



THE INSTITUTE FOR
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SOUTH-EAST ASIA
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Proceedings of the International Conference on Management, Leadership and Governance

Bangkok University, Thailand

7-8 February 2013



Edited by

Vincent Ribiere and Lugkana Worasinchai

Bangkok University

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**Proceedings
of the
International Conference on
Management, Leadership
and Governance**

The Institute for Knowledge and Innovation Southeast Asia
(IKI-SEA)
Bangkok University
Thailand

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Edited by
Vincent Ribiere
and
Lugkana Worasinchai
IKI-SEA
Bangkok University
Thailand

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Preface

These proceedings represent the work of researchers participating in the inaugural International Conference on Management, Leadership and Governance – ICMLG 2013, which is being hosted by the Institute for Knowledge and Innovation Southeast Asia (IKI-SEA) of Bangkok University, Bangkok, Thailand.

The conference will be opened with a keynote from Richard David Hames who will address the topic *Exiting Orange - A New Meme for Leadership*. The keynote address on the second day is delivered by Johan Helistam-Segergren, Country Manager - Google Enterprise Thailand & Philippines who will talk about How Google works to drive creativity and innovation internally.

The ICMLG Conference constitutes a valuable platform for individuals to present their research findings, display their work in progress and discuss conceptual advances in many different branches of management, leadership and governance. At the same time, it provides an important opportunity for researchers and managers to come together with peers, share knowledge and exchange ideas. ICMLG builds on the now well established European Conference on Management, Leadership and Governance, and allows universities outside the European Boundaries the opportunity to host an academic conference on these important topics.

Following an initial submission of 138 abstracts that have undergone a double blind peer review process, 45 research papers, 6 PhD research papers, 2 work-in-progress papers and 1 non-academic paper are published in the ICMLG 2013 Conference Proceedings, representing research results from Australia, China, Czech Republic, Denmark, Finland, India, Iraq, Iran, Jordan, Latvia, Malaysia, Netherlands, New Zealand, Norway, Philippines, Poland, Romania, Russia, Singapore, Sweden, Syria, Thailand, UK, UAE, USA and Vietnam.

We hope that you have an enjoyable conference.

Vincent Ribiere and Lugkana Worasinchai
Co-Programme Chairs

Conference Executive

Conference Executive

Dr Vincent Ribière, IKI-SEA, Bangkok University, Thailand

Dr Lugkana Worasinchai, IKI-SEA, Bangkok University, Thailand

Committee Members

The conference programme committee consists of key individuals from countries around the world working and researching in the management, leadership and governance fields especially as it relates to information systems. The following have confirmed their participation:

Kamarulzaman Ab. Aziz (Multimedia University, Malaysia); Ahmad Abd Rahman (Universiti Tun Hussein Onn Malaysia, Malaysia); Mohd Helmy Abd Wahab (Universiti Tun Hussein Onn Malaysia, Batu Pahat, Malaysia); Ariffin Abdul Mutalib (Universiti Utara Malaysia, Malaysia); Dr. Siti aishah Abdullah (University Technology Mara, Kelantan, Malaysia); Assoc. Prof Dr Hamimah Adnan (Universiti Teknologi MARA, Malaysia,); Dr Mo'taz Amin Al Sa'eed (Al - Balqa' Applied University, Amman, Jordan); Juliette Alban-Metcalf (Real World Group, UK); Prof. Dr. Maizam Alias (Universiti Tun Hussein Onn, Malaysia); Dr. Hanadi Al-Mubarak (Kuwait University, Kuwait); Dr. Morariu Alunica ("Stefan cel Mare" University of Suceava, Faculty of Economics and Public Administration, Romania); Dr/Prof Xiaomi An (Renmin University of China, China); Sara Archard (University of Waikato, Hamilton, New Zealand); Dr Leigh Armistead (Edith Cowan University, Australia); Colin Armstrong (Curtin University, Australia, Australia); Medi Asgarkhani (CPIT, Christchurch, New Zealand); Dr Daniel Badulescu (University of Oradea, Romania); Dr Nimalathasan Balasundaram (University of Jaffna, Sri Lanka); Dr Probir Banerjee (Swinburne University of Technology, Sarawak, Malaysia); Assoc. 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Arab Emirates); John Sullivan (School of Information, University of South Florida, USA); Ramayah Thurasamy (Universiti Sains Malaysia, Malaysia); Kevin Voges (University of Canterbury, Christchurch, New Zealand, New Zealand); Huan Vo-Tran (RMIT University, Melbourne, Australia); Prof. Fang Wang (Business School of Nankai University, Tianjin, China); Maggy Minhong Wang (The University of Hong Kong, Hong Kong); Dr Kenneth Webb (Edith Cowan University, Australia); Dr Santoso Wibowo (CQUniversity, Australia); Tanakorn Wichaiwong (Kasetsart University, Thailand); Dr Lugkana Worasinchai (IKI-SEA, Bangkok University, Thailand); Dr Lugkana Worasinchai (Bangkok University, Thailand, Thailand); Dr. Noeline Wright (University of Waikato, Hamilton, New Zealand); Aziz Yahya (Universiti Teknikal Malaysia Melaka, Malaysia); Dr Omar Zakaria (National Defence University of Malaysia, Malaysia); Mingming Zhou (Nanyang Technological University, Singapore); Prof Ewa Ziemba (University of Economics, Poland)

Biographies

Conference Chair



Dr. Vincent M. Ribière. After teaching for 10 years in the United States, first at American University (Washington, DC) and later on at the New York Institute of Technology (NYIT) in New York and in the Kingdom of Bahrain, Vincent joined Bangkok University in 2007 as the Managing Director and co-founder of the Institute for Knowledge and Innovation – Southeast Asia (IKI-SEA). Vincent received his Doctorate of Science in Knowledge Management from the George Washington University, and a Ph.D. in Management Sciences from the Paul Cézanne University, in Aix en Provence, France. Vincent teaches, conducts research and consults in the area of information systems, knowledge management and innovation management. He is a KM columnist for CIO World & Business magazine (Thailand) and he is part of the editorial board of the International Journal of Knowledge Management (IJKM) and of VINE: The Journal of Information and Knowledge Management Systems.

Programme Chair

Prof. Lugkana Worasinchai, Ph.D. is the Director of the Institute of Research Promotion and Innovation Development (IRID), Bangkok University. In addition, Lugkana Worasinchai is the Co-Founder and Co-Managing Director of the Institute for Knowledge and Innovation South-East Asia (IKI-SEA), Bangkok University. She teaches undergraduate and graduate courses in Business Administration, and is actively involved in research on the relationship between knowledge management and business strategies. Lugkana Worasinchai is a published scholar, her articles appearing in major academic journals; she gives seminars to firms and public sector organizations, and is regularly invited as a guest lecturer by reputable international universities.



Keynote Speakers



Dr Richard David Hames Recently described as one of this century's most foresightful corporate philosophers, Richard is considered to be one of the world's most influential intellectuals and strategic foresight practitioners. Founder of globally distributed think-tank The Hames Group, Richard works internationally as an adviser to governments and with many of our most innovative business corporations. Richard is currently Founding Director of the Asian Foresight Institute in Bangkok, a partner in The Constellation and an elected Fellow of the World Academy of Art & Science. An Australian citizen, educated in Europe and domiciled in Thailand, he has been honored with numerous awards including a French Government Scholarship, a Leverhulm European Fellowship, the Mondadori Professorial Fellowship and the Lord Attlee Fellowship. Richard is a personal mentor to heads of state, cabinet ministers, entrepreneurs and CEOs in the UK, Europe, South America, China, Thailand, Singapore, South Africa, Australia and Malaysia. A celebrated speaker and writer, Richard is author of the best-selling books *The Management Myth*, *Burying the 20th Century* and *The Five Literacies of Global Leadership*.

Johan Segergren is responsible for the Google Enterprise business in Thailand and Philippines. Johan first moved to Asia 16 years ago as a management trainee for Hyperion. With only a few years away in Europe and US he came back to Asia in early 2000 to run a partner company to Salesforce.com. Johan joined Google since 2008. He is a frequent speaker at cloud technology, IT security and industry events. He has degrees in Business Administration from University of Lund, Sweden and in International Trade and Negotiations from University of Montpellier, France. Originally from Sweden, Johan lives in Bangkok with his family.



Biographies of Presenting Authors

Ali Naghi Amiri, is a Assistance Professor of Tehran University. He has a Ph.D. in Public Administration, from Allame Tabatabaei University, Tehran, Iran. 2007-present Ali is a Faculty member at Tehran University,. He has honours as Personal rank (No. 1) in M.S and B.S. and The Best Researcher in university (2011). His research Interests are Islamic Management, Organizational Change, Conflict, Ethics.

Azlin Shafinaz Mohamad Arshad Senior Lecturer, Malaysian Academy of SME & Entrepreneurship Development (MASMED), MARA Institute of Technology, Malaysia. Masters in Management from MARA Institute of Technology, Malaysia; currently pursuing Doctorate of Philosophy (PhD) at University of Teknologi Malaysia. Azlin specializes in Technology Entrepreneurship, teaching Business and Management for 10 years.

Mehdi Asgarkhani is at the present the Academic Leader (ICT qualifications) at CPIT, New Zealand. His other role is principal lecturer in strategic management of ICTs. He is the National Councillor representing Canterbury at IITP New Zealand. Previously, he has had various roles within the ICT sector. He holds editorial board memberships within two international journals.

Len Barnett has been involved in corporate and university research and education, and corporate training and consultancy, in the Asia-Pacific for thirty years. His experience includes management, national disaster recovery and intercultural training and communication. A graduate of Melbourne University and LaTrobe, with an international reputation in intercultural management and communication, he currently teaches at Bangkok and other universities.

Bob Barrett is a professor for the School of Business at the American Public University in Charles Town, West Virginia, USA. He lectures both nationally and internationally on the topics of Intellectual Capital, Knowledge Management, and Disability in the Workplace, e-Portfolios, and e-Learning.

Ugwuanyi, Bartholomew Ikechukwu holds a Bachelor of Science degree in public administrations and political science from University of Benin, Benin City, Nigeria and a master and doctoral degrees from University of Nigeria Nsukka. He is presently a lecturer at the Institute of Management and Technology, Enugu, Nigeria. His research interest and focus is on policy and development issues.

Vic Benuyenah is a doctoral researcher at University of London (Birkbeck). He is investigating conflict perspectives and management in international business organisations. He is an Academic MCIPD with previous qualifications in business administration, economics and sociology. Vic's teaching include, HRM, Management, Business Environment (Economics) at BUW an affiliate of LSE and Staffordshire University.

Aurilla Aurelie Bechina Arntzen is Professor at the College University of Buskerud, Norway. She has several years combined teaching and research IT experience from several well-known International institutions. Her academic interests are broad ranging from real-time systems development to the conception of knowledge systems.

Carlos Biaggi, hails from the country of Argentina. He has worked as accountant and administrator in religious organizations in Argentina, Paraguay, and Uruguay. Currently he is in the process of completing a PhD in Business at the Adventist International Institute of Advanced Studies, in the Philippines.

Ladislav Blazek is Head of Department of Management at Masaryk's University in Brno. His research interest is in corporate economics and management and published a number of papers and textbooks in this field.

Choompol Boonmee is a lecturer at faculty of engineering Thammasat University. He also works as an ICT consultant of Thai government. He led many e-government projects. He is also the president of the electronic data interchange promotion association (EDIPA). His interests include e-government interoperability, ICT benefit management, national ID smartcard, software engineering, service oriented architecture and scientific computation.

Ondrej Castek is lecturer at the Department of Management at Masaryk's University in Brno. His research interest is in corporate economics and management.

Tom Cerni is a registered psychologist and Head of Counseling Services at The Scots College, Sydney. He completed his Doctorate in Philosophy (Psychology) at the University of Western Sydney, and this paper constitutes part of his PhD research. Dr Cerni is a member of the American Psychological Association (Division 13) and the Australian Psychological Society.

Gulnara Chernobaeva is an Associate Professor and Post-doctoral Fellow at the Department of Innovation and Project Management, Omsk State University, Russia. She teaches several marketing courses. Her main research interest is marketing communications. Currently, she investigates marketing project support. Gulnara additionally has extensive experience of working as Head of Marketing at leading Omsk companies.

Stefan Cronholm is professor in the subject of information systems at Borås University, Sweden. He specializes in requirement specification, design and evaluation of information systems, methods concerning information systems development and qualitative research approaches. Stefan has published over 50 scientific papers and a vast range of pedagogical material. Stefan is a member of the Research group VITS (Workpractice development, IT usage, Coordination and Cooperation).

Peter Crow is an experienced governance advisor, researcher and practitioner, with a particular interest in governance effectiveness the high-growth and not-for-profit sectors. He is currently enrolled at Massey University as a PhD candidate, to continue the search for the elusive link between governance activity and company performance.

Maria Antonia Crudo-Capili is the Officer-In-Charge and the Research Project Management Officer of the University Research and Development Center of Trinity University of Asia. She had been a high school teacher for 20 years. Her teaching experiences inspired her to conduct phenomenological studies on education.

Serene Dalati has a PhD degree in Leadership, organizational Culture and Job Satisfaction Studies at Bangor University (formerly known as University of Wales, Bangor). Has been working with Arab International University, Syria since December

2008 and serving as head of management department since September 2010. Teaching expertise is in Strategic management, marketing, and organizational behavior studies.

Paul Diacon is from Romania. Professor at the Accounting Department, Bucharest Academy of Economic Studies, he had several books and manuals published such as : “Managerial Accounting”, “Managerial Accounting and Business Planning”, “How accountants are Making Money: Tax avoidance, Creative Accounting, Fiscal Paradises”; “Advanced Management Accounting”.

Maria Monica Doroteo-Espinosa is a nurse – educator, a researcher and a writer. She earned her B.S. in Nursing at Far Eastern University, her Masters degree in Nursing at Manila Central University and her Doctor of Education Major in Educational Administration at Pamantasan ng Lungsod ng Maynila. She is married with four children.

Phil Dover is a member of the Marketing Division at Babson College and co-founder of the MEL-Institute. He was previously the Dean of the Business School at the University of Buckingham. He teaches and consults extensively on market growth strategies and business planning, with particular emphasis on multinational high technology clients.

Dan Maniu Duse is a Professor at the Faculty of Engineering, the Lucian Blaga University of Sibiu. He is member of the European Federation of National Engineering Association (FEANI) since 1998, member of Vereinn Deutscher Ingenieure (VDI) since 2000 and member of European Society for Engineering Education (SEFI) since 2001.

Lilia Dvořáková, CSc. Head of the Department of Finance and Accounting of Faculty of Economics in University of West Bohemia, Czech Republic. Supervisor of doctoral studies in study program Economy and Management of Faculty of Economics and in study program Industrial Engineering and Management of Faculty of Mechanical Engineering in University of West Bohemia, Czech Republic.

Olga Erahtina Diploma: Karaganda State University (1992). Karaganda State Economic University (1998). PhD Candidate of Juridical Science: (defended 2009, Business Law). Associate professor, Department of civil and business law, Higher School of Economics, Perm, Russia. Since 2010 working in Arbitration Court of Perm region as arbitration assessor. Author articles on problem of contract and corporate law.

Cristina Feniser is an associate professor at the Alba Iulia branch of the Technical University of Cluj (TUC), in Romania. Feniser holds a BA in Economic Studies. Currently, Feniser is a Management PhD student at Lucian Blaga University of Sibiu. Her fields of competence are: general management, strategic management and human resources management.

Cristeta Gapuz PhD in Agricultural Sciences major in Agronomy (1998), Don Mariano Marcos Memorial State University (DMMMSU). Finished MS in Agronomy (1991) and MS in Sericulture (1992) from same University. OIC-Director of Sericulture Research & Development Institute (SRDI). As Researcher and R&D Manager/Administrator is recipient of various local/international awards.

Hannes Göbel has several years experience in the IT field in the industry, both as a consultant and an employee. Hannes current position is as head of InnovationLab at the University of Borås, where he combines his management role with phd studies.

Giani Gradinaru is an Associate Professor of the Statistics and Econometrics Department, Academy of Economic Studies Bucharest. Giani has didactic activity both undergraduate and post graduate level. Giani received title of doctor in cybernetics and economic statistics (2004). Postdoctoral scientific research aimed environmental statistics field, objectifying in books, articles and scientific communications (work paper). Expert evaluator and research project manager.

Jiri Grim is senior researcher at the Czech Academy of Sciences. He has contributed to the theory of mixture models and published a great number of papers. His research interest includes data-mining from large socioeconomic databases.

Tareq Hashem is an associate Professor in Philadelphia University in Jordan - PHD. Marketing, Amman Arab University - Member in: EMBRI/EMAB Emerald; EMAC (European Marketing Academy) ; European Institute for Advanced Studies in Management (EIASM); International Corporate and Marketing Communication Association (ICMCA); European Retail Academy.

Pia Heilmann, D.Sc. (Econ. and Bus. Adm.) is a Professor in Lappeenranta University of Technology, Finland, in the LUT School of Business. Her major subject is Management and Organizations. Her research work concerns with Strategic Human Relations Management topics. She is especially focused on career development, competence management and work-life balance research.

Vuong Quan Hoang (PhD) is a researcher at Centre Emile Bernheim (University of Brussels). Vuong Received Vietnam’s National Book Prize in 2007; and the National Journalism Prize 2010. Vuong has published in journals as Vietnam Journal of Mathematics, Vietnam Journal of Mathematical Applications, VNU Journal of Science, Int. Journal of Human Resource Devel-

opment and Management, Int. Journal of Transitions and Innovation Systems, The IUP Journal of Entrepreneurship Development, etc.

Eli Hustad is an Associate Professor of Information Systems at the University of Agder, Norway. Her research interests and her publications focus on management of enterprise systems, knowledge networking, social computing and Enterprise 2.0. She is currently involved in research on gender issues in system design, framework and strategies.

Mirjami Ikonen is a PhD Candidate and University Lecturer of Management and Leadership at the University of Eastern Finland. Prior to working at UEF, Mirjami worked in plastic industry as a quality manager. Her current research focus is interpersonal trust development in intra-organizational relationships, especially within not-for-profit organizations and new methodologies applied in trust research.

Shahriar Islam is a Lecturer in department of Public Administration at University of Rajshahi, Rajshahi, Bangladesh. Before joining as lecturer he completed two internships in London Borough of Islington, UK and The Asia Foundation, Bangladesh. His area of interest includes governance, public policy, local government, urban management, bureaucracy, civil service reform.

Alexander Josiassen (PhD from University of Melbourne) is Associate Professor at Copenhagen Business School, Denmark. His research interests include tourism management, intercultural research, and marketing management. He has published about these topics in leading journals such as the Journal of Travel Research, Tourism Management, Annals of Tourism Research, Journal of Retailing, and Journal of Marketing.

Ramanan Kausalya graduated MSc (statistics), MBA, Phd in Management. Ramanan worked as Statistician in Indian council of medical research (ICMR) 12 years, involved in planning, organizing, monitoring, analyzing and controlled clinical double blind trials for various diseases all over India. Presently working as Professor Management studies Bharath University for past 11 years. Presented and published in conferences and journals.

Tawa Khampachua is a Lecturer at King Mongkut's University of Technology North Bangkok, Thailand. He has a Master on Computer Engineering at Kasetsart University, Thailand. He also a PhD student at Thammasart University, Thailand. His research areas of interest include E-Government Interoperability, ICT Benefit Management, and Software Process Improvement.

Stefan Lagrosen holds a Ph.D. in business administration from Stockholm University. He is currently active as a professor of marketing and management at University West, Sweden. He teaches all areas of marketing with a special emphasis on international marketing and health and fitness marketing as well as quality management.

Yvonne Lagrosen holds a Ph.D. in quality management from Chalmers University of Technology. She is currently active as a senior lecturer in quality management at University West, Sweden. She teaches all areas of quality management such as quality management tools, models, Six Sigma, leadership and learning organization.

Sharm Manwani teaches and researches business and IT integration covering strategy, architecture and change programmes. He created and leads the Masters in Enterprise Information Management for Deutsche Telekom which has delivered significant organisational benefits and is recognised as best practice. Previously, he held European CIO roles at Diageo and Electrolux while obtaining his MBA and Doctorate at Henley Business School. His book on IT Enabled Business Change: Successful Management complements a BCS qualification

Thelma De Guzman Manansala, is a native of the historic province of Bataan, Philippines. She is full-time faculty member and cluster chairman of the Mathematics Department at the Bataan Peninsula State University where she holds the position of Assistant Professor II with Doctors Degree also from the same University.

David Methé is a Full Professor at the Institute of Business and Accounting, Kwasei Gakuin University. His research focuses on innovation in organizations. He has held previous faculty positions at Sophia University in Tokyo, Japan. Kobe University's Research Institute for Business and Economics (RIEB) and at the University of Michigan Ross Business School.

Muhammad Izwan Mohd Badrillah is an alumnus of Universiti Teknologi MARA (UiTM), Malaysia. He completed his MBA in 2008, majoring in Corporate Management. He is currently lecturing in the field of business management at the same university since 2009. He specializes in logistics and supply chain management.

Md Golam Mohiuddin PhD in Islamic Management, working in Islamic University, Bangladesh at Faculty of Management and Human Resource Development, University Technology Malaysia. Written books and joined many international conferences. Member and fellow of national and international organizations, like-International Institute of Islamic Thought(IIT), International Association of Islamic Studies(IAIS) and Executive Director of Center for Research on Islamic Management and Business(CRIMB).

Denis Mowbray is a specialist governance and strategy advisor to corporate and not for profit organisations. Combining Dr. Mowbray's extensive experience with his recently awarded Fellowship at AUT Universities Faculty of Business and Law, highlights the uniqueness of Dr Mowbray's insights and knowledge which are difficult to replicate.

Rudzi Munap is an Associate Professor with the Faculty of Business Management, Universiti Teknologi MARA (UiTM), Malaysia and completed her PhD in 2004. She has more than 20 years experience in the field of administrative management and is currently the Deputy Dean of the faculty. She has presented papers locally and abroad.

Krishna Murthy M.Com, MBA, PhD. Obtained Ph. D from Bangalore University, Bangalore, India, during 1996. At present I am working as Deputy Financial Controller, in Finance and Accounts Division of Indian Institute of Science, Bangalore, India, and also teaching for under graduate and post graduate students of management, I also presented papers in various Management conferences at national level.

Světlana Myslivcová is a Teacher at Department of Marketing. Svetlana works for Faculty of Economics at Technical University in Liberec. Svetlana teaches Marketing, Marketing research and Project management. She is a member of The Department of marketing teachers Czech Marketing Society. She deals with the scientific activities in the field of marketing.

Babak Nemati Master business administration (strategy, BSC,EFQM), Researcher of Futures Studies and Strategic management. Manager of Future Knowledge Approach Institute and master degree from ITCC Britain Institute on PMBOK and MS Project.

Celina Olszak is a professor and a chair at of the Department of Business Informatics at the University of Economics in Katowice, Poland. She is also a DAAD and Swiss Government scholarship holder. Celina is the author of 10 books and over 150 academic journal articles. Her research and teaching focuses on decision support systems, business intelligence and information society.

Irina Pilvere is Doctor of Economics (2001) and working in Latvia University of Agriculture, Faculty of Economics as the Dean and Professor. She has 113 scientific publications and experience in 12 international and 29 national research projects, with scientific focus on following subjects: Agricultural and Rural Development, EU Funds, Challenges and Trends in Public Administration.

Pavel Pudil is Vice-Dean for research and science at the Prague University of Economics. In 2000 he was elected IAPR Fellow for his contribution to the field of statistical pattern recognition including also the floating search feature selection method (cited more than 1200 times). His citation H-index is 13.

Sascha Pult holds a degree in mathematics as well as an Executive MBA and a Master of Science in Business and Management Research from the Henley Business School at the University of Reading, UK. Additionally, he earned several professional certificates and is managing director of his own company, which provides management of change.

Diana Rajendran is a Lecturer in Management, in the Faculty of Higher Education, Swinburne University of Technology, Victoria, Australia. She has pursued an academic career overseas and in Australia. Her expertise and areas of research interest include, Managing Diversity, Work-Life Balance, Quality of Work Life, Spirituality and Emotional Intelligence.

Pascal Ravesteijn PhD is a research fellow at Extended Enterprise Studies since 2001. Within this Research Group Pascal is responsible for the research activities in the Business Process Management domain. He is a member of the board of directors at the International Information Management Association (IIMA) and is a board member of the Dutch BPM-Forum as well as the NeWork Community. Furthermore Pascal is editor of the Journal of International Technology Information Management and he is a member of the editorial board of the International Journal of Global Management Studies

Chutimon Satidularn is a PhD candidate in the Faculty of Information Technology, Monash University, Australia. With prior experience as an IT auditor at KPMG Thailand, Chutimon's research interests lie in the corporate governance of IT. She has published her research in this area and has presented at information systems conferences.

Taina Savolainen holds Professorship of Management and Leadership, University of Eastern Finland, Dpt. of Business. Taina specialized in trust within organizations, leadership, and organizational change, and global competitiveness management. She is internationally recognized scholar, and leadership and trust educator. Her academic achievements have been recognized in Who's Who in the World with over 100 international academic publications.

Jaroslava Sedlakova has received M.Sc. in mathematics and computer science education from the University of South Bohemia, Ceske Budejovice, Czech in 1995 and Ph.D. in economic policy and public administration from the University of Economics Prague, Czech in 2002. Currently she works in public administration and also as a lecturer and researcher in the Faculty of Management, University of Economics Prague, Czech. Her special fields of interest include management of non profit social services, volunteering and community planning.

Manasi Shukla, MBA PhD in Knowledge management services industries (Delhi University). Her specialization is in quality management of the operational stage of an outsourcing project.. Her researching patience, rigorous back-ups and relevance

in customer context has been further honed with her experience as a researcher in Singapore (NBS, HCL BPO technologies). She has research experience in knowledge management, k- worker competency vs. skills e-commerce and ITES industry quality standards

Khurram Siddiq final year PhD Management student at the University of Southampton, School of Management, UK. His primary research interests include Human Resources and Organisational Behaviour. His PhD research is focused on the impact of Authentic Leadership on Leader Accountability in British Third Sector Organisations.

Petr Somol has contributed to the field of feature selection by about 70 papers. His contributions include feature selection algorithms (Fast Branch & Bound), theoretical results (feature selection stability measures) as well as initiation of the Feature Selection Toolbox development. His citation H-index is 11.

Lisa Soon works in Central Queensland University, Mackay, Australia. She is a member of Australian Institute of Export. She has considerable industrial as well as academic experience. Her main research interests include knowledge management, knowledge and technology, and knowledge in online learning.

Otakar Ungerman Phd. works as academic worker at Faculty of Economics, Technical University of Liberec. Presently teaches Marketing and International Marketing. Member of state examination board at the Faculty of Economics at the Technical University of Liberec. His scientific activities are mostly devoted to the new trends in marketing. He publishes in scientific journals.

Jan Voracek received both his M.Sc. and Ph.D degrees from Brno Technical University, Czech, in the area of technical cybernetics in 1985 and 1992, respectively. Currently he is an associate professor in the Faculty of management, University of Economics, Prague, Czech. His special fields of interest include computer simulation of complex socio-technical systems and knowledge management.

Quan Hoang Vuong (PhD) researcher at Centre Emile Bernheim (University of Brussels). Received Vietnam's National Book Prize 2007; National Journalism Prize 2010. published in journals as Vietnam Journal of Mathematics, Vietnam Journal of Mathematical Applications, VNU Journal of Science, Int. Journal of Human Resource Development and Management, Int. Journal of Transitions and Innovation Systems, The IUP Journal of Entrepreneurship Development, etc.

Lugkana Worasinchai Co-Director, PhD program in Knowledge Management and Innovation Management (KIM); Assistant to President of Bangkok University. Co-Founder/Co-Managing Director, Institute for Knowledge and Innovation South-East Asia (IKI-SEA), Bangkok University. Teaches undergraduate/graduate courses in Business Administration, and researches business strategies.

Yari Yuhariprasetya works for the Indonesian Directorate General Taxes and is currently taking Professional Doctorate in Public Administration program at Faculty of Business, Government and Law, University of Canberra. He obtained his Master in Business Taxation from University of Southern California, USA (1999) and Diploma IV in Accounting from Sekolah Tinggi Akuntansi Negara, Jakarta (1996).

Laura Zalzala PhD, International Political Economy and experience with European academic/government institutions. Researches multiple areas of international relations using social networks analysis as methodology. Involved in research grants sponsored by EU/international professional bodies (Institute of Electrical and Electronics Engineers). Currently volunteer driven humanitarian effort bringing sustainable healthcare to disadvantaged/remote areas in developing countries. Teaching involves international organizations, international trade techniques, international economics, international business and business statistics

Veronika Zelena is a Ph.D. student in Department of Exact Sciences at Faculty of Management in Jindrichuv Hradec, University of Economics Prague. She is a teaching assistant and a researcher on several projects in this department. She specializes in field such as Crisis Management, Reengineering and Knowledge Management.

Ewa Ziemia is an Associate Professor of Economics at the University of Economics in Katowice, Poland. She received her Post Ph.D. in management with the specialization in management information systems. Her principal research areas are focused on information society, e business and e-government, especially information systems and technology in knowledge-based economy.

Corporate ICT Governance: A Tool for ICT Best Practice

Mehdi Asgarkhani

CPIT, New Zealand

Mehdi.Asgarkhani@CPIT.ac.nz

Abstract: Today, investment on Information and Communication Technology (ICT) solutions in most organizations is the largest component of capital expenditure. As capital investment on ICTs continues to grow, ICT managers and strategists are expected to develop and put in practice effective decision making models (frameworks) that improve decision-making processes for the use of ICTs in organizations and optimize the investment on ICT solutions. To be exact, there is an expectation that organizations not only maximize the benefits of adopting ICT solutions but also avoid the many pitfalls that are associated with rapid introduction of technological change. Different organizations depending on size, complexity of solutions required and processes used for financial management and budgeting may use different techniques for managing strategic investment on ICT solutions. Decision making processes for strategic use of ICTs within organizations are often referred to as ICT Governance (or Corporate ICT Governance). This paper examines ICT governance - as a tool for best practice in decision making about ICT strategies. Discussions in this paper represent phase I of a project which was initiated to investigate trends in strategic decision making on ICT strategies. Phase I is concerned mainly with review of literature and a number of case studies. It establishes that the practice of ICT governance, depending on complexity of ICT solutions, organizations size and organizations stage of maturity varies significantly – from informal approaches to sophisticated formal frameworks.

Keywords: ICT governance, corporate governance, ICT governance framework, ICT governance components, aligning ICT with business strategies

1. Introduction

Today, access to information and communication technologies (ICTs) plays an essential role in both economic and social development. An on-going deployment of ICT solutions within organizations is contributing towards a significant transformation of corporate business processes worldwide.

The competitive imperative of the private sector has driven businesses into the digital world. Many organizations worldwide, consider ICTs as being essential for setting up competitive businesses, managing global corporations, adding business value and providing valued products and/or services to their potential markets (Kodama, 2002)

Within the last decade, investment on ICTs has become the largest component of capital expenditure within many organizations. In the United States alone, the percentage of ICT capital expenditure expanded from 19% (of the total business investments) in 1980 to 35% in 2003 (source: US Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts) and has continued to grow.

As capital investment on ICT within corporations continues to grow, there is an expectation that ICT managers and strategists optimize the investment on technology. They are required to maximize return and at the same time minimize risks that are associated with introducing technological change. As a consequence, corporations place significant value on decision making about both the direction (strategies) and the application of ICT within the organization. More specifically, ICT governance has become a global preoccupation. Today, the essence of planning for ICTs is to maximize return on ICT investment – often achieved through aligning the application of ICT solutions with that of organization's business strategy.

In most modern corporations, bodies (agents) known as board of directors and executives are tasked with managing not only strategies but also influencing day to day business operations. Generally speaking, the owners or shareholders have very limited involvement in the running of the day to day operations of the organisation (Davis HJ, Schoorman F D, Donaldson L, 1997). Therefore, over the time, numerous acts including Sarbanes & Oxley and Basal 11 were introduced and implemented so as to align the agents' interest with the interest of the stakeholders which in most cases were shareholders.

Information and Communication Technology (ICT) has significant impact in not only day-to-day operations of the organizations but also influences long term and strategic sustainable competitiveness of organizations. At the same time, ICT solutions in organizations are highly capital intensive. Managers and strategists need to

maximize the benefits investment on ICTs. Hence it is critical that decisions on the use of and investment in ICTs are aligned with corporation's strategic business direction. In most organizations, the mechanism or model that is in practice to ensure effective decision making in establishing the direction of ICT is referred to as ICT governance. ICT Governance is seen as a subset of activities that are often referred to as corporate governance. Therefore ICT Governance is often referred to as corporate ICT governance.

Effective ICT governance is dependent upon a clear and accurate understanding of current position of an organization and future objectives. Strategy analysis frameworks are one of the key tools in undertaking an assessment of best practice and/or direction for the use of ICTs in organization. COBIT IT Process is for instance one of the widely used frameworks that are currently available. In addition to strategy analysis tools, effective ICT governance depends on other factors including organizational culture, management support and business processes.

This paper is the outcome of Phase I of a study on trends in decision making processes for the use of ICTs within organizations. Phase I is concerned with the review of literature and analysis of a number of case studies. The main objective of Phase I is to establish theories (hypothesis) that can be considered for validation in Phase II of this study.

The paper elaborates on the role and the importance of decision making processes for the use of ICTs in organizations. It will consider current economic climate and its impact on governance systems and protocols. Additionally, it will investigate components of governance systems and frameworks that are in use to facilitate the decision making process for the use of ICTs.

2. ICT Governance: An overview

A review of history of ICT projects makes it apparent that some ICT projects do not achieve success in delivering value to organization. What's more, some projects are never completed or concepts were poorly established (Prasad, Green, & Heales, 2008). This highlights a need for strategic planning and delivering effective ICT solutions. Hence ICT governance has a high level of importance in any organisation.

ICT Governance is a subset of the discipline that is referred to as Corporate Governance – it is focused on information and ICT assets. ICT governance was initially driven by compliance issues (such as Sarbanes-Oxley in the USA and Basel II in Europe). However, ICT governance practices today require close engagement of management at higher level. What's more, the board of directors in organizations must make sure that management teams are not only aware of information resources available but also conditions of use and the role they play in making more effective decisions and generating higher level of income (Prasad, Green, & Heales, 2008).

In some organizations, ICT governance is the responsibility of the board of directors and executives – it consists of leadership, organizational structures, and processes that ensure sustainable use of ICTs to achieve organizational goals and objectives (IT Governance Institute, 2012). Considering some of the cases of spectacular failure of ICT initiatives, "Governance" generally has taken on even greater significance. There is a growing realisation that more management commitment is needed to improve the management and control of ICT initiatives. ICT Governance provides strategic direction for the use of technology in organizations. Furthermore, it facilitates the alignment of ICT projects and Business objectives. This in turn minimizes the risk of investment on ICT solutions (Williams, 2012). ICT governance institute (IT Governance Institute, 2012) defines ICT governance as "the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategies and objectives".

3. The strategy planning process

ICT governance is closely associated with strategic planning for the use of ICT solutions within organizations. In fact, the process of corporate governance for ICTs is about aligning direction of use of technology with overall organizational objectives.

Overall the strategic process for determining the role of ICT solutions in organizations is anything but linear. Integrating all the components of the strategic process is cyclic. The key elements of this cycle are:

- Strategic Analysis – involves establishing an understanding of the current situation, including: aspects of the environment; current technology infrastructure; available resources; expectations; broad objectives; and power bases.
- Strategic Choice – involves the formulation of the strategy itself through understanding various options, evaluating options and making a decision on a suitable strategy.
- Strategy Implementation – involves tactical issues such as resource assessment and planning, identifying human resources and systems, contents, determining organizational structure and so forth.

The first two stages of the strategy cycle should ideally result in the formulation of a strategy plan. The strategy plan can often be formulated as a hierarchy that clearly outlines the various stages (components) of the strategy process for the organization and for the role of technology including ICTs within the organization (Figure 1). This hierarchy includes:

- Mission - What are we planning to do with e-learning and KM solutions?
- Goal(s) – What are we trying to achieve?
- Strategies - What alternative pathways are available to us – in order to achieve agreed upon goals?
- Policies - How should we be guiding our moves within a selected pathway in order to achieve goals?
- Decisions - What alternative options for moves should be considered?
- Action - This is the way we will implement our decision for introducing e-learning and/or KM solutions.

The strategy cycle can help in establishing a foundation for successful development and delivery of web-assisted learning - the critical components for successful e-learning being seen as:

Strategy development and implementation is an ongoing process. A strategy plan is considered to be a living document. It needs to be:

- redefined and adjusted as the environment and requirements change or new technological options become available, and
- examined on an ongoing basis against the mission and vision of your institution (a solution provider or a learners' institution)

To ignore the iterative nature of any strategy would eventually compromise the quality of the outcome. In addition to development of the model above, other questions in governance of ICT solutions include:

- What are our reasons for pursuing an effective governance process?
- Are we aware of our limitations and the challenges in introducing ICT solutions?
- What is our clear vision for the use of ICTs within the organization?
- What are the priorities in the organization in changing business processes through the application of technology?
- What types of governance are we ready for?
- What specific strategies suit our choice of digital or technology solutions?
- What are the change management processes to take into consideration when ICT governance processes are put in place?
- What are the tools and metrics that we have thought of in order to assess effectiveness of governance policies and processes?

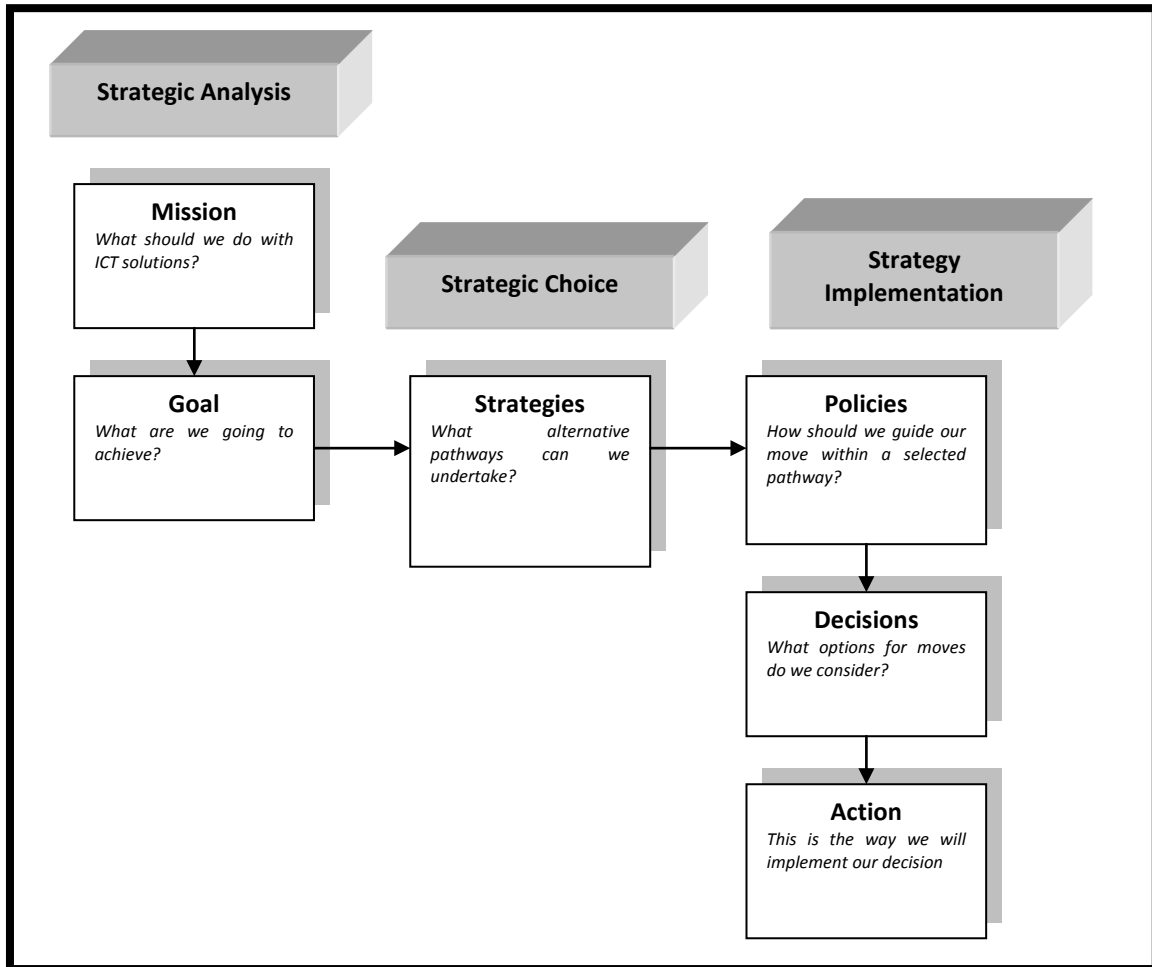


Figure 1: ICT Governance -The Hierarchy of Strategy Development

Based on discussions presented above, effective ICT governance needs to bring together a number of key components together so as to make decisions on strategic direction of ICTs within organizations. These include:

- Decision making criteria
- Team of people to make decisions
- Processes to be observed and adhered to in order to make decisions
- Tools and techniques that could be made available to make decisions on direction of ICT within organizations

4. ICT governance frameworks

ICT Governance can be a complex process. Many researchers and ICT strategists recommend that the process of governance must be based upon a framework that can maximize effectiveness of decision making process for organizations (Williams, 2012)(Asgarkhani, 2011). Furthermore, it is advised that (Williams, 2012)these frameworks should be encompassing all domains of IT governance including: Strategic Alignment, Value Delivery, Risk Management, Resources Management and Performance Management (Figure 1). (Asgarkhani, 2011)

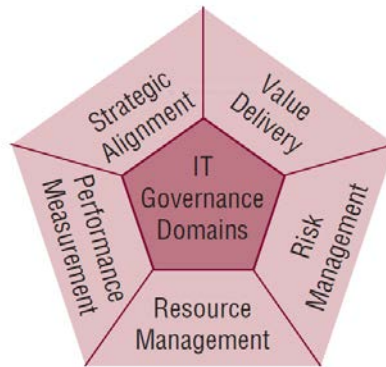


Figure 1: IT Governance Domains Adapted from (Williams, 2012)

Some of the most widely used include COBIT, ISO9000 and ITIL (National Computing Centre UK, 2005)(IT Governance Institute, 2007)(Brisebois, Boyd, & Shadid, 2009).

Control Objectives for Information and related Technology (COBIT) is a framework recommended by IT Governance Institute. It is often used to assess a firm's governance maturity level against 34 high level control objectives under which fall under four domains of the IT process; Planning & Organization, Acquire & Implementation, Delivery & Support and finally Monitor & Evaluate. Each of these domains of the IT process has control objectives which cover all firms' ICT related activities. (IT Governance Institute, 2007). Figure 3 illustrates the principles of COBIT).

The model that COBIT uses in order to assess organization's level of maturity regarding ICT governance is illustrated in Figure 4.

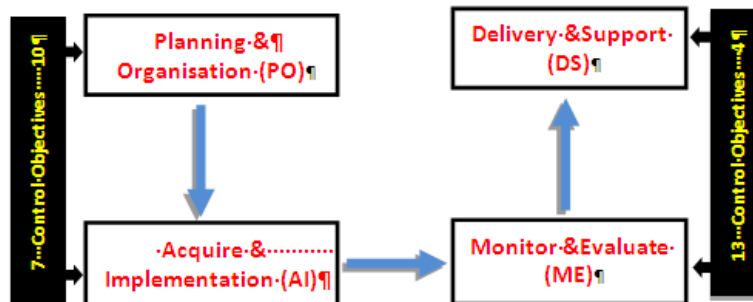


Figure 3—Principles of COBIT as a framework for ICT Governance

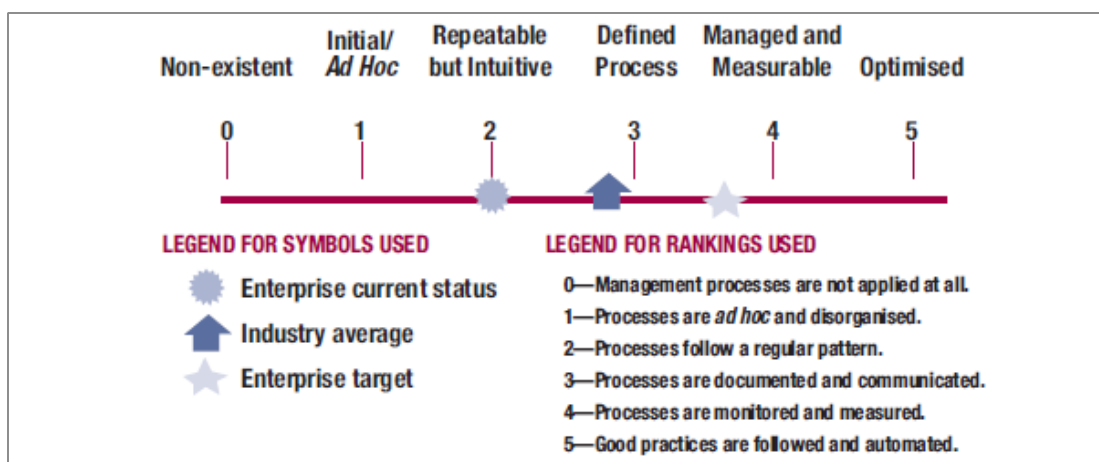


Figure 4: The maturity scale model of COBIT as a framework for ICT Governance

This model in general is applicable to cases where in-depth analysis of ICT processes is required. The COBIT framework is seen as one of the most suitable models for facilitating ICT Governance. Control objectives of the four domains considered within this framework (Prasad, Green, & Heales, 2008)(IT Infrastructure Library, 2007)are illustrated in Table 1.

Table 1:COBIT control objectives

Control Objectives – Planning and Organizing		Control Objectives – Acquiring and implementing	
PO1	Define Strategic IT planning	AI1	Identify automated solutions
PO2	Define Information architecture	AI2	Acquire and maintain application software
PO3	Define Technological direction	AI3	Acquire & maintain technology architecture
PO4	Define IT organization and Relationships	AI4	Enable operation and use
PO5	Manage the IT investment	AI5	Procure IT Resources
PO6	Communicate aims and direction	AI6	Install and accredit systems
PO7	Manage IT human resources	AI7	Manage changes
PO8	Assess risks	Control Objectives - Delivery and Support	
PO9	Manage projects	DS1	Define and manage service levels
PO10	Manage quality	DS2	Manage third-party Services
Control Objectives - Monitor and Evaluation		DS3	Manage performance and capacity
ME1	Monitor and evaluate IT performance	DS4	Ensure systems security
ME2	Monitor and evaluate internal controls	DS5	Ensure continuous service
ME3	Ensure compliance external authorities	DS6	Identify and attribute costs
ME4	Provide IT Governance	DS7	Educate and train users
		DS8	Manage service desk and incidents
		DS9	Manage Problems
		DS10	Manga physical environment
		DS11	Manage the configuration
		DS12	Manage data
		DS13	Manage operations

Some of the other frameworks available for facilitating ICT governance practices include:

- SWOT analysis – It is a conventional framework based on the internal strengths and weaknesses and the external opportunities and threats(Marilyn M. Helms, 2010)(Mårten, ontus, & Hanna, 2006). This framework was a popular tool for strategy analysis for over 4 decades.
- VRIO (Valuable to the firm, Imitability by competitors, Rarity of the resources, capable of exploiting by the Organisation) – A framework that was introduced in 1991 (Barney, 1991) and was considered to be a useful tool for internal analysis of firm’s resources and capabilities – ranking resources and capabilities within the organization.

ISO 17799 which is a framework developed by the International Organization for Standardization is originally a code of practice for Information Security Management.However, given that risk management is a key component of ICT governance, ISO 17799 can be seen as a framework for ICT governance practices. It should be noted however that its narrow focus on security makes it unsuitable as the sole basis for an IT governance(Symons, 2012)(Nilakant & Ramnarayan, 2006).

5. Conclusions

Today, investment on ICT is possibly the largest component of budget in many organizations. It is estimated that the global IT expenditure in 2007 was 6% of the total GDB (http://news.cnet.com/8301-13505_3-9796414-16.html) and it is likely to have grown to 10% of global GDP in 2012.

As investment on ICTs continues to grow, there is an increasing expectation for accountability and that this investment is done wisely to maximize returns. Effective decision making is a key factor in ensuring highest possible returns on ICT investments. More specifically, decisions on direction of use of ICTs in organizations must be aligned with strategies driving the business. In many organizations, ICT governance is a process to facilitate ICT initiatives with business strategies.

Review of literature and case studies highlighted that organizations in general agree that effective decision making in use of ICTs is critical to ensure ICTs are to support enabling business. Based on the review that was carried out in this paper, theories are developed to be tested for verification in Phase II of this study. They are:

- Organizations where formal ICT governance practices are not in place can benefit significantly from formalizing corporate ICT governance practices.
- Organizations practicing formal ICT governance in deciding direction of ICT projects are more likely to experience better outcomes in enabling business and higher returns on ICT investment.
- Use of ICT frameworks results in more effective ICT governance practices.

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Intercultural Interactions, Culture and Knowledge Management: Research from the Thai Hospitality and Tourism Industry

Leonard Barnett and Edward Carter
Bangkok University International, Thailand
Bangkok University, Bangkok, Thailand
lenbarnett@yahoo.com.au
eglcarter@yahoo.com

Abstract: This paper deals with a relatively neglected area in Knowledge Management (KM), which is how it relates to culture. The case study identifies the impact of cultural variables on management and KM from the analysis of intercultural interactions in the hospitality and tourism (h&t) industry in Thailand. The analysis draws conceptual linkages between management, knowledge management and significant cultural factors. The researchers chose h&t as a unique data source. It is a people-based, multicultural industry yielding huge volumes of intercultural interplays, knowledge and information flows. It produces countless intercultural interactions and provides a very rich vein for those wishing to research the interaction of culture with a variety of disciplines, including KM. The paper is positioned theoretically among intercultural management, knowledge management, cultural knowledge, intercultural communication and intercultural competence. The research methodology employs a qualitative interpretive approach, using in-depth, semi structured interviews and non-participant observation. Content analysis and a reiterative multi-step coding technique are applied to the data. The major findings emerging from the data analysis are explained using theoretical constructs from intercultural competence and knowledge management. This paper then identifies the importance of cultural variables affecting specific aspects of knowledge management, including knowledge sharing, transfer, innovation and development. The research is significant because there are few systematic studies of KM in the h&t industry and because the importance of cultural factors and the requirement for intercultural competence among KM practitioners has been relatively neglected. This research demonstrates that considerable intercultural competence is required of practitioners. Knowledge management, particularly knowledge sharing, transfer, development and innovation must account for the specific cultural characteristics of the countries and regions in which applications are to be deployed. The paper concludes by identifying future opportunities for study, including cultural assessments and strategies which enable the adaptation of knowledge management systems to local populations in an interculturally competent fashion.

Keywords: knowledge management, cultural factors, communication, tourism

1. Introduction

This paper explores the impact of cultural variables on management and Knowledge Management (KM) from the analysis of intercultural interactions. It draws on recent research into intercultural interactions in the Thai tourism industry and identifies implications for KM, particularly knowledge transfer, sharing, development and innovation.

The objectives of the study are to

- examine the relationship between KM and a range of cultural factors emerging from the analysis of intercultural interactions,
- describe the theoretical context of these cultural factors and KM,
- identify culturally based obstacles to KM practice and
- provide guidance to KM practitioners on intercultural competence.

The particular research questions addressed are:

- What are characteristics of the intercultural processes identified in this study?
- What cultural factors explain these?
- How might these enhance or impede KM, e.g. knowledge transfer, sharing, development and innovation?
- What are the intercultural competence implications for KM?

Significant findings, cultural barriers to knowledge transfer and the requirement for intercultural competence are discussed and future research opportunities identified.

2. Theoretical framework

In positioning this research academically, the relevant fields include KM, cultural knowledge, intercultural communication, competence, culture and tourism and intercultural management, which are briefly described here.

3. Knowledge management

To remain globally competitive, companies must ask: what do we know? Need to know? Who knows it? How do we get it? (Prusak 2001). As Leonard (1999) notes, “firms are knowledge as well as financial institutions”. Organizations need access to codified and digitized information and, particularly in h&t. they need to manage components which are not digitized or fully documentable, e.g. intercultural awareness, judgment and communication. Intercultural understanding and competence are integral to being an “organization that knows how to do things” (Winter 1993). Among the strategies developed to manage non-digitized and undocumented knowledge have been group and network based systems. Knowledge, particularly tacit cultural knowledge, grows in these structures (Prusak 2001). They are effective methods of managing the processes required to learn the tacit understandings embedded in cultural knowledge which underlies intercultural competence (Ardichvili et al. 2006).

The practice foundations of KM include information management, the quality approach and the human capital movement (Prusak 2001). While the first two have concentrated on structured data, customer focus and improving work practices, the human capital movement portrays knowledge development as an investment leading to skills development, innovation, creativity and profitability.

For this paper, Ardichvili et al. (2006)’s definition is acceptable: KM is a collection of processes comprising a “complex socio-technical system that encompasses various forms of knowledge generation, storage, representation and sharing”. In positioning cultural knowledge, Binney (2001)’s spectrum of KM elements is helpful: analytical, asset management, process-based, developmental and innovation/creation.

3.1 Knowledge management and cultural knowledge

Binney’s developmental and innovative approaches appear appropriate when considering cultural knowledge and interactions, as sharing and internalizing tacit cultural knowledge, embedded personal beliefs and opinions require individuals to interact (Wenger et al. 2002). Cultural knowledge transfer should include collaborative activities, group-based learning, mentoring and communities of practice (Hildreth et al. 2000). However, the assumption that these methods will involve free and full exchange of tacit cultural knowledge between the experienced and knowledgeable with the less conversant is debatable. Knowledge-sharing, for example, is influenced by the employees’ culture (Hofstede 2001; Trompenaars 1993), as are cognitive styles and communication (Korac-Kakabadze and Kouzmin 1999; Holmes and Tangtongtavy 1997). Cultural knowledge - enculturated information, skills, attitudes, conceptions, beliefs, values, etc. – influences how knowledge is managed (Pederson 1994).

Unfortunately, the academic field of intercultural communication/competence is populated by a baffling array of overlapping descriptions.

3.2 Intercultural communication

Studies of intercultural communication emphasize traits, perceptions, behaviors or the culture-specific (Lustig and Koester 1993). For example, some approaches highlight uncertainty reduction strategies (Gudykunst 1994), non-verbal communication (Anderson 1994), identity maintenance (Ting-Toomey et al. 2004) cultural knowledge, skills and motivation (Wiseman 2001) and many more (Cegala 1984; Hammer 1987; Kim 1993). Others emphasize interactional and relational aspects (Imahori and Lanigan 1989) while Chen and Starosta (1999) stress affect and social relaxation in intercultural dealings.

3.3 Intercultural competence

Trait, interactional and developmental approaches predominate in intercultural competence. Fantini, Arias-Galicia and Guay (2001) define intercultural competence as “multiple abilities that allow one to interact

effectively and appropriately across cultures.” Kohls (1996) adds humor and accepting failure. Other notable trait studies include Fantini (2000) and Samovar and Porter (2001). Pusch (2004) and Lustig and Koester (2003) stress the milieu, context and interactional aspects of intercultural competence. Developmental and process approaches include increasing awareness, cultural knowledge and skill (Pederson 1994), ‘intercultural transformation’ (Kim and Rubin 1992) and movement, through the acquisition of cultural knowledge and perceptual change, from ethnocentric to ethno relative (Bennet 1993; Fennes and Hapgood 1997) — changing internal frames of reference. Other process approaches are reconciling cultural differences (Trompenaars and Hampden-Turner 2001), “global people skills” (Gundling 2003) and “global literacy” (Rosen et al. 2000).

Regarding language proficiency, some (Gudykunst 1994) ignore it while others promote it (Lambert 1994; Gannon 2008; Bryman 1997; Piller 2007). Roberts et al. (2005) declare most cultural misunderstandings are language misinterpretations.

3.4 Intercultural competence and Hospitality and Tourism

H&t provide millions of intercultural interactions each year. Studies from this important area deal with intercultural competence and adaptation (Hottola 2004), cultural knowledge, sustainable tourism and customer satisfaction (Shapero 2006; Tse, E. C-Y. and Ho, S-C. 2009; Samovar and Porter 2001). Gannon (2008) laments that business and educational institutions devalue the importance of cultural knowledge transfer. Baum and Devine (2008) note that staff productivity depends on cultural awareness, learning/training.

3.5 Intercultural Management

Intercultural management is concerned with the effective functioning of diverse groups of people in organizations (Jacob 2004). Hofstede (1980), arguing for culturally appropriate management styles, introduces ‘dimensions of culture’. Wong (1991) stresses similarities, not differences, between international managers. Bartlett and Ghoshal (1989) state that management must integrate diversity by understanding target markets’ cultures. Using the notion of cultural dilemmas, Trompenaars (1993, 2001)’s investigates the effects of culture on organizational relationships, management and processes. Although at times controversial, even his critics call him a “luminary in the field” (Jacob, 2004).

4. Methodology

This section describes the study’s overall research methodology and rationale, methods employed, data collection processes, validity and reliability, limitations and ethical issues. The research questions and objectives are in the paper’s Introduction.

A qualitative interpretive approach, using an inductive method, is the most appropriate for this type of study. It enables researchers to gain a deeper understanding of the issues and the meanings respondents attach to events (Saunders et al., 2007) and is suitable for use with a small sample where the focus is on interactions (Bryman, 2004). The methodology is appropriate for an interpretive study which aims to access deeply embedded data (Daymon and Holloway, 2002); Bryman and Bell, 2003, 2007; Bryman, 2004; Saunders et al., 2007).

4.1 Sample selection

This research focuses on managers’ perceptions (later studies will deal with customers and staff). Using purposive sampling, it is very important for the study’s credibility that the five respondents are experienced, international senior managers who deeply understand the research area.

4.2 Data collection

The research was triangulated, employing two principal methods of data collection: in-depth, semi-structured interviews and non-participant observation.

In in-depth, semi-structured interviews, the researchers used an interview guide to obtain standardized data from participants and adjust questions as new insights arose (Daymon and Holloway, 2002). In each interview, the respondents answered open-ended questions and were free to elaborate, express opinions and feelings and display expertise (Crouch and Housden, 1996; Chisnall, 2001). There were five in-depth, semi-structured

interviews, each lasting a minimum one hour, with five senior managers of first class hotels in Bangkok and three non-participant observations in these hotels.

In the three ninety minute non-participant observations, additional and confirmatory data was recorded systematically, in narrative form and using a checklist, based on the interview guide (Hair et al., 2003). A researcher observed staff in work settings, at audible distance. Staff was not informed that they were being observed. For ethical reasons, the observation sites and staff names cannot be identified.

4.3 Data analysis

The interviews were tape-recorded with the respondents' permission and supported with notes. All interviews were transcribed and were supplemented by written notes and checklists from the non-participant observations to enable fuller data analysis.

4.3.1 Content analysis and coding

Content analysis and standard, systematic, qualitative coding techniques were applied (Richardson, 2000) to enable the sorting and re-presenting of raw data for interpretation and data analysis. As part of the coding process, data presented in Word format were labeled and numbered, recording item names, page numbers, paragraphs and line numbers in the transcripts, checklists and notes. Exhaustive reiterative processing of these coded items uncovered etiological and conceptual linkages between them, facilitating gradual categorization into seven major themes (4.Findings) and associated items or sub-themes.

4.4 Research validity and reliability

4.4.1 Multiple methods of data collection

This study incorporated rigorous data collection and analysis methods, such as triangulation and participant validation to ensure the validity and reliability (Silverman, 2000; Krippendorff, 2004; Richardson, 2000). Multiple methods enabled the comparison and checking of findings, revealing high consistency across all items.

4.4.2 Participant validation

The initial analysis of findings was made available to participants who verified and commented on both the analysis and the interpretation, thus strengthening research validity (Richardson, 2000; Krippendorff, 2004).

4.4.3 Presentation of evidence

This study's credibility is bolstered by the maintenance of rich and detailed accounts of interview data in transcripts and recordings, and observational notes (Richardson, 2000).

4.4.4 The quality of interview participants

The quality of the interview respondents, as 'competent judges' and knowledgeable senior managers, supports the research's validity.

4.4.5 Reliability

Further reliability of this study derives from the consistency of findings from different participants and observations (Bryman 2004; Silverman 2000; Krippendorff, 2004). The researchers applied one set of interview questions to each of the five respondents whose overlapping or consistent answers enhance the reliability of particular findings. In addition, findings from non-participant observations supported and confirmed those from the interviews. Systematic coding and data collection techniques further improved reliability (Silverman (2005). To assist the research process and strengthen reliability, a research diary was kept throughout the study.

5. Findings

Seven major findings, described here, emerged from analysis of 113 data items. The following section analyses the implications for KM.

5.1 Positive information from and experience of customers

This finding was expected as these staff are from the region's best hotels. As Thais value ascribed status (Trompenaars 1993), high paying guests are treated deferentially. Trompenaars' particularism complements ascribed status as lower rank persons (staff) strive to relate positively to these customers. Communitarianism and the 'organization as family' (Trompenaars 2001) reinforce staff's welcoming attitudes. Shapero (2006) and Baum and Devine (2008) note that intercultural competence increases customer satisfaction. Are the staff highly interculturally competent or does culture explain their success? Positive customer feedback may reflect that this staff in these hotels, interacting with *these guests*, display significant intercultural competence *in this situation* (Pusch 2004; Lustig and Koester 2003) due to specific cultural traits. Particularism, communitarianism and ascribed status predispose these staff to appear interculturally competent with these guests. This explanation is underscored by a respondent's view that it's more about staff's personal qualities than training.

5.2 Friendliness and the "smile"

Just as customer feedback is affected by the friendliness of the staff and the famous Thai smile, incompetence is masked by these. Ascribed lower status individuals must present positive emotions, facial expressions, etc. to higher rank and avoid negative display. To preserve communitarian harmonious relationships, negative emotional signals are suppressed and positive feelings and smiles encouraged.

All respondents noted the numerous variations in the Thai smile. The comment that "It's amazing what we get away with" indicates how the iconic smile is an interculturally effective marketing behavior. The zone of tolerance is widened if the customer perceives service failure as due to cultural misunderstanding (Warden et al. 2003). Recovery after service failure is crucial (Warden et al. 2003). In this study, where there was failure, smiling behavior increased as did the staff numbers smiling. This influenced customers to cease information seeking and criticism. The smile can halt criticism and move incompetence into intercultural misunderstanding.

5.3 Lack of proactivity and initiative

Communitarians do not value innovation and initiative as highly as their individualistic managers. In an ascribed status setting, it is expected that externally (locus of control) focused staff will follow orders without criticism or expecting delegation. Rigid adherence to procedures reflects the perceived centralization of power (ascribed status) and the cultural perception that their locus of control (e.g. the procedures) is external. Consequent behaviors - freezing, hiding and ignoring - are accounted for by Hofstede (1997)'s uncertainty avoidance. Communitarianism and uncertainty avoidance explain staff's unwillingness to work outside Bangkok.

5.4 Management, responsibility and accountability

Communitarianism accounts for reluctance to assume senior management responsibility and accountability as these are strongly individualistic notions. Staff's aspirations are fulfilled by current positions or supervisor level where accountability can be pushed upwards. Furthermore, the 'boss' must often transfer unwelcome information which disturbs communitarian harmony. Problems with staff evaluation are explained by the dilemma of diverse vs. specific, where the personal and the professional are not distinct (Trompenaars 1993). Criticism is avoided or taken personally with consequent loss of face. Staff immobility and 'staying too long' are reinforced by communitarianism and ascribed status which accompanies the organization as a family. Thus, loyalty is more important than performance. In addition, Trompenaars' indicates that cultures with long time orientations perceive past loyalty and effectiveness as relevant to current evaluations and decisions about staff. Participation in decision-making but reluctance to take consequent responsibility reflects an unreconciled cultural dilemma within communitarianism vs. individualism or an incomplete intercultural competence transformation (Kim and Rubin 1992). Here we have staff who perceive their participation, not as individualistic with resultant accountability, but as communitarian, demonstrating unity and togetherness.

Foreign managers' intercultural competence, especially in managing information, is crucial and supported by the literature (e.g. Gannon 2008, Baum and Devine 2008) and by Trompenaars' multicultural management.

5.5 Communication

Regarding KM, in a high context culture, much knowledge is not 'spelt out' in words but in context, or not at all, whereas in low context cultures (respondents are Northern European and North American), the focus is on words and precision (Hofstede 1997; Trompenaars 1993). Consequently, much information is not communicated to or not understood by low context managers. 'Shooting the messenger,' the bearer of negative information is explained by staff's communitarian concern to maintain harmony and balanced relationships. Communitarianism, together with the neutral vs. affective dilemma, accounts for problems either not being reported or the communicator being censured. Staff's reluctance to express negative feelings extends to the suppression of criticism.

5.6 Status

Ascribed status permeates Thai culture and behavior, washing through inter-staff relationships and interactions with customers. High status guests receive more knowledge and attention than low. Western customers are favored above Indians and Arabs, reflecting the status ascribed to ethnic groups by the culture. Conversely, the employer's high status brand elicits considerable pride.

5.7 Relationships

Relationship development is a core intercultural competency. Due to high communitarianism and particularism, strong relationships are a cornerstone of the society and crucial in the local business culture, with Thais preferring informal and personal relationship-based communication (Holmes and Tangtongtavy 1997). All respondents understood this and the consequences of not establishing strong relationships.

The staff are astute managers of relationships (Sammapan 1996), a core competency in a particularist culture (Mayer and Salovey 1993). This is illustrated by situations where personnel not accepted into the in-group (e.g. Thais from overseas trying to change things, interculturally incompetent foreign staff) are controlled, changed or ostracized through relationship management and manipulating knowledge sharing. "They get really 'screwed over'". The importance of in/out group management, trust and knowledge sharing are accounted for by particularism, i.e. the particular persons and relationships are more important than information.

6. Discussion - Implications For Knowledge Management

This section discusses the cultural characteristics identified by the research that affect KM. As Ardichvili et al. (2006) note, KM and KM systems need to incorporate the particular cultural preferences of employees.

Status

A deep understanding of ascribed status and related concepts, such as high power distance (Hofstede 2001) and vertical cultures (Triandis 1995), is essential for the effective implementation of KM systems in Asian cultures.

As noted in this study, knowledge transfers between people from opposite cultures (ascribed vs. achieved status, high vs. low power distance, etc.) are complicated by the varying ways in which each manages knowledge. For example, in ascribed status societies, information flows overwhelmingly from top to bottom, while in achieved status, the flow is multi-directional (Bhagat et al. 2002). Within a high power distance culture, status will determine what knowledge is shared and the direction of information flow. Knowledge transfer is problematical where content is tightly controlled by the hierarchy, preventing employees accessing critical information (Hofstede 2001). For example, open online knowledge sharing systems may challenge upper management and employees will suppress negativity.

A subtle phenomenon, noted by Trompenaars (2001), is that, in an ascribed status organization, superiors are expected to be expert and not display ignorance. Similarly, employees avoid revealing superiors' deficiencies and defer, on the basis of status not expertise. This cultural dynamic impedes innovation and the open sharing and development of knowledge and competence.

6.1 Communitarianism

Members of communitarian or collectivist cultures share information and construct knowledge differently to individualists. Bhagat et al. (2002) note that individualists identify each piece of information, independent of its context, and give special importance to writing, while communitarians perceive a message embedded in context and may disregard written information. Knowledge is more likely to be understood and shared by communitarians when accompanied by a human face and voice; e.g. obtaining information may be unsuccessful if relying on email or forms. A personal contact is often required.

6.2 In-groups and out-groups

Communitarians are interdependent on other group members and Thais adroitly manipulate in- and out-group distinctions. Consequently, knowledge may be developed, learnt and shared between in-group members, it may not reach other staff. This exclusion reflects in-group loyalty and reluctance to 'lose' group knowledge. Similarly, out-group members intentionally exclude themselves from KM activities, if they perceive themselves as not belonging (Ardichvili et al 2006).

This research found that Western customers received fuller knowledge sharing than Indians and Arabs. Ethnocentrism, when combined with ascribed status and particularism, throws up formidable knowledge barriers for certain out-groups.

6.3 Particularism

Thais, being strongly particularist do business through informal and personal relationship-based communication (Holmes and Tangtongtavy 1997). Thai companies and sub-sections run on a family based model reflecting both communitarian and particularist values. Consequently, KM systems, which are impersonal, universalist and reliant on written rules, will be less successful than those that incorporate informal relationship management.

6.4 High and low context

Managers reported considerable difficulty with the issue of high and low context communication. Words, emails and online verbal KM applications are more valued by low than high context staff. Interculturally competent KM needs to account for this cultural variation in rolling out KM systems.

6.5 Diversity and Face

In a diverse, as opposed to specific, culture, the perception of work performance and personal regard is integral to self-esteem. Professional praise or criticism is taken personally (Miller 2005). Face is crucial in decisions made about communication, learning and knowledge sharing. For example, those from specific cultures perceive asking questions as valid inquiry and often face-enhancing behavior (Wenger et al. 2002). Diverse culture individuals avoid asking, especially in public, as it is not modest (Kurman 2003), betrays ignorance or embarrasses. It is a face-losing behavior. Asking questions may break communitarian principles or not be *kreng jai* (approx. consideration, self-effacement).

