pp. 573–596] note that in the past, over a century ago, the start and growth of business inherently meant “*family business*”, as virtually all commercial activity entailed the influence and control of one or more families. Later, the industrialization, economic progress and increasing professionalization of businesses meant that commercial activities were more frequently assumed to take place outside the private sphere of home and family.

Among researchers that subscribe to the view on entrepreneurship as a process of recognition and exploitation of business opportunities [Shane, Venkataraman, 2000, pp. 217-226], there is a burgeoning interest in studying the role of the family in new entrepreneurial activities. Aldrich and Cliff [2003, pp. 573–596] argue that family dynamics and considerations should be incorporated into entrepreneurship research as potentially one of the most important influences on both opportunity recognition and the ability of an entrepreneur, or an entrepreneurial team to exploit an opportunity and to create a viable business out of it. Within this view, different stages in the entrepreneurial process are impacted by family access to resources, such as financial capital and social capital, as well as its specific norms, attitudes and values.

As L. Steier [2007, pp. 1099-1107] states, many entrepreneurs are embedded in a social context that includes a family dimension. For these entrepreneurs, family represents a rich repository of resources such as economic, affective, educative and connective ones. K.Z.R. Heck et al. [2006, pp. 80-105] argue that family can be seen as an incubator for the generation of new business ideas, where home is often the birthplace of entrepreneurial ventures. This stays in line with earlier studies by O. Collins and D. Moore [1964]. Scholars representing this view are introducing the family as a new and relevant unit of analysis in entrepreneurship literature. In this context, family, as a unit of analysis, is important and could constitute vital contribution by family business research to the broader entrepreneurship field [Nordqvist, Melin 2010, pp. 211-239].

The Research Proposition, Method and Sample

Family background, while being of the key significance for entrepreneurship development and undertaking business initiatives ought to be the subject to the analysis and measurement. In the light of the above the following propositions were formulated:

P1: *Family entrepreneurial orientation is a multidimensional construct*

P2: *There is a possibility of creating a tool enabling the measurement of family entrepreneurial orientation*

The concept of the entrepreneurial family is used so as to refer to the family as an institution, or social structure, that can both drive and constrain entrepreneurial activities. The five dimensions of EO are separate, but related. This means that one may suspect that also families can vary in terms of their proactiveness, risk-taking, innovativeness, autonomy and competitive aggressiveness which leads to an attempt to formulate family entrepreneurial intention construct, determine its dimensionality and measurement.

The research was conducted on a group of students who were asked to respond the questions concerning their families, and particularly, the ones formulated with reference to the existing concepts of entrepreneurial orientation referring to organizational entrepreneurship. The respondents gave answers on a five-point Likert scale (1-I strongly disagree, 2-I'd rather not agree, 3-I neither agree nor disagree, 4-I'd rather agree, 5-I strongly agree).

The survey took place in December 2013 and January 2014 on the randomly selected sample of 332 students of Faculty of Management of Czestochowa University of Technology. The sample amounted to 6.9% of the total population of students of the Faculty. The respondents were the students of both full- and part-time course of study (250 and 82 respondents respectively). In the research there participated 213 women and 119 men aged 20- 58 (mean age – 23.62, median - 22). The research tool constructed by the author was the questionnaire.

The statistical analyses were performed with the use of the R Package - a free software environment for statistical computing and graphics. In case of the FEO scales there was conducted explanatory and confirmatory factor analysis. The reliability of the scale was analyzed using Cronbach's alpha reliability estimate. It was assumed that probability value at the level of $p < 0.05$ is statistically significant whereas $p < 0.01$ is statistically highly significant.

The Measurement Tool. Scale Building.

On the basis of the dimensions of entrepreneurial orientation (EO) there was formulated a set of questions referring to the family and its orientation in the individual dimensions. These constituents are shown in Table 1.

Classic questions determining the dimensions of EO were modified and supplemented with the questions concerning family orientation towards taking opportunities adequate to the specificity of the family. It is acknowledged that the family, treated as a specific organization, will be more willing to grasp opportunities if its tendency for entrepreneurial behavior is greater and *vice versa*. The set includes questions concerning the behavior in the changing economic environment and adjust-

ment directed to the exploitation of opportunities generated by the environment. Therefore, the classic EO construct was supplemented with additional threads referring to the source theory of EO. In the further part there is used factor analysis to recognize the dimensions of the phenomenon under research and simultaneously, the dimensions of the proposed model - the FEO construct.

Table 1. The proposed dimensions and the operationalization of the FEO concept

ID of FEO variable component	Operationalization	Characteristics of the dimension
FEO1	<i>there has always been somebody running their own private, stand-alone business in my family</i>	Autonomy (A) – self-reliance and independence in deciding for oneself, appearing in running a stand-alone business activity; readiness for running a business; family entrepreneurial attitude; family self-employment tradition
FEO2	<i>members of my family have never had a problem with making money with no support from others</i>	Autonomy (A) – self-reliance and independence in deciding for oneself, manifesting itself in the ability to perform independent activities bringing about the required income
FEO3	<i>members of my family have always been able to predict changes and find themselves in the changing economic conditions while gaining benefits from the above with no help by people outside the family</i>	Proactiveness (P) – ability to predict changes in the environment and to use them for own benefit; undertaking initiatives and influencing the environment to generate own benefits
FEO4	<i>in an economic sense, my family have been successful in their lives with no additional support from the outside</i>	Autonomy (A) – self-reliance and independence in deciding for yourself, manifesting itself in the form of abilities to gain satisfactory income
FEO5	<i>my family have always been looking for new, creative solutions in the changing market realities (circumstances)</i>	Innovativeness (I) – searching for new solutions, new products, processes and new combinations of the above
FEO6	<i>my family have always been willing to take risk in the name of potential economic benefits</i>	Risk-taking (R) in the context of benefits which are possible to gain
FEO7	<i>my family have always wanted to be better than the neighbors and acquaintances</i>	Competitive aggressiveness (C) – broadly understood comparison with other families and the activities, connected with the above, oriented towards ‘overtaking’ and ‘being better’

FEO8	<i>my family have always been attempting to influence actively the economic environment and activate its changes</i>	Proactiveness (P) – ability to predict changes in the environment and to use them for own benefits; undertaking initiatives and influencing the environment to generate own benefits
FEO9	<i>my family have recognized and used effectively the opportunities bringing about benefits</i>	Proactiveness (P) - ability to predict changes in the environment and to use them for own benefits; undertaking initiatives and influencing the environment to generate own benefits
FEO10	<i>my family have always had their own clearly specified life goals</i>	Autonomy (A) - self-reliance and independence in deciding for oneself, appearing in running a stand-alone business activity

Source: the author's own research

The assessment of the FEO model

In the first place, there was made a preliminary assessment of the model using confirmatory factor analysis (factors – not correlated). All the assessed values in the model of confirmatory factor analysis are highly significant ($p < 0.01$). However, the model itself is not well matched to the observed data (ML $\chi^2 = 642.396$, $df = 38$, $p < 0.001$). Also, further analysis of different fit-indices leads to the conclusion that the proposed model of confirmatory factor analysis does not match the observed data (RMSEA 0.241; GFI 0.683; AGFI 0.542). The conducted confirmatory factor analysis for correlated factors also lead to the conclusion that although all the assessed values in the model of confirmatory factor analysis are highly significant ($p < 0.01$) or significant ($p < 0.05$), the model itself is not well matched to the observed data (ML $\chi^2 = 232.480$, $df = 28$, $p < 0.001$). Also, further analysis of different fit indices allowed to conclude that the proposed model of confirmatory factor analysis does not match the observed data (RMSEA 0.161; GFI 0.860; AGFI 0.725). This part of the analysis allowed to come to the conclusion that the proposed model in the confirmatory factor analysis proved to be poorly matched to the data.

At the next stage, there was made an assessment of Cronbach's alpha coefficient for all FEO variables. Scale average is 31.8607 and standard deviation is 6.08. Cronbach's alpha for the scale is 0.7893. The average correlation between the pairs of items is 0.2947. Standardized alpha is 0.8017. After calculating Cronbach's alpha for the whole initially proposed FEO scale, there were made the detailed analyses for A (*autonomy* dimension) and P (*proactiveness* dimension) in terms initially proposed. In case of A, scale average is 13.7704 and standard deviation is 2.76. Cronbach's alpha for the scale is 0.5397. The average correlation between the pairs of items is 0.2823. Standardized alpha is 0.6017. Cronbach alpha increases significantly when

the variable - FEO1 is removed. For P, scale average is 9.7853 and standard deviation is 2.1185. Cronbach's alpha for the scale is 0.5756. The average correlation between the pairs of items is 0.3203. Standardized alpha is 0.5704. Cronbach's alpha increases significantly when the variable – FEO3 is removed.

At the following stage, there was conducted the analysis of correlations between FEO variables. The detailed results are presented in Table 2.

Table 2. Correlations between FEO variables

	FEO1	FEO2	FEO3	FEO4	FEO5	FEO6	FEO7	FEO8	FEO9	FEO10
FEO1	1.0000									
	p= ---									
FEO2	0.0820	1.0000								
	p=0.142	p= ---								
FEO3	0.1366	0.5027	1.0000							
	p=0.014	p=00.00	p= ---							
FEO4	0.1352	0.5006	0.4932	1.0000						
	p=0.015	p=00.00	p=00.00	p= ---						
FEO5	0.3161	0.2340	0.3723	0.4149	1.0000					
	p<0.001	p<0.001	p<0.001	p<0.001	p= ---					
FEO6	0.2574	0.1167	0.2033	0.1889	0.5313	1.0000				
	p<0.001	p=0.036	p<0.001	p=0.001	p=00.00	p= ---				
FEO7	0.1493	0.1443	0.0453	0.0345	0.1893	0.3087	1.0000			
	p=0.007	p=0.009	p=0.417	p=0.537	p=0.001	p<0.001	p= ---			
FEO8	0.3553	0.1392	0.0933	0.1548	0.4977	0.4445	0.4568	1.0000		
	p<0.001	p=0.012	p=0.094	p=0.005	p=00.00	p<0.001	p<0.001	p= ---		
FEO9	0.2927	0.1838	0.2748	0.3063	0.4864	0.4280	0.3171	0.5485	1.0000	
	p<0.001	p=0.001	p<0.001	p<0.001	p=00.00	p<0.001	p<0.001	p=00.00	p= ---	
FEO10	0.1250	0.3161	0.2916	0.4185	0.3123	0.2868	0.2066	0.2677	0.3942	1.0000
	p=0.025	p<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p= ---

Source: the Author's own research

As a result of the analysis of the correlation matrix, it was concluded that most of the correlations between FEO variables is highly significant ($p<0.01$). However, there are the exceptions, which is lack of significant ($p>0.05$) correlation between the scales FEO1 and FEO2 and between FEO3 and FEO7 and FEO8, and also between FEO4 and FEO7.

Hierarchical cluster analysis using group average method with Euclidean distance metric allowed for further conclusions. Systematization of FEO variables in terms of similarity to each other (correlations) using group average method indicated a different nature of FEO1 variable. Thus, it was assumed that including them in the group A of variables is not appropriate. Similarly, variable FEO7 shows an independent nature. Therefore, as far as treating the scale FEO7 as an independent

factor is justified, the previous inclusion of the scales FEO1 into the A factor is rather unjustified.

Hierarchical cluster analysis using Ward's method with Euclidean distance metric was another step of the conducted analysis. Systematization of FEO variables in terms of similarity to each other (correlations) using Ward's method indicated the presence of the two well-distinguished groups. The first one consists of the scales: FEO10, FEO4, FEO3 and FEO2. The other one includes the scales: FEO8, FEO6, FEO9, FEO5 and two "external" ones FEO1 and FEO7.

For the validity of application of exploratory factor analysis, there is used Barlett's test which indicated that the correlation matrix is not a identity matrix ($\chi^2=938.40$, $df=45$, $p<0.0001$), therefore the application of factor analysis is justified. Then, the adequacy of correlation matrix was assessed using Kaiser-Meyer-Olkin measure which amounts to 0.8124, which is a solid basis for the application of factor analysis, whose results for the main principal components are presented in Table 3.

Table 3. Exploratory factor analysis (principal components) – eigenvalues

Factor	Eigenvalues			
	Eigenvalue	% of total variance	Cummulated eigenvalue	Cummulated %
1	3.675996	36.75996	3.67600	36.7600
2	1.653736	16.53736	5.32973	53.2973
3	0.933265	9.33265	6.26300	62.6300
4	0.786572	7.86572	7.04957	70.4957
5	0.703831	7.03831	7.75340	77.5340
6	0.569566	5.69566	8.32297	83.2297
7	0.510288	5.10288	8.83325	88.3325
8	0.444119	4.44119	9.27737	92.7737
9	0.403395	4.03395	9.68077	96.8077
10	0.319232	3.19232	10.00000	100.0000

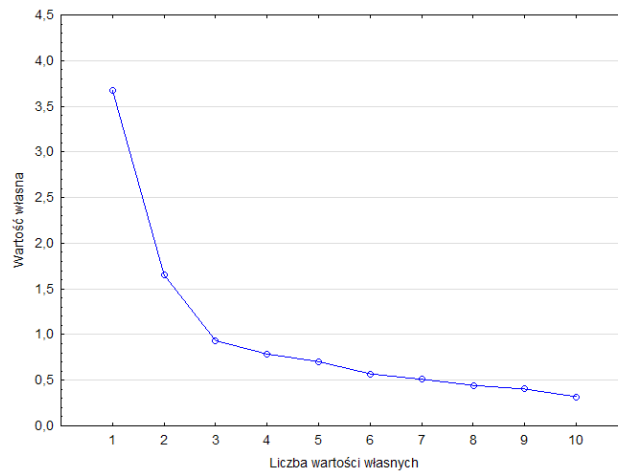
Source: the Author's own research

The first factor is selected so as to allow for the explanation of the greatest part of variability observed in the original data. In the above Table 3 the first factor explains 36.76% of the observed variability. The second factor, not correlated with the first one, is to explain the greatest part of variability which remained after isolating the first factor. The second distinguished factor, visible in Table 3, explains 16.54% of the observed variability. This pattern is repeated until all common variations are used. The third distinguished factor explains 9.33% of the observed variability, the fourth one – 7.87%, the fifth one – 7.05%, the sixth one – 5.70%, the seventh one – 5.10%. The further ones, however, amount to less than 5% of the contribution to

the explanation of the observed variability. In total, all the factors explain 100% of the observed variability.

It is possible to distinguish maximum as many components as the analyzed variables, however, in practice, the aim is to reduce the number of variables to absolute minimum of components. According to the Kaiser criterion, only these factors are used which correspond to eigenvalues greater than 1. In the above results only two first components fulfill this condition, explaining the total of only 53.30% of the observed variability. Using the criterion of Scree plot (Figure 1) it would be advisable to select 3 factors which, in this case, explain the total of 62.63% of the observed variability.

Figure 1. Cattell's Scree plot



Source: the Author's own research

For further analysis allowing for operationalization of entrepreneurial orientation of the family there was used factor analysis (VARIMAX rotation), for three-factor model (Table 4) and four-factor model (Table 5).

Table 4. Factor loadings (normalized Varimax rotation) – 3 factors

	Factor loadings		
	Factor 1	Factor 2	Factor 3
FEO1	0.756059	-0.009354	-0.076426
FEO2	-0.052879	0.788009	0.144208
FEO3	0.205643	0.768932	-0.083466
FEO4	0.202754	0.800308	-0.013483

FEO5	0.714920	0.364114	0.160146
FEO6	0.606198	0.125910	0.378187
FEO7	0.065107	-0.001899	0.864515
FEO8	0.585668	0.027141	0.595262
FEO9	0.551583	0.266029	0.456663
FEO10	0.121004	0.549284	0.416276

Source: the Author's own research

In the three-factor model the first factor consists of FEO1, FEO5, FEO6. The second factor includes the scales FEO2, FEO3 and FEO4. Their factor loadings are high and the whole group confirmed close connection. The scale FEO7 has the highest loading for factor 3 and it is the only scale for this factor. Factor loadings of the scales FEO8 and FEO9 are similar and they are included between factor 1 and 3. FEO10 has similar factor loadings for factors 2 and 3.

Table 5. Factor loadings (normalized Varimax rotation) – 4 factors

	Factor loadings			
	Factor 1	Factor 2	Factor 3	Factor 4
FEO1	0.884151	0.092553	0.092025	0.244239
FEO2	0.050881	0.836891	0.252244	-0.064500
FEO3	0.118347	0.774341	-0.088041	0.174221
FEO4	-0.016258	0.768768	-0.099611	0.288989
FEO5	0.223003	0.291381	-0.054623	0.763185
FEO6	0.064729	0.031090	0.121766	0.778152
FEO7	0.026902	0.022207	0.905455	0.193478
FEO8	0.281450	0.007616	0.504091	0.610669
FEO9	0.100259	0.199453	0.265276	0.696439
FEO10	-0.306380	0.457084	0.200105	0.474913

Source: the Author's own research

In the four-factor model, the first factor may include FEO1. It is the only scale for this factor. Similarly, in the third one, the highest loading is for FEO7 and it is the only scale for this factor. The second factor may include the scales FEO2, FEO3 and FEO4 – their factor loadings are high and the whole group again confirms close relationship. The fourth factor consists of the scales FEO5, FEO6 i FEO9. The scale FEO8 has factor loadings of the similar size in relation to factor 3 and 4, and in case of FEO10, it has similar factor loadings for factors 2 and 4. In the view of the above, there was taken a decision on the removal of the scales FEO8 and FEO10. The results of factor analysis with VARIMAX rotation for four-factor model with the removed scales FEO8 and FEO10 are presented in Tables 6a, 6b and 6c.

Table 6a. Factor loadings (normalized Varimax rotation) - 4 factors (2nd stage)

	Factor loadings			
	Factor 1	Factor 2	Factor 3	Factor 4
FEO1	0.207457	0.062483	0.061228	0.970256
FEO2	-0.035879	0.849826	0.238166	0.027294
FEO3	0.234878	0.778887	-0.052718	0.054786
FEO4	0.279486	0.773141	-0.095704	0.045408
FEO5	0.791308	0.302677	-0.057509	0.164546
FEO6	0.830501	0.024106	0.185919	0.042247
FEO7	0.223559	0.027471	0.940274	0.058116
FEO9	0.670675	0.208293	0.249488	0.182892

Source: the Author's own research

Table 6b. Communalities – 4 factors (2nd stage)

	Communalities			
	Factor 1	Factor 2	Factor 3	Factor 4
FEO1	0.043038	0.046943	0.050691	0.992089
FEO2	0.001287	0.723492	0.780215	0.780960
FEO3	0.055168	0.661832	0.664611	0.667613
FEO4	0.078112	0.675859	0.685018	0.687080
FEO5	0.626168	0.717781	0.721089	0.748164
FEO6	0.689733	0.690314	0.724880	0.726665
FEO7	0.049979	0.050733	0.934848	0.938225
FEO9	0.449804	0.493191	0.555435	0.588884

Source: the Author's own research

Table 6c. Factor score- 4 factors (2nd stage)

	Factor score			
	Factor 1	Factor 2	Factor 3	Factor 4
FEO1	-0.152442	-0.037824	-0.027825	1.050929
FEO2	-0.275911	0.495222	0.269354	0.005346
FEO3	-0.007008	0.390024	-0.100973	-0.023660
FEO4	0.038754	0.376561	-0.156069	-0.044811
FEO5	0.466409	-0.007632	-0.246631	-0.039920
FEO6	0.534025	-0.168042	0.001559	-0.194456
FEO7	-0.079874	-0.021805	0.933265	-0.040623
FEO9	0.324772	-0.030959	0.101388	0.003605

Source: the Author's own research

The first factor (eigenvalue =3.077155) explains 38.46443% of total variance. On the basis of factor loadings it is assumed that the fourth factor consists of the scales FEO5, FEO6 and FEO9. The second factor (eigenvalue =1.410006) explains 17.62508% of total variance. The second factor may include the scales FEO2, FEO3 and FEO4. The third factor (eigenvalue =0.884289) explains 11.05361% of total variance. In the third one the highest loading is for FEO7 and it is the only scale for this factor. The fourth factor (eigenvalue =0.758230) explains 9.47788% of total variance. The fourth factor may include FEO1 and it is the only scale for this factor. In total, these factors explain 76.621% of the observed variability.

In the light of the above results of the statistical analysis, another step was taken, consisting in performing confirmatory factor analysis for 4 factors both not correlated (Table 7 and 8) and correlated (Table 9 and 10), and also there was conducted the analysis of fit indices.

Table 7. The assessment of confirmatory factor analysis 4 factors not correlated

	Model assessment			
	Parameter assessment	Standard error	T Statistics	p-value
(Factor 1) → [FEO5]	0.774	0.061	12.790	0.000
(Factor 1) → [FEO6]	0.722	0.062	11.641	0.000
(Factor 1) → [FEO9]	0.621	0.058	10.741	0.000
(Factor 2) → [FEO2]	0.711	0.057	12.364	0.000
(Factor 2) → [FEO3]	0.663	0.054	12.345	0.000
(Factor 2) → [FEO4]	0.605	0.049	12.321	0.000
(Factor 3) → [FEO7]	0.500	0.000		
(Factor 4) → [FEO1]	1.412	0.055	25.612	0.000
Error1	0.400	0.068	5.863	0.000
Error 2	0.564	0.069	8.212	0.000
Error 3	0.580	0.060	9.707	0.000
Error 4	0.482	0.060	8.063	0.000
Error 5	0.422	0.052	8.097	0.000
Error 6	0.354	0.043	8.138	0.000
Error 7	1.123	0.107	10.474	0.000

Source: the Author's own research

All the assessed values in the model of confirmatory factor analysis are highly significant ($p < 0.01$). However, the model itself is not well fit for the observed data (ML $\chi^2 = 203.370$, $df = 22$, $p < 0.001$).

Tabela 8. Fit indices of the model of confirmatory factor analysis 4 factors, not correlated

	Index
Noncentrality Parameter	0.543
Steiger-Lind RMSEA Index	0.157
McDonald's Noncentrality Index	0.762
Population Gamma Index	0.881
Adjusted Population Gamma Index	0.805
GFI	0.868
AGFI	0.784
Akaike's Information Criterion	0.705
Schwarz's Bayesian Criterion	0.867
Browne and Cudeck's Criterion	0.708
Chi-Square Test of Independence	661.179
SS Independence Model	28.000
Bentler-Bonett Normed Fit Index	0.692
Bentler-Bonett Nonnormed Fit Index	0.635
Bentler's Corporative Fit Index (CFI)	0.714
James-Mulaik-Brett Parsimonious Fit Index	0.544
Bollen's Rho	0.609
Bollen's Delta	0.716

Source: the Author's own research

The analysis of different fit indices allows for the conclusion that the proposed model of confirmatory factor analysis does not fit the observed data particularly well, though it is much better than the proposed initial model.

Table 9. Assessment of the model of confirmatory factor analysis 4 factors correlated

	Model assessment			
	Parameter assessment	Standard error	T Statistics	p-value
(Factor 1) → [FEO5]	0.767	0.054	14.232	0.000
(Factor 1) → [FEO6]	0.690	0.058	11.978	0.000
(Factor 1) → [FEO9]	0.658	0.054	12.128	0.000
(Factor 2) → [FEO2]	0.664	0.056	11.882	0.000
(Factor 2) → [FEO3]	0.672	0.052	12.971	0.000

(Factor 2) → [FEO4]	0.631	0.047	13.343	0.000
(Factor 3) → [FEO7]	0.468	0.115	4.085	0.000
(Factor 4) → [FEO4]	1.412	0.055	25.612	0.000
Error1	0.411	0.053	7.767	0.000
Error 2	0.609	0.061	10.055	0.000
Error 3	0.533	0.054	9.944	0.000
Error 4	0.546	0.057	9.638	0.000
Error 5	0.409	0.049	8.397	0.000
Error 6	0.322	0.041	7.891	0.000
Error 7	1.154	0.000		
(Factor 1) ↔(Factor 2)	0.570	0.057	10.071	0.000
(Factor 1) ↔(Factor 3)	0.946	0.213	4.445	0.000
(Factor 1) ↔(Factor 4)	0.427	0.054	7.908	0.000
(Factor 2) ↔(Factor 3)	0.294	0.164	1.796	0.073
(Factor 2) ↔(Factor 4)	0.187	0.061	3.049	0.002
(Factor 3) ↔(Factor 4)	0.407	0.150	2.711	0.007

Source: the Author's own research

All the assessed values in the model of confirmatory factor analysis are highly significant ($p < 0.01$) apart from correlation between factors 2 and 3. The model itself, however, does not fit the observed data perfectly well (ML $\chi^2 = 52.140$, $df = 16$, $p < 0.001$), though, so far it is the nearest good fit.

Table 10. Fit indices of the model of confirmatory factor analysis 4 factors, correlated

	Index
Noncentrality Parameter	0.100
Steiger-Lind RMSEA Index	0.079
McDonald's Noncentrality Index	0.951
Population Gamma Index	0.976
Adjusted Population Gamma Index	0.945
GFI	0.964
AGFI	0.920
Akaike's Information Criterion	0.281
Schwarz's Bayesian Criterion	0.512
Browne and Cudeck's Criterion	0.284
Chi-Square Test of Independence	661.179
SS Independence Model	28.000

Bentler-Bonett Normed Fit Index	0.921
Bentler-Bonett Nonnormed Fit Index	0.900
Bentler's Corporative Fit Index (CFI)	0.943
James-Mulaik-Brett Parsimonious Fit Index	0.526
Bollen's Rho	0.862
Bollen's Delta	0.944

Source: the Author's own research

The analysis of different fit indices allows for the conclusion that the proposed model of confirmatory factor analysis fits the observed data perfectly well. Population Gamma Index is higher than 0.95 and Adjusted Population Gamma Index is very close to the limit value of 0.95. Similarly, GFI is higher than 0.95 and AGFI is very close to the limit value of 0.95. Steiger-Lind RMSEA Index is close to the limit value of 0.05. This model was finally acknowledged as the appropriate one. Then Cronbach's alpha was calculated for all FEO variables (Table 11), the A Factor (Table 12) and the B Factor (Table 13).