Similarly, relaying negative and critical information is discouraged. Knowledge relating to performance, particularly appraisal or discipline, becomes very delicate when face is crucial. Criticism is avoided and incompetence covered up or ignored.

6.6 Uncertainty avoidance and external locus of control

Managers expressed frustration with staff's lack of proactivity and initiative, despite innumerable training courses, e.g. rigid adherence to procedures and unwillingness to accept promotion to senior positions. Uncertainty avoidance, preferring external control and reluctance to assume internal control provide significant obstacles to innovation and creativity in KM.

7. Summary of key results and findings

1 st Research Question Characteristics of intercultural interactions	2 nd Research Question Cultural Factors influencing interactions	3 rd Research Question Impacts on KM	4 th Research Question Intercultural competence and KM
Positive experience of customers	Particularism, communitarianism, ascribed status	Status - affects knowledge transfer, criticism	
Friendliness and the “smile” Lack of proactivity and initiative	Ascribed status, face, ‘zone of tolerance’ External locus of control, ascribed status	Communitarianism – knowledge sharing and construction, , devaluing written word Reluctance to innovate, criticize	Culturally speaking, one size does not fit all Intercultural Competence is essential for practitioners
Management, responsibility and accountability	Communication, long time orientation	In/out groups - knowledge sharing determined by group membership, ethnicity	Various models, including Trompenaars and others described briefly in this study
Communication	High/low context, neutral/affective	Particularism - informal relationship preferred to impersonal, universalist and written rules	
Status	asc status, ethnocentricity	High/low context - Words, emails and online verbal KM applications less valued , high context management of information, much left unsaid	
Relationships	Particularism, personal relationship- based communication, rel mgt, in and out groups	‘face’ and communication, learning, criticism, knowledge sharing	

Figure 1: Summary Of Key Results And Findings

8. Conclusion and areas for future research

This research demonstrates that one size does not fit all and that considerable intercultural competence is required of KM practitioners. KM, particularly knowledge sharing, transfer, development and innovation must account for cultural characteristics where applications are deployed. Practice should include a thorough cultural assessment to adapt KM systems in an interculturally competent fashion.

Further research is required to specify how intercultural competent KM systems vary from traditional, how cultural dilemmas can be effectively reconciled, e.g. in-group/out-group, reluctance to transfer negative information.

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Strategies for Enhancing HRM Courses: Transforming Theory into Hands-On Applications

Bob Barrett

American Public University, Charles Town, USA

Docjob00@msn.com

Abstract: This paper will examine why some human resource management training programs in general are being reexamined in terms of design and development, as well as overall intent and final outcomes. While today's students are starting to reevaluate their career plans, some students are starting to now focus on degrees and courses that will help them with potential job endeavors. As a result, there has been an increase in Human Resource Management (HRM) programs of study. This paper will focus on how one virtual university uses its HRM courses to enhance the learning experience for its students to learn more Human Resource Development (HRD). In particular, this program helps students to learn more about HRD, training, and consulting. This paper will examine how the teacher-centered approach has been replaced with the student-centered approach to help to personalize the students' final consulting project in the framework of a Virtual Portfolio format. Further, this paper will cover potential applications of Virtual Portfolios (e-Portfolios) used to help students learn how to set up a potential electronic consulting practice. The Virtual Portfolio format was designed and developed for several purposes. First, it is used to assess the student content knowledge and application towards a potential training program creation and implementation. Second, this virtual project helps students to take a reflective look at not only their work, but its potential application in their future career endeavors. Thus, this particular course has encouraged students to work weekly on practical projects to apply their content knowledge towards creating a consultant practice and build a Virtual Portfolio as part of the process in the course. This paper will use an appreciative inquiry perspective lens to view the positive benefits of incorporating a Virtual Portfolio into HRM, management, and/or business courses, as well as helping students apply their knowledge in terms of being innovative and creative with the development of a potential consulting business.

Keywords: human resource management, virtual portfolio, consulting, training, best practices, knowledge

1. Introduction

While many companies are trying to create and follow best practices in industry, they soon realize a need to change their training and offer more "hands-on applications" to help motivate employees to participate. Whether their more employees are required or voluntarily sign up for training courses, workshops or seminar in today's workplace, the next step is to offer training that employees see value in it. Thus, not all training courses are well designed or applicable to all employees, whether they are line employees or managers. In addition, their learning styles and needs do vary, so not all training offerings will capture the attention of all participants. Consequently, not all employees may see the utility of some training courses or programs, and they may be resentful if they are forced to attend such events. As economies change, global business increases, and diversity increases in the workplace, companies, as well as members of the workforce, are starting to rethink where they are, where they want to be, and how they are going to make changes that will be beneficial. In particular, this paper will look at how individuals are realizing a need for more education and how educational institutions are changing their course offerings to accommodate the needs of learners and business/industry.

Addleson (2011) made an observation that management today needs to be "re-created" in order to be better prepare to empower the 21st century knowledge (management) workers, which can help improve today's organizations. However, while many companies are trying to create and follow best practices in industry, they soon realize a need to change their training and offer more "hands-on applications" to help motivate employees to participate. Whether their more employees are required or voluntarily sign up for training courses, workshops or seminar in today's workplace, the next step is to offer training that employees see value in it. Thus, not all training courses are well designed or applicable to all employees, whether they are line employees or managers. In addition, their learning styles and needs do vary, so not all training offerings will capture the attention of all participants. Consequently, not all employees may see the utility of some training courses or programs, and they may be resentful if they are forced to attend such events. Consequently, this may impede the participation and interaction factors, as well as the learning process overall. Can companies afford to have these negative and damaging effects occur as a result of training constraints and perhaps training barriers?

Let us now look at the topics of learning, training, and knowledge management, many organizations are approaching these important issues in the context of creating a learning organization. According to Tetrick and Da Silva (2003), "A learning organization can create, acquire and transfer knowledge, and with this new knowledge, it can then change its behaviors in order to improve organizational performance." (p.141). However, we have to consider if this new knowledge will be readily available to all users and if the new knowledge created will be shared at certain times or on a regular basis. The use of dominant logic by upper-level management may constrain the dissemination of certain types of information or communications from various members of the organization. As a result, this may impede work activities in terms of performance and production, as well as prevent the learning organization to be a dynamic and interactive mechanism, but rather at be seen as working in a vacuum.

While these organizations are moving towards the creation and implementation of their learning organization, the key factor that they have been focusing their main attention to is knowledge management and its relationship to the organization, process/services, and employee development. According to Desouza and Awazu (2003): "For an organization to remain dynamic, successful management of this knowledge is key. Knowledge management includes all activities involved with the generation, dissemination and maintenance of knowledge to meet organizational goals. Just as humans must create knowledge, they also consume it" (p. 12). This same approach can be seen as necessary in academic work. As universities and colleges strive to prepare a better educated workforce, they, too, need to realize that they need to be continuously evaluating and improving upon their products (learning outcomes) and services (teaching and facilitating learning), as well as working with the business sector to help determine what their needs are and how they can help (or partner with) each other. As a result, they need to re-evaluate whether their current curricula and course offerings actually meet both the needs of the learner and what they business world need. Otherwise, if these two conditions are not met, the rate of employment may continue to grow if the supply to the workforce is limited due to the lack of fully prepared knowledge workers for today and tomorrow's workforce.

2. Design and development of human resource management course

Many Human Resource Management (HRM) courses are designed to meet the current business needs and learning outcomes determined by business and academic interest groups, some educational institutions are striving to "think outside of the box." Outside interest and specialization groups, such as Society of Human Resource Management (SHRM) and the American Society of Training & Development (ASTD) in the United States serve as leading organizations from which many academic institutions are partnering with and consulting with their benchmark studies. As a result, many educational institutions are conducting benchmarking studies and striving to develop their own best practices to capture the attention of potential students. Also, some academic communities are capitalizing more on the online learning market sector, since this has been viewed a viable alternative for many working adult learners (and sometimes a better form of learning modality for many adult learners).

According Edudemic (2012), the top eight nations that are leaders in the area of online education are: 1) United States; 2) India; 3) China; 4) South Korea; 5) Malaysia; 6) United Kingdom; 7) Australia; and 8) South Africa. Thus, each of these top online learner nations are looking towards the future for the adult learner and business in general. What do they really have in common, besides offering online learning courses? If you at each of these countries, there appears to be a pattern that each of them are leaders in business, especially global business. Thus, online learning is a great way of attracting international students and perhaps helping them to consider the possibility of working with their country. Therefore, the next section of this paper will look at the field of human resource management and training instruction in general.

3. HRM and training instruction

According to the U.S. Chamber of Commerce (2012), we will see that there will be a need for at least two years of college for 90 percent of the fast-growing U.S. jobs. The U.S. Department of Labor has predicted new job openings in education, health care, and computer sciences will account for a rough estimate of four million jobs over the next several years. On the other hand, there is a key problem here. We have many young people that are unprepared to replace retiring people (baby boomers) or fill newly created positions in the high-growth areas. We still have at least one-third of today's high school students not finishing school. In addition,

there is still a large amount that lack good literacy and math skills to even compete later for college, if they should desire to do so (U.S. Chamber of Commerce).

Boudreau and Lawler (2012) focused on a key study that helps HR professionals and academics to realize what is important for HR professionals in the global community. According to them, “The Center for Effective Organizations’ (CEO’s) sixth study of the human resources (HR) function in large corporations. Like the previous studies, it measures whether the HR function is changing and whether it is effective. All of our research studies have focused on whether the HR function is changing to become an effective strategic partner. The present study also analyzed how organizations can more effectively manage their human capital. It gathered data from many of the same corporations that we studied in 1995, 1998, 2001, 2004 and 2007. Thus it allows us to compare data from our earlier studies to data we collected in 2010. For the first time we collected data from multiple countries (Australia, China, Canada, the United Kingdom, and other European countries).” (SHRM, 2012). Thus, this study offers another set of findings to see how U.S. corporations may differ in some HR practices as viewed with other countries. The study’s findings and implications to HR practices are as follows:

- HR Activities
- HR Role and Activities
- Decision Sciences and Talent Resources
- The Design of HR Function
- Outsourcing
- Information Technology
- Metrics & Analytics
- HR Skills
- HR Effectiveness
- Organizational Performance
- International (SHRM, 2012)

If you look at the list noted above, these are key areas that each of the surveyed countries noted as important. Thus, this is an indication to the academic community that this is what the workplace needs to focus on, according to their own benchmarking and best practices, in order to be successful. Besides designing courses according to academic and accreditation standards, academics need to consider what the workplace wants and needs if they want to prepare students for career opportunities, as well as helping them to gain a better chance of becoming employed with the necessary skill levels. While the world of academia need to share the needed content knowledge and basics with various courses associated with their degree programs, there is a need to sometimes go beyond the teaching of theory and concepts and demonstrate “real world” learning. In essence, some students do not pick up theory and concepts readily, since adult learners have unique learning styles. For many centuries, educators followed the same path in the teaching of subjects and did not consider the uniqueness or difference in each an individual’s learning style. However, times have changed and educators are starting to move away from the teacher-centered approach to a learner-centered approach (Blumberg, 2008). The same can be seen in the workplace with the movement from authoritarian management style to self-directed and self-managed teams (Cohen, Ledford & Spreitzer, 1996). Therefore, as the trends in both the business world are starting to change its way of approach business, the academic world needs to follow ensuite.

4. When theory meets needs, application can excel learning

There appears to be various types of instructors in today’s educational institutions. There are those with applicable experience in their given field, either before, during or after entering the teaching profession and those without. For those with the experience, they can offer “real world” examples and help the student view the learning theories, concepts, and ideas from another perspective. Whereas, the other type of instructor can be limited in his or her scope, which in turn may cause the learner to consistently focus on theory and not true application. This is where the biggest disconnect occurs in the business world. They need people who can think, react, and perform in a variety of situations – and sometimes instantaneously. Barbara Smith (2000),

chief learning officer for Burson-Marsteller stated that “If we don’t have the best people creating the best product, we can’t compete. What I’m after is creating the best people in the industry. E-Learning is an option that provides us with real competitive edge – it helps us maximize our intellectual capital” (Koprowski, 2000, pg. 1). Thus, as noted in the previous discussion points, there is a growing need for educational institutions to produce not only quality graduates, but graduates that can help organization to remain competitive and be a more strategic part of the organization. Not only do these companies in today’s marketplace want employees, and potential candidates, to be competitive and high –achievers, but also these workers want to achieve the most that they can.

Knowles (1980) stated that “adult [learners] see education as a process of developing increased competence to achieve their full potential in life. They want to be able to apply whatever knowledge and skill they gain today to life more effectively tomorrow.” We need to question whether or not our educational institutions are providing enough learning opportunities and projects (hands-on applications) to help satisfy the needs of the adult learner, as well as meeting the growing workforce needs of society’s business needs. Students do want to achieve, and there is a reason why they have returned back to school. Many are returning for job opportunities, career development opportunities (in a new field) or to see if they have the potential to do different job roles and functions with their current skills (or obtainment of new skills). According to Paris and Ayres (2002), “Learners deserve to be active participants in assessment of their own learning rather than “passive respondents to a series of tests” (p. 6). As a result more educational institutions are looking at meeting academic standards (program and course objectives), as well as offer more action learning (i.e., hands-on applications) to help motivate learners and offer more “real world” conceptualization of their in-class learning. One of these hands-on applications is the creation of a portfolio, namely an “e-Portfolio” or “Virtual Portfolio.”

5. What is a virtual portfolio?

More universities are now starting to introduce the concept of portfolios. While the idea is not a new one, the changing nature of technology, as well as the online learning format, has made this concept into a more desirable component of academic learning. Thus, many learners are starting to work on their first academic portfolio, which can be used later for career development opportunities. However, the author would like to note here that not all educational institutions make these portfolios readily available to its students (and sometimes do not tell them that one does exist) (Barrett, 2012).

While the concept of portfolios has been used in many different academic disciplines, the purpose of this paper is to view them in the context of the business discipline. In particular, the reference of portfolios will be used with either of the following terms: electronic portfolios, e-Portfolios or Virtual Portfolios. Electronic Portfolios (e-Portfolios) have been described in many different ways in terms of how they are designed and developed, as well as implemented and evaluated. According to the University of Berkeley, “An e-Portfolio functions like a file cabinet with file drawers and file folders. Students store personal, educational, career, skill assessment, non-academic/work experience, certification, and rewards information in their portfolios. The information placed in an ePortfolio is referred to as an artefact.” (LDP e-Portfolio Report, 2008). For the adult learner, their portfolio can serve as a dual purpose. First, it can serve as an academic project for credit in their learning process. Second, it can serve as a foundation for future artefacts to be added, almost like a living portfolio (document), which the adult learner can use for future job interviews.

After considering the needs and uses by business and students in term of Virtual Portfolios (or e-Portfolios), there is another concern for the use of these applications, namely economics. While some academic institutions are eager to employ and use e-Portfolio software systems, others educational institutions may want to consider their own creation (design and development) and implementation of an e-Portfolio system (evaluative project). Goldsby and Fazal (2001) stated that student-created portfolios are commonly “used in teacher preparation programs to demonstrate teaching skills and expertise. Why use these portfolios in the online learning environment? Well, many schools have started to use this practice, since they have realized that test scores alone lack the comprehensive scope needed for effective assessment and evaluation, portfolios can be implemented to interpret/make decisions regarding learning of teaching competences” (pp. 607-608). Further, eportconsortium, noted that the role and function of an E-Portfolio was “. . . [to] facilitate[e] and captur[e] the evolution of concepts and ideas through revisions of work and interactions with instructors, mentors, classmates and friends, electronic portfolios can be much more than a Web site that

simply organizes and presents final projects. They can foster learning spaces where the author can gain insights and a better understanding of him/herself as a learner.” (Electronic Portfolio White Paper, 2009). As a result, there are many different needs and expectations by all stakeholders as to the design, development, implementation, and evaluation of this type of hands-on applications. In addition, the grading of such a project may be simple to complex, which could entail a complex set of criteria in a form of a rubric. However, for the purposes of this paper, the author will focus on the use of appreciative inquiry as one perspective for viewing the student’s Virtual Portfolio as a key reinforce of his or her academic growth, skills/ability, and overall context knowledge.

6. Creating and appreciation of virtual portfolios

Before a discussion can begin on the creation of a Virtual Portfolio, we need to examine its purpose and application, as well as how it might be viewed during the construction of the overall project. While many academicians focus on the strict grading of students according to given learning objectives, sometimes they lose sight of the final outcome. Why are our students studying at all? Why do they attend classes and for what end result? As previously noted in this paper, many of them are attending classes in pursuit of a given degree to be used for a new job area, future job promotion/advancement or perhaps consideration of another career field. In any event, they are their own motivators and perhaps may need some encouragement and motivation from others. While in their previous years of schooling, they may have been discouraged from future educational endeavors due to comments given by peers or former teachers about their learning abilities – they have been able to overcome these previous learning experiences to move to their next learning venture (being part of a learning team or class). Rather than focus on what is wrong with an assignment, discussion, or action, some instructors are starting to use a new lens for viewing academic work or participation in general. While student assessments are critical for academic measurement and growth to measure and determine if the student has mastered needed content knowledge, it may not always motivate or encourage the learner.

While most educational institutions focus on a given set of criteria in order to measure the student’s mastery of course content knowledge, there is a growing number of programs and courses that are using a new approach – appreciative inquiry. Appreciative Inquiry (AI) is a lens to view how one, along with their students, should approach the creation of these Virtual Portfolios. Appreciative Inquiry (AI) is based on a “set of beliefs about human nature and human organizing:

- People individually and collectively have unique gifts, skills and contributions to bring to life.
- Organizations are human social systems, sources of unlimited relational capacity, created and lived in language.
- The images we hold of the future are socially created and, once articulated, serve to guide individual and collective actions” (PostiveChange, 2009, para. 2-5).

This approach can help a student to concentrate on their key works or skills and create a virtual portfolio that will clearly focus on their current skills sets. Also, it should be noted that this type of virtual portfolio can be viewed as a living application, in which the student can continuously add to and edit this document (as they would their own resume). While this may not win over many academics, this approach has been seen to be more motivational and encouraging for many students, rather than focus solely on a checklist or rubric of specific documents created previously (and perhaps graded prior to this type of course). Therefore, this approach helps the instructor to look more at the positive outcomes of the student’s work, as well as helping the student better prepare for future assignments and potential career development endeavors and opportunities. In the next section, the author will look at the general approach to e-Portfolio applications to help provide a contextual framework for this particular evaluative process.

7. Benefits of virtual portfolios

The key question in terms of knowledge management is to first look at the strategy being used. Mintzberg, Ahlstrand and Lampel (1998) stated: “Ask someone to define strategy and you will likely be told that strategy is a plan, or something equivalent – a direction, a guide or course of action into the future, a path to get from here to there. Then ask that person to describe the strategy that his or her own organization or that of a competitor actually pursued over the past five years – not what they intended to do but what they really did. You will find that most people are perfectly happy to answer that question, oblivious to the fact doing so

differs from their own definition of the term (p. 9). We can view the process of creating a virtual portfolio in terms of a strategy. What is our plan as an academic and member of society?

First, we are striving to help our student to “link” together different parts of theories, concepts, and ideas in the context of the course being offered and hope that they can use this knowledge not only for their course and program, but also their future. Second, as members of society, we are hoping that we are better preparing other members to become even more productive in their career endeavors, as well as helping to provide well-trained and educated members of the workforce. On the other side of this perspective, the student should consider the use of such a virtual portfolio in several situations. First, they are completing a part of their academic requirements. Second, they will walk away with something tangible that they can add to it as they acquire more skills and experiences. Third, it is something that they can share with an employer at an interview. For example, many art students carry big black portfolios containing their work for display and discussion. Therefore, why not have our business and HR students offer the same type of approach (but on a smaller format in terms of a USB stick) to future employers to see what they have done in their academic program? Thus, this leads us to the next section for a discussion as to how virtual portfolios are used in HRM courses today.

8. Application of virtual portfolios in hrm courses

This paper will focus on two specific HRM courses with a specialization in Human Resource Development (HRD) certification. In the first course, Human Resource Development, students learn about what is HRD and its application in the workplace. In particular, they focus on the training and development aspect and how it helps or hinders employees and organizations. As part of the learning experience, they are given a set of five (5) training areas to consider. The student selects one to research. They will develop for their Virtual Portfolio a complete training course within the ten-week course term. Their training program will be created as if they were to turn it over to a CEO tomorrow for possible training in a large corporation. They cover the following phases with their training program:



They are responsible for setting up all housekeeping and administrative taskings in the training program so that any trainer can immediately use the program. They incorporate end of the chapter “checklists” to double check that all materials are available. Further, they are responsible for creating their own hand-outs and training materials.

In the second course, entitled Organizational Consulting, the student has an even more realistic task. They are informed that they will set up their own consulting practice in the course during the ten-week terms, as if they had to start a new job on their own (or as a result of just being recently laid off). The student is responsible for identifying a certain area of consulting specialization, a niche market, as well as developing marketing materials. As part of their Electronic Consulting Portfolio (Virtual Portfolio), they develop the following items that can be used for academic and future career endeavors.

- Brochure
- SWOT Analysis
- Webpage

▪ Business Plan

This leads to a larger question to consider here. Why is this necessary and how does it apply to strategy and knowledge management? While students continuously register, take, and complete one course after another – do they truly see linkages and how their coursework can help them? Further, do they see any particular course work or hands-on applications that can be benefit not only now, but in the future? Finally, how can these Virtual Portfolios work in their favour and how can they move forward with them. Thus, we need to look at how these Virtual Portfolios can be used a strategic tool to connect students to employers and help employers want to seek our knowledge-management students.

9. Conclusion

How does this approach with a real world application connect the student from the classroom to the real world needs? While time to “sell oneself” and attract the attention of others may be short-lived, educators can help students gain a good start with their career development and job hunting by offering practical applications. Sometimes it is beneficial for one to rethink their approach, whether they are an organization or job seeker. Nonaka (1986) wrote “Self-renewal of an organization can be seen as a process of dissolving an existing organizational order and creating a new one. Order in an organization refers to the structural and cognitive order which affects the pattern of the members of the organizational activities, namely, the pattern of deployment, organizational structure, systems, processes, and cultures. There can be no self-renewal without dissolution and creation of order” (p. 3). Since technology has been ever changing, our academic offerings need to change in order to keep up with the supply and demand of business.

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A Conceptual Model of Spirituality and its Influence on Unethical Behaviour

Carlos Biaggi

Adventist International Institute of Advanced Studies, Silang, Philippines

biaggica@aiaas.edu

Abstract: Understanding how spirituality influences behaviour may “shed light on a range of key issues in management” (Tracey 2012: 26). However, although spirituality is a much-studied phenomenon in the business ethics literature there is little research specifically exploring the link between spirituality and unethical behaviour among leaders of Christian organizations. The study adopts a hypothetical-deductive (post-positivist) paradigm to build a theorised model that describes the relationship between spirituality and unethical behaviour, based on previous research and biblical principles. The model proposes that three dimensions form spirituality: communion with God, belief in God’s truths, and walking with God. Communion with God, the affective dimension, is the personal relationship between the individual and God, with three main sources of enrichment: Bible study, prayer, and meditation. Second, belief in God’s truths is the cognitive dimension of spirituality in which the person accepts by faith three core beliefs: the existence of God, the supreme authority of the Bible as Word of God, and the plan of salvation. And third, walking with God is the behavioural dimension of spirituality in which the individual decides to follow God’s will, formed by three principal components: witnessing, service for God, and right living. The three dimensions are interrelated, influencing each other, and forming the level of spirituality. Spirituality influences unethical behaviour in two ways. Although the behaviour of leaders of Christian organizations is influenced by a mix of several factors (cultural, organizational, and individual), this model proposes that the low spirituality is the single factor that accounts for the highest proportion of the causes of unethical behaviour. Additionally, low-spirituality leaders may give a higher weight to other factors that influence unethical behaviour, and most likely disregard Christian beliefs behaving unethically. The paper enhances the manager’s understanding of ‘unethical behaviour avoid-ability’ (the extent to which unethical behaviour can be prevented) and concludes with a research agenda that may prove beneficial not only to Christian organizations but also to for-profit firms.

Keywords: spirituality; business ethics; Christian organizations; leadership; causes of unethical behaviour

1. Introduction

Ethics scandals in headline news worldwide are not only reporting scams of leaders of for-profit corporations but also of leaders of religious organizations. Embezzlement of church money (Christian Post 2011) and sexual abuse scandals (CNN 2011; The Independent 2011) are recurrently reported as pitfalls of priests and other religious leaders. Religious organizations leaders constitute an influence in certain societies and play a key role in the formation of what is ‘right’ or ‘wrong’ (Tracey 2012). Tracey (2012) suggests that research that explores unethical behaviour in this context will make a compelling contribution to the understanding of misconduct. Therefore, the research questions that this article will seek to answer are: (1) What are the dimensions of spirituality? (2) Does low spirituality affect unethical behaviour? (3) What is the role of spirituality on the interplay of factors that influence unethical behaviour?

Tracey (2012: 26) suggests, “Understanding more about how individual religiosity affects behavior has the potential to shed light on a range of key issues in management including leadership, power and politics, and decision-making”. Although spirituality is a much-studied phenomenon in the business ethics literature there is little research specifically exploring the link between spirituality and unethical behaviour among leaders of Christian organizations. Therefore, adopting a hypothetical-deductive (post-positivist) paradigm (Brand 2009), this paper proposes a theorised model that describes the dimensions of spirituality and its influence on unethical behaviour, based on previous research and biblical principles. This paper has two parts: a literature review, and recommendations for future research.

2. Literature review

2.1 Dimensions of spirituality

Even though more than 70 definitions of spirituality have been proposed (Karakas 2010), a broadly accepted definition may be still to arise (Markow and Klenke 2005). Spirituality has been mostly described as an “individual level phenomenon, focusing on the inner life, idiosyncratic experiences, and feelings of the individual” (Karakas 2010:75). After studying the constructs of religiosity and spirituality Hill et al (2000: 66) proposed that the criteria for spirituality include “feelings, thoughts, experiences, and behaviors that arise

from a search for the sacred. The term 'search' refers to attempts to identify, articulate, maintain, or transform. The term 'sacred' refers to a divine being, divine object, Ultimate Reality, or Ultimate Truth as perceived by the individual". In addition, Spilka (1993) found that contemporary definitions of spirituality can be described as (1) God-oriented, (2) world-oriented, or (3) humanistic or people-oriented. Therefore, for the purpose of this paper spirituality is defined as the individual level feelings, thoughts, experiences, and behaviours that relate to an individual's search for God.

The literature review shows that the spirituality construct has been confused and often overlaps with the construct religiosity. Basically there are three views: a) researchers that see proximity between the concepts posit that religious beliefs are core to spirituality and are strongly related (e.g. Hill et al 2000; Lynn, Naughton and VanderVeen 2011; Vitell, Keith and Mathur 2011); b) researchers that contend that "spirituality and religion are not necessarily one and the same" (Conger, 1994: 12); c) and finally researchers that assert that there seems to be no connection between spirituality and religion (e. g. Giacalone and Jurkiewicz 2003; Mitroff and Denton 1999). Whereas spirituality is described as a quest for the sacred, religion has been described as a quest for the sacred plus other elements like identity, belongingness, meaning, and the support of an identifiable community (Hill et al 2000). Moberg (2002) argues that spirituality is quest until it finds embodiment in beliefs, values, or practices, becoming religion or philosophy. Therefore, this study accepts that both constructs have common aspects and for the purpose of choosing the dimensions of spirituality, will review the dimensions of both spirituality and religiosity.

Cornwall et al (1986) developed a conceptual model of religiosity, which they empirically tested. The base for that model takes from psychology the "distinction between knowing (cognition), feeling (affect), and doing (behaviour)" (Cornwall et al, 1986: 227). Their empirical test of the model, done on 1,874 Mormons (Church of Jesus Christ of Latter-Day Saints) in the United States, revealed five dimensions: one cognitive, two affective, and two behavioural. Later, using Cornwall et al's model Parboteeah, Hoegl, and Cullen (2008) empirically tested the relationship between religion and ethics. Using data from the World Values Survey (2000), a large sample of 63,087 respondents from 44 countries, they found support for three dimensions of religiosity - cognitive, affective, and behavioural- and their negative relationship to ethics. They argue that a multidimensional model explains better the relationship between religion and ethics than a unidimensional construct of religiosity, such as religion affiliation or church attendance.

Other researchers also support the notion that religiosity should be measured by cognitive and behavioural dimensions, but leave out the affective dimensions (McDaniel and Burnett 1990; Rashid and Ibrahim 2007). However, early studies of religiosity have distinguished between religious beliefs, religious feelings, and religious practices (e.g. Hall 1891; Starbuck 1899).

Following Cornwall et al (1986) and Parboteeah, Hoegl, and Cullen (2008) this paper builds a conceptual model of spirituality formed by three dimensions: affective, cognitive, and behavioural.

Proposition 1: *Three dimensions form spirituality: communion with God (affective), belief in God's truths (cognitive), and walking with God (behaviour).*

2.1.1 Affective dimension: Communion with God

Cornwall et al (1986: 227) argue that the affective dimension "is the feeling dimension and encompasses feelings toward religious beings, objects, or institutions". They posit that the affective dimension is the religious experience in which individuals have a relationship with God. De Jong, Faulkner and Warland's (1976) cross cultural study of the dimensions of religiosity also found evidence for a 'religious experience' dimension. They pictured this affective dimension as closeness to God, joy of forgiveness, and repentance. Thus, what activities do Christians perform to communicate with God? White (1948: 112-113) argues that Christians who want to be connected with God should dedicate time every day to Bible study, prayer, and meditation.

Gallagher and Newton (2009) argue that conservative Protestants seek to be different from 'the world' by Bible reading, among other activities. According to Johnson (2008: 13) "the use of literature such as the Bible... can guide us in making choices that are consistent with our deepest and best desires, and with God's will for our lives".

The Bible also points out to the importance of prayer for a personal relationship with God, with many examples of people that prayed consistently. For instance, Daniel prayed three times a day even when doing it was against a law and caused him to be sentenced to death (Daniel 6:13); David prayed every morning seeking the guidance of God for his day (Psalm 5:3); and Jesus spent entire nights in prayer just before major events in his ministry (Luke 6:12-13). However, there seems to be no agreement among researchers about under which dimension prayer should be placed. Some researchers include personal prayer as a religious behaviour (e.g. Cornwall et al, 1986), while others place it under beliefs (De Jong et al, 1976). Nevertheless, it is proposed in this model that prayer is a key component of communion with God.

According to McKean (2005: 1055) to meditate is to "think deeply or focus one's mind for a period of time, in silence". Eastern religions, such as Buddhism and Hinduism, had coined the label 'transcendental meditation' as a way to a higher level of spirituality and enlightenment (Johnson 2008). Even though Johnson (2008) argues that westerners avoid the term meditation, many Christian religions use the term as a positive mean to acquire a spiritual connection with God. David considered mediation in God's works, mighty deeds, and miracles as a source of spirituality (Psalm 77:10-12). Therefore, meditation is included as the third activity that enriches communion with God.

Proposition 2: *Communion with God (affective) is enriched mainly by Bible study, prayer, and meditation.*

According to Jesus, only communion with Him leads to good behaviour. Jesus explained this truth through a parable in John 15. In this parable Jesus is the real vine, his Father is the gardener, and humans are the branches (vs. 1, 5). As the branches cannot bear fruit by themselves but only remaining in the vine, followers of Jesus can only bear fruit remaining in him (vs. 4). Therefore, if Christians want to behave (have fruits) according to their spirituality, they must remain united to Jesus through communion (affective).

Paul told his co-worker Timothy "All Scripture is inspired by God and is useful for teaching the truth, rebuking error, correcting faults, and giving instruction for right living" (2 Timothy 3: 16), supporting a link between the Scripture (affective) with learning the truths (cognitive); and a link between Bible study and right living (behaviour). In Gallagher and Newton's (2009) study of spiritual growth across four strands of Christianity in the US, respondents mentioned Bible reading as one of the activities that produces personal change; a change described as becoming more like God, suggesting that Bible study affects behaviour.

Therefore, the three dimensions of spirituality are interrelated, influencing each other, and are necessary to be spiritually strong. However, this paper proposes that communion with God is the base and key dimension, since during daily time of communion (affective) God affirms in the mind the eternal truths (cognitive) and calls the individual to walk the path He has prepared for him/her (behaviour). Conversely, when a Christian neglects his communion with God the divine truths (cognitive) lose strength and he will fail to follow the path (behaviour) laid down by God.

Proposition 3: *During daily time of communion (affective) God affirms in the mind of the Christian the eternal truths (cognitive) and calls the individual to walk the path He has prepared for him/her (behaviour). On the contrary, when daily communion with God is neglected God's truths lose strength and walking with God is hampered.*

2.1.2 Cognitive dimension: Belief in God's truths

For Cornwall et al (1986: 227) the cognitive dimension of religiosity is "the religious belief or orthodoxy component". Other authors called this dimension 'ideology' (Glock 1962), 'orthodoxy' (Stark and Glock 1968), or 'creedal assent' (King and Hunt 1975). Swimberghe et al (2011) argue that the cognitive dimension of religiosity is the base of the individual's beliefs and of the personal religious experience. McDaniel and Burnett (1990: 106) assert that the cognitive dimension is spiritual in nature and reflect "an individual's internalization of religious morals and creeds". Therefore, the cognitive dimension of spirituality is the set of beliefs to which the Christian commits by faith. Then, what are the core beliefs of Christianity?

The first belief of Christianity is that there is one and only true God deserving all adoration, worship, and honour. If there were be no God, there would be no Christianity. . It is clearly stated by God himself in the first commandment, "You shall have no other gods before me" (Exodus 20:3, NIV). Christians who want to follow this command will put God first in their lives, following Jesus' command (Matthew 6:33). Therefore, the belief

in the existence of God is the first core belief of Christianity.

Second, the Bible must be accepted as the “Word of God”; without it Christians’ spirituality would be disoriented. Jesus declared that even though heavens and earth will pass away, his words will never pass away (Mark 13:31). He also warned that tradition often invalidates the Word of God (Mark 7:13) negatively affecting people’s spirituality, and Peter pointed out that untaught and unstable humans distort the Bible to their own destruction (2 Peter 3:16). Nevertheless, Christians who base their faith in the Bible will be blessed (Psalm 1:1-3). Thus, the belief in the Bible as Word of God and supreme authority is the second core belief of Christianity.

And third, to grow spiritually Christians must believe that there is hope for their lives and this world, and that this hope is found only in the salvation (forgiveness) that God provides through Jesus sacrifice to all who accept it. Hence, the plan of salvation is the third core belief of the cognitive dimension of spirituality.

Proposition 4: *The Christian accepts by faith three core beliefs according to God’s truths (cognitive): the existence of God, the supreme authority of the Bible as Word of God, and the plan of salvation.*

Paul explained to the Ephesians that before knowing God (cognitive) they were in darkness, but now they have the light of God and should live in that light (behaviour) (Ephesians 5:8). In another letter Paul encouraged the Romans to change the way they lived (behaviour), by testing and approving God’s perfect and pleasant will (Romans 12:2). Moreover, Christ promised his followers to perfect them, in a process that lasts the whole life of the believer (Hebrews 10:14), bringing a link between the cognitive dimension of spirituality and the behavioural dimension. These texts suggest that accepting God’s truths (cognitive) will lead to right living (behaviour).

According to the light received from God, the Christian accepts by faith God’s truths. If the individual wants to put God first in his life, he will decide to consecrate time every day to listen to and talk to God (affective). Additionally, if a Christian believes that the Bible is the supreme authority over his life, he will accommodate his behaviour according to biblical teachings. Hence, the cognitive dimension of spirituality influences both the affective and the behavioural dimensions.

Proposition 5: *Accepting God’s truths (cognitive) enhance communion with God (affective) and walking with God (behaviour). Conversely, doubting God’s truths hinders communion with God and walking with God.*

2.1.3 Behaviour dimension: Walking with God

According to Cornwall et al (1986) the behavioural dimension is ‘acted out’. Their model present two behavioural dimensions: religious behaviour and religious participation. Religious behaviour is the personal or individual behaviour such as frequency of personal prayer and scripture study, religious and ethical behaviour, witnessing, and giving to the poor. On the other hand, religious participation is the institutional behaviour like church attendance, financial contributions, and the acceptance of church ‘calling’ to do something. However, in this paper walking with God combines the personal and the institutional aspects, and it is proposed to be formed by three components: witnessing, service for God, and right living.

The first core component of the behavioural dimension of spirituality is witnessing. To witness is to share the love of Christ with others, and can take many forms, such as teaching the Bible, talking to friends about Jesus, or helping someone in need. Cornwall et al (1986) argue that one of the components of religious behaviour is encouraging others to believe in Christ. It is part of spirituality because that is what Jesus called his disciples for at the beginning of his ministry (Matthew 4:19), because that was his final commission to his disciples on earth (Matthew 28:19), and because he assured them his continuous presence while doing it (Matthew 28:20).

Service for God is the second core component of walking with God. It can take many forms such as having a responsibility in church, serving for a year as a missionary, or helping to meet someone’s needs. In 1 Peter 5: 1-11 Peter, an elder himself, appealed church elders to serve the flock of God, and also appealed younger men to serve one another. He mentions that spiritual leaders should willingly serve the flock that God entrusts them (vs. 2).

The third component of walking with God is right living. James said, “show me how anyone can have faith without actions. I will show you my faith by my actions” (James 2:18), and argues that Abraham’s “faith was made perfect through his actions” (James 2:22). Hence, faith must be demonstrated by acts. Why should faith be proved by acts? The Bible states that right living is based on love rather than obedience (I am a Christian then I must obey the Bible). Jesus told his disciples that they should love one another as He has loved them (John 13: 34). If individuals love one another as Jesus loves them, they will live rightly, as a result of God’s love in them, and their desire to please God. Right living means being consistent with the teachings of the Bible all the time, whether at home, work, school, entertainment, etc. It includes behaviours such as being a good husband/wife, being honest, kind, transparent, and ethical in all endeavours of life.

Proposition 6: *Walking with God (behaviour) is formed by three principal components: witnessing, service for God, and right living.*

Some authors argue that the link between beliefs and behaviour should be called religious commitment (McDaniel and Burnett 1990; Swimberghe et al, 2011; Worthington et al, 2003). Religious commitment is “the degree to which a person adheres to his or her religious values, beliefs, and practices, and uses them in daily living” (Worthington et al., 2003: 85). Hence, religious commitment includes both a cognitive and a behavioural aspect (McDaniel and Burnett 1990; Swimberghe et al, 2011). Even though this definition makes sense, to follow the psychological division of cognitive and behavioural dimensions of spirituality this article proposes a separation of both dimensions with a reciprocal influence between them. In a sense, religious commitment is split in its two components (beliefs and behaviour) that influence each other.

Furthermore, walking with God brings faith (cognitive) and actions (behaviour) together. One of the Bible chapters on faith, Hebrews 11, tells us that “no one can please God without faith, for whoever comes to God must have faith that God exists and rewards those who seek him” (vs. 6). There are Christians who argue that all you need to please God is faith, and that your behaviour is worth nothing. But the Word of God says that faith without actions is dead (James 2:17). Moreover, Christians who just listen to the Word but does not put it into practice are deceiving themselves (James 1: 22,23). God considers spirituality as the source to keeping “oneself from being corrupted by the world” (James 1: 27). Besides, good behaviours like a right lifestyle shall fix God’s truths in the mind (cognitive). On the contrary, if a Christian does not obey a divine command such as witnessing, his beliefs will lose strength. Therefore, walking with God influences faith in God (cognitive).

When a Christian has a bad habit this wrong behaviour will also hinder his communion with God (affective). Conversely, good habits like witnessing or service for God will strengthen the personal relationship with God. As a plant cannot grow if it is not watered, Christians who do not walk with God will not grow spiritually, and thus their relationship with God will become weaker (affective), and their beliefs will lose strength (cognitive).

Proposition 7: *Walking with God (behaviour) enhances communion with God (affective) and belief in God’s truths (cognitive). On the contrary, not walking with God undermines communion with God and belief in God’s truths.*

The overall level of spirituality descends when one of the three dimensions of spirituality is neglected; and a dimension of spirituality results neglected when one of its components is negatively affected. For instance, if the leader is not taking time each day to read the Bible, his communion with God (affective) may be affected, and his overall level of spirituality may tend to descend. In such a low level of spirituality he may place his personal ambitions higher than the needs of the organization ending up in a harsh abuse of power. “Unless we become vitally connected with God, we can never resist the unhallowed effects of self-love, self-indulgence, and temptation to sin” (White, 1898: 324). Therefore, lack of communication with the divine power may influence the religious leader to disregard his/her moral rules and behave unethically.

Proposition 8: *The overall level of spirituality descends when one of the three dimensions of spirituality (affective, cognitive, and behaviour) is neglected; and in turn, a dimension of spirituality is neglected when one of its components is negatively affected.*

2.2 The influence of spirituality on unethical behaviour

2.2.1 Spirituality and unethical behaviour

Even though some researchers argue that spirituality is not significantly related to unethical behaviour (e.g. Hegarty and Sims 1978; McDonald and Pak 1997), there seems to be a greater number of researchers

supporting the proposition that low spirituality affects unethical behaviour (e.g. Kennedy and Lawton 1998; Swimberghe et al, 2011; Vitell, Keith and Mathur 2011; Vitell, Singh and Paolillo 2007; Weaver and Agle 2002).

In business, ethics is disorientated when workplaces deny spirituality, and companies who seek to be genuinely ethical must nurture their spirituality (Moe-Lobeda 2002). Peterson et al's (2010) large survey of business students concluded that the 'very religious' students possessed significantly higher ethicality scores than 'somewhat religious' and 'not very religious' students. However, the variance accounted for by religiosity is very small, only 2%. Weaver and Agle (2002) argue that if religious role expectations are "internalized as a religious self-identity" (p. 77) they influence ethical behaviour. Similarly, Escobar (2011) pointed that ethics and spirituality depend from each other. "One cannot be practiced without paying attention to the other. One needs to be shaped and informed by the other" (Escobar, 2011: 61). Therefore, there is support to believe that the level of spirituality influences ethical behaviour.

The leader of a Christian organization going through a period of low spirituality will more likely behave unethically when faced with an ethical dilemma. As the leader stays connected to God the selfishness and greed that once dominated him is now set aside. Conversely, when the leader decides to disconnect from God and follow his own impulses, there are increased possibilities of making wrong decisions and committing unethical acts.

Proposition 9: *Leaders of Christian organizations with high spirituality are more likely to behave ethically. On the other hand, leaders with low spirituality are more likely to behave unethically.*

White (1881) warns that lack of spirituality would lead leaders of Christian organizations to unethical behaviour. She said

Many who occupy responsible positions in the church of God, are sacrificing their integrity to secure the favor of the ungodly. A strong current is sweeping downward, and they decide that it is easier to float with the tide than to row against it... We must be continually seeking to draw near to God, and to learn his will. We must become more unlike the world, and more like Christ in character.

Therefore, for leaders of Christian organizations a spiritual sloth may lead to lower integrity, selfishness, and pride.

Even though a mix of several factors influence unethical behaviour, such as cultural, organizational, and individual factors (e.g. Napal 2005; Treviño 1986), spirituality is proposed in this model as the factor that accounts for the greatest proportion of the causes of unethical behaviour among leaders of Christian organizations. Atheist leaders of for-profit companies who are ethical do not base their behaviour in Christian spirituality but may base their life in other principles such as good values. However, Christian leaders base their behaviour on ethical principles spiritually based.

Proposition 10: *Low spirituality is the factor that accounts for the greatest proportion of the causes of unethical behaviour among leaders of Christian organizations.*

2.2.2 The role of spirituality on the interplay of factors that influence unethical behaviour

Since unethical behaviour is influenced by a set of different factors that are interrelated (cultural, organizational, and individual) (e.g. Napal 2005; Treviño 1986), there may be a correlation between the level of spirituality and the weight of other factors. Leaders with high spirituality tend to put God first in all aspects of their life and may allocate lower weight to other factors that influence unethical acts. For instance, even though culture may allow bribery as accepted behaviour the leader decides to follow his belief in the Bible, which forbids bribery (Deuteronomy 10:17). On the other hand, leaders spanning a period of low spirituality may give a higher weight to other factors that influence unethical behaviour. For instance, a leader with low wages may think that the need to feed his family is higher than remaining faithful to his biblical principles, deciding to embezzle money of the organization. Therefore, the level of spirituality may play a mediating role between the rest of the factors that influence unethical behaviour.

Proposition 11: *High-spiritual leaders may allocate lower weight to other factors that influence unethical behaviour, and most likely follow Christian beliefs behaving ethically. Conversely, low-spiritual leaders may give a higher weight to other factors that influence unethical behaviour, and most likely disregard Christian beliefs behaving unethically.*

Figure 1 portrays the proposed model of spirituality with its three interrelated dimensions inside the triangle and an outside box with its three key components. A mix of spirituality, other individual factors, organizational factors, and cultural factors influences unethical behaviour. However, dotted lines from spirituality to the other factors indicate the mediating role of the level of spirituality upon the weight of these factors. Finally, since unethical behaviour is a negative side of right living, a dashed line goes back from unethical behaviour to the behaviour dimension of spirituality.

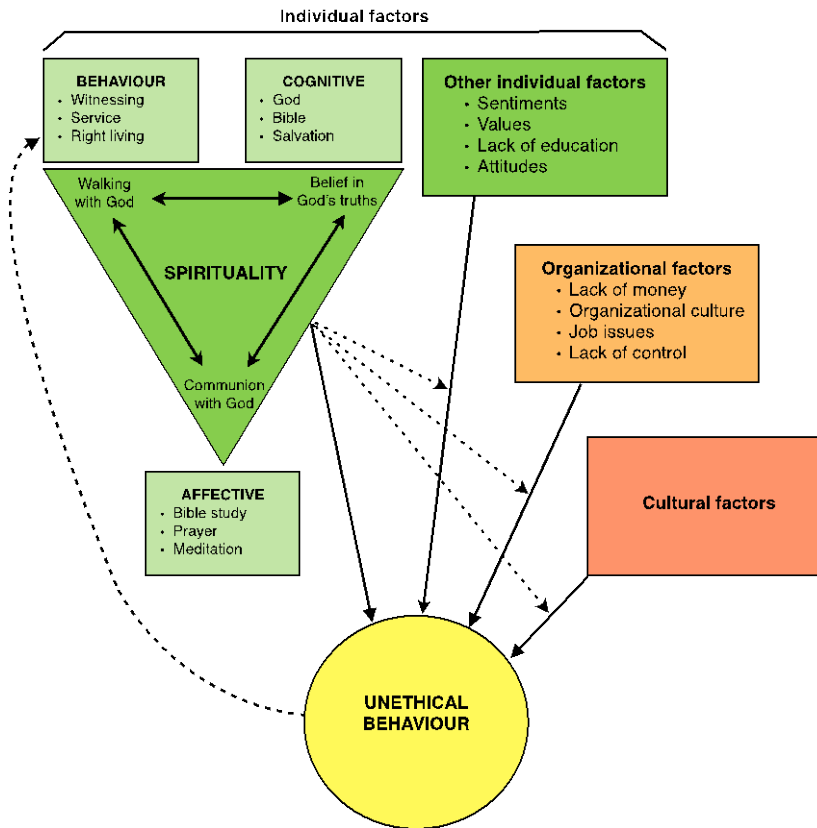


Figure 1: A conceptual model of spirituality and its influence on unethical behaviour.

3. Recommendations for future research

Spirituality is a well-researched phenomenon in the business ethics literature; however, there is little research specifically exploring the link between spirituality and unethical behaviour among leaders of Christian organizations. Therefore, without pretending to be a final word but a first attempt to explain the phenomenon, the purpose of this article is to propose a model to explain how spirituality influences leaders of Christian organizations to behave unethically.

Two recommendations for future research emerge from the model. First, future research should empirically test the model. Second, future research should study what are the most effective activities to foster spirituality.

This model has limitations that indicate additional recommendations for future research. First, since it was designed only for Christian organizations, further research may test this model in different religions (Muslim, Buddhism, Hinduism, Jewish, etc.) to find its applicability and adapt it. Second, the model may be biased by the author’s western cultural background. Future research should test the model in different regions and countries of the world to seek its applicability and differences. And third, the author’s religious affiliation may have also influenced the development of the model. Therefore, future research should test the model in different Christian denominations.

Tracey (2012: 27) has recently suggested, “It is also important to note that the study of ethics in organizations need not only relate to corporations but may apply equally to religious organizations”. It is expected to add to

academic understanding and fill the existing gap in the literature of behavioural ethics, providing a model to explain how spirituality influences leaders of Christian organizations to behave unethically. Following Treviño, Weaver and Reynolds's (2006) suggestion, this article has pursued the development of a theory on a neglected industry, the Christian organization, trying to continue the application of solid behavioural science theories to the important behavioural ethics questions.

If the propositions raised in this paper are empirically confirmed, then managers of Christian organizations may set activities that foster spirituality, which will prevent unethical behaviour. Furthermore, secular and for-profit organizations that employ Christian leaders may also benefit from this model. Thus, this paper enhances the manager's understanding of 'unethical behaviour avoid-ability', the extent to which unethical behaviour can be prevented.

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Information-Processing and Leadership: An Introductory Review and the Cognitive Leadership Model (CLM)

Tom Cerni¹, Guy J. Curtis² and Susan H. Colmar³

¹Counselling Department, The Scots College, Sydney, Australia and the Faculty of Education and Social Work, The University of Sydney, Sydney, Australia

²School of Psychology, Murdoch University, Perth, Australia

³Faculty of Education and Social Work, The University of Sydney, Sydney, Australia

tom.cerni@sydney.edu.au

G.Curtis@Murdoch.edu.au

susan.colmar@sydney.edu.au

Abstract: This paper provides an introductory review of the recently developed Cognitive Leadership Model (CLM). The foundation of the CLM is based on the integration of the Cognitive-Experiential Self Theory (CEST; Epstein, 1991) the Full-Range Leadership Theory (FRLT; Bass, 1985) and Rahim's (1983) taxonomy of organizational conflict-handling styles. We demonstrate that there is considerable overlap between leadership, conflict-handling styles and select organizational outcomes; and current research examining the connections between these and the information-processing systems and styles described by Cognitive-Experiential Self Theory. We argue that a constellation of key variables in leadership can be understood and examined from the perspective of individual differences in cognitive information-processing preferences of leaders. The CLM has implications for theory, future research and training of leaders.

Keywords: leadership, coaching, information-processing, constructive thinking, conflict-handling styles, organizational outcomes

1. Introduction

For the past hundred years, much of the research in psychology was based on the assumption that the three faculties of mind; affect, cognition, and conation could be studied as independent entities (Hilgard, 1980). Both behaviorism, and the cognitivist paradigm saw affect as either irrelevant, or at best, an intrusion into 'normal' that is, affect-less functioning (Forgas, 1994). However, contemporary theories, such as the Cognitive-Experiential Self Theory (CEST) and the Affect Infusion Model (AIM), assume that affect and judgment are cognitive and view affect as a component of information-processing and retrieval systems (Epstein, 1994; Forgas, 1995).

Recent studies have connected information-processing styles, as described by Cognitive-Experiential Self Theory (CEST), with important workplace variables including leadership, conflict-handling styles and organizational outcomes (e.g., Cerni, Curtis, & Colmar, 2008, 2010a, 2010b, 2012, in press). The broader theoretical implications of the studies by Cerni et al. form the basis of the Cognitive Leadership Model (CLM). The CLM is essentially an integration of Cognitive-Experiential Self Theory (CEST, Epstein, 1994), the Full Range Leadership Theory (FRLT; Bass & Avolio, 1994), and Rahim's (1983) taxonomy of organizational conflict handling styles. In this paper we argue that, how leaders use their information-processing systems according to CEST could enhance their leadership and choice of conflict-handling styles. In the following sections we will briefly describe CEST, FRLT, conflict-handling styles, and the CLM. After this, we note how integration of these areas has the potential to influence organizational outcomes.

2. Cognitive-experiential self theory (CEST)

How people engage in leadership and behaviours that are related to it, such as managing conflict, may have a lot to do with how they think. A leadership framework that is emerging as potentially useful for organizational psychology to understand information-processing styles is that provided by CEST (Epstein, 1994).

Originally introduced in 1973 by Epstein as a "global theory of personality", the Cognitive-Experiential Self Theory or CEST (Epstein, 1994; Epstein, 1998b) proposes two cognitive systems – the experiential (intuitive) and the rational (analytical) – that share many common features with the generic two-system theory of reasoning (Evans, 2003). CEST is presented as a personality theory of individual differences (i.e. individual styles), and suggests "all people process information by two parallel, bi-directional, interactive systems" (Epstein, Pacini, Denes-Raj, & Heier, 1996: 391) (see Figure 1).

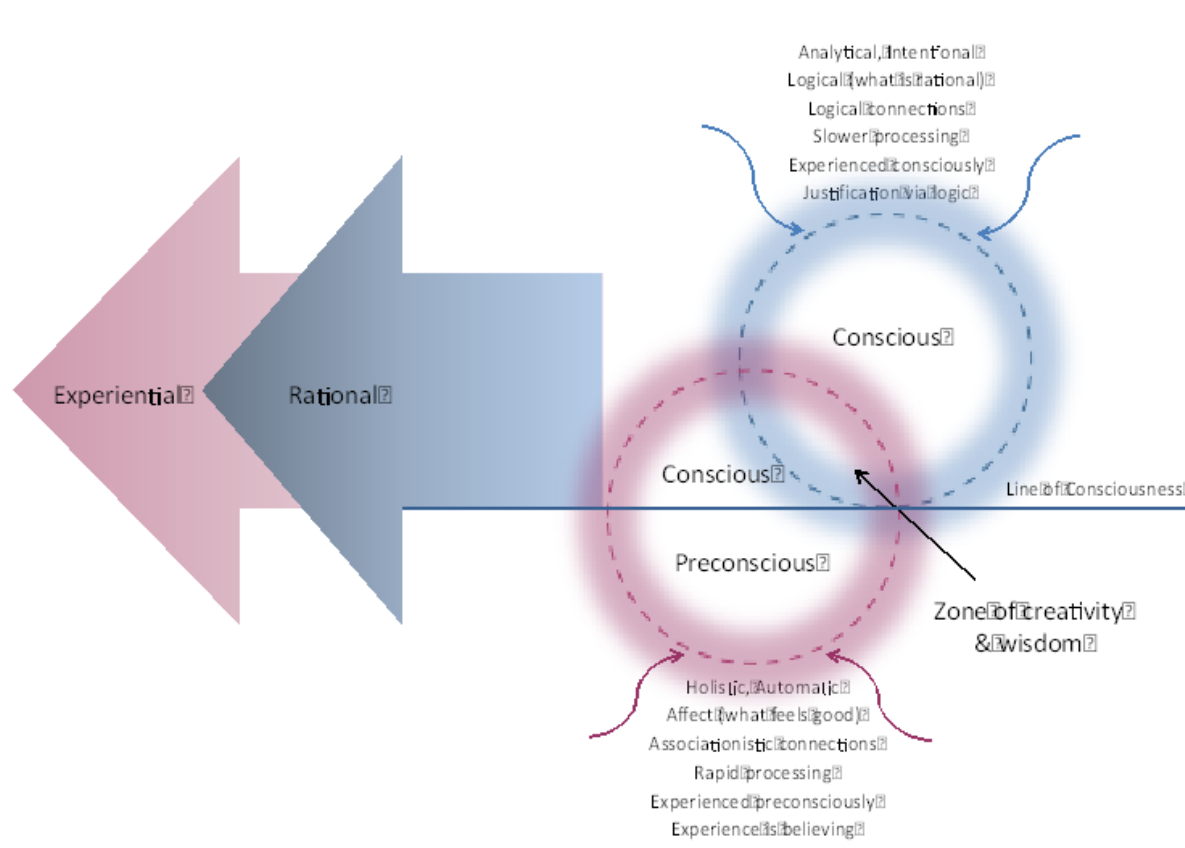


Figure 1: illustrates the association between the rational and experiential information-processing systems

Figure 1 illustrates the association between the rational and experiential information-processing systems and capacity to tap into conscious and preconscious levels of processing. S. Epstein (personal communication, October 27, 2005) pointed out that only the experiential system has the capacity to tap into the conscious and preconscious level of information-processing. The experiential system draws upon and is influenced at the preconscious level whereas the rational system operates at the conscious level. Although the rational and experiential systems can be in conflict with each other, it is hypothesized that the overlapping region between the two systems is an expandable region of intuitive wisdom and creativity (Bucci, 1985; Epstein 1994).

The rational system is intentional, analytic, primarily verbal and relatively affect free. The experiential system is assumed to be automatic, holistic, associationistic, primarily nonverbal, and closely associated with affect (Epstein et al. 1996). People's preference for using these information-processing systems can be measured (Norris & Epstein, 2011; Pacini & Epstein, 1999). According to CEST all behavior is underpinned by the operation of the two information-processing systems (Epstein, 1994), and this includes leadership behaviour.

An additional element to CEST is a consideration of whether people use their experiential information-processing system constructively (Epstein & Meier, 1989). Epstein (1998b) suggests that constructive thinking is influenced by the automatic thinking of the experiential system that allows for adaptively dealing with information-processing demands at a minimum of stress.

Embedded within the conceptual framework of constructive thinking are concepts of behavioural coping, emotional coping and their respective subscales.

Leaders who demonstrated good behavioural coping are likely to think in ways that facilitate effective action (behavioural coping). The subscales of behavioural coping suggest that leaders are likely to emphasize the positive side of situations and to think in a manner that makes unpleasant tasks minimally distressing (positive thinking), take effective action when faced with problems (action orientation), and engage in planning and careful thought (conscientiousness) (Epstein, 2001).

Leaders who demonstrate good emotional coping are likely to operate with high self-esteem and self-efficacy. The subscales of emotional coping suggest that leaders are likely to hold a favourable view of themselves (self-acceptance), avoid overestimating the generality of unfavourable experiences (absence of negative overgeneralization), be resilient and able to tolerate uncertainty (nonsensitivity), and avoid obsessing over negative events (absence of dwelling) (Epstein, 2001). In an organizational context, Epstein (1998b) reported that executives who outperformed their peers were significantly higher in their preference for using constructive elements of behavioural and emotional coping.

3. Full range leadership theory (FRLT)

Given the many theories of leadership the Full-Range Leadership Theory (FRLT; Antonakis, Avolio, & Sivasubramaniam, 2003) was integrated in the CLM because earlier research has found that the rational system and constructive elements of the experiential system had a strong positive connection with transformational leadership (Cerni et al. 2008). Furthermore, training practicing leaders to improve their rational and constructive thinking can develop the use of transformational leadership techniques (Cerni et al. 2010). These findings have closed the loop between information-processing, according to CEST, and transformational leadership. These studies also provide a strong rationale for including the FRLT within the CLM (see Figure 2).

The FRLT represents nine single-order leadership factors comprising of five transformational factors, three transactional factors, and one non-transactional laissez-faire factor. Eight of the leadership factors are about behaviours, (e.g., “waits for things to go wrong before taking action”) and one concerns attributes, (e.g., “instills pride for being associated with them”; Elliott, 2000). Transactional leadership “emphasizes the transaction or exchange that takes place among leaders, colleagues, and followers” (Bass & Avolio, 1994: 3). On the other hand, transformational leadership sets out to “motivate others to do more than they originally intended and often more than they thought possible” (Bass & Avolio, 1994: 3). Laissez-faire leaders resist intervention or taking action, even when it is clearly needed. The FRLT is also made up of three leadership outcomes including: (a) extra effort, (b) effectiveness, and (c) satisfaction (Antonakis et al. 2003).

Research suggests that the best form of leadership consists of both transformational and transactional factors (Bass, 1985a; Bass & Steidlmeier, 1999). Effective leaders are likely to use both transformational and transactional leadership at different times and with different followers, depending on the people and the situation (Robbins, Millett, Cacioppe, & Waters-Marsh, 1998). Transformational leadership augments the effectiveness of transactional leadership; it does not replace transactional leadership (Bass, 1997; Kanungo & Mendonca, 1996; Robbins et al. 1998; Waldman, Bass, & Yammarino, 1990).

Results of numerous research studies in business, industry, government, military, non-profit organizations, and educational institutions (Bass & Avolio, 1994) have found that employees working under a transformational leader were more likely to display increased motivation (Bogler, 2001), job satisfaction, and commitment (Geijsel, Slegers, & van den Berg, 1999; Koh, 1990).

3.1 Conflict-handling styles

Managing conflict in an organization is an important part of leadership (Thompson, Grahek, Phillips & Fay, 2010) and depending on their position leaders can spend up to one quarter of their time managing conflict (Thomas & Schmidt, 1976). How well leaders manage conflict by attempting to understand the needs of their followers can be seen as a measure of their effectiveness.

Rahim (1983) taxonomy differentiates five conflict-handling styles along two basic dimensions: concern for self and concern for others. Combining the two dimensions resulted in five styles of handling interpersonal conflict in the organizational setting. These include: *integrating* (high concern for self and others) and *compromising* (moderate concern for self and others) style. These styles are considered to be superior to *obliging* (complying with the other party's request), *dominating* (forcing your own position on others) or *avoiding* (actively evading conflict resolution) (Rahim & Magner, 1995).

Examining the connection between CEST information-processing systems and conflict-handling styles research has shown that the CEST rational system, experiential system and constructive thinking had a positive connection with the integrating and compromising conflict-handling styles. The rational system and

constructive thinking had a negative relationship with the avoiding conflict-handling style (Cerni, Curtis and Colmar, 2012).

These results suggest that both the rational and experiential systems are adaptive systems when it comes to selecting effective conflict-handling styles. In order to select the ideal conflict-handling style, that is, the integrating-conflict handling style, it appears that people need to be high on both rational system and constructive elements of the experiential system. Being high on both rational and experiential processing appears to support the idea that the ideal state of development, according to CEST, involves high level of awareness and functioning in both systems, with the rational system being in touch with the experiential system, and leaders being able to weigh the relative advantages of each system when managing conflict (Epstein & Pacini, 1999).

Leaders who use their rational system and constructive elements of experiential thinking may be better placed to understand their choice of conflict-handling styles and how to manage conflict within their organization given that most people are increasingly concerned about creating and maintaining a harmonious working environment (Holt & DeVore, 2005). Understanding the influence of the rational and experiential systems could also assist leaders respond adaptively to conflict situations and generate effective solutions (Berger, 2007).

The study by Cerni et al. (2012) was novel as it provided the initial positive connection between the CEST information-processing systems and conflict-handling styles with the existing literature supporting the connection between transformational leadership and conflict-handling styles. Specifically, the study by Hendel, Fish and Galon (2005) provided support for the connection between transformational leadership and the integrating conflict-handling style. These findings provided a good rationale for considering how the CEST information-processing systems, transformational leadership and conflict-handling styles are connected within the CLM (see Figure 2).

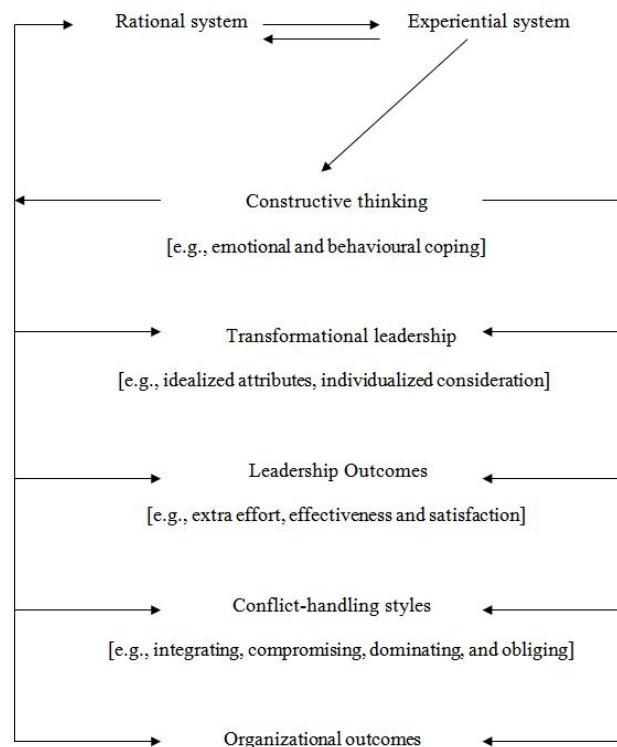


Figure 2: Cognitive Leadership Model linking information-processing, leadership and organizational outcomes

3.2 Organizational outcomes and future research

Cerni et al. have proposed an integration of CEST, FRLT, and Rahim’s (1983) conflict-handling styles in the development of the CLM (see Figures 2). The CLM

integrates current research by showing that information-processing systems described by CEST are connected to transformational leadership and conflict-handling styles (see Figure 2). Specifically, rational and constructive thinking, particularly behavioural coping, are positively correlated to transformational leadership and negatively correlated to laissez-faire leadership (Cerni et al. 2008; Humphreys & Zettel, 2002). In Figure 3 the negative correlations with the laissez-faire factor are represented with a dashed line, and reflect the absence of leadership (Antonakis, 2003).

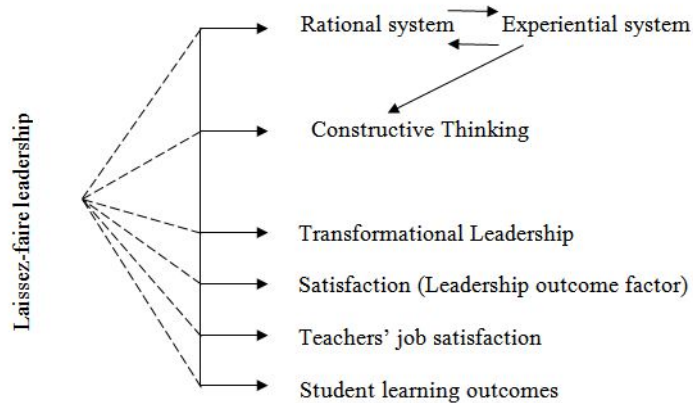


Figure 3: The relationship between the cognitive leadership model and laissez-faire leadership. Note: Dotted line indicates a negative relationship.

Leaders who are coached to think more constructively are rated higher in measures of transformational leadership by their subordinates (Cerni et al. 2010a, 2010b). Rational thinking and behavioural coping predict the use of integrating and compromising conflict-handling styles (Cerni et al. 2012). And, leaders' information-processing systems are related to organisational outcomes (Cerni et al. in press). More specifically, the study examined connections between information-processing systems and teachers' job satisfaction and student learning outcomes. Results indicated that the leaders' rational system and constructive elements of the experiential system had a positive connection with student learning outcomes.

It appears that the combination of rational thinking and behavioral coping allows leaders to make good well thought-out and analyzed decisions with a minimum of stress. This combination also allows leaders to be very adaptable to new situations. Being adaptable may allow leaders to implement the best possible leadership approaches to the situation that they are in (Fiedler & Garcia, 1987; Yukl & Mahsud, 2010); remembering that transformational leadership is effective across many situation.

Predictions arising from the connections outlined in the CLM suggest that leadership can become more transformational if leaders' constructive thinking is improved, a prediction that has been confirmed (Cerni et al. 2010a, 2010b); conflict resolution is more likely to proceed via integration if leaders' constructive thinking is improved; Graduate managers selected based on rational and constructive thinking are more likely to be transformational leaders; and if leaders' rational and constructive thinking is improved, organisational outcomes are also likely to improve.

Although there is empirical support for the connections outlined in the CLM, these are not comprehensive, which provides good justification for proposing it and suggesting further predictions, such as whether adaptive thinking that occurs by combining rational and constructive thinking could lead to the use of transactional leadership in situations that are appropriate to transactional leadership. Interestingly, transactional leadership seems to be unrelated to information-processing systems (Cerni et al. 2008).

There is also merit investigating the relationship between organizational influencing tactics (Yukl, Seifert & Chavez, 1998) and bases of power (French and Raven, 1959) with the CLM that already encapsulates logical and empirical connections between leadership as described by the FRLT, conflict-handling styles, organizational outcomes, and information-processing systems described by CEST. The Cognitive Leadership Model offers a promising and parsimonious framework for generating hypothesis for future research in this rapidly expanding field.

4. Conclusion

This paper provides evidence of a positive connection between affect (experiential system) and cognition (rational system) and considers them to be adaptive systems capable of influencing leadership behavior toward action and change. Understanding of the internal cognitive processes according to CEST that contribute to transformational leadership has the potential to affect the quality of life of both leaders and followers (Epstein, 1998c).

Furthermore, by understanding the reciprocal influence of the rational and experiential systems, including the maintenance and modification of emotional states, including affect (Salas-Auvert & Felgoise, 2002) could also assist with the effective management of conflict. The positive connection between CEST, a personality-based theory, and transformational leadership has the potential to assist leaders effectively manage conflict and deliver desirable organizational outcomes.

Given the capacity of individual differences in information-processing preferences to predict a constellation of key behaviours associated with leadership, the utility of examining these individual differences in leader selection and training is worthy of further investigation.