Table 11. Cronbach's alpha for all FEO variables

	Mean if item deleted	Variance if item deleted	Standard deviation if item deleted	Correlation between the deleted item and sum of the remaining	Correlation squared	Alpha if item deleted
FEO1	22.70821	19.55012	4.421551	0.327909	0.140527	0.750754
FEO2	21.97264	21.07828	4.591109	0.391210	0.363292	0.725368
FEO3	21.79939	20.83514	4.564552	0.464747	0.381981	0.713206
FEO4	21.51064	21.17390	4.601511	0.479137	0.409735	0.712665
FEO5	22.28267	19.26052	4.388681	0.612861	0.458408	0.684457
FEO6	22.68389	19.91224	4.462313	0.498769	0.363512	0.705290
FEO7	23.06687	21.13231	4.596989	0.290505	0.175061	0.747729
FEO9	21.99696	19.76595	4.445891	0.561113	0.353624	0.694840

Source: the Author's own research

Scale mean is 25.4316 and standard deviation is 5.06985. Cronbach's alpha for the scale is 0.743391. The average correlation between the pairs of items is 0.292347. Standardized alpha is 0.761487.

Table 12. Cronbach's alpha for the proposed A factor

		Mean if item deleted	Variance if item deleted	Standard deviation if item deleted	Correlation between the deleted item and sum of the remaining	Correlation squared
FEO5	6.187879	2.940459	1.714777	0.607617	0.370021	0.607902
FEO6	6.593939	2.944206	1.715869	0.563217	0.326128	0.661148
FEO9	5.903030	3.196657	1.787920	0.530811	0.285856	0.697044

Source: the Author's own research

Scale mean is 9.34242 and standard deviation is 2.45959. Cronbach's alpha for the scale is 0.741426. The average correlation between the pairs of items is 0.489881. Standardized alpha is 0.741545.

Table 13. Cronbach's alpha for the proposed P factor

		Mean if item deleted	Variance if item deleted	Standard deviation if item deleted	Correlation between the deleted item and sum of the remaining	Correlation squared
FEO2	7.555891	2.361680	1.536776	0.586994	0.344764	0.672856
FEO3	7.380665	2.543916	1.594966	0.586243	0.344308	0.669518
FEO4	7.093656	2.767664	1.663630	0.585970	0.343479	0.674885

Source: the Author's own research

Scale mean is 11.0151 and standard deviation is 2.26764. Cronbach's alpha for the scale is 0.754895. The average correlation between the pairs of items is 0.509714. Standardized alpha is 0.757215.

In conclusion, on the basis of statistical data analysis, there was proposed the four-factor model, modified in relation to the initial version, where there are the following: Component 1 – FEO5, FEO6, FEO9, Component 2 – FEO2, FEO3, FEO4, Component 3 – FEO7, whereas Component 4 – FEO1.

Operationalization of the Verified FEO Construct and its Dimensions. Discussion

As a result of the conducted statistical analyses, it was concluded that FEO possesses four dimensions whose characteristics and operationalization is presented in Table 14.

Table 14. Verified dimensions and operationalization of the FEO concept

Dimension	ID of the FEO variable component	Operationalization	Characteristics of the whole dimension
Proactiveness	FEO5	<i>my family have always been looking for new, creative solutions in the changing market realities (circumstances)</i>	Ability to predict changes in the environment and to use them for own benefit; looking for opportunities in spite of the accompanying risk; undertaking initiatives and influencing the environment to generate own benefits by looking for new solutions.
	FEO6	my family have always been willing to take risk in the name of potential economic benefits	
	FEO9	my family have recognized and used effectively the opportunities bringing about benefits	
Autonomy	FEO2	<i>members of my family have never had a problem with making money with no support from others</i>	Self-reliance and independence in deciding for oneself, manifesting itself in the ability to perform independent activities bringing about the required, satisfactory income with no support by people outside the family.
	FEO3	members of my family have always been able to predict changes and find themselves in the changing economic conditions while gaining benefits from the above with no help by people outside the family	
	FEO4	in an economic sense, my family have been successful in their lives with no additional support from the outside	
Competitive Aggressiveness	FEO7	<i>my family have always wanted to be better than the neighbors and acquaintances</i>	Comparison with other families and the activities, connected with the above, oriented towards 'overtaking' and 'being better'.
Professional autonomy	FEO1	<i>there has always been somebody running their own private, stand-alone business in my family</i>	Self-reliance and independence in deciding on the professional situation manifesting itself in the form of self-employment.

Source: The Author's own research

Initially, the willingness to take risk was recognized as a separate dimension. However, the analysis of factor loadings indicated that the assumed dimension possesses a loading close to the factor characterizing the dimension of “innovativeness” (creating what is new or unique) and “proactiveness”. Grouped scales are arranged in the dimension specifying innovativeness, willingness to take risk and ability to use opportunities, which can be described by means of proactive innovation or proactive systematic innovation.

In case of economic organizations, systematic innovation is defined as the one consisting in purposeful and organized search for changes and systematic analysis of the opportunities for innovation [Brzozowski et al. 2001, p. 180]. In the view of the fact that proinnovative culture is oriented, among others, towards developing tolerance for risk, uncertainty and search [Matejuk 2005, p. 18], it is possible to accept the inclusion of the scales FEO5, FEO6 and FEO9 in the dimension of *proactiveness*, since proactiveness is characterized by lack of indifference towards changes or interests in using opportunities. Therefore, while transferring, a bit metaphorically, the specificity of this dimension onto the family ground, it is possible to accept such a set of scales included in the dimension of proactiveness.

The boundaries of the dimensions of autonomy and proactiveness, proposed initially, have been partially obliterated, though the research clearly indicates that these factors influence the intensity of EO of the family. However, there was distinguished the dimension of *autonomy*, operationalized by means of scales FEO2, FEO3 and FEO4. The scales FEO2 and FEO4 already belonged to the dimension of autonomy in the proposed version. However, factor analysis proved that initially regarded proactiveness in the approach of the scale FEO3, operationalized by the questions on the predictions of changes and finding oneself under varying conditions with no help from others, is closer to the characteristics of autonomy.

The dimension of “*competitive aggressiveness*” remained as the one represented by one scale - FEO7. Operationalization, by means of the question concerning attempts made by the family, oriented towards achieving competitive advantage over others, by „being better than neighbors and acquaintances”, seems to deplete the description of this dimension.

The problematic dimension seems to the dimension represented by the scale FEO1, initially included in the dimension of “autonomy”. Factor loadings do not allow for the inclusion of the scale FEO1 in this dimension. The initial assumption was that the fact of running an independent business activity in the form of self-development, is identical with self-reliance and independence of deciding for oneself. However, this autonomy directly relates self-employment and its occurrence in the family. At this point, it is possible to talk about a specific tendency or orientation towards running an independent business activity. This may also concern the family tradition of self-employment or readiness of family members to

take up self-employment. In conclusion, it is possible to propose the name of this dimension, which is “*professional autonomy*”.

Conclusions

The analysis presented in the paper allows for the conclusion that the propositions P1 and P2 were verified positively and supported. In the proposed approach, FEO is a multidimensional construct, whose operationalization is possible while using the eight scales.

The proposed conception may contribute to the exploration of both the issue of creating and functioning of family businesses as well as to the problem of creating new ventures due to the specific characteristics of the family, determining the desire of its members to run an independent business activity. The measure of FEO may bring about allowing the prediction of future prospects related to running a business activity by entities on the basis of the analysis of the orientation of their family.

However, there are some constraints in the present paper. It was developed on the basis of a random sample of respondents, and the way of creating the FEO construct was based exclusively on the idea of EO, transferred onto the family ground. Therefore, the construct requires further empirical verification on other groups of respondents, not only the students of the Faculty of Management.

Among the direction of further studies, it is possible to indicate the proposition of the analysis of the connection of FEO with the actual running a business activity by people under research and entrepreneurial intentions.

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The formulation of the strategy in the cooperative

Abstract: The strategy is an important process for change in organizations; is an effort to find an ever closer relationship between society, individuals and their organizations, in an essentially interrelated world. The organization not only has a context but also an internal configuration and the cooperative is not an exempt of this. This document presents partial findings of the study which analyzed the formation of the fishing cooperative strategy in Sinaloa and the factors involved for its creation. Data were collected through semi-structured interviews to fishermen whose play the roles of managers in cooperatives. The results indicate that in the fishing cooperative, its strategy arises from the mind of a manager with limited cognitive abilities and limited information, biased and considering the manager's intuition, and because the members of the cooperative said that the fishing process is well-know to him but he is not qualified to lead to the organization. From the above it is concluded that in the fishing cooperative, its strategies are formed informally, in the short term, from its management capabilities, identifying the need for training programs for members of the organization, so that they will have the elements necessary to formulate and implement appropriate strategies for these organizations.

Key words: Formulation of strategies, fishing cooperative

Introduction

The current organization seeks to adapt to the environment by implementing various mechanisms, but the change seems to be a challenge that is difficult due to the turbulent environment in which they operate.

Beginning from the idea that there is a complex reality on which we have to act together, with a shared directionality and with the intention of transforming, strategic thinking can be an important factor in achieving this perspective.

The strategy is an important process for change in organizations; it is an effort to find an ever closer relationship between society, individuals and their organiza-

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tions, in an essentially interrelated world. The organization not only has a context but also an internal configuration, it is not only planned but also implemented, “the strategy ventured into building the future” (Matus:1995).

The changes in the labor world cause organizations in order to survive they must pay attention to their environment since it is analyzed give certain expressions that show complex situations where elements are mixed economic, social, legal, moral, ethical.

In the case of the Mexican organizations, their study has social and economic implications regarding a scenario that shows a country with diverse organizational realities. Rodriguez (2006) notes that organizations in Sinaloa have seen the need to initiate a process of implementing strategies to achieve the desired goals and meet the challenges of globalization. The objective of this paper is to analyze how the strategy is formed in the fishing cooperative from Sinaloa that seeks to survive and to remain in the market and the factors involved for its creation.

Methodological references

Qualitative methodology refers in the broadest sense to research that produces descriptive data which address this research under this paradigm, because this method has as its central idea how people, groups and organizations hold different tasks, rather than why they made them. This research examined the ways in which people apply processes and common sense to perceptions of specific situations in order to interpret the reality of the Sinaloa cooperative that has managed to remain. For data collection semi-structured interview was used to twelve fishing cooperative's CEO's, additionally it was analyzed internal documents such as minutes of meetings and reports with results of the cooperative.

Theoretical references

The strategy is a significant instrument for changing business; its formation is given differently, depending on the size of the organization. Over time, the authors define strategy from different perspectives, Chandler (1962) indicate it as the element that determines goals and objectives of a long term, while for Andrews (1969) represents a pattern of objectives, purposes or goals and major policies to achieve these goals. Ansoff (1965) gives a definition profiled into action considering that the strategy is a wire with four components (scope of the product/market; growth vector; competitive advantage and synergy) that runs between the activities of the company and the products/markets, making it a rule to make decisions.

For Mintzberg (1997) the term strategy is the pattern of a series of actions that occur over time. He emphasizes the action, as the company would have a strategy even if they don't make plans, although no one take the time to establish formal goals. The study of the strategy has spread and operated from different analysis and

approaches so that the objective of this study is to know the different ways that had been created in the fishing cooperative.

For purposes of appeal to a theory that helps explain the phenomenon being studied, it has been addressed the proposal of Henry Mintzberg, who develops a historical approach to define the strategy. To this author the objectives, plans and resources of the company, at any given time, are not more important than everything the company has done and actually is doing. In his opinion, the standard model attaches importance to the analysis while his approach emphasizes the action, arguing that the company would have a strategy even if they did not have plans, even though no one in the company take time to establish formal goals. Mintzberg (1999) notes that there is no optimal way to formulate strategies, nor a better form of organization, and clarifies that all forms work well in different contexts. The classification corresponds to schools of thought associated with a particular model of strategy formation, organized into three groups: a) prescriptive (design, planning and positioning), b) descriptive (enterprise, cognitive, learning, political, cultural and environmental) and c) inclusive (settings).

Features of prescriptive and descriptive schools

The design school; its model is based on assessing external and internal aspects; pretends the organization to anticipate the future, representing the constantly changing environment; this school has the manager as its centerpiece. The formulation of the strategy is a conceptual process of thought.

In the school of planning, strategy formulation is a process, controlled, conscious and formal that the organization performs, divided into steps, each delineated by a list of aspects to consider. Strategies emerge from a fully developed process and then are implanted, which is why planning should be done with care.

The school of positioning; strategy formulation is based on an analytical process, differing by placing limits on the strategies on given situations, basing strategy formation in the market positioning of the organization. It also indicates that the economic situation in the market should be defined at this time or in the future.

In business school, strategy implicitly exists in the mind of the leader which is regarded as an integrated perspective, with a sense of direction in the long term, as a vision of the future of the organization. The process of strategy formation is semiconscious and is rooted in the experience and intuition of a visionary leader. This leader maintains close personal control both in the formulation of the vision and its subsequent implementation process, little can be said about its main features because it is considered as a black box enclosed in the human brain.

The cognitive school poses as main premises of the training model the following: a) The formation of strategies is a cognitive process that takes place in the mind of the strategist, b) In consequence, strategies are prospects, or concepts, which are

formed in that mind; c) The environment of the strategist is a complex environment, their limited cognitive capacities, and consequently, receiving information is restricted and biased and strategy formation process thereby distorts; and d) As a result of individual cognitive differences, strategists vary significantly in their formation styles of strategies.

Learning school; its main features can be summarized in the following points: a) The development of strategies in the form of a learning process over time in which the formulation and implementation are indistinguishable phases; b) Although the process can be focused on a leader, as will usually be the collective system which is subject to the learning process. This recognizes the existence of many potential strategists in most organizations; c) Learning develops an emerging form through strategic initiatives taken in different parts of the organization and in response to external pressures and events. These strategies appear first as patterns derived from the past and only later perhaps as deliberate plans for the future, and finally as perspectives to guide the general conduct; and d) The leader's role is not to develop deliberate strategies, but to lead the process strategic learning through which new strategies can emerge. Therefore, management must combine the subtle relationships between thought and action, control and learning, stability and change.

Power school; its main assumptions are summarized in the following points: a) The training process is fundamentally political strategies and may have its heart in the organization (micro) or outside (macro); b) In the micro-political processes there is no dominant player, but rather a set of groups or coalitions that compete for control of the organization; and c) Macro- processes, the organization promotes its own welfare through the development of deliberate aggressive strategies political nature.

In the culture school; the formulation of ideas becomes the direction of the sense of community, with its main premises as the following: a) The formulation of the strategy is fundamentally a process of collective behavior based on the beliefs shared by members of the organization; b) As a result, the strategy adopts mainly as a way of perspective, position or tactics, is not necessarily based on explicit actions and its intentions are reflected in models that make it deliberate; c) The way of organizing and controlling systems are widely normative, based on shared beliefs influence; d) Given the importance of internal belief system, the organization tends to be offensive in relation to an environment that appears to be passive and diffuse its influence; and e) Culture and especially ideology, do not encourage strategic change but rather promotes the maintenance of the existing strategy .

Environment school; the premises of this is derived from two theories flows developed in the field of organization theory: the contingent approach and the theory of population ecology postulates that external conditions force the organization to strategies. These assumptions are summarized in the following points: a) The

environment in general expressed by a set of abstract forces, determines the strategy because it forces the organization or its attributes of ecological niches, those who oppose this adaptation eventually die; b) There is no real internal strategist or internal process of strategy formulation. Leadership is a myth and the organization adopts a completely passive role in this process; and c) The strategies are positions where organizations niches remain until exhausting what nourishes.

Settings School; Mintzberg (1990) states that the premises of this school are the premises of all the above, combined in well-defined contexts , and states as follows: a) The behavior of organizations are best described in terms of configuration – different groups and integrated are dimension related with state and time–; b) In particular, the formation of strategies is an episodic process in which a particular organization, adapted to a particular environment type, makes the process of concrete form for a period of time differentiated; and c) Accordingly, the design process can be conceptual or formal planning, systematic analysis or vision intuitive knowledge can be individual or collective or political learning, which can be guided by a personalized leadership for organizational culture or the environment, and the resulting strategies can take the form of plans or models, tactics, positions or perspectives, but everything must be in your own time and in their own context.

Research results

In Mexico, the fishing cooperatives operate in rural communities, built by its inhabitants, representing an alternative to the creation of jobs, development of fisheries in an organized likewise play an important role in social and economic development.

Based on the proposal of Mintzberg and the field work results can be pointed out what the fishing cooperative have made regarding their strategy formation process that has allowed them to survive and stay for more than seventy years. This was made from what Minzberg (1997) indicate, whom says that organizations historically reflect various characteristics of strategies training schools because it believes that the strategy is the pattern of a series of actions that occur over time.

The interviewees are from twelve fishermen who play the role of fishing cooperative's CEO's, elected by the majority of the cooperative's partners, who last as CEO for 2 years and whose ages range between 30 and 45 years old. They live in the communities where the cooperative is located, most of them have primary and secondary studies, are married and their fishing seniority is more than 25 years. (See Table 1)

Table 1. Characteristics of fishermen - Directors of the cooperative

Characteristic	Fishermen – CEO
Between 30 and 45 years old	92%
Marital status Married	100%
Studies of primary and secondary	70%
Average age in fisheries	More than 25 years
They live in the community where the cooperative is located	100%

Source: Author, with data from interviewed

In relation to the formation of the cooperative strategy, interviewees agree that they know very well the art of catching species, mainly for shrimp and scale, however they recognize that when they integrate as directors of the organization they are not prepared for the development of leadership roles because they do not know the job's responsibilities and learn to run the cooperative as time passes, from the experiences and recommendations of the counter or the chairman of the Federation of cooperatives in which are embedded.

This tells us that in the fishing cooperatives the strategy formation as the cognitive school is because it is a product of the ideas of its directors, arising from his mind, limited by their cognitive abilities causing that strategies and their implementation is distorted .

On the other hand, managers indicate that the strategies implemented in the cooperative, are the result of the decisions of the members of the cooperative and the regulatory framework of these organizations indicates that each partner has a vote. Therefore, in assembly meetings decisions are made from what most voted on. Thereby cooperatives are identified in the power school is because there are micro-political processes in which there is no dominant player but the members and dominant groups engage to define the actions that are going to be implemented. The formation of the fishing cooperative strategy manifests considering the profiles of their members and their ways of thinking, but there are also external factors that influence the decisions that managers and unions say that they operate with many needs, such as economical and financial necessities, because the shrimp catch (species with the highest market value) is carried out for six months a year, so the rest of the year, the government sets ban to ensure the reproduction of the species forcing them to perform various low-paid activities that generates cash shortage, debt and the need for funding sources to high costs.

On the other hand, Federal government provides various supports to cooperatives in order to implement changes focused in the care of the environment; among the supports are changing for ecological engines and fuel support. Fishermen recognize that it is important to comply with these accusations and even attend the calls for support, they do not always benefit from them. This shows that in the for-

mation of the fishing cooperative strategies, school is present in the environment and external conditions exist that force the organization by certain strategy

Conclusions

Some countries base their fisheries development policy in establishing fishing cooperatives and found to be successful for some but not for others. In Mexico, these cooperatives are located in rural areas whose economy is based on the exploitation of natural resources represent an option for economic and social development of their communities.

International organizations such as FAO (2009) point out that even if the fishing cooperatives, throughout its history, can have negative connotations, there is recognition that could increase the stability and resilience of fishing communities.

In relation to the formation of a strategy, it differs from one organization to another, since the characteristics of each, are pivotal to their behavior. Knowing how they operate and relate the strategies regarding leadership roles and organizational processes allow us to have an approach to the reality of the life in local organizations.

This research shows that in the fishing cooperative, the strategy is formed internally considering the profile of the fisherman playing the role of manager and his acting because of the low level of their education and the inexistent training to direct an organization, make them realize the strategies that in their opinions are required by the organization, but on the other hand, it is recognized that the involvement of powerful groups of members of the cooperative and external elements such as governmental rules for the development of fishing activity, also influence into the strategy formation for the cooperative; identifying that there isn't an optimal path to follow in order to create strategies due to the diversity of the particular contexts each cooperative face .

Being aware of the know-how and the processes that are followed to deploy strategies, allow their managers to have clear recognition that the strengths of a company are its resources for growth and transformation, regarding the work of the organization, considering the past, the present and the future.

From the above, it is recommended that fishermen who have management positions receive training on internal and external elements to improve the process of developing cooperative strategies, focused on organizational change and improving conditions for its members.

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Building competitive advantage in the context of electronic communication with the use of social media

Abstract: In today's turbulent environment it is difficult to imagine a modern company knowingly waives the benefits of electronic communication. Simultaneously there is a multitude of companies that misuse these tools, that makes their actions usually having exactly opposite results of intended. Due to advantages of the Internet as a communication channel and effective advertising medium, more and more companies decide to invest into it. In Poland in 2013, with nearly 7 billion of PLN spent on advertising, more than 21% was invested in online promotion. Furthermore, Internet as an advertising channel of communication is the only one noting regular annual increase in spending on advertising campaigns in comparison to other media.

This article is an attempt to show the merits of building companys' competitive advantage with the use of Internet and particular regard to social media. It presents both own model on-line communication and the results of research among 11 largest retail banks in Poland and opinions of their 1800 customers.

Key words: competitive advantage, electronic communication, social media, crowd-sourcing

Introduction

According to John Powell's words "communication works for those who work at it" (Lind, 2012) creating relationship with customers based on effective communication requires a lot of effort and is a long-term process. This is no different with electronic communication, which nowadays is growing at a dizzying pace. The attractiveness of potential recipients of electronic messages, manifested in the increasing number of Internet users, their level of education, average age, increase of real purchasing power, sensitivity to e-advertising and non-standard consump-

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tion of other media, makes more and more companies in Poland decide building a wide range of e-communication tools and invest in online advertising. For many companies online presence is no longer just a “virtual card” but constitutes the lucrative branch of entire business. Forseeing companies perceive electronic communication, particularly through social media, as basis for the future development and the foundations for building a competitive advantage (CA). In today’s turbulent environment it is difficult to imagine a modern company knowingly waives numerous benefits of electronic communication. On the other hand, it should be stressed that there is also a large number of companies that misuse these tools. Such actions have usually exactly the opposite result of the intended.

To illustrate the power of the Internet and its latent possibilities as a medium and tool of building a competitive advantage in the subsequent parts of this article will address issues of competitive advantage in the strict sense, advantages of e-communication, the attractiveness of the auditorium, the process (model) of electronic communication and examples of the use of e-communication, with particular emphasis on social media.

Defining competitive advantage

To understand the importance of electronic communication and social media factors in image building of the company and its market position, it shall be perceived through competition phenomenon and building a competitive advantage prism. If as a first understand process in which market participants are competing to carry out their interests in the context of transaction by providing a more favorable offer from other entities, so the competitive advantage could be theoretically considered as state of achieving superior position against competitors in specific characteristics, conditions or behavior. So understood competitive advantage allows to offer products or services corresponding to customer expectations, but better than its competitors in selected aspects, which can be expressed not only in a higher product quality, its lower price, better service, more complex satisfying customer’s needs but also to building superiority in creation of relationships based on perfect communication.

But the truth is that in the literature of the subject the issue of communication, as a factor building competitive advantage remains secondary to traditional porteurian differentiation approach (Porter, 1985), basing on cost leadership and strategic differentiation. Though in reality, the issue of communication, with particular emphasis on communicates transmitted over the Internet using social media could be considered as strategic differentiation, however, due to relatively low cost of reaching the customer, usefull in reduction of unnecessary expences, thus an indirect reference to the cost advantage could be sought here also. Quoting the definition of competitive advantage by Porter (1985) advantage of differentiation derives

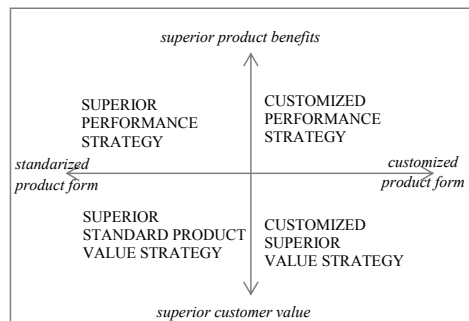
from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources, electronic communication could be entered along with two recent factors. Worth stressing is though point of view presented by Rolstadås (1995) that in Porter's view, strategic management should be concerned with building and sustaining competitive advantage, which grows out of value a firm is able to create for its buyers that exceed the firm's costs of creating it.

Such approach seems to be parallel to one presented by Lubbe (2005) defining competitive advantage as usually referring to characteristics that permit firm to compete effectively with other firms due to low cost or superior technology, perhaps internationally or Braun (2006). The latter indicates a condition that enables companies to operate in a more efficient or higher manner than the companies it competes with, which results in financial benefits. Those attitudes are also similar to Rogers's approach (Rogers, 2009) underlining factors creating basis for competitive advantage, that have to be unique, superior to competition, sustainable, applicable to multiple business solutions and hard to copy.

The uniqueness of competitive resource/factor is equally stressed also by Nissen (2005) and Barney (1991). The first defines competitive advantage as simply as fact of employing organizational resources that cannot be imitated readily by competitors. The second points that a firm is said to have a sustained competitive advantage when is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and while these other firms are unable to duplicate the benefits of this strategy.

Though majority of definitions of CA is very brief and concise i.e. (Kotelnikov, 2007) describing it as an advantage that enables your business to survive against its competition over a long period of time, there are also ones although more complex (Chaston, 2012; Partners Creating Wealth, 2014), yet presenting interesting point of view.

Picture 1. Possible strategic options



Note. From *Strategy for sustainable competitive advantage: surviving declining demand and China's global development* (p. 129), by I. Chaston (2012), New York, NY: Routledge. Copyright 2012 by Taylor&Francis. Adapted with permission

Chaston (2012) indicates four dimensions creating axes of building competitive advantage, which are transactional excellence, relationship excellence, product performance excellence and superior value excellence. Though he underlines fact, that majority of companies choose usually two of four available dimensions, which results in one of strategic positions, as shown in figure above (cf. Picture 1)

Worth mentioning is also the most developed and extended attitude presented by authors of Partners Creating Wealth (2014) blog. They indicate 14 sources of competitive advantage: localization in global markets, strategic alliance or acquisition, competitive actions, customer clusters, company-wide market orientation, strategic fit between marketing and manufacturing, implementation of strategy, human capital, employee engagement, technological change, business analytics, production system, business processes and national export promotion. Moreover they systematized them by combining into 6 groups: externally-focused strategies, internal leadership role, human resources, technology development, logistics and operations, and finally government programs.

Although the idea of competitive advantage is well described in the literature, noticeable is the lack of a direct appeal to the idea of communication in mentioned definitions. This does not mean, however, that the factor of communication (especially electronic) does not build competitive advantage. It is rather perceived as an integral component of the previously mentioned factors, particularly due to its uniqueness, so eager emphasized by quoted authors, or a marketing advantage, underlining components of cost reduction and technological advantage.

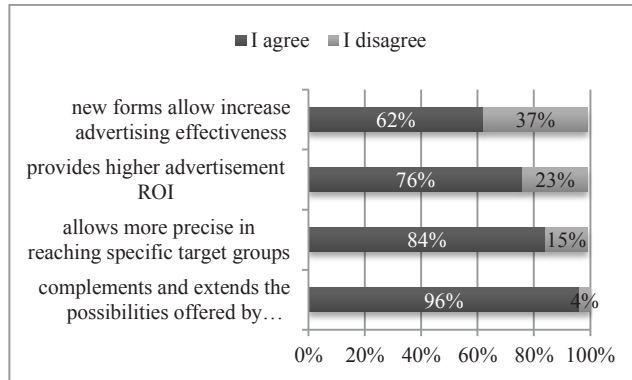
Customers uniqueness, advantages of e-communication and investments in online advertising

As own research shows (Tarabasz, 2012a, 2013b) because of the increasing popularity of Internet, both as a source of information and primarily as a marketing tool, more and more companies decide to stress their activity with usage of electronic communication tools. They are aware, that choosing e-media they may reach a target group, that is better educated and earns more than the average. In Poland these are mainly professionals, rather young (65% of internauts are less than 35 years), that perceive the Internet as channel inextricably linked with advertisement. They see this medium as indissolubly combined with advertising, which also increase their consumption approach. From the company managers' point of view (Tarabasz, 2013a) Internet provides the possibility of on-line brand management, all day access to visitor statistics, checking-to-date sales results, but also, perhaps most importantly, the ability to contact 24/7 with customers and employees and from any location, regardless time zone.

Apart from it Internet offers speed, efficiency, high ROI, full measurability, targeting precision due to cookies and geo-localization, immediate responsiveness, and enables message tailored one-to-one marketing. Similar opinions are presented

in results of eMarketer (2005) research, conducted within media houses, employees of media agencies, their customers and researchers (cf. Picture 2).

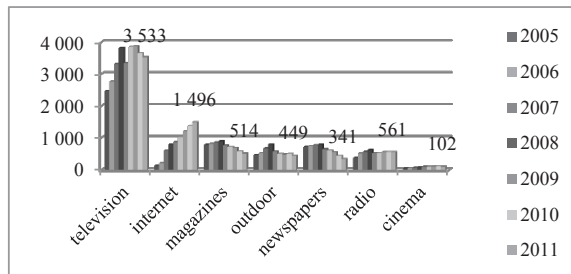
Picture 2. advantages of investing in online advertising



Note. own elaboration based on eMarketer.com (2005) In M. Szpunar (2007), *Internet jako skuteczne narzędzie PR*. In D. Tworzydło et al., *Praconnicy i media w procesie komunikacji* (pp. 125-135) Rzeszów: WSiLiZ

Moreover, as demonstrated by the results of multistage own survey, conducted among 1,789 clients of selected 11 largest retail banks in Poland (Tarabasz, 2012a) as banks distinguishing features, 52% of respondents indicated the „ease of use via the Internet” (what was in their opinion more important than the quality of service (41.6%), the cheapest offer (40.8% of responses), or even the quality of products and services (39.3%). In respondents opinion the most important factor building loyalty to the bank was the friendliness of selfservice via the Internet and web site (59.8% of responses), which were more frequently indicated than the quality of service, convenience of location and the number of free ATMs (respectively 57.7%, 57.1% and 50.1%).

Picture 3. Total expenditure on advertising in Poland due to used medium in given year [in mln of PLN]



Note. own elaboration based on Starlink and Zenith Optimedia reports (Starlink 2006, 2007, 2008, 2009, 2010; Zenith Optimedia 2009, 2010, 2011, 2012, 2013, 2014)

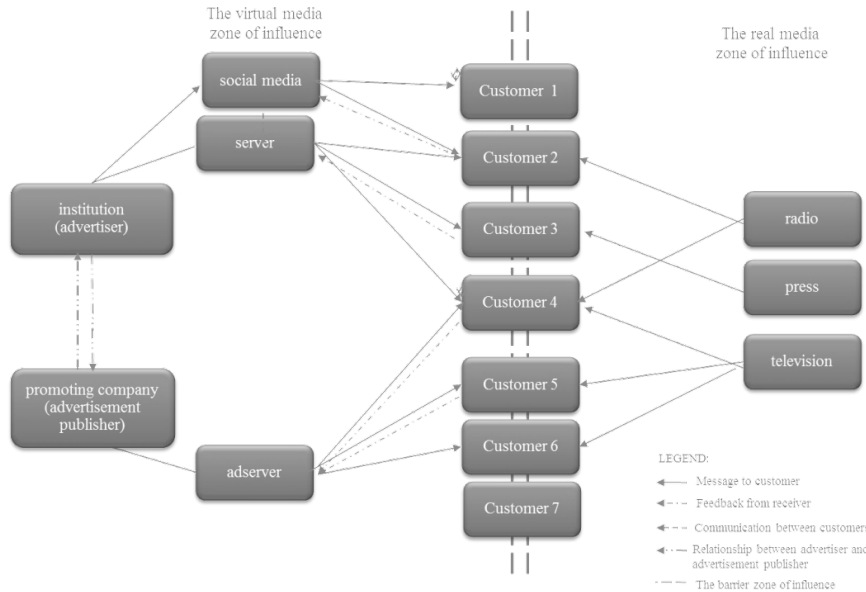
Taking into account the previously cited arguments, not surprising, therefore is, that the increasing number of Internet users in Poland (currently over 17.5 million in 2013) and increasing Internet penetration ratio (56.8%) (Millward Brown SMG/KRC, 2013) Internet users are becoming increasingly attractive audience for potential advertisers. Therefore, with total value of the advertising market in Poland (PLN bn 6996) (Starlink, 2014) the Internet currently generates up to 21.4% overall advertising expenditure. It should also be noted that it is the only medium which, in chronological order (cf. Picture 3) notes as upward trend of sums invested in advertising.

The model of online communication

In the course of above presented arguments, it was demonstrated that the issue of communication with the client, using the Internet as a channel of information, is important and truly builds competitive advantage. Therefore, a verification of the existing schemes of mass communication in terms of relevance and direct application for e-reality was made (Tarabasz, 2012a, 2013a). Unfortunately, in the course of conducted analysis of 12 mass communication models, it was found, that none of them was suitable for direct implementation in order to describe electronic communication with particular emphasis on online promotion. That is why, it was decided to create such model, which, drawing on the best literature examples, would be at the same time an attempt to expand on components absent from other models, which should, however, be taken into account in this study.

Therefore, drawing from previously mentioned models of mass communication, the construction of own model, which could reflect the complexity of this phenomenon, was commenced. Its main advantage, apart from strong literature study is the fact of its confirmation in practice. It took place due to practical verification by specialist of online communication and eCommerce from the banking sector and 2.5-year of participant observation.

The proposed model of online communication is built in subsequent stages, and therefore should be considered in such a manner, in order to make it more readable and easier to receive. Institution (called the advertiser) decides to undertake an advertising campaign for a specific purpose (customer acquisition, establishing a closer relationship, reminding about the product or informing about changes). But recognizes, that willing to communicate with Internauts (its current and/or potential clients), have access to them only partially. Therefore it cooperates an advertisement publishers (in analysed case such role was played by horizontal portals and sites cooperating with media houses). They are carrying out a paid advertising campaign under previously specified parameters according to campaign brief preparation. Under condition of reaching agreement on cooperation terms, advertisement publisher proposes to advertiser a specific mediaplan, which, after approval will be implemented.

Picture 4. The model of online communication and promotion

Note. A. Tarabasz A. (2013). The model and role of online communication in intercultural management, *Journal of Intercultural Management* 5(4), 93-103, Tarabasz A., (2012) E-komunikacja na rynku usług bankowych. Modele, narzędzia, zastosowanie, Łódź: Wydawnictwo Uniwersytetu Łódzkiego. Copyright: Wydawnictwo Uniwersytetu Łódzkiego

At the same time the institution is preparing dedicated landing page), to which internet users clicking on the ad will redirect, regardless their source of acquisition.

At the launch of campaign both institution and advertisement publisher begin to present advertisement content. Though they target the message equally to all potential customers, however, the advertiser reaches a certain group (visible in the diagram as customer 2 and 3). Other are informed by an external company (customers 5 and 6). There are also equally customer groups that receive both promotional messages from different senders as well as those to whom nobody can contact with (customer 7). But the most important are connections between customers themselves (1 and 3, 4 and 6), showing the social media impact and socialization itself idea.

Particularizing social media tools, and isolating them from the whole package of electronic communication tools has been done for two particular reasons. Firstly it aimed at highlight their impact on communication with customers, and underlining the importance of interaction occurring between them. Secondly introduction of this component resulted also in underlining the importance of mutual interaction between customers and institutions and thus, could be treated as an evidence of breaching the classic paradigm of one-way mass media communication. Moreover

in course of conducted analysis was found, that by adding social media tools, new connections between customers and advertising institution occurred (shown as interaction between customers 1 and 3). Such action was also aimed at enhancing the flow of information between users themselves.

Interactivity seen in such way, available within social media aims not only at facilitating contact with the brand, but, what is far more important, offers at the same time opportunity for a dialogue with the brand, its assessment and thus constitutes a basis for creation of relationship.

And last, but not least, such actions shall be Moreover, such actions shall be mentioned separately, as, according to previously mentioned information, they constitute significant factor of competitive advantage.

Underspending possibilities of the Internet and social media

In light of the previously cited content, highlighting the importance of of communication via the Internet and building competitive advantage based on these factors, important may be results presented within the IAB Poland (2013) report. Among a representative sample of 797 active surveyed Internet users found that 90% declared usefulness of advertising when choosing the products offered on the Internet. In turn, more than 60% of the respondents mentioning promotional communications, indicated those issued in the traditional media (TV, newspapers, radio). At the same time 85% of respondents could indicate advertising forms broadcast on the Internet. Furthermore, as many as 45% of all respondents claimed that they deliberately click on online advertisements. It also appears that more than three-quarters of active Internauts use brand's nformation channels and as many as half want their favorite brands to inform about their products and services in the Internet. Furthermore, 40% of respondents claim that the websites are useful in purchases and almost every third indicated that social media brands profile tools are useful in the selection of products and services.

Data can be treated with optimism, because they underline the importance of e-media and broadcasted there promotional messages and are also significant evidence of interest in the multitude of active consumer e-media profiles social networking. Thus they prove the thesis that basing on such tools not only can, but should build competitive advantage of enterprises!

Unfortunately, companies often fail to take advantage of these possibilities. As shown by the results of research (Tarabasz, 2012a, 2012b) among the 11 largest retail banks in Poland social media tools are largely misused or poorly managed (por. Tab.1).

Table 1 The use of electronic communication tools in 11 biggest retail banks in Poland

Tool	Banks using particular tools (from 11 in total)
website	11
included minisite	8
SEO	5
SEM	9
display in own portal	11
display in external portals	7
mailing	9
newsletter	5
social media building virtual community with use of:	
foras	2
corporate blog	3
facebook	9+1*
twitter	1+1*
blip	4+3*
you tube	8
other	3
on-line PR	11

*only profile was created

other: BZ WBK: Bank Pomysłów, nk.pl, skype; mBank: Czat, mSpołeczność, crowd-sourcing, videoblog, ING Skype, video chat.

It turned out, that actions of electronic communication within those institutions reminiscent rather monologue than dialogue. Moreover, the disparity is most evident in the case of solutions in the field of social media – taking into account the multitude of available solutions in the field of social media and available marketing budgets, the forefront of Polish banking remains almost passive, or implement these solutions, but does not manage them in accurate manner (Tarabasz, 2013c). They prefer to choose one-way communication tools as website or on-line PR activities, than to manage a two-way relationship and to communicate directly, with the same “communication power” allowed by social media tools. Even the most popular Facebook was not used by all analysed companies, what is more their presence there rather have limited to single-way marketing tube (of promotional and sales tone). The more upsetting it is, as those institutions generate 75.1% of revenue from the core business of all banks, while their net profit constitutes 84.9% of the total. Realizing the fact that these institutions are considered as leaders in the indus-

try and having the most customers and resources can afford determining market trends, it should be emphasized that actions of other institutions in this field are much more passive and inappropriate.

Partly similar reluctance of social media proper use can be found in the context of Conversocial report (2014). This study included 29 US brands with more than 5000 followers: 10 retailers, 4 airlines, 5 telecoms, 7 finance companies and 3 restaurants. It aimed at analysis of tweets concerning customer problems or complaints. In 98% they were indicated to switch channel of communication (given e-mail address or blue line telephone number, even if they did not ask for it). In 76% those conversations did not result in a further interaction, after the brand suggested communication channel switch. What is more 42% of customer tweets were ignored by analysed brands when they ignored to switch channel. And last, but not least – 19% of customers tried suggested channel by the brand, but preferred social service.

Worth approximation are the results of underspending and misuse of social media also presented by Evigo (2014), quoting data from the Forrester report, “The Case For Google Plus. Three Reasons Every Marketer Should Use It” z marca 2014. It turns out that even though Google Plus offers companies many users and a similar level of commitment as Twitter, many of them do not appreciate the presence there. Although Facebook is a leader in terms of number of users and the time spend on the site, this is Google Plus that offers companies greater scope and deeper commitment than could be expected. Among surveyed 60,000 adult American users of social networking sites, 22% visited Google Plus each month. Experts also analyzed the social profiles of 50 leading companies to conclude, that on Google Plus companies collected an average of 90% of the number of fans that keeps them on Twitter. It turned out that tested companies, have more users on Google Plus than on YouTube, Pinterest and Instagramie combined. However, few companies use marketing opportunities offered by this portal. In scope of the cited results more than one-third of biggest companies or does not lead profile on Google Plus or not post any content more often, than once a week.

Such examples of “wasted” Internet potential possibilities of social media are a lot. Companies often ineptly and clumsily manage their profiles. It seems that these tools are intended primarily to duplicate marketing messages seen in other channels and not the original purpose - building society, focusing towards the brand and facilitating dialogue. It also discourages long-term relationships and creating bonds. And yet it comes about “government of souls” and focusing around the elements and values that unite. Underspending electronic communication channel, the lack of efficient social media tools management is a conscious resignation of building a competitive advantage and distancing basis against market competitors. It is also closure of a path to the “wisdom of the crowd” - crowdsourcing, which now appears to be economical and very effective replacement to investing huge amounts in R&D, or at least kind of “bank of ideas”.

Examples of model applications in electronic communication, social media and crowdsourcing

This does not mean, however, that not all companies are able to enjoy the benefits of the Internet and social media, and that the idea of crowdsourcing is purely theoretical being. According to Experian (2014) research results Amazon.com is the most popular portal to which are redirected Pinterest, Facebook and YouTube users. The users of those portals visit the platform more often than any other vendor page. As is apparent from the words of Bill Tancer, general manager of Experian Marketing Services „social media are becoming very influential source of traffic to online stores, Amazon is clearly benefiting from this trend, leading in all social networks”.

Also as a good example of social media tools J. Crew a US-based omni-channel apparel retailer example shall be given. It proves social media presence is significant sales driver. Company reveals (Evigo, 2014b) that the customers who engage with the brand via social media spend two times more than their average customer. Crew's social media presence stretches across Facebook, Twitter, Pinterest and Instagram. Facebook is the main driver for J. Crew in terms of size and time spent on site, though company believes, that Pinterest and Instagram will be the platforms providing significant growth opportunities in the future.

But the most interesting from Internet socialization point of view are crowdsourcing projects. Using the definition proposed by its author – Jeff Howe (2014) (see also Sloane, 2011) crowdsourcing is the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call.

According to Innocentive (2013) remark, calling for crowdsourced ideas, information, opinions and analyses has emerged as a viable and enriched resource of enterprise-data. It is rapidly becoming a procedure of choice for generating innovative solutions for a vast range of corporate and societal issues. That is why crowdsourcing seen in such a way is not only a notion of growing popularity, but what is far more important – real proof for the need of constant cooperation and co-creation of company's ideas by internauts. Moreover – it is an incorporated idea and significant factor of competitive advantage building.

That is why, even though previously the examples of social media tools misuse have been presented, optimism can fill the number of projects carried out within crowdsourcing all over the World. Worth mentioning are activities of Anheuser-Busch, Crowdspring, Dell, General Mills or Lego. Those examples (though being a small portion of available projects) constitute living proof that in such way crowdsourcing create an kind of tangible base for building the competitive advantage

Budweiser (2014) US probably the most drinkable beer, as brand belonging to Anheuser-Busch (AB) aimed at development of Black Crown. The aim of the proj-

ect, that combined 12 brewmasters, who, with the use of suggestions and tastings of more than 25,000 consumer-collaborators introduced brand attuned to craft-beer tastes.

Crowdsprig (2014), launched in 2008 is treated as a marketplace of crowdsourced creative services. They connect the supply and demand for logo, web and packaging design as well as company and product name. Buyers needing a custom materials are offered actual work of specific designers, instead of bids and proposals. The project connects to more than 150,000 designers in over 41,000 of projects and more than 600 open projects, to which in total almost 5,000,000 of entries (propositions) have been offered.

Dell (2014) Idea Storm was launched in 2007 as a way dialogue creation between the brand and community of its customers. Projects conducted in a form of brainstorming sessions concentrate on new Dell's products propositions and improvement of the current product structure. Nowadays it has almost 21,000 of submitted ideas, from which 547 were implemented. At the same time according to site's statistics they gained almost 750,000 of votes for particular assessed projects and obtained more than 100,000 of comments.

General Mills (2014), food-processing company introduced G-WIN (General Mills Worldwide Innovation Network) in search for innovative concepts in a variety of merchandise, commodity, or service categories. They focus on: products, their packaging, manufacturing improvements, products ingredients, technology-suggestions and improvements in company's digital efficiency.

Lego Cuusoo (2014), originates from 2008 as an crowdsourcing platform to develop new product ideas. Internauts submit potential products, find 10,000 supporters (likes). If such proposition will be assessed positively by Lego Review, product will be introduced to company's offer and its founder will be granted 1% of its total sales around the World.

Conclusion

Although there are many definitions of competitive advantage, in vain therein seek would references to the on-line communication tools. This shows the discrepancy between the theory and practice of management. It is difficult to deny Internet and its tools importance and the role they have in terms of building relationships with customers and create goodwill for strategic differentiation. Undeniably an important element appears here electronic communications, using social media tools. This previously unrecognized factor used increasingly by businesses is already not only a two-way channel of communication with the customer, but also a source of inspiration for many companies, due to the idea of crowdsourcing. Thus, in an era of change and electronic socialization of Internet users, the skilful application of e-of communication tools must discern the basis for creating relationship between

customer and the company and what follows an important factor in building a sustainable competitive advantage.

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Multicultural issues in the development of Islamic banking

Abstract: Islamic banking is highly specific and is based on the Sharia law. This banking offers new products, which comply with the prohibitions of *riba*, *maysir*, *gharar*. Dynamic development of this banking in the world is the consequence of its opening to culturally diverse clients, and not only Muslims. Numerous researches demonstrate that many non-Muslim clients use the financial products which are offered in Islamic banks and in the “Islamic windows” in conventional banks. The Islamic banking offer is increasingly more often dedicated to the clients beyond the Muslim community, and at the same time the products dedicated to this community are offered by traditional banks. In this way the Islamic banking offer diffuses to other cultures.

Key words: conventional banks, financial product, Islamic banking, multiculturalism, Sharia.

Introduction

Failure of assimilation ideologies contributed to the emergence of numerous studies and publications on multiculturalism [Siz A., Szczepański M. S., 2011]. This issue is also important in banking, and not only due to the globalization processes, but also owing to the emergence of the alternate Islamic banking.

Islamic financial sector consists of 600 bank institutions and over 700 investment funds with more than 2 trillion dollars in assets. Islamic banking navigated through the international subprime crisis without any significant losses. The global dynamics of growth in this sector are impressive. In recent years, Islamic banking saw increase in assets ranging from 15 to 20% per annum. Growth of Islamic banking is a result of, among others, conservative ethics and its openness to culturally diverse clients, not only Muslims. Researches demonstrate that many non-Muslims use products offered by Islamic banks and ‘Islamic windows’ in conventional banks.

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Therefore Islamic banking offer is addressed to customers beyond Muslim communities, and at the same time Muslim financial products are being offered by global, conventional banks. [Solé J., 2007] Is this a permanent process? Can Islamic banking flourish in other cultures? What are the obstacles to these processes? This article attempts to answer these questions.

Islamic banking has its peculiarities. It is based on the Sharia law (also referred to as Islamic law). This means that the clients must accept certain specific financial products that are based on the Sharia law, given they want to use these products. [Ayub M., 2007]

Multiculturalism in banking can be analyzed in the following areas:

- availability of global banks' offer to the clients from various geographies and cultures
- cultural diversity of the staff in global banks,
- mixing of financial products and clients of conventional and Islamic banking.

This article aims to investigate the latter area.

Islamic banking is not a new topic in Polish economic literature, but its focus on the Islamic finance may lead to misinterpretations. This is particularly true with regard to the religious dimension, historical context or its socio-political role in Muslim countries.

This article employs the following research methods: literature analysis, desk research and statistical analysis.

The Sharia law and peculiarities of Islamic financial products

Sharia law has no equivalent in Western concepts of law, and thus is often misinterpreted. Sharia should not be compared neither to statutory laws nor to canonical laws. Statutory law has been developed by men and is subject to change, while Islamic law has been revealed by God, and therefore cannot be changed by a man. Canonical law, in turn, relates only to religious matters, while sharia governs all aspects of private and social life of a Muslim.

In Arab countries there is a distinction between the law in the Western sense of the word (which is called 'kanun') and Islamic law. [Dziekan M., 2003]

Sharia law constitutes economic activities in Islamic countries. [Górak-Sosnowska K., Masiukiewicz P., 2013] It governs economic and financial relations and is a religious law based on Quran. Compliance with these regulations relates primarily to economic relations between economic entities and households that comply with Islamic principles. In economic relations with people of other religions, certain derogations from the principles of Sharia law are allowed.

There are three fundamental prohibitions under the Sharia law. [Zachodnie banki..., 2014] The first is ban on Riba, i.e. interest prohibition. Islamic law also imposes prohibition of Gharar, i.e. prohibition of risky or hazardous transactions,

where details concerning the sale item are unknown or uncertain, e.g. derivatives. The third prohibition is prohibition of Maysir, i.e. prohibition of engaging in any unethical transactions such transactions related to alcohol, drugs, gambling, pork trade and etc. [Górak-Sosnowska K., Masiukiewicz P., 2013, p. 38 and next] Another principle governing economic relations in Muslim countries is the warrant of Zakat (obligation to give alms/donations) and the principle of Darar, defining a framework for the protection of third parties that may suffer the consequences of other economic transactions.

Sharia law restrictions prevent the use of derivatives (futures). It is believed that it was one of the reasons why the Islamic banking sector did not suffer from the financial subprime crisis, as well as from the earlier crises.

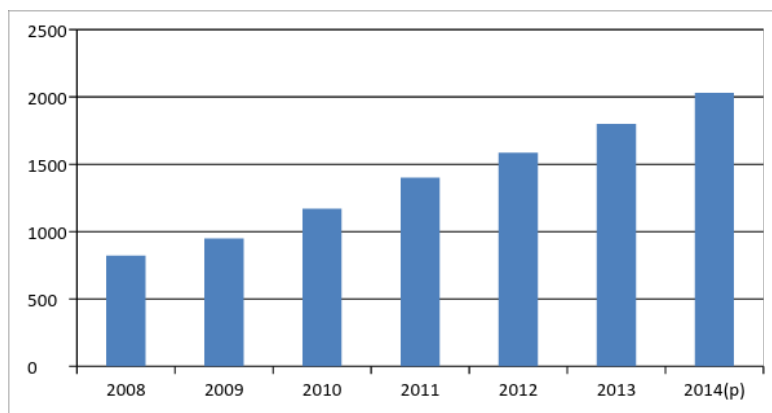
Legal-religious legislation is largely based on the interpretations issued by experts (with permits) in the form of fatwas and by the Sharia boards. Sharia councils exist at banks, investment funds and other institutions. In addition to sharia law, Muslim countries also have statutory laws – civic law, foreign exchange law or financial law. [Górak-Sosnowska K., 2007]

In the absence of interest-based loans, Islamic banks and investment funds provide enterprise financing under the profit-and-loss sharing principle (PLS). The concept of PLS is based on the idea of the borrower's and the bank's participation in the enterprise's profits or losses in a prefixed rate documented earlier in the agreement.

In Islamic banking sector, the provisions of Islamic law are interpreted by Sharia boards which are appointed at all banks. [Iqbal M., Molyneux P., 2005, p. 114] These boards oversee the compliance of the bank's products with the restrictions of the Sharia law, and issue certificates of compliance. In other words, Sharia councils ensure that Islamic banks are 'truly Islamic'. In practice, this may lead to the subordination of the economic interest to religious principles. This is particularly true in certain banks where Sharia Boards have the authority to issue fatwas contradicting decisions made by the bank's board. In addition, one member of the Sharia Board is often appointed to the board (and vice-versa – one of the bank's board members may be appointed to the Sharia Board). [Abdul-Rahman Y., 2010, p. 77]

Islamic offer in light of research

The dynamic of Islamic banks' recent growth is highly desirable. The global value of assets of Islamic banking in the last six years is shown on Graph 1.

Figure 1. Global value of assets of Islamic banking (bln USD)

Notice: p – anticipation value

Source: own prepare in ground: [Ernst & Young, 2013a, Ernst & Young, 2013b]

Arguably, the subprime crisis enabled the new opening of Islamic banking to the global market. In principle, Islamic banking did not suffer from the crisis. [Recession Opens..., 2009] Moreover, it never experienced crises or bankruptcies before. Hence, conventional banks 'Islamic offer' is constantly expanding; as evidenced by the increase in the number of Islamic windows (see table 1) in those banks.

Islamic banks offer variety of products: current accounts, saving accounts, enterprise financing (these are specific products which are substitutes for loans) and capital market products (equities, Sukuk certificates, investment funds - listed on Islamic stock exchanges).