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The Impact of Governance on the Performance of a High-Growth Company: An exemplar case study

Peter R Crow¹ and James C Lockhart²

¹PhD Candidate, Massey University, Palmerston North, New Zealand

²College of Business, Massey University, Palmerston North, New Zealand

peter@petercrow.com

j.c.lockhart@massey.ac.nz

Abstract: Research into the contribution boards make to company performance has proliferated over the last few decades. However, research findings have been inconclusive and the contribution boards make to both strategy and business performance still remains unclear. Corporate governance is of “enormous practical importance”, so efforts to understand the governance–business performance relationship must continue. But the current research agenda must be shifted and the black box of governance systemically opened if causality is to be established. The aim of this paper is to present a summary account of recent case study research investigating the contribution that boards make to the performance of high-growth companies in New Zealand. A qualitative case study design and theory-testing framework were used to examine the impact of strategic decision-making on performance. The research identifies and develops the understanding of factors that affect the governance–business performance relationship in high-growth companies shifting the discussion from relationship to causality. Three significant insights were developed from the study, namely, board involvement in the development of strategy was observed to positively affect performance; the board aligned decision making directly with strategy; and, the board upheld an atmosphere of open communication and trust with management.

Keywords: black box, case study, decision-making, establishing causality

1. Introduction

Over the last four decades the search for business performance has increasingly shifted from the CEO to the boardroom. Consequently, research into the contribution boards make to performance has proliferated. More so since the high profile company failures of the early 2000s. Much governance research has focussed on large companies and specifically on board structure (Cowling, 2003), composition (Nicholson & Kiel, 2007) and practice (Adjaoud, Zeghal, & Andaleeb, 2007). Governance is a complex phenomenon (Sargot & Rita, 2011) and, as yet, there appears to be little evidence that board contributions result in better performance. Evidence to conclusively associate governance activity and strategic decision-making with company performance remains elusive (Machold, Huse, Minichilli, & Nordqvist, 2011).

Many companies that start well fail to sustain high performance over the long-term. Ineffective governance appears to be one of the contributing factors (Schmidt & Brauer, 2006). The New Zealand jurisdiction seems to be no different from elsewhere, except that high-growth companies are the primary means of improving the country’s economic growth. Therefore, the development of a clear understanding of how governance contributes to the performance of high-growth companies is crucial to New Zealand’s economic development, especially given the board’s proxy to maximise company performance (Bainbridge, 2002) and the important contribution company performance makes to economic growth (Gamber & Scott, 2007) and social wellbeing (Friedman, 2005).

This research investigated the contribution that governance makes to the performance of high-growth companies in New Zealand. It builds on prior literature and includes a detailed investigation of one company by way of an exemplar case study (Clegg, Hardy, Lawrence, & Nord, 2006). Because prior literature suggests a relationship exists, a theory-testing framework was used. However, the nature of the relationship and contributing factors are not yet apparent. The source of strategic decision-making was also examined: whether or not strategic decision-making can be attributed to the board. The research questions were therefore “does a relationship exist between governance practice and subsequent company performance in New Zealand high-growth companies?” and “if a relationship exists, what form does it take?”

2. Literature review

The contribution boards make to company performance has been the subject of much, but largely ineffective, research (Bennis & O’Toole, 2005). Most of this research has been influenced by the legalistic and adversarial agency theory (Fama, 1980; Jensen & Meckling, 1976). It postulates that governance structures and control

mechanisms can mitigate the agency problem. Stewardship theory has been proposed as an alternative to agency theory (Donaldson, 1990). It presents a co-operative view of governance founded in psychology (Donaldson & Davis, 1991), whereby relationships and interests converge. Stewardship theory is perhaps more applicable than agency theory to younger, high-growth companies, because founders and managers typically share a common motivation to work together towards a common goal (Muth & Donaldson, 1998). Another theory is resource dependency theory (Pfeffer & Salancik, 1978). Grounded in sociology and organisational theory, it presents the board as an important bridge that facilitates connections with external parties (Zahra & Pearce, 1989) to secure much needed resources.

The major governance theories offer different perspectives. The board's priority under agency theory is to "control and monitor"; under stewardship theory to "enable and empower"; and, "facilitate and supply" under resource dependency theory. However, none of the theories satisfactorily account for all cases of governance (Nicholson & Kiel, 2007). Therefore, more research is required, especially inductive theory-building research, if a universal theory of governance is to be discovered.

Boards provide the vital link between company owners and managers (Fama & Jensen, 1983), and structural variables have been assumed to be important to protect shareholder interests (Becht, Bolton, & Roell, 2002). Researchers have studied board composition and structure in an effort to identify the best configuration to maximise company performance. Their findings provide "scant support" (Dulewicz & Herbert, 2004, p. 263) for the three main governance theories however. They support assertions that the pursuit of a "one size fits all" governance model (Davies & Schlitzer, 2008) and an "optimal board structure" (Boone, Casares Field, Karpoff, & Raheja, 2007) may not be practical. This is far from surprising given the inclinations of human nature. As a result, the establishment of causality between boards and performance is likely to require a different set of lenses than that commonly adopted. The crude input-output model of board attributes and company performance is no longer credible.

Governance structures and processes in venture-backed companies often vary from those in traditional companies (van den Berghe & Levrau, 2002). The small company literature suggests that boards add a strategic dimension (Zahra & Filatotchev, 2004) and are more active (Arthurs, Busenitz, Hoskisson, & Johnson, 2009); the Chair's leadership effectiveness and board effectiveness are correlated (Machold et al., 2011); and, that governance structure can affect their efficiency (Nanka-Bruce, 2011) and growth (Lappalainen & Niskanen, 2009).

Company performance is heavily dependent on the selection and implementation of appropriate strategies that enable the company to compete effectively (Ahenkora & Peasah, 2011) and maximise value (Simons, Davila, & Kaplan, 2000). Some researchers have suggested that boards should be actively engaged in the strategy development and decision-making process (Ingley & van der Walt, 2005), because they are responsible for maximising company performance. While the development of strategy is now widely recognised as a major task of the board (Huse, 2007), a board's involvement might be active or passive (Golden & Zajac, 2001), or somewhere in between (Wheelen & Hunger, 2006). When researchers studied how boards contribute to strategic decision-making (Pugliese & Wenstop, 2007), working style, including cohesiveness (Levrau & Van den Berghe, 2007a) and vigorous debate (Kerr & Werther, 2008), was a more important antecedent of effectiveness than structure or composition.

The paucity of any conclusive governance-performance causal explanation confirms the understanding of how boards contribute to company performance is, at best, limited (Leblanc & Gillies, 2005). Helpfully, the literature provides some guidance to direct future research efforts. It suggests behavioural factors are far more important than structural and composition factors when determining the board's contribution to company performance. Further, it indicates that direct observation (Leblanc & Schwartz, 2007) is crucial to understand the processes and behaviours that contribute to decision-making and effectiveness, because assumptions of congruence in the black box cannot be relied upon (Lawrence, 1997).

3. Research method

The contextual nature of board interactions requires direct observation of the phenomena rather than the continued adoption of proxies, which have contributed mostly little to date. Case studies are widely recognised as the appropriate method when conducting in-depth research into a complex phenomenon with many

relationships and variables (Eisenhardt, 1989). They have the potential to expose causality in situations that are too complex for statistical or experimental methods (Yin, 2009). Consequently, a qualitative case study design and established case study process (Stake, 1995) was used. Formal and informal pathways were used to approach companies that met the purposive selection criteria, including the use of existing relationships to advocate access (Leblanc & Schwartz, 2007). The company that agreed to participate in this research (from an initial list of 23 companies) was known to the researcher through his professional network.

Several different techniques were used to collect data including interviews with key governance actors; direct observation of a board meeting; and, the inspection and analysis of archival data. Inductive (Griggs, 1987) and positivist (Lockhart & Taitoko, 2005) analysis techniques were used to identify common themes, decision points and performance inflections. Respondent validation (Bloor, 1978) and triangulation techniques (Stake, 1995) were used to improve credibility. Therefore, the relationship between board decision making (as minutes) and subsequent activity was established.

The Chairman and CEO were interviewed using a semi-structured interview technique. A list of questions was used to guide the in-depth interview, and interviews were recorded. One full board meeting was observed. Direct observation enabled the researcher to see through the Board's eyes, take less for granted, be sensitive to context and be flexible to cope with unexpected events or findings (Marshall & Rossman, 1999). The researcher, who was a silent observer and was seated apart from the participants, recorded the meeting (audio) and made handwritten notes. Over fifteen years of archival data - including annual reports, share register, Company website, marketing brochures, other published material, and a list of current and previous directors - was reviewed to understand historical decisions and performance patterns. Data was codified using the pictorial timeline framework developed by Lockhart and Taitoko (2005). This positivist approach, which was used for triangulation, enabled the timing of major company decisions and events to be identified relative to other significant events and subsequent performance inflections.

4. Results

The Company selected as the exemplar case for this research is domiciled in New Zealand, with operations in New Zealand and Australia. Founded in the early 1990s, it employs approximately 230 staff. The two founders were involved in day-to-day operations throughout the first decade when the Company experienced rapid growth. Originally a family-owned firm, the Company now has approximately 195 shareholders and a Board of four directors. None of the directors are employees, however, all have prior CEO experience. No strategic decisions are made outside normal board meetings. Audit and remuneration committees meet when required. An analysis of the interview, observation and archival data revealed that the Company has experienced four distinct growth phases since its formation.

4.1 Phase 1: Formation and initial growth

The first phase spanned the period 1992–2001. The Company experienced high growth (over 130% Compound Annual Growth Rate (CAGR)) throughout this phase. No explicit growth strategy was apparent. The Board appears to have become a formal construct about three years after the company was founded. Four significant decisions contributed to the Company moving from “growth” to “plateau”. These included decisions to appoint a new CEO (unsuccessful); consolidate operations into one location (culture changed from “entrepreneurial” to “made it”); establish a joint venture with a global telecommunications systems company (unsuccessful); and, to appoint non-executive directors to the Board.

4.2 Phase 2: Plateau

The second phase spanned the period 2001-2005. The Company operated profitably and paid shareholder dividends throughout this phase, however, there was no revenue growth. The lack of growth indicates the Company had begun to lose its way as an entrepreneurial high-growth company. With the benefit of hindsight, the culture of the Company - so important to building momentum, binding the shareholders and staff together and achieving strong growth - had become the strategy. Throughout this phase, a Board was in place and functioning. Despite membership changing from an executive majority to a non-executive majority, the Board appears to have been largely passive with respect to strategy. Management continued to take a strong lead in decision-making. The Board's primary contribution was to set financial growth targets, of which few were met.

4.3 Phase 3: Professional management

The third phase occurred in the period 2005–2008. It commenced with the employment of an external CEO to pursue growth. The new CEO proposed a high-risk growth strategy, which appears to have been endorsed by the Board. There is no evidence to suggest the Board understood the importance of what was being proposed, or that it monitored the implementation of the new strategy effectively. Revenue remained relatively static and EBIT performance declined sharply. Despite declining financial performance, the Board remained relatively passive. It was only when a manager approached the Audit Committee directly that the disquiet amongst staff was first signalled to the Board. Unfortunately, the Board failed to monitor the Company's actual trading performance sufficiently closely to expose the true situation itself - until it was almost too late.

4.4 Phase 4: Reinvigoration and new growth

The fourth phase started in 2008. Following the near failure of the Company, the Board determined that a new CEO and Board were required to provide effective governance and leadership. The CEO departed, and an Acting CEO, a new Chairman and a new independent director were appointed. Two directors remained from the previous Board. For the first time in its history, the Company had a Board comprised of astute, business-focussed directors with considerable market knowledge. A mature governance platform for reinvigorating the Company had been established. The incoming Board became actively involved in the decision-making process. A series of immediate expenditure reductions were made to stabilise the Company's cash position and resecure the bank's support to continue to trade. Once this was achieved, the new Board resolved to appoint the Acting CEO permanently.

5. Development of strategy

Historically, strategy was developed with little active involvement from the Board. This was implicit in the early phases of the Company's life cycle, when the Board was relatively immature and largely comprised of executive staff. During the Professional Management phase, the CEO developed strategy with little if any contribution from the Board (other than approval). In contrast, the current Board and management develop strategy together. Strategic options and significant business opportunities regularly appear on the Board's agenda.

The Board and management explore strategic options together at strategy days held twice per year. External parties with specialist knowledge are invited to contribute. The CEO consolidates the output from the strategy day into a draft statement of strategic intent, which is presented to the Board for discussion and ratification. Once ratified, the statement of strategic intent becomes the agreed high-level strategy of the Company. The CEO develops detailed plans to execute the agreed strategy. The Board uses the agreed strategy as a benchmark against which the annual plan and budget, major proposals and business opportunities are assessed. The CEO is expected to clearly demonstrate how any subsequent proposal advances the agreed strategy.

The researcher observed the December 2011 board meeting. There was no interaction between the governance actors and the researcher, other than an acknowledgement by the Chairman that the researcher was a silent observer. Notwithstanding the CEO's formal reporting role, the directors treated the CEO as an equal contributor, by actively inviting his participation in discussions. The Chairman summarised the discussion from time-to-time, particularly during longer or more complex agenda items, and prior to any formal decision point.

The Company has embraced an intentional board-level decision making process under the leadership of its current Chairman, to ensure all strategically important decisions are considered prudently; all of the costs are understood; and, that proposals are clearly aligned with the Company's agreed strategy. The process generally commences when the CEO presents a summary of the proposal to introduce the Board to the proposal. This is to secure initial feedback prior to any substantive proposal development takes place. The summary proposal generally takes the form of a discussion paper. Often, the Chief Executive discusses strategic options and draft proposals with the Chairman at their fortnightly meetings. After discussion, proposals are finalised for presentation to the Board. The Board considers all proposals in the context of the agreed company strategy. If a proposal does not clearly contribute to the strategy, it is unlikely to be endorsed. One director in particular challenges every proposal in this way - to determine "fit" with the Company's overall strategic intent.

6. Discussion

Three significant insights were developed from this research. First, in the exemplar case company, performance and the level of board involvement in strategy development appear to be directly linked. Second, the quality of strategic decisions is highest when proposals are directly linked to previously agreed strategy. Third, an open and direct communications style amongst governance actors is conducive to this requisite decision-making.

6.1 Board involvement in the development of strategy

The results indicate a link between company performance and the level of Board involvement in strategy development. This insight is consistent with prior research (Wheelen & Hunger, 2006; Zahra & Schulte Jr, 1992). The current Board is highly involved in the development of strategy and the Company is experiencing high growth as a result of that contribution. In contrast, earlier Boards were not involved in the development of strategy nor was strategy execution actively monitored. Earlier in the Company's history, the Board and management seemed to adopt a rather passive attitude towards strategy. The Board approved the previous CEO's strategy, even though it had not rigorously challenged the strategy when it was developed. The Board was culpable for arguably poor performance because it did not moderate the decision preferences of the CEO, nor did it monitor strategy execution and company performance adequately.

6.2 Decision-making and alignment with strategy

The results indicate that the quality of strategic decisions and impact on company performance appears to be highest when proposals are directly and explicitly linked to the Company's strategy; strategic priorities; values; and, available resources. The decision process is determined and understood by each member of the Board before the decision is made. The Board actively seeks input from external specialists to ensure it is fully informed (particularly about market conditions and trends, and the Company's ability to deliver against the proposal). Further, the Board has the opportunity to consider the proposal and develop their thinking over time. This insight is consistent with prior research (Van den Berghe & Levrau, 2004).

Whereas previous Boards were somewhat passive with respect to their consideration of strategic options and assessment of performance, the Chairman reported the current Board is "active and brutal". For example, the Board rejects any strategic option or proposal that does not demonstrably contribute to the agreed corporate strategy. The Board's incremental approach to making strategically important decisions enables directors to ponder options, consider risks carefully and make independent enquiries before making a decision. Further, the low level of interaction between governance actors between board meetings suggests most of the strategic decisions are made when the Board is together at regularly scheduled meetings.

6.3 Communication and trust

The results indicate an open and direct communication style is conducive to robust debate and effective decision-making. The nature of the observed informal interaction between directors prior to the meeting, and the commitment to build relationships outside formal governance activities, suggests that high levels of trust and respect exist between the governance actors. The Board questioned the CEO assertively and forcefully offered opinions on several occasions. The open and inclusive style employed by the Chairman to 'chair' the meeting, announce agenda items and solicit questions, comments and discussion appeared to promote dynamic engagement and effective decision-making (Levrau & Van den Berghe, 2007b; Vallaster & Koll, 2002). The Chairman and CEO both indicated that the interactions during the observed meeting were typical of those in other board meetings. Overall, the open communications style displayed by the Board is consistent with prior research that suggests open communications; robust debate; and, a high trust environment are necessary antecedents to Board effectiveness (Caldwell & Hansen, 2010).

7. Conclusions

The research revealed a correlation between company performance and the Board's level of involvement in the strategy development process; the quality of their strategic decision-making; and, the Board's expertise and commitment to the governance process. Company performance improved when the Board was actively involved in the development of strategy and strategic decision-making. The Board and management work together as a cohesive, as opposed to adversarial, unit. Throughout the life of the Company, changes in Board

structure or composition contributed little, if anything, to performance. Accordingly, the research questions are supported. These results are consistent with prior literature that suggests that board process and behaviours are more important than structure or composition when determining the board's contribution to company performance.

The insights and conclusions gained from this study are restricted by several limitations. While the results suggest that a relationship between governance and company performance exists, a single case study provides insufficient evidence to prove causality beyond the case. Also, only one board meeting was observed, so the impact of any actor-observer effect could not be determined. This limitation could be addressed in future studies if several board meetings were observed. Governance actors would be expected to revert to authentic behaviours and interactions, if indeed they had been modified for the observed occasion.

Notwithstanding these limitations, it is not unreasonable to expect similar results elsewhere. But whether or not an explanation can be extrapolated to population norms from the observation of one phenomenon continues to plague scientists. High-growth companies appear to have structural similarities including underdeveloped governance, founder-leadership, limited equity capital, and strained access to debt capital at their establishment. Importantly, the pursuit of fast growth, providing it is successful, may be a key driver of change (as it was in this study). High-growth companies have emerged in the absence of diffused equity capital, in family firms and in entrepreneurial firms. Perhaps the pursuit of high growth is the common important motivation rather than formality of governance process.

The case study is the appropriate method and direct observation a useful data collection technique when trying to discover how boards actually work (Leblanc & Schwartz, 2007). However, its application needs to be extended to ensure sufficient data is gathered and triangulated to credibly demonstrate any convergence in the results. Helpfully, Chan, Bhargava and Street's thesis (2006)—that the challenges smaller companies face when they sustain high-growth converge—suggests the findings of a more rigorous study might be generalisable to a wider population. Thus, a longitudinal multiple-case study (Johnston, Leach, & Liu, 1999) may provide sufficient evidence to expose convergence; confirm the existence of a governance–performance relationship; and, expedite the discovery of the elusive causal link that has caused considerable frustration amongst scholars and practitioners.

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Experiences of Selected Deans in a Private University: Implications to Academic Leadership

Maria Antonia Crudo-Capili and Circe B. Concepcion

Trinity University of Asia, Quezon City, Philippines

tonettecrudo@yahoo.com

candy.concepcion@gmail.com

Abstract: This study aimed to identify the characteristics of an effective leader of an academic organization from the perspectives of academic leaders. The researchers extracted the different facets of leadership from the stories of six deans of a private university. The stories which are in the pre-reflective stage bring an unbiased perspective from which academic leadership may be defined. Using phenomenology as a method of research, the lived experiences of the deans served as empirical data which were reflected upon until the formulation of insights. The insights developed became the scaffold from which the characteristics of effective academic leaders were drawn. Academic leaders in their stories revealed that leadership qualities are innate and are polished by hardship; these qualities stand-out; academic leaders are good teachers; they are goal-oriented; they want people who will support them; they carry out different strategies to earn the support of the people they work with; they are obedient to their superiors; they want their faculty to improve professionally; they want to be recognized as leaders; they seek approbation; they are affected by the indifference of their superiors and can be emotionally hurt by their subordinates; and they believe that they are doing their best. These insights were synthesized through another layer of reflection resulting to the emergence of the following knowledge on leadership (a) academic leaders are born with the skills to lead and these skills are enhanced by experiences; (b) teaching prepared the deans to be academic leaders; (c) academic leaders are visionary; (d) academic leaders are relationship builders; (e) academic leaders are good followers; (f) academic leaders are mentors; (g) academic leaders seek recognition and affirmation; (h) academic leaders are human hence vulnerable; and (i) academic leaders need to be emotionally strong. The different themes which emerged from the reflection of the teachers' stories showed that effective leadership may be attainable if leaders possessed the following traits, (a) the ability to establish a positive interpersonal relationship with the faculty and with the higher level administrators and (b) the aptitude and skill to utilize their experiences as teachers in addressing the academic and pedagogical concerns of their unit. In conclusion effective academic leaders are individuals with dynamic relational skill; they are good teachers who are intellectually competent to resolve pedagogical issues; they have the strength of character to be sensitive to the social context of their work; and gracious to realize that the leadership is not an autonomous undertaking but a synergistic endeavor.

Keywords: experiences; deans; relationship; academic leadership; teachers; phenomenology

1. Introduction

Treffinger (1995: 93) points out that one of the essential ingredients of an effective school is the presence of a strong leader. Categorically a leader can propel a school to the pinnacle of success or plummet it to the pit of failure. School leaders are accountable of the fate of their institutions or organizations *vis-à-vis* their powerful impact on the school. Said impact may be assessed in terms of the effectiveness of the leaders in promoting and safeguarding the welfare of the different stakeholders in school.

School leaders must be able to influence and coordinate the activities of their subordinates toward the achievement of the school goals (Ibukun in Malik et al, 2011:1565). They perform multi-faceted roles such as manager, supervisor, instructional leader, curriculum innovator and catalyst of planned changes. Leaders by virtue of their position are role models who can foster the professional growth of their subordinates through mentoring and providing opportunities to improve their craft. Effective school leaders have clear visions for the years to come and the capability to support initiatives leading to positive changes.

One perspective which can be looked into in describing effective school leadership is the classification of leaders into transactional and transformational leadership. Transactional leadership (Burns in Nguni et al, 2006: 147) appeals to the self-interest of the followers and is based on exchange relationship, wherein followers comply in exchange for an expected rewards, while in transformational leadership, leaders motivate the followers to do more than what they are usually doing. A motivational leader raises the level of consciousness of the follower to do what is best for the organization.

Leadership experiences cannot be simply categorized into transactional or transformational styles since the experiences of a leader are multidimensional and multilayered. These experiences are influenced by the socio,

political, economic, personal and professional elements present in the lives of the leader (Day, Harris, and Hadfield, 2001: 32).

Leadership can only be understood from the context of a leader's experiences so much so that it is only the person who wears the shoes of the leader who can explicate the depth of leadership and what it means to be a leader. Relative to this, the characteristics which define an academic leader can be best drawn from the stories of the deans as they fulfill their tasks of leading their academic community. In this context, this study sought to identify the attributes which characterize effective leaders of academic organizations.

2. Methodology

This is a phenomenological study on the experiences of six deans as leaders in a private university.

The deans were enjoined to share their experiences as academic leaders. There were three females and three males. They have been deans for a minimum of two years. The informants were asked to describe their experiences as they lead their respective college. Leadership was discussed in the dimension which the deans chose to elaborate. The research question-- what are your experiences as a dean, sets the tone for the interview. The interview was free flowing. The interviews were transcribed and returned to the co-researchers for validation. Reading and re-reading allowed the researchers to extract themes from the stories. Initial reflection brought out several themes which stood out in the text. The themes were reflected upon for interpretations and reviewed by returning to the text for clarity. The themes from the first reflections were further reduced in the secondary reflections. The different themes were then synthesized until the formulation of the conclusion.

3. Results and discussion

The experiences of the informants revealed several insights on being a leader of an academic institution. A double layered reflection enabled the researchers to streamline these insights into an all-embracing theme on academic leadership.

3.1 Primary reflection

Leadership qualities are innate and polished by hardship. Leadership skills at a certain stage in the life of an individual can be characterized as "hidden". Leadership is intuitive -- the tendency to lead is innate and instinctively surfaces when called for.

Dean V recalled:

I remembered being the President of the class. I became either an officer or President of student organizations. I realized that I had influence over my classmates or schoolmates.

The deans were leaders when they were young. The seed of leadership is within the person waiting to be nurtured. If leadership is like a dormant seed, in what condition will it grow? What is the catalyst that transform potentiality into reality?.

The deans desire to succeed in life motivated them to excel. In the process, their ability to lead was harnessed and polished. Dean K had only himself to depend on when he was growing up. He recalled:

I wasn't pressured to do good but I did. It was my natural tendency. I had to support myself. I had to depend on myself. There were no advanced technologies then so I had to study hard; go to the library to read.

Hardwork coupled with ambition helped Dean K develop his leadership potential. His experiences echoed what Vince Lombardi, a famous football coach said, "*Leaders aren't born, they are made. And they are made just like anything else, through hard work.*"

Dean E's and V's experiences are more or less similar to Dean K's. Dean E was the only girl in the family. She was bullied by her brothers. The bullying made Dean E resilient while the dependency of Dean V's siblings on him made him responsible. Dean V recalled, "*I supported myself and sent my three siblings to school.*"

Experiences on hardships and struggles have been instrumental in shaping the leadership skills of the co-researchers. This finding was supported by Chew, Stott and Boon (2003: 59-60) who state that school leaders

who were born poor and have to depend on themselves are intrinsically motivated thus became achievement-oriented.

People possessing leadership qualities stand out. None of the Deans aspired to be leaders. Dean Y said, *"I did not imagine myself becoming a dean."* Dean E and Dean N described themselves as accidental deans; to become a dean was not in their career path. They just found themselves selected as leaders. Dean K pointed out that a leader cannot just be a face in the crowd. A leader stands out. Dean K said:

If you have a talent show it, make it noticeable, because this will bring you to places or land you a position. You can be at the top of the helm. You must exert effort. Work for your worth and certainly you will be noticed.

Prospective leaders are recognized because of their excellent performance and they are consequently promoted to leadership position. Dean K commented that one need not fight for a position, for if a person is capable, s/he will be recognized. A leader is like a gold coin amidst an array of silver, the gold will always shine.

The deans started-out as teachers and believed that they are good teachers. The deans proudly recalled the days when they were full time teachers. They were able to provide the best education to their students. Dean K said, *"I was adored by my students because I was a good teacher."*

They exerted their best effort to be good teachers. One example is that of Dean R. So intense was Dean R's desire to be a good teacher that she even hanged-on a moving jeepney just to reach her class on time.

The deans are goal-oriented. Leaders realized the importance of setting goals for their respective unit. Dean N said, *"My vision is for College X to become number one in the Philippines. But foremost, to come up with professionals who will be good workers in society."* Dean K told us:

When I became the Dean I made a lot of difference to the College. I facilitated the reconstruction of the old building and pushed the faculty to earn master and doctoral degree. I am continuously innovating the curricula to make them relevant to the needs of the present time and I am sustaining the image of a quality servicing unit with a seal of achievement – A Level 4 Accreditation Status .

The deans are guided by their aspiration for their units. All of them want their college to be at the top. Their college must be recognized for excellence.

The deans want to work with people who will support them. To the deans, to lead is to deal with people. To make their subordinates work with them, leaders need people who share their ideals and beliefs. To achieve this end, leaders literally select people who empathize with them. Dean E, when she assumed her post, hired new people when some members of her unit resigned. Dean E said, *"I had to cut or dissolve the groupings by reorganizing."* Her move was unpopular but it allowed her to employ new people she can depend on. This enabled her to "straighten-out" her College.

The deans carry-out different strategies to make people work with them. Dean K believes that to be able to work well with his subordinate, he has to mingle with them. According to him, "One has to be part of the crowd, to feel their sentiment, experience their woes, listen to their pains and share their joys."

Dean V described himself as a charismatic leader:

I am a charismatic leader. I believe that my college will not prosper unless everybody supports me. We go out together. They can talk to me; they can disagree with me.

Dean V and K shared the same belief. Leaders must reach out to their subordinates by using varied approaches. Dean R persuades her subordinates through gentle pleading, *"I sweet talk to them."*

Dean N avoids getting angry with his subordinates. He said, *"It can be frustrating especially if people are selfish and have their own personal agenda. I seldom get mad."* He just controls his temper.

Deans obey their superiors. The deans could not make major decision without the approval of their superiors such as in the case of Dean V:

...I presented my plan to the administration, and when I discussed it with them, it went well, in principle they approved it but we will still have a second round of discussion.

The deans are accountable to authorities higher than them.

The deans want their subordinates to grow professionally. According to Day and Hadfield (2003) the growth of the people in the organization or 'building a community' is an important role of a leader. This is necessary if the deans want competent faculty to work with. Dean V felt that his faculty should be exposed to the industry. He said, *"I will introduce something new to the teachers, which is industry immersion."* Dean E, on the other hand, believed in giving the faculty an opportunity to shine. She said, *"When you see a faculty doing well in that area, let him shine.* She further added, *"In the bible when you give a man five talents, give him more because there's a possibility that he may double the talents."*

Deans want to be recognized as leaders. The deans never leave the "zone of leadership" or the "sphere of power" when dealing with their subordinates. Leaders will always be leaders. They are leaders and subconsciously they want others to think of them as such.

One dean said, *"As much as possible, I stoop down to them."* Another commented, *"I treat them like human beings,"* while another remarked, *"You begin to listen to the lowly."*

Reflection of the statements implies that the deans do not see themselves as "equal" of their subordinates. *"I stoop down to you"* connotes that the speaker is speaking from a higher plane. *"I treat them like human beings"* indicates that the speaker is more than an ordinary human and the phrase *"you begin to listen to the lowly"* alludes power. The leaders are subconsciously saying that they are "first among equals".

Sinha (1995:145) said, "Legitimate power is vested in the authority of the position and a person avails of it because s/he occupies a particular position". The power one has over the others may be attributed to authority or control of resources. Regardless of the source of power, leaders are dominant over their subordinates.

Deans seek approbation. The deans are elated when their superiors praise them. The appreciation is important to their self-esteem. Dean R was gratified by the support of her administrators. The support is a sign of empowerment. She recalled a superior who told her, *"Don't give me problems; give me results. If there are problems solve it, whatever is your decision I will support you."* She felt an affirmation of her ability to lead.

Deans are affected by the indifference of their superior. If praise can lift the spirit, apathy or seeming indifference can demoralize. Dean K said, *"There was a time I became a floating head. I have an office but the one being asked to do my task was my subordinate? Did I surrender? No.* Criticism or apathy maybe an indication that the deans have lost the trust and confidence of their superior. Indifference and censure may either motivate the deans to work harder to vindicate themselves or depress them to the point that they would become counterproductive.

Deans are emotionally hurt by their subordinates. The deans are sometimes hurt by how their subordinates behave towards them. Dean R recalled, *"Some teachers talked behind my back. They bad-mouthed me. Only God knows. I am just a human being who can make wrong decisions. He is my Guide."*

Dean N avoids confronting his teachers fearful that he or they might be hurt. He said that when he is frustrated he tries to "cool down" before facing his subordinates.

Deans believe that they are doing their best. The deans reveal that their strength lies on their belief that they are doing what is good for the University.

In being a leader, there are many challenges, but you have to turn these to opportunities. How many times have I been ostracized because I am just simply protecting the interest of the school? ...Did I surrender? No, because the truth set me free. (Dean K)

Leaders' actions are grounded on their value system. Their sense of right and wrong served as guide in addressing the challenges they encounter.

3.2 Secondary reflections

Academic leaders are born with the skills to lead. These skills were enhanced by experiences. The discourses of the deans show that leadership traits are innate since they demonstrated these qualities when they were young. To this effect, leaders are born. Norris (2011) states that leaders inherit certain traits and qualities which make them potential leaders. One is heightened emotional intelligence (Johnson, 2005). Emotional intelligence is the natural capacity that a person has from birth and developed either to a greater or a lesser degree. Dean V is a consistent honor student during his elementary years. He recalled, *"I was at the top of the class."*

Maccoby (2007) believes that although there are some people who are born with leadership potentials, leadership can also be developed especially within a competitive society, wherein potential leaders are pitted with each other in the pursuit of success. There are several avenues where leadership potential may be honed such as formal educations/trainings and day-to-day experiences. Kempster (2006) points out that experience subsumes formal training in the development of leaders. The experiences of the deans have polished their leadership qualities more than the training they received in school.

Teaching prepared the deans to become academic leaders. The experiences of the deans as teachers prepared them to become academic heads. They knew what a good teacher should do and this aided them in formulating a template of how teachers should carry out their task. Dean V said, *"I don't tell my teachers how to teach but I shared with them my techniques."*

Dean R believed that her experiences as a teacher had prepared her to be an administrator. She remembered one student who refused to follow her instructions on how to fold paper napkins. Instead of scolding the boy, Dean R approached the boy and taught him the right way to fold the napkin. She learned patience. Incidents such as this, enrich teachers' capability to lead. Teaching can be construed as a pre-leadership training course.

Academic leaders are visionary. The deans set the goal of their college which is to be number one. Goals take its root from intentions. Leaders openly talked of their intention for their units. Dean E upon assuming office said, *"I have to straighten things up."* Sokolow and Houston (2008: 16) consider intentions as powerful forces in attracting people, material resources, and other agencies to transform vision to reality. Bridging practice and vision is the challenge of the academic heads.

Leaders are committed to their vision. Dean K describes the extent on which a leader can be committed to a vision.

Whenever I have a task to do, I make it the best and worth remembering. Doing so, I always compete with myself. The task assigned must be achieved at its best, because I always think of it as my last opportunity to do my best.

Dean Y summed up what visionary leaders aspire for-- For the students, faculty, and staff to have pride in their hearts.

Academic leaders are relationship builders. The deans realize that it is their task to foster a good working relationship with their subordinates. This is supported by Agezo (2008) who said leaders depend more on their relational skills than on their authority to tell others what to do.

Dean E is known by her subordinates as a meritocratic leader since she provides opportunity for people to shine.

Leaders earn the support and recognition of their subordinates when they are pro-people and humble. Academic leaders also try to maintain a good relationship with their peers. The relationship between academic heads is collegial. Dean N said, *"Honestly I get motivation and inspiration from my co-deans."*

Academic leaders are good followers. As the deans lead their subordinates, they follow their superiors. Leaders fulfill a dual tasks—leading and following.

By being a good follower, the deans earn the trust and support of their superiors and these empowers them. Dean K said, “Did I have qualms when some people brought me to court? No, because I am just implementing the policy of the school. As long as my administrators support me, why worry?”

Dean N added that leaders are followers because they serve the students, the parents and the community. Academic leaders are living-up to what Jesus told His disciples—serve My people.

Academic leaders are mentors; leading others to lead. Mentoring is more than giving directions or instructions. Mentoring happens when those who are more experienced, provide opportunities to those who are less experienced to develop their skills and knowledge (Cy, 2006: 200). Dean K shared how he mentored his faculty:

I train my department heads to make decisions, to analyze, and to evaluate situations and if they cannot handle them, that's the time I come in.

Mentorship does not only prepare prospective leaders for their role as future administrators. It is also a way wherein leaders lighten their workload by sharing their responsibilities to others. Leaders, by assigning task to a subordinate, are ‘hitting two birds with one stone’—mentoring and reducing their workload.

Academic leaders seek recognition and affirmation. Bowman (2004) states that most professionals need to feel important. This explains why the deans seek recognition and affirmation. Recognition boosts morale while affirmation empowers.

Academic leaders are vulnerable. To lead means to experience myriads of emotions. Dean K talked of being hurt while Dean R recalled being happy. These emotions attest that the deans are humans and are vulnerable. They feel sadness, pain, rejection, anger, and disappointment. Being a leader does not make them impervious to these emotions. But what separate them from others is how they process these emotions.

This gamut of emotions is a result of the academic heads’ interaction with the different people in the organization. Emotions are transformative and are not simply consequences of events. Emotions act as forces needed in forming individual’s identity , social interactions, and power relations (Zembylas, 2009: 100). Leaders must be able to control their emotion and make it work for them. Leaders regard emotions as a tool to become effective.

Academic leaders are emotionally strong. Academic leaders draw strength from their “inner self.”

There are situations when the leaders are ostracized and ridiculed not only by their subordinates but even by their superior. Dean E, recalled when she just assumed her position, “*I did not know that would be the situation that I will face, had I known, I would have backed-off, but I decided I would fight through.*” Her conviction gave her strength to withstand any difficulties that came her way. For some leaders, their personal beliefs become their “inner strength”.

For others, their inner strength lies on their spirituality. Dean R remarked that some people criticize her but through all of these she draws her strength in her faith.

Spirituality does not simply mean “slipping” religion in work but rather *to lead from inner peace and clarity even when faced with an external storm* (Thompson, 2008:153). Leaders speak of spirituality in terms of faith in the providence of God, and this buttress them from the challenges that come their way.

4. Conclusion

For a person to be a leader in an academic institution, s/he must possess attributes befitting of a leader such as patience, emotional intelligence, and intellectual capability. Some of these traits may be inherent while some may have been nurtured through formal training and experiences. But for a leader to head an academic unit, inherent and nurtured leadership skills do not suffice. An academic leader must be able to transcend self and be able to manage fellow academicians on the strength of intellectual competency and relational dynamism. The key is to be a wholistically competent individual but gifted with the sensitivity of the social

context of his/her position. The deans relate with people who may be more or less intelligent than them hence, they must develop a relationship based on trust and collegial respect of each others' ability. The deans relate with the faculty who should see them more than a dean but someone who puts their welfare a priority, and they deal with administrators whom they have to treat with respect without bordering to kowtowing. Finally, academic heads must be dynamic leaders who are socially competent and academically proficient; who can deliver the deliverables because they know how to lead; and who have a vision for their college that is bigger than them.

5. Symbolism

One aspect of phenomenology is that the conclusion be symbolized to add color and vividness to the insights generated by the study.

An academic leader may be likened to the lead bird who heads the V formation assumed by the flock as they fly towards their destination.



Figure 1: Birds flying in V formation

The lead bird works the hardest, setting the pace and direction which the other birds must follow. If the lead bird falters, the other birds honk to encourage it to continue flying. If the lead bird tires, another bird will take its place.

Just like the lead bird, the academic leaders set the pace and the direction which members of their College should follow toward the fulfillment of a common goal. They build relationships that will make sure that all the members of the academic community will work together towards one goal hence the academic heads must be competent intellectually and relationally to earn the trust of their people. If the lead bird is encouraged by the honking of the birds behind it, academic leaders need the recognition and support of the faculty and administrators to go on.

Academic leaders should recognize the need to step back and let others do the job if needed, the same way the lead bird steps back for another to take its place.

6. Recommendations

1. Academic heads should continually adapt an evaluation program on how they relate socially with their subordinates, the result of which can be used as a basis in developing strategies on relationship enhancement.
2. Teaching experiences can be used as a gauge in selecting people for academic leadership. Relative to this, academic leader must include teaching as part of their regular activities.
3. Leaders are recommended to assess objectively the nature of interaction which exists between them and their subordinates. It is through an honest assessment that a leader can see how his/her subordinate relates to him/her.
4. The University leaders should establish a formal mentoring program for incumbent and potential leaders. The program's scope should include day-to-day exposure on the different challenges which leaders encounter in an academic organization.
5. Academic institutions must establish programs that will strengthen the relationship among its people.
6. The personality of a person defines the kind of leader s/he would be. The University should follow a holistic assessment of people being eyed for leadership position.

7. Administrators must extend all their wholehearted support to heads of academic units.

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Global Leadership in Managing Workforce Diversity

Pradeepa Dahanayake and Diana Rajendran
Swinburne University of Technology, Victoria, Australia

pdahanayake@swin.edu.au

drajendran@swin.edu.au

Abstract: The emergence of an increasingly heterogeneous workforce has brought with it an increased focus within the global corporate world on the issue workforce diversity. This paper discusses the workforce diversity-management strategies deployed by leading organisations in response to the changing nature of the workforce. Our analysis of secondary data collected through online resources available on the corporate websites of the top 20 Fortune 500 corporations of 2012 reveals that leading organisations are focused on, and deploy multifaceted management practices and strategies to effectively manage, workforce diversity. These findings may be of use to a range of organisations seeking to implement or improve diversity-management practices and benchmark their diversity efforts against global best practice.

Keywords: global leadership, diversity-management, workforce

1. Introduction and context

A number of socio-economic factors have contributed to the increasing diversity of 21st century workplaces. These factors include globalization, technological advancement, the emergence of new economies, migration, increased generational diversity within workplaces, and the increased representation within workplaces of previously underrepresented groups such as women, individuals with disabilities, individuals with alternative lifestyles and different sexual orientations (Ciocirlan & Pettersson, 2012; Lavaty, 2001; Roberson & Stevens, 2006; Watson, Spoonley & Fitzgerald, 2009). In such a context, the challenge for global organisations is to manage a diverse workforce (Chrobat-Mason, 2003), with the management of diversity becoming an integral element of the management of many organisations. This, in turn has necessitated organisations' adoption of diversity frameworks (Allard, 2002), with the first steps in the construction of such frameworks being the recognition of the contribution that different kinds of people can make to organisations, and the integration of multiple perspectives into a comprehensive and universal framework (Anca & Vázquez, 2007).

In their examination of diversity in corporate America, Marquis et al (2008) emphasise the importance of leaders to the creation of effective diversity-management programs. Research indicates that to succeed, such programs should include flexible work arrangements, inclusive corporate cultures, leadership driven diversity objectives, the measurement of diversity initiatives, the exhibition of accountability for diversity metrics, and the provision of diversity-related training and employee development (Cox, 2001, Marquis et al., 2008).

Hofstede (2001) pioneered cross-cultural research. This was followed by the Global Leadership and Organisational Effectiveness (GLOBE) project of House et al (2003), which identified '*humane orientation*' as one dimension of organisational effectiveness, and paved the way for a greater focus on the development of a business case for diversity. This, in turn, led practitioners and researchers to emphasise the need for culturally intelligent managers in international firms (Early, 2006). Van Der Zee et al. (2004) argued that multi-cultural teams increase the creative tension and mutual inspiration within group processes. However, diversity is a 'double edge sword' (Cox, 2001) and leadership is dependent on culture (Dickson et al., 2003) with leadership effectiveness varying considerably across cultures.

Good corporate relationships are critical to an organisation's character and identity (Amla, 2008) and, as posited by Maff and Kellough (2003), such relationships play a vital role in building diversity into corporate philosophies. As communities become more diverse, it becomes increasingly important for organisations to develop responsive inclusivity practices. Diversity issues may prompt organisations to implement and adopt a range of diversity policies and practices, which could be embedded within organisational policy statements, recruitment policies, training and development programs, work arrangements, community support activities, employment outcomes and career development for women and minorities. Successful diversity-management, it could be argued, results in increased employee productivity (See Richard, 2000) and increased commitment from organisational leadership.

The key question is: How do leading global organisations cultivate workplace environments that contribute to responsible corporate citizenship, make the world in which we live more sustainable, and thereby, emerge as global leaders, particularly in their commitment towards managing diversity? In this paper, we draw on an investigation of the top 20 Fortune 500 organisations to explore the contributions to the management of diversity of these global leaders.

2. Methodology

2.1 Conceptual definition

In our attempt to explore the approach of leading global corporations to the management of workforce diversity, we have chosen organisations that are ranked within the top 20 by Fortune 500 in 2012 (based on their revenue from 2011). For the purpose of this study, we define “global leadership” when an organisation has gained recognition as a corporate leader based on a globally accepted criterion through positioning itself at an elevated level amongst equally powerful organisations. Thus, we use the term ‘global leader’ to refer to these organisations. Therefore, in our attempt to examine the diversity management practices of global leaders, we have chosen organisations that are ranked top 20 by Fortune 500, in 2012.

2.2 Sample

Data were collected from resources available on the corporate web pages of the top 20 Fortune 500 corporations selected for the purposes of this study. With the exception of one of our chosen organisations (which only has a presence within the United States), all 20 are multi-nationals with headquarters in the United States. These organisations represent a range of industries including the petroleum, retail, automobile, office equipment, telecommunications, banking and finance, healthcare, and information technology industries. Conglomerate holding companies involved in diverse businesses are also represented. (Refer appendix 1).

2.3 Procedure

This exploratory study was conducted through the examination of secondary data gathered through online resources available in the public domain. Sources included corporate web pages covering corporate HR, recruiting, diversity policies, sustainability reports, annual reports, corporate news and other media publications on diversity initiatives.

Organisations are viewed as open dynamic social systems, consisting of different subsystems, where certain inputs are transformed into outputs as defined by the principles of systems theory (Cacioppe et al 2001, p.529). For the purposes of our analysis, we have looked at diversity efforts as inputs, defining these as diversity enablers falling under three levels within the organisational system: (1) organisational level; (2) employee/individual level; and (3) societal level. The outcomes of these enablers were further analysed for their contributions at organisational, individual/employee and societal levels to determine the business case for diversity.

2.4 Organisational Overview

A summary of key organisational information and the placement of the organisation as per the Fortune 500 ranking, together with a top line glimpse of each organisation’s commitment towards the three diversity enablers, are presented in Table 1. A summary of employee statistics, key demographic information relevant to workforce diversity, and the revenue figures of the selected organisations are presented in Table 2.

3. Analysis and Discussion

3.1 Scope of Diversity initiatives among Top 20 companies

Our analysis reveals that the diversity statements of the top 20 organisations draw a variety of distinctions between kinds of workers. It can thus be argued that the selected organisations – all of which have a history of accomplishment and excellence in their operations – are open and willing to acknowledge and value the numerous differences that exist within their workforces. For example, Exxon Mobil views the quality and

diversity of its people - who differ in age, gender, race, nationality, sexual orientation, religious belief, culture, language, ideas, perspectives, skills and knowledge – as its greatest asset (Corporate Citizenship Report, 2009).

With regard to specific diversity efforts, our study reveals that the majority of organisations continue to focus on the more conspicuous and traditionally recognized forms of diversity: namely gender and culture. However, all the organisations studied acknowledged other forms of diversity, with a few standing out through their focus on the place of Gay, Lesbian, Transgender and Bisexual (GLTB) and disabled workers within their organisations. We are, therefore, of the view that there is an emerging trend towards a genuine broadening of the scope and focus of workforce diversity programs. For example, Chevron Corporation takes pride in being a pioneer in addressing the issue of sexual orientation in its non-discriminatory policies and its provision of domestic partner benefits to employees (Diversity: Supporting Diversity and Fostering Inclusion, 2012). General Motors also has a broad definition of diversity, which recognizes diversity of culture, generation, experience, ideas and background, in addition to differences in gender, culture, and sexual orientation (Diversity at GM, 2012).

3.2 Diversity enablers at organisational level

Corporate diversity policies were in place in all the organisations we studied, with all 20 organisations attempting to embed diversity and inclusivity as a core organisational value. For example, Chevron expresses its commitment to valuing diversity as part of “The Chevron Way”, stating that, “we learn from and respect the cultures in which we work. We value and demonstrate respect for the uniqueness of individuals and the varied perspectives and talents they provide. We have an inclusive work environment and actively embrace a diversity of people, ideas, talents and experiences” (The Chevron Way, 2012).

The diversity initiatives of these organisations include the establishment of specific roles with accountability for diversity-management (such as diversity officer/diversity manager), and the formation of bodies such as diversity boards and corporate diversity councils which are sponsored or chaired by high ranking officials such as Chief Executive Officers (CEO’s) or Board Directors. For example, General Electric Company’s Corporate Diversity Council is co-chaired by the Chairman/CEO and the Chief Diversity Officer, and is comprised of more than 20 senior executives from various business functions. The forum functions in a manner that promotes open and candid conversations about diversity and engages senior leadership to contribute to the building of a culture in which diversity is valued and leveraged as a competitive advantage (Diversity, 2012).

Elsewhere, we observed Employee Resource Groups playing a visible and important role in a range of diversity initiatives. These informal groups - made up of employee volunteers - are recognized as effective diversity enablers by the organisations in which they are deployed. For example, at General Motors, Employee Resource Groups play a vital role in fostering an environment where all employees feel that they are included and have a voice in shaping the quality of work life. The organisation sponsors 12 Employee Resource Groups that facilitate the communication of the ideas and perspectives of a diverse workforce to the leadership (Diversity at GM, 2012). These groups are often called upon to contribute to recruitment drives and, from time to time, to contribute to specific business development initiatives. At General Motors, members of Employee Resource Groups are called upon to provide insight into product development, design and marketing, and to assist in identifying and meeting the needs of consumers around the world (GM Diversity: Employee Resource Groups, 2012).

Celebration of cultural events in the context of events such festivals are yet another strategy used by the organisations studied. Such events are used to create awareness of diversity and an atmosphere in which difference is respected and celebrated. For example, General Motors celebrates the Lunar New Year and other cultural events (GM Diversity: The Vietnamese Affinity Group (Viet AG), 2012). Diversity Week is a well-regarded annual practice at Citigroup, where employees across the globe participate in events under different themes (Global Diversity Report, 2012). At IBM, a diversity calendar, accessible to all employees, notifies staff of diversity related events (Diversity Events Calendar, 2012).

These organisations displayed eagerness to measure and track their progress on diversity initiatives. Some mechanisms used to measure workforce diversity include diversity statistics, analysis of workforce data, the setting of diversity goals and the tracking of progress, employee surveys, benchmarking, diversity matrices and scorecards. Almost all the organisations studied measured workforce diversity data statistically, predominantly

with regard to gender and cultural diversity, whilst a few took a more in-depth approach, analyzing the current and future talent and leadership pipelines and the spread of diversity amongst different levels of hierarchy and job categories. Whilst most organisations emphasized the need to improve workforce diversity through improved representation, a few had actually set targets, with most related to gender balance within the relevant organisation. Wal-Mart believes in the importance of having quantitative and qualitative measurements for its diversity initiatives and has a diversity matrix and set of goals that are tracked and reviewed by the Board of Directors (Diversity and Inclusion Report, 2012). At Conoco Phillips, the satisfaction level of employees is tracked through employee opinion surveys for the purpose of "creating an environment where people with diverse backgrounds can succeed" (Diversity and Inclusion, 2012).

Through our analysis, we were able to bring to light some inspiring stories revealing long-standing commitments to diversity with organisations. These stories, we believe, give legitimacy and provide an impetus to the institutionalization of diversity and inclusion within those organisations. Bank of America claims to have a proud history of promoting diversity. As far back as 1847, the bank in St. Louis is said to have created a special banking day for women each week (Managing Global Diversity & Inclusion: Leadership from the top and opportunities for all employees, 2012). At Ford Motors, it is believed that Henry Ford saw the wisdom in creating a diverse workforce long before such concepts were recognized within other organisations. It is believed that efforts to enhance the employment and career progression of females and minorities had been made within Ford long before diversity and inclusion were legislated for or taken seriously in other parts of the corporate world (People and Careers, 2012).

3.3 Diversity enablers at employee/individual level

Our analysis reveals that the organisations studied have a range of workplace facilities and practices targeted at individual needs. The most common of these is the provision of flexi-hours and childcare facilities. Table 2 shows the percentage of women employed in these leading organisations.

Most of the organisations studied view diversity-management and cross-cultural skills as essential leadership and managerial competencies. For example, Exxon-Mobil's Leadership Framework recognizes the need for leaders who are capable of effectively working in a complex global environment. In pursuit of this goal, the organisation provides individuals with challenging work assignments, on-the-job experience and mentoring and training (Corporate Citizenship Report, 2011). Wal-Mart uses a number of training interventions such as 'MicroMessaging: The Power of Small™', to equip managers to effectively deal with workforce diversity. Its 'Leadership on the Move program' seeks to help associates understand the value of diversity and inclusion (Diversity and Inclusion Report, 2012).

Diversity strategies dominate the area of talent management in all of the organisations studied, with efforts to improve and enhance workforce diversity being visible across the entire spectrum of talent management. Global leaders use recruitment policies to diversify their talent pools. Bank of America, for example, partners with a number of global and national organisations including Asia(n) Women's Society, Association of Latino Professionals in Finance and Accounting, and National Association of Black Accountants, in its attempt to meet its diversity and inclusiveness goals. AT&T, to take another example, shows commitment to the recruitment of individuals with disabilities through initiatives targeting college graduates and students with disabilities (Workforce Inclusion, 2012).

Further, internship opportunities and other processes such as career development, coaching, mentoring and succession planning are effectively used by these organisations to attract, retain and accelerate career progress of diverse employees. Leadership commitment to diversity was visible in all of the organisations studied, with the highest-ranking managers often being signatories to the diversity policies, statements, and commitments of organisations.

3.4 Diversity enablers at societal level

The organisations studied see the proper management of diversity as part of their responsibility towards society and the community. They are involved in a number of diversity driven community-based activities, many of which involve partnering with universities and charitable organisations. The involvement of employee resource groups and employee volunteers in diversity-driven community and welfare activities is a common practice. The beneficiaries of these activities are sometimes the organisation's business partners such as

suppliers and contractors who are members of underrepresented groups. Sponsorships are provided to bring about empowerment through education and awareness programs, with programs designed to raise awareness of health concerns providing another example of organisations' support for community based diversity initiatives. Organisations were also seen to be willingly encouraging the participation of employees and employee groups in diversity driven community activities.

Several of the organisations studied had shared their success stories and best practice in diversity-management with external entities through seminars, conferences and other efforts aimed at publicizing successes. The organisations had gained recognition externally by winning various awards relating to diversity initiatives. Table 3 in the Appendix, shows a variety of ways in which the multifaceted diversity commitments of global leaders have been recognised.

4. Discussion

Overall, our findings reveal that leading organisations place significant emphasis on, and deploy multifaceted diversity-management practices and strategies to address, workforce diversity. Whilst these top 20 organisations acknowledge and focus on dimensions of diversity such as age, physical and mental ability, sexual orientation, and work and family status, greater emphasis is placed on culture and gender than on other dimensions of diversity.

Workforce diversity-management is linked to organisational values, corporate responsibility, and business results through factors such as competitive advantage, innovation, productivity, talent acquisition and retention, customer satisfaction, and corporate reputation. Knouse and Dansby (2000) argue that organisations that embrace equal opportunity and diversity gain advantage through increased effectiveness, increased employee satisfaction, and increased employee commitment.

All the organisations studied connect diversity with organisational effectiveness by establishing a clear business case for diversity. A positive and value-laden culture, productivity gains through a motivated workforce, lower absenteeism and improved performance, better decision making and problem solving, improved innovation and creativity, an ability to function at a global level and enter into new markets, and positioning as a preferred employer, are all cited by most organisations as positive outcomes of diversity-management. Further, the penetration of untapped talent pools and retention of diverse employees that can be achieved through effective diversity-management are seen as vital ingredients for success in the talent war. Many of the organisations studied believe that, with a workforce that reflects the consumer base and communities within which they operate, they will be better positioned to understand the needs of their marketplace. Enhanced corporate reputation and recognition as a responsible and value-laden organisation, were also cited by some organisations as positive outcomes of diversity-management.

Our analysis reveals the high priority placed upon workforce diversity within the corporate agendas of global leaders, and the strong commitment in terms of resource allocation, leadership focus, and the strategic priorities of a variety of stakeholders. A multifaceted approach to diversity-management was manifested in a variety of diversity enabling instruments such as diversity policies, diversity value statements, training and development initiatives, talent management, diversity targets and matrices, employee participation in diversity related activities, establishment of roles and forums with accountability, work arrangements and facilities, benchmarking of diversity initiatives, and communication to relevant stakeholders. Our findings lend support to Morrison's (2001) view that 'global leaders are those who successfully impact the actions and beliefs of others on a world-wide basis' (p.67): in this case, actions and practices of managing diversity.

Organisational leadership was clearly displayed by the senior-most officials within the organisations studied, including members of Boards of Directors and CEOs. Notably, global leaders attempted to uphold diversity as an organisational value and emphasised the importance of a culture of inclusion in which differences were acknowledged, accommodated and valued. Out of the 20 organisations chosen for the study, 4 found their way to 'The 2012 DiversityInc Top 50 Companies for Diversity' ranking in 4th, 17th, 31st and 39th positions as listed by *DiversityInc* (2012).

Thus far, organisations that were selected for this study indicated the importance of the link between workforce diversity and organisational-effectiveness, highlighting a number of positive outcomes and benefits as evidenced in our discussion that can be derived through leveraging diversity.

5. Conclusion and Implications

Our investigation demonstrates a clear commitment from the leaders of the 20 selected companies to the articulation and implementation of diversity-policies and practices. All the companies studied take a holistic approach to the institutionalisation of diversity-practices as organisational values. These diversity-driven practices are built into the key organisational-strategies, and could be regarded as best practice.

What is more, there certainly exists a business case for diversity. In this, the era of the knowledge worker, it is imperative for global organisations that aim to drive their sustainable global business agendas to take well-balanced and inclusive approaches to the management of diversity.

Our preliminary findings will form the basis of further investigations to uncover the necessary diversity enablers that will enable 21st century organisations to emulate the journey towards best practice diversity-management taken by the organisations studied. Perhaps, a more comprehensive study uncovering the inclusivity practices and the ethical issues that arise through the management of diversity, from individual spokespersons on behalf of these global leaders, will add to the insights emerging from this preliminary study.

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**The reference list does not include entries from corporate web pages of top 20 companies selected for the purpose of our investigation due to word restrictions. A complete reference list is available upon request.

Appendix 1

Table1: Organisational Data and Diversity Efforts

Fortune 500 Ranking - 2012	Organisation	Industry	Diversity enablers		
			Individual level	Organisational level	Societal level
1	Exxon Mobil	Petroleum			
2	Wal-Mart Stores	Retail			
3	Chevron	Petroleum			
4	ConocoPhillips	Petroleum			
5	General Motors	Automotive			
6	General Electric	Diverse industries			
7	Berkshire Hathaway	Diverse industries			
8	Fannie Mae	Housing and mortgage			
9	Ford Moto	Automotive			
10	Hewlett-Packard	Computers and office equipment			
11	AT&T	Telecommunication			
12	Valero Energy	Petroleum			
13	Bank of America Corp	Banking			
14	McKesson	Healthcare wholesale			
15	Verizon Communications	Telecommunication			
16	J.P. Morgan Chase & Co.	Financial services			
17	Apple	Computer and office equipment			
18	CVS Caremark	Healthcare			
19	IBM (International Business Machines)	Information Technology services			
20	Citigroup	Banking			

Table 2: Employee Statistics and Demographic Profile

Organisation	Workforce: Global(2010 -11)	Female ratio (%)	Cultural/geographical spread	Revenue (2011)US\$ Millions
Exxon Mobil Corporation	82000 (2011)	26%	Based outside USA - 61%, presence in every continent	452,926
	USA – 32000 (2011)	28%	Minorities – 28%	
Wal-Mart Stores	2.2 Million (2011)		Operates in 27 countries	446,950
	USA - 1.4 Million (2011)	57%	Minorities - 35%	
Chevron Corporation	57,376 (2011)	23.4%	Based outside USA – 53.5%, presence in 32 countries	245,621
	USA - 26,525 (2011)	29.3%	Minorities - 35.9%	
ConocoPhillips	29800 (2011)	23.3%	Non US - 34.2% (2010), presence in 35 countries	237,272
General Motors	202000 (2011)		Presence in 120 countries	150,276
General Electric Company	Nearly300,000 (2010)	33%	Based outside USA - more than 50%, presence in more than 100 countries	147,616
	USA - 133000 (2010)	29%	Minorities - 24%	
Berkshire Hathaway				143,688
Fannie Mae	USA - 7300	nearly 50%	Minorities -nearly 50%, presence only in the USA	137,451
Ford Motor Company	166,000 (2011)		Global- 70 plants	136,264
		22%	Minorities - 24%	
Hewlett-Packard	350,000 (2011)	32%	Presence in 170 countries	127,245
	USA - (2011)	33.4%	Minorities - 27.2%	
AT&T	256420 (2011)			126,723
	USA (2011)	39%	Minorities - 39%	
Valero Energy	22000 (2011)		Presence in USA, the Caribbean, UK and Ireland	125,095
Bank of America	(2011)	56%	Presence in more than 150 countries	115,074
	USA - (2011)	59.5%	Minorities - 43.3%	
McKesson			Presence in America, Canada and Mexico	112,084
	In the US	55%	Minorities - 28%	
Verizon Communications	188,000 employees		Women plus minorities - 60%. presence in more than 150 countries	110,875
J.P.Morgan Chase & Co.	Worldwide - more than 240000 (2011)		Presence in more than 60 countries	110,838
	USA - (2011)	57.1%	Minorities - 45.4%	
Apple	64000 approx.(2011)			108,249
CVS Caremark	200000 (2011)	66%	Presence in USA, the District of Columbia and Puerto Rico	107,750
IBM	nearly 400,000		Presence in more than 170 countries	106,916
Citigroup	(2011)	53%	Presence in more than 100 countries	102,939
	USA- 88,528 (2011)	56%	Minorities - 42%	

Table 3: External Recognition and Awards for Diversity Efforts

Organisation	Key Awards and Recognition for Workforce Diversity Efforts
Exxon Mobil	Listing on DiversityBusiness.com11 as one of America’s leading companies in promoting multicultural business opportunities
Walmart	Walmart’s Leadership on the Move Series was named to the list of 2011 International Innovation in Diversity Awards by Profiles in Diversity Journal
Chevron	In 2011, the Women’s Business Enterprise National Council honoured Chevron as a Top Corporation for providing opportunities to women entrepreneurs. For the third year, Chevron received the 2012 Diversity Leader Award from Profiles in Diversity Journal for communicating the company’s commitment to diversity and for sharing diversity best practices
GM	‘Best Places to Work for LGBT Equality’ - Human Rights Campaign Foundation 2012 is the fifth year Holden (GM Australia) has been named Employer of Choice for Women Black Enterprise Magazine Names GM Among Best for Diversity
General Electric	Best Companies for Women’s Advancement, Working Mothers, 2011 Top 100 Military Employers, G.I. Jobs, 2006, 2007, 2008, 2009, 2010 Society of Women Engineers, President’s Award, GE Women’s Network, 2009
Fannie Mae	Top 50 Best Places for Diverse Managers to Work -Diversity MBA magazine – May 2012 '50 Best Companies for Latinas to Work for in the U.S.'- Latina Style magazine – August 2011 '40 Best Companies for Diversity' - Black Enterprise magazine – July 2011
Ford Motors	Best Diversity Company – Diversity/Careers in Engineering and Information Technology Diversity Leader – Profiles in Diversity Journal 40 Best Companies for Diversity – Black Enterprise
Hewlett-Packard	HP President and Chief Executive Officer Meg Whitman placed No. 9 on Fortune’s annual listing of the most powerful women in business, 2011.
AT&T	DiversityInc Magazine: No. 4 overall on Diversity Inc List DiversityInc Magazine: No. 1 for Top 10 Companies for Blacks DiversityInc Magazine: No. 6 for Top 10 Companies for Latinos
Bank of America	Among National Association for Female Executives' (NAFE) Top Companies for Executive Women for the third year in a row. Number 2 on Equal Opportunity magazine's annual “Top 50 Employers” list
Verizon Communications	Black Enterprise magazine named Verizon to its annual list of the "40 Best Companies for Diversity" for the sixth year DiversityInc magazine named Verizon to the publication’s list of "Top 50 Companies for Diversity," for the eleventh consecutive year
J.P. Morgan Chase & Co.	Best Companies for Multicultural Women by Working Mother magazine. 2011 and previous six years Named to the "Diversity Elite" list by Hispanic Business Magazine, 2010 and previous four years
IBM	IBM named among the top 5 companies for multicultural women by ‘Working Mother Media’ Black Enterprise Magazine named Rod Adkins Corporate Executive of the Year. 2011 IBM named among top 40 companies for diversity (Black Enterprise Magazine). 2011
Citigroup	Best Companies for Multicultural Women - Working Mother magazine 100 per cent Corporate Equality Index Company - Human Rights Campaign (HRC) Corporate Inclusion Index Rating 95 - Hispanic Association on Corporate Responsibility (HACR)

Managerial Leadership and Job Satisfaction: Evidence from Retail Banking Industry in Wales-UK

Serene Dalati

Arab International University, Damascus, Syria

s-dalati@aiu.edu.sy

Abstract: The purpose of this study is to examine the relationship between managerial leadership and intrinsic job satisfaction. The literature is conducted to review the nature of visionary, communicative and team oriented leadership behaviours. Also it examines nature and causes of job satisfaction in terms of measuring employee attitude to the job, and relationship between employee leadership behaviours and job satisfaction. The first variable of the study includes visionary, communicative and team oriented leadership behaviours. Job satisfaction variable is designed to measure managers' intrinsic job satisfaction through a 13 item measures. The data collection design involves the collection of primary data through survey questionnaire. The methodology of the research is developed through the design of a self administered questionnaire which is distributed through post mail. The measurement scale employed in the questionnaire design is Likert scale. The survey questionnaire was distributed to High street commercial banks which provide retail banking services in Wales-UK. The secondary data was collected through organizations' website, databases and annual reports or other publications provided by the selected organizations. The secondary data gathered in this research has been used for developing research variables and conceptual framework of the research. The sample of the study is selected from six commercial banks that provide retail banking services in Wales-UK. The unit of analysis is branch and functional level management. The total population of the study investigated and examined in this study is 740 branches located around Wales-UK. Descriptive data analysis involves the calculation of averages, frequency distribution and percentages distribution. The data analysis used in this research study involves using frequency tables, charts, and diagrams to represent the number of people falling in each category. A Bivariate correlation analysis is deployed to measure the relationship between managerial leadership behaviours and job satisfaction to study the relation between the two variables.

Keywords: visionary leadership, communicative leadership, team oriented leadership, job satisfaction, characteristics of flow at work, action tendency scale

1. Introduction

The need for awareness and knowledge of effective managerial leadership behaviours which enhances successful visions and missions for the organisation, effective communication and team building for mid and functional managers, has become an increasingly important discipline in organisational pure as well as practical research. Challenges associated with stressful work environment, information overload, technological advancement and connectivity, battle for analytical and managerial talent and increasing ethical dilemmas, have been among important factors stimulating the need for effective managers, who acquire effective leadership qualities and behaviours. The aim of this research is to investigate relationships between managers' perception of visionary, communicative and team oriented leadership and their intrinsic job satisfaction. This research suggests that managers' positive perception of visionary, communicative and team oriented leadership behaviours is positively related to high levels of job satisfaction.

2. Research literature review

2.1 Visionary leadership

According to Bennis and Nanus (1985) organisational vision communicates a view of a potential, credible and attractive picture for the organization, which is better than the current situation. Tichy and Divanna (1986) describe vision as a conceptual framework or blue print for what the organization will look like in the future. Organisational vision is defined as a set of idealized future goals developed by the leader which represent purpose and values and shared by followers who embraces ideology of the leader (Conger and Kanungo 1998, Strange and Mumford 2005, House 1999, Boal and Bryson 1988, Collins and Porras 1997, Nanus 1992). Kouses and Posner (1995) define vision as "an ideal and unique image of the future" (p. 95). Quigley (1993) defines vision in three contexts: values, missions and goals. Strange and Mumford (2002) developed a theory of vision formation which distinguishes two styles of visionary leadership: ideological which emphasizes personal values and standards to be maintained; and charismatic which stresses social needs and change requirements. According to Zaccaro and Banks (2004) to improve a business competitive advantage, managers need greater strategic flexibility which is developed through several factors, two of which include ability to manage change

and develop organizational vision which could be effectively translated into a strategic plan. According to Kakabadse et al (2005) successful visionary leadership does not only craft the end future goal and how to get there, but also the reasons for doing so.

2.2 Communicative leadership

Munter (2000) distinguishes between the tell style where the communicator is informing and asking audiences, the sell the style where the where the communicator is persuading and advocating, and the consult and join style where the communicator wants to learn from their audience. Kotter (1996) emphasizes the importance of developing vision and strategy and answers the question why vision is essential in organizations and what the nature of vision is. Communicating this vision, however, requires clarity, and simplicity of the message. According to Kelly (2000) organizational communication is defined as “the process by which information is exchanged and understood by two or more people, usually with the intent to motivate or influence behaviour” (p.92).

2.3 Team –oriented Leadership

Burke et al (2006) investigates the relationship between specific team leadership behaviours and team learning and team performance outcomes. Zaccaro et al (2001) stresses the importance of team collective behaviour indicating that the causes of team failure may exist not because of members’ inability to perform rather in the failure of the team to coordinate their individual contribution to collective success. House et al (2004) defines team-oriented leadership behaviour as a leadership variable which emphasizes effective teambuilding and accomplishment of common goals among team members. Salas et al (1992, 2005) define the concept of team as a distinguishable set of two or more people who interact, dynamically, interdependently and adaptively toward a common and valued goal, mission, specific roles and functions, who have limited life span of membership. A team is composed of some number of relatively independent individuals who are connected together in a work activity and each have their own needs, goals and expected outcomes that motivate their behaviour (Day et al 2004, Tolle1988, Salas et al1992, Salas et al 2004, Cannon- Bowers et al, 1993). Kogler (2001) developed a model of team leadership which has internal functions (task orientation, clarifying goals, initiating structure, coaching team members, collaborating, managing conflict and satisfying needs) and external functions(networking, forming alliances in environment, advocating and representing team to environment).