Table 1. Number of conventional banks which have Islamic windows

Years	2007	2008	2009	2010	2011	2012	Dynamic (%)
Number of banks	163	194	192	199	205	206	126.4

Source: [DiVanna, 2014]

For example, a study conducted in banks in Singapore indicated diverse origins of Islamic banks (by country of origin of capital) and diversified customer structure - using different distribution channels. This banking clearly bears the features of multiculturalism (table 2).

Citi Islamic Investment Bank, operating in Arab countries, is a good example of a bank offering Islamic financial products for both Islamic and non-Islamic cus-

tomers. CIIB offers all products available in the Islamic financial sector (e.g. Mudharabah, Murabaha, Musharaka, Ijara, Salam). Due to its high activity, even among non-Muslim customers, the bank was able to increase revenues four times reaching profits of approx. USD 40,000 per year. The prime source of the CIIB's good results was its focus on the Murabaha products. The value of Murabaha transactions in the Middle East, in which the CIIB was involved, reached over USD 200million per year. [Górak-Sosnowska K., Masiukiewicz P., 2013, p. 174 and next]

Table 2. Origin of financial institutions and distribution channels of Islamic products in Singapore

I.	Origin of financial institutions	Share %
1	Europe	36.4
2	South-Easter Asia	27.2
3	East Asia	18.2
4	West Asia	18.2
II.	Distribution channels of Islamic products	Share %
1	Islamic bank	18.2
2	Islamic window in conventional bank	54.6
3	Bank subsidiary (Islamic)	27.2

Source: [Górak-Sosnowska K., Masiukiewicz P., 2013, p. 158 and next]

Muslims (and non-Muslims) may receive credit cards and buy life or property insurance. They can also invest on-line in Islamic Investment Funds, and obtain mortgage from an American company that complies with the Sharia law. [Zachodnie banki a szariat, 2014]

Number of other global conventional banks, including Credit Agricole, Deutsche Bank, HSBC, Royal Bank of Scotland, Societe Generale, UBS, followed Citi Islamic Investment Bank.

Sukuk issues is one of the fields with further opportunities for development. These securities are primarily offered to Islamic buyers and may be used by conventional banks to finance large investments. For example, Volaw Trust Company (Jersey Island) received Jersey Financial Services Commission's approval for USD 26 millions Sukuk issue. International Innovative Technologies (manufacturer of industrial milling machines) was the first British company to issue Islamic Sukuk certificates in 2010 in order to raise equity for development investments. These securities were bought for USD 10 millions by Islamic private equity fund in the United Arab Emirates.

Table 3. Clients motivations for use Islamic services and products. Answers in %

Contents	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
1. Religious motivation	71.6	22.3	2.5	1.5	0.0
2. Economic factors	4.8	10.7	22.8	30.6	28.8
3. Religious and economic factors	12.9	24.0	28.2	21.2	8.7
4. Family suggestions	12.7	26.5	25.3	24.0	8.5
5. Friends' suggestions	24.2	12.3	28.3	21.7	7.9
6. Bank localization	17.3	35.3	21.7	11.3	5.7
7. Low banking provision	9.3	34.6	28.3	13.5	5.5
8. Bank effectivity in realized transaction	4.7	41.3	31.5	14.6	3.1
9. Palette of approachable of products and services	7.5	35.7	41.3	5.3	7.7
10. Services quality	19.6	49.3	17.3	4.6	1.7
11. Banks reputation and image	23.2	34.3	24.8	3.5	1.5
12. Exist sharia board in bank	0.0	29.7	53.1	11.5	5.2
13. Islamic bank have similary offer as conventional bank, bud products comply with Islam	22.3	32.7	29.2	0.0	1.5

Source: [Aashir M., 2012, p. 36]

The question arises, what criteria do the customers of Islamic banks employ, both followers and non-followers of Islam, when deciding to use the offer. Contrary to appearances, religious motifs are important but not the only one. Twenty two percent of respondents said that an important motivation is that Islamic banks offer similar products to those of conventional banks. Family and friends' suggestions were also indicated as important by a significant portion of the participants, similarly to the bank's location. Finally, low banking provisions were also vital for the customers of Islamic banks (table 3).

Customer satisfaction surveys are extremely rare in Islamic banking. Results from a study on customer satisfaction in Malaysia are presented in table 4. Customers of Islamic banks' branches in Malaysia were moderately satisfied with the quality of the services provided by the banks.

The highest level of dissatisfaction was noted in the area of response time and reliability of service. Information about time required to provide a service, individual attitude towards customer, and understanding of individual needs by the bank's employee and modern equipment were all rated unsatisfactory (table 4).

Table 4. Clients satisfaction in Islamic banks in Malaysia

Area	Expectations	Perceptivity	Gap1	Position
According with principles	4.47	4.14	-0.33	6
Certainty of safety	4.28	3.92	-0.36	5
Tangibility	4.24	3.84	-0.4	3
Emphatia	4.05	3.66	-0.39	4
Reliability	4.18	3.76	-0.42	2
Response time	4.2	3.75	-0.45	1
Average	4.24	3.84	-0.4	x

Notice: 1. Gap = index of perceptivity – index of expectations

Source: [Tahir I.M., Abu Bakr N.M., Wan Ismail W.Z., 2008, p. 13]

These issues are addressed through new customer service technologies and distribution channels such as mobile banking and post offices increasingly often. [Tahir I.M., Abu Bakr N.M., Wan Ismail W.Z., 2008, p. 12, Solé J., 2007]

Perspectives for growth

In highly-developed, non-Muslim countries migration of Muslim population will create demand for financial services based on sharia law, and for Sukuk certificates [Masiukiewicz P. 2013c].

A significant demand for Muslim financial products may also occur in third-world countries, with a significant share of poor population. We can already observe a rapid development of so-called Muslim microfinance in such countries [Adamek J., 2010].

The current dynamics of the Islamic banking development can be maintained if it continues to be open to customers of other religions who accept Islamic financial products and will sell the products through Islamic windows in conventional banks.

United Kingdom is a good example of the rapid expansion of Islamic banking. In addition to Islamic windows in conventional banks, there are five Islamic banks in the UK [Górak-Sosnowska K., Masiukiewicz P., 2013, p. 97].

Growth of Islamic banking in non-Muslim countries (including Central and Eastern Europe, e.g. Poland) would require new, special regulations to be incorporated into the banking law. Regulatory changes adjusting banking regulations were recently implemented, among others, in France. Lack of relevant changes in Russia led to closure of Badr Bank, a large Islamic bank.

Investors' interest in financing domestic and international investments via Islamic Sukuk certificates will likely remain stable with regard to large infrastructure investments.

As regards Central and European countries, Islamic banks may become important centers of financing and accounting trade transactions.

Many Muslim countries are home to sovereign (investment) wealth funds. [Górak-Sosnowska K., Masiukiewicz P., 2013, p. 195] Their aim is to invest in high yielding ventures around the world. These funds invested approximately 40% of their assets in Europe (table 5). Poland, having good economic and political relations with most Muslim countries, could benefit from these measures.

Table 5. Sovereign wealth funds in Muslim countries

No.	Country	Fund name	Assets under management (USD bn)	Date of establishment
1	Azerbaijan	State Oil Fund of Azerbaijan	1,5	1999
2	Bahrain	Mumtalakat Holding Company	10.0	2006
3	Kuwait	Kuwait Investment Authority	169.0	1953
4	Libya	Libyan Investment Authority	65.0	2006
5	Malaysia	Khazanah Nasional Bhd	23.1	1993
6	Oman	State General Reserve Fund	8.2	1980
7	Qatar	Qatar Investment Authority	58.0	2005
8	UAE	Emirates Investment Authority	20.0	2007
9	UAE /Abu Zabi	Abu Dhabi Investment Authority	282.0	1976
10	UAE/Abu Zabi	Abu Dhabi Investment Council	n/d	2006
11	UAE/Abu Zabi	Mubadala Development Company	14.7	2002
12	UAE /Dubai	DIFC Investment Co. LLC	n/d	2006
13	UAE /Dubai	Investment Corporation of Dubai	82.0	2006
14	UAE /Dubai	Istihmar World	9.0	2003
15	UAE / Ras al-Khaimah	RAK Investment Authority	1.2	2005

Source: [Miracky W. Bortolotti B., 2009]

Obstacles to growth for Islamic banking include insufficient investments in branch network, incompatibility of significant share of ATMs with international debit and credit cards, poorly developed loan market and low marketing expenditures.

Further growth of Islamic banking also depends on the harmonization of Islamic banking regulations on the global scale. [Masiukiewicz P., 2013b] Accounting and Auditing Organization for Islamic Financial Institutions is working on these issues for many years.

Conclusions

Islamic banking product range can be currently found in both Islamic and conventional banks. Conventional banks offer Islamic products increasingly often. It is reasonable to suppose that the trend of growth of Islamic banking will continue. Support from international organizations representing Islamic banking industry

(including Islamic Financial Services Board) and promotion of its openness to culturally diverse customers will be favorable for the international expansion of Islamic financial institutions.

In the financial banking we could clearly observe two trends: transmission of Sharia-based Islamic banking products into conventional banking, and float of non-Muslim clients (both retail and corporate) towards the Islamic financial system.

It can be assumed that other European financial institutions will introduce 'Islamic windows' together with Islamic securities to their offer, and that it will happen in the near future. It is also reasonable to expect that the 'multicultural factor' will remain present in the new perspective of Islamic banking.

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Familiness and Born Globals: Rapid Internationalisation among Polish Family Firms¹

Abstract: Rapid internationalisation is a very popular research theme internationally. Verifying the links between familiness of the investigated firms and the accelerated internationalisation among Polish family firms can be very promising. The objective of the paper is to identify the rapid internationalisation path of Polish family firms while going international from the comparative perspective of the familiness. The paper presents the research results of the survey conducted in the turn of 2013-2014 among 216 firms, including 88 family businesses. Based on the calculations we can assume that the average time of internationalisation measured from the establishment is the longer in case of family firms than non-family firms. It can be with the line to the statement that born globals are more frequently met among non-family firms.

Key words: born global, internationalisation, international entrepreneurship, small and medium-sized enterprises, family firms, family entrepreneurship

Introduction

On the average in the EU just about 71% of all businesses can be regarded as family firms [Surdej, Wach 2010, p. 108-109], the highest ca. 90% or more in Cyprus, Estonia, Spain, Germany, Italy and the lowest ca. 35% in Latvia, Lithuania and Poland. However, it is estimated that in Poland, family businesses constituted from 35% (prudent estimates) to about 70-80% (optimistic estimates) of the total number of Polish firms [Surdej, Wach 2011, p. 5, pp. 135-136]. Family businesses are

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one of the most important sources of wealth generation and employment growth in the contemporary world. More and more researchers would like to explore and explain the phenomenon of family firms and their role in the economy. Family business (FB) has been regarded as a separate scientific field since 1990s [Shi 2014, p. 3]. It has its prestigious international journals, book series and scientific associations. Nevertheless, various researchers representing various scientific disciplines ad hoc undertake the research on family businesses from the different perspectives, mainly from macroeconomics (role of FBs in economic growth and development), management (ownership and coordination of the FBs) and entrepreneurship (the role of family as the entrepreneur, family entrepreneurship). In the literature there is a definition dilemma and the terms such as family business (FB), family firm (FF), family-controlled firm (FCF), family-owned business (FOB) are used [Shi 2014, p. 3; Litz 2008, p. 218], however the most accepted approach distinguishes the Three-Circle Model linking the family, the ownership and the management [Davis, Taguio 1982; Jaffe 1990; Cohn 1992, Hatten 2003; Surdej, Wach 2012; Więcek-Janka, 2013].

Since over two decades scientists all over the world have been trying to explain international aspects of family business [Popczyk 2013; Zaniewska 2012; Kontinen, Ojala 2010; Hadryś-Nowak 2014; Wach & Wojciechowski, 2014; Daszkiewicz & Wach, 2014; Daszkiewicz, 2014]. The objective of the paper is to identify the rapid internationalisation path of Polish family firms while going international from the comparative perspective of the familiness. The paper presents the research results of the survey conducted in the turn of 2013-2014 among 216 firms, including 88 family businesses.

Theoretical Background of the Rapid Internationalisation: Born Globals

Already in 1989 an Israeli researcher J. Ganitsky noticed innate exporters on the basis of his research conducted in Israel [Knight, Madsen, Servais 2004, p. 649]. It is reported that the born globals were first identified in the early 1990s in Australia in a report prepared by McKinsey & Co [1993]. As a result of the research results the economist S.T. Cavusgil [1994a; 1994b] announced the end of the era of stages models. The above mentioned report defines a born global as a firm which from the inception perceives the world as its marketplace, hence the foreign markets are not addenda to the domestic market [Wach 2012; Wach 2014]. The report identifies two groups of exporters – traditional exporters and small business born globals. The latter within two years of their launch achieved 76% of their revenues from exports, while their average age was 14 years old, and together these companies provided 20% of Australian exports [Rennie 1993, p. 46].

One of the first quoted definition of born globals can be found in G.A. Knight and S.T. Cavusgil [1996 quoted in Persinger, Civi, Walsh, Vostina 2007, p. 74]. Gen-

erally born globals are defined as small businesses with fewer than 500 employees whose annual turnover does not exceed 100 million USD, and the share of exports (one or several of its products) is at least 25% of the total production volume during the first two years. A similar definition can be found in later studies, for example it is most often reported that born globals in the first two or three years of operation generate at least 25% of the total turnover of the business in foreign markets [Knight, Madsen, Servais 2004, p. 649; Moen 2002, p. 158]. A lot of controversy to the definitions of born globals being the hackneyed and duplicated in different studies, are arisen in the literature, however stressing that they are appropriate only for highly developed economies, and having little adequate for emerging markets and developing economies [Persinger, Civi, Walsh, Vostina 2007; Lopez, Kundu, Ciravegna 2009].

B.M. Oviatt and P.P. McDougall [1994] created of the concept of international new ventures (INV), which de facto gave rise to the emergence of international entrepreneurship as a separate academic discipline. The international new venture is a business organisation that from the inception tries to gain a significant competitive advantage from the use of resources and sales in many countries [Oviatt, McDougall 1994, p. 49]. The INV concept is readily apparent from the adversarial over conventional stages models. The main difference relates to the process of internationalisation of the firm per se, which runs here faster and more aggressively, and firms can bypass conventional fixed stages of internationalisation. It is worth noting that B. M. Oviatt and P.P. McDougall in their assumptions did not specify the exact moment of the internationalisation of international new ventures, and incidentally identified four types of such ventures [1994, p. 59]:

- an export / import start-up meaning the internationalisation of the firm engaged in the trade on few markets in the slight need for coordination of activities in these markets, except for logistics,
- a multinational trader specifying a trader operating in many markets, however, mainly in the form of exporting and importing, while the more markets it operates in, the more needs to intensify the coordination of activities,
- a geographically focused start-up, which means the firm internationalised on a scale of a region of the world, using tacit knowledge to build a competitive advantage difficult to imitate, which can be identified with the later developed in the literature the concept of born regional [Lopez, Kundu, Ciravegna 2009],
- a global start-up, which is a pure form of a born global.

Firms classified in the first two categories of international new ventures are known as the creators of a new international market. These are traditional firms that focus primarily on the export and import in several or many foreign markets. The theory of international new ventures is sometimes also referred to models of instant internationalisation, internationalisation at founding, or the theories of

early internationalisation. International new ventures seek to gain a niche in the global market, where they get to use more effective strategies for internationalisation [Hallbäck, Larimo 2007, p. 42]. As a rule, already in the initial stage they act simultaneously on several or even many markets. The process approach can be recognised in the development through these four ventures, due to the transition between the four types of ventures highlighted by Oviatt and McDougall. It occurs also that the firms from the beginning are born globals (as one of the four types).

Methodological Assumptions of the Empirical Research

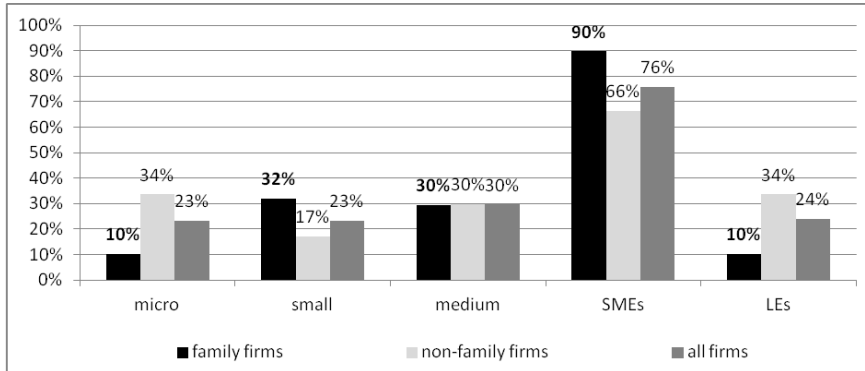
The research objective of the paper is to identify the rapid internationalisation path of Polish family firms while going international from the comparative perspective of the familiness and to explore the born globals among investigated family firms. In the course of the study, the following research hypotheses were assumed:

- H1: The average time of internationalisation measured from the establishment is the same for family and non-family firms.
- H2: Born globals are more frequently met among non-family firms.

The two main research methods were applied: literature review, its critics and synthesis as well as the survey. The questionnaire (a telephone conversation request followed by an e-mail with the online password-protected questionnaire) was sent to 6000 Polish firms being listed in the database of Polish exporters. The survey was conducted between October 2013 and February 2014 (Wach & Wojciechowski, 2014; Daszkiewicz & Wach). However the return of questionnaires was 248 firms, nevertheless to further statistical analysis only 216 firms, including 88 family firms could be accepted (fig. 1). The survey questionnaire, having 27 complex questions, was divided into four parts:

1. characteristics of the firm,
2. characteristics of the entrepreneur being an owner or a principal manager,
3. characteristics of the business industry,
4. patterns of business internationalisation.

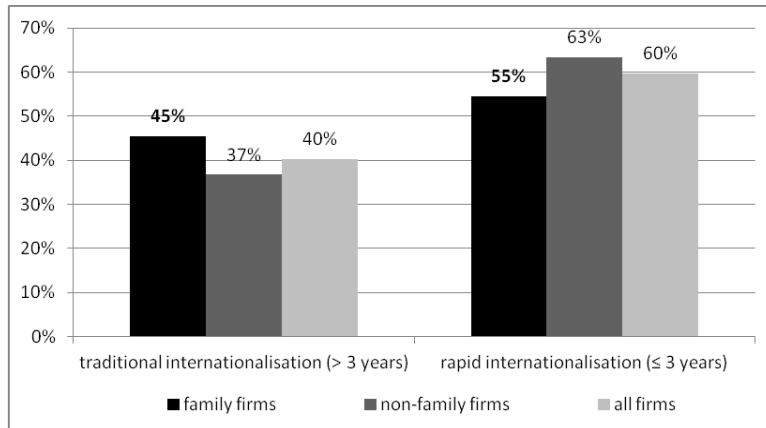
The statistical calculations were made by means of the statistical software package "Stata/SE 12.0". Pearson's chi-square independence test as well as test comparing two means were applied in order to verify the assumed hypotheses.

Figure 1. Size of the family and non-family firms in the sampling


Source: Own study based on the research results (N=216, where Nfamily=88)

Empirical Results and Discussions

Four out of ten investigated firms internationalise according to the traditional path, while six firms internationalise much faster and use the rapid internationalisation path (fig. 2). This relation is a bit higher on the plus of born globals² for non-family firms. Slightly less than half of family firms use traditional and slower path of the internationalisation. By testing differences between two means ($z = 2.853 > 1.644$), it can be proved that family firms internationalise longer than non-family firms (table 1, table 2).

Figure 2. Traditional and rapid internationalisation among family and non-family firms


Source: Own study based on the research results (N=216, where Nfamily=88)

² Born globals are understood in here as firms, which internationalise within 3 years after the establishment.

Table 1. Descriptive statistics for the speed of internationalisation

Statistics	Family firms	Non-family firms
Mean	5	3
Median	2	1
Lower quartile	0	0
Upper quartile	8	4
Standard deviation	6.4	4.3

Source: Own study based on the research results (N=216, where Nfamily=88)

Table 2. Detailed descriptive statistics for the internationalised family firms

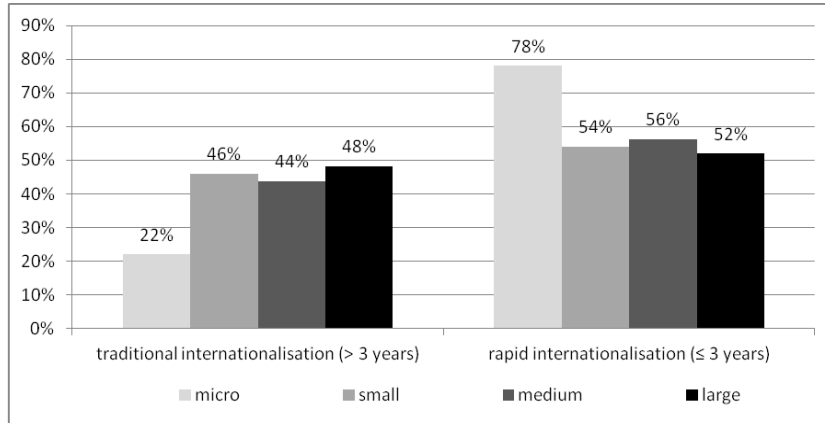
Statistics	Establishment (year)	Expansion (year)	Int'l Time (years)	Staff (persons)	Foreign capital (%)
mean	1991	2000	9	111.6	13
min	1855	1904	0	1	0
max	2013	2013	140	3602	100
sd	23	12.5	20	392.6	29.6
median	1994	2001	2.5	25	0
Q1	1990	1996	0	5.5	0
Q3	2001	2008	11.5	87.5	1
cv	0.011	0.006	2.232	3.2518	2.274

Source: Own study based on the research results (Nfamily=88)

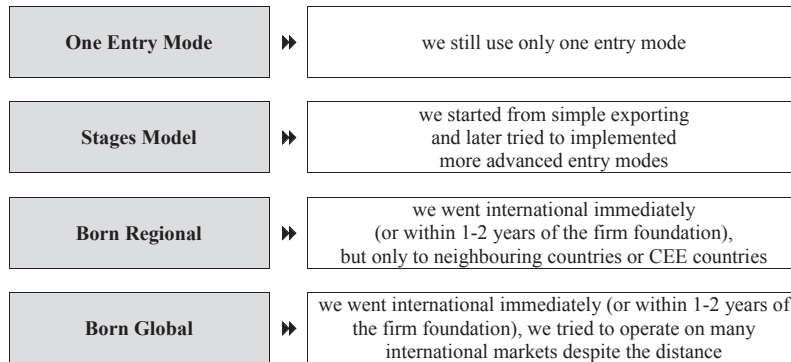
There is a relation between the size and speed of internationalisation ($\chi^2 = 144.4564$, $df = 120$, $p = 0.064$). However the results can be controversial as we don't know the size when they internationalized (only the current size). The fastest internationalisation, that is in the year of establishment, occur among medium-sized and microenterprises as well as large enterprises (fig. 3). After one year from the establishment the internationalisation was very popular among small firms. Altogether 76 out of 216 firms were internationalised from the inception (31 firms after a year, 14 after 2 consecutive years, 8 after three years and 11 firms after 4 years).

In the questionnaire the responders were asked to determine which of the four basic strategic approaches are used. There were four descriptive options (fig. 4), which later on were transformed into a clear names of the strategies. The statistical calculations ($\chi^2 = 14.5950$, $df = 3$, $p = 0.002$) prove that there is a dependence between the familiness of the investigated firms and their strategies (fig. 5). Traditional internationalisation is the most popular among family firms, while born regionals and born globals³ are more often met among non-family firms.

³ Born globals are understood in here as firms that declare such a status based on the description choice.

Figure 3. Size of the firms and their traditional and rapid internationalisation


Source: Own study based on the research results (N=216, where Nfamily=88)

Figure 4. Internationalisation patterns according to the survey questionnaire


Source: Own study based on the research questionnaire

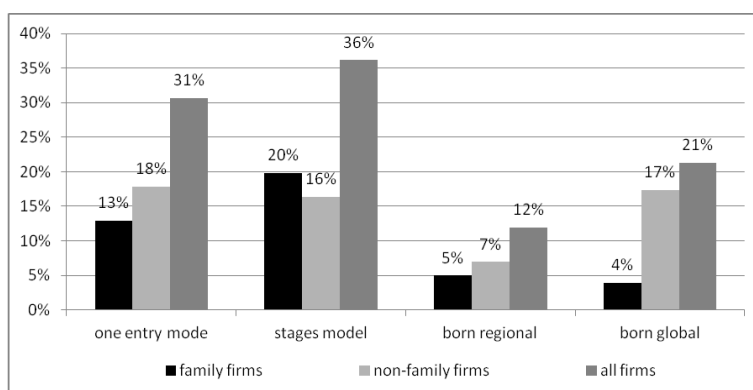
Conclusions

Some basic conclusions based on the survey results and statistical calculations can be drawn up, however they must be treated as a kind of very initial poll results only. Nevertheless, further detailed research using a much wider sampling of internationalised family firms is needed in order to present more detailed and precise conclusions.

The hypothesis H1 was rejected as it was proved that the average time of internationalisation measured from the establishment is longer in case of family firms than non-family firms. On the average the investigated family firms internation-

alised within 9 years since the establishment. It can be with the line to the hypothesis H2, which was proved, stating that born globals are more frequently met among non-family firms. It is just against the research conducted in Poland by W. Popczyk [2013, p. 10 and 215], however on a peculiar sampling of companies listed on NewConnect, so they are not representative for all Polish family businesses.

Figure 5. Internationalisation patterns among family and non-family firms



Source: Own study based on the research results (N=216, where Nfamily=88)

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Technical, Organizational and Cross-cultural issues associated with the deployment of Customer Relationship Management (CRM) in Transnational and Global Multicultural Organizations

Abstract: In the past few years the way in which, organizations, companies and corporations structure themselves has given a 180 degrees turnaround, switching from a structure based in products to a structure based in customers. The first big change was the introduction and use of Enterprise Resource Planning Systems (ERP) like SAP and Oracle. Those ERP systems changed the way in which the information was managed in large corporations including now a central database and visualizing the structures and functions of the corporation by business processes and not by business areas. Also lately with the advent of the WEB 2.0, the boom of the social media and the big data analytics areas, business, marketing and the relation with the customer has totally changed. One of the most important drivers for this turnaround is the adoption of Customer Relationship Management (CRM). CRM is supporting software designed to improve the relation with the current customers (loyalty) using modern social media and massive marketing technologies.

This paper introduces the organizational issues of cross-cultural communication associated with the integration between marketing, customer service, and complaint management with information technology. In highly competitive environments a lot of organizations intent to construct a relationship with their current customers, since the cost involved in capturing new ones is a lot higher than the cost of retaining the current ones. The most crucial factor is the understanding of the clients and their values, norms,

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traditions, language, religions, perceptions, thoughts in few words their culture. So this cultural dimension analysis is essential and the development of a formal taxonomy or cultural concern framework a need. This paper will deal with the dimension concerns from the technical, cultural and organizational point of view needed to build this framework in order to avoid the terrible consequences of a wrong interaction with the customers due to cultural issues.

Key words: Customer Relationship Management, CRM, Culture, Cross-Cultural Communication.

Introduction

The real essence of the IT revolution and, in particular, the WWW is the great chance to design plans to create better relationships with the users, clients or customers than has been previously possible in the off-line no Internet world. This perfect combination of the ability to give fast response directly to customer requests and at the same time give to the customer a highly interactive, tailored experience makes possible that companies now may have a greater capacity to establish, care, and sustain long-term customer relationships than ever before. The final goal is to translate these relationships into greater profitability by increasing loyalty, confidence, faith, repeat purchase rates and reducing customer acquisition costs.

The imperious necessity to have a better understanding of the customer behavior and centralize the attention on those customers who can deliver long-term profits has changed the way in which marketing sees the world. Marketers have been traditionally prepared and indoctrinated to acquire customers, either new ones or those who belong to the group of competitors' customers. This methodology required lots of mass advertising and price-oriented promotions. Nowadays, the emphasis is over retention, requiring a new frame of mind and obviously a new set of tools.

With the introduction of ERP systems in the majority of the organizations, the increase in the level of IT knowledge, the social media revolution and the shift of the economy to a global one the way in which companies see the relation with the current and future customers has changed. Marketing is not what use to be, customer service, complaint management and retention is essential for today business. Organizations not only need to capture new customers, they need to keep the ones that they already have. They do not only need to capture and retain customer in their local markets, they need to go out and deal with them in the whole world. CRM, Customer relationship Management might provide the means to reach this goal but we need to understand the cultural dimensions in the interaction with the new global market and how we can reach a level of understanding that allows the CRM global developers to design and implement effective and efficient CRM Global systems.

Cultural dimensions are identified as a critical influence on the potential failure or success of the process of Global Software Development, IT outsourcing,

Information Systems in general and Customer Relationship Management Systems (CRM) in particular. Some CS scientist have indicated possible ways in which IT management and specifically CRM systems development can accommodate these dimensions or solve the problems they may pose. Ali and Alshawhi (2005) have proposed a framework for the management of CRM systems implementation in the multinational environment with the cultural problems consideration in mint. In this paper we will analyze that framework by conducting a qualitative comparison of the technical, organizational and cross-cultural issues associated with the deployment of Customer Relationship Management (CRM) in transnational and global multicultural Organizations.

Customer Relationship Management.

CRM could be defined as a way to identify, acquire, and retain customers. Also as a technology-enabled business strategy whereby companies leverage increased customer knowledge to build profitable relationships, based on optimizing value delivered to and realized from their customers. For some authors, it is a way of automating the front office functions of sales, marketing, and customer service. For some software or applications vendors CRM is whatever product they are commercializing.

The variety of definitions is a result of differences in perspectives. The first and second definitions are based on a new business perspective of more and more competition that is moving or even forcing companies to center on their customers. The second and third definitions are based on the new phenomenon of the association or integration of separate applications such as Sales Force Automation and Customer Service Support into Broad Enterprise Applications and ERP systems. The fourth is a result of major software vendors situating their information technology offers and services under the CRM denomination, in order to use it as a marketing strategy and take advantage of the growth of the CRM market.

Our definition clearly emphasizes the links between customer knowledge and increased profits and our work tries to heavy promote the idea that customer knowledge in or new global markets implies cultural dimensions customer knowledge. The definition also highlights that CRM is about creating value for customers and you cannot create value with really knowing the customers and their cultural dimensions. CRM by itself is a not a technology, but technology is needed to enable CRM. Technology and more specifically Information Technology makes it possible to integrate the large volumes of customer data that are required for CRM into information and to efficiently transform this information into useful knowledge, that could build the intelligence to acquire, satisfy and retain customer.

CRM is important due to the transition occurring in the competitive environment. Thanks to the Globalization and the Internet competition can now come from around the world, moving the power and choice to the customer.

Companies must take the decision whether to compete on the basis of price in a cutthroat commodity market, or on the basis of customer relationships created through a superior value proposition, since product quality and features are not very differentiated. This last business model is what CRM is all about. It helps you to sense ever more precisely the needs of your customers, and to respond to those needs with highly targeted offerings and marketing messages.

One of the most important concepts about nowadays marketplace on which CRM must be based is loyalty and captivity, but the customer relationship nature and the change in the expectations of the customer are also very important concepts.

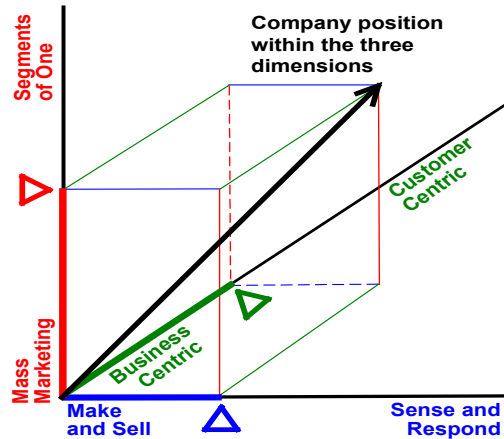
A loyal customer chooses a company's product even there are reasonable competitive alternative products. Customers choose a company that it offers a superior value proposition, either in the product itself, or in the interactions they experience during company-customer life cycle. Captive customers have no choice, either because there is no alternative or because they are "locked-in" with the service offered by the company.

For companies both types of customers, clients or users can be profitable. However, a captive one strategy can be not sustainable and more in a global market with big cultural differences. If it results in customers being taken for granted or worse yet, exploited or offended by some misleading campaign or message, they will most likely defect at the first chance to do it. The proposed framework assumes the development of customer relationships based on loyalty cannot be achieved without time, respect and deep knowledge of the cultural differences.

- A CRM strategy in relation to the change of the customer expectations is not just about deploying "point solutions" such as a Sales Force Automation system, or setting up a web site. It is the total evolution of a business along a number of dimensions, moving from a Model focused on making and selling products to a model sensing customer needs and responding with targeted product and service offerings ("Knowing your customer").
- Mass marketing like television to marketing to segments of one like web portals or oriented social media.
- Business-centric interactions to customer-centric interactions.

The customer relationship is basically based on the exchange of value for money, but the cultural concept of trade and the value of money is not the same across different cultures. The relationship between the parties can be expected to continue only if both parties benefit without affecting their beliefs, traditions and culture. Usually the partner willing to finish the relation is the one who holds more power. Today, power is clearly moving to the customer side as markets become more efficient and more competitive. The value that could make a difference between two companies is based on the customer's interaction experience with them.

Figure 1



Source: own research.

In the CRM context, the partners are the company and the customer, but the company is just a virtual entity and of course not having relationships as an individual, nor one-to-one relations or a physical person in the company establishing the relation in name of the company. So actually the real relation is just the one that the customer perceives from the company, and here again is where cultural factors might disturb the perception or the intention of the relation from the company to the customer. The final state of the relation company-customer is the final result of all the interactions that the customer has directly or indirectly with the company. Therefore, Customer Relationship Management is the administration of the ability to interact with the customer with positive interactions that will reinforce the relationship. This interaction is impossible if the company is not able to understand the cultural dimensions and the potential cross cultural conflicts that may arise from the wrong interaction with customer situated all across the planet. Global, transnational organizations and even local corporations that have to deal with a market target that is spread along different cultures, religions, languages, traditions, genders, etc must include a deep analysis of such characteristics in order to adapt their use of the Information System, Information Technology, Marketing Strategies and in a nut shell CRM in order to acquire and maintain the base of customers and consider themselves as a profitable organization. Nowadays a deeply knowledge of the customer as individuals and as a members of a social group and how to manage the interaction between the company and the customer is critical for success.

Cultural Dimensions and CRM Systems.

Cultural dimensions are identified as a great influence on the potential success of IT systems and especially in Customer Relationship Management Systems (CRM). This position paper will try to describe the factors that transnational and global companies must consider from the technical, organizational and cross cultural communication point of view in order to establish a successful relationship with the customers. These aspects must also be considered for companies which target market is spread across several different social groups, with different perspectives, cultures or traditions.

In a competitive market, companies try to build a relationship with their existing customers; building a relationship with customers is a socio-technical process. The most important factor in that process is to understand how that customer values, norms, thoughts, perceptions are alike. Multinational companies have to deal with customers from different cultures. CRM systems in global organizations are designed to attract new customers, increase customers' value and retain customers, and in all cases these may be with different customers and from different cultures.

Hofstede's work about cultural dimensions is the first reference about culture within Information Systems literature (McCoy 2003), Isern (2013). Ali and Alshawi (2005) described a comprehensive cultural dimensions framework, based on Hofstede's cultural dimensions. There is a lot of publications in relation of how to see the world as a melting pot of races, religions, traditions in a nutshell cultures; giving a set of general concepts and ideas, however, the typologies of culture do have inherent weaknesses since they do not show a clear reflection of the diversity of values and attitudes that may exist in a country or even in a region of a country, nor do they give an explanation of how cultures have developed along the time. This paper wants to raise the level of awareness about the limitations that need to be considered, when analyzing the impact of culture on the use of CRM systems (Skok and Legge 2001).

We'll try to describe the intercultural factors involved. In the age of globalization the market is becoming increasingly cross-culturally integrated making understanding and expertise in cross-cultural communication more crucial for executives, business leaders, workplace managers, and standard employees.

In order to get a deeper understanding of and acquire skills in intercultural encounters at the workplace, those engaged in it must gain practical knowledge of the factors that impact cross-cultural communication and how does factors impact in different CRM systems implementation. According to experts in the field of intercultural communication, some of those factors (Isern 2013) include:

The Cultural Identity Factor: Culture is the values, attitudes, and ways of doing things a person learns during the socialization process in the particular place where they were brought up as a child. The cultural identity factor impacts cross-cultural communication because the norms and practices a person acquires and practices in

their country and local community will be different from and clash with the norms and practices of others seen as common in their own country or region.

The Racial Identity Factor: The racial identity factor refers to how one's conscious membership in a particular race affects how they interact with others or how to perceive what comes from different cultures.

The Ethnic Identity Factor: The ethnic identity factor highlights the role ethnicity plays in how their ethnic background affects the interpretation of facts and the communication process in general.

The Gender Role Identity Factor: This means that communication between members of different cultures is affected by how different societies view the roles of men and women.

The Individual Identity Factor: This means that how a person communicates with others from other cultures depends on their own unique personality traits and how they esteem themselves.

The Social Class Identity Factor: The social identity factor refers to the level of society that person was born into or references when determining who they want to be and how they will act accordingly.

The Age Identity Factor: The age identity factor refers to how members of different age groups interact with one another. In old terms this might be thought of in terms of the generation gap.

The Roles Identity Factor: The roles identity factor refers to the different roles a person plays in his or her life including their roles as a husband or wife, father, mother or child, employer or employee and so forth.

Let's first describe Hofstede's work and other author's contributions to later summarize and outline some conclusions and recommendations.

Culture, cultural theories and intercultural factors

Culture could be defined as the integrated pattern of knowledge, belief, and behavior that depends upon the capacity for learning and transmitting knowledge to succeeding generations. Culture is the learned values and behaviors shared by a group of people and play a vital role in how a person performs his or her work based on individual patterns of thinking, feeling, and acting. Culture has visible attributes like dining, clothing, religious rituals, architectures, or sports while invisible attributes comprise of orientations to environment, time, communication, space, power, individualism, competitiveness, structure, and thinking. Several theories have been proposed to categorize cultural differences. As the primary source of intercultural factors, we used the works of E. T. Hall [7], G. Hofstede [9, 10], Fiske [4,5] and F. Trompenaars & Charles Hampden-Turner [16].

Hofstede's Cultural Dimensions

- Power Distance (PDI),
- Individualism/Collectivism (IDV)

- Uncertainty Avoidance (UAI),
 - Masculinity/Femininity (MAS),
 - Short-term or Long-term Orientation (LTO).
- These dimensions give insight to different national cultures.

E. T. Hall's Cultural Factors

E.T. Hall, based on anthropological analyses identified key cultural factors. These are classified into High Context and Low Context based on time and space. Hall also looked at the way cultures handle time – Mono-chronic cultures versus Poly-chronic cultures.

Trompenaars & Hampden-Turner Dimensions

- Universalism vs. Particularism
- Individualism vs. Communitarianism
- Neutral vs. Emotional
- Specific vs. Diffuse
- Achievement vs. Ascription (attitude toward titles, degrees...)
- Sequential vs. Synchronic cultures
- Internal vs. External control.

Fiske forms of socialite

- CS: communal sharing: do people treat all members of a category as equivalent.
- AR: authority ranking: do people attend to their positions in a linear ordering.
- EM - equality matching: how people keep track of the imbalances among them.
- MP: market pricing, how people orient to ratio values.

Hofstede's cultural dimensions help CRM and marketing designers to recognize individual and group behaviors in different countries. E.T. Hall's adds the dimensions based in context concept of time and space. Trompenaars and Hampden-Turner have a contradict Hofstede's cultural dimensions approach because they view culture as process and propose that ,culture is the way in which a group of people solve problems and reconcile dilemmas'. Hofstede analyses the variables of national cultures, whereas Trompenaars and Hampden-Turner are involved in the processes of cultural creation. Many other researchers such as Philippe d'Iribarne [17] have the same approach as Hall but with an ethnographic method for sense-making. Vaara [18] has broadened these cultural studies with an epistemological approach where they state that culture and cultural differences exist only when people become aware of it in their social interactions.

Stahl (2003) differentiated two dimensions of culture. The first one states that different cultures are fundamentally and possibly irreconcilably different, whereas the second one states that all cultures share some universal attributes. Stahl has concluded that, despite obvious difference in cultures, there are similarities that are

based on human nature. Ali & Alshawi, 2004 outline three types of culture. First, there is the culture that a society shares (national culture), a set of core values that shape the behavior of individuals as well as the whole society. Second, there is the culture on a smaller level, namely organizational culture (Adler 1997; Bagchi and Cervený 2003). Third, there is the individual level of culture (Dorfman and Howell 1988) that describes the effects of national culture on individual behavior.

Proposed factors to be included in the cultural dimensions and a critique of Hofstede framework

Despite the common use given to Hofstede cultural dimensions research, his work can be seen as only one way of looking to culture within the Information Systems and Technology discipline (McCoy, 2003; Ali and Alshawi 2004a, 2005). We must make a deeper analysis of the impact of the culture dimensions on the CRM systems implementation and operation Walsham (2002) stated that the Structure Analysis Theory of Giddens could be used to analyze the similitude and difference in a variety of cultural sub-groups and even individuals. Ali & Alshawi (2005) proposed many cultural dimensions in their framework for the management of CRM implementation and operation in the multinational environment. A summary of these cultural dimensions and their definitions were shown in the previous part

Culture, Structures Theory and Information Systems

The theory of Giddings as described by Walsham, has been very influential in the social sciences, receiving also considerable attention in the IS field. We propose to use this theory of Giddings plus the models of Hofstede, Fiske, Trompenaars and Hampden-Turner, E.T. Hall, Philippe d'Iribarne, Vara plus the contribution of Adler, Ali and Alshawi with the summary of Walsham to propose a more formal and general strategy to review cross cultural factors in the implementation of CRM systems.

Conclusions and Future Work

This was a position paper just to describe potential factors involved, the set of separate theories and foundations that associate Customer Relationship Management system implementation with Cross-Cultural Communication, technological and Organizational issues so there is not much to conclude, this early in our study. But we set the parameters for the future study that we hope will produce a systematic approach in order to configure and enact CRM system implementation for Transnational, Global and multicultural target organizations being able to respect cultures, nations and groups involved and reaching the maximum effectiveness and efficiency in the interaction with the customer.

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The Framework of Culture: a Frame for Work

Abstract: Although culture has been discussed in quite some detail, it remains an elusive concept, whether on content or in terms of consequences. Indeed, culture does not exist in a physical form (although bumping your nose to culture may be a near physical experience) and may be rather considered as a label people use to describe patterns of thinking and acting of a group of people. Many studies of culture start from theory and move to implementation. This paper is based on an opposite approach. Its basis is the experience of 849 MA students with living and working abroad and the effects of culture in reality. In an inductive way this experience results in a mind-map of culture.

The aim of this paper is to present a rather comprehensive perception of culture on the basis of experience; not to give an overview of what culture might be according to the literature. This concept is the initial result of an on-going programme at the R&D Centre of the Rotterdam University of Applied Sciences. Consecutive steps are briefly mentioned.

Key words: culture, students experiences, mind-map of culture.

Data Collection

Teaching and Papers

In 2000 the Faculty of Social Sciences and Arts at Maastricht University started the master programme European Public Affairs. Later the master programme Analysing Europe and in 2005 the master programme European Studies were established. The author of this paper was asked as a guest lecturer in these programmes to give an introduction on culture. The last few years only students from the master programme European Studies participated. The outline of the 2013 introductions

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on culture may be found in text box 1. Two major topics were not included in this programme (organisational culture and living and working abroad), but did get attention through the discussions and in the papers by the students.

Textbox 1: Overview of the Introductions on Culture

- Concept of Culture
 - Barriers in Studying Culture
 - Definitions (Hofstede, Trompenaars, Vroom, Barker and more)
 - Concepts (Van Asperen, Pinto, Thomas and Inkson, Van Nispen and more)
- Cultural Differences between States D'Iribarne, Hofstede, Trompenaars, Mole, Solomon and Schell and more)
- Values and Beliefs
 - Definitions (Halman, Wood, Brink)
 - European Values Study
 - World Values Study
 - Shift to Post-modern Society
- Dealing with Cultural Differences
 - Communication
 - Communication across Cultures (Hoffman, Hall)
 - Dealing with Cultural Differences (Thomas and Inkson, Trompenaars, Hall, Van Nispen)

All students had actual experience with living and working abroad but this could not get the attention it deserved during the lectures. For this reason students were asked to write an individual paper on culture. At the same time the paper replaced the classical learning-by-root exam (but still guaranteeing academic standards).

The objective of the papers was to 'force' students to reflect on the content of the introductions on culture in view of their own experiences. In order to do so the students were given two general questions as a starting point: what is culture to you? how do you deal with cultural differences?

The form of the paper was deliberately left open, because educational theory stresses that creativity and motivation are promoted by decreasing as much as possible formal requirements or procedures. True or false, these papers confirm this idea through the results of these papers. The form varied in every imaginable way (scientific article, essay, 'letter to parents', blog, video and more) and the content accordingly. However, nearly all papers showed a strong involvement and a high quality in terms of thinking about culture.

The quality of these papers was high, as confirmed by other scholars. An important aspect to note is that the students did not limit themselves to the theories presented but also discussed theories, models, concepts, and perceptions and so on by others (ranging from scholars to novelists). Next to a critical discussion of the

introductions on culture, the students presented their own views and came up with their own models.

Quotes and Booklets

Because of the high quality of many of these papers, the publication of quite a few of them in whatever framework would have been desirable but proved to be impossible. Instead of publishing the papers themselves the most interesting quotes from these papers were presented in a yearly booklet (approximately 200 A5-size pages, private publications). These booklets had over the years the same form. At the core was a summary of the introductions on culture, up to 10% of the booklet. At each point of interest in this summary the relevant quotes were added. Summary and quotes were set in different fonts. This allowed the reader to focus either on content or on practice (the quotes). Because of a rather intensive use of headings, people could also read the combination of theory and practice on a specific topic. Reading from cover-to-cover was of course also an option.

From year to year the booklets slightly varied in structure, trying to find the optimum way for presenting the different quotes in terms of cohesiveness of content. This struggle in trying to square the cultural circle proved its value in the development of the mind-map on culture (see below).

The selection of the quotes has been consistent over the years. Firstly, the selection was done by one and the same person, the lecturer in question. This is of importance because everybody looks with different glasses to the world and hence, consistency in selection by different people would be difficult at best. Secondly, strictly private elements were not selected. Anonymity was key, also stressed by mentioning the names of all students in one table at the beginning of each booklet and the nationalities in question in a second table. Names in the quotes were shortened to their initials. Some students indicated that they did not want their papers included and this was of course respected. Thirdly, remarks that just repeated what had been said in class were not included; the content of the introductions was considered as given. In the same vein quotes from other researchers on culture were not included, unless the student gave them an original twist. What remained were quotes with original perceptions and extraordinary individual experiences, sometimes, the understanding of culture and stressing the richness and variety of the concept.

The nine booklets from 2005 till and including 2013 were well received, building pressure to do more with the content of these papers. From a scientific point of view an argument could be made for the quality of this information. Firstly, the sheer number of papers (849) gives a guarantee in itself, because outliers may easily be separated from the bulk of understanding. Secondly, the group in itself is consistent. All of them are master students, most of them in their early twenties and (near-

ly) all of them with experience with living and studying or working abroad. Those experiences are spread over the globe (including places like Fiji, Réunion, Uganda and the Cayman Islands). In terms of nationality students came from 53 states and some had more than one nationality. Overall, nationalities favoured Western countries with Germany and the Netherlands in the lead.

Further Research

Again and again people came up with ideas and suggestions on how to do more with the collection of papers. Ultimately a project in between research and education was developed. The advantage of the material is its consistency (papers as a result of one and the same assignment, within similar educational programmes, written by students in the same age group and in comparable programmes, all at master level and with experience abroad), as well as the number of papers (849). This contrasts with research on the basis of national representative samples. Such a different starting point may well result in a different perception of culture.

The first question that needed answer was to get an idea of the topics discussed over the years. On the basis of the extensive tables of content (see above) of the nine booklets an overview was obtained. The original list contained both topics of content and topics referring to theories of researchers. A topic like 'Theory of Hofstede' was converted in four topics in accordance with Hofstede's original four dimensions. The list reflects an inductive perception of culture.

In order to create coherence between all topics a mind-map was developed (see below). The terms in the mind-map will later be hyperlinked to Word documents on the same topic. Each Word document will contain the quotes by students on the specific topic. In addition, the document may start with an official definition of the topic in question or reference to further research. Possibly the analysis of the quotes on a given topic may also indicate specific aspects of that topic.

Part of the topics mentioned referred to the culture of specific countries (over 50; again: experience, not necessarily representing the scores of comparative research). These quotes were also organised in Word documents. These documents also include the values by Hofstede, the values of Solomon and Schell, the response to some items of the World Values Survey and three aspects of the Global Entrepreneurship Monitor. Access to these Word documents is realised by a Powerpoint world map. People may click on a given country (or the name of that country in the second sheet) and see the quotes in question (the countries are hyperlinked to Word documents in Dropbox).

Ultimately the mind-map will be the basis of a serious game on obtaining the basis of the cultural competence. The basis of the game is a map of a country, divided into a hundred parts, each of them referring to an aspect of culture in accordance with the mind-map. One may click on one of these parts, see what aspect

of culture it represents and then do an exercise on that topic. When the exercise has been completed, the theory on that aspect is presented. The menu offers different ways of going through all the exercises and theory, as well as a series of tests.

Mind-map

The development of a list of topics on culture into a consistent mind-map implies a series of choices and assumptions. They will be explained below. At the same time one needs to keep in mind that many topics of the mind-map are related to series of other topics. Below the surface of the mind-map one needs to recognise this spider web of mutual relations. The mind-map is the analytical perception of culture, the spider web the comprehensive one. If one focuses on the mind-map, one may recognise the elements of culture but miss out on how everything is entangled with one another. On the other hand, the focus on the spider web gives an idea of the whole but makes it difficult to recognise specific aspects.

Figure 1 shows the overall mind-map. This is clearly too complex to grasp as such and hence, it will be discussed block by block.

The mind-map simply starts by putting 'culture' in the middle. Then the key decision needs to be made by choosing the main branches. Considerations on content join hands with assumptions and the question is to make those assumptions as explicit as possible. As mentioned above this process was made somewhat easier by the experience of the yearly struggle in structuring the booklets but this was not sufficient in itself.

The process started with 'research'. For two centuries people study culture (in different disciplines, in different ways with different results and different objectives). Hence, an overview of research on culture needs to be included and because of its importance it should be on this first level. Research was often the basis of papers and sometimes research delineated perceptions of culture. At the same time one needs to keep in mind that the theory and practice of culture are not always well aligned with another.

The research resulted in definitions (statements) and concepts (more detailed descriptions, models, visuals) of culture, the second main branch. Again, the list of definitions and concepts is not exhaustive and the creativity of students resulted more than once in other definitions and concepts. As an example we might mention the very useful concept of Richard D. Lewis. This was not included in the introductions because the actual data per country are commercially protected. However, some students did mention this work. Indeed, if one accepts the mind-map and wants to add to it, this concept could be well one of the first to be added.

Research showed aspects of culture, concepts or terms one needs to describe specific cultures (whether at the level of a state or the level of a team). The focus is on content and hence, the elements of perceptions of researchers may easily be recognised (see below).