2.4 Job satisfaction

Csikszentmihalyi (2002) examines a mental and psychological model where respondents report about their experiences and their feelings whether on social or professional level which include concentration, absorption, interest, deep involvement, joy and a sense of accomplishment. Csikszentmihalyi (1993) reports about an interaction between two dimensions; challenge they are faced by and acquired skills. Interaction between the two dimensions will result in three different psychological, mental and behavioural experiences: anxiety if their skills are outmatched by the challenge, boredom if their skills are superior to the challenge; and ideally flow if skills are matched with the challenge.

Newburg and Kimiecik (2002) developed a Resonance Performance Model where they report about a psychological, mental and behavioural experience (Newburg and Kimiecik 2002, Clawson and Newburg 1997, Clawson 1999). Individuals experiencing resonance are performing at the peak of their abilities, yet the experience seems effortless; time seems to wrap either speeding up or slowing down, performers are utterly focused on the task, they lose sense of self and begin to merge as if in some kind of greater existence, and finally they find the entire experience strongly and intrinsically rewarding and enjoyable (Newburg and Kimiecik 2002, Clawson 1999).

Locke (1976) investigates a number of approaches to job satisfaction. Action tendency implies a specific approach to the measurement of job attitude through which respondents are asked to report experienced action tendencies in relation to their job and its component elements. Action tendency approach does not ask the individual how he feels as such, nor how he acts as such, rather how the individual feels like acting, and how he would act if no other external factors, but his feelings, were driving his actions.

2.5 Relationship between Leadership and Job Satisfaction

Sy et al (2006) examined the relationship between employees' emotional intelligence, their managers' emotional intelligence, employees' job satisfaction and job performance. According to Sy et al (2006) employees with high emotional intelligence are more likely to have higher levels of job satisfaction because of their capability of appraising and regulating their emotions than employees with low emotional intelligence. According to Cooper and Sawaf (1997) employees with high emotional intelligence are capable of understanding the causes of stress and developing strategies to deal with negative consequences of stress. Ugboro and Obeng (2000) investigate the relationship between top management leadership, employee empowerment, job satisfaction and customer satisfaction in organizations that have adopted total quality management. Empowering employees cannot be achieved without active top management involvement as empowerment involves power and role sharing. Welbourne et al (2006) investigated the relationship between attribution style and job satisfaction among a sample of 190 nurses employed with a veteran affairs medical centre, stressing that workers with more positive attribution styles will experience greater job satisfaction. The results of the study show positive correlation between coping strategies and job satisfaction. Lok and Crawford (2003) investigated the influence of consideration leadership style on organizational commitment and job satisfaction in both Australian and Hong Kong managers. Age was also predicted to be positively correlated with job satisfaction. The hypothesis predicted a stronger correlation in the Hong Kong sample than the Australian one. According to Lok and Crawford (2003) there is a strong positive link between empowerment, job satisfaction and organizational commitment.

3. The research variables

The first set of variables comprises three leadership behaviours: visionary, communicative and team-oriented leadership. The second set of variables comprises job satisfaction dimensions.

3.1 Visionary leadership behaviour

Visionary leadership reflects leader's ability to inspire and motivate followers, establishing clear image of the task and what could be done better in the future of the organization. The visionary leader establishes purpose, direction and uniqueness of the goal, ability to motivate followers to commit to this vision, ability to provide a sense of identity and meaning of organisational vision and mission, creating common framework for action, and finally ability to coordinate and integrate followers activities.

3.2 Communicative leadership behaviours

Communicative leadership reflects the leader's ability to convey the message effectively, ability of being persuasive, clear about goals and objectives, and ability of being open and influential. The communicative leader also takes into consideration the cultural context they are in and is aware of the audience cultural background. Communicative leadership reflects two ways of communication in the sense that the leader listens and be listened to. The effective leader uses respectful and stimulating language which catches the attention of listeners and motivate them to think of the message.

3.3 Team –oriented Leadership

Team-oriented leadership reflects leader's ability and knowledge of teambuilding, establishing common purpose for team members and social collective identity for followers. It reflects ability to clarify task, initiate structure and gain agreement for the team. It also reflects ability to increase standards of excellence in performance, as well as focusing on external environmental functions such as networking and advocating.

3.4 Job satisfaction

The job satisfaction variable examines two dimensions designed to measure individual intrinsic satisfaction at work. These dimensions are employee action tendency to work and involvement in mental and psychological experience referred to as flow.

4. Research conceptual framework

The theoretical framework investigates the relationship between manager's perception of visionary, communicative and team-oriented leadership behaviors and job satisfaction, indicating a positive association between the variables. Figure 1 illustrates a research conceptual framework of managerial leadership behaviors and Job satisfaction.

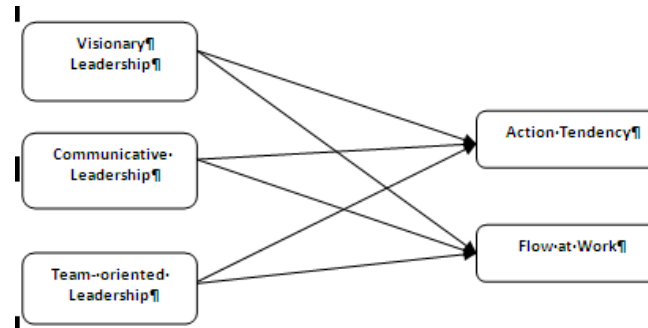


Figure 1: Conceptual Framework of Managerial Leadership Behaviors and Job Satisfaction.

5. Research hypotheses

Prior research investigated relationships between leadership, motivation, satisfaction with work, satisfaction with supervision and job commitment (House 1971, House and Mitchell 1974, Dorfman 1997). Some previous investigations have proved positive relationship between effective leadership behaviors and job satisfaction (House and Mitchell 1974, Rad and Yarmohammadian 2006, Mosadeghrad and Tahery2004, Kwantes and Boglarsky 2007). Summarizing previous studies, a positive relationship between manager's perception of leadership behaviours and job satisfaction is suggested.

H1: There is a positive relationship between managers' perception of visionary, communicative and team oriented leadership behaviours and their action tendency as a measurement of their satisfaction at work.

H2: There is a positive relationship between managers' perception of visionary, communicative and team oriented leadership behaviours and characteristics of flow at work

H3: There is a positive relationship between managers' perception of leadership and their levels of job satisfaction.

6. Research sampling

The total population of the study consists of 740 commercial high streets retail banks located in Wales-United Kingdom. The selected banking organisations provide personal and retail banking services as current and saving accounts, debit and credit facilities, cheque facilities, as well as offering personal loans, mortgages and insurance. Organizations are coordinated and harmonized according to technological sophistication, organizational goals and structure and banking services. Post mail questionnaires include all 740 elements of the population. The participants who responded to the study were 119. Out of 119, 117 of these questionnaires were employed resulting in a 16% response rate (117/740 =0.158).

6.1 Data sources of the study

Primary data is the main source of data for this research study. Primary data was collected through conducting a survey questionnaire. Data was collected between October 2006 and May 2007. The unit of analysis is branch and functional level management. In some cases deputy managers, supervisors and senior staff participated in the survey when a manager was not available. According to Bryman (2004) due to low response rate problem, it is preferable to design a short, easy on the eye and well-laid out questionnaire which facilitates answering all the questions that are relevant to the respondent. Secondary data was collected through organizations website, databases, annual reports and other publications provided by these organizations. Respondents were sent postal questionnaire and were asked to answer questions and send them back by free post provided. The first stage of the data collection procedure was sending the postal self-completed questionnaires to all 740 participants. The second stage was calling participants to ensure a high

response rate. The third stage was resending self-completed questionnaire for the second time with a follow-up letter and travelling to meet respondents in person to achieve a higher response rate.

7. Questionnaire theoretical development

Visionary leadership variable consists of 16 questions which are theoretically originated from (Conger and Kanungo, 1998, Kouzes and Posner, 1995, Strange and Mumford 2002). Question 29, which is a reversed score item of visionary leadership, was eliminated from computation of the variable. Communicative leadership consists of 9 questions which are theoretically originated from (Kotter 1996, Clawson 1999, Munter 2000). Team-oriented leadership behaviour consists of 10 questions which are theoretically originated from (Kogler 2001, House 2004). Questions 13, 25, 29 and 31 are reversed score questions. The second section is designed to measure satisfaction at work through a set of 13 job satisfaction items. Questions 1-7 are adapted from Locke (1976); questions 8-13 are theoretically developed from Csikszentmihalyi (1993) and Clawson (1999). Questions 1, 3 and 6 are reversed score questions.

8. Measurement scale

According to Cooper and Schindler (2011) constructing a measurement scale requires several factors which influence reliability, validity and practicality of the scale. These factors include response type, data properties, number of dimensions, balanced or unbalanced, forced or unforced, number of scale points and rater error. The data properties employed in this research include nominal, interval and ratio data. The rating scale is employed through the application of likert scale, which was selected to measure respondents' attitude and degree of agreement or disagreement with the statements constructed in the questionnaire. According to Cooper and Schindler (2011) the advantages of the likert scale include simplicity and reliability. The scale produces interval data.

9. Demographic profile of respondents

The demographical profile of respondents includes respondents' age, gender, work experience in banking industry and work experience in their present organizations examined in this study. Table 1 illustrates descriptive data of the demographical profile of respondents. Comparing highest with lowest percentages of age groups, 35% are between the 40 and 49 years of age, and 12% are between 20 and 29 years of age. Of the subjects, 44% are male and 56% are female. Of work experience in Banking industry, 34% had between 20-29 year years of work experience, whereas 30% had between 20-29 years of work experience in the present organization.

Table 1 Respondent's Demographical Variables of the Sample (n=117)

Respondent's Demographical Profile	Frequency	Per cent %
Gender		
Male	51	44
Female	65	56
Age		
20-29	13	12
30-39	30	27.8
40-49	38	35.2
50-59	27	25
Work Experience in Banking Industry		
1-9 years	24	20.7
10-19 years	21	18.1
20-29 years	39	33.6
30-39 years	32	27.6
Work Experience in current organisation		
1-9 years	29	25
10-19 years	23	19.8
20-29 years	35	30.2
30-39 years	29	25

Table 2 Descriptive Data of the Sample (n=117)

Descriptive Data of Demographical Profile	N	Mean	SD
Age	108	41.94	9.490
Work Experience in Banking Industry	116	21.09	10.741
Work Experience in Current Organisation	115	19.98	10.964

9.1 Descriptive analysis

Descriptive data analysis indicates positive perception and response to visionary, communicative and team oriented leadership behaviours. Of visionary leadership dimension, item no.10 has the highest score, which is ability of establishing high standards of excellence. Ability to take risk, which is item no.5 of visionary leadership has the lowest score indicating an area of development that could be investigated in future research. Action tendency scale was not significantly received by respondents, indicating that they did not respond positively to attitudes which stress no factors other than intrinsic feelings driving their actions. Characteristics of flow was significantly and positively received indicating a potential evidence that respondents are experiencing flow at work. Tables 3,4,5,6 and 7 illustrate means, and standard deviations of the variables.

Table 3 Descriptive Data Analysis for Visionary Leadership Behaviours

Visionary Leadership Behaviours Items	Mean	SD
1. Idealizing future goals	1.63	.749
2. Identifying organizational barriers	1.79	.760
3. Creative	1.78	.898
4. Energetic	1.84	.996
5. Risk Taker	2.38	1.187
6. Agent of Change	1.79	.793
7. Interpret industry trends	1.78	.785
8. Future task oriented	1.64	.722
9. Inspirational	1.65	.862
10. High standards of excellence	1.40	.719
11. Performance and action revision	1.82	.833
12. Challenge and motivation	1.85	.713
13. Maintaining an image of being knowledgeable	1.75	.839
14. Vision oriented	1.79	.839
15. Awareness of organizational barriers impairing goals	2	.857
16. Unable to clarify organizational goals and plans (reversed score)	4.18	1.098

Table 4: Descriptive Data Analysis for Communicative Leadership Behaviours

Communicative Leadership Behaviours Items	Mean	SD
1. Authoritarian manner (reversed score)	3.08	1.24
2. Ability to establish common ground of understanding	1.75	.729
3. Uses simple and clear language	1.58	.733
4. Careful listener	1.76	.857
5. Role model	1.60	.819
6. Advocating and networking	1.76	.826
7. Informing team members about organizational decisions	1.91	.815
8. Does not explain the rationale behind orders given (reversed score)	3.93	1.056
9. Persuasive	1.72	.761

Table 5: Descriptive Data Analysis for Team oriented Leadership Behaviours

Team oriented Leadership Behaviours Items	Mean	SD
1. Team commitment Influence	1.58	.779
2. Aware of team members cultural backgrounds and values	2.01	.946
3. Aware of team members abilities	1.71	.786
4. Sensitive to the abilities and emotional needs of team members	2.05	.893
5. Effective communicator with team members	1.60	.742
6. Works towards one collective identity	1.86	.870
7. Maintaining high performance standards	1.64	.710
8. Aware of personal welfare issues of team members	2.11	.975
9. Clear attitude to team members	1.70	.757
10. Awareness of gender differences in the team	2.09	.941

Table 6: Descriptive Data analysis for Action Tendency Scale

Action Tendency Scale Items	Mean	SD
1. Reluctance to go to work (reversed score)	3.83	1.136
2. Looking forwards to get back to work when on a vacation	3.56	1.140
3. Leaving my job for good (reversed score)	3.34	1.439
4. Working through lunch break	2.13	1.272
5. Reluctance to go home leaving work at hand	3.99	.995
6. Going to coffee break /lunch sooner than usual (reversed score)	3.47	1.185
7. Reluctance to go on a vacation	3.99	1.206

Table 7: Descriptive Data Analysis for Characteristics of Flow at Work

Characteristics of Flow Items	Mean	SD
1. Losing track of time	2.20	1.133
2. Intense focus on task at hand	2.13	.899
3. Performance at the peak of ability	1.97	.835
4. Satisfaction with performance	1.88	.821
5. Effortless performance	3.08	1.118
6. Losing sense of self and engagement in work	2.27	1.095

10. Correlation analysis

Bivariate correlation analysis is deployed to measure relationship between managerial leadership behaviours and job satisfaction to study the relation between the two variables. The correlation analysis between visionary leadership and action tendency measures shows negative correlation where $r = -.105$, $n=117$, $p<.262$ two tailed. The association between communicative leadership behaviours and action tendency measures shows negative significance where $r = -.111$, $n=117$, $p<.232$ two tailed. The association between team oriented leadership and action tendency measures shows negative significance where $r = -.146$, $n=117$, $p<.115$ two tailed. The result of the correlation analysis does not support the first hypothesis. This result could be because of the nature of action tendency scale questions. Descriptive data analysis indicates that the mean score is 3.47 indicating no satisfaction and negative tendency towards their work. Questions 1, 3 and 6 of the action tendency scale are reverse and indicate a negative action tendency. Descriptive data analysis shows that question 4 has the best response where mean score was 2.13 indicating a respondent's tendency to work through lunch break. In one response to question 4, a manager elaborated to that no lunch breaks are taken. The correlation analysis between visionary leadership and characteristics of flow shows positive significance where $r = .186$, $n=117$, $p<.045$ two tailed. The association between communicative leadership and characteristics of flow shows positive significance where $r = .191$, $n=117$, $p<.039$ two tailed.

The statistical analysis between team oriented leadership and characteristics of flow shows positive significance where $r = .232$, $n=117$, $p<.012$ two tailed. Results support the second hypothesis and illustrate a better understanding and a positive response to characteristics of flow. The correlation analysis between leadership behaviours and job satisfaction shows positive strong significance where $r = .255$, $n=117$, $p<.006$ two tailed. Managerial Leadership behaviour variables were developed through the computation of three leadership variables calculating mean score as they produce interval data. Job satisfaction variable was also developed through the computation of action tendency and characteristics of flow items resulting in overall intrinsic job satisfaction variable. The first computation of the job satisfaction variable including the total 13 items did not produce a significant relationship between leadership behaviours and job satisfaction. In the second computation of job satisfaction variable questions 1, 3, and 6 which are reversed score were omitted. The correlation analysis shows positive and significant relation between leadership and job satisfaction variables. Table 8 illustrates correlations between variables of this research.

Table 8: Means, Standard Deviations and Correlations between leadership Behaviours and Job Satisfaction Variables

Variables	Mean	SD	1	2	3	4	5	6	7
1.Visionary Leadership	1.94	.537	1						
2.Communicative Leadership	2.12	.546	.793** .000	1					
3.Team oriented Leadership	1.83	.632	.775** .000	.827** .000	1				
4.Action Tendency Measures	3.47	.465	-.105 .262	-.111 .232	-.146 .115	1			
5.Characteristics of Flow	2.33	.611	.186* .045	.191* .039	.232* .012	.024 .795	1		
6.Leadership Behaviours	1.96	.527	.942** .000	.919** .000	.924** .000	-.129 .167	.217* .019	1	
7. Intrinsic Job Satisfaction	2.76	.533	.245** .008	.201 .030	.254** .006	.321** .000	.848** .000	.255** .006	1

Result of this research does not support the first hypothesis indicating a negative relationship between leadership behaviours and action tendency which is a measurement of managers' job satisfaction. Action tendency scale is developed through construction of seven items, three of which are based on negative action tendency. The inconsistency between positive and negative action tendency items is believed to have created a distracting effect on participants' responses. Descriptive data of action tendency scale illustrates a mean score of 3.47 and insignificant response to the scale. Lessons learned from this current study, with regard to job satisfaction questionnaire, indicate that there is a need for a carefully better designed items which takes into consideration a greater number of questions and less discrepancy between negative and positive questionnaire items.

11. Limitation of the study

The first and most important limitation is lack of high response rate which requires time and financial factor in the process of data collection to reach a convenient response rate levels. Data collection is usually hard process in any research and could require different research tools to obtain the data and response rate needed (Zikmund 1991). Limitation of the study could be related to the methodology used to gather data and select the sample. Although self-administered questionnaire are cost effective and less time consuming than other methods, there is a possibility for response bias (Cooper and Schindler 2011). The second limitation is related to action tendency scale which was originated from Locke (1976) which requires a carefully selected design.

12. Future research

This research study investigates managers' intrinsic job satisfaction by measuring their attitudes, feelings, action tendency, and their mental and psychological condition towards the job itself regardless of any extrinsic factors such as pay satisfaction, relationship to management, co-workers, working conditions and other variables which were not considered. A broader and more comprehensive approach to job satisfaction clarified by Vroom (1962) includes pay satisfaction, rewards, promotion, relationship to superiors, working environment, job content, working patterns and organisational aspects. Further research could investigate intrinsic and extrinsic variables of job satisfaction to achieve a better and enhanced understanding of the variable and its relationship to leadership behaviours.

Future research could investigate relationships between demographical variables (age, gender, working years of experience), managerial leadership behaviours and job satisfaction. Examining relationship between leadership, gender and Job Satisfaction, a significant discussion in this concern could be dedicated in this concern. It is not a surprising result in the current study to find that 56% of functional and branch level managers are females. What would be surprising is to find a similar percentage of female managers in the banking industry at a corporate level. McDowell (1997) examined relationship between gender, employment and work in three merchant banks in London city. According to Cateora (2009) women, in many cultures, are not typically found in upper levels of management. The International Labour Organisations notes that 33% of managerial positions are held by women in the UK. An interesting investigation for future research would be the application of the same research study on a larger sample that would include England, Wales, Scotland and Northern Ireland where conducting a factor analysis would be a practicable research strategy.

13. Conclusion

The results show positive significance between managers' perception of visionary, communicative and team-oriented leadership behaviours and higher levels of job satisfaction. These findings suggest that a model of leadership and job satisfaction has the potential to investigate and enhance relationship between two variables. The study has added to prior evidence indicating positive relationship between managers' perception of leadership behaviours and higher levels of job satisfaction.

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Is Religion an Influential Factor in the Managerial Decision Taken at the Level of Corporate Governance Structures?

Paul Diaconu and Dan Dumitrescu

Bucharest Academy of Economic Studies, Bucharest, Romania

pauldiaconu74@yahoo.com

dandumiase@gmail.com

Abstract: Although the current economic crisis seems far from being over, economist's preliminary conclusion is that it has been triggered by the lack of morality of large financial institutions in developed countries that have infested the world public finance with toxic financial products. This lack of morality of the business environment seems to be a consequence of the suboptimal action of large financial companies that have put their short-term business interest above the general interests of the society they were part of, triggering the current world economic situation. However, this lack of morality found in the action of corporate governance policies was unequally triggered and driven worldwide. The present article seeks to assess if perhaps religion, as the most effective means of imposing social morality has had an impact on the corporate governance decisions of corporations in countries with different religions. To this end, we have used the macroeconomic indicator GDP and its growth rate as a measure of ^{corporations'} managerial policies collective action. Those policies are/can be more or less influenced by the major religious precepts in the society where they act. Using these relationships we have attempted to give an assessment of the religious phenomenon impact (as an element imposing a moral conduct in the society) on the macroeconomic outcomes in different countries of the World (as a measure of managerial decision). The contributions of the paper reveal the role that religion still have in the society in the way its creating order and equilibrium. In this purpose as the more as religion inculcates actively by its own action means in social life a more dedicated attitude to the society (in other words more moral) the more beneficial the impact of the economic crisis on the economies of respective countries and so the outcome of managerial policy actions – of corporate governance – have been for the respective countries' economy. The limitations of the study are related to the measure of the corporate governance's policies efficiency in an economy as GDP of the country was acting those companies. Article's conclusion is that one of the efficient "law enforcement" ways is accepting religion in the social-economic space, so that the managerial decision in any corporate governance system will also have a moral component, meant to censor the immoral or antisocial decisions of managers.

Keywords: Corporate governance, religion, policies enforcement, moral and ethic

1. Introduction

The apocryphal quote ascribed to Andre Malraux "The 21st century will be a religious one or it will not be at all" grinds the contemporary scientific world and finds adepts or critics in the most various areas of knowledge development. This economic crisis marked by the toxicity of derived products traded on security markets followed by the crisis of sovereign debts shows besides the end of a secular cycle in the current economic evolution – the end of the consumer society, and represents a turning point in the development of human society in general. The credibility of multinational large financial institutions' reality and seriousness of the product they are selling to the public has been deeply affected once with the great bank failures in the years 2008-2010, a fact that raised the question of improving internal control and public supervision mechanisms, with a direct impact on the corporate governance solutions adopted by these organizations.

The fundamental problem of corporate governance theories is that they fail to penetrate by the proposed methods the consciousness of executives, but attempt, by creating bureaucratic tools at ensuring a climate of good governance in the organization. Governance systems, either monist or dualist, recommend increasing the role of audit committees, audit parts composition, and are as many concerns that, though having improved the governance climate within organization have failed to avoid the great managerial risks and at the same time the great bankruptcies in recent years. The transition to a new stage, in the present economic thinking is required, in our opinion, one to control to a larger extent the human consciousness of the decision-makers by using two basic tools also used in the past to control human consciousness: ethics and religion. Both concepts call for the need to control the cultural capital of individuals and how this can be exploited for the good of the community. If religion pertains to the embodied form of cultural capital as described in fundamental works such as "Protestant ethic and the spirit of Capitalism" by Weber (Weber, 1904), ethics can be found more often in the institutionalized form of cultural capital, set by school under the condition of using the terms established by Bourdieu (Bourdieu, 1979).

In the present paper we start from the premise that the best measure of assessing corporate governance policies, viewed in the broad sense is the added value generated by companies, regardless of their size in the economy. Furthermore, we believe that the general social expectation is to maintain general welfare and to inspire a slightly trend upward increasing trend (the tendency of “blue chips” at the society’s overall level). Therefore, we appraised that a statistic financial indicator which would the impact of corporate governance policies and systems is represented by the Gross Domestic Product of the country where the various economic entities operate – the respective companies.

One of the most critical moments in social life is the moment of economic crisis. Then the developments generally accepted by society: the tendency of blue chips (slightly increasing); changes and an economic decline occurs with a significant adverse impact on the society in general (see the current economic crisis).

Starting from the premise that the measure of corporate governance policies seen in the broad sense is the respective country’s GDP evolution, ne we intend to test the impact of religion as an instrument to impose overall welfare in the society on the corporate governance policies. We appreciate that a demonstration of this influence can be tested scientifically, by applying the general principle of cause variation and following the way in which the outcome is affected. Thus, in order to vary the religion indicator, we propose an analysis of the way in which the indicator has been affected by the outcome (GDP) in countries of a different religion (cause indicator) in the context of the current economic crisis. This is the way in which we can assess the effects of religion on the activities carried out by corporate governance actors in conditions of economic turbulence and how their overall decisions, over time, have a positive or negative consequence on the society’s evolution economically, on long term.

2. Literature review

Concerns about improving corporate governance mechanisms are standing in the scientific world and the new turmoil generated by the current economic crisis showed the limits of all previous conceptual constructions. However, one of the directions in which the Western society has not advanced is enhancing the role of ethics and / or religion in determining a behavior of managers to the good of the shareholders community and of the general public. Important steps in raising awareness on the religion’s role in managerial decision have been taken by authors of Islamic religion who emphasized in their works the role played by Divinity in economic decision-making. This comes as an application of economic capital’s development and exploitation in the context of recognizing the existence of a different cultural capital in the countries of a traditional Muslim religion. The role of Islam in the modern companies’ system of management accounting can be found explained in works such as: “Elimination of Riba through Tzakiyah (Purification) of the cash flow concept: a study from the Indonesian Islamic business habitus” presented by Mulawarman (2011) where the managerial thinking process features three phases: “first to integrate the mind and soul; second to integrate the results of the integration of mind-soul with the Owner (n.a. Allah) of the mind and soul; third, to derive the result of integration from the second level in the form of formalistic prayers as well as to read, understand, interpret and seek symbols of the Holy Qur’an to determine decision as result of integration. It is clear that business decisions are not only based on calculations of financial prediction, but the peak is on intuition and inner soul atmosphere.”

Baydoun and Willett (2000) develop a theory about the form and the content of the financial information that should be contained in Islamic financial statements. The theory suggests that the presence of the Islamic religion as a cultural variable affects the way certain accounting measures are interpreted and the manner in which accounting information should be disclosed. Two important criteria for disclosure in Islamic accounting are identified: a form of social responsibility and the rule of full disclosure. This leads to modification of the form of the conventional Western set of financial statements (ICR’s). The specific recommendations are that ICR’s should contain a value-added statement as the focus of performance of the accounting entry and the current value balance sheet in addition to the historic cost balance sheet. This will serve more the Islamic code. The authors draw a comparison between Islamic accounting and the Western conventional one in the 2000s. Thus, if Western conventional accounting is underpinned by economic rationality, it is secularized, individualist, based on profit maximization and rationalism in addressing business, and concerns property as an absolute concept, Islamic accounting is based on the unity of God, with religion that masters all accounting concepts, is subject to common good, is considering a reasonable profit for the owner, is fair and regards shareholders as relative owners of the company .

Abdussalam Mahmoud Abu-Tapanjeh (2009) in "Corporate governance from the Islamic perspective: A comparative analysis with OECD principles" published in *Critical Perspectives on Accounting states* is a growing concern emerged with a great profile regarding the Islamic principles of corporate governance. A major ethical component of any economic activity in Islam is to provide justice, honest and fairness and to ensure all parties their rights and dues. Islamic economy has progressed a great deal during these last two decades with impetus as an important concern in developing an Islamic corporate system. Paper concluded that the dimension of Islamic perspectives of corporate governance has broader horizon and cannot compartmentalize the roles and responsibilities in which all actions and obligations fall under the jurisdiction of the divine law of Islam whereas, the OECD principles implements a firm with six different issue and obligations.

In the paper of "Culture and Corporate Governance" by Guler Aras and David Crowther (2008) Riham Ragab Rizk states that culture has long been recognized as a likely determinant of business practices and ethical values (Hofstede, 1980, Gray 1988, Perera 1989). Traditionally religion has had a role in shaping and enforcing ethical behavior such as truthfulness, honesty and social justice.

Hasan (2012), makes a comparison between occidental corporate governance system and Islamic corporate governance system insisting on the role of ethics as an essential incident on corporate governance. He suggest that only after the incident of significant corporate failures and financial scandals due to lack of ethical consideration, there were suggestions to integrate ethics into corporate governance frameworks such Drennan (2004), Cladwell and Karri (2005), Arjoon, (2005) and Sullivan and Shkolnikov, (2007) cited by Hasan. In Western literature, the role of religion is taken by ethics and its role in corporate governance structure or of the corporations' social responsibility policy. Thus, authors such as Epstein (1987), Verma and Prakash (2011), Griseri and Seppala (2010), Muchlinski (2008) discuss issues in business ethics and its impact on organization's welfare that should be institutionalized by the organization's culture, ethos and operational rules. The concept of business ethics should assist companies and their leaders to incorporate value considerations and social performance issues into ongoing organizational or individual policies and practices by providing an integrative analytical framework which draws upon and fuses key elements of the older concepts of business ethics, corporate social responsibilities, and corporate social responsiveness.

Nordberg (2004) in his paper seeks to reframe the discussion about corporate governance in terms of the ethical debate between consequential, teleological approaches to ethics and idealist, deontological ones, suggesting that directors are - for good reason - more inclined toward utilitarian judgments like those underpinning shareholder value. But the problems with shareholder value have become so great that a different framework is needed: strategic value, with an emphasis on long-term value creation judged from a decidedly utilitarian standpoint.

Current literature in the field of business ethics and corporate governance is extremely well represented and dwells, from various angles on the ethics role in defining corporate governance policies, insisting on the need to establish implementation and control mechanism of ethical precepts in managerial decision. Such works, as the ones of W. Zimmerli, K. Richter and M. Holzinger (2007), Reinz (2007), Brink (2011) or Abdullah and Valentine (2009) discuss at length the issues of ethics in corporate governance. Yet, the great advantage of the Islamic system of corporate governance, even if it is not structured as the Western one, consists in the force and determination by which it succeeds in implementing Islamic precepts, close to the ethical precepts in business management.

The role of this paper is to attempt at identifying correlations between the predominant religion and its related social tools meant to impose morality in the society and at the same time generating specific social perceptions of the individuals and economic evolution of the respective countries.

3. Hypothesis

The predominant religion of a society leaves a mark on the respective nation's way of thinking. Depending on how the religious precepts manage to impose themselves in the society in general and particularly in economic life causes certain attitudes and a certain climate of morality and interaction with the other co-participants in the economic life. Given the philosophy of each of the four major religions: Christian, Buddhist, and Hindu, Islamic I tried to identify the possible causality relations between the religion nature and the economic

behavior of community's members during the last economic crisis by means of the GDP and GDP/inhabitant indicator in the period 2008-2010. The hypotheses I want to demonstrate are the following:

- There is a correlation between the evolution of GDP indicator and the religion of the respective nation;
- If hypothesis 1 is validated, which are the religions that managed better during the economic crisis the social processes, so that the decisions of the managers responsible for corporate governance do not impair the overall economic welfare of the society?

4. Methodology

The methodology used by the paper is based on the deduction that corporate governance policies are influencing GDP of the country where companies are activating and on the induction using an empirical statistical research revealing which religions are most effective on crisis conditions.

The statistic data has been obtained based on the information provided by Google statistics and complementary from www.indexmundi.com. In the view to assessing the impact of corporate governance policies on the macroeconomic outcomes, we used the GDP indicator and GDP evolution, rectified by inflation rate. We appraised as a given fact that corporate governance policies have a direct impact on companies' economic outcomes, and the companies, by their economic outcomes, affect directly the GDP evolution (the added value generated by those being a GDP component), on the one hand, and on the other hand, the current economic crisis has caused the GDP decrease due to a lower mass of the added value generated by the companies in the respective countries, we think that the outcomes of corporate governance policies have a direct impact on GDP. We started from the different way of addressing business in various geographic areas and sought to stratify the sociological populations (nations) on religious grounds. We appraised that inspires a certain behaviour in the society, and a certain way of thinking related to social ethics, a fact that would be implicitly found also in the corporate governance policies. We also thought that where a religion is the major (exceeds 50% of a country's population) this imposes the predominant social conduct. We considered the following religions according to which we classified the countries in the world: Christian, Buddhist, Hindu and Islamic. A series of states had a religious mix between Buddhism, agnosticism and Universal Chinese. We considered the respective state as being Buddhist having regard to the roots and basic philosophy of the respective religion. In order to assess the impact on the respective countries' GDP, we evaluated the GDP growth rate in constant values compared to the previous year, thus appraising the society's basic expectation: continual slightly increasing developments of this indicator.

We used the k – means cluster analysis in order to seek for homogeneous groups of countries in terms of economic evolution, measured by the deflated GDP growth rate. We used in the analysis this indicator calculated for 2008, 2009 and 2010 for 185 countries, representing above 99.50% of total population of the world. After a qualitative overview of data we decided to develop the cluster analysis for k = 3, representing 3 patterns of possible macroeconomic evolution: important decreases (up to negative real growth rates), maintenance (zero real growth rates) and sustainable growth (positive real growth rates of GDP). We performed the iterative k – means cluster analysis using STATISTICA software and we identified three homogenous groups of countries, as shown from the subsequent analysis of variance. We demonstrated that the 3 clusters are homogenous from the perspective of the religion predominant in the existing countries in each cluster.

5. Limitations of the study

These are caused by the fact that, though the study analysis the impact of corporate governance policies on economic environment, taking into account the morality level existent in various societies imposed by the society's predominant religion, yet, in many states of the world, given the relatively low level of economic development, also the corporate governance policies are at an incipient developmental level, and so, how they act on economic decisions are questionable. However, we cannot deny the existence of corporate governance policies, whether they are rudimentary in each economy of the world. But this diminishes the evaluation of religion's role in imposing a moral social conduct.

6. Findings

As to hypothesis 1

- There is a correlation between the GDP indicator evolution and the respective nation's relation;

To test the first hypothesis we checked that the correlation coefficient is 0 or different from zero.

Mathematical calculations revealed that the correlation coefficient is significantly different from 0, being equal to 0.23.

Then we tried to classify countries, according to the GDP growth rates in the years 2008-2010 in uniform populations and then to test if possibly in thus formed growth rate classes any preponderant religion is identified for each of the formed clusters. We conducted tests for uniform populations of 4 clusters and after analysing the results thus obtained, we identified the fact that two of the populations were preponderantly populated with countries of a predominantly Christian religion, and the Hindus and Buddhists had significantly similar developments, which caused regrouping countries into 3 clusters in order to concentrate developments on the three basic directions: one significantly variable with a significant decrease of the GDP growth rate up to negative values, one with a slowdown of the GDP growth rate up to value close to 0, dominated by Islamic religion and one with sustained growth rates of over 4% dominated by countries predominantly Buddhist and Hindus.

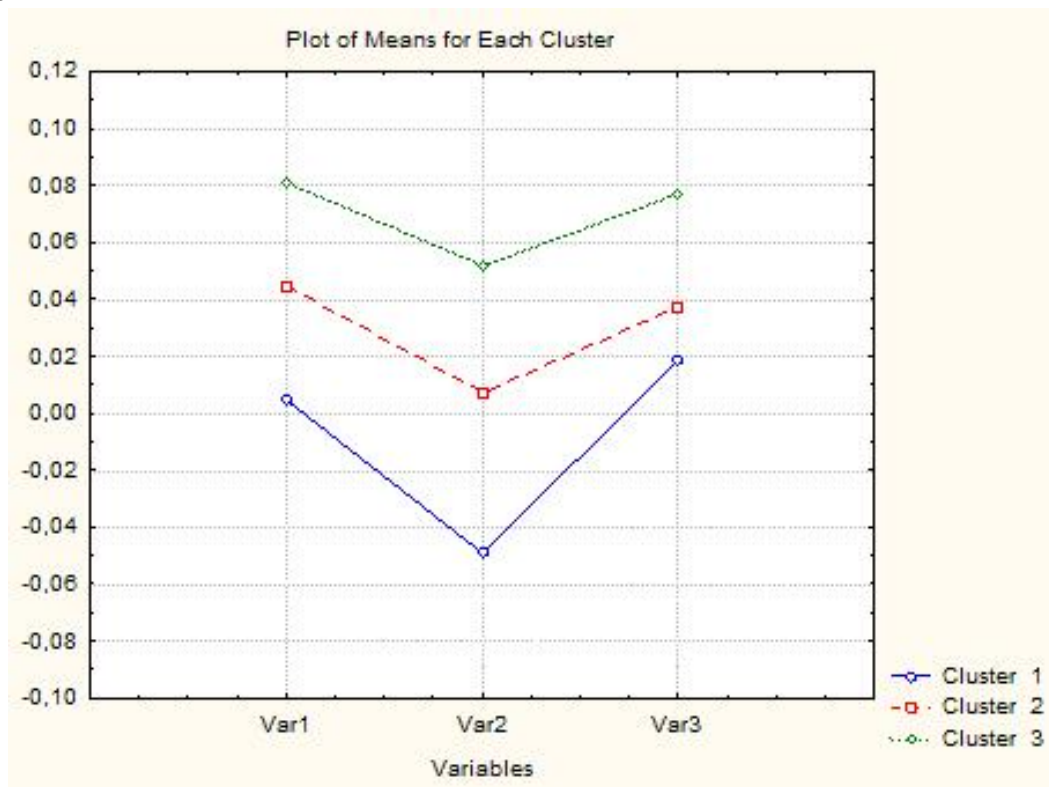


Figure 1: Plot of means for each cluster.

To test the relevance of this classification in the three categories of countries, we have used the ANOVA test that revealed the following:

Table 1: Analysis of Variance

Between	df	Within	df	F	signif.
SS		SS			p
0,159532	2	0,195703	182	74,1810	0,000000
0,282842	2	0,226832	182	113,4700	0,000000
0,095094	2	0,161953	182	53,4328	0,000000

Since the P indicator value is 0, it comes out that the stratification into in 3 clusters is a significant one. By correlating the results of the two mathematical determinations it comes out that hypothesis 1 is confirmed. GDP indicator is also influenced by the major religion of the respective country and, therefore, the corporate governance policies as a tool of GDP generating and GDP development is influenced by the religion predominant in the society.

As to hypothesis 2

- If hypothesis 1 is correct, which are the religions that managed better the social processes during the economic crisis so that the decisions of the managers responsible for corporate governance do not impair economic welfare of the society in general?

A general statistical analysis related to the structure by religions of GDP and the grow rates can be concentrated in Table 2 :

Table 2: Descriptive statistics for clusters

Countries	2008	2009	2010
Total	60126.26	56913.83	61710.42
total GDP average rate %	1.94	(2.00)	4.00
Buddhist countries			
Total GDP value by category	10,242.65	10,868.28	12,347.34
GDP average rate by category %	3.92	1.00	7.00
Percentage of total GDP	17%	19%	20%
Hindu countries			
Total GDP value by category	1,238.21	1,399.06	1,750.31
GDP average rate by category %	4.95	9.00	9.00
Percentage of total GDP	2%	2%	3%
Islamic countries			
Total GDP value by category	4,182.39	3,804.91	4,484.34
GDP average rate by category %	4.57	1.00	5.00
Percentage of total GDP	7%	7%	7%
Christian countries			
Total GDP value by category	44,260.91	40,646.19	42,911.09
GDP average rate by category %	1.13	(4.00)	3.00
Percentage of total GDP	74%	71%	70%

It is noted that the countries of Christian religion were mostly affected by the crisis, recorded in the year 2009 a decrease of the GDP rate of 4%. Moreover, the proportion of Christian economies in the world GDP is in this period decreasing. The less affected ones, according to the statistics above, are the Buddhist and Hindu economies, followed by the Islamic ones that record lower average rates, but still positive.

We complete this general statistical classification with the mathematical statistical analysis based on clusters. This analysis by which we have grouped the world countries in three clusters depending on GDP growth rates for the years 2008-2010 has the following conclusions:

- Within cluster 3 countries with sustained GDP growth rates of over 4% in constant values are shown. The countries of a preponderantly Buddhist and Hindu religion particularly had such values, like: China, Bhutan, India, Laos, Macao, Singapore, Sri Lanka or Vietnam. These represent 76 % of total GDP of the respective cluster and 51 % of total countries of Buddhist and Hindu religion. A percentage of 13% is represented by countries in the Islamic area, like: Afghanistan, Azerbaijan, Bangladesh, Cape Verde, Egypt, Gambia, Laos, Lebanon, Niger, Oman, Qatar, Sudan, Tajikistan, Turkmenistan, and Uzbekistan. These represent 31% of total GDP PIB produced by Islamic countries. The remaining 10% representing Christian countries.
- The second states category, belonging to median cluster 2 are the ones where the growth rates were also maintained in the peak year of crisis, positive rates, they did not record negative values of GDP evolution, but only slowdowns in the growth. This group of states is predominantly Christian, 56% of the GDP collected within the cluster, but only 11% of GDP total generated by the Christian countries. This leads to the conclusion that the predominant place of the Christian countries is not in this middle cluster, but in cluster 1 whose data is shown below.
- On the 2nd place within the cluster are Islamic countries, whose GDP represents 24% of total GDP of the respective cluster. These countries of a predominantly Islamic religion that populate cluster 2 are: Albania, Algeria, Saudi Arabia, Bahrain, Comoros, United Arab Emirates, Guinea, Guinea Bissau, Jordan, Iraq, Iran, Kazakhstan, Kirgizstan, Kosovo, Libya, Malaysia, Maldives, Mali, Morocco, Mauritania, Pakistan, Senegal, Sierra Leone, Syria, Tunisia and Yemen. But they represent 50% of total GDP of the Islamic countries, a fact

that confirms the primary statistical analyses through which we reached the conclusion that these countries recorded positive developments of GDP, only recording a slight decrease of the growth rate, yet also maintained in positive values in the year 2009.

- A last group is represented by the one belonging to cluster 1, where countries with growth rates that recorded negative values in the year 2009 are grouped. These are the countries most profoundly marked by the economic crisis and that recorded economic turmoil in full. They represent 71% of the world economy. Within this group of countries, 86% of the GDP proportion of the cluster is represented by the countries of Christian religion. Among these we mention: Austria, Bahamas, Belgium, Botswana, Bulgaria, Canada, Denmark, Switzerland, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxemburg, Great Britain, Mexico, Norway, New Zealand, the Netherlands, Portugal, Romania, Russia, Serbia, Spain, United States of America, the Ukraine, Hungary, Venezuela, Zimbabwe. The following category of countries within the cluster is represented by the Buddhist countries with 12% of the total, represented by Japan, a country strongly dependent on the Christian Western economy where it exports most of its high technology products. On the last place the Islamic countries are situated, with 2% of the proportion.

The analysis by clusters comes to demonstrate the preliminary conclusions that confirm the adverse impact of the economic crisis on Christian economies. The study continues the hierarchy by grouping the states that recorded positive growth rates, but of an average intensity up to 4% GDP growth rate /year where the Islamic economies are major from the representation point of view, and in the last category we can find the countries with sustained growth rates, of over 4% of the cluster's average mean, where the countries of Buddhist and Hindu religion are preponderant.

7. Conclusions

The study has started from the need to identify new ways to impose in the organizations' corporate governance structures, but also how to conduct business in general, ethical, moral precepts meant to harmonize individual with the collective welfare. Starting from the analysis of means by which, over time, the society has tried to manage the collective human behaviour, we identified besides the legislative, normative system where we situated ourselves and with the current corporate governance system, also other means meant to penetrate people's consciousness and control their actions, in order to get them act both for the individual good and for the collective one. The experience of traditionalist Islamic economies where, in the Islamic financial companies, there are the so-called groups of Islamic (religious) supervision that censor from the religious point of view the current or long term economic decisions, represents an experience worthy to be analyzed more profoundly by the secularized Western Capitalist society, having regard to the sequential failure generated by abuses at the corporate governance structures level of large Western corporations (see the sale of toxic financial derived products on the stock exchanges around the world).

The return to religious morality, meant to control human consciousness, the only one able to make the best decisions for itself, but also for the society in general on long term, seems to be the determined statistical solution that allows a better application of decisions in terms of corporate governance. In fact the only thing we are doing is to reconfirm a conclusion that the human society has cyclically reached, namely: the philosophy of goodness can only be promoted by consciousness control. Consciousness control can only be achieved thorough religion in general and particularly through ethics. If ethics has an action scope limited to the population cultivated on this purpose and has as single coercive tool going out of morality, religion proposes a more powerful instrument, the one of resistance in front of the divine superhuman force. Cultivating Divinity's force, generally accepted by religion as being supreme and irremovable, is done differently, its method and means customizing each individual religion. From the study presented above, the most inefficient from this point of view comes out to be the Christian religion, exactly due to the fact that the Christian society is one preponderantly secularized. Christian religion does not have at present the means of consciousness coercion meant to ensure the promotion of common good in the society, exactly due to religion withdrawal from the society's active life in general, but especially its failure to get involved in economic life. On the other hand, Christian economy in the economic growth periods is the most dynamic by the fact that individual good is not opposed to the need to ensure community's good, only to the extent of the legislative system's observance.

From this point of view, the Buddhist and only the Hindu religion are the most efficient in promoting man's integration in the surrounding environment, determine a logic of a more harmonious existence that implicitly

requires a moral conduct also in the economic life course in general and how the corporations are governed in particular. The way in which these populations conduct business starts from the premise of trust between partners and of a good balance in the exchanges between them. That is why, the cognitive matrix of a manager will always be marked by the need of trust in the business partner, which requires a good balance in business and much fewer turbulences generated by this fact.

Islamic religion, given its coercive system of imposing goodness in the society manages to cause in a significant manner, a good balance in the society, which allows, during periods of economic crisis generated by lack of trust in the business partners, positive developments without notable turbulences. Islamic experience in the financial companies, represented by the committees of Islamic supervision, is a solution to the current morality crisis generated by the managerial decisions of the corporate governance structures.

We appraise that future studies will be able to test in the Western society the opportunity of these committees or the implementation of other means by which management consciousness should be channelled towards the collective good, whether this is called shareholders' profit or overall social welfare.

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Corporate Language Culture as Promising Performance Driver

Veronika Dolakova, Jan Voracek and Veronika Zelena

University of Economics Prague, Faculty of Management, Jindrichuv Hradec, Czech Republic

verdol@seznam.cz

voracekj@fm.vse.cz

zelv02@fm.vse.cz

Abstract: Globalization continuously enhances traditional managerial models with new features. So far isolated companies, focused mainly on design and improvement of local processes become parts of large international, multidomestic and multicultural bodies. Beyond the evident positives of such trend, there are also numerous challenges behind, arising especially from the unavoidable merging of internally overlapping organizational structures of single partners. Presented research analyses namely the language related consequences of globalization, because newly established and internally heterogeneous enterprises must still continually, smoothly and uniformly communicate with their worldwide customers, partners and employees. We believe that sophisticated treatment and systematic utilization of standardized language artefacts in existing processes must positively affect overall organizational performance and, consequently, market competitiveness. Language is a natural integrating and unifying element, which indisputably affects value for stakeholders, resulting both from tangible outputs and intangible cultural or intellectual contributions. Its complex influence, addressing every stakeholder, has high, but still not fully discovered potential. This fact, in connection with a lack of systemic, quantitative oriented dynamic models of language phenomenon, was the main motivation for presented research. We selected system dynamics implementation of balanced scorecard (BSC) as a basic performance modelling platform. The roots of language-related power lie in its “learning and growth” quadrant, where the necessary linguistic skills are primarily extracted from individual abilities and subsequently developed as an inherent part of organizational learning processes. Resultant knowledge penetrates into the remaining BSC sectors and affects its customers, finances and operations-related segments. Analysing this complex dynamic system, we distinguish between the quantitative (measurable) and qualitative (perceived) characteristics of corporate language. With the resultant computational model we experimentally justified two dynamic, i.e. behavioural sub-hypotheses, concerning the optimal structure and effective parameterization of additional functional elements, introducing language aspects into standardised performance framework.

Keywords: Language management, performance driver, balanced scorecard, dynamic modelling

1. Introduction

Written and spoken language is important attribute of both external and internal activities of every company. The erroneous exchange of information, which communication primarily serves for, determines interpersonal relationships, cooperation, authority delegation, feedback, motivation, control and many other aspects of company life, including managerial processes. If properly used, language-related matters can be beneficial for corporate image building, act as a unique contact platform among stakeholders or can help to overcome aversion against changes, which are unavoidable in modern management. On the other hand, improperly handled and unplanned communication may have negative consequences and may even be a source of conflicts.

Managers in global companies face daily increasing amount of challenges, related to miscellaneous soft factors of their internationally growing businesses. Language culture definitely represents one of such sensitive phenomena, which - if handled properly - can support institutional development. On the other hand, it can also produce numerous unwanted side effects in case of non-systematic and rather administrative inclusion. Consequently, structure and parametric adjustment of particular corporate governance models must be transparent and flexible enough to duly monitor the most sensitive critical strategic factors and straightforwardly control their underlying processes to keep the overall performance growing. The main goal of management is well-considered transformation of available resources into performance in accordance with adopted strategies. Continuously educated employees, enjoying well-established corporate culture and its up-to-date technological infrastructure constitute evident competitive advantage. Only then the right things are done in the right way and lead to the right outputs, resulting in the right benefits. This easy to express but practically difficult to realize characteristics leads to heavily interconnected, delayed and causally complicated flows of information and control, which require considerable involvement of modern managerial features like holistic thinking and thorough dynamic planning of enterprise value-creating processes. General performance, expressed e.g. in terms of efficiency and effectiveness (i.e. excellence), can be achieved by well-considered

implementation of essential performance enablers and drivers, including design and improvement of internal processes, organizational alignment and continuous learning. Innovativeness of proposed approach consists in (i) the way, how the organizational language culture is defined, developed and interconnected with the rest of the company, (ii) distinction between quantitative and qualitative language components and (iii) dynamic modelling and evaluation of possible language implementation policies.

2. Language management

Company communication channels exchange necessary data and information not only between managers and employees, but act also externally - respond to competitors' actions, try to collect and adjust customer's needs, facilitate negotiations with partners or contribute to brand awareness (Fredriksson et al 2006, Haarmann 1990, Wardhaugh 1992, Welch et al 2005). Any communication happens by means of language, disregarding level of its formalism or semantics richness. In spite of all these significant facts, the role of language is consistently neglected in management literature (Davies 2012, Drucker 1954). For a long time language stays only as a part of organizational culture – managers know that it exists, but do not consider this matter too important. It is a pity, because the language management, including planning, organizing, staffing, leading and controlling of language-related resources, is already a well-established discipline (Feely 2003, Kaplan et al. 2005, Ricento 2000, Spolsky 2009), dividing its sub-topics into the following two branches, depending on how thoroughly the basic managerial task is considered:

- Simple – deals with straightforward problems as they appear in individual communication (pronunciation, spelling, use of certain words and phrases),
- Organized – everything more structured than simple actions – usually more than one person is involved in these activities. Language management process is defined and continuously developed in accordance with organizational mission, values and goals.

Institutional language competence is a combination of the following three parts:

- Linguistic competence – sheer knowledge of vocabulary, grammar, pronunciation or spelling,
- Communicative competence – ability to use language in different kinds of communication processes to originate meaningful sentences, argue and express exactly own needs,
- Sociocultural competence comes from diversified cultural standards within organization and makes ground for growing and forming of the remaining two competences.

To be successful, language management must be based on a high quality linguistic competence, arising from communicative competence, which, in turns, comes from a developed sociocultural and socioeconomic management. Only in such case continuously pending problems with language barrier can be minimized.

Company, considering establishment of language management framework can estimate possible threats in this area by enumerations (called, e.g. linguistic audits or language check-ups) of the following indicators:

- Diversity (number of languages inside company),
- Penetration (number and structure of functions or processes, where languages meet each other),
- Sophistication (quality and level of demanded language abilities).

The existence and "height" of language barrier can be indirectly monitored also in the following areas (Dhir et al 2002, Endwick et al. 1994, Guirdham 1990, Henderson 2005):

-
- Buyer-seller relationship: both groups prefer to communicate in own language,
- Foreign market expansion: language differences makes distances ever bigger,
- Joint ventures: companies with international language dominate local partners,
- Headquarter-subsidiary relationship: language barrier cause distrust,
- Staffing policies: in case of single official language, headquarters are usually these foreigners,
- Ineffective inter-unit communication: frequently only one person with fluent knowledge of language acts as an interface, disregarding professional skills,

- Subsidiary role and autonomy: autonomy in own language usually grows with organizational distance from headquarter,
- Social exclusion and power: expats tend to be excluded from local community,
- Staff transfers: realized according to their language abilities rather than expertise,
- Structure, control and coordination: lower teams' cohesion if fundamental knowledge is not available in unified language.

Different authors (Charles et al. 2002, Maclean 2006, Swift 1991) suggest these solutions of language barrier problems:

- Lingua Franca, i.e. evolutionary adopted language: strict orientation on a single and too specific language might be dangerous,
- Functional multilingualism: risk of loss or distortion of information,
- Hiring external language resources (translators, interpreters): acquisition of purely language abilities without any domain knowledge can cause mistakes,
- Training: only long term and explicitly evaluated programs are worth,
- Corporate language: slow but efficient and successfully implemented by many global companies,
- Language nodes: predefined standardized communication interfaces inside organizational structure,
- Selective recruitment: straightforward and relatively cheap solution, but difficulty to realize,
- Engage expatriate management: risk of non-locality of management,
- Inpatriation: administratively domesticated staff can be under enormous social and professional pressure,
- Machine translation: rather reactive, short-time solution than a viable strategy. Cannot be used for semantically rich documents like legal or business texts,
- Controlled language: restricted linguistic corpus is helpful for highly formalized, low-level communication, but unacceptable for external negotiations or marketing communication.

3. Performance measurement

Organizational performance is a cumulative measure of its effectiveness and efficiency. Strategic performance architecture is based on particular business model, extended with appropriate implementation mechanisms like strategies, resources and processes. Drivers, the key performance-generating resources, come especially from human resources domain. Beyond the pure amount and structure of employees, also organizational knowledge and skills, including the language ones, belong among the significant performance drivers. Drivers are supported by enablers, which are relatively persistent infrastructural elements, like organizational scheme, processes or information technology. Managers collect data about performance through (key) performance indicators, which are direct (customers, time, money) or indirect (surveying, assessments, moments of truth) and also leading (indicating causes) or lagging (collecting effects). Performance management is complicated because of unclear causalities among drivers and indicators. Also delayed responses on managerial decisions, introducing oscillatory behaviour, makes this task even more challenging (Davies et al. 2011, DiStefano et al. 2000, Otley 1999, Porter 1986).

For such complex problems, a reasonable simplification and standardization is essential. We adopted the well-known Kaplan's framework, including strategy map (Kaplan et al. 2004) and balanced scorecard (BSC), (Kaplan et al. 1996). According to these authors, organizational performance is divided into four interconnected sectors or perspectives, altogether with corresponding strategic objectives, answering the following questions:

- Learning and growth: How to continuously improve own competitiveness? How to motivate, satisfy and develop our employees?
- Internal processes: What are our core processes? How to measure and maximize their productivity?
- Customer relations: How to address our customers to be able to fulfil organizational mission and vision?
- Finances: How to maintain appropriate bank balance? How to satisfy our shareholders?

Planning order of single sectors is significant, because each former one determinates the subsequent perspective. Balanced scorecard is a detailed and extended version of strategy map, including all interconnected and parameterized performance drivers and indicators. Due to this fine granularity, BSC is widely used not only for representation and measurement of institutional performance, but also for its strategic planning. Moreover, dynamic implementation of BSC conveniently serves as a managerial flight simulator (Sterman 2000) - safe training environment, where decision makers interact with a computational model of real enterprise. In such way they can grasp numerous emergent behavioural features, originated by system multidimensionality nonlinearity, nonstationarity and delays.

Methodology

As a general research methodology we adopted conceptual/implementation framework proposed by (Mitroff 1978) and specified in (Morecroft 2007, Sterman 2000). Its single stages are shown in Figure 1. Analysed problem, which in our case is a contribution of properly implemented language management features to overall performance, is initially conceptualized. This means that recognized tacit knowledge of stakeholders is externalised, i.e. represented with different graphical, textual or formal techniques. We usually employ interviewing and mind mapping in this introductory phase, followed by construction of system and causal-loops diagrams. Extensive and structurally heterogeneous output of conceptual stage must be converted to a computationally executable model. There are several applicable platforms, capable to process strategic planning problems. Some of them are too formal for managers (mathematics, direct algorithmisations), others might be misleading (heuristics, expert opinions) or difficult to implement on this level (agent-based simulations – Wooldridge 2009). We selected the “stock and flow” language of system dynamics, source code of which is widely understandable and graphical design of particular diagrams is fast. Correspondence between diagram and user interface is intuitive and results to high usability of such models (Yigitbasioglu 2011). Illustrative example of modelling language is in Figure 4 below. We can see, e.g., that the stock of customers is filled through valve, controlled by marketing activities and drained by improperly provided operations. In desired long-time steady state, the level of this stock is constant, i.e. inflow and outflow are balanced.

Design of every computational model finishes with its validation, i.e. confirmation, that the result reflects exactly the originally required features. This phase is performed mostly by model users, which in case of dynamic model of organizational performance, are strategic planners and top managers. There are several validation approaches, usually combined to the concluding acceptance or rejection statement, like (i) cross-validation among qualitatively different platforms of formal modelling (mathematics, statistics, heuristics, computational economy), (ii) comparison with experts’ opinions or (iii) matching model with existing data (Morecroft 2007, Sterman 2000).

Finally, selected scenarios are simulated by means of valid model, results are compared with initial assumptions and concrete managerial decisions, modifying the existing reality are undertaken.

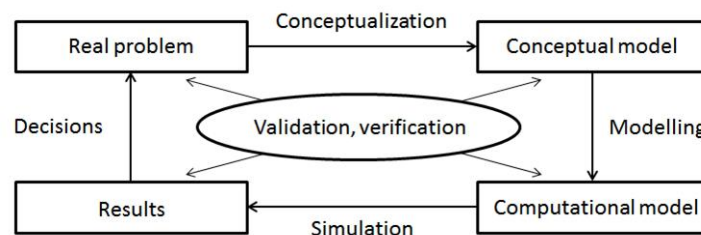


Figure 1: Block diagram of applied methodology.

3.1 Conceptual design: language modifications of single BSC perspectives

3.1.1 Learning and growth

This perspective deals mainly with the human resources-related processes. Language abilities are traditionally incorporated to the overall “stock” of organizational knowledge, altogether with other professional skills. We can stimulate them either by strategically focused language training, level of which is affected by initial knowledge of individuals and scope of their planned positions. Such education can primarily regain lost language capabilities or extend the existing ones. It has also strong motivational function - with improving results grows also self-confidence, independence, working efficiency, loyalty and social relationships within

enterprise. On the other hand, some expensively educated employees may leave the company and training expenses are lost. During admission procedure language requirements are evaluated by mean of tests, interviews or assessment centres. Language education as well as examination during interviewing is usually held by external agency. The most significant group of external language-related stakeholders, influencing language communicative competence of enterprise, are external specialists such as interpreters and translators. In case of outsourcing experts or agencies, additional costs are unavoidable. Described situation is presented in Figure 2a.

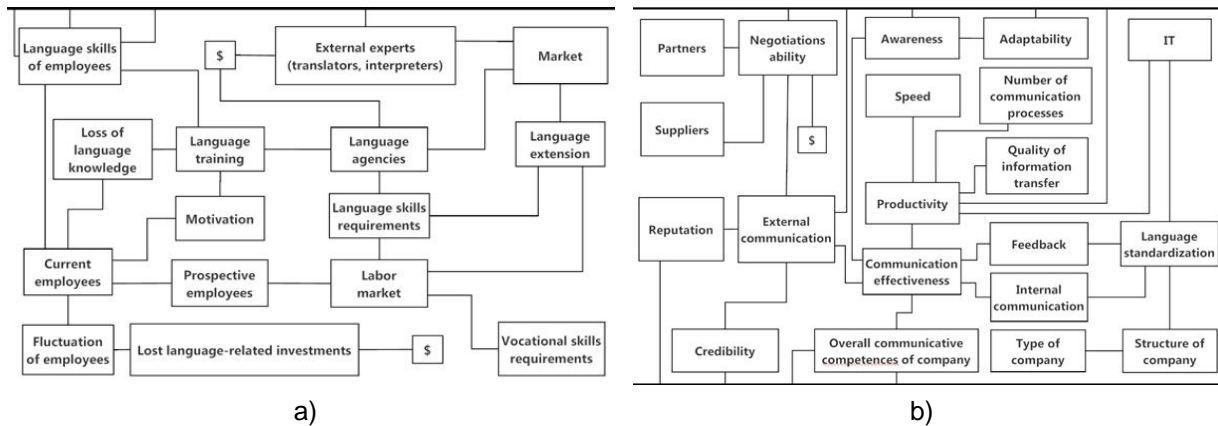


Figure 2: Language influence on learning (a) and internal operations (b) perspectives of BSC

3.1.2 Internal perspective

The second set of performance drivers and indicators resides in the area of internal process, which grows from learning perspective. As it can be seen in Figure 2b, employees' language competences, accompanied by positive effect of using external experts, increase communicative competence (effectiveness) of the whole company. Beyond the pure quantity, properly managed language introduces also qualitative aspects into internal processes and shortens their response time. Particularly we are talking about efficiency, information awareness (information availability in foreign language), adaptability to hitherto unfamiliar environment and overall negotiations skills towards colleagues, partners, suppliers or customers.

3.1.3 Customer perspective

The both previously characterised fields influence customer perspective - if company has properly trained employees, it can quickly deliver reliable services or products. Level of productivity and quality proportionally influences the number of served customers. Satisfied clients are returning back and spreading their experience worldwide. Those unhappy ones search for alternative providers, i.e. competitors. The level of language skills and culture plays the key role in this sector. If it is high, company can address additional customers and occupy new markets. Modes of external communication contribute also to corporate image and brand awareness (Figure 3a).

3.1.4 Financial perspective

Financial part of BSC summarizes and evaluates lagging indicators from the remaining three sectors. Seeing from the language management point of view, revenue from goods or services sold can be extended with additional money, winning from worldwide customers, attracted by company's improved negotiations scope and policy. On the other hand, there are unavoidable expenses, connected with the hiring of external experts and agencies. Also company-leaving explicitly trained people, as well as wrong language-related decisions cause financial loss. Resultant bank balance is internally redistributed, i.e. money flows to human resources, operations and customer relationships – see Figure 3b.

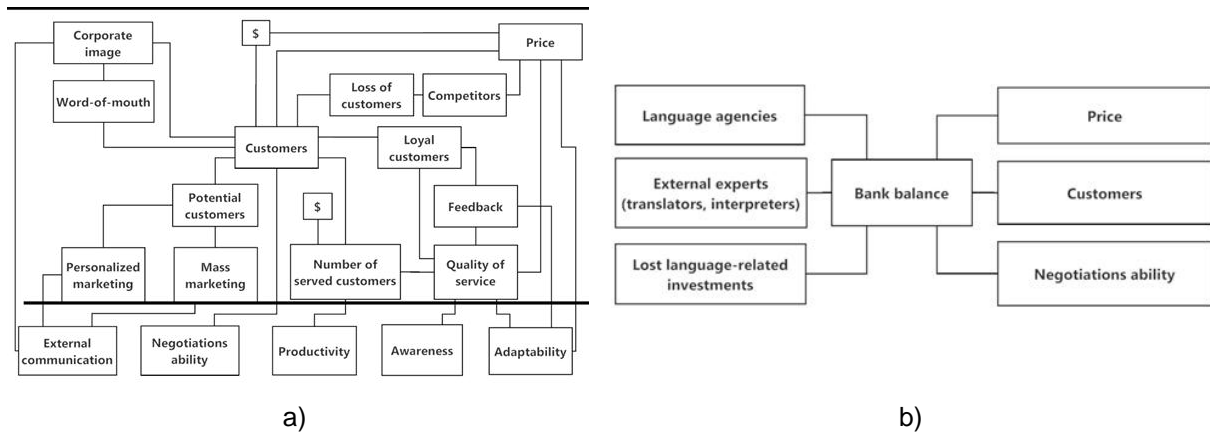


Figure 3: Language influence on customer (a) and financial (b) perspectives of BSC

3.2 Implementation

3.2.1 Basic BSC model

As a ground for our language experiments we used generic system dynamics implementation of BSC, schematically represented in Figure 4. Basic perspectives are expressed as single stocks, although their real internal dynamics and parameterization are more complicated. Detailed customers' processes, for example, use traditional Bass diffusion model (Bass 1969), where early adopters (innovators) influence altogether with regular marketing activities the rest prospective customers' base (imitators). Also the customers' main chain is internally diversified, i.e. people develop also inside a particular group – from totally unaware through considering, evaluating, happily using and disappointed clients. Key factor in provisioning of internal processes is productivity - properly balanced mixture of effectiveness and efficiency. Served customers yields money, which are used for further development of internal resources.

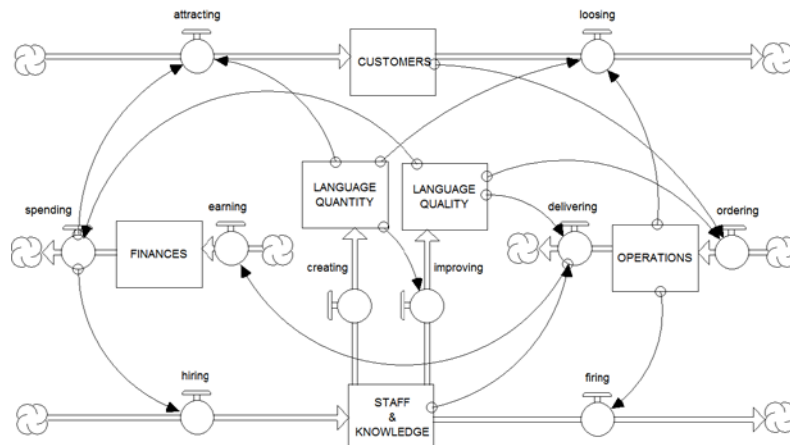


Figure 4: Schematic system dynamics representation of language influence on learning (a) and internal operations (b) perspectives of BSC

3.2.2 Language extension

Traditional BSC performance management architecture is extended with the above presented set of language drivers, belonging to learning and growth perspective. Their illustrative interconnection with the rest of stock and flow diagram is evident from the central part of Figure 4. In accordance with process theory, we distinguish between core, i.e. quantitative language processes, leading to a desired effect and qualitative processes, introducing efficiency and improvement to this area. The both kinds of resources affect not only the existing BSC sectors, but also each other – under certain assumptions quantity could stimulate quality and quality boosts quantity indirectly either through finances or as a part of organizational learning processes, as explained above. Certain level of language knowledge is a natural attribute of every company. If there is no need for its separation, language can be considered as an inherent part of organizational knowledge. On the

other hand, if we want to value the performance contribution of language aspects, they must be handled separately from vocational and other soft-skills.

As language quantity elements we propose measurable and officially reportable items of company's knowledge, which consist of different certifications, proofs of knowledge, successful completions of schoolings or externally used language artefacts. This part of language influence is relatively accessible and cheap; on the other hand it does not say anything about the quality of going communication. Intangible language quality, focused on efficient transfer of information, is difficult to structure and its institutionalization is slow. This is namely because the quality cannot be just simply declared, but must be actively managed, which, besides planning and controlling includes also documentation and auditing. Both elements of language management do not compete and it depends on particular enterprise, which one is valued more and when or how much the management is willing to invest to language knowledge. Our model expects the main destination of quantity in customer relationship management, where prospective customers can be addressed and supported in a familiar way. Also existing clients are more satisfied with enriched and accessible language features as this international spirit increases also value of their existing products and makes them more competitive. On the other hand, in case of long-lasting, unsatisfactory language level or unfulfilled promises, customers may move to competitors.

4. Experimental setup

For simplicity, we evaluate the overall institutional performance through the following two output indicators: number of customers and net profit. The first one represents a level of Customers' stock and the latter is calculated inside Finances sector – consult Figure 4 for details. Reliable experimentation can be performed only on properly calibrated model. This means that the both initial values of internal resources (stocks) and surrounding parameters must be adjusted in accordance with analysed strategy (e.g. standard operations without language management or growth, supported by quantitative language management). Only then the model mimics reality and its behaviour can be generalized and actively adopted to appropriate decision making processes. Basic calibration is always related to a certain period of time, during which no other decisions can be done. The exact duration of a single run reflects particular strategic foresight of standard managerial cycle. Consequently, we identified the following three families of key parameters, through which the generic BSC model can be stabilized for a wide range of external scenarios:

- Capacity, which represents cumulative number, expressing the total amount of human resources altogether with full operational capacity (technology, inventories etc.), constantly available during the whole planning/simulation period. We found that capacity variations closely affect financial performance, but their influence on amount of customers is rather minor. Possible explanation is that running a business with higher than optimal capacity is effective, but also expensive and low-productive. Heavily extended capacity cannot generate new orders directly and immediately – a preceding intervention from learning and growth sector is unavoidable. On the other hand, non-evolving capacity supports natural growth of business poorly. We concluded that a gradual capacity extension is a good strategy how to compensate miscellaneous effects of market competition.
- Marketing is second complex BSC-wide parameter, quantifying all activities, leading to acquisition of new customers and preservation the existing ones. Common sense says that the higher marketing spending is, the more customers company has. More detailed dynamic analyses uncover non-monotonicity of this dependence for longer simulation periods and extensive marketing investments. Such experiments with stationary parameters always approach maximum, followed by immediate decline, caused by limited capacity of operations. This situation indicates that company fully utilizes existing capacity and cannot serve more clients. Waiting customers become gradually unsatisfied and finally move to competitors. It is up to managers whether they prefer slow and safe acquisition of new clients or tend to be more aggressive and are ready to bear a risk of spoiled reputation.
- This situation, moreover, demonstrates positive properties of process management, when resources from different sectors are shared within a single managerial unit. In such structure new customers cannot be left unsatisfied, because the process owner anticipates this fact and stops new acquisitions in time. For presentation clarity we chose monotonous increase of customers during the whole period as a default setting of base run. This option, moreover, leads to the largest customers' gain between the origin and end of simulation.