Figure 2: a mind-map of culture

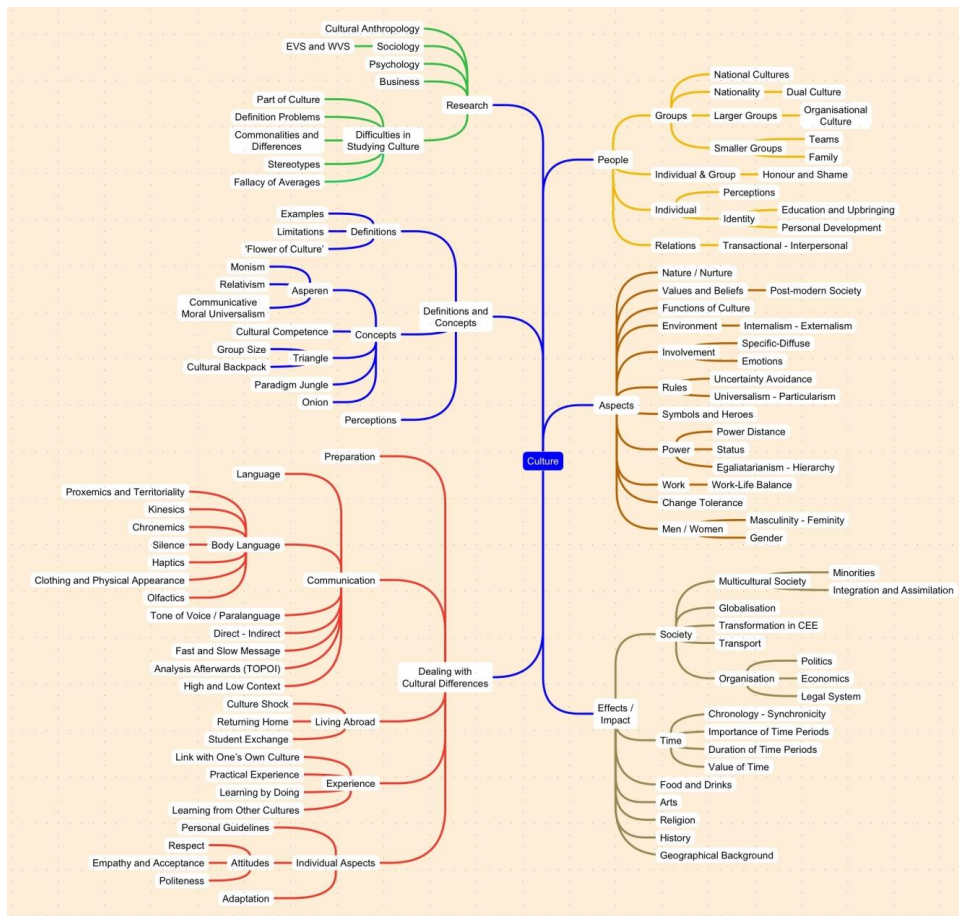
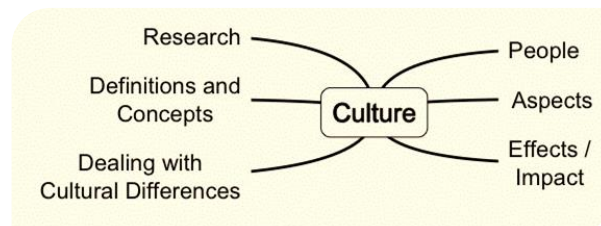


Figure 3: the six main branches of the mind-map



Next to 'aspects' one may recognise effects on culture. These effects are not necessary for describing a specific culture but rather show how culture affects the behaviour or thinking of people. Time for instance is not defined by culture but

how we experience time actually is (from mañana to time is money).

The dichotomy of ‘aspects’ and ‘effects’ could have been sufficient to show what culture is in practice but proved to be not satisfactory. The reason is that culture is (mostly) a human ‘thing’, affecting the thinking and behaviour of individuals and the co-operation within groups. For this reason the human aspects were put together in the category ‘people’.

Knowing about culture is one thing (from ‘research’ to ‘people’), how to deal with differences in culture quite another. This consideration resulted in the final main branch, ‘dealing with cultural differences’.

This division in the here mentioned six main branches drives of course the rest of the mind-map. At the same time one needs to recognise that this ordering might be logical for the one but not for the other. That’s culture for you!

We will now discuss each main branch in some more detail. ‘Research’ has been divided in the four main scientific disciplines studying culture and five main barriers, hampering the study of culture (figure 4). The grouping of these five barriers is as such a result of the different papers and the opinions expressed therein.

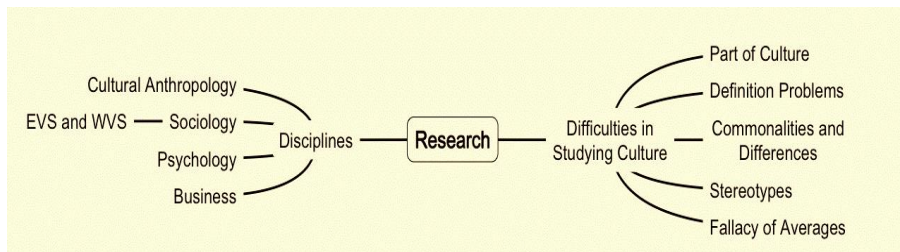
Three specific points may be clarified. EVS and WVS stand for the European Values Study and the World Values Survey. The result of these academic endeavours may be found under ‘aspects’.

The barrier ‘part of culture’ indicates that every individual is part of many different cultures and hence, can never be neutral in studying another culture.

The barrier ‘fallacy of averages’ refers to the methodology of the social sciences to work with representative groups and to calculate the average answer to specific questions. However, no single individual fully represents the calculated construct of the national culture.

Definitions and concepts (second main branch) also include ‘perceptions’. In contrast to the more or less systematic or scientific approaches of culture individuals may have their own perceptions, for instance based on individual experiences.

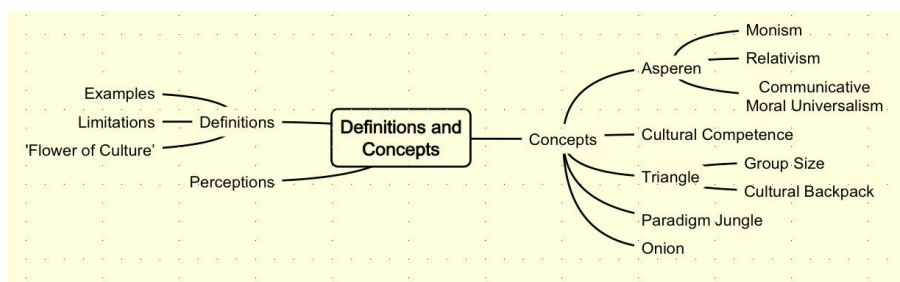
Figure 4: the research branch of the mind-map



The ‘flower of culture’ (in category definitions) refers to one of the Powerpoint sheets used in the introductions and was named so by one of the students. The sheet indicates six overlapping circles, each circle representing one of the key aspects of

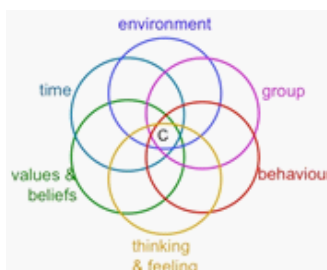
culture (values and beliefs; thinking and acting; behaviour; groups; environment; time); figure 6. These aspects may be considered as the most frequently mentioned aspects in hundreds of definitions of culture, although not one definition mentions them all. The student in question used ‘flower of culture’ to structure her paper, adding considerable value.

Figure 5: the definitions and concept branch of the mind-map



Researcher Van Asperen indicates on the basis of cultural anthropology three pre-conceived ideas of culture and although she puts them together in one model, it does not have an overall name.

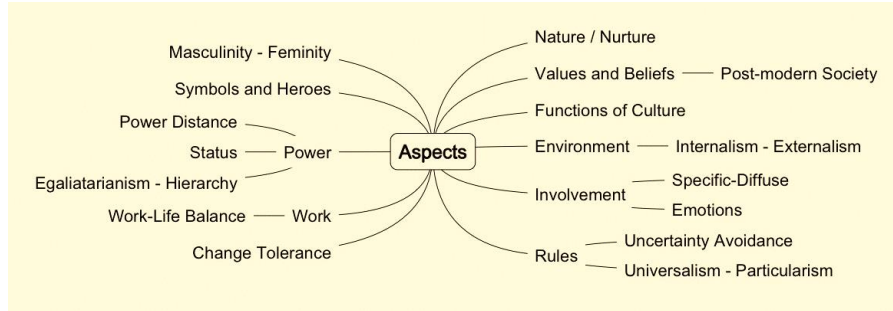
Figure 6: Flower of Culture



The concept Cultural Competence builds on the idea of Cultural Intelligence (CQ) by Thomas and Inkson. In the original form it refers to an integral combination of knowledge, adaptation of behaviour and mindfulness. In line with the Dutch competence based educational system this has been interpreted as an integral combination of knowledge, skills and attitudes.

The term ‘paradigm jungle’ refers to a remark by Baker in his book on paradigms. The idea behind is that each individual has been and is a member of dozens of different groups, ranging from the very specific (your own family) to the very abstract (all women in the Netherlands). Each group has its own culture in terms of preferred thinking, feeling and acting. Each culture is like a paradigm and each of us is shifting subconsciously all the time between these paradigms.

Figure 7: the aspects branch of the mind-map



Research and definitions and concepts result in specific aspects, which we need to understand another culture to some degree (figure 7).

The term post-modern society refers to the theory of Inglehart that mankind is in the process of developing a fourth type of society (after hunters and gatherers, agricultural society and industrial society). The development was set in motion in the early seventies because the combination of health insurance, unemployment benefits and retirement funds decreased the importance of survival and allows for a new drive. The idea is that the Western world (at present) will put less emphasis on politics and hard work and more emphasis on the quality of existence and individual self-expression.

Symbols and heroes have been put together. Although some theories make a clear distinction between the two, one may also argue that heroes are symbols in a human form. Both are something to be proud of and both of them represent a larger value than itself / himself / herself.

Figure 8: the impact branch of the mind-map

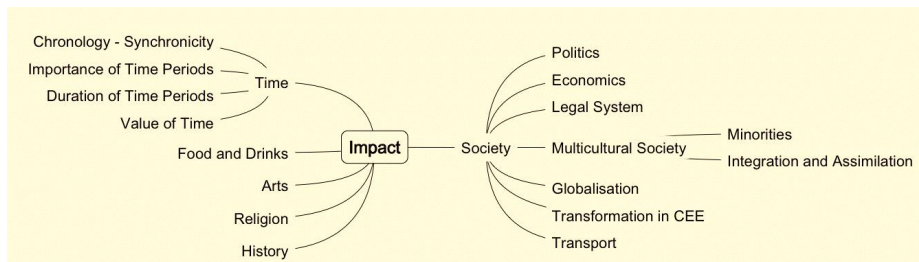
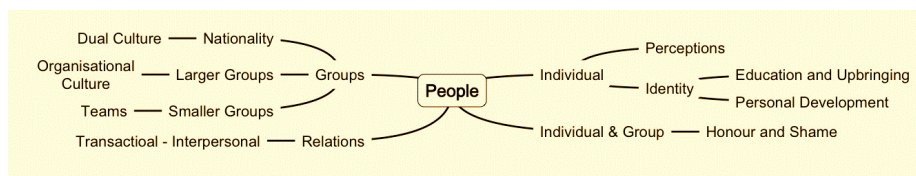
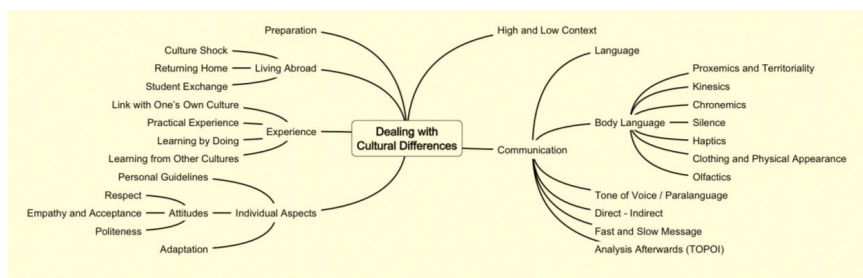


Figure 9: the people branch of the mind-map

In the category ‘society’ the transformation in Central and Eastern Europe has been included. The point here is that the values studies learn that the shift in mentality from centralist and planned economy towards pluralist democracy and market oriented economy might well take three generations. The reason for such a long period is that people obtain values in their pre-adult years and that these values do not or hardly change afterwards. In addition one might say that the step is too big to be taken within one generation. However, individual people may move quite a bit faster. The three generations idea is based on the population at large (fallacy of averages!), including ‘the small farmer out there’. This time aspect has also been recognised by people who fled Hungary in 1956 or Czechoslovakia in 1968.

Within the context of this mind-map people may be considered as the cross-roads between aspects and effects. Figure 9 however, hardly contains new elements but rather represents another way of presenting the available information.

Finally then we would like to know how to deal with differences between cultures; the proof of the pudding (figure 10).

Figure 10: the dealing with differences branch of the mind-map

What we mostly see here is that people spend a lot of effort on getting on terms with this topic but that actual handles for dealing with cultural differences are scarce. This does not need to surprise you. From a theoretical point of view each individual is a unique combination of cultures and hence will always define the situation at hand different from any other person (however small). From a practical point of view more or less the same applies. Imagine yourself talking to another person in a situation of cultural differences. You react already to the other in terms

of body language, something which cannot be fully controlled. Furthermore, you cannot delay your reaction by first reading a book on culture or following a training; you need to respond here and now.

Conclusion and Continuation

One may say that the mind-map, outlined in this paper is just the perception of a bunch of students. In view of the large number of students involved, their background and experiences, one may also argue that it would be hard to obtain a more comprehensive idea of what culture is. Following this second line of thought, more non-Western aspects should be included. In the same vein organisational culture might receive more attention but the academic value of the present research in that field is still subject to discussion. Furthermore, some aspects of living and working abroad have not been included, such as disadvantages of bilingualism, disengagement problems and dependency and isolation of spouse.

If one accepts the mind-map as an overall perception of culture, it may be used in training and education to orient people on the concept as a whole or to focus on a specific part. To do just that, the terms in the mind-map will be linked to documents with quotes on that topic and possibly some additional information. At the same time quotes on specific countries will be made available through a world map in Powerpoint.

Furthermore, the mind-map will function as the underlying grid in the development of a serious game on obtaining the cultural competence. This game may be played individually and off-line but may also be incorporated in programmes, like training and education but also for instance the preparation for an expat assignment abroad.

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Competitiveness factors of the candy industry in San Luis Potosí, México

Abstract: This paper is an attempt to analyze some of methodologies and models used to identify the most important factors to promote competitiveness on different levels: international, national, regional, industrial, and under a systemic and cluster approach. The purpose is to support the design of an appropriate model to analyze competitive performance of a local industry in Mexico, specifically the candy industry. The results are useful to understand the areas of opportunity present in the candy industry and allow proposing strategic actions to promote competitiveness. The goal of this article is to propose a strategic agenda to strengthen the competitiveness factor that makes the cluster approach distinctive among others, namely the role of actors and linking businesses.

This paper presents partial results of research of a doctoral thesis analyzing the case of the candy industry from the point of view of industrial clusters. The research is relevant considering that it presents a methodology for measuring the degree of functionality of a productive activity considered as “outstanding” in a local economy under international operation standards, which is not common in studies of developing countries.

Key words: O25 Industrial Policy; O38 Government Policy; O43 Institutions and Growth; C51 Model Construction and Estimation.

Introduction

One of the challenges of modern market economies, characterized by participating in international trading, is to produce quality goods and services with enough

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variety to be accepted in a medium and long-term horizon in different countries. Another challenge is to be capable of attracting foreign direct investment, being a mechanism enabling further investments and businesses that promote local development to be attracted. However, to achieve this, it is required to consolidate an adequate physical infrastructure and services in order to become attractive to international capital. This ability to keep a product on the market and attract investment is called competitiveness.

According to Grudzewski and Hejduk (2008) competitiveness is defined as the *“capacity to face up to the competition of other entities, maintaining and increasing the market share as well as acquiring appropriate profits in relation to the foregoing”*.

In this sense, the term competitiveness relates to issues ranging from the micro to the macro scale, therefore it is necessary to entail the participation of many aspects and actors in the society to fulfill, in the broad sense, the requirements of competitiveness. Consequently, strengthening of an economy requires promoting development, at the same time, of individuals, enterprises, economic sectors, cities and territories, and thus coming out ahead in globalization and international capital movements.

On account of the generalized definition of competitiveness, different approaches have been developed, such that there is a methodology speaking of competitiveness in countries, another in regions, one for business, and even for individuals. Thus, competitiveness becomes a requirement not only for companies but also for individuals, institutions, cities and territories, so that competitiveness is an inter-related and interdependent responsibility. In this respect, Porter (2008) speaks of “new roles” for businesses, governments and institutions in general in an effort to improve competitiveness.

But what are the characteristics that a company, industry, city, country or individuals must meet to be seen as promoting competitiveness? These characteristics have been referred to as factors (determinants) of competitiveness which, once identified, may be the instruments by means of which productivity, growth and development is promoted.

The theoretical development to identify the determinants of competitiveness is extensive, and enriched every day. Adam Smith (1776) highlighted the role of specialization and division of labor. Alfred Weber (1909), for his part, recognized the advantages of agglomeration of businesses to reduce costs. Alfred Marshall (1919) emphasized the role of company linking to promote “industrial atmosphere”. Rostow (1960) advocated the role of the industrial sector as a growth promoter. Schumpeter (1942) underlined the role of investment and infrastructure in the development, whereas Heckscher-Ohlin (1960) considered the role of comparative advantages in international trade as a principle through which all countries gain. Others recognized the role of education, technological development, public services etc.

More recently, Michael Porter (1990) proposed a systematized theory (models) for business and supported the role of innovation, vertical-horizontal integration of businesses (among other aspects) as a strategy to come closer to competitiveness.

Now it is clear that in order to promote competitiveness, it is necessary to implement integrated policies promoting activities that improve the relationship between production companies, suppliers and customers and integrating them with value chains, taking advantage of the city's infrastructure and institutions to establish itself as a productive unit and assist in the creation of competitive territories, which is the challenge of modernity.

The objective of this paper is to show a proposal of research model that allows an analysis of the cluster as a factor of competitiveness and be implemented in a practical case in a local industry. The results allow defining strategic actions to promote competitiveness in the candy industry. The feature of this model is that it incorporates the most important factors of competitiveness considered in different theories to be implemented in economies like Mexico.

This article is divided into five sections, the first showing some of the most important methodologies for studying the factors of competitiveness; the second shows the model of cluster as a factor of competitiveness proposed to analyze the case of a local industry; the third section presents the main characteristics of the candy industry as a local case in San Luis Potosi, Mexico; the fourth presents the main results of competitiveness for local industry; the fifth section shows the proposed linkage between companies. Finally the conclusions and recommendations are shown.

Focus of competitiveness factors

Currently, there are different approaches applied to identify determinants of competitiveness, however, the difference between them is in the level of study: national, regional, industrial or business.

Competitiveness on a national-international level

The best known indexes applied to measure competitiveness on a country level are: the Global Competitiveness Index (GCI) published by the World Economic Forum and the World Competitiveness Yearbook by the Institute for Management Development. But there are also indicators of competitiveness identified in some countries, such as the one published by IMCO in Mexico or the European Competitiveness Report developed by the European Commission, among other methodologies.

The World Competitiveness Yearbook

The IMD World Competitiveness Yearbook (WCY) has been published since 1989. The WCY analyzes and ranks how nations and enterprises manage the total-

ity of their competencies to achieve increased prosperity. This indicator considers not only the economic aspect (as GDP and productivity), but the political, social and cultural dimensions as well, and all of this recognizing that nations need to promote business environment with the most efficient structure, institutions and policies to encourage competitiveness of enterprises.

The 2013 WCY version comprises 60 economies, 4 factors, 20 sub-factors and over 300 competitiveness criteria based on research, economic literature, international, national and regional sources, and feedback from the business community, government agencies and academics. The countries are chosen because of their impact on the global economy and the availability of comparable international statistics. Furthermore, to calculate the reliable indicator, a network of 55 partner institutes has been established. Under this indicator, the disposition and quality of infrastructure in the country is very important for competitiveness (see Table 1).

According to the Institute for Management Development (IMD), competitiveness is defined as *“the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people”* (IMD 2013).

Table 1. Factors and sub-factors of competitiveness

Factors	Sub-factors
Economic Performance (83 criteria)	Macro-economic evaluation of the domestic economy: • Domestic Economy, • International Trade, • International Investment, • Employment and • Prices.
Government Efficiency (70 criteria)	Extent to which government policies are conducive to competitiveness: • Public Finance, • Fiscal Policy, • Institutional Framework, • Business Legislation and • Societal Framework.
Business Efficiency (71 criteria)	Extent to which the national environment encourages enterprises to perform in an innovative, profitable and responsible manner: • Productivity and Efficiency, • Labor Market, • Finance, • Management Practices and • Attitudes and Values.
Infrastructure (114 criteria)	Extent to which basic, technological, scientific and human resources meet the needs of business: • Basic Infrastructure, • Technological Infrastructure, • Scientific Infrastructure, • Health and Environment and • Education.

Source: IMD World Competitiveness Yearbook 2014

The Global Competitiveness Index (GCI)

The World Economic Forum defines national competitiveness as a *“set of institutions, policies, and factors that determine the level of productivity of a country”* (Schwab, 2014).

Since 2005, the World Economic Forum has based its competitiveness analysis on the Global Competitiveness Index (GCI), a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness. The 2014-2015 GCI version is organized into three sub-indexes (Basic, Efficiency

Enhancers and Sophistication Factors), each one being the key to a particular stage of development in a country. The index consists of 12 pillars and 114 sub-pillars, all of them identified as factors of competitiveness in several levels.

In the first stage (basic), the economy is factor-driven and countries compete based on their factor endowments, primarily on well-functioning institutions, infrastructure, macroeconomic environment and healthy workforce. The next step (efficiency enhancer) is distinguished for more efficient production processes and increase of product, which is supported by higher education, efficient market of goods, labor and finance, use of technologies and consolidated market. Finally, the last stage is characterized by its quality of life and a competitive business environment. This is because companies operate with a sophisticated production process, producing quality and innovative products, thereby generating high salaries. The competitiveness factors identified by GCI are detailed in Table 2.

Table 2. Basic, efficiency and innovation factors of competitiveness

Group	Pillars and Sub-pillars
Basic	Institutions • Property rights, • Intellectual property protection, • Diversion of public funds, • Public trust in politicians, • Irregular payments and bribes, • Judicial independence, • Favoritism in decisions of government officials, • Wastefulness of government spending, • Burden of government regulation, • Efficiency of legal framework in settling disputes, • Efficiency of legal framework in challenging regs., • Transparency of government policymaking, • Business costs of terrorism, • Business costs of crime and violence, • Organized crime, • Reliability of police services, • Ethical behavior of firms, • Strength of auditing and reporting standards, • Efficacy of corporate boards, • Protection of minority shareholders' interests, • Strength of investor protection.
	Infrastructure • Quality of overall infrastructure, • Quality of roads, • Quality of rail-road infrastructure, • Quality of port infrastructure, • Quality of air transport infrastructure, • Available airline seat km/week, millions, • Quality of electricity supply, • Mobile telephone subscriptions/100 pop., • Fixed telephone lines/100 pop.
	Macroeconomic environment • Government budget balance, % GDP, • Gross national savings, % GDP, • Inflation, annual % change, • General government debt, % GDP, • Country credit rating, 0–100 (best).
	Health and primary education • Malaria cases/100,000 pop., • Business impact of malaria, • Tuberculosis cases/100,000 pop., • Business impact of tuberculosis, • HIV prevalence, % adult pop., • Business impact of HIV/AIDS, • Infant mortality, deaths/1,000 live births, • Life expectancy, years, • Quality of primary education, • Primary education enrollment, net %.

Efficiency enhancers	Higher education and training • Secondary education enrollment, gross %, • Tertiary education enrollment, gross %, • Quality of the education system, • Quality of math and science education, • Quality of management schools, • Internet access in schools, • Availability of research and training services, • Extent of staff training.
	Goods market efficiency • Intensity of local competition, • Extent of market dominance, • Effectiveness of anti-monopoly policy, • Effect of taxation on incentives to invest, • Total tax rate, % profits, • No. procedures to start a business, • No. days to start a business, • Agricultural policy costs, • Prevalence of trade barriers, • Trade tariffs, % duty, • Prevalence of foreign ownership, • Business impact of rules on FDI, • Burden of customs procedures, • Imports as a percentage of GDP, • Degree of customer orientation, • Buyer sophistication.
	Labor market efficiency • Cooperation in labor-employer relations, • Flexibility of wage determination, • Hiring and firing practices, • Redundancy costs, weeks of salary, • Effect of taxation on incentives to work, • Pay and productivity, • Reliance on professional management, • Country capacity to retain talent, • Country capacity to attract talent, • Women in labor force, ratio to men.
	Financial market development • Availability of financial services, • Affordability of financial services, • Financing through local equity market, • Ease of access to loans, • Venture capital availability, • Soundness of banks, • Regulation of securities exchanges, • Legal rights index, 0–10 (best).
	Technological readiness • Availability of latest technologies, • Firm-level technology absorption, • FDI and technology transfer, • Individuals using Internet, %, • Fixed broadband Internet subscriptions/100 pop., • Int'l Internet bandwidth, kb/s per user, • Mobile broadband subscriptions/100 pop.
	Market size • Domestic market size index, 1–7 (best), • Foreign market size index, 1–7 (best), • GDP (PPP\$ billions), • Exports as a percentage of GDP.
Innovation and sophistication factors	Business sophistication • Local supplier quantity, • Local supplier quality, • State of cluster development, • Nature of competitive advantage, • Value chain breadth, • Control of international distribution, • Production process sophistication, • Extent of marketing, • Willingness to delegate authority.
	Innovation • Capacity for innovation, • Quality of scientific research institutions, • Company spending on R&D, • University-industry collaboration in R&D, • Gov't procurement of advanced tech products, • Availability of scientists and engineers, • PCT patents, applications/million pop.

Source: Klaus Schwab. The Global Competitiveness Report 2014–2015: Full Data Edition. The World Economic Forum.

In contrast, the Mexican Institute for Competitiveness (IMCO) defines competitiveness as “the ability to attract and retain investment and talent.” To calculate the Index of International Competitiveness, IMCO evaluates and compares the performance of the most important countries in the world in attracting and retaining talent and investment. The 2013 indicator was calculated by taking 46 countries into account on 10 indicators and 108 sub-indicators which had a significant impact on competitiveness. The IMCO highlights aspects such as the role of government, harnessing international relations and sustainable management of the environment (see Table 3).