- Quality parameter summarizes effects of all intangible factors, related to human resources and level of their development, including organizational learning, knowledge management, corporate culture, internal leadership or employees' motivation and satisfaction. Although quality is never cheap, its presence considerably escalates company's competitiveness.

5. Research hypothesis and experimental results

Through experiments with system dynamics model, characterizing influence of language-related organizational drivers to its performance, we want to confirm the following hypothesis: Explicit establishment of language management practices, leading to a balanced accumulation of language quantity and quality, positively influences overall organizational performance. Results of dynamic simulation with calibrated system dynamics model, numerically summarized in Table 1 and graphically depicted in Figure 5, show that our assumption was correct. Starting with the same amount of customers, well-established language management processes can considerably increase their amount over the investigated period. Earnings from implemented language features eliminate costs of their institutionalization soon and always generate additional profit at the end of analysed period.

Table 1: Influence of language management on financial performance: numeric results of system dynamics simulations for three analysed scenarios.

	Financial performance in thousands		Customers	
	Initial	Final	Initial	Final
Basic BSC without language management	210	3084	100	470
BSC with quantitative language features	85	3102	100	550
BSC with quantitative and qualitative language features	-1110	4201	100	581

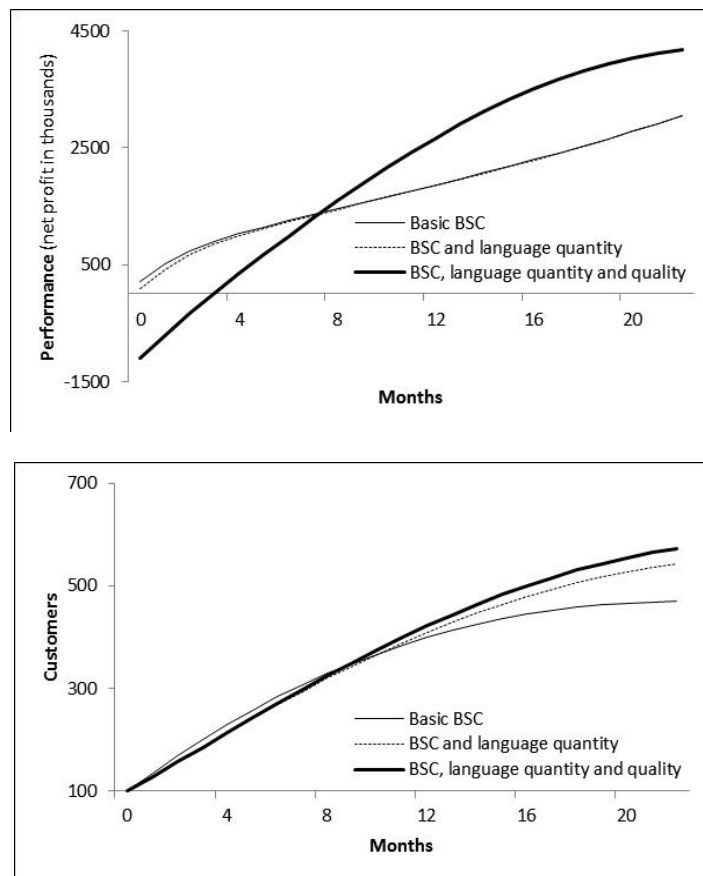


Figure 5: Dynamic evolution of the both key performance indicators with respect to the three analysed scenarios.

6. Discussion

At a glance we can conclude, that the basic dynamic behaviour of our performance model (full thin line in Figure 5) is acceptable, because both profit and customers' base grow smoothly and monotonously. Anyway, the main task of strategic planners is to search for improvements upon any terms, i.e. even if the future looks nice. Implementation of purely quantitative language arrangements (dotted line in the same figure) promises more customers and slightly higher profit. This risk behind such decision is neglecting – up to 5% of existing customers can be lost as a logical consequence of organizational changes and temporary shortage of finances at the beginning of simulated period. The both problems are fixed till the end of first year and the rest of this scenario is fully acceptable. Net profit, indeed, remains untouched because we assume that passive role of language quantity is visible especially in the customer relationship sector. Orientation on the both aspects, i.e. quantity accompanied with quality (full thick line) consumes more institutional finances than relatively simple collection of certificates or organization of trainings. This initial financial demandingness results to a negative balance during a couple of initial implementation months. After this period profit increases monotonously, especially because of more efficient operations, capable to serve more customers with higher quality.

Another positive finding is that the presented language extension does not affect computational robustness of basic BSC model. It still remains tolerant against changes within capacity, marketing and quality oriented sets of parameters. Also stability of this model is excellent – all temporal outputs are smooth and aperiodic, which implies its reliability and predetermines practical applicability.

7. Conclusions

We proposed an innovative, systematic insight into the language-related matters, treated separately from the rest of organizational knowledge. Initially we designed a conceptual model of this domain, based on generic performance architecture of balanced scorecard. As the next step we implemented this qualitative specification through computationally executable system dynamics language. During the experimental stage we analysed there different situations: (i) calibration of model without influence of language effect, (ii) positive influence of language quantity on customers' base and (iii) overall performance improvement if both quantity and quality are properly balanced. For all cases graphical and numeric analyses of simulated cases proved that separately organized and systematically managed language processes positively affect company's performance. New customers are attracted due to more open and supportive communication environment and existing customers are served more efficiently due to language-improved productivity. These effects fully compensate higher costs, required for establishment of appropriate processes and keeping the quality control up. Consequently, our research hypothesis that explicitly established processes of language management contribute to organizational performance was experimentally confirmed. Currently we are working on a practically applicable methodology for optimal industrial implementation of language management principles.

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Are Solutions the Solution to Adding Customer Value?

Philip Dover¹ and Julie Schwartz²

¹Babson College, Babson Park, USA

²ITSMA, Lexington, Massachusetts, USA

dover@babson.edu

jschwartz@itsma.com

Abstract: The design and delivery of integrated solutions (rather than stand-alone products and services) has become increasingly important to B2B firms, promising enhanced margins and deeper, longer relationships with key clients. However, many companies use the solutions business model loosely and incorrectly, often failing to make the significant changes required to move away from traditional, pure-play product management. We will start with a clear definition of solutions and introduce a taxonomy of solution types (simple → complex) based on the measurable business value to customers. We will then introduce a solutions roadmap that allows a company to progress from initial opportunistic solutions activity to eventual solutions mastery, where solutions provide strategic momentum and growth and act as a catalyst for entrepreneurial change. Successful transition to a solutions mindset will involve close attention to five core elements – organizational structure, marketing activities, portfolio management, sales enablement, and culture and behavior modification. We will illustrate these levers through case examples which will help underline the complexity of becoming an effective solutions player.

Keywords: Solutions; added customer value; organizational design; role of sales/marketing

1. Introduction

In a recent study (Schwartz and Hurley, 2012), 85% of vendors in technology-based organizations felt that their solutions business would be either “extremely important” or “very important” to the future of their company. In the same study nearly two-thirds of the 133 sampled companies noted that they were generating at least 40% of revenue from solutions. A driver of this trend is the belief that sales of solutions win better margins than the sales of increasingly commoditized products, while also generating longer and more lucrative customer contracts. The recent spate of acquisitions of service companies by traditional product companies such as Dell, Xerox and HP shows that the attractiveness of the solutions vision has not diminished. Success with solutions, however, has proved much easier to promise than realize. A survey of 200 executives at *Fortune* 1000 firms’ (Stanley and Wojcik, 2005) reported that about half of solutions providers attain only modest benefits, while 25% actually lost money. Often such companies hang out the solutions banner without completely understanding the implications for their organization, their strategy, their processes and their employees. The design and delivery of effective solutions is a complicated process that demands assets and competencies not usually required by traditional product and service programs.

Over a number of years we have conducted extensive research – in conjunction with ITSMA¹, a services marketing organization -- within B2B companies to initially understand the nature of this solutions phenomena, and then to explore the variables necessary to distinguish between successful and unsuccessful solutions players. One result of this work has been the development of a Solutions Roadmap, a five phase process which takes companies from a solution’s starting point through, in some cases, to eventual solutions mastery. It provides a practical framework for managers either considering entering into the solutions’ sphere or for manager’s already struggling with a solutions initiative.

2. Defining solutions

It is easy to be skeptical about the concept of “solutions.” 52% of respondents in an early client study (Leavitt, 2005) felt that solutions were “just a marketing and sales term,” implying more puffery than tangible customer benefits. But for those who take it seriously, much recent thought has gone into defining the activity. Consequently, a number of common parameters have emerged as essential components of a solution. These include the following: Resolution of clearly specified customer needs or problems. Note that a longitudinal approach should be taken towards dealing with these needs/problems and should include determination of the initial problem requirements, the solution deployment process, and post-deployment support for the lifetime of the solution (Tuli, Kohli and Bharadwaj, 2007)

¹ Information Technology Service Marketing Association (ITSMA) provides global research, education and advisory guidance on services topics to leading IT companies. More details can be found at www.ITSMA.com

The customization and integration of goods and/or services. Competitive advantage arises from proprietary knowledge that enhances the “solution” such that no competitor can provide it as effectively or cheaply. A requirement for scalability. The offer should be composed of “recombinant” modules (developed by the provider or accessible through a partnership) that can be configured based on the individual customer’s needs. This will require adjudication between the front-end pull of customization and the back-end push for standardization.

The capability for building repeatable solutions. This is closely linked to the scalability issue and implies that success in integrated solutions depends on how quickly and easily a company can move from unique to repeatable solutions delivery (Davies, Brady and Hobday, 2006).

Delivering measurable value to customers. In-depth knowledge of the customer is necessary to develop an offer that may or may not reduce the customer’s purchase price but that will certainly improve their overall economics.

Leveraging the information from each transaction. The most successful solutions are structured in a way that yields new information that providers can use to develop next-generation solutions and thus preserve competitive advantage.

It would be hard to embrace all of these concepts into a single statement but ITSMA’s Solutions Council, a consortium of 25 global technology companies, has adopted the following definition for solutions:

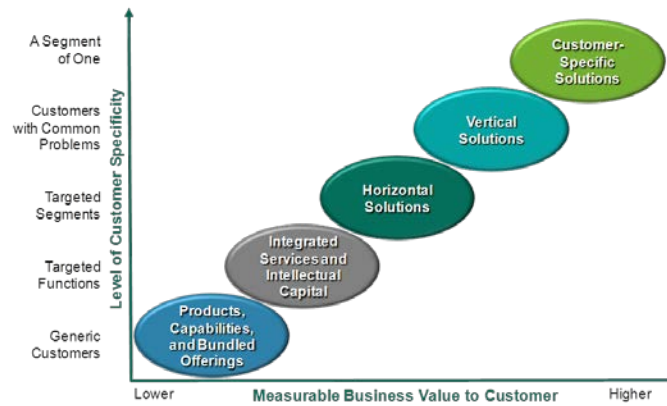
- A solution is a combination of products and/or services with intellectual capital,
- focused on a particular customer problem and driving measurable business value

Solutions thrive on complexity. The most successful solutions are those that add measurable value by solving business problems that customers can’t tackle themselves. Therefore, B2C companies are unlikely to get the same benefits from solutions as their B2B counterparts. Companies that gain the most from this approach are those that offer both products and services and are looking for ways to extend and deepen the value of their portfolios through solutions.

3. Building solutions capabilities

There can be no question that building solutions competency is difficult. It requires seamless integration of service and product development and delivery and a consultative selling process that is foreign to many companies – especially those rooted in products. It is perhaps helpful to start the discussion through establishing a hierarchy of solutions based on a company’s core offerings, whether products, services, capabilities, or bundles of these components and progressing all the way up to customer specific solutions. Each step represents gradually increasing levels of specificity, cost, maturity – and complexity (see Figure 1). It has been argued that vertical market knowledge is the most significant foundation of a successful B2B solutions strategy. Without a deep understanding of the competitive and regulatory pressures that customers face, it is difficult to provide solutions that address customers’ specific business problems. As a recent director of marketing at IBM Global Services noted, “All clients feel that their business is unique. But you can’t develop a point of view for every enterprise out there. The biggest commonality among many of these clients is the industry that they are in. So I don’t think there is a way to show a true understanding of a client without a vertical market perspective.” (Koch, 2008)

The journey to deep solutions expertise often begins with the growth of isolated, opportunistic solutions deals. The deals are generally driven by customers seeking more business value from providers or by providers seeking refuge from increasing competition in existing product and services markets and the limited opportunities for discrete new offerings. Providers begin to see solutions as an opportunity for higher incremental revenue, profit, and share of wallet from new and established customers. These drivers push organizations to improve their abilities to develop and deliver solutions.



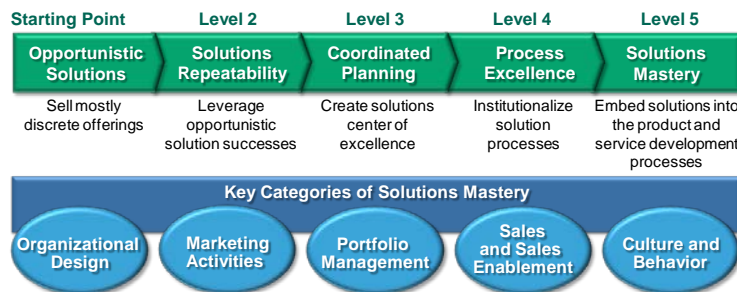
Source: ITSMA, 2009

Figure 1: Solutions Hierarchy

However, most organizations fail to understand the scope and depth of changes that are needed to move beyond this opportunistic stage of solutions competence. We will argue that there are five key areas of focus for building an efficient, effective solutions delivery capability:

- Organizational design
- Portfolio management
- Marketing activities
- Sales and sales enablement
- Culture and behavior

The application of these capabilities allows an organization to move through five different levels of solutions competency along the path to solutions mastery. We will first examine the nature of these solutions as they move through these increasing levels of expertise before turning to the enablers that makes this progression possible. An integrated Solutions Roadmap is shown in Figure 2.



Source: ITSMA, 2009

Figure 2: Solutions Roadmap

Level 1: Opportunistic Solutions – There is no consistent development and delivery at this point. Solutions are designed in an *ad hoc* fashion in response to opportunities emerging within clients and prospective customers.

Level 2: Solutions Repeatability – After seeing success with the implementation of individual solutions, the organization begins to look at ways to consolidate and reuse the solutions IP generated by these projects. Experimentation with solutions often begins when a pilot group forms to integrate products and/or services, along with the glue of added intellectual capital, into solutions that serve more than one end-user. Senior management recognizes the need to develop a coherent solutions strategy for the organization, but cross-organization cooperation is limited and solutions mostly leverage existing internal capabilities rather than developing new skills or working with outside partners.

After multiple experimental pilots prove successful and there is potential to create replicable solutions, organizations typically begin to determine ways to evolve processes for building a solutions business on a broader scale. However, change management becomes a major issue at this point. For a solutions strategy to

scale successfully, a significantly larger portion of the organization must become regular contributors to the solutions design and delivery process. The company must consider a sizable investment in change management procedures to convince senior executives and line managers that solutions are a viable alternative to existing product or service driven strategies.

Level 3: Coordinated Planning – Organizational commitment to a solutions strategy grows with the establishment of a permanent group to foster the development of solutions (a Solutions Council, an SBU dedicated to solutions, etc.), to encourage cross-organizational and cross-functional cooperation, and to build alliances with outside providers to contribute components to integrated solutions. Marketing takes on a larger strategic role in the solutions process by providing in-depth customer research and carefully targeted programs to strengthen key customer relationships. However, many solutions are still targeted horizontally, serving broad needs across large customer segments and industry verticals, with limited ability to customize them to a particular customer. Nevertheless, coordinated planning and widely applicable solutions development and delivery processes begin to emerge, driven by the requirement for solutions to become repeatable and scalable. Such processes are seen as an important step in attaining significant new revenue and improved profitability over ad hoc solutions.

Level 4: Process Excellence – Formal, structured processes emerge for cross-organizational cooperation and collaboration with external partners in solutions development. Marketing takes a critical role in solutions design by creating strong value propositions founded on carefully crafted needs-based segmentation and by forging close customer relationships with senior management in key account companies. The solutions team (including both inside and outside personnel) emphasize repeatability through mass customization of an originally unique solutions idea at a particular segment level. Often this involves shifting from largely horizontal solutions (e.g., a generic CRM solution that can be used across industries) to more vertical applications (CRM programs tailored, say, to the banking industry).

Level 5: Solutions Mastery – The solutions process now becomes institutionalized within the organization. The search for solutions is embedded within the R&D activities of the company which, in turn, forges a strong partnership with market analysis/research aimed at gaining a “deep” knowledge of the complex problems/needs of existing and potential customers. Products and services are developed, in part, with eventual solutions in mind, using standard operational interfaces that enable them to be assembled into solutions with minimal effort and expense.

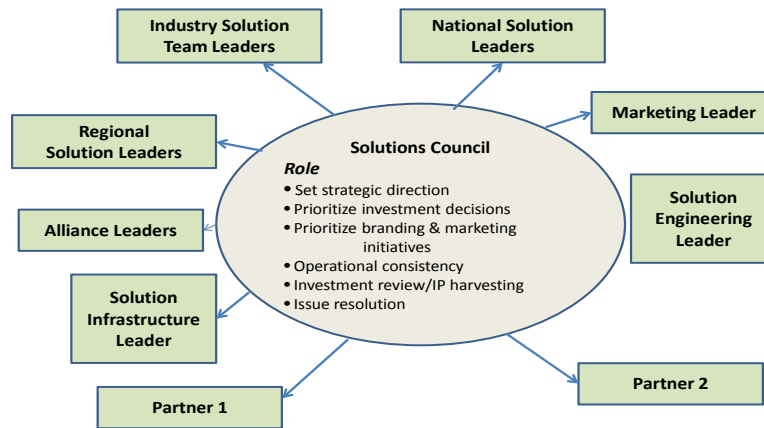
The Levers of Change in Transitioning to Solutions

As a company commences on the path towards solutions mastery, it needs to manage five different areas of change in order to progress from level to level. If any one of these areas is left unattended, it could stall – or even prevent – acceptance of solutions across the organization. Let’s explore these five enablers that facilitate solutions transition.

Organizational Design – A key to helping solutions flourish is to determine the appropriate degree of solutions process coordination within the organization. The strategic importance of solutions will drive the degree of organizational integration sought although we would argue that a minimal commitment to structure and process efficiency is required (such as the centralized governance of solutions; the appointment of a solutions “tsar” or leader) whatever the level of solutions emphasis.

The level of solution maturity reached within the Solutions Roadmap should correlate with the degree of organizational integration. For example, ad hoc coordination can be expected through loosely knit groups managing solutions with IP and resources being shared to make solutions more repeatable at level 2 (Solutions Repeatability). As revenues from solutions grow, pressure increases to integrate solutions into the product and service delivery process. Solutions must become institutionalized at this stage. The process for developing and delivering solutions is completely integrated across the parts of the organization that have relevance for solutions. In addition to a core solutions office, companies may form high-level, multi-disciplinary solutions councils to help make unified decisions about broad solutions strategy across the organization. Such firms should form an independent solutions P&L, perhaps accompanied by a transition to a matrix organizational structure to enable cross-company collaboration and sharing of resources. Figure 3 shows a solutions council structure developed by Capgemini, a global leader in technology consulting (Maira and Koch, 2009).

Note the vital decision-making importance of the solutions council. Although the solutions P&L is fully independent, it is also at a disadvantage relative to the other P&Ls in the business. The solutions P&L is wholly dependent on the other business units to deliver components for its solutions. If the other business units refuse to play, the solutions unit suffers, while the other units can fill their quotas by selling their traditional offerings. The council provides a much needed governance mechanism for ensuring that the various business units play together harmoniously.



Source: Capgemini

Figure 3: Internal Alignment Via Solutions Council

Marketing Activities – The role of marketing should evolve over the five phases of the Solutions Roadmap, requiring ever higher levels of competence, influence and resources. For example, marketing must continuously improve the “depth” of its understanding of customers’ business issues, lead the co-creation efforts involved in solutions design, and provide value-based pricing and selling guidelines to the sales force. Marketing’s *de facto* reach into customers and its foundational need to collaborate across groups and functions inside the organization make it perhaps the best integrative glue for the solutions effort. Table 1 illustrates how the solution trend has created a changing and more demanding role for marketing.

We have observed a strong correlation between sophistication in solutions and the strategic importance of marketing. At its core, the linkage begins with research. Though sales is closest to the customer and builds the deepest relationships, marketing paints the larger picture of market intelligence. As solutions become more complex and more customized, that market insight becomes ever more vital in defining customer needs and, by extension, the solutions themselves. Indeed, in a recent IDC study (2012) 43% of technology-based companies indicated that they would be increasing their investment in solutions marketing personnel, on a par with social media (42%).

Table 1: The Changing Role of Marketing

Strategic Tasks	Operational Tasks
Collecting and disseminating information on “deep” customer needs	Generating targeted sales prospects
Segmenting customers to enable focused solutions development, sales and delivery	Shifting communications efforts to more focused knowledge-based events (e.g., seminars, webcasts, thought leadership reports and articles, benchmarking)
Creating value propositions based on the quantifiable benefits to the customer	Training sales and delivery forces to be more customer-centric
Calculating customer value to support value selling and value pricing	Establishing and managing formal reference management programs

Source: ITSMA, 2009

Portfolio Management – Over time, the solutions offered are likely to grow, adding managerial complexity and resource allocation challenges. A *portfolio of solutions* must be managed so that poorly performing solutions are terminated and only those that are consistently profitable and scalable remain. Moreover, the solutions portfolio must be balanced with that for products and services within the company. Few companies are willing to abandon their traditional product and services mixes for a pure solutions approach. In many

cases, solutions are – and will continue to be – a small part of the overall portfolio. Sales, marketing and delivery should collaborate on value proposition and offer development, pricing, partnering strategies for outside organizations’ contributions to solutions, and reducing the costs of solutions design and management. Important management keys include:

Solution Development – Solutions are not like traditional products and services with predictable planning cycles. Companies need to be able to respond to individual customer needs quickly and efficiently – increasingly co-creating the solution in collaboration with customers. A recent Corporate Executive Board study of more than 1,400 B2B executives found that these customers completed, on average, nearly 60% of a typical purchasing decision – researching solutions, ranking options, setting requirements, benchmarking pricing, and so on – before even having a conversation with a supplier (Adamson et al., 2012).

- Just as new product development works better with a systematic planning process (e.g., the Stage-Gate Process), so too does the ideation, design and launch of solutions. This is
- emphasized by solutions involving more stakeholders and resources while demanding
- collaboration across several product and service groups, with the customer, and external partners. An example of the solution development process at Novell, a leading provider of infrastructure software, is provided in Figure 4.

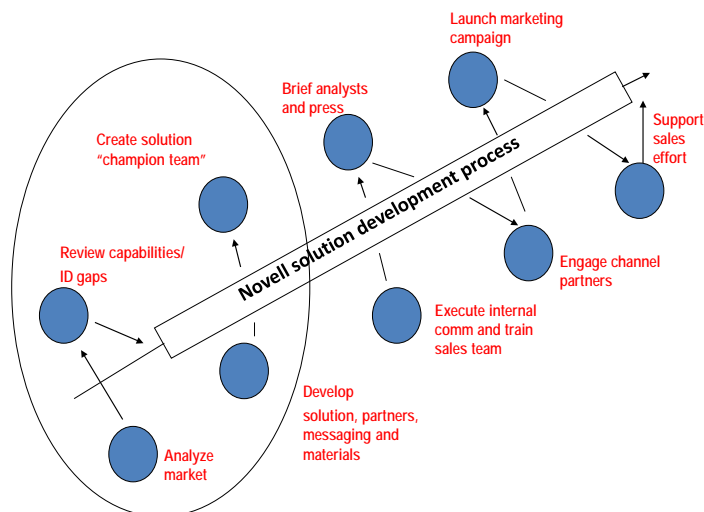


Figure 4: Novell Solution Development Process

Strategic Partners – Often solutions depend as much – or more – on external parties to provide components of the solution as they do on internal groups. This may require redefining the boundaries of the company in order to connect more tightly with outside collaborators. However, companies can not only cut costs by outsourcing all but core activities but also create higher value solutions by combining offerings with those of a complementary partner (see Gulati, 2007).

- Appreciating the vital importance of forging the right partnerships, British Telecom (BT)
- has devised a qualification process for filtering potential solution collaborators. Some of their considerations include questions such as: what kind of relationship does the partner have with the client? Do they offer complementary capabilities? How easy will they be to work with? BT concludes that managing partnerships is very hard work but also a journey worth taking. They also insist that the solution provider must provide a client with “one throat to choke” by taking responsibility for all partners!

Determining Solutions Metrics – The establishment of appropriate metrics to measure solution performance (both from the customer and supplier points-of-view) are essential. The ability to measure value added over the life time of the solution offers a vital benefit in both target market selection (i.e., selecting only attractive customer segments) and in devising compelling customer value propositions (e.g., powerful aids to branding, value based pricing and selling). Similarly, customers have identified return on investment (or similar

cost/benefit analysis) as the most important factor in evaluating alternative business solutions (Schwartz and Barsam, 2008). Additionally, there is evidence of at least two additional measurable benefits resulting from the effective execution of a solutions business – a wider business funnel (e.g., access to more opportunities; larger deal sizes) and higher win rates (e.g., differentiated offerings; leverage from focused repeatable solutions).

- Measuring solutions financial and market performance can have its challenges, especially
- when an organization does not have a solutions P&L. As solutions have a longer sales cycle, the pipeline metric (the number of qualified prospects in a sales cycle) should look
- beyond the next quarter and consider longer time horizons – perhaps multiple years. This
- can prove very tricky for a traditional sales force (see below) who are often paid on
- revenue attained in the current period. However, if a longer term perspective on sales can be attained, powerful measurement tools such as Customer Lifetime Value (CLV) can be introduced (see Pfeifer and Farris, 2011) and the impact on profitability of improved customer retention and loyalty from successful solutions assessed.

Sales and Sales Enablement – Just as we saw the role of marketing changing profoundly with the advent of solutions, so too will the task of the sales force. Success as a solutions sales person will require stronger knowledge of customer problems (and how to resolve them), improved collaboration with external partners and cross-functional colleagues, and a perspective on business that permits building long-term relationships with key clients. Research indicates that many product salespeople (less than 3 in 10, according to McKinsey) will not be able to make the transition to solutions sales. Salespeople will need much more help, both from each other (e.g., team selling) and from marketing (joint account planning, etc.). Specific challenges include:

Higher sales costs – Selling solutions requires more support. It is difficult for a salesperson to know all the product details as well as all of the customer's problems and industry concerns. Therefore, solutions may require a pre-sales or adjunct staff of technical experts to complement the sales force, which can quickly drive up the cost of sales. For example, at HP pre-sales people (who are paid a salary rather than being on commission) invest time in building a deep, expertise-based relationship with the customer while salespeople are brought in when discussions get down to specific solutions.

Compensation – Solutions have longer, more complex sales cycles and demand new compensation plans. The traditional payment scheme of salary and commission based on revenue must be changed to an emphasis on project margins. This ensures that compensation is related to the *value* of the solution to the customer rather than simply the price paid. Companies with a mix of products, services and solutions have the most difficult challenge when it comes to getting commissions, base salaries, and rewards in order.

Integrating Sales and Marketing – It is difficult to gain credibility as a true vertical market expert unless sales and marketing approach the customer with a unified, consistent voice in terms of messaging, insight and customer relationships. It acts as a *quid pro quo*. Marketing needs access to sales' relationships with customers to target thought leadership and market intelligence and to perform segmentation and perception analysis. Sales must have marketing's help to develop customized programs to demonstrate vertical market expertise and complement direct sales activities.

Culture and Behavior – Solutions require deep changes in individual and organizational culture and behavior. Collaboration will become crucial as solutions leverage people, processes, products and services from multiple units across the organization. Solutions advocates (or change agents) must continually lobby and monitor all areas of the firm to build support for the solutions philosophy (product vs. customer centricity; short vs. long-termism, etc.) and be willing to counter-argue inevitable nay-sayers. Critical here is the role of the CEO and other top level executives. Often they do not communicate their support enough or with sufficient clarity of vision to move the organization to a more solutions oriented mindset. They must act as the "solutions champion" (just as they should assume the task of corporate "brand champion") and set realistic, yet challenging quantitative goals for the units involved in solutions. Each organization needs to come up with the right balance of percentages, based on the relative goals for continuing to sell discrete products and services. A recent study revealed that "people" rather than process or technology constituted the greatest challenge to creating and implementing solutions. 39% of B2B participants found "changing our culture and behavior to

match our solutions strategy” provided the most difficulty in pursuing solutions-related activities (Schwartz and Hurley, 2012).

Companies cannot make the transition to solutions on training alone. It will also require bringing in new talent with new skills from outside the organization. As a member of the ITSMA Solutions Council noted, “To really get to where you need to be you have to bring in that outside solutions DNA. You have to have been in the solutions business to understand what it takes to sell that way.”

4. Conclusions

We urge some caution in interpreting the Solutions Roadmap. It may appear that the recommended end state of the Roadmap -- solutions mastery – calls for the organization to convert itself entirely to a solutions focus. This is not the case as most companies will wish to retain some element of stand-alone product and service production and sales, no matter how successful their solutions businesses become. The question then becomes “is it possible to be adept at developing and delivering solutions in an organization not entirely devoted to a solutions strategy?” Establishment of clear strategic goals will allow identification of where the organization is on the solutions continuum while the application of the appropriate levers of change – organization, marketing activities, portfolio management, sales and sales enablement, culture and behavior – should permit adoption of effective solutions policy whatever the level of institutional commitment to the practice.

The trend toward more complex integrated solutions projects is being driven by the incorporation of new technologies and multivendor approaches that have expanded the number and range of physical components and services that need to be integrated. Early solutions movers are finding a vital source of competitive advantage in their growing ability to rapidly convert the learning gained on previous projects into reusable components that can simplify the process of integration. And yet the challenge of moving into the solutions space should not be underestimated (see Davies et al., 2006). Changing the mindsets of thousands of employees who have grown up with a narrow vision of traditional products and services is perhaps the biggest barrier of all. For many companies, the journey to build a solutions business may seem altogether too complex and too time committing. But customers, shareholders and markets are pushing them in that direction. The market leaders will be those who follow a clear road map to solutions success through improved profitability and enhanced business continuity. Indeed, we can see the development of a solutions culture as both a catalyst for change – allowing senior management to think not only of efficiently meeting customers’ current problems but of imaginatively visualizing future needs – and as a stimulus for an entrepreneurial approach to problem solving by encouraging “outside-the-box” thinking on client concerns and solution formation. This should dispel the myth that solutions are “a marketing ploy to get customers to buy more services and products!”

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Managerial Design in the Academic Environment: A Content Analysis

Dan-Maniu Dușe¹, Carmen-Sonia Dușe² and Cristina Fenіșer³

¹Engineering and Management Department, Faculty of Engineering, "Lucian Blaga" University of Sibiu, Sibiu, Romania

²Teacher Training Department, Faculty of Engineering, "Lucian Blaga" University of Sibiu, Sibiu, Romania

³Management and Systems Engineering Department, Technical University of Cluj-Napoca, Cluj-Napoca, Romania

prodid@ulbsibiu.ro

cfeniser@yahoo.com

Abstract: In this research we analyze the managerial plans of the candidates for the provost role in some of the most important universities in Romania, which were submitted for the Feb-March 2012 elections. The content of the managerial plans represent the empirical material of the content analysis. From this stand point, the general purpose of the research is to determine the pattern and conceptual structure of the managerial plans submitted by the candidates for the role of university provost. The *raison d'être* of this work is to describe and understand the way in which the candidates represent the managerial roles they would fulfill if elected, and to identify the priorities they would focus on during their mandate. The research is approached from the following perspectives: verbal behavior is a form of human behavior in general, the flow of symbols is but a form of the flow of events, and the process of communication is an aspect of the management process. We took a quantitative approach, one of the objectives being the transformation of the discourse-descriptive information of the managerial programs into measurable entities. For collecting the data we ran a content analysis of the content of each document. As mentioned earlier, the documents included in the analysis are the managerial plans of the candidates for the position of provost as published on-line. Since the number of documents is relatively small, no sampling was done. Thus, all the managerial programs for the February-March 2012 elections were analyzed, a total of 38 documents. Starting from Mintzberg's three categories of managerial roles, we analyzed the way each candidate represented the roles and functions of the provost position. Thus, based on a theoretical model we tried to identify which of the managerial roles are primarily assumed by the subjects of our research. The results offer us an overview of the situation, a current view of the managerial planning in the academic environment in Romania, of the mission of universities today and of the vision of managers as they look to the future of academics. The results of the study also allow us to classify the priorities of the academic environment, regardless of how specific or general they were referenced by the candidates.

Keywords: educational management, managerial roles, mission, objectives

1. Introduction

Educational management is an explicit integrative concept, an attitude, a methodology of action - oriented towards obtaining success in education, comprising a set of management principles and functions, norms and methods by which the objectives of the educational system are reached. Regardless of the field which he/she works in, the manager must establish objectives, select and train the staff, form working teams having certain skills, develop mechanisms to monitor and coordinate the activities, assess the results and coordinate the activities, assess the results and make the necessary changes at certain times. The main functions of management in educational services are: planning, organizing, coordinating, making decisions and assessing.

In any management activity, design refers to anticipating, identifying or establishing a framework or a hypothetical action model that is to be applied in order to develop an institution, and planning represents the process of creating and selecting the targets to be pursued over a period of time, and the ways in which these can be achieved, so that the hypothetical model designed be practically achieved at the highest possible efficiency level. level (Dembowski, 2006).

Generally, planning is perceived as an exercise that consists in defining specific objectives and establishing the means necessary for achieving those objectives, in a certain time frame. Planning involves various responsibilities, some of them referring to the strategic content (defining the objectives, the priorities and the action) and other ones to the organizational aspects (organizing the resources which are available and those which have to be sought in order to carry out the planned activities).

Setting specific targets represents the first step in the management process and involves every level of the organization and the planning results are reflected in the activity plans. In this purpose, a "cascade technique" has been proposed; this starts from the upper levels of management and gets to the smallest organizational structures, including up to the level of the individuals which make up these structures. In an organization where targets are not always clearly defined or are defined only at the level of the organization as a whole, and not in each structure of it, it is desirable that the targets are explicit in an operational manner or be clarified for each of the structural units (Bennis,2009). Organizational culture refers to nothing less than collective standards of thinking, attitudes, values, convictions, norms and habits which exist in an organization and which represent its ethos. One of the most important factors in building organizational culture is due to the peculiarities and interactions between the employees, to the leadership and the organizational communication quality.

2. Content analysis methodology

Modern content analysis is currently used in a wide range of fields - from market research and media studies up to literature and rhetoric, ethnography and cultural studies, sociology and political science, psychology, history, education, etc.. In addition, content analysis is closely related to socio- and psycholinguistics and plays a decisive role in the development of artificial intelligence. The impressive increase of the access to electronic information that virtually addresses any issue of interest to the society and its members made the content analysis, particularly the computer-aided text analysis, turn into the major means by which the society examines itself.

The technique of the content analysis is placed in the unique position of methodology primarily focused on message analysis, especially message in written form. The text replaces what is studied. Once the researcher has collected the data and has related them within a text, it will supersede the studied reality, influencing the later stages of the study. From the subjects' narratives collected from interviews, from politicians' speeches or journalists' articles, what is left is only what has been captured and transposed in document form, by the chosen method of transcription. The text produced this way represents the basis of the subsequent interpretations and inferences and of the conclusions derived from them.

The research issue is approached from the perspective of the conception that verbal behaviour is a form of human behaviour, the flowing of the symbols is part of the event flowing, and communication process is an aspect of the management process. The analysis of text or of any communication message with the help of the computer is one of the defining dimensions of modern content analysis. It is worth mentioning that the use of computers in content analysis was stimulated by the developments in other areas. Psychology researchers interested in simulating human knowledge have developed a computerized approach for the problem-solving process. Linguistic researchers have developed numerous approaches for the syntactic analysis and the semantic interpretation of linguistic expressions. Artificial intelligence researchers have been focusing on designing machines that can understand natural language. From these preoccupations there has emerged then the software specialized for content analysis. Nowadays the programs dedicated to textual data analysis have proliferated due to the huge volume of texts in digital format available for content analysis.

3. Constructing the dictionary of categories and text analysis

In the present research we submit to content analysis the management plans of the candidates for university president in the most important universities in Romania, during the university elections in February-March 2012. The content of the management plans represents *the empirical material* of content analysis. Starting from this point, *the general purpose of this research* is to determine the conceptual structure and the patterns of the management plans drawn-up by the candidates for university president.

In content analysis the text is the empirical material and it is as complex as the social reality it reflects, that's why, as in the case of the social investigation, we use "simplified models" to approximate as close as possible the reality we investigate. Being a non-reactive technique, the knowledge produced by content analysis is a function of the way and means to collect textual data and of the theoretical constructs by which we capture the manifest and latent patterns of the messages in the analyzed texts, which then enable us to make inferences and to relate to the most varied social contexts. The principle of simplicity in the analysis and interpretation of textual data is materialized in the construction of a theoretical and empirical model with the help of which the analyst conceptualizes and relates the multitude of words from different texts (interviews,

articles, speeches, programs, etc.), to describe and understand the social reality "built" by emitters. The model becomes this way a representation of the social fact or phenomenon. The first step of this analysis is to identify the clusters of the key terms in order to produce a vocabulary list also called structured "dictionary".

We started from the evidence that aspects which are interwoven in the management plans of the candidates for university president have multiple facets and may be approached from different points of view. It is therefore difficult to decide a priori on the fundamental issues addressed by the candidates in their management programs. To overcome this obstacle, the first step was choosing the *keywords* that generate the themes, i.e. *the terms that are associated and create a meaning, a coherent representation of an issue or of a position to it*. Key terms are frequently and consistently used to indicate meanings full of sense. They are then conceptualized into content categories.

In order to identify, measure and compare the key terms that produce categories and then the themes generated by the categories relating which we could capture the patterns of the management plans with, we used the software package for Windows called Hamlet. In the beginning of the analytical process the computerized procedure of choosing the key terms is based more on mathematical information value than on their subjective meaning. It assumes that a word can be an indicator of a content category to the extent that it has a high relative frequency. For example, in the textual data collected the key term "student" and the inflected forms *students, to the students* and so on, but also similar words such as *graduates* with their forms inflected forms, have a high frequency and justify their conceptualization in the content category STUDENTS. This way we built the dictionary categories which are then systematically associated with the narrative texts collected through coding. This procedure turns unstructured texts into structured data. The program then calculates the number of words associated with each coded category.

Table 1: The frequency of the content categories

Voc. List.	FREQUENCY	Voc. List	Text	Context
Research	2166	22.25	1.13	1130
Students	1373	14.10	0.72	83
Development	1212	12.45	0.63	748
Teachers	1047	10.75	0.55	667
Education	877	9.01	0.46	546
Quality Performance	848	8.71	0.44	555
Society	541	5.56	0.28	433
Financing	520	5.34	0.27	323
Objectives	328	3.37	0.17	278
Communication	311	3.19	0.16	262
Labour market	244	2.51	0.13	225
Mission	223	2.29	0.12	87
Vision	46	0.47	0.2	44

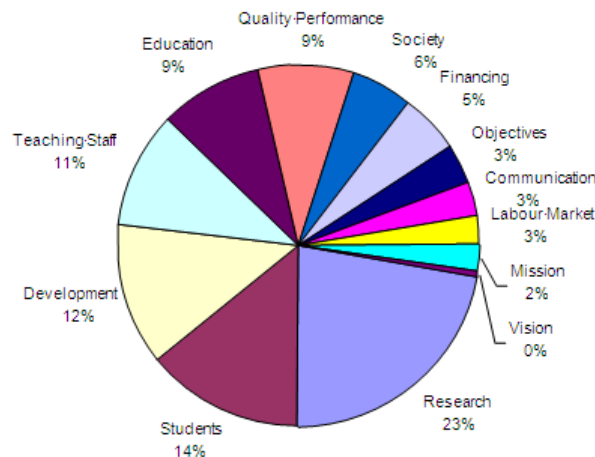
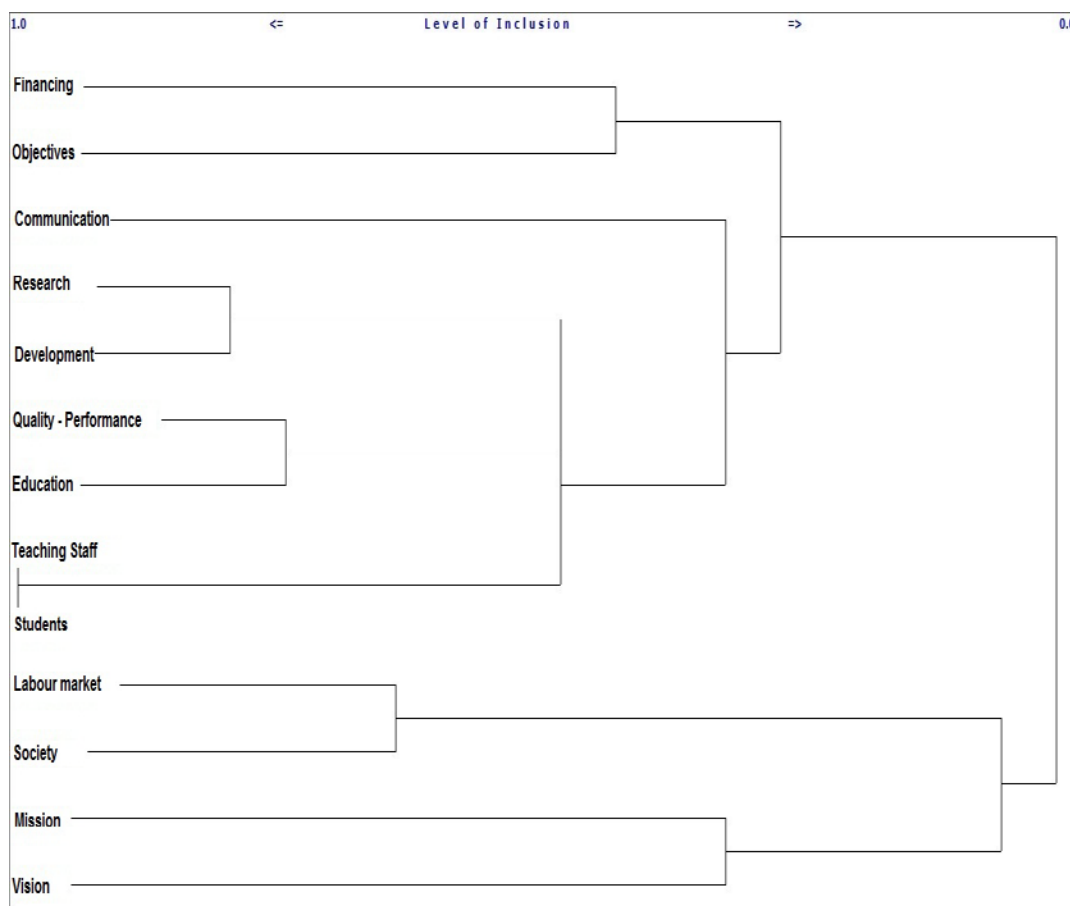


Figure 1: The content categories of the managerial programmes

The examination of the diagram shows that the first two categories with the highest frequencies are RESEARCH and STUDENTS. They play an important role in *identifying the patterns* of the candidates' management programs for the most important function in universities.

After applying the vocabulary list in the text, the statistical processing of the data uses two analysis techniques varied by interdependence: hierarchical cluster analysis and multidimensional scaling. Cluster analysis technique is based on the grouping algorithm, given by a simple rule of joining, in successive steps, of the similar categories. Its results are displayed as a diagram that resembles a tree type chart. It shows how the groups join at every step according to the distance between them.

The dendrogram examination highlights the presence of four clusters of categories formed by the co-occurrence of the keywords in the text. The first cluster contains seven categories: communication, research, development, education, quality, performance, teachers and students. The second category includes labour market and society. The next cluster of the dendrogram includes two content categories: financing and objectives. And the last one includes mission and vision.



Dendrogram 1: The structure of the content categories

As the cluster analysis suggests the existence of structures that may be interesting for the further analysis of the similarity matrix, we have used the non-metric technique of the multidimensional scaling, which applies to the matrix of the co-occurrence frequency of the words in the text. It produces a map of the relative positioning of the words groups in a three-dimensional space. It is based on comparisons between the content categories through the objective dimensions of the geometric distance between them.

Guttman-Lingoes' smallest space computed for 3 dimensions (semi-strong-monotonicity).

Guttman-Lingoes' Coefficient of Alienation = 0.07779 after 56 iteration(s).

Kruskal-Guttman-Lingoes-Roskam smallest space coordinates in 3 dimensions (weak monotonicity):

Dimension	1	2	3
1 Teaching Staff	-0.686	-0.130	-0.300
2 Quality - Performance	-0.342	-0.061	-0.026
3 Research	-0.730	0.141	-0.260
4 Communication	-0.050	-0.898	-0.104
5 Development	-0.354	0.316	-0.309
6 Education	-0.218	-0.038	0.136
7 Financing	-0.857	-0.296	0.733
8 Mission	1.126	-0.194	-0.765
9 Objectives	0.123	-0.375	0.615
10 Labour Market	0.343	0.834	0.424
11 Society	0.350	1.346	0.005
12 Students	-0.436	-0.195	-0.478
13 Vision	1.731	-0.449	0.329

Based on these distances, multidimensional scaling generates a three-dimensional pseudo-graphic. One way of interpreting the results is to study the configuration proximities produced by scaling. This interpretation attempts to identify groups of points placed in close positions. We have marked on the chart, by different colours, the four clusters discussed previously.

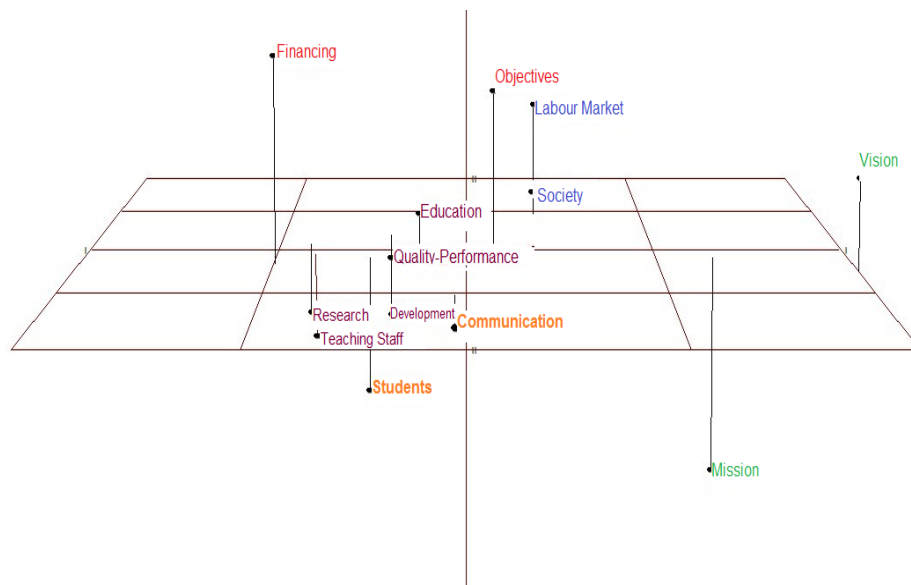


Chart 1: Multidimensional scaling of content categories

The inferences we can make about the dendrogram should lead to identifying and understanding the patterns of the management programs of the candidates for university president. In the first stage of forming the dendrogram the categories "teachers" and "students" are grouped - keywords of the text which, as we have seen, have a pretty high frequency. As it ought to be, students and teachers are the main social actors concerned in the management programs. Students are the essential class of the education system. They are the ones that society invests knowledge in and those who will contribute in their turn to the prosperity of all. The teacher, on the other hand, is the one whom the responsibility of guiding and training the student belongs to. At the next stage of the dendrogram the categories *research and development* are added, and within close reach *quality_performance and education*, which means that these groups have a strong link with the previous categories grouped in the agglomeration process. We can say that the speech from the programs contained in the analyzed text strongly relate to the categories *quality_performance* and *research*. The category added in the next stage is the one related to communication. For instance, the operational plan of a candidate includes the following statement:

"Organizing some institutional debates on the balance between research and education in the activity of teachers" (Ștefan Cojocaru, "Al I. Cuza" University, Iași)

or

"Reorganizing the university administration and the radical improvement of the interdepartmental communication and of the administrative services quality for the teaching and research staff as well as for the students" (Mircea Dumitru, University of Bucharest).

The second cluster is generated by numerous references in the text to the *labour market* and *society*. When we say labour market we refer to the professional integration of the students as a final act of the education system, to their future condition, that of active labour force. Here are some results obtained by using the KWIC (Key Word in Context) function of the software Hamlet for Windows for the content category *labour market*:

"studies in relation to the qualification structure from the labour market"

"a study of the changing requirements on the labour market to underpin the reconsideration and the adjustment of programs"

"facilitating the insertion into the labour market after graduation"

"solid skills and real chances of integration into the labour market"

"preparing the graduates for the labour market; - involving the parties concerned, particularly the employers"

In constructing the dictionary of categories we have considered the existence of a relationship between the *labour market* and *society* categories, a fact confirmed by the cluster analysis. University produces not only specialists with professional skills but also personalities and people of strong characters, people prepared to join the society they live in, as members. That is why university must be adapted to the society it serves. In what concerns the *society* category we have obtained the following statements:

"abilities to practice a role in society;"

"develops skills necessary in a democratic society and in fact in any public and private institution";

"the leading provider of knowledge in a knowledge-based society";

"solving real problems from the economy and society";

"producing and transferring knowledge to the society through competent and educated graduates."

The objectives represent targets, clear finalities set for the organization's activities, which other management functions also focus on. Planning is the process by which the operational objectives, the procedures and rules are established. There also must be an internal congruence between the different types of objectives proposed and the actions planned to achieve them. The dendrogram analysis shows us that there is a link between the content category *objectives* and that of *financing* and that they are relatively close to the previously added categories. In the *financing* category we have included notions about the financial aspects of management. We have included in this notion sphere the following words (and their derivatives): budget, costs, expenses, financial.

Finally, the bottom part of the dendrogram ends with other two categories, a little bit more isolated, *mission* and *vision*. The mission of the organization concentrates its highest goals and expresses particularly the promoted values, the fundamental intentions regarding the present and the future of the organization, the types of desirable outcomes and the pursued levels of performance, all of these being included in the mission statements. In other words, the mission of the organization represents its reason to be, the fundamental reason which the organization exists for. Listed below are some mission statements of the candidates for university president as they were made in the management plan:

"The mission of the university is aimed at training specialists for the labour market, meeting the demand for qualified human resources locally and regionally, but also nationally / internationally."

"The mission of the university (...) is stated in the University Charter:

- contributing to the development and dissemination of knowledge;

- educating for exercising professions and functions, in the spirit of Good and Truth;
- maintaining and expanding the expressions of the scientific and cultural creation;
- promoting the ideas of the free society in order to develop".

"Our mission: To develop a creative and innovative management, which harmoniously combines institutional strategies in compliance with the new laws in force, with providing arts higher education to the maximum rates of national and international requirements. Creating a musical artistic education system, making artistic creation and advanced scientific research at the quality standards required by the European Higher Education and Creation Area ".

"The mission (...) is to weave academic excellence with an innovative and entrepreneurial approach of the research, all these based on a culture of efficiency and performance, which ought to stimulate active involvement of both teachers and students."

The vision of the organization is the basic condition for the development of a clear mission. Any manager may draw up the mission of the organization he/she leads provided that he/she has a clear vision of what represents the system of resources they have, the context in which they operate, the general expectations from the organization, the fundamental beliefs and values of the organization and society members.

4. Representations of the candidates related to managerial roles

Social representations are ways of knowing and reconstructing the social reality by the social actor. They reflect the link between the subject and its socio-cultural environment. They are impregnated with the norms and patterns specific for a culture at a certain time. The social representation as a set of information, beliefs, opinions about a given object or phenomenon, is organized and structured. In this analysis we will focus our attention on the social representations of the candidates for university president regarding their roles as manager of the university. What we are interested in is the roles that candidates assign themselves as occupants of the position of university president.

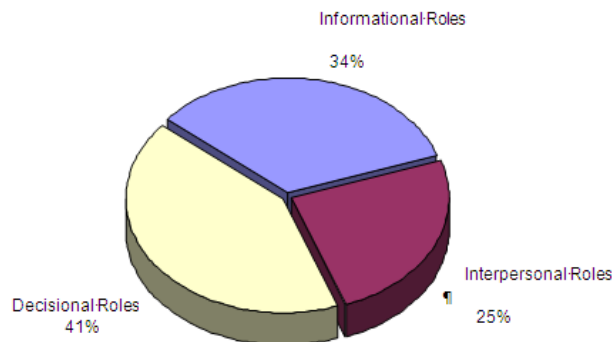


Chart 2: Frequency of statements on Mintzberg's managerial roles in the management programs of the candidates for the position of university president

The analysis of the statements frequency regarding the roles of a manager shows that aspirants to the position of university president represent somewhat uniformly their managerial roles. All three categories of roles theorized by Mintzberg are present in management programs with a more significant percentage for decisional roles: 41%. This means that out of all the statements concerning the roles identified in the text, 41% were categorized as decision-making roles, while 34% are informational roles and 25% fall in the interpersonal roles category.

The following are some representative statements for each roles category.

Box 1. Statements concerning the information roles extracted from management plans

"Ensuring correct and opportune information flow between university management and all the factors involved in the activities"

"A better highlight of the information regarding the research equipment, to avoid duplication of existing devices"

"The ability to listen to the views and opinions of others and to filter them for the interest of the university"

"The correct information of those interested about the real results obtained and the actions taken to improve the quality of education"

"Informing the academic community about the progress made by each team"

Box 2. Statements regarding the interpersonal roles drawn from management plans

"The regular consulting of the interested parties about the increase of the organization process efficiency"

"Developing the cooperation relations with institutions of higher education and research in the country and abroad"

"As university president, I will fairly and sincerely represent the interests of the university in the national and international cooperation plans"

"As manager of the academic activities I will be a team player and I will rely on the cooperation with the pro-rectors, the president of the senate and its specialized committees"

"I reckon that the university president ought to be an actor who acts for the good of the university as a whole. He is not supposed to be a referee in the fight between departments or faculties as between winners and losers, but a coach wisely placing all the players in a team, bringing out the very best of each of them."

"The university president will be in regular contact and in a cooperation relationship with the university senate, in compliance with all the rules related to the responsibilities of each structure"

"The role of the university president is to unify on the principle of efficient true fellowship and trust, all components of the academic institution around one idea: taking consciously responsibility for these vital obligations for the entire community and promoting a participatory management by consulting all responsible entities."

"Balanced delegating and clarifying the roles of the team members and their duties and responsibilities"

Box 3. Statements regarding the decision roles extracted from management plans

"The ability to accept conflict situations and a wide availability in conflict management"

"Correctly identifying the resources necessary for the activities of the "Human Resources" Office"

"Applying a management efficient in the administration and management of the university resources"

"Based on a consensus built on transparent debates, developing and implementing a policy of fair redistribution of the financial resources"

"The extra-budgetary financial resources will be assigned to the organizational sub-entities through the activity of which they were achieved, the university retaining only a certain percentage for the administrative central expenses"

"Involvement in the decision-making process of the various management structures, of the teachers, administrative staff and students"

Analyzing the 10 managerial roles in the management program texts we notice that the most common references are to the role of spokesperson (22 statements) and to the role of monitor (20 statements), both of them from the information roles category. In what concerns the frequency, there follow the decisional roles.

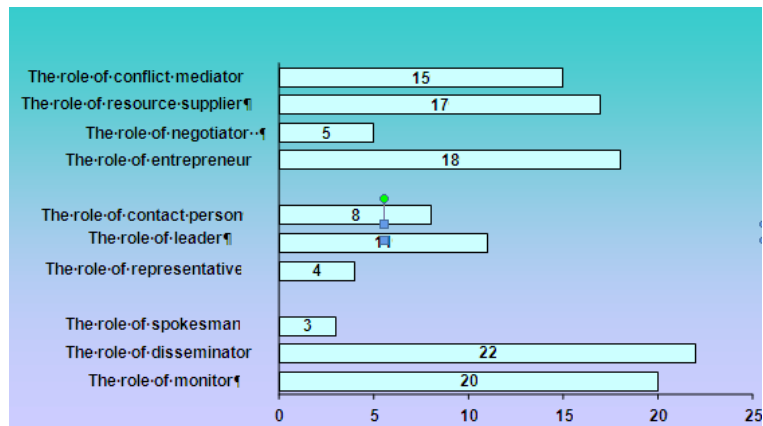


Chart 3: Frequency of the statements concerning the managerial roles

Out of Mintzberg's managerial roles, the most frequent in the text are the disseminator role and the monitor role. The disseminator role involves the control of the information coming outside the organization and its intermediating inside. Information as a source of power is based on its impact on the decisional process and the impossibility for upper managerial levels to collect and analyse all the necessary information. One's opinion says that due to the development of the informational technology this problem could be solved. On the other hand, some authors think that the development of the informational technology made the situation even worse by bringing us loads of information that cannot be sorted and analysed because of the time limit (Northouse, 2009).

The entrepreneur role also has a high frequency in the analysed text. This role is part of the decisional role category, 18 content categories belonging to this role having been identified. Following next are the roles of resource supplier with 17 occurrences and conflict mediator with 15 occurrences. Generally, content categories corresponding to interpersonal roles have been less present, however without being entirely neglected.

The classification of role frequencies in the analysed texts shows us that the managerial roles are available for both the manager of a private business and the manager of a public company. Since the managerial roles are present in the candidates' discourses on managerial programmes, this only shows the identification and awareness of the position and its roles by the candidates.

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The Preventive Measures of Internal Protection Against Abuses of Rights in Corporate Conflicts

Olga Erahtina

Higher School of Economics, Perm, Russia

Erahtinaos@hse.perm.ru

Abstract: Abuse of rights is using of rights of a certain person in contravention of their intended purpose that leads to certain negative consequences for other people whereas the existing legislation is not openly breached. Thus there are no objective grounds on which the person who abuses his rights can be held accountable. The situations when one party in the corporate conflict abuses the rights are quite common in joint-stock companies. As a rule, the aim of abuse of rights is to change relations of forces in a joint-stock company and to obtain the right to dispose of its assets. The multiplicity of cases of abuse of corporate rights are pre-conditioned by the fact that existing corporate legislation contains numerous dispositive norms and does not effectively regulates the rights and responsibilities of shareholders and management. The aim of our article is to develop the system of internal protection measures against abuse of rights in corporate relationships. The author explores the types and forms of abusing rights in corporate relationships, discovers causes of abusing rights and offers legal means of protection against abuse of rights on the side of management and shareholders of the company. The main focus of our article is on developing and implementing the preventive measures that aim at eliminating any possibility to abuse rights. Such measures are to be spelt out in local acts that regulates the company's and its management's activity. Thus, company's management can often abuse their rights. Usually, it results from their struggle either with the opposing group of shareholders, trying to establish control, or with ordinary shareholders who impede implementing the company's owners' directions into life. At the same time, the abuse of right on the part of management which occurs most often is asset stripping. The legislation sets the minimum limitations aimed at preventing abusing rights by management when they make a transaction on behalf of the company. In particular, if the transaction exceeds 25 per cent of the book value of the company's property, it should be completed only upon the prior approval of the Board of directors or the general meeting. Unfortunately, usually the owners of the company consider such measures to be enough and ignore those provisions of the law that state that there can be other cases when transactions completed on behalf of the company require prior approval. In practice, this approach provokes a lot of abuse on the part of company management. Obviously, the main measures to protect the company's assets are to be spelt out in local corporate acts. In particular, the sale of certain assets should be banned, regardless of the value of these assets. The conclusions and recommendations of this study are based on the analysis and synthesis of Russian law and corporate practice. However, the use of these findings and provisions will highlight key issues for improving corporate law and corporate practice in other countries.

Keywords: abuse of rights, local acts, management, corporate legislation

1. Introduction

Abuse of rights is using of rights of a certain person in contravention of their intended purpose that leads to certain negative consequences for other people whereas the existing legislation is not openly breached. Thus there are no objective grounds on which the person who abuses his rights can be held accountable.

The situations when one party in the corporate conflict abuses the rights are quite common in joint-stock companies. As a rule, the aim of abuse of rights is to change relations of forces in a joint-stock company and to obtain the right to dispose of its assets (Osipenko 2010).

The multiplicity of cases of abuse of corporate rights are pre-conditioned by the fact that existing corporate legislation contains numerous dispositive norms and does not effectively regulates the rights and responsibilities of shareholders and management.

The aim of our article is to develop the system of internal protection measures against abuse of rights in corporate relationships.

To achieve this aim we solve the following tasks:

- to classify the forms of abusing rights in corporate relationships;
- to discover causes of abusing rights in corporate relationships;

- to develop legal means of protection against abuse of rights on the side of management and shareholders of the company.

2. Kinds of Abusing Rights in Corporate Relationships

In scientific literature there are some attitudes to the classification of kinds and forms of abuse of rights in corporate relationships that are worth attention (Osipenko 2011).

The author thinks that it is useful to classify different kinds of abuse of rights on the basis of the subject who abuses his rights.

If we analyze the subject structure of the participants of corporate relationships in a joint-stock company, we can define two main kinds of abuse of right (Figure 1):

- abuse of right on the part of shareholders;
- abuse of right on the part of a joint-stock company's management.

Furthermore, depending on the size of a shareholder's share in the charter capital, we can mark out

- - abuse of rights on the part of minority shareholders, i.e. shareholders who have minority shares in the company's authorized capital;
- - abuse of rights on the part of majority shareholders, i.e. shareholders who control significant shares of the company's authorized capital.

Besides, it is useful to expand the classification of kinds of abuse of rights on the part of company's management. Depending on what managing body is guilty of abusing rights we can mark out

- - abuse of right on the part of the members of the Board of Directors;
- - abuse of right on the part of the sole executive body (Director or General Director);
- - abuse of right on the part of the collegial executive body.

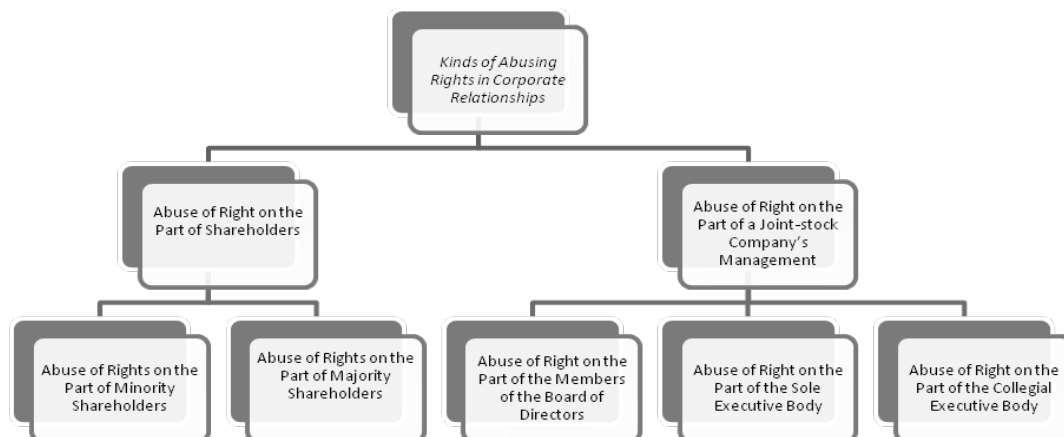


Figure 1: Kinds of Abusing Rights in Corporate Relationships

3. Abuse of right on the part of shareholders

3.1 Forms of abuse of right

Both minority and controlling shareholders can abuse their rights. Greenmail is the most usual form of abusing rights used by minority shareholders (Kashevov 2011). They can make unreasonable complaints and bring ungrounded legal actions, demand that unscheduled extraordinary meetings and auditing should be held, and information about company's business activity should be given to them.

Majority shareholders also actively abuse their rights when they seek either to improve their position in the company or to establish an absolute control over the company. They can claim unreasonably to call extraordinary meetings aiming at lowering the quorum and changing the company's property structure, or, on

the contrary, when it is necessary to solve some vital questions they do not attend general meetings in order for the quorum not to be formed.

3.2 Reasons and Conditions of Abuse of Right

To find out main reasons for abuse of right on the part of shareholders we

- have carried out the system analysis of shareholders' rights;
- have found out the main means that allow shareholders to abuse their rights;
- have analyzed the contemporary Russian court practice and marked out typical cases of abuse of rights.

As a rule, shareholders abuse their rights granted to them by the existing legislation, such as the right to call an extraordinary general meeting of shareholders; the right to examine the data that is contained in the register of securities holders' rights; the right to challenge the decisions of the general meeting; the right to appeal to the court of arbitration to impose special measures to ensure the lawsuit; the right to appeal to government agencies to complain about company's management's actions (or failure to act).

Using these rights is typical of both minority and majority shareholders. It is obvious, though, that these two groups of shareholders pursue different aims.

As we have already pointed out in our article, the main form of abusing rights used by minority shareholders is greenmail. Practice shows that it is quite seldom when minority shareholder use greenmail pursuing their own aims. As a rule, they are mere instruments in the hands of other members of internal and external conflicts. It is of a particular risk for a joint-stock company when greenmail is conducted through the use of minority shareholders involving those who professionally specialize in corporate conflicts.

4. The means of protection against abuse of rights on the side of minority shareholders

The legislation restricts abuses on the part of minority shareholders by imposing, for example, the requirement to hold only a certain percentage of shares as a necessary precondition for the realization of the rights mentioned above. According to the law of the Russian Federation on Joint-stock Companies, only the holder of no less than 10% of shares of the company's authorized capital shall have the right to demand holding an extraordinary general meeting.

Another effective legislative mechanism against abuse of right on the part minority shareholders is determining the necessary set of conditions that entitle a shareholder to appeal against any decision taken by the general meeting. To have the right to appeal against a decision taken by the general meeting, a shareholder should prove that he voted against this decision; though the court of law can leave the disputable decision in force if the voting of the shareholder could not affect the results of the vote.

It should be noted that the mechanism mentioned above was included into the Russian Law on Joint-stock Companies only in 2009. Before that the following abuse was quite common:

A group of people with vested interest wants the decision taken by the annual general meeting to be recognized as invalid. One of the members of the group purchases the company's shares which in totality make up no more than 0,1 per cent of the company's authorized capital. After he receives an extract from the shareholder register, i.e. becomes a shareholder of the company, he gets the right to file a legal action.

It should be noted that the issue of abusing rights on the part of minority shareholders are typical not only of Russia. For example, a German researcher U. Zejbart (1995) notes that any person who holds at least one share, is entitled to appeal to the court to recognize a decision of the general meeting as invalid. On the one hand, it is considered to be a significant achievement in the sphere of protection of minority shareholders' interests, though on the other hand, it is criticized as a source of abusing rights and extortionate suits. In Great Britain judicial ways of protecting shareholders' rights are an essential part of the company law. However, the British legislation constantly expands the legal measures against abuse of rights on the part of shareholders (Syrodieva 2001).

5. The means of protection against abuse of rights on the side of majority shareholders

As far as majority shareholders are concerned, since they hold significant shares of the authorized capital of the company, it is much more difficult to restrict abuse of rights on their part. We think that the company charter should regulate such matters.

As we have already noted, the main forms of abusing right on the part on majority shareholders are

- unfounded demands on holding extraordinary meetings;
- not attending general meetings;
- unfounded voting against.

These abuses are obviously intended to change the correlation of forces while solving some questions vital for the joint-stock company's activity. The main preventive mechanism in such cases is the correct definition of quorum.

The legislation on this matter is dispositive. Moreover, it allows lowering the quorum for the second meeting if it was not reached during the first one. On the one hand, such mechanism is aimed at preventing the situations when the company cannot solve the questions that are important for its financial and economic activity because of the quorum shortage. On the other hand, the recent court practice has shown that the possibility of lowering the quorum results in numerous violations and abuse both on the part of shareholders and management.

The main reasons of such abusive behavior are the following. The law on Joint-stock Companies allows holding second meetings of shareholders under the condition that there is the 30 per cent quorum to make decisions. Besides, while setting the requirement to notify shareholders about a meeting by a registered letter, the law does not contain the requirement that such letter should be sent with a notification of delivery (delivery confirmation).

The numerous court cases prove that it is a common practice when the letter about holding a meeting is sent by an ordinary registered mail with no notification of delivery.

That is why a shareholder meeting can be held (and is usually held) with no confirmation that a shareholder has received the notification about holding the meeting; yet, the decisions taken during such meeting will be recognized as valid and legal.

Using the above mentioned possibilities, a shareholder who owns 16 per cent of shares (either on his own, or together with other shareholders) can gain control over the company by changing the general director, additional issue of shares, re-election of the Board, amending the company's charter et cetera, which he would never be able to do if the law did not allow holding second meetings at 30 per cent quorum.

We think it is necessary to exclude the possibility of holding a meeting and making any decision if the holders of more than 51 per cent of shares are not present at the meeting, i.e. to exclude the possibility of so-called second meetings. If there are no such legal restrictions, they should be included into the company's charter.

To prevent such abuses it would be useful if the charter included the provision that the notification about holding the general meeting should either be sent to shareholders by a registered letter (with delivery confirmation), or delivered to each shareholder personally under his signed receipt, or published in the print medium specified in the company's charter.

In addition to this, the author thinks it is absolutely necessary that the Provision on general meetings should include the requirement according to which the person who sends the notification about calling and holding the general meeting should

- make sure the notification has been delivered or has not been delivered to the addressee for various reasons (the addressee has refused to receive it or has changed the residence);
- be sure that it is the notification about holding the meeting, but not any other document or even a blank sheet of paper or an empty envelope, that has been sent to the addressee (Figure 2).

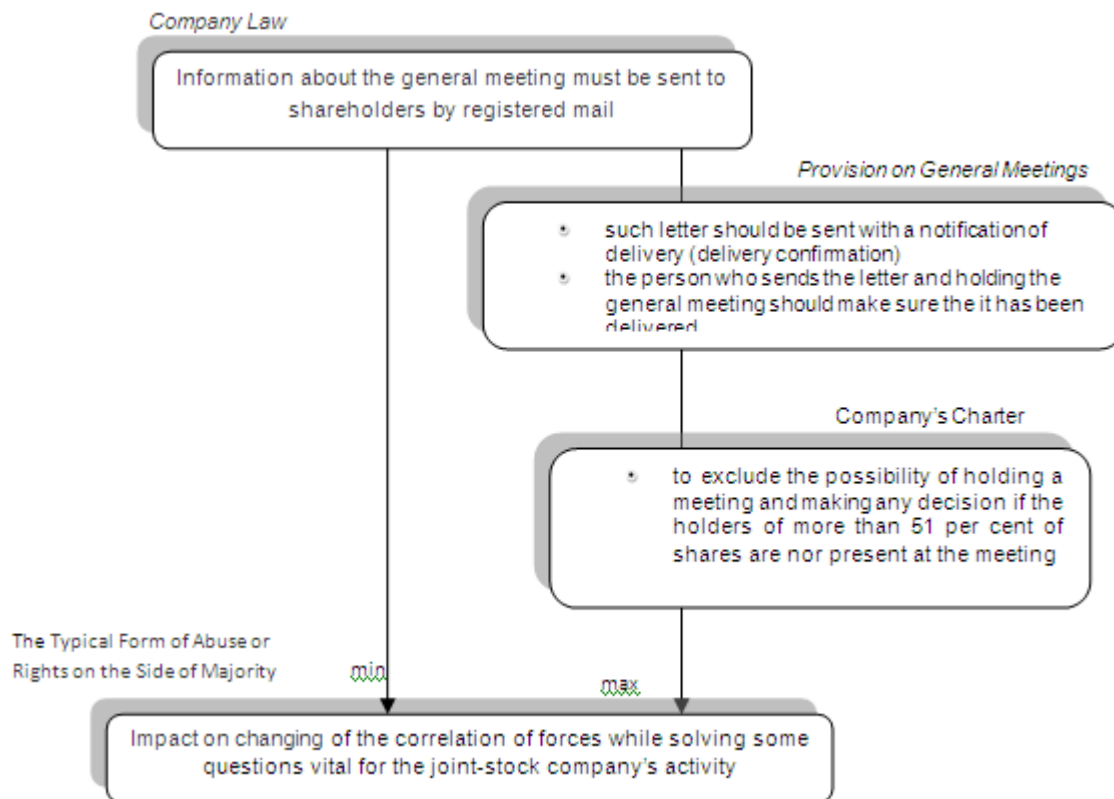


Figure 2: The preventive means of protection against abuse of rights on the side of majority shareholders

6. Abuse of right on the part of a joint-stock company's management

6.1 Forms of abuse of right

Management bodies abuse their rights to retain control over the company and its assets. Usually, it results from their struggle either with the opposing group of shareholders, trying to establish control, or with ordinary shareholders who impede implementing the company's owners' directions into life.

Among the examples of such abuse we can mention deciding not to hold an extraordinary general meeting or various breaches of the procedure of preparing and conducting the general meeting. However, the analysis of the court practice has shown that an overwhelming number of legal actions against managers are brought because of the transactions aimed at asset stripping.

Thus, the main forms of abuse of right on the part of management in the sphere of the company law are

- alienating the most valuable company's property (for example, fixed assets: buildings, production shops, equipment) resulting in the company's inability to operate further or in its operating at a loss.
- violating shareholders' rights to participate in running the company, in particular not notifying or improper notifying them about holding general meetings.

6.2 Reasons and conditions of abuse of right

While analyzing court practice, we came to the conclusion that company's management can abuse their rights mainly due to the lack of proper control on the part of shareholders (Rozhkova 2011).

The author of the paper has come to the conclusion that in most cases the abuse of rights on the part of management involves the General Director. It becomes possible because the sole executive body remains the main link between the company and other turnover subjects in external relationships, and in relationships inside the company itself. It is also possible due to the fact that the General director runs the company and is entitled to dispose of its assets.

General Director usually abuses his rights completing transactions that involve exceeding his authority, asset stripping and spending company's funds.

7. The means of protection against abuse of rights on the side of management

The issue of violating shareholders' rights to participate in running the company has already been considered above. Now we proceed to the problem of selling assets by the company's management.

The legislation sets the minimum limitations aimed at preventing abusing rights by management when they make a transaction on behalf of the company. In particular, if the transaction exceeds 25 per cent of the book value of the company's property estimated on the basis of the accounting data over the last reporting period, it should be completed only upon the prior approval of the Board of directors. Transactions that comprise 50 per cent and more of the book value of the company's property estimated on the basis of the accounting data over the last reporting period should be approved of by the general meeting.

Unfortunately, usually the owners of the company consider such measures to be enough and ignore those provisions of the law that state that there can be other cases when transactions completed on behalf of the company require prior approval.

The following court case is illustrative of this issue.

The company's owners followed only provisions on completing major transactions. The General director within power entitled to him by law, made a transaction on alienation of a building belonging to the company. The value of the building did not exceed 25 per cent of the book value of the company's property. However, the alienated building was one of the fixed assets of the company and its alienation made the company's financial and economic activity significantly more difficult.

Obviously, the law provision on major transactions can limit abuse of right only to a minimum extent. The company's charter remains the main instrument of preventing such abuses (Figure 3).

To prevent abuse of right on the part of a joint-stock company's management, strong regulation of the activity of all management bodies of the company is necessary. The set of the documents regulating company's management bodies is made up of constituent documents, company's internal documents, including codes of governance; provisions such as provisions on the board of directors, corporate secretary; documents that regulate relationships between managing bodies of the company as well as relationships between managing bodies and company's shareholders (Gololobov 2011).

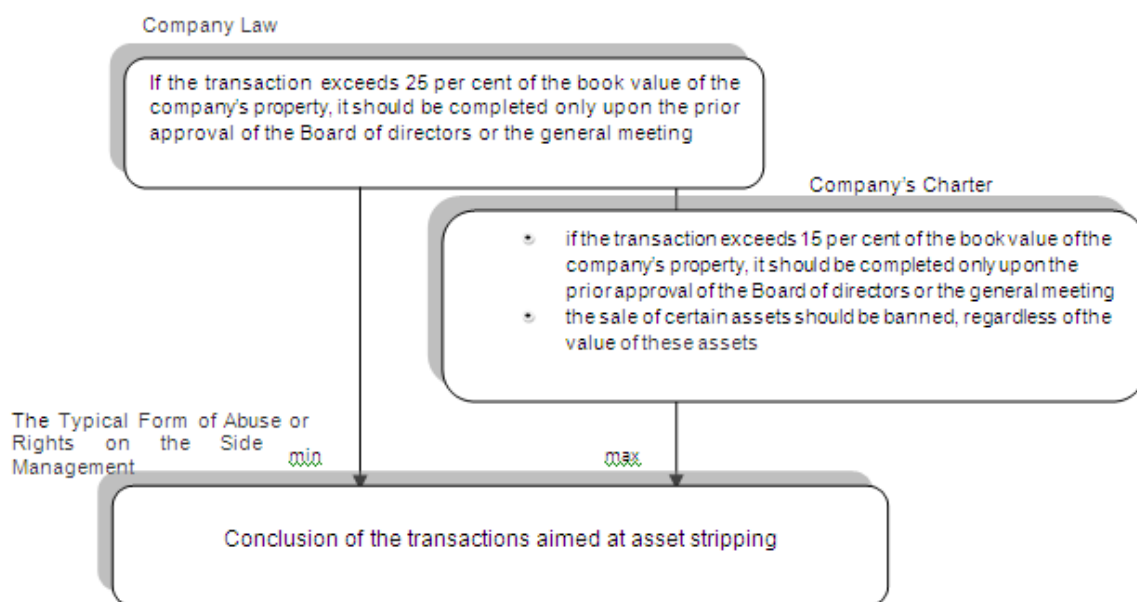


Figure 3: The Preventive Means of Protection Against Abuse of Rights on the Side of Management.

8. Conclusion

In conclusion, it should be noted that the protective measures that we suggest require improving corporate governance in a joint-stock company. Such corporate governance in the first place means having an extensive system of local legal regulation.

The system of preventive measures is the key to protection from abusing rights in corporate relationships. While developing preventive measures it is necessary to take into account the specific features of a particular joint-stock company: its property structure, management system and other factors.

To minimize risk of abusing rights it is also necessary to consult shareholders on such questions as conducting operations with shares (placing, purchasing or selling shares), increasing or decreasing the company's authorized capital and keeping the register.

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Controlling and Strategic Management in the Early 21st Century

Olga Faltejskova and Lilia Dvorakova

Faculty of Social and Economy Studies/Jan Evangelista Purkyně University in Usti nad Labem, Czech Republic

Faculty of Economics /University of West Bohemia in Pilsen, Czech Republic

olga.faltejskova@karneval.cz

ldvorako@kfu.zcu.cz

Abstract: This paper presents the current scientific knowledge of the integration of strategic management and controlling in the context of the changing business conditions in the 21st century. It focuses on analysis of the impact of integration of methods and tools of strategic management and controlling in order to identify the benefits of their inclusion in business process management in a globalized economy. Under current conditions, Czech enterprises are increasingly exposed to the effects of globalization. What do globalization and the new economy bring? Turbulence, discontinuity, uncertainty and chaos characterize the environment in which they must operate. You can-not find certainty where there is none. It is clear that these trends will be intensified and accelerated. New insights into the current development of the company inform of changes to the global paradigm. Under the influence of turbulence, the global world changes from a post-industrial society to a knowledge society. Under these conditions, new approaches to corporate governance are being sought. The old, quite clear and quite predictable, hierarchically organized corporate world is rapidly expiring. The future can-not any more be understood as a linear continuation of the past. The effect of competition is strengthening due to discontinuities of our turbulent environment and is changing into hyper competition. Within the new conditions strategic management must be understood as a permanent, never-ending process, as a sequence of consecutive steps, beginning with defining the mission of the company and ending with implementation and monitoring phases. An important part of strategic management is setting goals. This means, greater demands are placed on managers, especially on their ability to be good strategists and visionaries. They must monitor not only operating of companies themselves, but also their environs, to be able to notice changes and react to them. Time becomes the main limiting factor. Strategic management methods, successfully used in past, fail, and often become subjects of criticism of experts especially too static, which is based on links to the past and subjective assessment. Their use must be based on new approaches. For the future it is necessary to take into account lessons from the past, not to condemn it, but to see and perceive new opportunities in the new conditions. This places new demands on strategic tools and the ability to work with them. By connecting with modern enterprise controlling, strategic management gains a new dimension, necessary for precise and quick decision making in an environment of sudden changes and reversals. Monitoring as a part of controlling can detect turning points in the development, strategic gaps important for managerial decision making about changes. Controlling, in connection with strategy, can focus on the near as well as long-term future. It is necessary to emphasize the need for communication and involvement of all employees in the creation of corporate business strategy, because only this enables them to accept it fully and it is then easier to achieve success.

Keywords: strategic management, globalization, new economy, analytical methods, performance, controlling

1. Aims and research methodology

This paper presents the current scientific knowledge of the integration of strategic management and controlling in the context of the changing business conditions in the 21st century. It focuses on analysis of the impact of integration of methods and tools of strategic management and controlling in order to identify the benefits of their inclusion in business process management in a globalized economy.

In terms of methodology, the research was based on search, analysis and comparison of Czech and foreign literature on the analysis of documents and databases published by public and private institutions and the analysis of the results of the individual research projects and investigations.

The business environment significantly changed under the influence of turbulence, chaos and instability in the last decade. The linearity of development is loses and other development can be predicted very difficult. How the concept of strategic management can to help to maintain position companies in a market, is a frequently asked question today. Search the solution of this problem is a main reason of our paper.

2. Introduction

The world global crisis that hit in 2007, its size, depth and subsequently the continuing recession, tested and proved the adaptability of enterprises not only globally, but also regionally. Why are some businesses successful in the past, experiencing a deep crisis in the current period, an escalating threat to their self-

existence? Might the cause be uncontrolled strategic management? Experience in the Czech Republic shows that underestimating or misunderstanding the principles of strategic management can be the cause of failure. More and more managers have begun to realize the importance and necessity of strategic management.

With increasing turbulence and instability, inducing hyper competition, more criticism can be heard of traditional, existing methods of strategic analysis, pointing at their static dependence, based primarily on references to the past and subjective assessment; new, dynamic, future-oriented methods are sought better reflecting the rapidly changing conditions. The requirement on the ability of the manager changes, the ability to make adequate decisions in a particular situation. How to work with strategic tools and take advantage of their options under the new conditions? What options are provided by the connection of business processes and strategic management with modern controlling is the question asked to the submitted paper.

3. The impact of globalization on the business environment

Globalization can be characterized the most general times as a result of linking the economies of individual countries using modern and innovative technologies enabling quick connection, reducing the time and thus the distance between business entities. Developments in recent decades, if expressed by the motion of a curve or spiral full of twist and turn which are difficult to predict. There is only one certainty: the future will be different from what we have today. "The best way to predict the future is to create it" (Drucker 1969).

Drucker identified on the basis of developments in the late 1970s discontinuity trends (crisis, government coups, military conflicts, changes in technology and the global nature of technology) and predicted four significant changes:

- The emergence of new technologies and the resulting emergence of new industries, incl. extinction of some contemporary ones
- Significant changes in the world economy and the creation of a global market
- Rapid changes in political base on the basis of multi-party political system that affect the social and economic life of the people
- The basic and crucial capital to become knowledge that will change the nature of the work force and the work of teaching and learning and at the same time the question of responsibility of people who have knowledge, and it is that change which is considered the most important.

Introducing of new technologies enable rapid increase in production, reduction of prices of goods and services, and it is easy to increase excess of supply over demand. It amplifies the pressure on the growth of competition, resulting in a struggle for markets, for new customers. The rivalry of global multinational companies in the world market, connected which mergers and acquisitions, is more increasingly associated with terms such as hyper, mega competition, etc.

According to D'Aveni (1994) the emergence of hyper competition is initiated by the business environment, which is characterized by intense and rapid moves by competitors, who are trying to achieve competitive advantages in their favour and also interfere with the benefits of rivals. D'Aveni and L.G. Tomas in 2009 jointly discovered that the destructive power of hyper competition is caused by many forces, including extensive globalization, substitution of products attracting customers, taste- educated and fragmented customer, deregulation and invention of new business models. That contributes to the downfall of entry barriers to the rapid destruction created a competitive advantage, leading to the downfall of companies in the sector and undermining established oligopolies. (Zuzák 2011)

An important factor in competition, apart from cost and quality becomes is a time. It is these changes which strategic management, especially corporations, but also small and medium enterprises, which are mostly dependent on them, must respond to. Dysfunctional, chaotic and turbulent environment of global economy, rapidly alternating cycles of boom and crisis, recession stages leads economists to search for explanation and understanding of their nature, including forecasts of future developments in the natural sciences. An example is the concept of a turbulent environment that is characterized by irregular, nonlinear and unpredictable changes that need to be constantly adjusted. The term "turbulence" was taken from meteorology. Synoptic phenomenon characterized by the term, completely captures the economic analogy. It was first used by Peter F. Drucker, world renowned expert in the field of management, in his book „Managing in Turbulent Times“,

which first published in the Czech Republic in 1994. Drucker sees way of analysing turbulence in the economy, predicting and managing its causes which means giving businesses a chance to survive in this environment.

Paradigm plays an important role in the development of a global society. In the most general terms it can be seen as a supporting idea, a particular concept of thought and action, an interpretation or model of a complex phenomenon. According to Johnson and Scholes (2000) a paradigm allows application of the experience accumulated over the years to a situation, to understand the likely course of action and the possibility of success in this direction.

Paradigm has a fundamental influence on its activity and has implications for development of strategy. Changing the paradigm means abandoning to previous customary way of thinking and an effort to think otherwise. This leads to the formation of a new paradigm, on which a build new strategies and new principles of thought and behaviour. Drucker (1995) first drew attention to the paradigm shift of a global society, which is on the threshold of a "knowledge society" in which we will have to fundamentally transform the focus of our work activities and the ways in which they are organized. He talks about post-capitalist society as a society, where the key economic resource ceases to be capital and becomes productively applied knowledge.

4. New age, new economy

The concept of the "new economy" is a period characterized by rapidly growing activities in the global market, associated with the rapid development of economic entities on the principles of modern technology, supported by high consumption and investment trends.

When want to talk about the new economy as a phenomenon of our global era, which allows in the light of new technologies and new approaches. Improved the performance, it should be made clear what is different from the old economy and what is the new paradigm. Comparison of the old and new economy, the differences between them are shown in the following table:

Table 1: Comparison of Old and New Economy

	Old Economy	New Economy
1	<i>Information is expensive-and time- demanding</i>	Information is available, inexpensive, but valuable and necessary
2	<i>Targeted, unilateral specialized training</i>	Lifelong learning and the dissemination of knowledge from multiple disciplines (cross functional)
3	<i>Work sharing, specialization, distribution of functions</i>	Integration and cooperation
4	<i>The basic production resources are financial capital, technology, labour</i>	Resources include not only powerful technology, but also information, knowledge, innovation, creativity and time compression
5	<i>What is produced is sold</i>	We produce what sells - what customers ask for (choice boards)
6	<i>Offer determined by the market</i>	The demand is determined by market
7	<i>National, local economy and competition</i>	The global economy and competition
8	<i>Individual competition</i>	Need for integration and cooperation
9	<i>Passive information processing</i>	The active use of knowledge

New Economics necessitates new ways of managing, old methods attested until now are not enough. Conventional, functional organization and standard management methods are progressively being supplanted and replaced by new.

5. Strategy and strategic management

From the perspective of modern management strategy can be defined as business readiness for the future. Who is able to anticipate and react quickly, can shorten innovation cycles and come to market with a new product or application of new technical solutions. Strategy from this perspective determines the direction and scope of business activities. It is actually a way to achieve the requisite business goals. Different views of the question what is strategy and how to understand it are many. Probably the best is be characterizes the definition by Johnson & Scholes (2000): "Strategy determines the long-term direction and extent of activities of the company. Ideally, the resources of the organization adapt to the changing environment in which the organization operates, the markets, customers and expectations of stakeholders.

Definition can be completed by Johnson, Scholes and Whittington from 2008 as follows: "It is a combination of direction and range over a long period of time. This advantage for the company is achieved by arrangement of resources within a changing environment in order to fulfil market needs and investors' expectations." (Kislingerová 2011)

It is also emphasized that "strategic management should be seen as a never-ending process, and repetitive sequence of successive steps, beginning with defining the company's mission and its objectives and strategic analysis and ending with formulating possible options (strategies), selecting and implementing optimal strategies and checking and correcting during their implementation. "Under these circumstances, strategic management is more important than the documents themselves that generate (strategies and strategic plans). Because its might be outdated at the moment of their creation." (Keřkovský, Vykypěl 2006)

Management processes, enabling permanent evaluation of obsolescence and flexible decision-making so assume on a greater role.

6. New approach to business management

Drucker as a prominent expert in the area of strategic management focused on innovation and flexible way of business management, based on turbulence, chaos and instability of the current economic environment. His formulation of business strategy therefore reflects the need for a strategic orientation in the growing environment of hyper-competition (Kislingerová 2011):

- be "more than the first and more than the maximum"
- "hit them where they are not" (meaning competition)
- find and occupy specialized "ecological niche"
- change the economic characteristics of the product, market or industry

The priority of enterprises is increasingly methods of process management, which solve these problems with greater precision. Process configuration using on the principles of value chain that allows transparency in business relationships and exposes activities associated with inefficient costs is gaining importance.

"The company is losing its defined interface, is becoming changeful (mutable) it looks like a big amoeba, able to develop in this or that direction. Business amoebae may not be stable, with changes in the market situation and the changing tactics of the participating businesses. Boundaries of businesses sometimes can not be determined. Some ingredients are only virtual and participate when needed." (Jirásek 2006)

Globalization has induced enterprises to accept new forms of management practices that bring value-based management (VBM). The basis of success is to make the customer the most important factor for growth performance and business value. A successful company must make products, which affect their satisfaction and loyalty. VBM (Value Based Management), as a new concept of financial management is based on the control value for the owner (Shareholder Value) as the highest priority to be achieved.

The basic principles of this approach are:

- Creating Value
- Management by values
- Measuring a Value

An important prerequisite for performance-oriented management is to unify the diverse interests of stakeholders to increase enterprise value and capital appreciation of the investment. Decisive interest groups influencing the creation of business value are business owners (investors, shareholders), its customers and employees. The essence of the new approach is the change to customer relationship. Customer value, satisfaction and loyalty, are the basis for sustained growth of the company and its performance.

Another important interest group are the employees who have an innovative, creative business potential, allowing products not only to be produced, but also to develop and improve upon customer demand. Employee loyalty, satisfaction and motivation can be encouraged through rewards and self-realization regarding further education and growth. Enterprises are measured not only by customer satisfaction, but

employee loyalty. The added value they bring to customers and employees is reflected in the growth performance, the financial effect, respectively in added value for the owner - the shareholders.

The global financial crisis has caused a huge drop in stock markets, the impact of rating agencies and other negative influences mean the correlation relationship between the value of shares and corporate performance is significantly weakened.

7. Strategic analysis

The essence of strategic analysis, according to Johnson & Scholes (2000) is understanding the relationship between the different forces influencing company/society and strategy choice.

While analyzing the corporate environment can to detect threats and opportunities in the firms surroundings, the purpose of internal business environment analysis is to identify its strengths and weaknesses, which, together with the results of the analysis of sector environment, revealing threats and opportunities results in a SWOT analysis.

A significant part of complex internal strategic analysis is the analysis of internal resources and the ability of the enterprise, based on tools such as:

- Financial analysis detects vitality respectively. Financial health of the company providing information on the ability to finance its operations and failures need to be addressed.
- The value chain and its analysis divide activities in to main and supporting and finds added value generated for the company. The organizational structure of a company built on the principles of process, activities of the main support, meanings transparency of internal links.
- Portfolio analysis provides the company with the necessary information to balance the portfolio of strategic units or products, and thus the correct direction for scarce resources. Use of matrices is often criticised for its static view of portfolio analysis. The matrix by C. Hofer based on the BCG and McKinsey matrix is a response to this criticism. The design reflects the fact that the main factors affecting the position of the company in the portfolio are competitive position and life cycle of competitive surroundings.

7.1 Issue of financial analysis in current conditions

The historical character of analysis, based on accounting data, respectively of its orientation to the past, is in the current unstable conditions subjected to ever greater criticism. Financial statements cause problems because they do not document exactly the economic reality of the enterprise. Another limitation is the lack of uniformity in the reporting rules of different countries and groupings e.g. the U.S. uses U.S. GAAP accounting standards, the EU is governed by standards (IAS / IFRS), for tax purposes, however Czech companies still report financial statements in accordance with Czech accounting legislation.

A new trend is analysis of the "Economical Value Added" EVA, which reflects the risk directly in the structure of the indicator calculation and conforms to the requirements of performance-oriented business management. An important part of financial analysis is a comparison on the principles of benchmarking. No enterprise is the same and there are differences in production focus, on economic issues and size, which should be kept in mind. In Czech firms EVA is evaluated in statistics Ministry of Industry of the Czech Republic (within industry analyses), but also in the Čekia EVA TOP 100 charts used for comparison by the enterprise sector.

For situational analysis of enterprises are also used methods of determining financial health, such as the Altman Z score or IN indexes.

Significant inadequacies in their use are also (Kislingerová 2011):

- Connection with short-term objectives, indicators based on links to accounting can-not be used to predict long-term development for strategic analyzes are lagged indicators, so their are doubt the possibility of discounting to the present value
- Risk of subjectivity is linked modification by users, especially where the enterprise has economic problems. In such cases a statement of cash flow cannot usually be compiled (in the Czech Republic there

is no obligation to submit annual financial statements), therefore particular creditor interest groups around the company use this report to verify the reliability of the data submitted

- Traditional indicators do not cover changes associated with a shift in the global economic environment and development on the basis of the new economy, especially those related to knowledge capital and customer potential
- Opacity and unreliability – must have good knowledge of the methodology of calculation and make sure of its compliance, for comparability between the SBU or in time development

Despite these limitations, financial analysis indicates that something is happening with the company, although in the past. This may be important for the manager to discover a warning that something is wrong. Phenomenon is to be understood in the context in which it is played. It is a different view than the one to which we were accustomed. Indeed gives information about how the current situation, respectively near past may affect its future.

In the current unstable environment yet another tendency has been recorded: to turn to non-financial, soft indicators.

The integrated systems of indicators, allowing connection of financial and non-financial indicators are also BSC (Balanced Scorecard), created by Americans Kaplan and Norton. BSC, focused on increasing business performance, is based on the vision and business strategy, defines the objectives and benchmarks to evaluate their performance. It conceptually fits into management by value (VBM). Business performance is measured in four dimensions: financial, customer, internal business processes, and innovation (learning and growth), associated with employees of the company.

For many, especially larger companies, it is implementing BSC associated with the expectation of ways to survive and stabilize activity in the current variable and discontinuous global economy. For application of the BSC into corporate practice it is very important that managers identify activities affecting business performance and set the required indicators.

8. New alternative to criticism focuses on analysis of the past

According to Hammer, mastermind of reengineering "using financial management indicators is like driving a car, looking in the rearview mirror." Another expert, Kiernan (1998) argues that „financial analysis provides only 20% of the events in the form of an iceberg "(in Zuzák 2011).

Criticism from this perspective is of the accounting and financial analysis methods, which arise from it. The global economic environment results in shortening of the product life cycle, from standardized products for which production is typical, to production capable of adapting to individual customer needs, changing management style.

Alongside hard, tangible factors such as the level of technology, purchasing materials and raw materials, etc., is the growing influence of soft factors such as customer relations, product quality, market positioning in the customer segment, skills and qualifications of staff, sustainable business development. Kaplan and Norton warn that over the last 20 years, the influence of soft factors increased several times: from 20% in 1970 to 80% in 2000. The value of a company and its performance depends increasingly on soft factors, to which traditionally conceived financial accounting, as a basic source of information for external users, is not able to respond.

The basic problem is obtaining relevant data for processing, on which the majority of financial analysis depends. Criticism of traditional indicators of financial analysis system actually gave rise to a comprehensive system of indicators - Balanced Scorecard which could combine financial and non-financial indicators.

When asked how to cope with the needs for value change management in the current uncertain environment, Prof. Péter Horváth said linking controlling, process management (and the growing ABC Activity Based Costing) and strategic management, which sees the BSC (Balanced Scorecard).

This constitutes a new concept of integrated financial management termed "Performance Architecture". Horváth conceived connections for response to sudden changes in the current economic environment and also

eliminate some of the weaknesses, criticized in the relation to traditional concepts of strategic management. What are the advantages in effects of this connections :

- Modern corporate controlling has a strong integration potential, not only allowing the interconnection of information systems, but also information, management and implementation activities, including links to business processes. While accounting is focused on the past, controlling is oriented to the future. Among the actions which in this sense ensures are the planning process and short-term estimates of planned objectives - forecasting.
- Processes viewed on the principle of ABC (=Activity Based Costing), which enables you to assign costs directly to the activities of each process, resulting in more accurate business calculations, with possibility of regulating overheads
- Strategy in connection with controlling allows in practice to realize strategic management at the operational level. Focus on the future thus combines the short and long term, see Figure1.
- By interconnection with controlling, strategic management acquires a new dimension needed for improvement and fast decision-making in an environment of change and sudden reversals. By combining strategic management and controlling, a company gets an opportunity to respond adequately and timely to the variability of macroeconomic and sectors corporate environment. The standing of controlling in current conditions is evidenced by the numerous investigations which prove the fact that companies with well-functioning controlling more easily overcome the crisis.

Integrated methods of management combining elements of controlling, procedural and strategic management, as more precise measurement of company performance and gives a much more complete formulation of objectives for all levels of corporate management.

The idea of connecting strategic management with controlling and business processes is also promoted by Havlíček and an advantage of this connection is long-term stability of the company. Failure of corporate performance, followed by cash shortages and finally a loss of credibility, are typical signs of business crisis that preceded the failure of strategic management aspects. " The detection of these failures of the greatest accomplishment of modern controlling ". Havlíček complements the traditional sequential model of strategic management, which includes strategic analysis, strategy formulation, strategy implementation of the fourth stage, which is strategic controlling. (Havlíček 2011)

In the Czech Republic underestimating risks, including links to strategic decision are some to negative findings of corporate level. Manufacturing company have the advantage that, as part of large multinational companies, use the know-how and global experience of their mother companies. Czech SME enterprises consider the increasing level of competition and the speed of technological change the biggest risks to strategic decision making. They often lack not only capital resources to overcome these problems, but also the ability to focus on the issue.

The role of financial professionals and managers with experience of controlling has become important as results of the crisis. It is now seen how important it is to have quality controlling team.

8.1 Monitoring internal environment of using controlling

The variability of the environment in which a firm operates, recorded competitive pressures. The basis for regular monitoring is a SWOT analysis of the position of the company, where the "strengths are the basis for managing companies ambitions, weaknesses are the main indicators for the creation of risk management." Controlling as a tool for corporate management can constantly evaluate the weaknesses and the strengths of its position and monitor changes.

In the dynamic present environment, yesterday's success and luck can become a threat for the company in the short term. A mistake of corporate leadership is especially in long-established companies, is that they are unaware of these connections. "Eliminating risks consists of systematic and continuous updating of SWOT and their immediate implementation in the strategic plans. This may mean a change in the overall approach to business management, services and processes." (Havlíček 2011)

One of the most important tasks of modern controlling is monitoring and management of product life cycles. In the current environment competition creates strong pressure to shorten life cycles. Estimating the life-cycle of products and the timing of the introduction of new products is a basic essentials question for the company.

Related to this are marketing tasks such as optimization of prices and pricing policies, monitoring the competitive environment and setting client segmentation Controlling in this sense is not just part of the activities of one of the business segments it must be understood as the style of work of each section, of each employee, as self-controlling. We can-not forget the success of the introduction self-controlling depends on the level of corporate culture.

Monitoring, conducting strategic controlling is able to detect a turning point in development, deviation, respectively strategic gap, important for making decisions about any changes to corporate strategy. It is important to capture the change and the circumstances under which it occurred, including the identification of potential risks. A precondition for success is to react quickly and gain a competitive advantage.

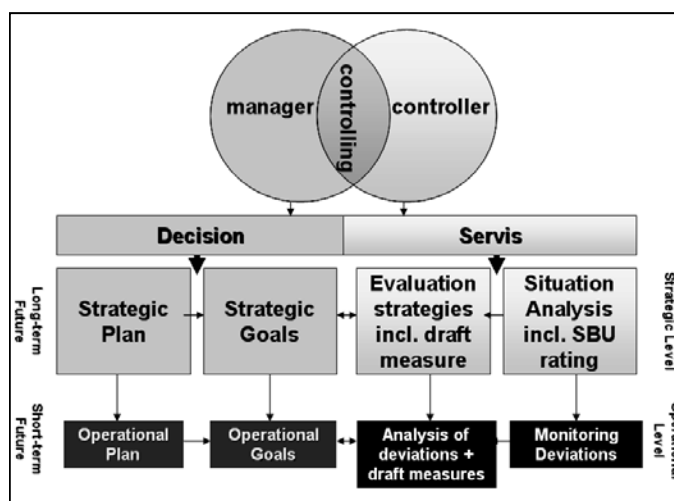


Figure 1: Connection of Strategic Management with Controlling

9. Conclusion

The basic requirement for businesses and their management in environment today's unpredictable, is a flexibility and readiness to change. Criticism of existing, previously used strategic models, leads to the questioning of existing analytical approaches. The experts and managers are looking for new and best solutions. Given the current level of knowledge it is not possible to offer anything better.

A frequent target of criticism is especially subjectivity and static view of the financial analyzes, based on accounting data. Methods of financial analysis, however, indicate beyond those limitations that something is happening with the company. Here is important the understanding, recognition of the phenomenon in a specific context, in which it is happened. That can be for business manager a serious warning signal, that is wrong something. Under the new conditions it is necessary to monitor changes in the business environment and its surroundings, perceive their history in terms of their appearance and react. The process of strategic management today has lost its linearity and so should be treated with it. It cannot be expected that by extrapolating trends we will ensure future development.

Models and instruments of traditional strategic approach should be combined with new knowledge and use of other options that provide business management processes. These include controlling. Through interconnection with controlling acquires strategic management a new dimension needed for more accurate and fast decisions in an environment of change and sudden reversals. It is, as is strategic management, focused on the future. Strategic controlling is able to focus on the near and long term future and use its tools to track changes, crucial for a new strategy. By the numerous surveys on the position of controlling is a proven fact, that the companies with well-functioning controlling easier to overcome the crisis.

The outcomes of strategic management are not important, but the impacts and recording of changes in the circumstances in which they occurred. Taking a lesson from the past and looking towards the future is not like "driving car by looking in the rearview mirror."

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Silk Technology Promotion and Commercialization: Corporate Social Responsibility Towards Livelihood Generation, Gender, Development and Climate Change Adaptation

Cristeta Gapuz and Francisco Gapuz Jr

Don Mariano Marcos Memorial State University-Sericulture Research & Development Institute (DMMMSU-SRDI), Sapilang, Bacnotan, La Union, Philippines

cfgapuz@yahoo.com

fvgapuz@yahoo.com

Abstract: Sericulture is an agro-based labor intensive industry which has socio-economic and environmental potentials supportive to the Philippine government's and global programs on poverty alleviation, gender and development and environmental concerns for climate change adaptation and mitigation. This paper presents the R & D management practices and strategies employed in the implementation of the CHED funded project entitled, "Silk Technology Promotion and Commercialization: CHED-DMMMSU Strategy for Employment Generation of Young Graduates as Agribusiness Entrepreneurs and in Support to RA 9242".. This also presents a bird's eye view on the project which institutionalized the CHED-SUC-Farmers Partnership Scheme at DMMMSU to develop farmers as Agribusiness Entrepreneurs using Sericulture as a Tool and in support to RA 9242 and climate change adaptation as a result of the management strategies. The project employed management strategies and best practices which resulted to the conduct of extension activities and researches which increased the concerned R & D Managers'/researchers' outputs and social responsibility in promoting livelihood generation and climate change adaptation and mitigation using sericulture as a tool and garnering international research awards and outputs relevant to attainment of institutional objectives and performance indicators for SUC leveling. In addition, such management strategies enabled the project to produce a total of 1,316 kilograms fresh cocoons valued at P184,240 and 146 kilograms raw silk valued at P365,000.00 and 2,190 meters 100% silk fabric valued at P1,533,000 from March 2009 to November, 2011 in support to climate change adaptation and mitigation. The 44,050 mulberry trees planted in the different areas has a total carbon dioxide sequestration of 173 tons per annum at a rate of 54 tons per hectare per year.

Keywords: sericulture, silk, climate change adaptation, corporate social responsibility

1. Introduction

The abrupt decline in the budget of the DMMMSU-SRDI has greatly affected the implementation of sericulture RDE projects adversely affecting technology refinement, utilization, transfer and commercialization. This affected the number of successful technology acceptors especially those in the raw materials production base like the farmers who plant mulberry trees, rear silkworms and produce cocoons used for silk yarn and silk fabric production. The lack of funds has also affected the productivity of the Institute's R & D Managers, researcher and extensionists and R & D support staff.

Continuing resource generation through proposals in support to R & D/E was done however, budget releases were low compared to the activities that should be undertaken. Thus, a proposal was submitted to the Commission on Higher Education which was approved with a budget of 1.5 million pesos in September 2007.

The DMMMSU-SRDI created through RA 7359 under the authorship of Congressman Victor F. Ortega is envisioned to be the Center of Information for the sericulture industry in the country. Equipped with basic facilities for research, training and extension functions and manned by 154 technical support staff, SRDI implements sericulture.RDE programs To date, The Institute has developed 46 F1 mulberry hybrids, 108 open-pollinated mulberry varieties and registered two varieties at the National Seed Industry Council. On silkworm, 25 bivoltine and multivoltine silkworm purelines, and 93 silkworm hybrids have been developed, out of which four most promising silkworm hybrids DMMMSU 346, DMMMSU 203, DMMMSU 406 and DMMMSU 408) are utilized for commercial cocoon production.Likewise, various package of technologies on mulberry leaf production, cocoon and egg production, cocoon processing and silk fabric production creating various types of abel iloko 100% silk fabric, products and by products have been developed.

Employing various management practices and strategies, this project institutionalized the CHED-SUC/DMMMSU-Farmers Partnership scheme to develop model farmers using sericulture as a tool and in support to RA 9242. This project demonstrated the viability of sericulture for commercial cocoon production to initially ten farmers integrating the conduct of research and extension activities. The CHED fund support

provides the seed fund for Sericulture R & D and assistance for establishment of model farms/farmers thru the loan collections and income from the project. To date, the total number of farmers assisted is thirteen, coming from Balaoan, Bacnotan & San Gabriel, La Union.

2. Objectives

This paper aims to:

- Share the RDE management experiences, best practices, strategies and innovations developed and/or adopted in the CHED-DMMMSU silk technology commercialization project as it relates to social responsibility of R & D Managers and present some project accomplishments;
- To present the policy implications and recommendations for future RDE planning, socio-economic, sustainable development and climate change programs development .

3. Methodology

3.1 Project background

This Management Experience is based on the implementation of the CHED funded project entitled, "Silk Technology Promotion and Commercialization:CHED-DMMMSU Strategy for Employment Generation of Young Graduates and Others as Agribusiness Entrepreneurs and in Support to RA 9242" by the Project Director, Dr. Cristeta F. Gapuz.

The project was envisioned by then Proponent and Project Director to institutionalize the CHED-SUCs/DMMMSU-Private Entrepreneur Partnership Scheme with integrated conduct of R & D while assisting DMMMSU graduates and others as Agribusiness Entrepreneurs using sericulture as a tool in support to RA 9242. It also further aimed to demonstrate the viability of sericulture as an industry for commercial cocoon production providing additional income to farmers as cocoon producers within a two-year period then continuing integrating R & D following the R & D continuum. With the provision of funds, this was also envisioned to enhance the productivity of R & D Managers by enhancing their commitment and social responsibility empowering them with the availability of additional resources.

This paper aims to present the RDE management best practices and strategies adapted for Sericulture as a new commodity in order to create further awareness among R & D Managers, Administrators, Researchers and Extensionists and international partners in R & D that amidst internal and external constraints and challenges, outputs can still be realized contributing to attainment of institutional objectives. This emphasizes that R & D Managers can respond to such with increased resiliency nurturing them to become more socially responsible as generators of knowledge and technologies and as frontline agents of change for socio-economic development for the benefit of clients providing a positive image to every country's bureaucracy.

3.2 Pre-implementation

Environmental scanning, assessment of the strengths, weaknesses, opportunities and threats of the silk industry and prevailing problems at the local, national and international levels was done out of which a project proposal was drafted and which was later adjusted based on the available fund provision.

3.3 Implementation phase

The work and financial plan as approved by the Commission on Higher Education was followed during the project implementation anchored on the various project components as specified in the project proposal. Appropriate actions were undertaken as a result of monitoring and evaluation and as problems arise.

3.4 Post-project duration phase

Post project duration activities are being implemented as specified in the approved project proposal which is a built in strategy for sustainability of R & D activities.

4. Results and discussion

The implementation of the different project components from Silkworm breeding, egg and silkworm larvae production, cocoon production, capability building and technical as well as financial assistance to farmer

beneficiaries, establishment of rearing houses, marketing assistance on cocoons produced, raw silk and 100% silk fabric production, conduct of support R & D, and monitoring and evaluation were done employing the R & D management practices and strategies as they are necessary on a case to case basis.

5. Management best practices and strategies

Modified Holistic Approach for Planning and Implementation was used which considered prevailing problems at the local, national and international levels. The situation calls for programs that support industries like sericulture that could contribute to addressing issues on sustainable environment like climate change, poverty problems, underutilized lands and utilization of other locally available resources as well as manpower. This requires a participative approach towards the attainment of objectives by the engine of growth. In this case, the DMMMSU SRDI at the host institutional level, the Commission on Higher Education as the source of fund and the private sector partners, the Project Beneficiaries as Model Farmers to operate their Model Sericulture Enterprise using DMMMSU SRDI technologies. Model Farmer does not only commercialize the existing sericulture tech. but also serve as the partner for Technology Refinement, packaging, transfer and commercialization.

Resource Generation Among the management practices adopted is continuing resource generation. As such, the RDD Chief, Dr. Cristeta F. Gapuz now the SRDI OIC-Director prepared a project proposal with the support of Vice President Dr. Florentina S. Dumlao and assistance of few SRDI staff in July 2007, revised in August 2007 and approved with 1.5 M pesos in September of 2007.

Looking back, the finalization of the proposal for final action by CHED Central office was a real challenge for us since that final day (August 9, 2007) the Ilocos Region was being attacked by typhoon Dodong hence, work was only half day as announced by the Office of the President. But we had no choice except to continue with the finalization of the proposal since the deadline is August 10 and we have to finish before 2 AM so that we could request then DMMMSU Board Secretary now DMMMSU NLUC Chancellor Dr. Jaime Manuel to hand carry it for submission to CHED since DMMMSU is having a board meeting the same day.

We were blessed because we were able to finish it before 2 AM and Mr. Gapuz, one of the two who helped in the finalization was able to bring it to Dr. Manuel's house before they left for CHED Manila.

Since our request for a vehicle and driver to ferry our secretary, Mrs. Raguindin who did the final encoding was not granted, we had to bring her home to the next town of Balaoan amidst heavy rains of typhoon Dodong using our own car. Such was another great experience in R & D management, flexibility and patience were employed. For a new commodity like sericulture whereby insufficiency of funds for R & D and other support systems is a major problem, resource generation is always necessary. As such, with the approval of the CHED-DMMMSU sericulture RDE project, the much needed basic nurturing input for R & D Managers to become more productive was provided. This provided inputs for basic operating expenses in sericulture technology transfer and R & D above the meager regular budget.

5.1 Institutionalized supervised credit assistance scheme

Financial assistance in the form of interest free loan of forty nine thousand pesos (49,000.00) was given to initially ten farmer cooperators and additional two farmers with partial availment. The loan was given on a supervised scheme whereby the total amount is given in kind for materials on mulberry production like mulberry saplings, fertilizers, silkworm rearing house of 20,000 pesos, rearing implements, supplies and materials. The loans are collected at 10% from total cocoon sales on the first year and 20% on their total sales on the second year and onwards. As an incentive, only P40,000 from the P49,000 loan is being collected while the silkworm larvae to be reared on the first year was given for free.

This component increased the sense of social responsibility of R & D Managers for technology transfer in the sense that every input has to be provided at appropriate quantities, time and duration coupled with adequate technical assistance and other means of support to sustain and further encourage the cooperators.

Farmers' capability building Lectures on mulberry production and silkworm rearing followed by on-farm training whereby the farmers are given close technical assistance on their sericulture enterprise venture were provided to the farmers.

Mandatory Client Partnership In order to avoid the ill effects of dole out system and to make the farmers feel their responsibility and value their new venture, a Memorandum of Agreement (MOA) is explained and signed between DMMMSU-SRDI of which the farmer is required to have a counterpart from mulberry establishment like land, labor other materials inputs which is also true for rearing house construction up to silkworm rearing. While the dole out system is not practiced, the project as incentive gives the silkworm larvae free of charge on the first year while nine thousand pesos from the P49,000 is not collected as loan.

6. Institutionalized Support Systems on Production and Project Sustainability:

- Institutionalized R & D support
- The project integrates appropriate R & D activities with the farmer and technical men in the Institute as partners in the process. Appropriate technology refinement to repackage existing sericulture technologies to address any part of the technology that could be improved to lower production cost at higher production is an integral part of the project implementation.
- Institutionalized mulberry sapling production and distribution – farmers are given ready to plant mulberry saplings good for ¼ ha produced at SRDI and is a part of the credit assistance.
- Institutionalized silkworm egg production– breeding and production of silkworm F, three-way and double-cross silkworm egg hybrids is done at SRDI intended for farmers.
- Institutionalized Third instar silkworm larvae production and distribution – DMMMSU-SRDI hatches the silkworm eggs and rears the silkworms up to third instar employing young age rearing techniques to ensure healthy larvae for distribution to farmers at 2 boxes per ¼ ha mulberry with 5 rearing seasons in a year.
- Institutionalized Marketing assistance
- All cocoons produced by each farmer is bought by DMMMSU-SRDI under the project fund at a cost of P140/kg is provided for the project.
- 6. IEC materials preparation
- To facilitate technology dissemination, technology posters, flyers, and a project management report in video format .were prepared on mulberry production,silkworm rearing and cocoon production as well as on silk processing and silk fabric production..

6.1 Promotions and awards received

Popularization of sericulture and dissemination of R & D outputs is done through mass media in cooperation with different TV networks, presentations in technology fora, participation in scientific conferences

The R & D components of the project were presented in various international, national and regional scientific conferences in Singapore and the Philippines winning 13 international awards on oral and powerpoint presentations. Some of these international awards include the Award for the Project Director and SRDI OIC-Director as Outstanding Filipino Researcher 2012 and as recipient of the Global Diamond Award for Best University Research & Development Program 2012 and Diamond Award (First Place) in Oral Research Presentation during the Global Conference on Education, Business, Engineering & Sciences held in Singapore this 2012. Likewise, in 2011, the case study of the project presented by the coauthor, Francisco Gapuz Jr., won the Diamond Award (First Prize) during the Asian Conference in Cagayan de Oro City, Phil. In 2011. Likewise, Post Cocoon R & D researchers Milagros Nillo, Rubelyn Delfin and Flory Libunao using a portion of the project's silk outputs conducted research on suksuk design which earned regional and national S & T awards in 2011.While Project Manager Elizabeth Madrid and Farmer cooperators from San Martin, Bacnotan, La Union Salvador Badua won third place in the 24th Regional Symposium held last October 2012.

These are just some manifestations of nurturing the social responsibility of R & D Managers since apart from active participation in the project implementation as Project Director, Project Leader, Managers and Project Leaders, they also act as frontline researchers to help promote sericulture as an industry.

6.2 Further project sustainability

Post project duration activities are being implemented with the continuing technical assistance, supply of third instar silkworm larvae to the farmers recruited during the project implementation duration. Full marketing assistance is provided by buying of cocoons from the farmer cooperators at ₱ 140.00/kg. As a continuing support, DMMMSU, under the administration of President Benjamin Sapitula is already implementing the increased price of fresh cocoons produced by farmers at ₱ 160.00/kg. Likewise, as a means of sustainability, collection of amortization of loans given for the technology transfer inputs of each sericulture entrepreneur are being collected every time they sell cocoons at 20% of the gross sale amount. As a legacy of the CHED-funded sericulture project as planned and specified in its approved proposal, the project has to continue CHED- DMMMSU- Private Entrepreneur Partnership as among the solutions on lack of funds from the regular budget, additional farmer cooperators are being assisted. As such, last March 2012, as a result of the radiation effect of the project, another farmer, Rosario Biscarra of Lacong, San Gabriel, La Union became interested and now being assisted in her Sericulture venture.

6.3 Management actions on problems met

At the start of the project, the recruitment of qualified DMMMSU graduates as beneficiaries was difficult even with the long list of Agriculture graduates taken from the Registrar's office in barangays which are only near DMMMSU-SRDI. These were due to unavailability of time by the graduates, unavailability of land owned by their families as well as lack of support manpower within their family. Hence selection then included non-DMMMSU graduates and spouses of Institute staff. Initial performance then of the first batch of farmers encouraged others to join hence the project exceeded its target beneficiaries. Another problem was on some farmers not being able to rear silkworms within the schedule. This was addressed by holding of meetings by the project Director in their respective barangays and with follow up and continuing assistance by project leaders. The sericulture RDE activities in the different project sites as well as at DMMMSU-SRDI necessitates that technical and support staff has to report beyond working hours as well as during Saturdays, Sundays and holidays. Hence the implementation of flexitime or compensatory time off was adapted.

7. Accomplishments of the dmmmsu-ched sericulture project as a result of the management best practices and strategies

The following are some of the accomplishments of the project as reported by Gapuz, et. al (2012) in their CHED-DMMMSU sericulture project case study paper. They reported that the twelve project beneficiaries who are already producing cocoons in their sericulture venture specifically on commercial cocoon production alone derived subsidiary incomes from their sericulture activities ranging from P 3,990 to ₱12,390 with ROI of 18-117 /annum for 2009. For CY 2010, income ranged from ₱2,030 to ₱12,124 with ROI of 5 to 42. These excludes the value of mulberry cuttings sold as firewood or just utilized by their respective households, including the intercropped cash crops in the case of one site (Table 1).

Table1: Income derived by Sericulture farmer co-operators (2009-2010)

Farmer Cooperators	Cocoons Produced (kg)	Cost of Cocoons (₱)	Cost of by Prod ^f (₱)	Total Cost of Products	ROI	Cocoons Produced (kg)	Cost of Cocoons (Peso)	Cost of by Prod. ^g	Total Cost of Products	ROI
	2009	2009	2009	2009		2010	2010	2010	2010	
1. Antonio Madrid	75.10	10,514	2,500 2,690** *	15,704	35	86.60	12,124	3,000	15,124.	5
2. Salvador Badua	80.75	11,305.0	3,600**	14,905	51	80.50	11,270	4,000*	15,270.	14
3. Oscar Ocampo	72.00	10,080	2,500	12,580	59	74.00	10,360	3,000	13,360.	42
4. Gerlinda Elias	88.50	12,390	2,500	14,890	62	54.10	7,574	3,000	10,574	37
5. Natalia Bertolien	43.00	6,020	2,500	8,520	117	65.00	9,100	3,000	12,100	17
6. Armand Orairo	60.00	8,400	2,500	10,900	39	53.50	7,490	3,000	10,490	19
7. Reynaldo Ganola	61.75	8,645	2,500	11,145	53	29.00	4,060	3,000	7,060	32
8. Emily Pacatang	44.50	5,230	2,500	7,730	42			3,000	3,000	
9. Nestor Rodriguez	28.50	3,990	2,500	6,490	18			3,000	3,000	
10. Pedro Abuan						23.00	3,220	1,500	4,720	3
11. Patricio Tubang/ Zenaida Ayunon	3.75	525	2,500	3,025		14.50	2,030	3,000	5,030	15
TOTAL	557.85	78091	28,790	106,889		480.2	67,228	32,500	99,728	

*computed cost

** cost of dried mulberry stems sold to neighbors/year

*** cost of corn, cowpea and mungo



Figure 1: Cocoons produced by the different farmer-sericulturists which they sell at P140/kg. DMMMSU-SRDI gives free technical assistance and marketing support to the farmer-cooperators.

Table 2 shows that a total of 87 silkworm rearings were undertaken by the sericulture entrepreneurs with the amount of silkworm reared in boxes (20,000 worms/box) with varied quantity of silkworm reared indicating their differing adaptation behavior to the sericulture technology. This indicates that the adaptation to sericulture technology is highly affected by prevailing conditions of which a client and other support systems for technology transfer by the Don Mariano Marcos Memorial State University through the Sericulture Research & Development Institute with funds from the Commission on Higher Education should be maximized.

Under the varied project circumstances, the farmers were able to produce 1,318.5 kg fresh cocoons valued at ₱184,590..

It can also be noted in Table 1 that the sericulture project venture is supportive to National and International Gender and Development Programs since the cooperators are comprised of 33.3% females and 66.66% males. The participation of both men and women, young and old in the mulberry production and silkworm rearing for cocoon production activities is well distributed and possible since the sericulture technology is easy to follow and can be done by both sexes. This supports social empowerment for both female and male sectors in any country.

Table 2: The dmmmsu-ched farmer co-operators with their corresponding total number of silkworm rearings, quality of silkworm used, cocoons produced and cost of cocoons March 2009-nov 2011

DMMSU-CHED SERICULTURE ENTREPRENEURS	NO. OF REARINGS	QTY. OF SILKWORM REARED (box)	FRESH COCOON PRODUCED (kg)	COST OF COCOONS (₱)
Madrid, Antonio San Martin, Bacnotan, La Union	16	11.0	220.7	30,898.00
Ganiola, Reynaldo Ortega, Bacnotan, La Union	9	4.55	110.75	15,505.00
Ocampo, Oscar Ova-ov, Bacnotan, La Union	9	8.0	181.00	25,340.00
Pacatang, Emily Lacong, San Gabriel, La Union	3	1.5	44.50	6,230.00
Elias, Gerlinda Lacong, San Gabriel, La Union	10	6.8	173.1	24,234.00
Oreiro, Arman Ortega, Bacnotan, La Union	9	6.8	127.5	17,850.00
Rodriguez, Nestor Sinapangan Norte, Balaoan, LU	3	1.5	28.50	3,990.00
Badua, Salvador Sipulo, Bacnotan, La Union	11	10.5	251	35,140.00
Bertiolen, Natalia Lacong, San Gabriel, La Union	7	5.0	117	16,380.00
Tuba-ang, Patricio/Zenaida Ayunon Lacong, San Gabriel, La Union	3	1.5	18.25	2,555.00
Pedro Abuan	7	3.0	46.2	6,468.00
TOTAL	87	121.35	1,318.50	₱184,590.0

Benefits of Sericulture to Climate Change Adaptation/Environment

Promotion of use of unutilized and/or underutilized lands-environmental sustainability and natural resource management.

Simply becoming a part of the CHED-DMMMSU Sericulture Project has transformed the farmer cooperators as environmental entrepreneurs. Before the introduction of sericulture as industry in the different project areas,

which are now planted with mulberry trees, the same areas were either unutilized or underutilized planted sparingly with camote, banana, vegetables and a little portion with rice. Gapuz and Gapuz (2012) further reported that the project, supportive to environmental sustainability of the Millennium Development Goals and on thrust on Disaster Risk Reduction and Management & natural resource management, RA 9729 (Phil. Climate Change Act of 2009) and RA 101211, 3.3 has of unutilized and underutilized lands were made productive by planting mulberry trees for cocoon production as part of the sericulture technology commercialization and as an industry.

The same authors further claimed that a total fresh biomass production of mulberry in the different project sites with of 130,767.7 kg (about 28.57 tons/ha/yr) was realized. This is supported by the findings of Huy, et. al. (2007) in their report that the fresh mulberry biomass production in Cambodia at different harvesting intervals ranged from 27.6 to 36.4 tons /ha/yr.

They further claimed that the above facts support the findings of Ya Tang et. al (2010) in China on mulberry biomass production in marginal lands of which mulberry as a multipurpose plant for both cocoon production activities in sericulture as well as for biomass energy production is promising. He reported a case study on marginal land in Ningnan County, Sichuan Province with per capita cropland of 0.07 ha, indicated that some 380,000 tons of dry biomass could be produced each year from annual pruning of mulberry trees. The foregoing facts emphasize that anyone who engages in sericulture becomes an entrepreneur in support to environmental sustainability because unutilized or underutilized kinds are transformed to productive use through the planting of mulberry trees which sequester excess carbon dioxide in the atmosphere contributing to climate change adaptation.

Table 3: Effects of sericulture to land use and environmental enhancement

Table 3. Effects of sericulture to land use and environmental enhancement.

Name of Farmer, Farm Address	Topography	Previous Land Use	Fresh mulberry Biomass (kg)*	Amount of CO2 sequestered/ yr/farm (kg)	Occurrence of Erosion after planting mulb
Patricio Tubaang, Zenaida Ayudon Lacong, San Gabriel, L.U.	Slightly rolling	Planted sparingly with banana	12,000	16,200**	None
Gerlinda Elias Sitio Bantugage, Lacong, San Gabriel, L.U.	rolling	A small portion was planted with camote & peanut, most are not planted	10,675	14,175**	None
Natalia Bertolen Lacong, San Gabriel, L.U.	rolling	Majority was not used, small portion planted w/camote.	12,200	16,200**	None
Emily Pacatanga Lacong, San Gabriel, LU	Rolling to plain	On fallow	7,625	10,125**	None
Salvador Badua Sipulo, Bacnotan, L.U.	plain	Rice, but not productive	15,250	20,250**	None
Nestor Rodriguez Sinapangan Norte, Balaoan, La Union	rolling	Cogonjal area, not planted w/ any crop	10,675	14,175**	None
Oscar Ocampo Uya-oy, Bacnotan, L.U.	Slightly rolling	Majority is unused, small portion was planted w/veg	12,200	16,200**	None
Armand Oreiro Ortega, Bacnotan, LU	rolling	Small portion planted w/veg.	18,300	24,300**	None
Reynaldo Ganola Ortega, Bacnotan, LU	rolling	Small portion planted w/veg	10,065	13,365**	none
Antonio Madrid San Martin, Bacnotan, LU	plain	Rice, veg	9,150	12,150**	none
Pedro Abuan Casiaman, Bacnotan, LU	rolling	None	10,675	14,175	none
Danilo Elias, Jr., Lacong, San Gabriel, LU	Slightly rolling to plain	Camote, rice	1,750.7	1,662.5***	none
TOTAL			130,765.70	172,977.50	

*28.57 tons/ha/yr

** 53,998.65 kg./ha/yr

***12,666 kg/ha/y



Figure 2: Previously unutilized lands in Lacong, San Gabriel, La Union are planted with mulberry trees . Increasing the income of both ,male and female sectors and promoting climate change adaptation strategies.

8. Carbon dioxide sequestration

The 44,050 mulberry trees planted in the different areas has a total carbon dioxide sequestration of 172,977.5 kg/yr at a rate of 12,666 kg/ha/yr (just one area with less than a year of mulberry trees) to 53,998.65 kg/ha/yr in all other mulberry production areas (Table 5). These are higher compared to bamboo's carbon dioxide sequestration which is 12 tons/ha/yr as reported by Millare (2010).

It is evident that the utilization of marginal lands by planting them with mulberry trees for sericulture technology commercialization is a good adaptation and mitigation strategy to address the increasing effects of disasters brought about by climate change.

The foregoing results are supported by a report in Colorado Green Magazine (<http://coloradotrees.org/benefits.htm:2011>), that planting trees remains one of the cheapest, most effective means of drawing excess carbon dioxide (CO₂) from the atmosphere. Explaining the process, it explained that heat from the earth is trapped in the atmosphere due to high levels of CO₂ and other heat trapping gases that prohibit it from releasing heat into space creating a phenomenon known as the greenhouse effect. Trees remove (sequester) CO₂ from the atmosphere during photosynthesis to form carbohydrates that are used in plant functions and return oxygen back to the atmosphere as a byproduct. About half of the greenhouse effect is caused by CO₂. Trees therefore act as a carbon sink by removing the carbon and storing it as cellulose in their trunk, branches, leaves and roots while releasing oxygen back in the air.

The same source stressed the importance of trees by the fact that a healthy tree stores about 13 pounds of carbon annually or 2.6 tons per acre per year. An acre of trees absorbs enough CO₂ over one year to equal the amount produced by driving a car 26,000 miles. A car driven 26,000 miles will emit automobile fuel use between 22,880 lbs CO₂ and 27,647 lbsCO₂. Thus one acre of trees compensate for automobile fuel use equivalent to driving a car between 7,200 and 8,700 miles.

9. Conclusions

The foregoing R & D management best practices, strategies and innovations developed and/or adopted by the project management with the DMMMSU management support were the best possible courses of action for the maximum benefit of the project in order to attain its objectives considering the circumstances.

In the process, the R & D Managers were further equipped with funding and other needed resources in order to carry out their responsibilities increasing their productivity, morale and value hence enhancing their sense of commitment and social responsibility.

These resulted to the attainment of outputs, gave the project director more responsibilities but enabled her to direct concerned project staff in the attainment of expected outputs with corresponding case adjustments. This resulted for the DMMMSU-SRDI to effect its role as an engine to growth by being able to assist more project beneficiaries than expected since more farmers are interested to join.

The project management experience employing the foregoing Best Practices/Management Strategies has not been easy considering the circumstances but we consider it as a rewarding experience which has made us go through the challenging yet exciting journey in R & D Management experiencing the synergistic cooperation of SUCs like DMMMSU as engine of development, funding agencies like the Commission on Higher Education, and the Client-the Farmer as he is assisted to learn a new technology that will give him additional income while he is being stimulated to look around to use resources around him within his capacity like his underutilized land, available labor within his household and neighborhood, locally available materials and many more while technically and financially assisted to venture in sericulture is given the chance to use his expertise as a farmer. He became a part of the team of change agents/extensionists from DMMMSU as more farmers are expressing interest to venture in sericulture. Most important to note are the nurturing of institute resources like the R & D managers to become more socially responsible.

Realistically, there were pains, but the gains which are contributory to the attainment of SRDI and DMMMSU's institutional objectives are greater which makes this management journey a success.

10. Recommendations and policy implications

Sericulture RDE management best practices and strategies as implemented by the concerned CHED-DMMMSU sericulture project management, led by its project director resulted to attainment of project outputs relevant to socio-economic and environmental concerns empowering the concerned R & D managers, researchers and extensionists for opportunities to serve and increase their outputs supporting institutional objectives, despite constraints.,

Support to sericulture RDE and its effective and efficient management is therefore necessary at the institutional, regional, national and international levels integrating it in relevant programs and plans addressing socioeconomic and environmental issues.

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Towards an Agile Method for ITSM Self-Assessment: A Design Science Research Approach

Hannes Göbel¹, Stefan Cronholm¹ and Ulf Seigerroth²

¹School of Business and IT, University of Borås, Borås, Sweden

²School of Engineering, Jönköping University, Jönköping, Sweden

hannes.gobel@hb.se

stefan.cronholm@hb.se

ulf.seigerroth@jth.hj.se

Abstract: — IT Service Management (ITSM) is an expensive field where small and medium sized enterprises (SMEs) need to become more efficient in their ITSM related work in order to cut costs and improve quality. The focus of this paper is to suggest a solution to the scarcity of process improvement methods dedicated to ITSM-processes in SMEs. The solution consists of an agile self-assessment method designed and evaluated in accordance with Design Science Research. The aim of the method is to support SMEs in their attempt to evaluate and improve their quality of ITSM processes. The findings show that the method creates opportunities for organizations to improve their ITSM processes. The method can be used to identify process gaps in comparison to standards for ITSM. It can also be used for benchmarking purposes within an organization as well as it can guide an organization's improvement efforts. The method also depicts a standard that is easy for SMEs to understand and to use as guidance (with ITSM specific examples). Finally, the method enables SMEs to implement standards for ITSM in a resource-efficient way. Based on empirical evidence from applying the method the conclusion is that the method is useful for the intended target group and that the method agrees well with theories within the field.

Keywords- IT Service Management (ITSM); Process improvement; Design Science Research (DSR)

1. Problem relevance

IT Service Management (ITSM) is expensive and small and medium enterprises (SME's) need to become more efficient in their ITSM related work in order to cut costs. One way of achieving more efficient processes is to use methods to compare the organization's processes against standards in order to identify gaps and receive guidance to improve processes. The aim of this paper is to suggest an agile method for ITSM self-assessment dedicated for SME's. Our method development process has followed the seven design guidelines in Design Science Research (DSR) by Hevner et al. (2004). The reason for using these guidelines is that their purpose is to support the development of an artefact (such as a method). The guidelines read: Problem Relevance, Research Rigor, Design as a Search Process, Design as an Artefact, Design Evaluation, Research Contributions, and Communication of Research. The section is divided into three parts A) *ITSM - what is delivered and what is the costs?*, B) *SME's – why is not existing methods suitable?*, and C) *CMMI – a base for agile ITSM self-assessment*.

1.1 A. ITSM – what is delivered and what is the cost?

The ITSM field is a widespread area where the private as well as the public sectors have to manage and maintain IT-systems and processes as services. According to Lynch (2006) 95% of U.S. companies have budgeted for ITSM processes in 2005 and Galup et al. (2009) stressed that there is a need of awareness of ITSM because of the obvious importance of this new emerging discipline. Pollard et al. (2009) define ITSM as a strategy by which information systems are offered under contract to customers, and performance is managed as a service. A similar definition of ITSM is that it focuses on defining, managing, and delivering IT services to support business goals and customer needs (Winniford et al., 2009). Also Galup et al. (2007) argues that ITSM is process-oriented and thus has common interests with process improvement methods, project management and IT governance (e.g. Six Sigma, Total Quality Management and Project Management Body of Knowledge etc.

Several researchers believe that the cost of ITSM is as high as 60-90% of the total cost of the expenditure of an IT organization (Fleming, 2005; Orlov, 2005; Haverblad, 2007; Galup et al. 2009). An interesting claim is made by Addy (2007) who argues that ITSM-related costs annually add up to over 300 billion dollars, which is more than the country of Norway's GNP. Because of these high costs, providers of IT services can no longer afford to focus on products and technology. Instead, they also have to consider the quality of the services they provide and their relationships with customers (Van Bon, 2002). Some other issues within the field of ITSM, described

by Pigoski (1997), are that the cost of maintenance is too high, the speed of maintenance service is too slow, and that there is difficulty in managing the priority of change requests.

1.2 B.SMEs – why is not existing methods suitable?

In light of the constant pressure from enterprises to reduce costs and increase efficiency it has become increasingly evident that the quality of the services and the productivity of the processes must be taken very seriously. The Software Process Improvement (SPI) domain is one example of an area which aims at improving the quality of services, the productivity of the processes (Mathiassen et al., 2002) and reducing costs (Coleman et al., 2008). According to McCaffery et al. (2009) an SPI program is best approached through the medium of a process assessment. The authors also state that process assessments highlight strengths and weaknesses in an organization's processes and, thereby act as a catalyst for the SPI initiative. Even though there are different SPI standards, there is evidence that the majority of small software organizations are not adopting these standards (Coleman et al., 2008). According to Tjørnehøj & Mathiassen (2010) challenges for small companies regarding existing SPI methods could consist of;

- The dominant approaches within the area do not target small or medium enterprises.
- Small companies do not have the resources to deal with current SPI methods
- It is tough for small companies to tailor SPI knowledge to their needs
- It is expensive to reach a higher process maturity level

A typical SPI cycle can take anything from 18 to 24 months to complete and demands a great deal of resources and a long term commitment in order to be successful (Zahran, 1998).

1.3 C.CMMI – a base for agile ITSM self-assessment

According to (de Bruin et al., 2005), maturity models have been designed to assess the maturity (i.e. competency, capability, level of sophistication) of a selected domain based on a more or less comprehensive set of criteria. We define an assessment method as a method used to compare the current processes of an organization with a defined set of "best practice" processes. Examples of general assessment methods are CMMI, IDEAL or Bootstrap. A self-assessment method is used internally in a company and should not be used for marketing purpose or for benchmarking against external companies. Assessments can instead be used internally by the IT service organization itself as a starting point for self-improvement (Clerc, 2004), for benchmarking and appraisal activities, as well as for guiding an organization's improvement efforts (CMMI, 2010).

As CMMI is well established in the market, in the research community, and for general practice (CMMI, 2010) we have chosen to make use of this method (CMMI-SVC 1,3) as a basis for solving domain specific problems within the ITSM practice. The CMMI-SVC contains twenty-four process areas where sixteen are core process areas, seven are service-specific process areas and one is a shared process area with other CMMI models.

The documentation that forms CMMI-SVC and its related assessment instructions are very comprehensive and can be perceived as a burdensome task to some users and according to Cepeda (2008) many people find the CMMI book/technical report intimidating just even to *think* about using it.

Another potential criticism of CMMI-SVC is that the goals and practices are too general. According to (CMMI, 2010) it is relevant to any organization concerned with the delivery of services, including enterprises in sectors such as defence, information technology (IT), health care, finance, transportation, lawn care, IT services etc. The problem with too many general methods is supported by April et al. (2005) who argue that there is a lack of specific, adaptable process-improvement models for software maintenance.

2. Research rigor

The reasons for our choice of the DSR method is 1) that the method itself aims to create an artefact (e.g. a method, models, constructs, instantiations) and therefore is suitable for the purpose of our research and 2) because DSR, according to Øgland (2009) has been shown to be a critical success factor in combination with action research within the SPI context. Regarding our specific research we have used the framework of Hevner et al. (2004) and adapted it to our research context (Figure 1). The environment in our research context

consists of seven ITSM practices. These different practices can be viewed as case studies (Yin, 2009) used for designing, testing and evaluating the emerging artifact. All the ITSM practices possess different requirements for their operations in terms of resources, personnel and technologies. The purpose of our IS research has been to create the artifact to be evaluated in collaboration with the ITSM practices and in an iterative way. The representatives of the ITSM practices have been highly involved all of the activities in the DSR project.