Table 3. International competitiveness factors and indicators

Factors	Indicators
Reliable and objective legal system	• Corruption and good governance index, • Informal economy index, • Freedom to compete, • Index of civil liberties, • Rule of law Index, • Hacking index, • Property rights index, • Average time to perform contracts, • Index of judicial independence, • Index of impartiality of courts, • Racketeering index.
Sustainable management of the environment	• Use of fertilizers in agriculture, • Change in forest area, • Protected areas, • Relationship between production and consumption of water in agriculture, • Recharge of aquifers, • CO2 Emissions, • Companies certified as 'clean', • Nonpolluting energy sources, • Endangered Species, • Ecological tragedies of human intervention, • Efficiency in water use, • Creating wealth without contamination.
Inclusive, ready and healthy society	• Life expectancy, • Mortality in children under five, • Dependents in relation to the EAP, • Human Development Index, • Availability of drinking water per capita, • Number of years that a newborn will live in total health, • Women the EAP, • Overall result of gender discrimination, • Women in the legislature, • Illiteracy, • Average schooling, • EAP with undergraduate, • Hospital beds.
Stable economy	• Average growth of GDP, • Variability of GDP growth, • Consumer Price Index, • Variability of inflation growth, • Government liabilities, • External Debt, • Liquid reserves, • Banking sector risk, • Financial assets as % of GDP.
Political system stable and functional	• Index of political stability, • Corruption index, • Of accountability index, • Electoral abstentionism, • Military interference in rule of law and / or policy process, • Press Freedom Index, • Influx of refugees, • Index of political freedom.
Efficient market factors	• Productivity of labor in manufacturing, • Average labor productivity, • EAP whose salaries are negotiated by unions, • Index of flexibility of labor laws, • Electricity generation, • Energy sector liberalization, • Rate of long-term loan of banks, • Discount rate for calculating investment, • Productivity of fixed capital, • Mechanization of agriculture, • Index of transparency and regulation of private property, • Workers in agriculture, • Agricultural productivity per hectare.
Forerunner sectors of world class	• Coverage of fixed and mobile telephony, • Internet Users, • Investment in telecommunications, • Distance to the main export market, • Scheduled passenger flights, • Index of port infrastructure, • Intraurban transport of high capacity, • Density of railway network, • Participation of the private financial system, • Index independence of the financial sector, • Competition in banking, • Extent to which domestic banks face foreign competition, • Liquidity in the stock market.
Efficient and effective governments	• Index of difficulty of starting a business, • Index of values favorable to competitiveness, • Time dedicated by senior executives to bureaucratic issues, • Top level of income tax (ISR) to the poorest, • Additional / irregular payments associated with transactions, • Visible importation costs, • Corporate income tax, • Fiscal pressure index, • Growth in public spending, • Regulatory quality index, • Government effectiveness index, • Promotion of competition, • Cost of payroll, • Balanced budget, • Expenditure on health, • Expenditure on education, • Quality index of e-government, • Transfers and subsidies.

Harnessing international relations	<ul style="list-style-type: none"> • Tourist arrivals, • Tourism revenues, • Index of economic openness, • Number of countries from which it imports more than 50% of the total, • Hidden import barriers, • Number of countries to which it exports over 50% of the total, • Foreign direct investment (net), • Access to foreign and domestic capital markets, • Military, • Military expenditure, • International organizations membership.
Innovation and sophistication of economic sectors	<ul style="list-style-type: none"> • Value added in agriculture, • Services (% of GDP), • Coefficient of invention, • Income from royalties and licenses, • Number of researchers, • Number of companies with ISO 9000, • Expenditure on research and development, • High technology exports, • National companies in the Forbes Global.

Source: International Competitiveness Index 2013. Mexican Institute for Competitiveness (IMCO).

Competitiveness on the regional level

While WEF's and IMD's reports are the two main methodologies for national competitiveness with global coverage, there are other reports and indexes targeted at specific macro-regions or groupings of countries. A good example is the European Competitiveness Index (Huggins and Davies, 2006) which selects and classifies indicators into four dimensions: "creative economy", "knowledge economy", "economic performance" and "infrastructure and accessibility". The central focus is the analysis of productivity growth as a key long-run driver of competitiveness. These indicators consider countries belonging to the European Union perceived as an economic region.

Regions are increasingly seen as natural units of economic analysis. It can be argued that an analysis of competitiveness on a regional level is particularly appropriate because, even more than nations, regions share infrastructure and access to institutions, being in direct competition for production factors (labor, capital and technology) (Camagni, 2002; Malecki, 2004).

In this sense, Lewis Dijkstra (2011) defines regional competitiveness as "*the ability to offer an attractive and sustainable environment for firms and residents to live and work*" (in respect of a region's capacity to provide attractive environment in both short and long term). The concept of regional competitiveness is ranked between micro and macro levels, which integrate the perspective of both businesses and residents.

There are interesting methodologies addressing competitiveness on the regional level, such as the European Regional Competitiveness Index (RCI), computed by the University of Wales Institute, based on the World Economic Forum's Global Competitiveness Index (GCI). The variables considered in this methodology are shown in Table 4. Some European countries also undertake dedicated efforts to develop national measures of regional competitiveness, such as in the UK (Huggins and Izushi, 2008), Croatia (UNDP, 2008), Lithuania (Snieska and Bruneckienė 2009), Poland (Bronisz, 2008) and Finland (Huovari, 2001).

The novelty of competition policy on the regional level is that it takes the territorial unit into account as a basis for development planning, giving priority to the participation of business and local resources. On the regional level, the role of the society, infrastructure and telecommunications is strategic, naturally in addition to the productive one (Bronisz, 2008, Raluca, 2012).

Perhaps the clearest example of how important regions are in Europe is presented through the NUTS (Nomenclature of Units for Territorial Statistics) as a framework for development policies, assigning NUTS 1 to major socio-economic regions, NUTS 2 to basic regions for the application of regional policies, and NUTS 3 to small regions for specific diagnosis (Eurostat). More recently (December 2013), the European Union defined RIS3 (Research and Innovation Smart Specialization Strategy) as a growth strategy toward 2020 aimed to consolidate “smart, sustainable and inclusive” regional economies, characterized by high levels of employment, productivity and social cohesion.

Table 4. Factors of regional competitiveness

Group	Pillars and Sub-pillars
Basic	Institutions • Corruption, • Rule of law, • Government effectiveness, • Voice and accountability, • Political stability, • Regulatory quality, • Control of corruption, • Ease of doing business, • Property rights, • Intellectual property protection, • Efficiency of legal framework in settling disputes, • Efficiency of legal framework in challenging regulations, • Transparency of government policymaking, • Business costs of crime and violence, • Organized crime, • Reliability of police services.
	Infrastructure • Motorway potential accessibility, • Railway potential accessibility, • Number of passenger flights
	Macroeconomic environment • General government deficit/surplus, • National savings, • Inflation, • Government bonds yield, • Government debt.
	Health and primary education • Road fatalities, • Healthy life expectancy, • Infant mortality, • Cancer disease death rate, • Heart disease death rate, • Suicide death rate.

Efficiency enhancers	Higher education and training • Share of low-achieving 15-year olds in reading, • Share of low-achieving 15-year olds in math, • Share of low-achieving 15-year olds in science, • Population aged 25-64 with higher educational attainment, • Lifelong learning, • Accessibility of universities.
	Market size • Disposable income per capita, • Potential market size expressed in GDP, • Potential market size expressed in population.
	Labor market efficiency • Employment rate (excluding agriculture), • Long-term unemployment, • Unemployment rate, • Labor productivity, • Gender balance unemployment, • Gender balance employment, • Female unemployment, • NEET.
	Technological readiness • Households with access to broadband, • Individuals buying over internet, • Household access to internet, • Availability of latest technologies, • Firm-level technology absorption, • Technological adoption, • FDI and technology transfer, • Enterprises having purchased online (at least 1%), • Enterprises having received orders online (at least 1%), • Enterprises with fixed broadband access.
Innovation and sophistication factors	Business sophistication • Employment (K-N sectors), • GVA (K-N sectors).
	Innovation • Total patent applications, • Core Creativity Class employment, • Knowledge workers, • Scientific publications, • Total intramural R&D expenditure, • Human Resources in Science and Technology (HRST), • High-tech patents, • ICT patents, • Eshare HT, • Wshare HT.

Source: Annoni P. and Dijkstra L. EU Regional Competitiveness Index: RCI 2013. Joint Research Centre of the European Commission.

Some problems related to the indicators of regional competitiveness include the availability of information of the territorial units, indicators related to institutions, macroeconomic stability, quality of education, technological readiness of enterprises and venture capital.

Competitiveness under a systemic approach

An alternative way to study the competitiveness factors is provided by the systemic approach. This approach shows the most important components of competitiveness and represents their mutual relationships. The relevance of this systemic approach is that it also allows identifying the actors according to their level of involvement or responsibility in strengthening competitiveness.

Meyer-Stamer (2008) states the following: “*We can define (systemic) competitiveness of a territory as the ability of a locality or region to generate high and rising incomes and improve livelihoods of the people living there.*”

The systemic approach methodology stresses the inclusion of competitiveness factors such as identity and strategic capacity of the actors in the region, presence of regional cluster, the existence of funds for financing, a model of national development and the principle of quality of life (see Table 5).

Table 5. Some key factors determining Systemic Competitiveness on different levels of aggregation.

	Supranational	National	Regional	Local
Meta	Competition between different types of market economies.	National development model, national innovation systems.	Regional identity. Strategic capacity of regional actors.	Local actors' capacity to co-operate, trust, innovative milieu.
Macro	International financial markets.	Macroeconomic framework conditions (e.g. tax system, financial system).	Solid budgetary policy. Investment capability of government.	Solid budgetary policy. Investment capability of government. Quality of life.
Meso	EU industrial policy. EU technology policy. Montreal protocol.	Promoting new technology, export promotion, specialized financing agencies. Sectoral environmental policy.	Regional economic development, technology demonstration centers, R&D institutes, training institutions, regional environmental policy.	Local economic development and employment promotion, training institutions, incubators, Chambers.
Micro	Transnational corporations. Global commodity chains.	Medium-sized and large corporations. Dispersed networks.	SME Regional clusters.	Locals cluster, local subcontracting.

Source: Meyer, Jörg –Stamer (2008).

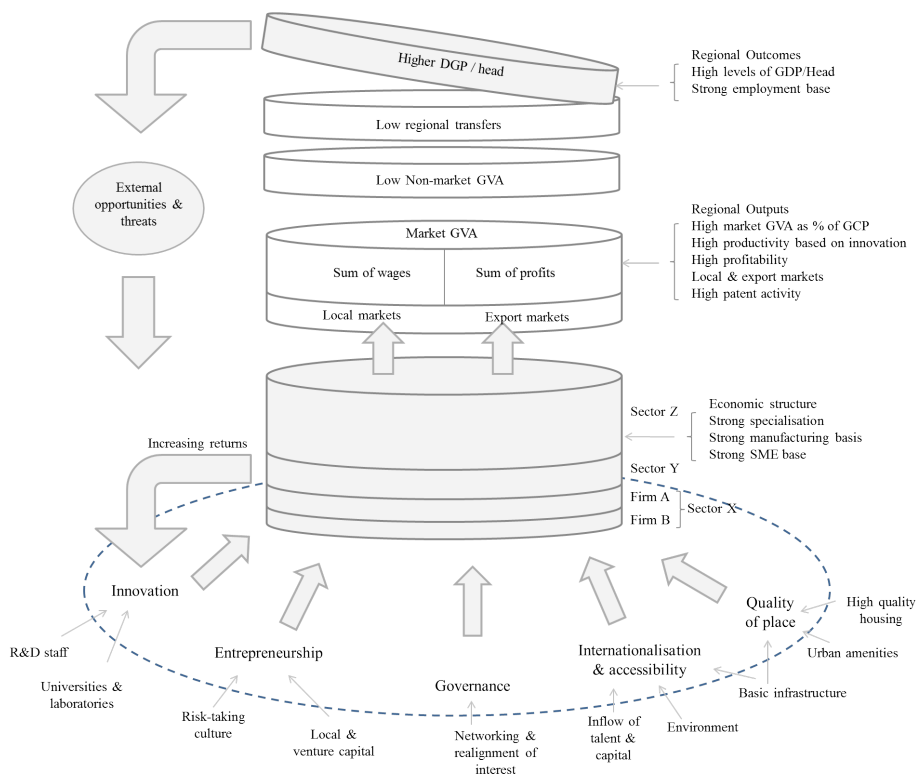
An interesting model used to recover and relate the factors favoring the regional competitiveness is the one referred to as a “regional competitiveness hat”. The hat represents several layers: regional outcomes, regional outputs, regional throughputs and determinants of regional competitiveness. The determinants are shown as we move towards the crown of the hat, and return to the base to cope with the presence of external opportunities & threats (see Figure 1).

The basic determinants of regional competitiveness are found at the bottom of the hat, in various rings around the productive cylinder. The production factors themselves (labor, capital and land) can be found in the first ring. Labor and land are less mobile and therefore more determined by regional factors. In the second ring, the primary factors of the regional investment climate can be found, namely infrastructure & accessibility, human resources and productive environment (Martin, 2005).

There are also secondary factors, for instance institutions, internationalization, technology, demography, quality of place and environment. These determinants, such as “regions as hubs of knowledge”, are related to the regional competitiveness like. The “regional competitiveness hat” includes some dynamic notions, including

the influence exerted by global companies on the availability, price and quality of determinants.

Figure 1. The Regional Competitiveness Hat



Source: Martin (2005). A Study on the Factors of Regional Competitiveness.

The Regional Competitiveness Hat also highlights the evolution in the competitiveness of enterprises towards industries which increase their specialization (economic structure), market share, productivity, profitability (regional outputs), consolidating the region with high levels of per capita production (regional outcomes), and favors an increase in the quality of life. On this level, the economy is able to face the threats and opportunities of the international market.

Industrial-National Competitiveness

The 2013 Global Manufacturing Competitiveness Index, edited by Deloitte Touche Tohmatsu Limited (Deloitte) and the U.S. Council on Competitiveness (Council), gathered information from more than 550 CEOs and senior manufacturing leaders of 38 countries in the world (39.7 % in North America, 28.5 % in

Asia, 21 % in Europe, 5.4% in South America and 5.4% in Australia). This Index reflects how executives perceive the changes expected to occur in the manufacturing industry over the next five years and examines the forces driving the future of manufacturing, such as research, development, production, sales, distribution, logistics, customer service, marketing, support, only to mention the main ones, affecting competitiveness in the long term (see Table 6).

The 2013 Global Manufacturing Competitiveness Index defines 10 main drivers and 40 sub-components of competitiveness.

According to the U.S. Council of Competitiveness, “the key to U.S. prosperity in a global economy is to develop the most innovative workforce, educational system, and businesses that will maintain the United States’ position as the global economic leader” (Council on Competitiveness, 2011).

Table 6. Drivers of global manufacturing competitiveness

Main driver/ Component	Sub-component
Talent-driven innovation	• Quality and availability of engineers, scientists and researchers; • Quality and availability of labor; • Quality of primary and secondary schools to produce student population targeted in Science, Technology, Engineering and Math (STEM); • Quality of college/university partnerships in research and innovation; • Effective and efficient immigration policies and processes to attract and retain talent.
Cost and availability of labor and materials	• Cost competitiveness of material; • Availability of raw material; • Cost competitiveness of wages; • Cost competitiveness of labor other than wages.
Energy cost and policies	• Cost competitiveness of energy; • Ongoing investments to improve and modernize energy infrastructure; • Comprehensive and effective energy policy.
Supplier network	• Cost of competitiveness of local suppliers; • Ability of the supply base to innovate in products and processes; • Financial stability and resources of the supply base; • Availability and responsiveness of qualified local supplier base.
Local business dynamics	• Size and access to local market; • Intensity of local competition.
Economic, trade, financial and tax systems	• Tax rate burden and system complexity; • Clarity and stability of regulatory, tax and economic policies; • Health of economic and financial system; • Comprehensive and competitive trade policies; • Central bank and economic policies.
Quality of physical infrastructure	• Quality and efficiency of electricity grid, information, technology (IT) and telecom network; • Quality and efficiency of roads, ports, railways and airports.

Government investments in manufacturing and innovation	<ul style="list-style-type: none"> • Government emphasis on investments in science, technology, R&D and engineering; • Collaboration between public and private sectors for long term investments and national goals in manufacturing; • National innovation strategy that ensures robust pipeline from basic and applied research to full commercialization; • Long term predictable and steady support in government sponsored science labs and national programs; • Government support to build capacity for manufacturing innovation (product and process); • Government investments in economic development through attraction of manufacturing businesses.
Legal and regulatory system	<ul style="list-style-type: none"> • Stability and clarity in legal and regulatory policies; • Labor laws and regulations; • Regulatory compliance costs (health, safety, environment, tax, other); • Intellectual property protection laws and enforcement; • Legal and regulatory environment and enforcement; • Antitrust laws and regulations.
Quality and availability of health-care	<ul style="list-style-type: none"> • Cost of quality healthcare for employees and society; • Regulatory policies (e.g. pollution, food safety) that are enforced to protect public health; • Quality, availability and access to healthcare professionals and facilities.

Source: 2013 Global Manufacturing Competitiveness Index

According to the Global Manufacturing Competitiveness Index, what weighs the most is the development of talents, suppliers, market regulation and disposition cost inputs as drivers of competitiveness.

Competitiveness on national and industry level

Porter's Diamond

Porter refers to a “*nation's industry as internationally successful if it possessed competitive advantage relative to the best worldwide competitors*” and recognizes that “*the only meaningful concept of competitiveness at the national level is productivity*” (Porter, 1990).

In the context of international competition, competitive advantages for industrial groupings are determined by four components (or core drivers of competitive advantage): strategy and rivalry of the company, demand conditions, related industries, and factor conditions. The relationship between these components is represented by *Porter's diamond*. According to Porter, if these components are articulated in a continuous and systematic way, they lead to innovation and improvement of the entire system (see Table 7).

Table 7. Porter's Diamond and the determinants of national competitive advantage.

Strategy, structure and rivalry of the company	<p>This component entails such aspects as</p> <ul style="list-style-type: none"> • possible entry of new producers, • rivalry among competitors, • government actions, • policies designed as barriers to entry or exit of firms, • practices for product differentiation, • rules and incentives, • type and intensity of local rivalry, • investment promotion. It encourages • the labor market, • encourages and regulates intellectual property, • foreign trade, • foreign investment, • sustained improvement. The degree of rivalry is a function of the level of productivity of enterprises.
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Demand conditions	Demand conditions analyze: • the nature of local and international demand for products or services of an industry, • assessing issues such as market size, • supply and demand, • conditions of the selling process, • price controls, • physical requirements policies, • degree of demand sophistication, • strong level of differentiation, • development of local markets. They identify and serve • future demands, • entering of a new emerging market segment, • attention from foreign markets, etc. This gives access to the bargaining power with buyers in the process of industrial integration.
Supporting and related industries	This component takes the following into account: • context of nature of support industries, • government level, • educational and research institutions, • related industries, • infrastructure, • development of local suppliers. It promotes environment of rivalry, attracts companies required in the industry, ensures presence of clusters instead of isolated industries, leverages the advantages offered by the location and concentration of businesses, among other.
Factor (Input) Conditions	Factors of production are the basic inputs to competition, they include: • human resources, • financial, • infrastructure provision, • access to research centers and technology, • quality of the road network and public services, • higher education institutions, • business organizations, • administrative infrastructure, • scientific and technological infrastructure, • natural resources, • legal system updated, • flexibility in the regulatory system, • information infrastructure.

Source: Porter (2008)

Porter's diamond model is seen as a function of specialized and advanced factors of production, sophisticated demand, intense rivalry and varied strategies among businesses, and finally, the existence of supplying and related industries. Likewise, Porter acknowledges that the determinants of competitiveness are affected by two aspects: government policy and changes taking place abroad, for example, the world's technological change, wars and natural disasters or promotion of innovation by the government.

Some competitiveness factors which stand out in Porter's model include vertical and horizontal integration, innovation, creation of added value, development of suppliers etc. which can be distinguished as business strategies functioning among companies.

Competitiveness in the cluster model

While competitiveness is a goal, Porter's proposals laid modern foundations for the development of cluster policies as a strategy to consolidate both industries and competitive regions. Porter's diamond model, as shown above, defines business strategies for companies and industries to achieve sustained competitiveness in international markets.

According to Porter (2008), clusters can be defined as follows: "*Geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, agencies of standards, and trade*

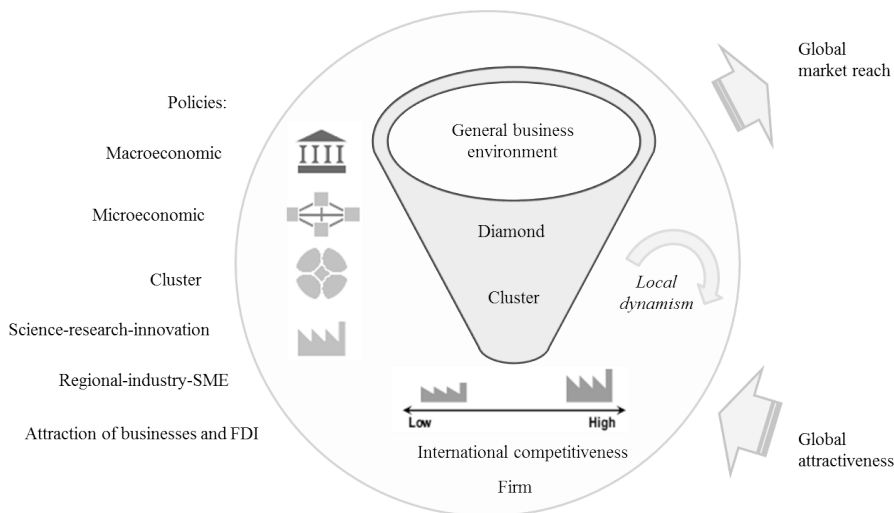
associations) in particular fields that compete but also cooperate. Critical masses of unusual competitive success, in particular business areas, clusters are a striking feature of virtually every national, regional, state and even metropolitan economy, especially those of more economically advanced nations”.

A good representation of a cluster is presented in the funnel model, which identifies four major components (Sölvell, 2003)”

- The general business environment within a nation, which comprises aspects such as national legacy and culture, geographical position, general institutions and legal framework, and the macroeconomic environment;
- The microeconomic business environment, which takes Porter’s diamond model into account: context for business strategy and rivalry, demand conditions, related and supporting industries, factor (input) conditions;
- Participation of actors (cluster). Linking between industries, government, academia (higher education institutions and technology transfer centers), finance and institutions enabling collaboration;
- Design of policy (regional-industry-SME, FDI attraction, science-research-innovation).

A funnel model-based cluster recognizes that quality of the business environment of a country depends on the degree of consolidation and dynamism among its major components. When this happens, the economy evolves and companies achieve greater participation in foreign markets, and thereby the competitiveness increases (see Figure 2).

Figure 2. Business environment in a cluster – the funnel model.



Source: Sölvell (2003)

This particular model attaches very high importance to the role of collaboration (cluster or actors in Figure 2) as a strategy for companies to benefit from external economies and economies within reach, so they can achieve their goals of productivity and competitiveness with less effort, at lower cost, in less time and with greater certainty of success. In this sense, collaboration becomes the most important business strategy in a cluster policy.

Competitiveness of a local industry according to the cluster approach

As we have seen, competitiveness is represented by a set of multisectoral factors, which altogether make it possible to recreate a living environment in which business and industry can develop their productive capacities and reflect them through the generation of investment, benefits, jobs, higher wages, exports, environmental protection, quality products, etc.

It is commonly agreed under different theoretical approaches to the notion of competitiveness that if there is a healthy competitive (in quality, cost, innovation and price) business environment (regulated and featuring incentives), the result will be steady development characterized by high expectations of growth for companies and citizens with high quality of life.

The study discussed in this paper has reviewed some of the most important factors of competitiveness promotion (related to the industry, the region and mainly to the cluster) with the purpose of developing a model to measure the impact of competitiveness factors on an important local industry. The results of this research will allow for proposing activities aimed to increase the competitiveness of the local candy sector through development of industrial clusters, and for defining recommendations pertaining to industries of a similar type for other states in Mexico.

Research confirms that clusters are promoters of competitiveness for companies owing to the factors that promote them, and these clusters can be established in different production sectors, under different conditions of economic activity, and implemented in different countries. The purpose of this study is to propose an alternative way to examine economic activities in order to identify the factors that will allow these activities to operate in a more efficient and competitive way through application of the industrial cluster approach.

Model of competitiveness factors for a local economy

The analysis of competitiveness factors for industrial clustering is performed by means of five major components: 1) industry structure, 2) product sale, distribution and expectation of the product, 3) integration of actors, 4) product characteristics and 5) activity status trends (macroeconomic stability). These components are broken into 20 indicators, using a total of 56 variables. Each variable is calculated in a particular way and made comparable through a statistical process of standardization. Variables are grouped as shown in Table 8.

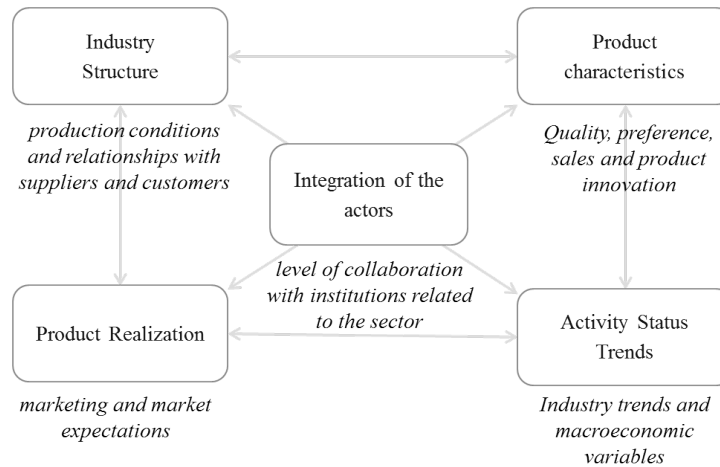
The model considers a total of 56 variables, 44 of which are categorized as soft data extracted from surveys (79%), and 12 have been put under the category of hard data acquired from official institutions (21%). The questionnaire by means of which information was collected in companies includes three types of variables: nominal, dichotomous and a scale which uses numeric values (absolute or percentage) and Likert intervals (3 and 5 ranges). This information has been supplemented by statistical information, interviews, field studies and other field work.