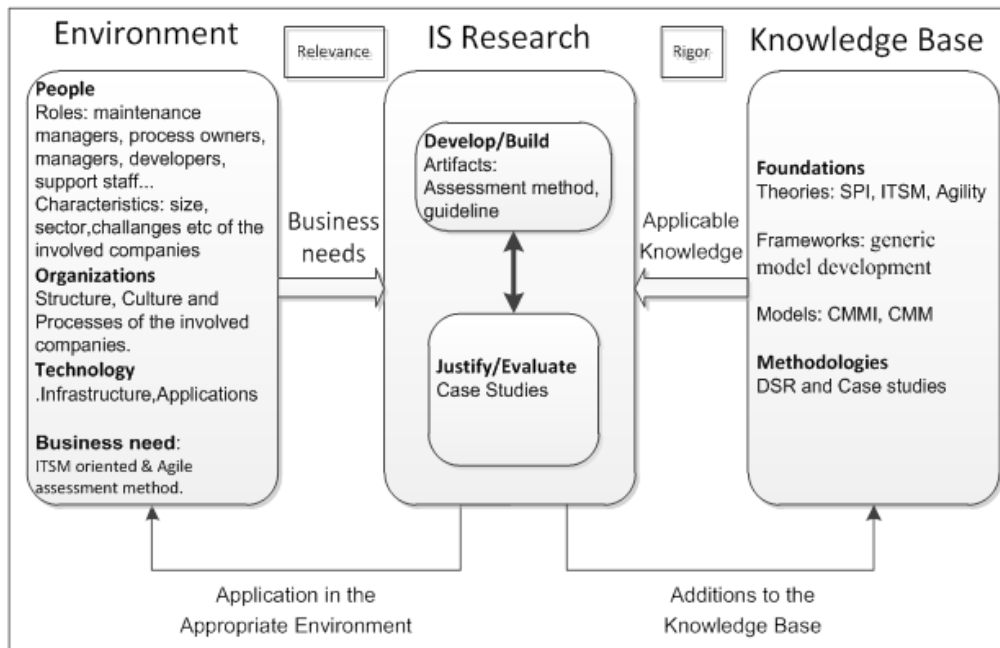


Figure 1: presents an adapted conceptual framework based on Hevner et al (2004 for understanding executing and evaluating IS research)

3. Design as a search process

DSR is an iterative search process where evaluation and development are carried out in several iterations until we achieve an artifact that works well for the specified problems.

This iterative search process includes defining Means, Ends and Laws Hevner et al. (2004). As Means we define the actions carried out to develop our solution. These actions have primarily consisted of a creative process where we, together with practitioners, have designed and developed various proposals for solutions that after the evaluation phase have been gradually refined to reach a solution which all involved researchers and practitioners considered to work well as a solution for the identified problems. In the case of Ends, the goal was to design an agile self-assessment ITSM-method for SME's. Concerning Laws, we have always acted upon the latest updated information on the seven practices involved.

4. Design as an artefact

We have argued (see section I) that there is a need for a specific ITSM process improvement method tailored for SME's. The focus of this paper is to suggest a solution to the scarcity of process improvement methods dedicated for ITSM-processes in SME's. The purpose of this method is to support SME's in evaluation of their ITSM processes and also to provide support for business decisions about how to improve their ITSM processes. To describe the design and development processes of our artefact, we have chosen to use the five proposed phases of maturity model design presented by de Bruin et al. (2005). The five phases consist of the following activities: A) Scope, B) Design, C) Populate, D) Test, E) Deploy and Maintain.

5. The scope of the self-assessment method

We have identified that there is a need for an agile method specified for ITSM self-assessment. To design this method is the overall goal for the DSR project. The goal of the method was to assist and guide practitioners within the ITSM field and in SME's. We decided to base and build the self-assessment method mainly on the CMMI-SVC v.1.3. The decision was based on the fact that CMMI is an established model, recognized by the participating practices and that it provides permission to tailor the model to better suit specific projects.

Method developers are expected to develop a variety of appraisal methods to meet different needs (CMMI, 2010). We claim that by focusing on the ITSM sector our artifact will distinguish the proposed method from already existing methods. The target groups of the artifact are the practitioners

6. Design of the agile method for ITSM self-assessment

The second phase of the design of the agile self-assessment method was to determine a design and architecture for the artefact. This design would form the basis for further development and application. This step constitutes the second step in de Bruin et al. (2005).

We started the phase by discussing whether the artefact should be an *inductive* or a *prescriptive* method? The inductive type takes its starting point in a thorough understanding of the current situation, basing improvement efforts on the issues most critical to the specific organization. The *prescriptive* type, advocates an approach based on a set of best practices that have proven successful in other organizations Pettersson et al. (2008). We have focused on the prescriptive type.

As the practitioners requested a manoeuvrable and straightforward method, we decided that the method needed to be agile. The cornerstone of agile methods is iterative and incremental design and development (Glazer et al., 2008). Continuous process improvement (Liker, 2003; Ohno, 1995; Womak et al., 1991) is also one of the premises for our solution.

The agile method for ITSM self-assessment consists of four steps according to figure 2 below. The steps in the method were inspired by the Plan Do Check Act (PDCA) cycle (Deming, 1993).

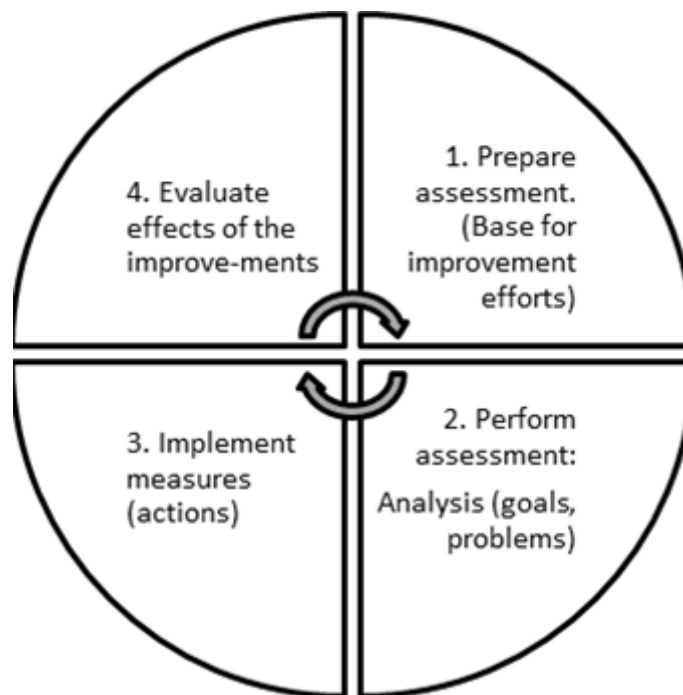


Figure 2: Illustrates the continuous 4 steps of the agile methods for ITSM self-assessment

6.1 Prepare self-assessment – step 1

A staff member is usually appointed by management to take on the responsibility and lead the assessment. The next step is to select suitable process areas. Our evaluations show that it is appropriate for organizations to choose two or three process areas to begin with and then add additional process areas.

To make it easier for users to select process areas, we designed a simple and easy-to-use priority tool. First, the person in charge of the assessment selects a representative number of resources (staff with different roles) in the ITSM field at the specific organization. These resources do not necessarily need to be the people who later will carry out the self-assessment. The selected roles are provided with a document containing a

brief explanation of the purpose of the task and a description of the various process areas. Each role must then select and rank the three areas between 1 and 3 where 1 is the highest priority and 3 the lowest. When the results are collected the facilitator compiles the result and based on this, a decision on what processes are the most critical is made.

Table 1: Examples of a basis for decisions regarding the selection of process areas

Process area	Prio	Prio Votes	1 Prio Votes	2 Prio Votes	3 Prio Votes	Total Votes	Comment
Service Development	System	4	0	1	5	5	Will increase the quality of products
Service Transition	System	2	1	0	3	3	Will increase the customer satisfaction..
...							

The following phase is to decide whether the self-assessment shall be single-service-team or multiple-service-team. An approach based on a single-service-team implies that the assessment is performed within a specific "team" in which all parties dealing with the same service/s for customers. The result of such a self-assessment is only applicable to the specific team and it is not indicative of the entire ITSM organization. The advantages of this approach are that the workshop is carried out more efficient and actions are easier to implement.

An approach based on multiple-service-team implies that the assessment is made up of representatives from several teams in the organization. The advantage of this approach is that knowledge and ideas are spread between the teams and the assessment thus constitutes a more general picture of ITSM operations. One drawback with this approach can be that the self-assessment could be less efficient since consensus could be more difficult to achieve.

In order to facilitate consensus within a reasonable time the number of individuals should not exceed 10 persons in the workshops.

To able to measure the impact of the improvements that the organization has implemented it is important to choose a number of metrics that represent the current condition of each chosen process area. Metrics should be selected according to the selected process area.

6.2 Perform self-assessment, analyze result and decide goals - step 2

When the self-assessment workshop commences, the facilitator describes the purpose of the self-assessment; that it is an opportunity to discuss the activities and tasks that are not functioning satisfactorily within the organization. It is also important to describe that the activity can lead to improvements in terms of higher quality and higher efficiency and therefore also improve the work environment. It is also of importance to stress that all members should participate in the discussions and that the discussion should be frank and open.

After this introductory part the group can start the self-assessment. The facilitator reads the self-assessment statements in order. The facilitator also reads the supplementary information text on respective statement, giving the participants a more extended explanation of the meaning of the statement. The supplementary information should preferably be read in the native language to avoid interpretation problems. A practical example from the "service delivery" process area is that the facilitator reads the statement; "Analyze existing blindly service agreements and service data to Prepare for expected new agreements" (SP 1.1, CMMI SVC 1.3). Then the facilitator read the ITSM customized and additional text: "Analyze the existing SLA (Service Level Agreement) periodically and review the needs of the customer, the business and user. Compare these needs with our own ability to deliver services. The information needed to fulfil the task can be obtained from customers in different ways e.g. face to face, questionnaires and interviews.

When all participants understand the meaning of the statement the group discusses the (possible) different ways they work and agree on a "rating". Again, it is important that participants should try to create an atmosphere promoting the conversation. If the facilitator and the team perform the self-assessment workshop as an interrogation, it has failed. When the group has agreed the facilitator notes a rating. If the "score" is anything but true a comment also is noted (see figure 3). The self-assessment method embraces 5 different ratings; true, largely true, somewhat true, untrue and not applicable. True implies that a statement is followed

in at least 9 out of 10 cases. Largely True means that a statement is fulfilled in 6 to 9 cases and Somewhat True means that a statement is true for 2 to 5 cases. Untrue means that a statement is true for 1 or less cases.

The purpose of Incident Resolution and Prevention (IRP) is to ensure timely and effective resolution of service incidents and prevention of service incidents as appropriate.

1. Establish and maintain an approach to incident resolution and prevention. (SP 1.1)	1	True	
2. Establish and maintain an incident management system for processing and tracking incident information. (SP 1.2)	1	Largely true	We need to add a plugin to our incident system
3. Identify incidents and record information about them. (SP 2.1)	1	Untrue	We are not identifying all incidents.
4. Analyze individual incident data to determine a course of action. (SP 2.2)	1	The description of an incident is analyzed to determine: - Who should act, What measures will be taken, When will these measures be implemented. A measure may be to apply a previously described workaround, restart the equipment, to assist a user, etc.	
5. Resolve incidents. (SP 2.3)			

Figure 3: illustrates the statements a supplementary text *the contents box) rating and the associated comments

If the self-assessment results in that all statements for the first level are true, the process area will be overall rated as following level 1. If the self-assessment entails that all statements, which follow level 1 and 2, are true the organization fulfils level two. The same logic applies to the third level. If an assessment results in a statement with a different rating than true, the company will not achieve that level (except level 1 where it is also fine to have a largely true level). Each statement follows one of the capability levels (1 to 3) according to CMMI-SVC 1.3.

Each statement follows one of the capability levels (1 to 3) according to CMMI-SVC 1.3 (CMMI, 2010). The figure (number 1 in the example, in the middle of figure 3) that is visible after each statement (1-5) shows that the statements follow the first generic goal of CMMI-SVC 1.3. After we conducted tests and evaluations of the method, we have chosen to sort out and combine statements. An example of this type of bundling is a statement for level two, which reads "Provide Adequate resources and assign responsibility and Authority for performing the process, developing the work products, and providing the services of the process." This statement will, in our ITSM customized version represent two statements (2.3 and 2.4) in the CMMI-SVC 1.3. When the self-assessment workshop is completed, the team will not analyze the results further at this point of time. The reason for that is that an evaluation, although it takes a relatively short period of time, can be tedious. Another reason is that it often is difficult for SME's to set aside whole days for this kind of workshop. Instead, the same team will meet another day to discuss the outcome of the self-assessment.

The documentation from the self-assessment workshop (notes and graphs) will constitute the basis for the analysis and the actions that will be taken.

6.3 Implement measures – Step 3

In the third step of the self-assessment method the decided actions shall be implemented in the organization. Depending on the extent of the change, implementation could be performed in various ways. In cases where a longer period of time and a lot of resources is needed, it is preferred to set up a dedicated project for the task. The self-assessment method does not provide any suggestion how this should be done and instead we will refer to the company's own standard project methodology.

6.4 Evaluate the effects of the improvements – Step 4

The last step of the self-assessment method is carried out by performing the self-assessment in pretty much the same way as in step two. The team is now assessing the same processes again in order to evaluate if they are improved. This, second self-assessment, is often faster than the initial because the team already has discussed the statements and therefore has more knowledge than before. When the second assessment is performed a comparison to the results from the initial self-assessment is made. It is now possible to conclude if the team has managed to improve their processes or not. Supplementary metrics selected in step two is also used as an optional evaluation.

6.5 Populating the self-assessment method

In this phase it is necessary to identify *what* needs to be measured in the maturity assessment and *how* this can be measured (de bruin et al., 2005). Regarding “*the what*,” we have come to the conclusion that there are nine process areas that should be prioritized. This conclusion is based on the seven practices’ professional experiences and on reflective discussion between researchers and practitioners during the method development and evaluation. The process areas chosen are: Strategic Service Management (STSM), Service System Development (SSD), Service System Transition (SST), Service Delivery (SD), Incident Resolution and Prevention (IRP), Capacity and Availability Management (CAM), Service Continuity (SCON), Work Planning (WP), Work Monitoring and Control (WMC). The reason for the selections is that the researchers and practitioners believe that the nine selected processes cover also the essential parts (statements) from other process areas, and thus have achieved a good enough selection for our agile method.

Regarding the “*how*” of the self-assessment method we have used the CMMI-SVC 1.3 framework. More specifically we use the “Continuous representation” and thus the “capability levels” 0 - 3.

6.6 Testing the self-assessment method

We state that we have tested and evaluated the self-assessment method (within the seven ITSM practices) to achieve rigor (see also section V).

6.7 Deploy and maintain the self-assessment method

The last phase of (de bruin et al., 2005) is to *deploy and maintain the assessment method*. That is that the model must be made available for use and to verify the extent of the model’s generalizability. We have identified a need to develop the method also from a bottom up approach. Until that version of the method will be finished our self-assessment method is deployed at seven different organizations and we argue that these tests proof it’s generalizability. The method has therefore not yet reached the maintenance phase.

Design evaluation. Our testing and evaluation of the agile self-assessment method for ITSM has been performed in the seven practices that are described above in section II. Hevner et al. (2004) claim that an evaluation of a designed IT artefact requires the definition of appropriate metrics and possibly the gathering and analysis of appropriate data and that IT artefacts can be evaluated in relevant quality attributes. We argue that we have evaluated our method using attributes like “functionality” (it works for the problem domain), “usability” (it is confirmed to be easy to use), “fit with the organization” (the method is tailored for SME’s within ITSM area) and “performance” (we have improved the time for the assessments within the ITSM area).

Research Contributions

Our contribution to the ITSM practice primarily consists of the method. The artefact has provided opportunities to reduce costs and to increase efficiency in ITSM processes. The problems within the knowledge base (i.e. research contributions) we addressed are 1) the gap that exists because of the lack of dedicated methods for solving problems in a specific environment and 2) SPI methods that focus on SME. In addition to these contribution to the knowledge base, the team also showed that 3) the framework of de bruin et al. (2005) for maturity model and 4) the principles of Mathiassen et al., (2002), together serves as useful guides in the development of assessment methods.

Communication of research

DSR must be presented both to a technology-oriented as well as to a management-oriented audience (Hevner et al., 2004). In order to reach the academic audience, the research contributions will be presented at national and international seminars, workshops and conferences within the ITSM field. The researchers also intend to publish results about the artefacts in scientific journals. To specifically address practitioners, results will be presented at a conference aimed at both practitioners and researchers. The initiative for this came from practitioners who also invited members of the research project to present the results. Communication of project results has also been reported in the local newspaper and through the project website.

7. Conclusion

In this paper, we have addressed the problem regarding the lack of specific, efficient and economic SPI methods for SME’s working in the field of ITSM. Based on our empirical experiences we can conclude that the method is useful for SME’s. In order to build the artefact we used knowledge described by Mathiassen et al.,

(2002) and de Bruin et al. (2005) and we can conclude that our method is in line with their theories. Furthermore, we claim that the suggested method, on a theoretical level, creates the conditions for solving the problems in the domain. This is confirmed by the seven organizations involved in the research project. All the organizations will continue to use the method after the research project is completed. Some reflections from practices are that the method is easy to use, easy to grasp, easy to understand, creates an important contribution to the organizations and creates opportunities for knowledge sharing within the company. Furthermore the self-assessment method creates opportunities to improve the organization's ITSM processes. By evaluating the method, we can also confirm that it is possible to use it as a starting point for self-improvement for businesses, identifying gaps in processes, benchmarking within an organization as well as guiding an organization's improvement efforts. The method assists SMEs to comply with a specified standard for ITSM, something that was previously very difficult to do because of the lack of the resources available within an SME. The method also makes a standard easier to understand, to embrace and it provides more guidance (with examples) for SME's. Finally, the method makes it possible for SME's to implement standards with reduced cost, time and resources.

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Use of Quantitative Information as a Support to Develop Leadership for Sustainability Strategies

Giani Gradinaru

Bucharest Academy of Economic Studies, Romania

giani_gradinaru@ase.ro

Abstract: Quantitative approach has gained an increasing importance in the main areas of public policy, with composite indexes gathering more and more supporters, especially in EU. Environmental policy is not an exception, although it is far behind economy, health, and education where the use of indicators and indexes constitutes already a routine. In Romania, environmental quality is a picture differing considerably in substance from one stakeholder to another, and thus potentially leading to the widening of the already existing political division despite Romania's firm European and international commitments. This paper suggests and proposes a composite environmental index for Romania that measures environmental quality by integrating three components: climate change, pollution, and ecosystems. Its opportunity is justified by making reference to both the quality of environmental data and information that is currently available in Romania, and to the relevance of international environmental indexes that are widely spread and utilised in the market practice. A comparison between and amongst three national and local environmental indexes will effectively provide the readers and addressees of this paper with both a reason and a starting point to develop leadership skills for purpose of promoting and putting into practice the below referred sustainability strategies.

Keywords: science-policy interface, environmental quality, information, composite environmental indexes, Romania

1. Introduction

Expressing synthetically environmental quality is a constant challenge for the science-policy interface due to the persistence of numerous problematic aspects that were grouped by Srebotnjak (2007) in three categories: i. general complexity of environmental problems and the negative perception about their elimination; ii. relatively recent introduction of quantitative methods and information in policy making facing an ideologically motivated resistance; and iii. language barriers among statisticians and administrators, and also among statisticians and experts from different science fields which are involved in environmental research. Overcoming some of these problems was addressed by building more synthetic indicators, also known as composite environmental indexes (CEI), which attempt to express in an intuitive, simple formula a variety of environmental characteristics so that they contribute to the elaboration and implementation of the most appropriate policy measures.

In Romania, environmental quality is increasing in importance as policy goal especially as a condition for the adhesion to the European Union (EU). Therefore, the monitoring system is quite well developed, providing a wide range of environmental data. Nevertheless, unequivocal conclusions about the state or trend of the environment are difficult to be formulated if high level expertise is not at hand. This transforms environmental policymaking in a response to various external pressures that could fail to consider priorities at national level. These general considerations regarding the science-policy interface in environmental protection and the specific ones about environmental information in Romania reveal the need for an operational formula that allows an objective information input in environmental policy making. This formula is proposed by the paper, being based on the integration of more environmental quality areas (climate change, pollution, and ecosystems). In fact, it is a composite index constructed by using data for the 1995-2007 period. Increased availability of data could transform this index in an efficient decision support tool, but it will also foster further research for improving decisional relevance and international comparability.

2. CEIS' potential to support environmental policy making

Environmental policy's information needs increased and diversified along with high public awareness on the necessity and urgency of environmental protection. One outstanding requirement is to assess the relation between actions and their results that are possible only by having the possibility to measure environmental quality.

Conceptually, environmental quality is a very general construct, since it refers in the meantime to air, water, soil, ecosystems, pollution sources, waste, environmental expenses etc. Environmental quality cannot be expressed by measuring one sole characteristic. For example, suppose that the measurable characteristic is

greenhouse gas emissions it is not possible to differentiate regions or periods in which radioactive pollution has a significant impact on human health or water is polluted with nitrates. On the other hand, environmental characteristics are not discrete. The variation of one of them corresponds with changes in others according to more or less known equivalences. Thus by knowing the level of greenhouse gas emissions it is possible to formulate an opinion about the acidification, since the pollutants come from the same source.

Such patterns made environmental quality assessment a huge challenge for science. The results are individual indicators based on the supposition that their correlation with other environmental characteristics is strong enough to indicate the overall state of the environment; lists of indicators systematized according to different criteria (importance, environmental themes, environmental factors etc.) or conceptual models (PSR approach - pressure-state-response, the 3E1I model – economy, equity, environment, institutions); and composite indexes that integrate a selection of indicators on the basis of rational conceptual underpinning. Some CEIs address environmental quality as a dimension of sustainable development. Each of these categories of solutions has a close score in terms of advantages and disadvantages. The higher operational potential, strengthening of construction methodologies and increasing availability of data enhanced the attractiveness of CEIs. In the last decades, there were built numerous CEIs, a quasi-complete list of them being provided recently by Singh et al. (2009).

The construction of composite indexes follows a well-known methodology reviewed by OECD and JRC (2008). Nevertheless, the process is not smooth. Choosing indicators, normalization, and allocation of weights are the main phases influenced by subjective interpretations, while the choice of aggregation methods is clarified by Ebert and Welsch (2004), who establish the correspondence between data type and aggregation methods (Singh et al., 2009; OECD and JRC, 2008; Van de Kerk and Manuel, 2008; Böhringer and Jochem, 2007; Lee and Huang, 2007).

CEIs are in the focus of scientific community not only as a goal, but also for assessment. There are envisaged the robustness and sensitivity of CEIs and the rational of the conceptual framework. JRC provides an up dated list of these studies. Such an assessment is the one performed by Böhringer and Jochem (2007) for eleven CEIs selected on the base of their „popularity” and information availability on construction methodology. The assessment take in account the methods used for normalization, weighing and aggregation. All eleven indicators fail in respecting the methodologies, some of these failures being beyond the restrains imposed by data availability. The operational potential of CEIs is often outweighed by the need of in depth knowledge about the conceptual framework underpinning their construction (Blanc et al., 2008), the complexity of causal relations that link human activities to environmental quality (Ayres, 2000), availability of data (Saisana and Srebotnjak, 2006), respecting methodological rigor (Böhringer and Jochem, 2007). Thus, a CEI comparable with gross domestic product (GDP) or human development index (IDU) is still not available.

3. International CEIS' relevance for Romania

Ecological footprint, living planet index, and environmental performance index will be assessed in order to reveal their relevance for Romanian environmental policymakers. This will be made by a decision exercise in which the analyzed CEI is considered the sole information source for governmental administration.

Ecological footprint (EF) reveals the relation between consumption and availability of natural resources. Comparing EF with the global availability of productive surface provides an indicator of environmental sustainability which could be monitored for the identification of trends. In case that more productive space is needed than the one that is available, the consumption rate is not sustainable.

The calculation of EF necessitates data on the low of resources for a number of activities such as transportation, energy and material use, product consumption, waste generation and water use. The impact of these activities is converted in a common currency – *global hectares demand* (ghd). By using this currency different impacts could be aggregated for calculating the EF of products, individuals, processes, organizations, regions, and countries. The method is using annual data. Calculations could be made at national levels, but there are also methodologies for companies, activity types or persons. The final value of EF is given by the sum for the following categories: built area, forests, pastures, cropped land, and carbon footprint.

Most of the criticism on EF (Piguet, 2007; Ayres, 2000; Heredeen, 2000; Mofatt, 2000) is raised by the weighing of its components, the interpretation for territorial units that are not established considering ecological criteria (cities, states), and by the sensitivity to certain aspects. The fact that for most of the assessed countries more than 50% of the EF is given by the surface needed for carbon sequestration is considered as an indication for the too high weight given for this component. Political borders used for establishing assessment units could alter the interpretation of the EF. Thus the value of EF instead of indicating sustainability of resource use is a measure of inequality in resources' repartition. The situation of cities or high population countries reveals the likelihood of misinterpretation. Rees (2008) calculated that Vancouver has an EF 174 times larger than its surface. However, this does not allow any conclusion about the sustainability of resource use. In other terms, according to EF, cities are not compatible with sustainable use of resources. As long as the sensitivity is regarded, Fiala (2008) demonstrates that EF is not sensitive to the intensive growth of production as a consequence of technological progress.

Wide coverage (more than 150 countries) and increased efforts for popularization made by the main administrator – World Wide Fund for Nature (WWF) – transformed EF in a tool that is frequently used for international comparisons (Moran et al., 2008; Turner et al., 2007; Stoglehner, 2003; Subak, 1999).

Stanciu (2009) uses EF for assessing the development perspectives of Romania and concludes that its position is not favorable due to the low level of economic development that will restrict its access to “the material premises of economic progress” that became scarcer and scarcer. Therefore, she appreciates that the focus given to environmental issues is disproportioned, since this reflects the international agenda and not the reality of Romania, where economic and social issues are more urgent.

Data from the last report (table 1) indicate that the 2.7 ghd EF of Romania is below the global average (2.8 ghd), but situates the country in the 62nd position. All EU countries have larger EF, this being true for the neighborhood countries (Bulgaria - 4.0; Hungary – 2.9) and with similar social-economic background (Poland – 4.3; Czech Republic – 5.7; Slovakia – 4.0). In other terms, Romania is the country with the best environmental performance in the EU.

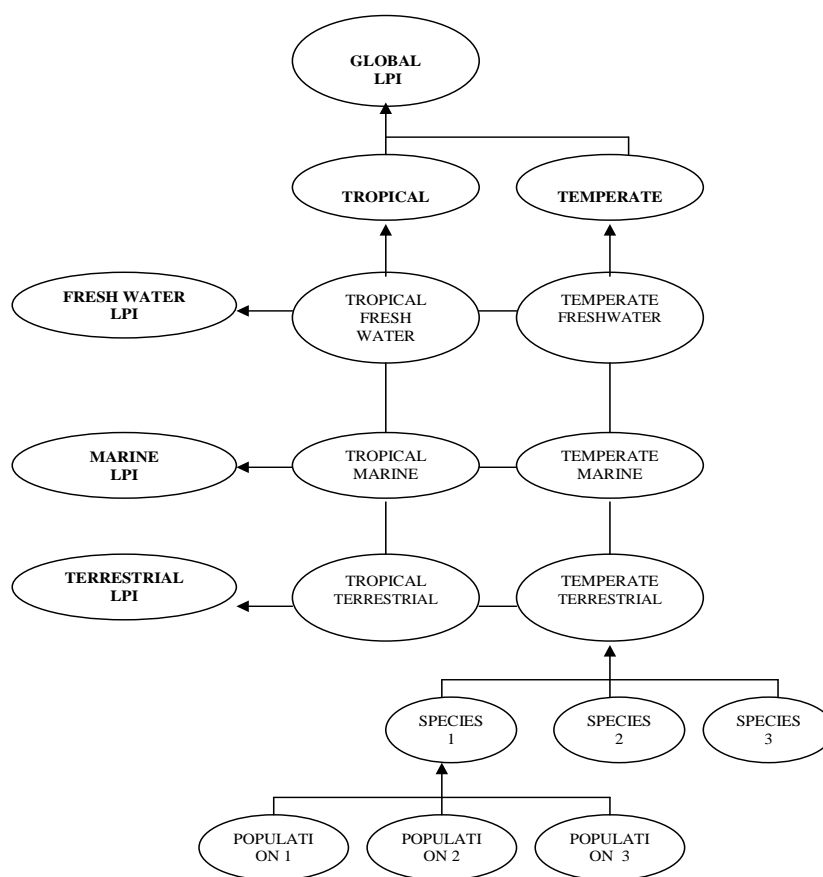
Table 1: Romania's ecological footprint

Component	Ecological footprint (ghd)	% of total ecological footprint
Carbon	1.32	48.9
Pasture	0.09	3.3
Forests	0.41	15.2
Fishing	0.12	4.4
Agriculture	0.66	24.4
Buildings	0.10	3.7
Total	2.70	100.0

Source: WWF (2010)

The realities perceived by the inhabitants are not in accordance with this information, which is also not likely to be obtained by a rigorous analysis of data. Thus the EF is not an indication of the environmental quality, but of the low economic performance that determines reduced resource consumption. In case that EF is the only information source for government, a rational decision will be to cut down the budget for environmental protection.

Living planet index (LPI) is another index promoted by WWF that measures the trends for more than 2500 species. The index is constructed considering different climates, biomes, and bio-geographic regions. The situation of each population is assessed by comparing it with the base year – 1970, by calculating a variation index as percent. Then data are aggregated following the structure presented in figure 1.



Source: WWF (2010), *Living Planet Report 2010*, pp.103.

Figure 1: LPI Structure

Böhringer și Jochem (2007) consider that LPI is the only CEI that correctly use the geometrical mean for aggregation, but criticize one of the premises of the index, namely the fact that its assumes that species are substitutable.

Relevant information for Romania could be obtained from the Living Planet Report by identifying the categories, analyzing the trends for them and reading the text. Thus Romania is situated in the temperate climate, having all three types of biomes (terrestrial, freshwater, and marine) in the palearctic region. In the last report, all these categories are featured by an upward trend: temperate climate +29%; terrestrial ecosystems +5%; freshwater ecosystems +36%; marine ecosystems +52%; palearctic region +43%. According to the report, these positive values are not necessarily an indication for a very good state of the ecosystems, but for the low rate of change in land use. Considering such information, the rational decision would be to reduce resources for nature conservation, since the most important pressure factor – land use change – is low, while the trends are positive for all categories of species.

Environmental performance index (EPI) is proposed by the Yale Centre for Legislation and Environmental Protection as a response to the shortcomings of the Millennium Development Goals environmental indicators. EPI could be seen also as a result of an evolution, since it represents a reformulation of the environmental sustainability index, criticized for its limitation in revealing immediate accomplishments or failures (Singh et al., 2009) and for measuring institutional capacity instead of environmental quality (Mayer, 2007).

EPI's structure is based on environmental policy goals, more focus being given to improving the operational potential. Thus, departing from the priorities identified by decision makers, EPI has two components: i. environmental health that mirrors the need to reduce the impact of environmental degradation on human health; and ii. ecosystem vitality that refers to ecosystem health and rational management of natural resources (Etsy et al., 2006). Each component comprises more environmental themes, measured by more

indicators. Successive assessments led to the integration of more indicators from one stage to another. Table 2 presents the latest formula.

EPI was assessed in more studies for sensitivity and robustness. EPI's value ranges between 0 and 100 and it is calculated at country level for 163 countries. There are available three reports: 2006, 2008, and 2010.

Saisana and Saltelli (2010) consider that weighing could lead to misinterpretation since the index is dominated by several indicators. On the other hand, they appreciate that the use of geometric mean would have a moderate impact on the index in its last version. For Romania, the initial information is given by the score obtained and by the position occupied in the international classification. Reports also provide more detailed information about clusters, EPI components and themes.

Although the 2010 report signals a significant progress this should be interpreted carefully, because from one report to another the indicators have changed. On the other hand, this report could provide solid reasons to support a favorable trend, which could be interpreted as a positive outcome of policy implementation. Considering also the position in the fourth cluster, the resources should be directed for the rational use of natural resources.

4. National and local CEIs

National relevance and international comparability are two contradictory requirements that should be considered in CEIs construction. In order to improve the correspondence between environmental policy and environmental quality at national level many countries prefer to construct their own national CEIs (Ronchi et al., 2002). Nevertheless, national or local CEI could not serve the purpose of CEI to be used in benchmarking.

The confrontation between national relevance and international comparability end up with the gain of the first one, at least in terms of proposals. Thus, Ronchi et al. (2002) propose a sustainable development index for Italy (SDI) that integrates three performance indexes for the economic, social, and environmental dimensions. However, the components of the index do not overlap on these dimensions, the modification being justified by the need to bring in front the importance of rational resource use. Thus, the components of the index become social-economic, environment and resources, each being obtained by computing ten key indicators. The Korean CEI (KCEI) proposed by Kang (1997, 1999, 2002) has nine components monitored by 37 indicators. The index is underpinned by the PSR model and uses internationally agreed weighing for climate change, ozone depletion, and acidification indicators (Puolamaa et al., 1996). Lee and Huang (2007) propose a sustainability index for Taipei (TSI) constructed by using the 3E1I model. For the environmental dimension they integrate 13 indicators with data for the 994-2004 period.

By comparing these three initiatives (table 2) we found that although the goal is common, the indexes are constructed differently.

The aggregation method – arithmetic mean – represents the sole common aspect for the three CEIs. Another aspect that could be interpreted as similarity is the structure of indicators by environmental theme. Thus, SDI and TSI grant a larger weight for biodiversity and almost the same weight for air quality (10, respectively 8%) and for global issues (climate change, ozone depletion). The fact that these indexes are components of a sustainability index could explain, at some extent, the similarities. For the other four criteria – number of indicators, number of components, weighing methods, and data – the CEIs are different one from another. This is also true for the indicators used. For instance, climate change contribution is measured by SDI with the total greenhouse gas emissions; by KCEI with carbon dioxide and ammonium emissions; and by TSI with carbon dioxide emissions per capita.

Table 2: Characteristics of national/local CEIs for Italy, Korea, and Taipei

Characteristic	SDI	KCEI	TSI
Number of indicators	20	37	13
Number of components	2	9	1
Conceptual model	Triple bottom line	PSR	3E1I
Weighing / method	Different / Distance to the target	Different / expert panel	Equal
Aggregation	Arithmetic mean	Arithmetic mean	Arithmetic mean
Data	1990-2000 21 years	1986-1997 12 years	1994-2004 11 years

Finally we notice that the principal component analysis was not used for weighing, although this statistic method is recommended as a first option by reference works on methodology (OECD and JRC, 2008; Bryant and Yarnold, 1995).

5. A CEI project for Romania

In the substantiation of public policies becomes obvious the need for integrated quantitative information that facilitates problem formulation, trend description, differentiation of successful measures from those with poor outcomes, identification of good practices, and investment optimization (Emerson et al., 2010; Esty et al., 2008). Although the trend is visible in various profiles (fields of environmental policy, territorial, decision level) public policy field are in different position on an imaginary curve that represent their evolution. Economy, health, and education are in advanced positions, while environment occupies an inferior position (Esty et al., 2008; Srebotnjak, 2007); developed countries are the ones where composite indexes reflect better and better the policy goals, while in the developing countries there are to be overcome a number of barriers, such as data collection (Srebotnjak, 2007); and higher decision levels (national, European, global) are the ones that mostly require integrated information.

In this framework the following remarks could be made on environmental policy in Romania: i. the above mentioned trend is present, since recent assessments made for the preparation of EU adhesion revealed a quite well developed monitoring system, able to provide relevant data; ii. data collection, storage, and processing made important progresses in the last decades, but decoding (understanding) the environmental information provided by them necessitates a high level of expertise. Therefore, we consider that for further progress on this trend it is necessary to construct a CEI that allow a synthetic expression of environmental quality by using the data input from the national monitoring system.

The CEI project for Romania comprises a number of steps: i. identification of trajectories that statistically emphasize the effects of social-economic activities; ii. Analysis of structural-qualitative modifications of environmental elements; iii. Study of statistical linkages among selected variables; iv. extraction with principal component analysis; v. construction of CEI; and vi. Interpretation of CEI and its components evolution.

All indicators recorded changes in the period that was analyzed, but the significance of these changes in terms of environmental quality reveals that only 41 of the indicators had a favorable trend.

Revealing certain significant interdependency relations that cannot be observed by only examining entry data is possible by reducing the complexity of them through identifying a smaller number of factors. This process was performed by applying the principal component analysis (PCA). In order to explore the appropriateness of the method it was built the correlation matrix. PCA could be used then individual indicators are not independent and if they have correlation coefficients that are different from zero (Landau and Evritt, 2004). The correlation matrix showed that these conditions were respected.

The application of the PCA extraction method resulted in three principal components. Factor with own values less than 1.00 were ignored. This is occurring because such factors manifest an error variation that cannot be interpreted (Bouroche and Saporta, 1980). Since the first three own values represent approximately 84% of the inertia we will consider the first three principal components.

For the first factor, *primary energy production – oil and gas*, followed by *cattle livestock* and *land use change – arable* have the largest weights, and the factor has a strong negative correlation with *density of modernized roads and railways*, *chemical fertilizer consumption* and *round wood production*. This component could be named “climate change” since it incorporates direct and indirect drivers of anthropogenic climate change.

For the second factor, the largest weights are obtained for *acid emissions* and *primary energy production – coal*, followed by *sulfur dioxide emissions* and *nitrogen oxides emissions*. Since this component comprises mainly indicators that express the pressure on air quality could be named “air pollution”.

The last factor is also the smallest and it is characterized by positive correlations with the *habitat index*, followed by *forest area*, and could be named “ecosystem”, since it expresses the state of the ecosystems.

Thus, the three factors explain 95% of the variability for the “sulfur dioxide emissions”. This high explanatory level suggests that there are not many other factors to influence the variation of that indicator. Greater the communality wider is the explanation provided by commonly taken factors.

The first factor, “climate change”, represents almost 38% of the variance, the second one, “air pollution”, accounts for near 30%, while the third one, “ecosystem”, represents only 16%. The sum of the “Communalities” column shows at what extent the dispersion of all indicators is explained by the three extracted factors. This is almost 84%.

Departing from the data of the orthogonal factorial matrix there were established the coefficients for the indicators considered in the analysis (table 3).

Table 3: Orthogonal factorial matrix for indicators and common variation

Indica-tor	Component 1	Component 2	Component 3	Communalities
EDS	0,478	0,843	0,110	0,950
EOA	-0,227	0,817	-0,329	0,827
EA	0,315	0,941	-0,014	0,984
PLR	-0,645	-0,184	0,268	0,521
DDM	-0,961	-0,138	-0,066	0,947
SUT	0,649	-0,093	-0,341	0,545
CIC	-0,862	0,091	-0,366	0,885
EB	0,721	0,529	0,227	0,852
PEC	0,000	0,928	0,147	0,883
PEPG	0,904	0,279	0,005	0,895
IH	0,202	-0,024	0,931	0,909
SP	-0,540	0,080	0,731	0,832
% of Variance	37,935	29,655	16,009	83,60
Extraction Method: Principal Component Analysis				

This yielded the expression of the synthetic environmental quality index (EQI) on Romania’s territory from the perspective of economy-environment interaction.

$$EQI = 9PEPG + 5EB + 4SUT + 9DDM + 7CIC + 4PLR + 8EA + 8PEC + 7EDS + 7EOA + 9IH + 7SP$$

Computing the data in this formula for the 1995-2007 period expresses the level of environmental quality, respectively the three principal components, if the indicators take the recorded values (table 4). These were normalized, since they are measured with different units.

Table 4: Values of EQI in the 1995-2007 timeframe

Year	Climate change	Pollution	Ecosystem	EQI
1995	18.60	29.21	6.77	54.59
1996	19.75	27.94	6.32	54.01
1997	19.36	24.25	5.77	49.38
1998	16.61	6.83	4.64	28.09
1999	13.90	0.07	5.22	19.19
2000	17.40	5.51	6.46	29.37
2001	16.51	11.77	5.08	33.37
2002	18.42	12.61	7.50	38.53
2003	22.27	12.45	5.03	39.75
2004	19.09	14.46	1.32	34.87
2005	22.50	11.86	0.56	34.92
2006	16.50	13.10	4.65	34.25
2007	19.12	9.18	16.00	44.30

EQI could take values between 0 and 84 (the sum of the “Communalities” column shows at what extent the dispersion of all indicators is explained by the three extracted factors, almost 84%). Closer the values are to 0 better is the quality of the environment, while then the values are closer to the upper limit, environmental quality is decreasing.

6. Conclusions

Measuring the quality of the environment is a constant challenge. A wide range of properties for various environmental components could be measured today thanks to a rapid technological progress. The increased amount of environmental data is not yet in an appropriate form to be information entry in policymaking. These general patterns find a good representation in Romania too. Therefore the paper addressed the issue of quantification in environmental policymaking by proposing a CEI constructed with data collected in Romania. The proposition is developed by reviewing the CEI literature, performing an analysis of environmental information available for Romanian decision makers and other stakeholders, and by comparing several national/local CEI proposals.

CEIs attractiveness increased in the last decades and some of their drawbacks are exceeded due to improved data availability and more rigorous testing. Nevertheless, some of the indexes still fail to respect the methodologies and are not relevant in certain circumstances. In Romania, stakeholders construct different perceptions on environmental quality, ranging from indifference to worry and accusations of governmental incompetence. Although environmental information is available from a variety of sources, including governmental ones, there is little input that could be used by administrators unless high level expertise is available. International CEIs are not helping in this respect, although EPI is providing a more detailed insight even it is blurred by changes in data inputs.

International comparison could be a challenge, but many environmental issue necessitate national prioritization. This requirement was recognized in an increasing number of countries. Comparing three of such initiatives revealed that national monitoring systems and other conditions are very strong factors that influence the construction of CEIs. Thus, the only similarity of the three national CEIs compared in section four was the fact they use arithmetic mean for aggregation.

The CEI for Romania was constructed by applying PCA to a number of twelve indicators selected after studying 20 statistical linkages. It resulted in three principal components. The CEI is named Environmental Quality Index (EQI) and it ranges from 0 to 84.

Data gaps for water and soil, combined with changes in statistical categories monitored at national level are the main limitations that prevented us to extend the range of indicators computed for EQI's construction. Considering the increased importance of environment in national statistics further research should envisage widening the range of indicators and linkages to be tested. Meanwhile, EQI could become a means for delivering environmental information for administrators and public at large and foster their synergic interaction.

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The Impact of Transactional Leadership on the Marketing Creativity in Jordan Commercial Banks

Tareq Hashem¹ and Wedad Abdel Azeez Al- Agrabawi²

¹Associate Professor, Marketing Department, Philadelphia University

Amman- Jordan

²Lecturer in Business Administration, Philadelphia University, Amman- Jordan

tareqhashem1975@yahoo.com

Abstract: The study aims to investigate the impact of Transactional leadership on marketing creativity in Jordan commercial banks. The study sample consisted of 395 respondents from different commercial banks in Jordan .A questionnaire was designed and distributed over the targeted sample. All collected data were analyzed through using SPSS The study results indicated that : There is an impact of (transactional leadership , conditional bonus, active management by exception, and (static) management by exception on marketing creativity in Jordanian commercial banks.

Keywords: Transactional leadership, marketing creativity

1. Introduction

Leadership is the core of the managerial process; its importance is due to its effective role in all sides of managerial process in order to make it more effective to achieve its goals. Leadership is the most important aspects of social interaction, it is based on the fact that leader is the person who influences others and works to satisfy their need in order to accomplish the intended objectives.

Leadership became a changing and developing factor for workers and their performance, as a science that has its own philosophy, basics, approaches and ways, therefore, organization success in performing its functions and tasks is based on leadership in order to accomplish its objective as a result to employees satisfaction and their attraction to their leader decisions which will be positively reflected on performance, in case of satisfaction and negatively in case of non satisfaction.

During the last two decades of the twentieth century business organizations environment dealt with influential and successive scientific and economic aspects, the most prominent were: openness, globalization, the accelerated direction towards knowledge economies, knowledge revolution and technological development (Saif, 2011, p2).

Leadership is responsible for success or failure of any organization, it has the core role in settling matters, and achieving objectives that each society aspire to achieve, such success is due to the ability of specialized administrators who manage the official organizations regarding the appropriate use of human and material resources (Abu Al-Assal, 1993).

Creativity is considered one of important issues for all organizations that face competitive and changeable environment. Nowadays encouraging creativity became the first objective of many organizations. Creativity importance increased due to intensive competitive between organizations , and international competition which increased organization's need for creativity in order to avoid the risk of retaliation and vanishing (Al-Omian, 2005, P. 389).

If bank is an organization that aims at satisfying needs and desires of its customers, and its sustainability against severe competition in banking market force these organizations to develop their business and to be creative in marketing. This leads in to study the influence of transactional leadership on marketing creativity in Jordanian commercial banks.

Therefore study importance stems from the following:

The study illustrates the important role of the transactional leadership that play in marketing creativity in Jordanian commercial banks.

It handles a vital and very important sector in national economy, that is the banking sector.

This study will contribute in developing Jordanian commercial banks' capability to use the transactional leadership in order to improve marketing creativity and to enforce its competitive advantage in order that banks face the competition

2. The Theoretical background:

2.1 The transactional leadership

Transactional leadership is the process that influence behavior of subordinates to urge them to work with the existence of a desire to accomplish the specified objectives (Schermerhorn, 2002, p 336).

Transactional leadership is a leadership form that helps organizations to accomplish their objectives effectively through linking functional performance with rewards that have value, through leader's usage of active and static management by exception (Mari, 2008, p7). Bass, (1985, p33) identified transactional as a leadership form based on idea that leader's relationship with subordinates is based on a chain of transactions or an implicit character.

(Boehnke & Distefano, 1997, p.102) mentioned a range of positive characteristics and qualities of Transactional leadership, namely:

- The Transactional leadership provides bonuses when the staff achieved the required standards.
- Creating high competition among employees to achieve organizational goals and even dedication in achieving the highest levels of performance in order to get and win rewards.

For the purposes of this study, measurement of transactional leadership will be through conditional reward, active and static management by exception.

The conditional bonus: i.e, the leader exchange benefit between subordinates, by rewarding subordinates for good performance by using positive enforcement such as wage increase, promotion or granting additional benefits (Mari, 2008, P 7).

The (active) management by exception: refers to leader controls and tests to predict the prospective problems, procedure during their occurrence (Al-Hilali, 2001, p18).

The (static) management: refers to leader avoiding intervention unless the results are appeared, and discovers that they are not in conformity with procedures or standards, and some procedures are taken against subordinates such as transform and firing (Mari, 2008, P9).

Many studies have tackled transactional leadership, such as (Al-Aqrabawi,(2011) who investigated the impact of transactional leadership styles (Conditional bonus, Management by exception (active and static) on development of human capital in the Philadelphia university.

The results showed that there is an endorsement of Transactional leadership styles by the leaders in the Philadelphia University, and that there is a middle-way direct relationship between Transactional leadership and human capital development . Results also showed the existence of a clear impact of active management on active human resource development, followed by the conditional reward . But static management does not have any effect because few leaders use this style. The results of the study also showed that there is no impact for the differences that relate to the characteristics of leaders on the development of human capital.

Al-Mutairi,(2011) indicated that there is an impact of transactional management on accomplishing strategic objectives in oil industries in state of Kuwait. He added that there is an impact of conditional bonus and (active) management by exception on achieving strategic objectives. In the same tome the anther indicated that there is no impact of (static) leadership by exception on achieving strategic objectives

While Mari,(2008), reported (active) management by exception positively impact human resources performance in its various dimensions. Moreover the study indicated that there is no statistical significance relationship between static leadership by exception and human resources performance, and also between non-interference leadership and human resources performance.

Bruch & Walter, (2007), study concluded that leaders focus most of their behaviors on ideal impact and inspirational motivation of management top level. All of which, together with intellectual imitation influence job satisfaction in top managerial levels more than middle managerial levels . The research also concluded that interest and respect of subordinates influence job satisfaction. Roth,(2002), stated that there is a statistical significant correlation of positive transactional leadership style with teacher openness.

(Al-qaq, 2005), studied the impact of the leadership style of divisions heads on creative behavior of subordinates in private commercial banking sector in Jordan, in addition to handling the impact of other leadership styles such as Permissive leadership style, middle leadership style, and team management style. All of which showed an impact on creative behavior.

While, Abu-Tayeh (2003), concluded a relationship between collective leader's power resources and individual creative behavior for subordinates, and that most of the relationship between the leader power resources and individual creative behavior is explained by leader' charming personality power, and knowledge power used by leader.

3. The marketing creativity

Some authors defined creativity as finding, accepting and executing new ideas, processes and products. . Creativity is defined as finding, accepting and executing new ideas, processes and products (Al -Sarhan. 2005).

Salem et al,(2011) demonstrated the role of marketing creativity and technology in achieving competitive advantage for operating banks in Gaza governorates and the extent of its importance in achieving competitive advantage, in addition to that banks follow marketing creativity in a good manner, which leads to achieving competitive advantage for the bank.

Taher, (2006) Study concluded that there is a strong statistical significance relationship between creativity in marketing context and organization success and superiority in the industry market,. The study suggested that there is a necessity to focus on customer's satisfaction philosophy in order to specify his needs and expectations and to meet the same through creative and effective organization role in its marketing program.

While Al-Sarhan study, (2005) indicated that there is a strong relationship statistical importance between creativity role and marketing creativity in banking services and products and achieving competitive advantage of the Jordanian commercial banks.

Robert and Amit (2003) reported that there is an increase and continuity in creative activities of Australian commercial banks in addition to a renewal in creative activities, in order to comply with changes that occur due to continuous technological development.

While Al-Jaiashi(2003), study illustrated that organization's performance is strongly influenced by marketing creativity state used in organization, which leads to some results , such as: organization's performance is strongly influenced by marketing creativity state used in the organization, and leads to improve such performance, the results also emphasized that marketing creativity in the context of sale and distribution is the most effective element at individual companies of the sample, more than other marketing activities.

3.1 Study objectives

The study seeks to achieve the following objectives:

To investigate the impact of Transactional leadership on marketing creativity in Jordan commercial banks
To find out the most effective type of transactional leadership on marketing creativity in Jordan commercial banks

3.2 Study questions

The study aims to answer the following questions:

What is the impact of Transactional leadership on marketing creativity in Jordanian commercial banks?

Which type of transactional leadership has the highest impact level on marketing creativity in Jordan commercial banks?

3.2.1 Study hypotheses

3.3 Main hypothesis

Ho: There is no statistical significant impact of transactional leadership on marketing creativity in the Jordanian commercial banks.

This hypothesis is subdivided into the following three sub-hypothesis:

3.4 The first sub-hypothesis

Ho1: There is no statistical significant impact of conditional bonus in achieving marketing creativity in Jordanian commercial banks.

3.5 The second sub-hypothesis

Ho2: There is no statistical significant impact of (active) management by exception in achieving marketing creativity in Jordanian commercial banks.

3.6 The Third sub-hypothesis

Ho3: There is no statistical significant impact of (static) management by exception in achieving marketing creativity in Jordanian commercial banks.

3.6.1 Population and Sampling

The study population includes Jordanian commercial banks employees. The study convenience sample consisted of 500 employees , 395 questionnaires were returned, which represent (79%) of the total sample

3.6.2 Questionnaire Design

The questionnaire is consisted of two main parts :the first includes participants' demographic variables (Age, gender, and experience), while the second part includes information regarding transactional leadership variable (1-15) and Marketing Creativity variable (16 -21). 5-points (Likert) scale was used as follows: strongly agree= (5) points, agree,= (4) points neutral= (3) points, disagree= (2) points, strongly disagrees= (1) point.

3.6.3 Reliability Test

Cronbach Alpha test was used to find out instrument reliability. The value was = 90.6% for the entire questionnaire. While reliability values of transactional leadership variable was 88.5%, and Marketing Creativity variable was 86%. All values are acceptable since their values are more than 60%. (Malhotra, 2004, p.268)

3.7 Statistical techniques

“SPSS” was used in order to analyze the collected data through the questioner. The following statistical techniques were used:

Frequencies and percentages
Means and standard deviations
Multiple and Simple regression tests

3.7.1 Analysis and discussion

Frequency and percentages were computed for sample's characteristics

The above below shows that males were (216) subjects that is (54.7%), females were (179) subjects , that is (45.3%) percent. The majority is between 30- less than 40 years, .with (50.9%) percent of (5- to less than 10 years).

Table (1): Sample's Distribution According to Demographic Information

Category	Frequency	Percentage%
Gender		
Male	216	54.7
Female	179	45.3
Total	395	100.0
25- less than 30 years	89	22.5
30- less than 40 years	180	45.6
40- less than 50 years	105	26.6
50 years or more	21	5.3
Total	395	100.0
Experience		
Less than 5	79	20.0
5-less than 10	201	50.9
10- less than 15 years	84	21.3
15 years of more	31	7.8
Total	395	100.0

Table (2): Means and Standard Deviations for sample's responses toward transactional leadership

Number	The statements	Mean	S. Deviation
1- The conditional bonus: the manager performs the following activities.			
1-	Motivating employee when he achieves more than the expected.	3.9010	.83062
2-	Motivating employee to see things in new an rational manner.	3.8147	.74730
3-	Rewarding employee for excellent performance.	3.8858	.84387
4-	Praising employee for correcting his work mistakes quickly	3.8962	.92174
5-	Praising employee for using new and creative methods at work.	3.8506	.94545
2- The (active) management by exception, the manager performs the following activities.			
6-	Following all mistakes that affect fulfillment of expected objectives.	3.8759	.83533
7-	The management expresses its trust in employee to achieve the objectives.	3.6911	.83745
8-	The management is keen to provide employee with feedback for his performance.	3.7266	.83464
9-	All necessary elements are presented to employee in order to accomplish the objectives.	3.6506	.84269
10-	Deviations are corrected gradually.	3.5660	.83618
3- The (Static) management by exception: The manager performs the following activities:			
11-	The Manager does not interfere unless the problems became serious.	3.7291	.91798
12-	He doesn't take any action as long as things are going in a good manner.	3.7392	.80943
13-	He focuses on dealing with the exceptional mistakes and complaints and treating them.	3.6278	.82211
14-	He focuses on setting up studied and realistic work standards.	3.5823	.83404
15-	He avoids interference when important issues appear.	3.2456	.86848

Table (2) above indicates that means of sample's responses are more than the virtual mean (3), this means that sample's respondents agrees on all statements regarding the transactional leadership. The total mean also reflects that there are positive attitudes toward transactional leadership

Thirdly: The marketing creativity (The dependent variable).

Table (3): Means and Standard Deviations for sample's responses toward marketing creativity

Number	The statements	Mean	S. Deviation
1-	The bank develops its banking products according to the needs and desires of its customers.	4.1139	.62086
2-	There is an interest in diversification of the banking loans presented to the customers.	4.0964	.71040
3-	The bank focuses on the creativity in the promotional methods for its banking products.	4.0709	.71959
4-	The bank focuses on the creativity in its prices of the banking services, presented in the form that attracts the customers.	4.0430	.78091
5-	The banks is creative in the promotional methods that are used to persuade the customers to deal with it.	4.0759	.75690
6-	The bank creates the necessary technological methods for distributing and presenting banking services to his customers.	4.1544	.72234

Table (3) above indicates that means of sample's responses are more than the virtual mean (3), this means that sample's respondents agrees on all statements regarding the marketing Creativity . The total mean also reflects that there are positive attitudes toward marketing Creativity

3.8 Hypothesis Test

Ho: There is no statistical significant impact of transactional leadership on marketing creativity in Jordanian commercial banks.

Table (4): Testing the main Hypothesis

R	R Square	F	Sig.
.474 ^a	.224	37.689	.000 ^a

Multiple Regression was used to test the hypothesis. Table 4 indicates that F calculated value is significant at (0.01) level. This means that null hypothesis is rejected and the alternative hypothesis is accepted, therefore, there is a statistical significant impact of transactional leadership on marketing creativity in Jordanian commercial banks with moderate Pearson correlation 0.474

By using Stepwise regression it was found that (active) management by exception has the highest impact on the marketing creativity

3.9 The first sub-hypothesis

Ho1: There is no statistical significant impact of conditional bonus in achieving marketing creativity in Jordanian commercial banks.

Table (5): Testing the first sub-hypothesis

R	R Square	F	Sig.
.306 ^a	.093	40.466	.000 ^a

Simple Regression was used to test this hypothesis . Table 5 indicates that F calculated value is significant at (0.01) level. This means that null hypothesis is rejected and the alternative hypothesis is accepted , therefore, there is an statistical significant impact of conditional bonus in achieving marketing creativity in Jordanian commercial banks with moderate correlation 0.306

3.10 The second sub-hypothesis

Ho2: There is no statistical significant impact of (active) management by exception in achieving marketing creativity in Jordanian commercial banks.

Table (6): Testing the second sub-hypothesis

R	R Square	F	Sig.
.472 ^a	.223	112.675	.000 ^a

Simple Regression was used to test this hypothesis. Table 6 indicates that F calculated value is significant at (0.01) level. This means that null hypothesis is rejected and the alternative hypothesis is accepted, therefore, there is a statistical significant impact of (active) management by exception in achieving marketing creativity in Jordanian commercial banks with moderate Pearson correlation 0.472

3.11 The Third sub-hypothesis

Ho3: There is no statistical significant impact of (static) management by exception in achieving marketing creativity in Jordanian commercial banks.

Table (7): Testing the third sub-hypothesis

R	R Square	F	Sig.
.285 ^a	.081	34.642	.000 ^a

Simple Regression was used to test the hypothesis. Table indicates that F calculated value is significant at (0.01) level. This means that null hypothesis is rejected and the alternative hypothesis is accepted, therefore, there is a statistical significant impact of (static) management by exception in achieving marketing creativity in Jordanian commercial banks with weak Pearson correlation 0.285

4. Conclusions

Upon the above analysis the following results are concluded:

There is an impact of transactional leadership on marketing creativity in Jordanian commercial banks.

There is an impact of conditional bonus in achieving marketing creativity in Jordanian commercial banks.

There is an impact of (active) management by exception in achieving marketing creativity in Jordanian commercial banks.

There is an impact of (static) management by exception in achieving marketing creativity in Jordanian commercial banks.

Active management by exception has the highest impact on marketing creativity

5. Recommendations

To provide rewards and incentives rewarding financially and morally with superior performance from employees through adoption of performance.

Encourage female element and take advantage of its potential to participate in leadership events where proven that women in many areas and significantly, especially with high scientific and practical qualifications.

Enable young people to exercise leadership roles, and invest their skills and abilities to achieve high performance levels while at the same time to give them more opportunities to get the experience required for such important roles.

The need to develop training programs for leaders and staff based on the results of the performance evaluation.

Further studies on application study subject on other economic sectors

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Prolonging Careers Through HRM-Practices

Pia Heilmann

Lappeenranta University of Technology, LUT School of Business, Lappeenranta, Finland

Pia.Heilmann@lut.fi

Abstract: The focus of this study is to examine different methods of prolonging careers. The Finnish baby-boomer generation will retire in the near future and the newcomer generation is smaller-sized than the retiring generation. This situation causes problems relating to recruitment, commitment and retention of personnel in organizations. It is important to commit people to continue longer in the work life. Therefore, the Finnish government has launched a national campaign for prolonging careers and is searching new incentives for that. In this paper I present an overall picture of career prolonging methods. The research was qualitative by nature. The research data was gathered in three adult student groups in 2011 and 2012; the research group included 48 students in total. Students were asked to write their suggestions for career extension methods. The average age of the research group was 42 years, so it can be expected that they have already gained good experience in working life and have ideas for career extension. In many cases they reflected their own situation, for example, how they can continue their own careers, what actions motivate them and increase their well-being in work. The theoretical framework relates career research connecting to different Human Resource Management-practices (HRM) that is raised from the research data. People want to feel safe and secure at work. Therefore, prevention of both physical injuries and mental stress are important. Work conditions and tools should be functional but mental work well-being incentives can relate for example to leadership, communication, organizing, development and flexible work arrangements. Individuals want to live 'a whole' life including work, family and free time. Therefore, work-life balance support is in key role in organizations attracting and/or retaining talented people. Much diversity and dynamics exist relating to work-life balance and the right motivation methods for extending a career depend on a person. In many cases it is question of leadership - tailoring the right personal motivators in discussions between a supervisor and an employee. The key themes relating to career extension affiliate to training/education, organizing work, work-life balance, work well-being, leadership, services, labour policy and legislation and attitude.

Keywords career extension, HRM-practices, Finland

1. Introduction

The topic of this paper relates to the problem of prolonging careers. Considerable change is happening in the Finnish labour markets, old generation is retiring and a smaller young generation will enter the markets. Therefore, it is important to commit people to continue working instead of too early retirements. In the middle of the phenomenon seems to be the question of individual's welfare at work. I argue that any sanctions at the end of careers will not promote longer careers but it is more a question of continuous actions improving well-being at work during the whole work life. Through different actions work well-being can be improved and through well-being careers can be continued. In this paper I will present different themes that relate to the problem of career prolonging.

The key question is: *How to extend careers?* The question is important in the society level in Finland but also to organizations and individuals.

2. Theoretical background

2.1 Career

A career is defined as the sequence of employment-related positions, roles, activities and experiences encountered by a person (Arthur et al. 1989). Careers involve both subjective and objective perspectives. The subjective career is the individual's own interpretation of his/her career situation at any given time. Objective career is understood as the parallel interpretation of any career provided by society and its institutions (Barley, 1989).

Career research began in the middle of 1950s as writings in American scientific journals. The theoretical basis of career research seems to be scattered. A basic dichotomy exists between traditional, hierarchical career research (or "corpocratic" by Kanter 1992, 305) and the concept of a new and boundary less career model (Mirvis and Hall 1994, Arthur and Rousseau 1996, 1996b).

Career research literature can be divided into at least nine groups: 1) general and career development, 2) career transitions/crises, 3) boundary less/new careers, 4) methodology, 5) critical research, 6) career and family, 7) career and gender, 8) international careers and 9) literature in related social science (Heilmann, 2004).

Traditionally, careers were defined in terms of a period of education, then work (typically 20 to 30 years), then retirement. However, career paths and patterns can differ from the “orderly” careers that constitute the bulk of career research. Yet such understanding is increasingly important, as today, with longer life spans (77 to 82 years in developed countries) (Cascio, 2007). Extension of life puts pressure on career continuation. Enabling longer careers demand more flexible work arrangements and new career evaluation models, for example boundary less career perspective.

Mirvis and Hall (1994) first introduced the term “boundary less career”. The old meaning of the word “boundary” is a “limit”; a division between familiar and hostile territory. The new meaning is something to be crossed in career behaviour, or in managing complexity (Arthur and Rousseau 1996, 371). The old meaning of the word “career” according to Arthur and Rousseau is a course of professional advancement; the use is restricted to occupational groups with formal hierarchical progression, such as managers and professionals. The new meaning of “career” is the unfolding sequence of any person’s work experiences over time. “Organization” used to mean a legal entity defining authority relations and property rights. In the new meaning organizing is done through networks, value chains, more dynamically (ibid. 371 – 372). The new boundary less career models in which people develop competences not bound to any particular organization increase creativity in the organization (Gunz et al. 2002, 58). Companies are often organized in horizontal, process-oriented ways, the use of project organization is very frequent, and networks and virtual organizations are abundant. Increasing numbers of employees can choose to work on a consultative basis, and many employers are trying to find forms to enable employees to work from their homes or to apply flexible working hours (Södergren 2002, 36).

The old picture of stable employment and the organizational career associated with it has faded, and a new picture of dynamic employment and boundary less careers developed. There are six meanings associated with the notion of boundary less careers:

- 1) The career moves across the boundaries of separate employers.
- 2) The career draws validation – and marketability – from outside the present employer.
- 3) The career is sustained by external networks or information.
- 4) Traditional organizational career boundaries, notably those involving hierarchical reporting and advancement principles are broken.
- 5) A person rejects existing career opportunities for personal or family reasons.
- 6) The sixth meaning depends on the interpretation of the career actor, who may perceive a boundary less future regardless of structural constraints. (Arthur and Rousseau 1996, 6)

3. HRM-practices

HRM can be used to describe any approach to managing people. It usually refers to all activities associated with the management of employment relationships in an organization (Boxall and Purcell, 2003). HRM can be used as a more contemporary phrase to describe the activities commonly associated with personnel management. There are varieties of perspectives on what makes HRM distinctive (Beardwell and Claydon, 2007). For example, human resource planning, recruitment and selection, commitment, human resource development and training, management and leadership development, reward and performance management, work-life balance, work well-being, managing equality and diversity, international HRM.

4. Research design

The research was qualitative by nature. The data was gathered in three adult student groups in 2011 and 2012; the research group included 48 students in total. Students were asked to write stories how to prolong careers in Finnish society. They were given 30 minutes to write their essays. The average age of the research group was 42 years so it can be expected that they have already gained good experience in working life and have ideas for career extension.

The analysis of essays was done by thematizing the texts and compressing the ideas to different career prolonging methods. Based on these stories it can be discovered that the phenomenon of career prolonging is a complex problem, the current theme can be approached through different perspectives. This paper does not take sides what is more important than other but only presents different ideas relating to career extension.

5. Results

The most important elements relating to career extension affiliate to different HRM-practices: training/education, organizing work, work well-being, leadership, labour policy and legislation and attitude. In order to improve careers in organizations the use of these HRM-actions should be taken into consideration. The right kind of career model can be designed and negotiated in co-operation with the employee and employer (Barley, 1989).

5.1 Training/education

It is important to enable student and career counselling services to young people and help them to start their career earlier and more effectively. Educational institutes, schools and universities should co-operate more during education. Training opportunities are important during the whole work life, there should exist opportunities for further education. Also career change is one possibility in prolonging careers.

5.2 Organizing work

Flexible work arrangements such as part-time job, remote work, flexible work hours, shaping work content, work rotation leaves and exchanging holiday bonuses to holidays can be used in prolonging careers. Work content can be re-organized and made more reasonable for ageing people. Many retirees want to continue their careers and voluntarily do temporary projects or work as a substitute in their former work place.

5.3 Work well-being

Burn out should be prevented also among younger workforce. One action in extending career would be better possibilities for balancing work and leisure time. It should be also in organizations' interest. Good organizational climate promotes better well-being and through it has an influence on career extension. Organizations can encourage employees to improve their well-being also by recreational activities. Different co-operation activities with the employer, employees and occupational health care unit should be used.

5.4 Leadership

Good leadership and organizational citizenship skills are appreciated. Age management actions and respect toward elder workers were also mentioned as a tool for continuing careers. Leadership and career planning possibilities were valued when motivating people to continue their careers. Change management is important and supervisors should be taught to communicate better in change situations. Leaders should visualize the future to their subordinates and encourage people to prepare the future. Supervisors must also listen to the voice of the organization, for example, they should know the atmosphere of the organization and the work load of employees.

5.5 Labour policy and legislation

Rewards should be directed to encouraging a person to continue working instead of retirement. Furthermore, retirement arrangements should be more flexible, for example, more leisure time to grandparents. One method for continuing careers would be the decreasing employer payouts in case of employing people in ages 60-68. More labour policy actions should be directed to younger people so that they can better combine work-family balance.

5.6 Attitude

The general attitude towards elder people in society is essential. The change of attitude will require culture changes in organizations. Elder people are not equally appreciated in work life than younger generations. 'Haste-talk' in organizations was mentioned as a barrier for longer careers. People tell their colleagues how busy there are. This kind of talk still increases feeling of haste and pressure in an organization.

6. Discussion

The discussion of career extension relates easily to older work force, how to extend careers in the tail end. However, it can be discovered that career prolonging objectives should be recognized during the whole career. Career extension actions can be directed to younger generations, for example, by offering study and career counseling. Different flexible work arrangements and opportunities for further education can promote career extension in the middle of career. Reasonable work load and part-time job can encourage older people to continue their careers.

Enabling dynamics and improving diversity during careers are important in discussion of career extension. Different things motivate different people. It should be possible to decide and design your own career on the basis of one's own needs.

The results of this study contribute to the discussion of extending careers in ageing societies. The solution for career extension includes much dynamics. Different HRM-actions were mentioned as a tool for prolonging careers and increasing work well-being. Leadership and communication are important in work well-being, and through overall welfare, careers can be continued.

Many of the methods for prolonging careers relate to the boundary less career discussion (Arthur and Rousseau 1996, 6). The findings of this research emphasize the role of an individual in career extension decision. People search for individualistic solutions and design their own work life. Decisions can be based on family reasons or training opportunities during the career. Organizations can offer actions aiming at career extension but the decision is made by an individual (Barley, 1989).