Table 8. Model of competitiveness factors for a local economy

Component	Related variables
Industry Structure	• Participation of companies in the industry, • Industrial concentration, • Representativeness in the productive chain, • Historic reference in the productive chain, • Origin of enterprises, • Participation in the economic sector, • Modernization level, • Investment level, • Technological level, • Machinery and equipment investment, • Changes in the organization of production, • Knowledge of the productive chain, • Trust in suppliers and clients, • Time of relationship with suppliers and clients, • Standard in inputs and services, • Development of networks of collaboration, • Knowledge of the market, • Tendencies of the market, • Products, prices and demand expectations, • Knowledge of the industry, • Interest in participation.
Product realization	• Origin and size of clients, • Type of product commercialization, • Cost of commercialization, • Strategy of sales, • Participation in investment, • Prices and market stability, • Expectations of market stability.
Integration of actors	• level of cooperation and competition among companies, • Integration and financial support, • Government support, • Technical assistance and professional services, • Universities and research centers for collaboration, • Formation of collaboration networks, • Promotion and information activities, • Participation in related events, • Integration requirements.
Product characteristics	• Product price trends, • Analysis of participation in consumption, • Export index, • Diversification of markets, • Level of preference in the brand, • Origin of innovation, • Preference level for the substitute item, • Sources of innovation, • Development of new products, • Percentage of investment in advertising, • Competition index, • Index of quality for a chain link, • Customer satisfaction, • Practices of the competition.
Activity status trends	• Diagnostics of trends in the industrial sector and its expectations, • Analysis of the competitive arena, • Analysis of the Diamond, • Trend in main macroeconomic variables related to the sector: [• Budget deficit, • Scale of payments (foreign debt); • Inflation, • Investment (capital), • Growth, • Income distribution, • Exports] • Strengthening internal capacity of companies, • Analysis of customer preferences and product characteristics.

Source: author's elaboration.

A graphical way of representing the model is shown in Figure

Figure 3. Cluster model to measure the factors that promote competitiveness.

Source: author's elaboration

The candy industry in San Luis Potosi, Mexico

San Luis Potosi, Mexico

The land area of San Luis Potosi is 62,305 km². The geographic position and the available road infrastructure enables San Luis Potosí to be a strategic center of trade, business, transportation, distribution of goods, and a reference area for access to the country's largest markets: Mexico City (424 km), Monterrey (537 km) and Guadalajara (354 km). These cities altogether concentrate 25% of the country's population. There is also access to intermediate markets of Matamoros (658 km), Aguascalientes (168 km), León (183 km), Querétaro (202 km), Saltillo (443 km), Tampico (426 km), Zacatecas (192 km) as well as the city of Manzanillo (666 km). Additionally, highways connect San Luis Potosí with U.S. cities such as Laredo (750 km), San Antonio (991 km), Dallas (1,432 km) and Houston (1,311 km) where a considerable share of foreign trade takes place.

The highway to Mexico City is linked with Plan Puebla-Panama which connects both tourist and commercial land routes to Central America. Equally important is the highway between San Luis Potosí and Manzanillo-Tampico, connected with the Gulf of Mexico, thus joining the Pacific Ocean ports and providing for passage of goods imported and/or exported to different continents. The railway line extends for 1,247 km across San Luis Potosí and features its own Intermodal Terminal (interport), with on-site logistics services and customs house, operating under the new Strategic Bonded Warehouse customs regime.

In San Luis Potosí, the manufacturing industry is the main economic activity (corresponding to 63% of gross total production). The most important sub-sectors within the manufacturing industry are: basic metal, transport equipment manufacturing, food and electric power equipment, contributing 24.4%, 17%, 15% and 12.8% of gross total production in this sector, respectively. San Luis Potosí is one of 10 (of 32) units in Mexico where the food industry is highly specialized, therefore it is representative of this sector.

Among the industries expected to grow in Mexico there is the food industry, being one of six strategic sectors to promote competitiveness in Mexico, and furthermore, in six years, Mexico will be producing 75% of the food consumed by its inhabitants. The country is also the second largest food supplier of the United States and the third largest in continental America, all of which makes the food industry a promising sector (ProMéxico, 2011)

The candy industry of Mexico

This study focuses on the candy industry, considering the fact that it is the third most important economic activity in the food industry. It also represents an area of opportunity, because 75% of states in Mexico have food clusters, but none functioning in the candy industry (ITESM, 2012).

In Mexico, the production of candy is mainly concentrated in 6 of 32 Mexican states, which generates over 80% of total production. This means that certain regions of the country are specialized in this activity. Cities with an important economic profile in candy production are: Jalisco, Puebla, Mexico City, San Luis Potosi and Estado de Mexico, but there are also federal entities where important companies are based, such as Quintana Roo, Chihuahua, Nuevo Leon and Michoacán.

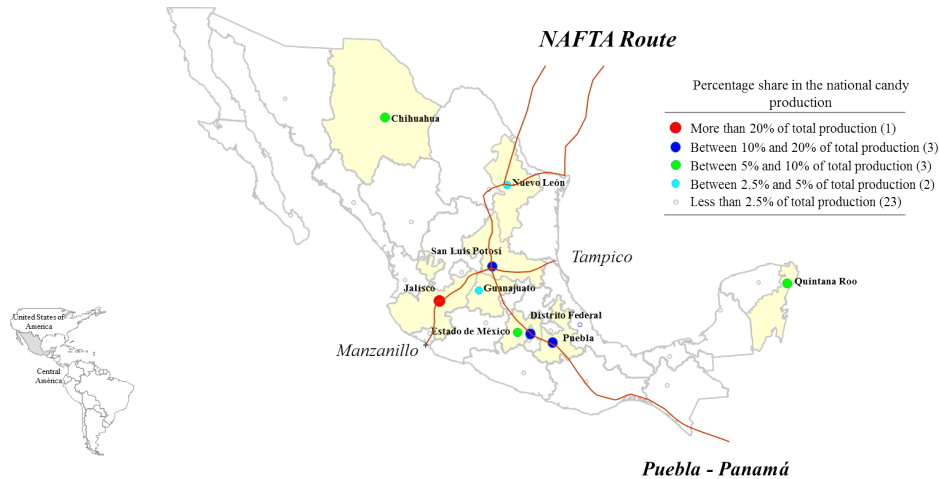
Figure 4 illustrates the entities of Mexico according to the level of candy production, which shows that the Central-West region of the country, where San Luis Potosi is located, is the most important one in terms of this activity.

The candy market in Mexico integrates both large international companies and important local companies spread across different regions. Among those operating in San Luis Potosi, there are Canel's and Ricolino as international companies, but important local businesses, such as Costanzo and La Frontera are also present. A similar situation is observed in other entities.

Another important aspect of the candy industry is the role of medium and large enterprises. Figure 5 shows that the role of medium and large companies in Mexican economic sectors, including the candy industry, is more important than in the food industry. For example, 57% of jobs created in the candy industry are provided by large firms, while medium firms only contribute in 20%, whereas the remaining 23% is attributed to micro and small enterprises. However, the most important characteristic of the candy industry is that 95% of companies are micro and small

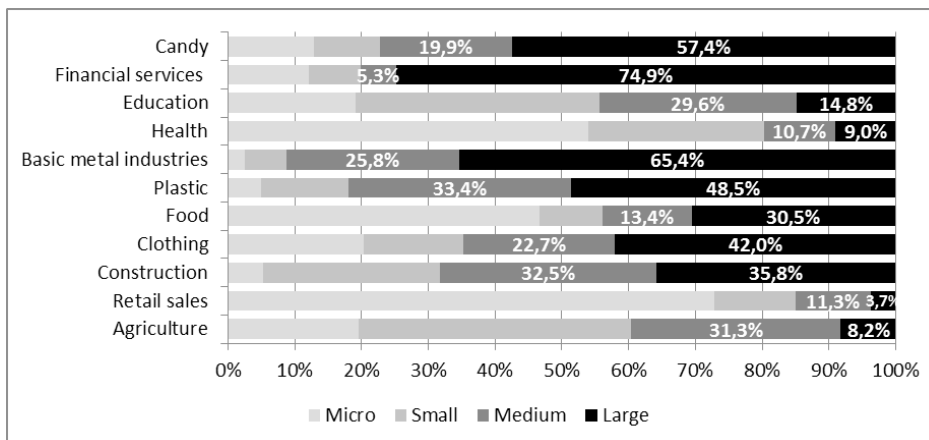
enterprises, but they generate merely 7.4% of gross production. Meanwhile, only 3.4% of businesses operating in the candy industry are medium-sized, but they employ 20% of workers and generate 16.4% of production in this sector.

Figure 4. Entities of Mexico according to their contribution to the candy industry production



Source: author's elaboration based on INEGI, Censos Economicos 2009

Figure 5. Contribution of enterprises to the jobs created according to size (%)



Source: author's elaboration based on INEGI, Censos Economicos 2009

Table 9 shows the relevance of medium and large companies operating in the candy industry in the most specialized entities in this sector. Thus, while nationally

the percentage of medium-size and large companies is 5.1%, in all specialized entities this percentage is higher, for example, the level of 12.7% is reached in San Luis Potosi. Similarly, in terms of jobs created, medium-size and large companies of the candy industry generated 77.3%, while in states such as Jalisco and San Luis Potosi, i.e. ones specialized in this sector, they contributed to over 90% of jobs created. As regards production in the candy industry, while medium-size and large companies account for 92% of national production, in specialized entities in this sector, such as Puebla and San Luis Potosi, the contribution exceeds 92%.

As shown in Table 9, the relevance of small and medium-size enterprises (between 10 and 250 employees), which are usually local companies consolidated throughout years and reaching the SME scale, is considerable, as they constitute 23.8% of businesses, generate 21.2% of jobs and contribute to total production in the candy industry in San Luis Potosi in 7.3%. Therefore, its role in the economy is significant, and for this reason, it is necessary to implement policies that will increase competitiveness and consolidate them in the local and international market.

Table 9. Micro, small, medium-size and large companies in major production entities of the candy industry according to share in the total number of businesses, employment and output generated.

Percentage of companies according to size in specialized federal entities						
Company size	National	Puebla	Jalisco	Distrito Federal	San Luis Potosi	Estado de Mexico
Micro	84.9%	86.4%	71.8%	75.7%	71.4%	82.1%
Small	10.0%	7.4%	19.0%	15.1%	15.9%	11.1%
Medium	3.4%	2.5%	6.7%	6.8%	7.9%	4.3%
Large	1.7%	3.7%	2.5%	2.4%	4.8%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of jobs created according to size of companies in specialized federal entities						
Company size	National	Puebla	Jalisco	Distrito Federal	San Luis Potosi	Estado de Mexico
Micro	12.8%	6.1%	7.5%	10.3%	4.8%	9.5%
Small	9.9%	2.2%	9.8%	14.1%	5.0%	9.2%
Medium	19.9%	8.9%	22.0%	30.7%	16.2%	18.0%
Large	57.4%	82.8%	60.7%	44.9%	74.0%	63.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Share of production output according to size of companies in specialized federal entities						
Company size	National	Puebla	Jalisco	Distrito Federal	San Luis Potosi	Estado de Mexico

Micro	1.6%	0.4%	1.5%	1.7%	0.5%	1.6%
Small	5.8%	0.5%	4.5%	8.3%	0.9%	19.8%
Medium	16.4%	0.7%	18.4%	18.0%	6.4%	15.2%
Large	76.2%	98.4%	75.6%	72.0%	92.2%	63.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: author's elaboration based on INEGI, Censos Economicos 2009

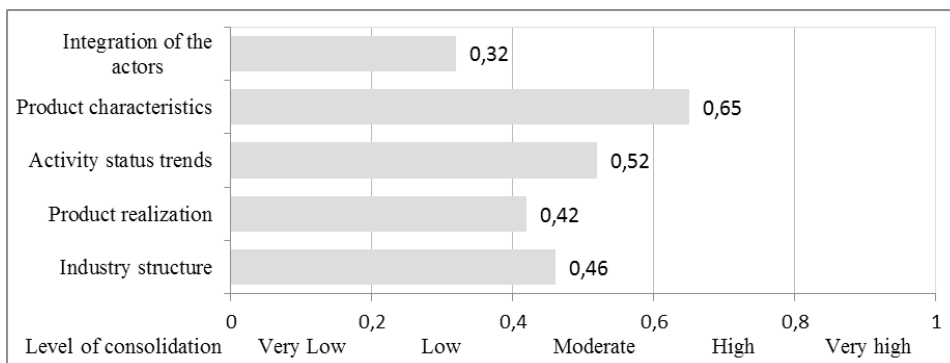
Candy industry and competitiveness factors

The research results show that competitiveness factors of the candy industry are at a moderate level of consolidation. Figure 6 shows that among the five components of the cluster model, only one reaches a high level of performance, 3 attain a moderate level and 1 – low level.

The component that displays high-performance competitiveness relates to product characteristics, which indicates that competitiveness factors such as product quality, preference for local products, product price trends, development of new products, have all been positively consolidated in general.

To the contrary, the component showing lesser competitiveness is the “integration of the actors” which includes factors such as integration and collaborative work between companies and suppliers, customers, government, universities, financial institutions, business support organizations and institutions in general. This indicator is particularly important, because in this model, cluster collaboration is an important business strategy applied to achieve objectives in a shorter time, at lower costs and with higher certainty.

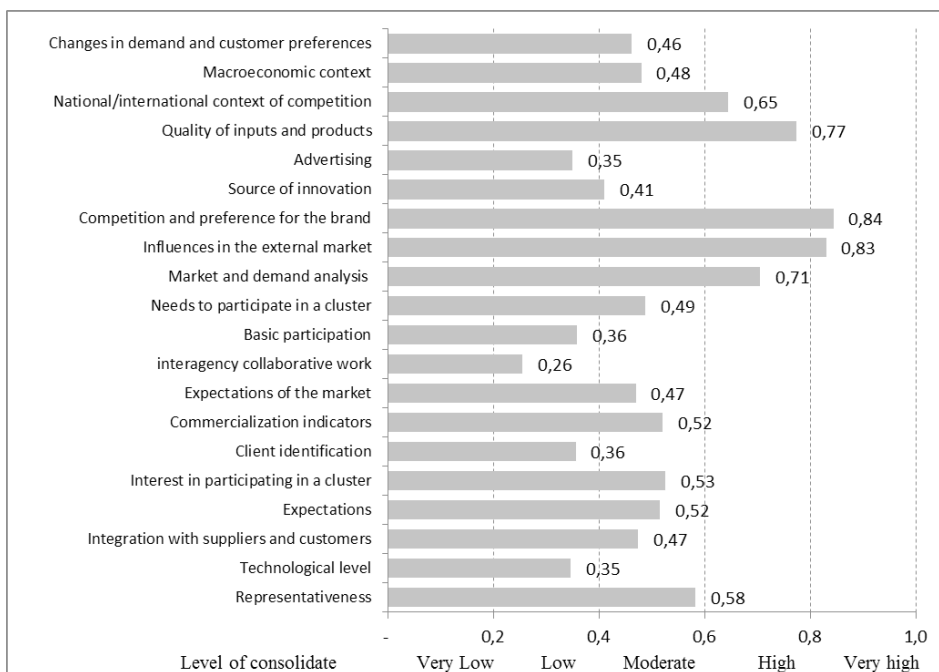
Figure 6. Performance levels of the cluster model components for the candy industry.



Source: author's elaboration (2011).

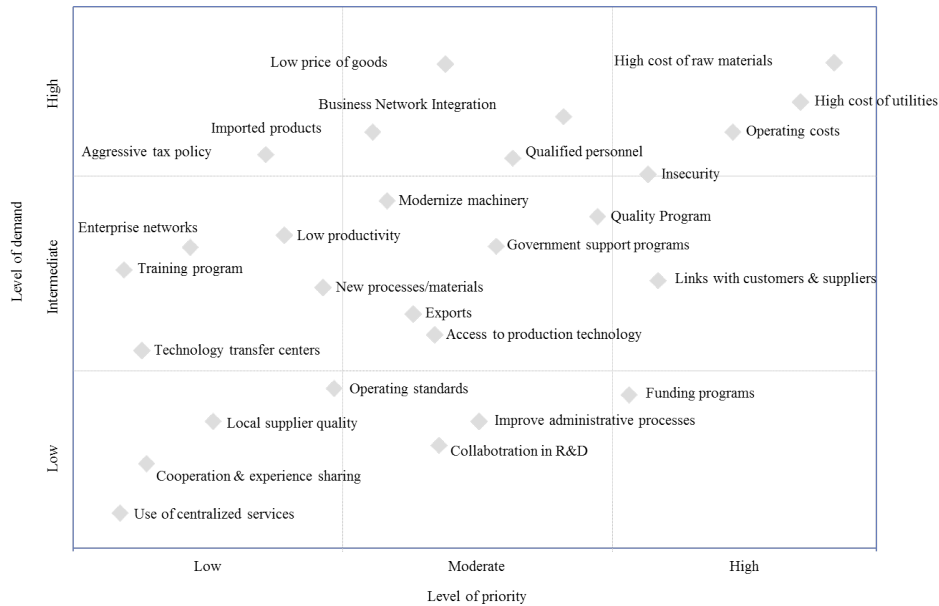
Figure 7 is a disaggregated diagram showing results of performance indicators of competitiveness obtained for the candy industry in San Luis Potosi. It highlights 2 indicators characterized by a very high level of consolidation, 3 showing standard, 10 moderate and 5 – low level of consolidation, and all this in relation to the cluster approach to competitiveness.

Figure 7. Performance levels of the cluster model indicators for the candy industry.



Source: author's elaboration (2011).

The results show the areas of opportunity that exist in the candy industry, making it possible to increase its competitiveness, such as collaborative work of enterprises, improvement of the technological level, investment in advertising or attention to customer requirements. Figure 8 shows the demands that companies identify in the candy industry as priorities in order to be able to economically consolidate and become more productive and competitive. In this figure, it is noteworthy that major claims made by the companies refer to the impact of operating costs, reflecting a constraint to competitiveness, as there is a serious problem of cost competition in the candy industry.

Figure 8. Critical factors of competitiveness (business requirements).

Source: author's elaboration (2011).

The companies forming the candy industry were asked to identify the main needs they considered important to carry out productive activities. These needs were then classified according to priority. They may be broken down into five types according to their importance to businesses: financial support, promotion, production, modernization and coordination, and services. The results show that 68% of companies identified financial support as their top priority, 58% mentioned promotion activities, 48% focused on priorities for improvement in the production system, 45% of companies referred to modernization as a high priority, while 45% agreed that coordination between actors and provision of services were the priorities enabling them to be more competitive.

The study of competitive factors observed in the candy industry of San Luis Potosi revealed the following competitiveness related problems in enterprises and the business environment:

- Very high competitiveness problems for operating costs;
- High competitiveness problems for productivity and technological level reported;
- High competitiveness problems for generation of value added and linking of companies;
- Moderate competitiveness problems for provision of production infrastructure and the macroeconomic environment.

In this sense, the cluster focus stands out as a strategy that, besides supporting the analysis of competitiveness, makes it easier to organizations to use information prioritization in order to present specific propositions and policies.

The effort made by companies to be more competitive requires trust and responsibility when working with suppliers and customers, but when all the efforts of supporting instruments, such as financial institutions, government programs (local, national or international), research centers, institutions of higher education or business centers as well as specific agreements addressing the most pressing demands are eventually carried out, this will pave the way for the successful achievement of objectives.

Considering the study results obtained for the candy industry of San Luis Potosí, where the “integration of the actors” component showed the lowest level of competitiveness, a proposal of economic policy has been provided below, aimed to increase the competitiveness of this industry in the context of a cluster.

Specific actions are presented to improve the link between companies, bearing in mind that collaborative work is very favorable to businesses and that it is through collaboration with related institutions that their operating costs can be reduced, the production process improved, the product positioned and their goals accomplished with greater certainty and in a shorter time.

Strengthening competitiveness by linking businesses

Table 9 shows specific actions proposed to companies operating in the candy industry to become more competitive. The information provided has been divided into 4 segments in order to differentiate between individual linkage types strengthening companies: linking aimed at facilitating access to financing, services associated with research and technology transfer, linkage related to industry and business organizations, and linkage that would exert positive influence across government levels. As a follow-up, Table 10 shows 17 actions identified as strategic, classified by type, priority level and runtime needed to be implemented.

Table 10. Policies designed to strengthen the candy industry in San Luis Potosí. “Integration of the actors” component.

Access to funding programs				
Action	Institutions	T	Pr	Lt
Promote the establishment of agreements with financial institutions for preferential credit conditions.	NAFIN, FONAES, BANCOMEXT, SIFIDE, Commercial banking	F	L	S
Support programs for technological development.	IES, CIATEQ, CONACYT, COPOCYT, UDIT, ADIAT, INIFAP	I	M	M

Relationship between research centers and HEI					
Action	Institutions	T	Pr	Lt	
Program support, assistance, technological development and innovation of companies and research centers.	IES, CIATEQ, CONACYT, COPOCYT, UDIAT, ADIAT, INIFAP, SIFIDE, SEDECO, BANCOMEXT	I	L	S	
Signing cooperation agreements with IES to improve business efficiency and quality of products.	IES, CONACYT, CIATEQ, COPOCYT, NAFIN	I	L	M	
Perform agreements to create a major degree program for food engineering career specialized in candies and chocolate.	IES, UASLP-FI Alim.	M	M	M	
Perform cooperation agreements with IES to consolidate production standards in business.	IES, CANACINTRA	M	L	S	
Formalize agreements with IES and CTT for the practice of innovation in goods and services components.	IES, CIATEQ, CONACYT, COPOCYT, UDIAT, ADIAT, INIFAP, SIFIDE, SEDECO, BANCOMEXT	I	H	M	
Diploma in production of candy and chocolate.	IES, SE, SEDECO, CANACINTRA	M	M	M	

Business network integration					
Action	Institutions	T	Pr	Lt	
Establishment of a corporate food sector in SLP.	CANACINTRA, CCE	M	L	M	
Holding events to promote business for experience sharing.	CANACINTRA, CANACO, SEDECO, SE	M	M	S	
Encourage companies to register with business associations.	CANACINTRA, CANACO, SEDECO, SE, SF: DRPF, SIEM	M	L	S	
Design and build information instruments useful for companies operating in the sector.	CANACINTRA, IES, CANACO, SEDECO, CITY COUNCIL, CCE, SIEM	M	L	S	
Promote participation of enterprises in the sector related events (fairs, conferences, expos, etc.).	SEDECO, CANACINTRA, CANACO, CCE, SIFIDE	M	M	S	
Promoting partnerships with related industries for the use of centralized services.	CANACINTRA, CANACO, SEDECO	M	L	L	
Need to integrate with government					
Action	Institutions	T	Pr	Lt	

Promote the provision of support programs delivered by public sector companies in the food sector.	SEDECO, NAFIN, FONAES, FIRA, SE, CONACYT, COPOCYT	M	M	M
Fiscal support program for the consolidation of companies in the candy and chocolate industries.	SF: DRPF, NAFIN, FONAES, FIRA, SE, CONACYT, COPOCYT	F	H	M
Implement the program of support for organizations, formalization and legal advice to SMEs of the industry.	SEDECO, CANACINTRA, CANACO, CRECE, MEXICO Emprede, COMPITE, STyPS	S	L	S

T = Type (M= Modernization; I=Innovation; S=Support services; F=Financing)

Pr = Priority (H=High, M=Moderate, L=Low)

Lt = Lead Time (S=Short, M=Medium, L=Long)

Source: author's elaboration.

For description of institutions, see the annex.

A short-term period does not exceed 2 years and is dependent on one or two specific institutions for the sake of completion. A medium-term period is between 2 and 6 years. A long-term period is more than 6 years, and it is the time required for policy implementation and completion of other actions. It also relies on the intervention of multiple institutions.

Cluster policy recommendations

The actions outlined here represent a response to the needs identified in the candy industry and seek to promote competitiveness of these actions by strengthening the economic importance of the region, reinforcing the production structure, improving the product quality as well as diversifying and expanding the market for their products.

In light of similar properties displayed by the entire candy industry in Mexico, and particularly the proportion of small and medium-size enterprises and the quality of local products (see Table 8), it is possible to extend the recommendations provided for the industry in San Luis Potosi, perceiving linkage with other major states such as Jalisco, Puebla, Distrito Federal and Estado de Mexico as a competitive strategy.

The contribution of this research is to highlight the value of collaborative work in enterprises as a strategy to achieve your goals in less time, less cost, less effort and greater certainty. The set of proposed strategies allows companies to become more competitive in the medium and long term.

Finally, we must recognize that the competitiveness strategy must be accompanied by actions to consolidate other competitive factors of the proposed model, as Industry structure, product characteristics, product realization and Activity status trend.

Productivity may trigger job reductions in a company due to optimization of resources or technology implementation, but absence of competitiveness can lead to closing of businesses, and consequently to complete liquidation of all jobs.

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Annex

Table 11 Institutional infrastructure to support business development

Acronym	Description
FONAES	National Fund Business in Solidarity
FIRA	Trust Funds to Agriculture
NAFIN	Nacional Financiera
BANCOMEXT	Foreign Trade Bank
SEDECO	Ministry of Economic Development of San Luis Potosi
SIFIDE	System of Finance for Development
STyPS	Ministry of Labour and Social Welfare
ICAT	Training Institute for Work
SEER	Regular State Education System
SE	Ministry of Economy
SIEM	Mexican Business Information System
COMPITE	National Committee for Productivity and Technological Innovation AC
CCE	Business Coordinating Center
IPAC	Industrials Potosinos AC
CANACO	National Chamber of Commerce
COPARMEX	Employers Confederation of the Mexican Republic
CONCAMIN	Confederation of Industrial Chambers of the United Mexican States
COMCE	Mexican Business Council for Foreign Trade, Investment and Technology, AC
AMB	Mexican Association of Banks
FUNDEMEX	Business Foundation of Mexico AC
CANACINTRA	National Chamber of the Transformation Industry
CNEC	National Chamber of Consulting Firms
APERIAC	Executives Potosina Association of Industrial Relations, AC
CRECE	Regional Center for Business Competitiveness.
CTT	Technology Transfer Centers
IPICYT	Potosino Institute of Scientific and Technological Research
COPOCYT	Potosino Council for Science and Technology
CONACYT	National Council for Science and Technology
IES	Higher Education Institutions
UASLP-I.Alim.	Autonomous University of San Luis Potosi. Food Engineering
CIATEQ	Advanced Technology Center
INFOTEC	Fund of Information and Documentation for Industry
FCCyT	Scientific and Technological Consultative Forum
UDIT	Unit Development and Technological Innovation
ADIAT	Association of Directors of Applied Research and Technology Development
SF: DRPF	Ministry of Finance: Revenue Management and Fiscal Policy
SEMARNAT	Ministry of Environment and Natural Resources
SEGAM	Ministry of Ecology and Environmental Management
CFE	Federal Electricity Commission
CNA	National Water Commission

CEA	State Water Commission
SCT	Ministry of Communications and Transport
JEC	State Roads Commission
INVIES	Housing Institute of the State of San Luis Potosi
SEDUVOP	Ministry of Urban Development, Housing and Public Works
INTERAPAS	Inter Agency Water Services and Wastewater
SSP	Ministry of Public Security
PGJ	Attorney General

Source: author's elaboration.