7. Conclusions

This study searched for answers to the question: How to extend careers? The research data presented several HRM-methods for this use, such as: training/education, organizing work, work well-being, leadership, labour policy and legislation and attitude. According to the results it seems that personnel management and different HRM-practices used in the right phase of a career are in a key role in promoting longer careers.

Dynamics from environment and organization is focused on career. Contemporary career can be more diverse and different HRM-actions can be directed to it. In the background of the discussion of prolonging careers is well-being of an individual worker. Healthy people enjoy their work more and can consider making a longer career. In many cases it is a question of supporting and leading an individual in a right direction during the whole career. Career extension decisions relate to the reactions of an individual employee. Therefore, the continuous dialogue between the supervisor and the sub-ordinate is important. It is essential for the supervisor to know what motivates an employee and then apply right HRM-practices for him/her.

HRM-practices are directed to personnel from organizational level but also an individual is responsible of his/her welfare. He/she decides what is his/her part in increasing work well-being and prolonging career through it.

8. Limitations

This study is qualitative and the results cannot be generalized to a larger extend. The research group was gathered in Finland so this represents a case study. The problem of career extension will exist also in other countries where the workforce is ageing. I hope this research will inspire other researchers in different countries.

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Implementation of Intranet 2.0: Lessons Learned and Implications for Management

Eli Hustad

University of Agder, Kristiansand, Norway

Eli.Hustad@uia.no

Abstract: Intranet 2.0 is a user-centric and dynamic Intranet system based on Web 2.0 technologies. Intranet 2.0 is based on self-organizing principles and functionalities adapted from Web 2.0 technologies and the Internet. The Intranet system is characterized as dynamic, in which the content is not pre-defined but is generated, changed, and further developed over time by different users. This kind of Intranet system may play an important role in the IT strategy of an organization supporting managers in obtaining successful knowledge management (KM) and social networking within organizations. In this study, we focus on how a Scandinavian university implements an Intranet system to enhance knowledge sharing and collaboration across departments and different campus locations. We report on findings from the implementation process and the challenges identified. Different perceptions on the usefulness of the new system were determined. The administration was most pleased with the system and thought it supported their daily work practices and information requirements. By contrast, the faculty was less positive and thought that the system implied extra work and minimal support for information sharing and collaboration. A stage model was applied to explain the implementation and adoption processes of the Intranet. According to this model, we identified five issues that were particularly critical when implementing the Intranet, including: (1) allocation of resources; (2) creating ambassadors among faculty members; (3) creating a critical mass of users and content faculty; (4) navigation problems and the 'information jungle'; and (5) administration and faculty having different mindsets regarding the value of the system. Based upon these issues, four propositions could be developed to identify challenges in each phase of implementation. The findings demonstrate that Intranet implementation can be a long process and difficult to institutionalize. At present there is still uncertainty as to whether the Intranet will sustain across the entire organization. Intranets do, to some extent, reinforce existing structures and practices, and it is therefore advisable for managers to focus on a KM strategy and initiatives that allow communities of practice to emerge. In this particular case, an Intranet 2.0 with embedded social software was implemented, as it has the potential for becoming both the main information channel and collaboration platform for the entire organization. In the paper further implications for research, practice and management are correspondingly discussed.

Keywords: Intranet 2.0, knowledge management strategy, user-generated content, social software, information jungle, implications for management

1. Introduction

Information and communication technologies (ICT), such as best practice databases, Intranets, collaboration technologies, and recently, social media, are increasingly implemented in organizations to support management strategies, innovation and organizational learning. For management, it is important to initiate ICT projects which make the organizations more dynamic, collaborative and information-centric - where critical information is available when needed. Thus, a tight alignment between top management, business functions and ICT management is crucial (Sabherwal and Chan, 2001, Henderson and Venkatraman, 1993).

However, organizations struggle to effectively manage their ICT systems and information resources in order to create competitive advantage. In reality, many ICT implementations have failed, and expected return of investments and organizational performance are not obtained (Ho et al., 2011, Melville et al., 2003). One reason for these failures is the situated and contextual character of work practices which differ inside (e.g. distributed organizational forms) and across organizations, so the task of designing appropriate ICT systems is complicated (Walsham, 2001, Boland Jr et al., 1994).

Recently, the development of Internet technologies and Web-based applications has created innovation in design of ICT systems and strategies, and organizations have started to pay attention to new ICT initiatives influenced by Web 2.0 technologies (Shuen, 2008). As commonly known, the Internet has become a user-centric platform, in which individuals share personal profiles (e.g., Facebook.com), exchange multimedia files (e.g., YouTube.com), co-create contents (blogs, wikis), and collaborate and play in virtual worlds (e.g., World of Warcraft, SecondLife). Accordingly, organizations respond to this by exploring the use of Web 2.0 applications internally to facilitate knowledge sharing and creation through social software. Web 2.0 applications are becoming increasingly popular in public Internet. By offering similar tools and opportunities internally within organizations, managers hope that these ICT investments will be used and accepted by employees.

Consequently, these initiatives will create a more collaborative and knowledge-sharing environment compared with traditional ICT systems.

So far, few studies have focused on ICT initiatives that involve implementation of social software to enhance knowledge sharing and collaboration within organizations. Moreover, how these approaches are utilized by managers and accepted by the users remains unclear. Thus, this research pays attention on how Web 2.0 technologies may be internally utilized, and in particular, the role of Intranet 2.0 in supporting knowledge sharing, information searching, collaboration, is examined in a university setting. The primary vision of this initiative is to create an organizational meeting point and an arena for digital interaction and collaboration for managers and employees.

Our research questions are as follows. How can Intranet 2.0 support managers, faculty and administration in a university setting? How can Intranet 2.0 be effectively implemented and used? What are the challenges involved? What are the implications for management?

The paper is organized as follows. Section 2 introduces concepts and related research. Section 3 provides the description of a suggested stage model for implementing and adopting Intranet 2.0. Section 4 provides an overview of the case study, and reports the results of the empirical study. Section 5 provides a discussion of the results and the implications of this research. Finally, Section 6 concludes the paper.

2. Strategic Management of ICT, Intranet 2.0 and related research

The successful implementation of ICT strategies and systems are important to strengthen a sustainable, competitive position in the market. ICT managers need to build and administer an ICT infrastructure which is flexible, changeable, and future-oriented (Ho et al., 2011).

An Intranet system is an internal corporate network and constitutes an important ICT infrastructure with access to critical information and business applications within the organization.

An Intranet is a “private version of the Internet” or an internal Internet confined to an organization. Intranets are used to convey information among employees of a company. They can be used as references for internal procedures and regulations, and they can be applied as collaboration tools. Intranets have transformed from being tools through which key personnel and management post information to becoming tools through which all employees generate content to obtain an updated and expanding Intranet (Mockler and Gartenfeld, 2009, Engard and Park, 2006). Technically, an Intranet system is defined as follows:

A network on TCP/IP protocols (an Internet) belonging to an organization, usually a corporation, accessible only by the organization’s members, employees, or others with authorization. An Intranet’s Web sites look and act just like any other Web sites, but the firewall surrounding an Intranet fends off unauthorized access (Webopedia 2007, cited in (Mockler and Gartenfeld, 2009)).

The use of Intranet systems provides several benefits; the Intranet has usually been the common organizational junction and entrance to different types of collaboration technologies and business systems within an organization (Braganza et al., 2009). Intranets help employees find critical information and updated documents, and they provide access to other colleagues and sources of expertise (ibid).

However, the corporate Intranets traditionally implemented in organizations have been organized in a top-down manner, and the information they provide is usually filtered by management (Tredinnick, 2006). Corporate Intranets have also been implemented as a knowledge management (KM) initiative for the creation of a corporate memory that provides access to relational databases and for the development of document management systems. Their disadvantage is that they present only a formal understanding of the organization’s expertise and best practices. They also lack dynamism and opportunities to catch real-time information based on employees’ knowledge and experiences related to daily work practice (ibid).

By contrast, Intranet 2.0 is based on self-organizing principles and functionalities adapted from Web 2.0 technologies and the Internet. The Intranet system is characterized as dynamic and user centric, in which the content is not pre-defined but is generated, changed, and further developed over time by different users.

One example of a widely implemented collaboration platform supporting Intranet 2.0 is SharePoint from Microsoft. SharePoint is a browser-based, document management platform incorporating several Web 2.0 technologies, such as wikis, blogs, and RSS feeds. In addition, the platform offers social networking features, such as creating personal profiles, tracking colleagues and generating team sites. SharePoint is a standardized, off-the-shelf enterprise information system that fits most businesses. Thus, it is different from an in-house built Intranet, which can easily be customized and adapted to work practices in a particular organization. The university examined in this study chose SharePoint as the Intranet platform it wanted to implement.

3. A Framework for implementing Intranet 2.0

According to Damsgaard and Scheepers (2000), Intranets are intra-organizational technologies that can be created centrally in the organization (e.g., corporate Intranet), but organizational units such as divisions, departments, or functional groups can also create local "child Intranets" (Bhattacharjee 1998, cited in (Damsgaard and Scheepers, 2000)), which can in some cases create electronic fences and subcultures (Newell et al., 2001).

Damsgaard and Scheepers (2000) utilize Nolan's S-shaped diffusion curve (Nolan, 1973), as a stage description model; it comprises four stages (i.e., initiation, contagion, control, and integration) to understand how Intranet technology and its use develop over time. The model is customized to better understand Intranet evolution.

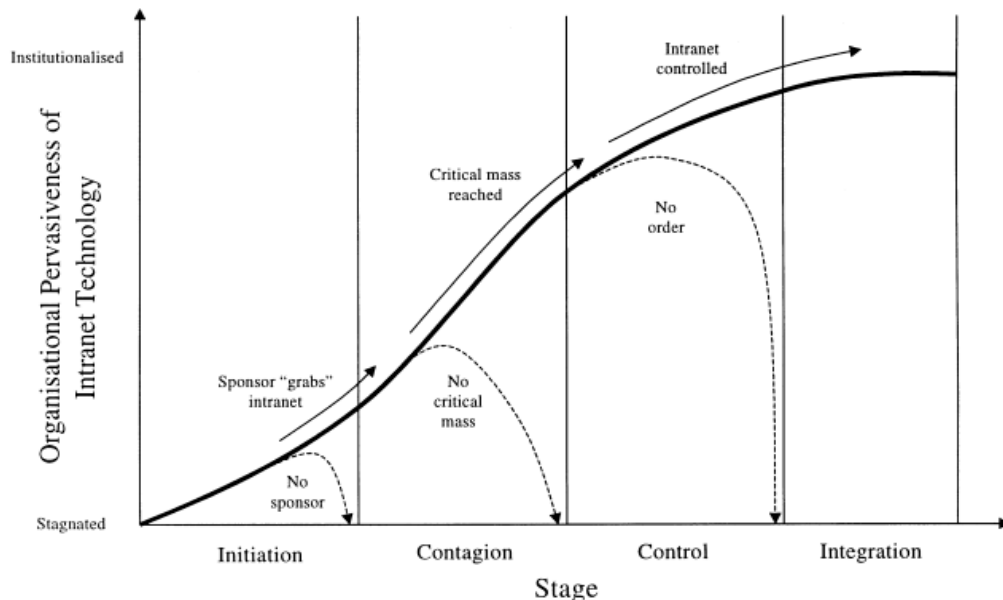


Figure 1 Stages of Intranet implementation and adoption (adapted from (Damsgaard and Scheepers, 2000)).

Damsgaard and Scheepers (2000) emphasize that Intranet technology has to undergo different crisis stages before the system reaches the final stage, which is integration. The model is grounded in empirical studies.

Three essential crises were identified. First, the Intranet is dependent on resources to conduct the implementation. In addition, a sponsor is needed to nurture the Intranet; otherwise, it cannot evolve properly. Second, a critical mass of both content and users' needs to co-exist for the Intranet to self-expand and become sustainable. If a critical mass is difficult to obtain, the Intranet may stagnate and become an experimental technology. Third, the planning and procedures must be in place to make the Intranet useful and up-to-date. If the Intranet grows without plans ("grows wild," *ibid*, p. 138), it might become chaotic. If anarchy occurs, the Intranet becomes difficult to manage and update; users may not trust the content and thus find other ways to gain information. This situation can lead to stagnation. The authors suggest that an organization needs to overcome the key challenges in one stage before it can proceed to the next stage. Intranet integration is the final stage of a successful implementation; the Intranet system should be fully integrated into the organization. The most important aspect here is institutionalization of the Intranet as a standardized asset in the organization. Thus, the Intranet becomes an important part of the ICT infrastructure and KM skills become essential. Content becomes decentralized, and process owners take on a high responsibility.

We use this model as a point of departure to explain the process of Intranet implementation and the challenges encountered by the University under study.

4. Implementing Intranet 2.0 at a Scandinavian University

This section presents selected findings from an illustrative case study of Intranet implementation in a university setting. The case study focused on the initial stage of the implementation and the period after. It also examined the visions for Intranet system implementation, how the system was accepted among different user communities, and the challenges that emerged after system launching. The results are analyzed and discussed according to the above-mentioned stage model (Damsgaard and Scheepers, 2000). Future recommendations to ensure diffusion and institutionalizing of the Intranet are also correspondingly discussed.

The university studied, which has three different campuses, was established in 2007. It has five faculties, which are as follows: (1) Economics and Social Sciences, (2) Humanities and Education, (3) Engineering and Science, (4) Health and Sport, and (5) Fine Arts. Additionally, a Teacher Education Unit and 13 centers also exist. The university has approximately 8500 students and 1000 employees.

4.1 Case overview

The university offers 9 PhD programs, 20 master programs, and about 50 bachelor programs. It is a national and international research institution, with more than 200 of its academic staff serving in the capacity of professors. The university cooperates regionally, nationally, and internationally in both fields of education and research. Regionally, the university has established several partnerships with organizations and institutions operating in both the private and public sectors.

Internationally, the university cooperates with more than 175 partner institutions through student and staff exchange.

In 2008, it started to evaluate different Intranet solutions. As the university already has the learning management system Fronter in place, this was first considered as an Intranet solution. However, this solution was discarded in 2010, as it was not satisfactory according to the design requirements developed by the Intranet project team. In the beginning of 2011, the organization chose SharePoint as the new Intranet platform. The system was rolled out in autumn of the same year.

SharePoint is Microsoft's integrated platform that is designed to optimize how people, content, processes and business applications function altogether. SharePoint offers functionalities that support collaboration in team sites, in addition to advanced Intranet functions for corporate governance of the Intranet (Sharepoint, 2012).

Intranet implementation was followed by collection of data through interviews from users, super-users and project team members, administration of a survey to the whole organization, observation of important project team meetings, and review of project documentation.

A specification of requirements was developed during the pre-implementation period. Several qualitative interviews were conducted across the organization, and user stories and text were developed to identify needed Intranet functionalities. In addition, a vision was defined, and some principles for use were developed. The vision is the overarching goal with regard to the main use of the Intranet: *The Intranet should be used by all employees of the university. The Intranet should become a working platform and a channel for information and communication. It should contribute to the building of a shared culture and identity.*

The principles are the specific goals that represent users' expectations of the system:

The Intranet should make every day work easier and provide easy access to address the concerns of each employee.

- The Intranet should be easy to navigate, user friendly and provide a clear overview of different Web pages.
- The system should be experienced as relevant and should provide precise and relevant information in addition to opportunities for personalization.

- The Intranet should be open and user generated. Anyone can publish and share information, and a low entry level should be required for this.
- The information should be time limited and up to date.
- Information should be stored and categorized and be labeled to provide good traceability.
- No content should be posted or commented anonymously
- The Intranet is a culture and identity builder that stimulates shared culture and increased well-being.
- The Intranet contributes to easier collaboration across the "silos."
- The Intranet should encourage interaction through created project rooms and collaboration tools.

4.2 Key findings

The goal of this project is to have the Intranet live up to the vision and principles which were developed based on users' suggestions and the project group. Prior to the implementation of the Intranet, many employees were dissatisfied with information flow, claiming it was due to a lack of top-down information and communication. The Steering Committee sought to design an Intranet that would solve these problems by making the new system the primary information- and communication channel, which could also build a shared culture and identity across the organization.

The approach of the Steering Committee and project team have been to focus on the initiation stage of the implementation, as there has never before been an Intranet at the University, meaning it has been important to gradually and carefully introduce its functionalities. The Intranet offers comprehensive functionalities and capabilities (such as advanced collaboration tools), although some of the more complex and advanced functionalities have not yet been implemented. This was a strategic decision taken by the project team, as they did not expect the users to have enough opportunity to learn the entire system immediately.

One important and immediate matter to deal with was to change the internal information flow at the university. Previously, the main internal sources of information among employees were shared through common e-mail lists, meaning users often received internal e-mails which were not relevant. This in turn resulted in a wasting of time, as employees would need to sift through irrelevant information, or even miss important information because of information-overload. In addition, one could only provide feedback to common e-mails by replying to them, and there was no larger forum where all answers could be shared. Thus, emails did not allow for the emergence of communities of interest or identity building. By comparison, an Intranet could provide more open dialogue across and between faculties, departments, senior management and employees. In fact, management subsequently decided to abandon its email lists after the Intranet was launched. This ensured that information to all employees would only be posted on the Intranet, meaning it would be the employees' responsibility to keep informed and updated. Users could now more easily filter out irrelevant information, and enjoy better communication between employees, regardless of location or position.

From the beginning, it was necessary to plan users' initiation to the Intranet. Leading up to the launch, both the Steering Committee and the project team held frequent meetings to plan the going live method and strategy. It was decided that the Intranet front page should be the home page for all employees' browsers. Responsible contact people would also be appointed for various units within the organization. They would receive specific training prior to the launch, so as to ensure they could competently publish content for their unit, and support their colleagues.

When the system went live there were open information meetings for the employees in which they received information about the benefits of the Intranet to their daily work practices. The project team also announced contests to get more users engaged and familiar with using it. Two types of training opportunities were arranged. Firstly, staff could attend a one hour training session which presented basic functionalities. Secondly, drop-in workshops were available for customized training and support. One month after going live, the project team offered more specific training sessions at different departments. While this was positively accepted overall, only one unit took advantage of the opportunity.

Throughout the project, the project group positively supported new users, ensuring the development of user manuals and quick feedback response to user problems and inquiries. They also assisted by prioritizing publishing management and personal skills training.

After going live, a survey was posted to employees to gauge how well the Intranet was working. The questions focused on information, communication, the Intranet as a working tool, collaboration issues, culture and identity, use of functionalities, user satisfaction, and with opportunities for individual comments.

Approximately 400 employees responded (the response rate was 40%), with 45% of respondents from faculty, and 55% from administration. Figure 2 depicts how the users evaluated the system in terms of the different parameters:

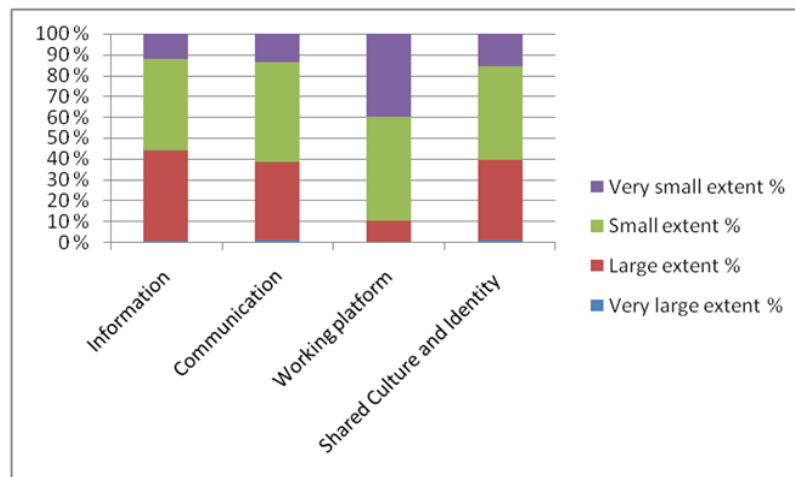


Figure 2: Users' evaluation of the Intranet system

The overall impression from users confirmed that there was still more work to be done by the project group. For example, The Intranet was not seen as a good working platform with respect to efficiency. The negative attitude towards information and communication was more surprising. Qualitative interviews clarified that some users found it difficult to navigate inside the Intranet, and that the right information was hard to find in the "information jungle". Some commented that user-friendliness was not good, and that the Intranet should be more personalized to fit the interests of different user communities.

Some of the responses were anticipated, given that the users have not yet started to utilize advanced functionalities, such as team sites and project rooms for collaboration. Thus, it might be too early to assess the sense of a shared community and social benefits. Yet despite this, 40% of users regarded the Intranet as a possible means of influencing culture and identity.

By doing a cross-analysis, the results also indicated differing attitudes among the faculty and the administration. The administration was on average more positive about the system than the faculty, and appeared to be making more use of the system. There are no clear explanations to this, however, some faculty members stated that there was no time allocated for learning to use the system, and due to stressful work situations, it became difficult to prioritize and commit time. In addition to the survey, interviews with super-users and contact persons were conducted, seeking to distinguish particular challenges during and following the going live period.

The challenges most referred to related to the technical management of the system. For some, the system was not intuitive to use. For others (particularly faculty members), the issue was an inability to allocate time and resources to learn the system. It was therefore difficult to commit to the system. In fact, some of the faculty members spoke very negatively about the system, saying that the management did not understand the faculty members' work situation, as many were already using their spare time to keep up with teaching loads and research without extra payment.

Furthermore, the amount of focused attention on the Intranet has varied among different units. Some faculties have had their super-users run information meetings and internal training sessions. However, others have not done this, knowing that employees could not prioritize the time. Others again preferred to get support from the project group directly. There were also varying perceptions among employees regarding the management's involvement during the implementation process. Some employees believed they could have showed more interest, so as to gain a larger commitment among the employees.

5. Discussion and implications for management

We will utilize the stage model developed by Damsgaard and Scheepers (2000) to structure our discussion. According to this model, we identified five issues that were particularly critical when implementing the Intranet, including: (1) allocation of resources; (2) creating ambassadors among faculty members; (3) creating a critical mass of users and content faculty; (4) navigation problems and the 'information jungle'; and (5) administration and faculty having different mindsets regarding the value of the system. These issues or lessons learned from this study are the basement for developing our propositions, which are presented in the following paragraphs.

According to the stage model, the Intranet implementation under study has to overcome critical crises in order to become sustainable. Firstly, the allocation of resources was not satisfactory for all user communities. In particular, faculty members did not have the resources or time to participate in training sessions and information meetings. This meant the Intranet became a burden causing extra work in an already overloaded work situation. It seems this was in part due to the absence of a faculty ambassador who would take responsibility for selling the system to the organization, and which resulted in negative comments about the system among faculty members. In that sense, the project group did not succeed in selling the Intranet concept across the whole organization, and the Intranet has subsequently not reached a critical mass across all users, with only administration showing adequate uptake. We propose:

P1. Intranet adopters need to establish ambassadors in all user communities to ensure a balanced critical mass of users representing the entire organization.

By looking at which users were most active on the Intranet (using user statistics/web-analytical tools) the trend from the survey clearly revealed that administrative staff were most active, and supports indications that the use and attitudes towards the Intranet differs between the administrative and faculty at the University.

However, it must be remembered that the system is still new to the organization, and users may need some time to change their habits. Yet, if the mindset among the faculty members does not change, there is a risk that the Intranet will not sustain for the organization as a whole following the Contagion stage (Figure 1, section 3). It may thus be timely to encourage higher faculty members' use by introducing 'killer applications'. This refers to a new version of the Intranet which is due to go live at the end of 2012, and will feature advanced functionalities such as collaboration tools and opportunities for establishing team sites ('project rooms'). This may attract a greater critical mass of users.

In addition, the choice of SharePoint as a platform was not positively accepted among all users, with several pointing towards navigation problems and low user-friendliness. SharePoint is a large and standardized system, meaning it does not allow for much customization, which is always a risk when the system is not developed in-house. This issue was emphasized as a critical success factor in a previous study (Engard and Park, 2006), in which a 'fresh' and user-friendly design is considered attractive to users, where it is also important to customize the system to contextual specificities and idiosyncratic practices of each particular workplace.

Moreover, the 'information jungle' has now become something of a user description for the Intranet. The Intranet Control phase must now be considered to avoid increasingly chaotic user experiences. This means that the Steering Committee will need to intervene to formalize the roles of super-users and coordinators. While users keep the Intranet alive by posting news and information, it might also be inappropriate to transfer project responsibility to the line organization too soon after the new version (with advanced functionalities) has gone live. We propose that:

P2. Intranet adopters need a strong steering committee and project group with high Intranet competencies which can take on some control. The project must not be transferred to the line organization before the technology is institutionalized within the organization.

The organization is probably not ready for the Intranet Integration phase after just the first upgrade. At this stage, process owners are supposed to take more responsibility until the Intranet has become a natural part of daily work practices.

The creation of a shared identity and culture has been another important vision for the Intranet. Yet, if a shared identity and culture has never existed, it is extremely difficult to imagine that an Intranet system alone will be able to create this. Along with this consideration of organizational culture, the University was also inexperienced with Intranet use, meaning that its technological maturity would already be rated as considerable low for uptake of Intranet 2.0 with social software opportunities. We therefore propose that:

P3. Intranet adopters that want to develop a shared identity and culture need to go further than the technology itself. Social factors, formal and informal practices must also be reviewed.

The University had not established any KM initiatives prior to the Intranet's introduction, meaning that many departments and faculties work in isolation as 'silos', and collaboration across disciplines (such as through research projects) have been difficult to establish. Thus, a KM strategy is also important to establish, particularly at the Intranet Integration phase. This has implication for KM, and we thus propose that:

P4. In order to succeed with the institutionalization of the Intranet, adopters need to establish a KM strategy which focuses on a networking model at the same time as Intranet implementation.

Based on the propositions, the following implications for management are suggested:

An overall change management project should be part of an Intranet implementation comprising the following management activities:

- Management must identify actual ambassadors in the organization and implement incentives for the ambassadors succeeding in selling the system within and across user communities.
- Management must be committed to the Intranet project, allocate necessary resources and assure that dedicated employees are attached to the project at any time.
- Management should not focus on the Intranet technology only for creating a shared culture, but make cultural values and visions visible through a diverse set of channels across the organization.
- Management should set up project groups to review existing culture, informal and formal practices and identify issues that need to be changed.
- Management should establish a KM strategy and allocate resources to a knowledge manager officer (if not existing) who should take the responsibility for setting up and stimulating communities of practice and Intranet use in order to increase the institutionalization of the Intranet.

6. Conclusion

This study has highlighted several critical issues regarding Intranet implementation. By utilizing an Intranet stage model (Damsgaard and Scheepers, 2000), four propositions could be developed to identify challenges in each phase of implementation. Based on these propositions, implications for management are suggested. The findings demonstrate that Intranet implementation can be a long process and difficult to institutionalize. At present there is still uncertainty as to whether the Intranet will sustain across the entire organization. It is important for management to review and evaluate the efficiency of the Intranet on a longitudinal basis. For any ICT resource the following questions should always be reviewed: Is the IT resource associated with improved operational efficiencies or competitive advantage, and how does an IT resource generate those (Melville et al., 2003)?

Intranets do, to some extent, reinforce existing structures and practices, and it is therefore advisable for management to focus on a KM strategy and initiatives that allow communities of practice to emerge. In our particular case, an Intranet 2.0 with embedded social software was implemented, as it has the potential for combining both the repository model and the networking model of KM and creating a knowledge-centric culture (Alavi et al., 2005). This model provides access to information and documents as needed, as well as

communication opportunities - such as forums - which again facilitate the emergence of communities of interest. When advanced functionalities are eventually introduced, project teams and communities can establish their own team sites for individual projects or common research interests.

We also believe that this study can be of use to broader implementation practices, as lessons learned can be used by other organizations to help them in their own Intranet efforts. While our research is somewhat limited as it is exploratory, our results can serve as input for subsequent qualitative studies about Intranet implementation, and further examined to consider whether our findings can be applied in other organizational contexts.

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Does it Enhance Human Resource Management? A Narrative Approach to Trust Development in Work Relationships

Mirjami Ikonen and Taina Savolainen
University of Eastern Finland, Joensuu, Finland
mirjami.ikonen@uef.fi
taina.savolainen@uef.fi

Abstract: The study focuses on trust in intra-organizational relationships as a basis for collaboration and organizational commitment and a means to enhance human resource management. More specifically, this study aims to explore the process of trust development and maintenance in intra-organizational, dyadic relationships within the Finnish organizational contexts. Trust is the main element of human and social capital and, in general, managers and leaders are responsible for building and sustaining trust to increase motivation and create a culture fostering learning and competence development. Although trust as a multidisciplinary issue has been widely studied recently in different fields of science, it remains a complex, multifaceted phenomenon. Different conceptualizations of the nature of trust exist (e.g. Möllering, 2006). According to prior research, the role of trust is crucial when generating social capital, job satisfaction, organizational behaviors and commitment, turnover and job performance within organizations (Lewicki, et al., 2006). The HRM practices play a significant role in these organizational processes. In this paper, theoretical framework draws upon Leader-member exchange (LMX) theory (Graen & Uhl-Bien, 1995) and the models of trust development (e.g. Lewicki & Bunker, 1996). The empirical study aims at describing how subordinates describe their experiences and perceptions of intra-organizational trust and trust breaches. In the empirical study, the data includes 65 stories collected by a method of empathy-based stories and analyzed by the analysis of narratives. The trust development process in work relationships appears rather sensitive (Ikonen & Savolainen, 2011), for example, “the dynamics of evil” may be unintentionally boosted. Interpersonal trust within organizations grows to develop as early as during the recruitment process. The orientation of a newcomer in organization is crucial for the further trust building in leader-follower relationships. The study suggests that interpersonal trust development process plays a role in HRM influencing organizational success through renewing of human capital. This emphasizes also the role of trust building as a leadership skill (Savolainen 2011). The practical implication is that the processes of building and maintaining trust require activeness of leaders and should be supported by the HRM practices of the organization.

Keywords: Interpersonal trust development, HRM, process view of trust, leadership, narrative methods

1. Introduction

Trust as a multidisciplinary issue has been widely studied in different fields of science over the last few years (Ebert, 2009). However, trust is a complex, multifaceted phenomenon, and different conceptualizations of the nature of trust exist. In prior research, the role of trust is seen crucial generating social capital, job satisfaction, organizational behaviors and commitment, turnover and job performance within organizations (Lewicki, et al., 2006). However, the diversity of trust is rich in intra- and inter-organizational settings when different types of relationships are considered. Interpersonal trust relies on interaction between individuals, whereas impersonal trust rest on e.g. management system and procedures of HRM.

Human Resource Management (HRM) is “the process and practice of managing and advising management on the recruitment, selection, retention, and development of staff in an increasing, complex legal and social environment. The aim of HRM is to achieve the organizational objectives set by managers or consultants” (Clegg, et al., 2008, p. 172). Noteworthy, HRM practices play a significant role in the inter- and intra-organizational processes. Trust building belongs to these processes. At the interpersonal level trust affects the organizational atmosphere and well-being. HRM practices in organizations have multiple consequences, both tangible and intangible, to processes and atmosphere for talents and skills development and encouragement (Vanhala, 2011).

2. Theoretical background

In this paper, theoretical framework draws upon the Leader-member exchange (LMX) theory and the models of trust development. The LMX theory (Graen & Uhl-Bien, 1995) focuses on leadership-making process between leader and follower. It is described by three stages, in which the roles are first scripted, then tested and finally negotiated. Influence is one directional in the beginning of a leader-follower relationship, then it is mixed and finally influence develops into reciprocal exchange. In the heart of the LMX theory is the distinction

of leader-follower relationships into in-group and out-group. The in-group refers to rather limited amount of subordinates and the out-group includes the others.

Leadership is established on in-groups, where extra-role behavior appears while in out-groups the roles are defined. Mutual trust and reciprocity flourishes in the within the in-group. The ideal would be that a leader could build that sort of relationship with each of his or her subordinates. The central concept of the LMX theory is dyadic relationship between a leader and each of followers. In this sense it is a unique theory and well suited for the current study. LMX theory also highlights the importance of communication in leadership which is in the focus of our study of trusting in leader-follower relationship. Besides the advantages of the LMX theory, it is also strongly criticized. This criticism focuses upon essential faults such as discrimination, inequality and unfairness which are substantial in the process of trust building. The LMX theory describes and prescribes leadership where trust-building is strongly promoted but lacks the description of the means through which it is developed (Graen & Uhl-Bien, 1995, p. 156). Recently, Häkkinen (2012) has studied leader's trustworthiness in the LMX framework identifying the in-group out-group dimensionality in trust-building.

Several trust theorists have stated that trust develops incrementally over time. Trust is seen as an ongoing process (Connell, et al., 2003). Especially in the knowledge era, trust building has become leaders' essential task (Savolainen, 2011). However, time itself does not make trust to develop, but continuous interaction is needed. Typically, trust has to be earned; even it is usually taken for granted. Mayer et al. (1995) argue that integrity is judged by previous behaviors, reputation, similarity of values and consistency between word and actions. For example, first impression about the new leader filled with sense of competence enables trust to develop.

The other three-stage model of *building and sustaining trust* over time is suggested by (Lewicki & Bunker, 1996). According to the authors, trust develops dynamically in relationships in three stages that also describe the *changes in the foundations of trust*. Development proceeds from calculative-based to competence-based trust and then, finally to identification-based trust. The better the other party is known the deeper the relationship between the parties develops in the course of time. These two models, the LMX theory and three stage model, can be linked with each other in the sense that they look at interpersonal relationships and their development which is assumed to be progressive and linear.

3. Methodology

The current study poses such questions as how leaders and managers enact on building and sustaining trust in organizations and how leaders develop trust-building and -repairing skills to enable prosperity in the organization. Empirical qualitative explorations in interpersonal trust have been encouraged lately (Lewicki, et al., 2006). Atkinson's work (2004) is one of the explorative, qualitative empirical studies in the managerial relationships context. Her work focuses on top management level (peers in the work relationships context). The ideas can be partly utilized theoretically specifically pertaining to relationships. Therefore, in relationships between actors inter-personal trust research is conceptually and empirically ambiguous and complex (Atkinson, 2004).

The research also aims at describing how subordinates describe their experiences and perceptions of intra-organizational trust and trust breaches. In the empirical study, the data includes 65 stories collected by a method of empathy-based stories (MEBS) and analyzed by the analysis of narratives (Eriksson & Kovalainen, 2008; Hytti, 2003). The method is useful when exploring sensitive issues and it is still scarcely used in business studies (Katila & Eriksson, 2011; Moisander & Pesonen, 2002). MEBS is based upon the assumption that people can express their understanding of social situations and episodes in a form of a story rather than answer a researcher's questions (Korhonen, 1999). MEBS provides both challenges and unusual possibilities of analysis (Eskola 2001). For example, the method facilitates the capture of cultural meanings of a particular situation, such as trust building or trust violating in the present study.

The empathy-based stories were collected first from 42 students of the course of Qualitative Methods in Business Research at the University of Eastern Finland in November 2010 and later March 2011 more 23 empathy-based stories were collected from the student of the course of Human Resource Management. In the beginning of the lecture, the students were guided by a few words of the theme of the study (trust in leader-follower relationships) and they were allowed to use their imagination in empathizing in the situation of the

orientation text: "Imagine, that you are working as a summer trainee accounting assistant at a local company. Marketing director Mr. Peter/ Ms. Patricia Snowhill has behaved in a trust building/ breaking manner towards you. Describe what happened."

4. Main findings

Interpersonal trust grows to develop as early as during the recruitment process yet the orientation of a newcomer in organization is crucial for the further trust development in leader-follower relationships. The study suggests that interpersonal trust development process has a significant role in HRM influencing organizational success by renewing human capital and emphasizing trust building as a leadership skill.

These findings indicate that openness and affectivity of communication are crucial for trust development in leader-follower relationships, especially in their early phases. Confidence or cooperation also came up spontaneously. From the follower's perspective, leader's support is highly appreciated.

Excerpt:

"Peter Snowhill gives me responsible and challenging tasks, thus showing trust toward my professionalism and abilities. He doesn't underestimate my skills but gives tasks that match my skills and know-how and doesn't underestimate my work input. This way he builds appreciating and trustful superior – subordinate relationship between us."

In the analysis of trust breaking stories the division to "us and the others" was visible. The influence of leader's trust breaking behavior may spread in the organization and increasing distrust towards the whole department. When a leader undermines subordinate's trust by his or her behavior, the impact spreads also those who are totally uninvolved. This indicates that the process of trust development is multilevel and dynamic.

Leader's support and frequent interaction from the start of a relationship is one of the key elements of building trust (see also, Häkkinen, et al., 2010). It is possible to create a learning culture for the organization by employing this measurement. In a good work atmosphere people enjoy themselves and results develop positively. Clear task division, adequate resources and understanding the meaning of everyone's input motivate employees and has been found to give meaning to everyday work. At best a superior is an excellent example of how it is possible to reach goals by respecting and taking others into consideration.

Interestingly, there seems to appear a principle or mechanism of "evil" or bad by which we mean that it is rather easy to deteriorate trust by doing nothing. We have identified this phenomenon as "the dynamics of evil". It refers to the tendency that in promoting good active deeds are needed. In other words, no good occurs automatically or without any effort in organization except perhaps exceptionally. On the contrary, a leader has to make a right decision and be initiative to promote trust development. Instead, by a choice of passiveness, interpersonal trust might be deteriorated without doing anything. This sort of vicious cycle of passiveness gets its initials from leaders who refrain from action when intervention is demanded. Suspicion may generate "the dynamics of evil".

The narrative data collected by method of empathy-based stories with variations of the orientation text also allowed us to look at the differences between perceptions concerning male and female managers among male and female participants. Nevertheless, differences were not found between male and female participants in the way that they perceive male or female leader's behavior.

5. Discussion and conclusions

The findings supports mainly what has been found out in the prior research on the important factors of trust building such as informal discussions with subordinates, appreciation of their work and opinions, and honesty; see, e.g., Brower, et al., (2000) and Gillespie & Mann (2004) who have reported these kinds of findings. The process of maintaining trust needs activeness, especially concerning leaders. Once a dyad or an organization, settles into "the dynamics of evil", it is extremely difficult to exit (Losada & Heaphy, 2004). Therefore, trust in leader-follower relationships hardly grows by itself. Lack of interaction is one of the features emerging in the Finnish workplace culture presently. This may lead to poor sharing of knowledge and dysfunctional relationships, accordingly.

Dynamics of trust seem to work through organizational climate, functioning interpersonal relationships which involve also trustful behavior towards peers (see, e.g. Savolainen & Ikonen, 2012). Leaders have a significant impact on organizational climate and according to Burke et al. (2007, 613) the climate has effects on the existence of trust. In managerial behavior it means openness in communication, among others. These are the means for managers in renewing human intellectual capital in organizations. Thus, trust plays a role in enhancing HRM practices.

In prior research, the cycle of mistrust (Ryan & Oestreich, 1991) has been identified as an organizational phenomenon but it is not widely investigated. Suspicion or even distrust may appear if interaction is low. Leadership requires deeper awareness of the responsibility and effects of one's own actions. According to this study, the challenge of trust development is crystallized in overcoming the dynamics of evil. For further research, a question arises if institutional procedures could substitute or at least support the interpersonal trust development process at the organizational level and if so, what role do HRM managers and professionals play in that?

The findings imply that the processes of building and maintaining trust need activeness of leaders and should be supported by the HRM practices of the organization. The trust development process in new work relationships appears rather sensitive (Ikonen & Savolainen, 2011). The initiation stage is important for new comers, since the leader's support and frequent interaction from the beginning of the relationship are the key elements in building trust (Savolainen, 2011; Häkkinen, et al., 2010). This kind of leader behavior shows trustworthiness towards the follower. Without interaction trust may recede although the trust development process inherently endures times of stillness in the course of relationship. Trust is needed for creating and renewing intellectual capital in organizations. This way *trust enhances HRM practices*. More attention should be paid to recruitment and guidance of new employees, because first impressions of leaders' actions stick surprisingly long and can affect trust building (Ikonen & Savolainen, 2011).

Finally, HRM practices may play a significant role in the processes of trust building and sustaining. Interpersonal trust relies on interaction between organizational actors. Trust is also an opportunity to create *loyal relationships* to strengthen the sense of communality which facilitates knowledge creation, sharing and utilizing. In the long run, workplace relationships form human capital/assets which are rooted in social and cultural intangible capital (Savolainen, 2011). The paper suggests that in renewing human capital interpersonal trust development process and trust building as a leadership skill could be the mechanisms through which HRM practices could influence organizational success. The findings imply that the currently under-researched area of trust development needs to be considered more carefully and understood more deeply, as trust operates at multiple levels and relationships may be multiplex (Savolainen, 2011). This way HRM could be enhanced through trust in organizations.

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Challenges in Leadership for Quality and Sustainability of Educational Institution - Tamilnadu

Ramanan Kausalya¹, Venugopal .Srinivasan² and Sundeep Swetha¹

¹School of Management Studies, Bharath University, India

²School of Mechanical Engineering, Bharath University, India

r.kausalya@gmail.com

srinivasan_v9669@yahoo.co.in

sundeepssn@hotmail.com

Abstract: The educational institutions in Tamilnadu, India are surviving in a competitive environment. In present scenario these institutions are lead by the people who are just qualified in the respective academic field. These leaders have to create a brand image for sustainability in the market. Leaders do play a great role in this, but these leaders do not possess the qualities required to march towards the change. Most of the institutions are presently lagging behind in basic amenities such as infrastructure, qualified and experienced staff, research laboratory facilities etc. At this juncture research quality is lowering down in India as compared to the developed countries. Students are migrating to other parts of the world for higher studies and research. The prime and foremost goal of any educational institution is to impart knowledge to individuals to serve the needs of the society. Unfortunately in most of the institution in Tamilnadu the seats are vacant in spite of the pass percentage is high. Society rejects many of the institutions because of their poor performance. Very low pass percentage in UGC conducted exams for selection to lectureship reveal that knowledge is not imparted properly. A dynamic leadership is required to overcome these drawbacks. A study was conducted in and around educational institution in Tamilnadu regarding the present practices of leadership to create a brand image and successful running of their Institution. The data was collected by a structured questionnaire from the principals of various institutions. Pareto analysis was done to look for the factors for failures and to lookup for the changes required in leadership qualities to create brand image in the market. The study reveals that there is a need for change in the leadership qualities. The leaders are playing a vital role in creating brand image. The leaders are in a position to meet the requirements of student's teachers and management for smooth running of the institution. The dynamic leader of an educational institution must not only be an academician but also posses managerial qualities such as innovator, time manager, dynamic counselor ,quality manager, technology updater, infrastructure developer, financial advisor, motivator for students and teachers. All the leaders do not posses managerial qualities; hence there is a need for designing training programmes to impart knowledge on quality, management. Thus the leader should be NTABC.

Keywords: brand image, higher education, innovator, quality, role model

1. Introduction

Education is thus defined as a drawing out of potentiality .and an educational system is therefore, any system which sustains the organism's interaction with the environment in such a way that, draws out potentialities at an optimum rate. An educational system, then, is a social institution organized to guide human interaction with carefully arranged environments for the purpose of drawing out their potentialities with the ultimate goal of enabling the children to become competent learners so that they can be "releasers of their own potentialities—teachers of their own selves" thereby becoming in charge of their own destinies (Abrahamson E & Formbrun C.J, 1994).

The central purpose to be served by the educational administration is releasing human potential of both ward and staff by facilitating them to become competent learners (i.e., fully able to teach their own selves by knowing how to arrange environments and how to guide their own interactions among them). The word leadership comes from a root word which is similar in meaning to the Latin word from which education is derived. Both mean "draw out" or "lead forth." To lead means to be out in front and presumes a following which is being taken in a particular direction. That direction is established by the objectives and purposes of the institution or organization which is being administered.

Leadership Management refers to the utilization of the "immanence" of the system—the cumulative experience of the institution—by bringing it to bear upon the achievement of purpose in the present. *Leadership* concerns the shaping of present actions in terms of what the system might become in the future, thereby guaranteeing that the institution or system itself makes a perpetual "creative advance into novelty," and releasing its potentialities as a system, or "collectivity." To survive all systems must strike a balance between what Whitehead calls "permanence" and "flux" or stability and change (Bath R, 2001).

A society, an organization or institution needs leadership more than anything else for it to make a mark. Leadership is defined as an influencing process. Managing an educational institution in this competitive environment is a multi -faceted problem involving many challenges and issues. Developing right leadership qualities is highly essential for withstanding the existing and futuristic challenges. Leaders motivate the members of the organization to get their best efforts and achieve organizational objectives. They also create the environment to work with cooperation to achieve the goal (Ford M, 1992)

Leadership is ultimately about leading change for betterment. In the current scenario the leaders are appointed based on UGC defined educational qualification. Though these leaders are good in academics it is also essential that they also serve as a bridge between management staff and students as quoted by Sun Yat Sen Following are a number of practical issues faced by all the administrators in educational Institution (Beck L & Foster W 1999).

- Management of day-to-day activities
- Employee management
- Creating appropriate staffing patterns
- Staff selection, training, promotion
- Conflict resolution
- Distribution of decision-making power: problems of authority and obedience
- The supervision of students
- Expenditures
- Evaluation and feedback, and
- Accountability

2. Materials and methods

A study was conducted in various educational institutions in and around Chennai in Tamilnadu regarding the present practices of leadership to create a brand image and enable a successful running of their Institution. In Tamilnadu (one of the states in India) there are 520 Engineering Institution. Out of that 30 institutions are Government-run and Government aided and the remaining 490 institutions are owned by private managements. The data was collected by a structured questionnaire from the Principals of those institutions. Fifty institutions were selected randomly in and around Chennai. Out of them 12 institution have established their brand image in the market. 24 are moderate and 14 are new. The data collected was analyzed to find out the factors for failures.

Pareto analysis was done to look for the factors for failures and to lookup for the changes required in leadership qualities to create brand image in the market. The factors affecting the sustainability of an Institution in the market are

- Intake of the student
- Staff competency for transforming knowledge.
- Infrastructure and laboratory facilities
- Opportunities to develop personality traits
- Placement opportunities
- Creating funds by encouraging new projects.
- Institute Industry Interaction
- Opportunities for staff development and orientation.
- Ensuring quality in all aspects.

The figure -1 represents the Intake of the students by single window system and management quota for under graduate engineering programme are given below

Table 1: Intake of the students

	Single Window System	Management Quota
All Seat Filled (185 Nos)	45	50
Moderate Filled (270 Nos)	35	40
Low Filled (75 Nos)	20	10

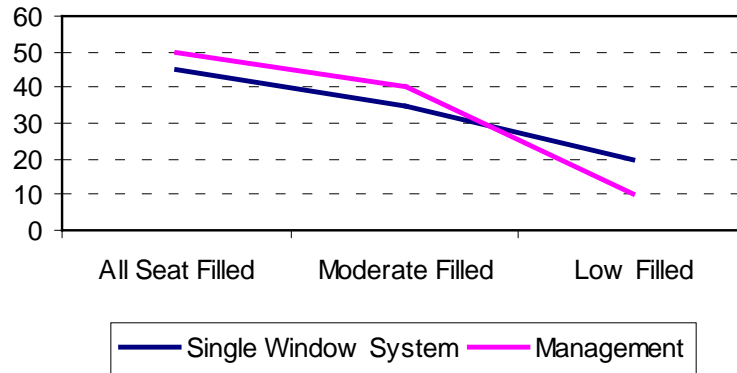


Figure1: Intake of the students

The engineering admissions are made in Tamilnadu through single window system. Overall rank list is prepared based on the marks secured by the candidates and the admissions are made according to the position of candidates in the rank list. 45% of the institutions achieve the target of 100% intake through single window system, 35% of the institutions get moderately filled and 20% have very poor intake (low filled). Where as 50% of the intakes are filled directly by the management quota category which does not involve single window system of selection in self-financing institutions. In that 50% of the institutions achieve a target of 100% in management quota, 40% of the institutions are filled moderately under management quota and 10% have very poor intake.

Staff availability is one of the major factors for the sustainability of any organization in the market.

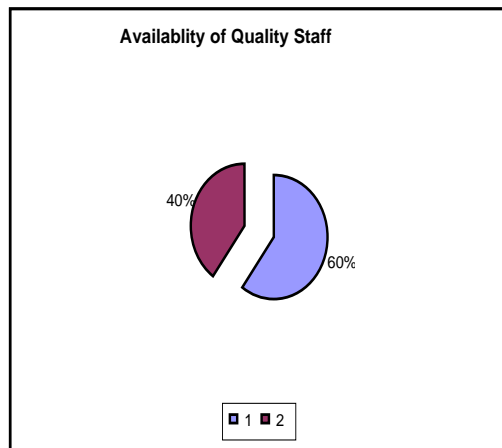


Figure 2: Staff Availability

The figure-2 represents the availability of the competent staff in the institution. 60% of the institutions do have sufficient staff where as 40% of the institutions have shortage of staff. Staff requirement is one of the fort folios which should be maintained by the leader in order to impart knowledge to the student community.

Infrastructure plays a vital role in selecting the organization.

Table 2: Infrastructure of the Institutions

Infrastructure (% of Institutions)			
	Excellent	Moderate	low
All Seat Filled (185 Nos)	60	35	5
Moderate Filled (270 Nos)	53	38	19
Low Filled (75 Nos)	28	36	36

Infrastructure of Institution

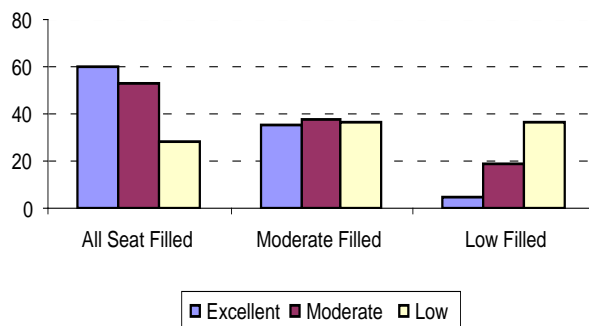


Figure 3: Infrastructure

The above table gives the percentage of the availability of infrastructure in various institutions as shown in figure-3. 60% of the institutions achieve 100% intake provided, the infrastructure is excellent. 35% moderate infrastructure institutions achieve a nominal intake due to recommendation of the institute by passed out candidate. It is interesting to note that 5% institutions with low infrastructure facilities achieve a nominal intake due to recommendation of the institute and other benefits offered to the candidate. 53% of the institutions achieve moderate filling in spite of excellent infrastructure. 38% Moderate infrastructure institutions achieve a moderate filling due to recommendation of the institute by passed out candidate. It is interesting to see that 19% institutions with low infrastructure facilities also achieve a moderate intake by promotional activities and benefits offered to the candidate. 28% of the institutions do have low intake in spite of excellent infrastructure. These institutions are located in urban areas or it may be new institute. 36% Moderate infrastructure institutions have a very low intake as they are either in urban or new to the market. 36% institutions with low infrastructure facilities have low intake due to some of the promotional activities and benefits offered to the candidate.

Placement depends on the personality traits. Students at undergraduate level need to be motivated and trained to face an interview

Table -3: Opportunity to develop personality traits

	Excellent	Moderate	low
All Seat Filled (185 Nos)	58	41	1
Moderate Filled (270 Nos)	36	38	26
Low Filled (75 Nos)	12	27	61

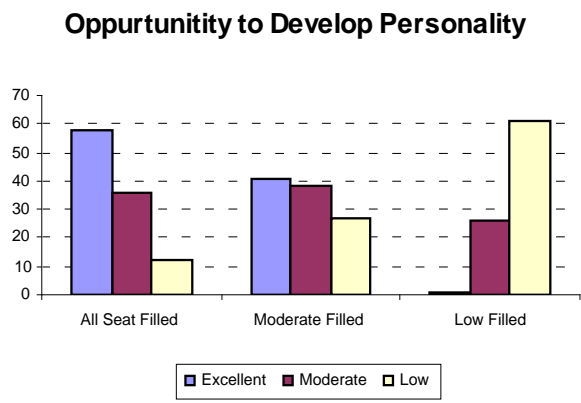


Figure 4: Opportunity to develop personality traits

The above table gives the percentage of opportunity available to develop the personality traits. 58% of the institutions providing opportunities to develop personality traits achieve 100% intake. 41% of the institutions providing opportunities to develop personality traits achieve 100% intake. 1% of the institutions providing opportunities to develop personality traits achieve 100% intake. 36% of the institutions which provide excellent opportunity to develop personality traits, 38% of the institutions which provide moderate opportunity to develop personality traits and 26% of the institutions which provide low opportunity to develop personality traits, only moderate filling was achieved .12% of the institutions which provide excellent opportunity to develop personality traits, 27% of the institutions which provide moderate opportunity to develop personality traits and 61% of the institutions which provide low opportunity to develop personality traits had very low intake..

Factors such like placement activities, funds for education, staff development activities, quality control are playing a major role for sustainability of an organization in the competitive market.

Table 4: Other Factors affecting Sustainability

Other factors				
	Placement	Funds	Staff development	quality
All Seat Filled (185 Nos)	70	68	75	65
Moderate Filled (270 Nos)	55	55	60	58
Low Filled (75 Nos)	20	30	25	22

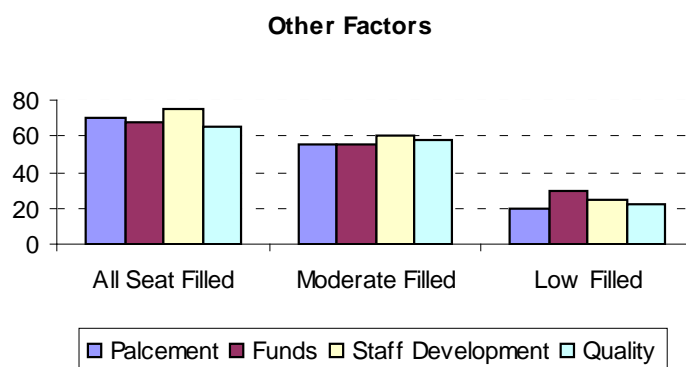


Figure 5 Other Factors affecting Sustainability

The following table gives the percentage of other factors such as placement, funds, staff development and quality of various organizations. Staff development programme are essential for delivering quality lectures. Funds will help to give financial support for needy students. Quality can be attained only by means of

systematic working. Periodic meetings are essential to measure the quality. (Darling Hammond L, Linn R, 1989, 2000). 70% of the institutions providing placement opportunities, 68% of the institutions providing funds, 75% of the institutions conducting staff development programme, and 65% of the institutions having quality control programme had 100% intake. 55% of the institutions providing placement opportunities, 55% of the institutions providing funds, 60% of the institutions conducting staff development programme, and 58% of the institutions having quality control programme have moderate intake. 20% of the institutions providing placement opportunities, 30% of the institutions providing funds, 25% of the institutions conducting staff development programme, and 22% of the institutions having quality control programme have very low intake.

3. Results and discussion

Looking at the history of professional educational institutions in Tamilnadu 25 years ago, only government colleges provided engineering education. After 25 years, now that only 6% of colleges are government-run and government aided and the rest are self-financing colleges- these colleges are in a position to compete in the market. The factors for sustainability in the market will be discussed in detail below.

3.1 Intake of students

The intake of students is directly proportional to the brand image and sustainability of any organization in the market... As a leader one must be very clear about the mission of the organization and has to create a healthy environment to bring out the potentialities of the student. The leader has to ensure that directions are set to achieve quality in teaching, which in turn will fetch good results. Present students are the motivator for future students to select an organization. The year 2012 counseling results shows that some of the institutions were summarily rejected by the students in spite of them having good infrastructure. Government colleges provide lot of financial assistance for students. Leaders of private organizations must be in a position to create funds to attract meritorious students.

3.2 Staff competency for transforming knowledge

Teachers are the pillars of any educational organization. A positive environment with freedom should be created by the leader to impart knowledge. Staff training programme are required for youngsters to deliver good lectures. An effective leader should be a mediator between the management and staff regarding their benefits. Quality of the lectures must be ensured with proper lesson planning, lecture notes, conducting periodic tests and reviews. Staff should be motivated for research projects. It is the sole responsibility of the leader to motivate and encourage his staffs (Bermen P & Mclaughlin M 1978).

3.3 Opportunities to develop their personality traits

This is one of the major requirements for placement. Leaders must take some initiative to create bond between passed out employed students for training the present batch for their future benefits.

3.4 Placement opportunities

This criterion plays a major role for student's intake. As the leader of an institute, industrial relationship will help in recruitment policies. Training programs must be organized to help the students to face test, group discussion, and personnel interview confidently.

3.5 Staff development programme.

Leaders must plan for staff and faculty development programme often in order to refresh the knowledge and to develop innovative teaching methodology for knowledge update.

3.6 Quality control

Quality always speaks about the organization in the market. Recording the information, Timely review of the happening in the institution will help to build quality.

4. Conclusion

On examining the results, we can infer that only when the brand image is created in the market, customers agree with the product. Even though infrastructure and qualified staffs are available, the institutions are rejected by the customers. The expectations of the customers are different such as scholarships; placements etc. They play a vital role in selecting the institute by a meritorious socio economic student. Also the brand images about the institutions are created in the society only by the way they function.

Leaders are responsible for the proper functioning of any organization. Leaders should not only merely qualified in their academic fields, must also be capable of multi-tasking which requires managerial skills such as human resource (staffing, allocating, sequencing) financial handling, marketing. They can acquire these traits through some training programme in managerial skills and experience. Thus a leader of present- day of an educational institution should have NTABC.

N: Navigator: setting the direction to achieve the goals of an organization

T: Technological updater: they should know the changes in the technology so as to match the curriculum. Industry – institution interaction is must

A: Adaptive Learner: they should be ready to update their knowledge and implement them as per requirements.

B: Bold: they should be able to solve the problem and implement their decisions in spite of the obstacles.

C: Counselor: they should be positive in attitude and must be able to convince their ideas among the student and staff to bring out their potentiality for the betterment of the organization.

Apart from this, there is a major finding that the management (owners) of institutions are dominating the leader, influencing and preventing them not to discharge their duties (because of the profit motive of the management) based on the decision taken by brain storming method or as per existing rules and norms of the body which governs these institutions. As quoted by Isaac Newton "You really can change the world if you care enough". We can train the leaders of the institution to overcome the obstacles and March forward to achieve the goals which will create brand image for sustainability of the institution.

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A Participation Framework for ICT Benefits Realization: A Model for ICT Investment Worthiness Justification in the Public Sector

Tawa Khampachua¹ and Choompol Boonmee²

¹King Mongkut's University of Technology North Bangkok, Thailand

²Thammasart University, Thailand

khampachua.tawa@gmail.com

choompol@tu.ac.th

Abstract: In e-government development, Information and Communication Technology (ICT) is a tool which improves performance in conducting business and increases organizational capabilities. Organizations allocate significant budgets to implement ICT on this assumption. However, measuring benefit from the ICT investment in government organizations is difficult since each organization is different. So the benefits may accrue only through its own ways of utilizing the ICT systems that have to be discovered within the organization by its knowledge workers. Such discovery however will only occur if the ICT benefits are recognized leading to user acceptance which then leads to ICT utilization. Therefore, benefit and acceptance have to be acquired in parallel. Thus, framework with a mechanism for users to realize what benefit they gain is proposed based on diffusion of innovation theory and individual ICT acceptance model. The framework in-turn motivates more ICT use. Moreover, it includes a process to realize benefits from ICT investments. The framework helps justifications of worthiness for individuals even though their expectations could be different. The main idea of this framework is to involve key stakeholders to participate in eight activities. They are to create benefits, to confirm benefits, to assess benefits, to commit benefits, to measure benefits, to align benefits with organization strategies, to provide complaints and to provide suggestions. Moreover participation patterns observed from these activities can be used to predict the trend of benefit realization. The ability to maximize benefits from the investment depends on the degree of participations. The framework can be used as a practical tool to obtain acceptance in the early stage. We attempt to prove our proposed framework by adopting it to an ICT project at the Ministry of Public Health (MoPH). There are eleven departments and five branches of the MOPH engaged in this project. After spending several months applying our framework, we found that our proposed framework help justification of ICT investment worthiness.

Keywords: benefit realization, participation framework, individual ICT benefit acceptance, ICT adoption, diffusion of innovation, investment justification

1. Introduction

In e-government development, Information and Communication Technology (ICT) is a tool which improves performance in conducting business and increases organizational capabilities. Organizations allocate significant budgets to implement ICT on this assumption. However, measuring benefit from the ICT investment in government organizations is difficult since each organization is different. Thus, ICT benefits can take place in various forms depending on the context of stakeholders who gain them. Stakeholders, who have opportunities to express specific benefits which sound realistic to them, must accept the benefits. Unfortunately the other who have not, may not accept them.

At the same time, the purpose for investment in ICT has several dimensions. It can be classified into five major categories consisting of to support the organization's strategy, to reduce operational costs and resources, to increase the efficiency of the public service, to increase revenue for the organization and to meet legal or regulatory requirements (Jenner, 2009). The measurement of the benefits of ICT investment is needed to take these multidimensional aspects into account. The classification system of benefits is very important in order to assess the overall organization efficiency. However, it should be easy to understand and to evaluate the performance of the organization in terms of consistency and standardization.

A number of ICT benefit realization methodologies have been introduced. The Value Measuring Methodology (VMM) is a well known classification system that commonly used to evaluate the benefits of many organizations (White, 2001). VMM aspects cover direct user value, public value, operational value, economical value and political value. To realize all of these benefits, declaring them in project business cases and forcing stakeholders to accept is not an option. The real ICT benefits are the benefits that are identified and accepted by stakeholders in their own work processes.

The success of ICT benefit realization depends much on stakeholder acceptance. Our experience indicated that realizing ICT benefits requires the participation of a broad set of stakeholders (Khampachua and Boonmee,

2012). ICT project failure to deliver benefits was mainly due to 1) the expected benefits are unrealistic and not well understood by non-IT personnel; 2) key stakeholders have little or no opportunity to involve themselves in a project; 3) most projects focus on technology rather than the core business; 4) the lack of benefits measurement and harvesting; 5) end users could not fully use the ICT system for its intended purpose. Moreover, our previous research showed that a degree of participation in the e-government process affects acceptance and success (Boonmee and Boonmee, 2010). The more stakeholders are involved in the ICT benefit realization process, the more success of the project is ensured.

In this paper we describe a mechanism for users to realize what benefit they could get. The mechanism is designed based on diffusion of innovation theory and the individual ICT acceptance model. The proposed framework for ICT benefits realization motivates more ICT use. It also includes a process to realize benefits from ICT investment. The framework helps justifications of worthiness for individuals even though their expectations are different.

2. Participation framework

We introduce a participation framework to deal with the benefit realization and the acceptance of individual ICT benefits. The framework includes guidelines and rules for participation to realize the ICT benefits. The participation consists of eight-typed activities; benefit creation, benefit confirmation, benefit assessment, benefit commitment, benefit measurement, benefit- strategic alignment, complaint and suggestion. Creation is the activity for participants to propose or to define a new benefit. The benefits that are created should be accurate and unambiguous, objective and relevant, quick, easy and measurable, understandable to non-IT personnel, important to the business and acceptable among stakeholders. Confirmation is the activity for participants to confirm whether the benefit is still valid when time has passed and the environment has changed. Thus, benefits must be removed from the list whenever it becomes invalid. Assessment is the activity for participants to assess whether benefits are still valid when time has passed and the environment has changed. The commitment is the activity to commit to perform relevant works to realize the confirmed benefits. The measurement is the measurement of benefits value. The strategic-alignment is for the managers to align benefits to organization portfolios in terms of strategic contributions. The complaint is for participants to complain if they feel inconvenienced by the ICT system deployment or when problems arise. Lastly, suggestion is the activity for participants to suggest what should be done to maximize benefits or a solution to solve the emerged problems. Those participation activities affect the acceptance in both negative and positive ways. This participation framework supports justifications of the worthiness for individuals even though stakeholder's expectations are different. They are free to create or identify any benefits from their point of view. However, it is necessary to define how benefits will be categorized, qualified and valued within the project portfolio, and particularly important to ensure that the benefits claimed are robust and realizable. A common rule set based on the benefits classification system is necessary for this end.

- A set of rules specifying what benefits can and cannot be claimed, how they should be valued, and which validation methodology will be used in appraising and prioritizing business case investments;
- A consistent approach across the organization's portfolio projects in order to ensure a level playing field for comparing projects;
- A methodologically-sound approach to measure and value benefits realization;
- A basis for making meaningful comparisons over time.

Other rules and guidelines include guidance on identifying and quantifying benefits, benefits validation, benefits valuation, benefits tracking and measurement, treatment of cost avoidance benefits, intangibles, and disadvantages.

3. Participation framework and ICT benefits realization

In terms of benefit realization, we use the activities of participation framework to transit the state of ICT benefits. Our proposed benefits realization takes a different idea to most other benefits management approaches (Remenyi and Sherwood-Smith, 1998; OGC, 2008; Swinkels, 1999; Ward and Denial, 2006). Instead of focusing on justifying organizational benefits, we focus on individual ICT benefits. We define six states of ICT benefits including invisible ICT benefit, forecast ICT benefit, real ICT benefit, ghost ICT benefit, invalid ICT benefit and potential ICT benefit. Figure 1 illustrates the ICT benefit realization life cycle.

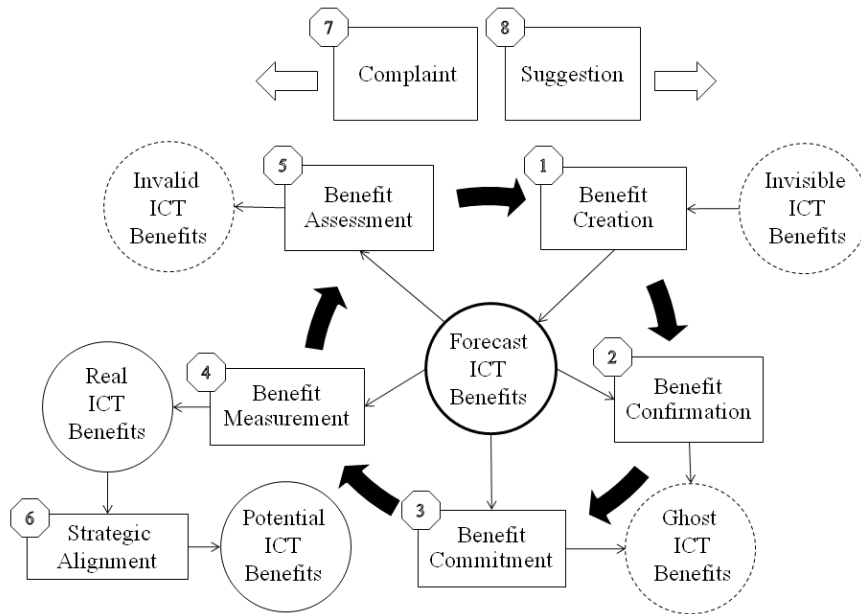


Figure: 1: ICT Benefits realization life cycles.

The rectangles represent participation activities; number 1 to 6 benefit influence activities and number 7 to 8 non-benefit influence activities. The circles represent six states of ICT benefits; the circles with a dash are non-valuable benefits and the circles with a line are valuable benefits. The thin arrow lines represent the benefit state transition through the participation activities. The thick black arrow lines represent the life cycle of participation activities for ICT benefit realization. The life cycle is revolved clockwise like a quern. For example, invisible benefit state is a state that benefits unidentified or uncreated. ICT benefits always begin at this state. It moves to forecast benefit when they have been identified or created by stakeholders. When in this state and stakeholders have confirmed or committed, it remains in the same state. In addition, if no one confirms and commits, it moves to a ghost benefit state. If stakeholders decide that this forecasted benefit is not valid anymore, it moves to an invalid benefit state. But if stakeholders confirm, commit and measure, it moves to a real benefit state. In the real benefit state, if stakeholders assessed that it still necessary to measure, it remains in this state. If stakeholders decide that it is not needed anymore, it moves to an invalid benefit state. If benefits align with organization strategy or policy, it moves to a potential benefit state. The thick white arrow lines represent the benefit reliability. If there are a lot of complaints it means that most of the stakeholders cannot realize or understand the benefit. Moreover, if stakeholders provide more suggestions it would lead to a more accelerated cycle of benefit realization.

The ICT benefit realization life cycle is iterative. It is necessary for stakeholders to regularly re-creation, re-confirmation, re-assessment, re-commitment, re-measurement, strategic re-alignment, re-complaint and re-suggestion those benefits. Recognizing and managing all potential benefits provide the basis for organizational learning about what works, how benefits are realized, and what has the greatest impact in practice.

4. Individual Acceptance of ICT Benefit and Measurement

Agarwal explained what causes individuals to exhibit these different behaviors (Agarwal, 2000). The appropriate stakeholder participation can influence the causes and in-turn improve individual ICT benefit acceptance. As we mention above, beliefs are drivers of the decision to adopt because beliefs cause individuals to accept or reject the ICT. People often learn to use a new ICT from the social system. They are only going to change if the one they know has successfully adopted the ICT themselves, which gives them a credible reassurance. From this finding we assume that the key to success is allowing stakeholders to express the benefits they seek from the change they will make in well-organized and well-controlled participation. In other words, a group of stakeholders should be formed to participate in the benefits realization process. This is an opportunity for them to spread any ideas about the benefits of ICT from their point of view. Participation can occur in various forms: formal meetings, group discussions, video conferences, email, and telephone conversions. All participation activities and patterns are properly recorded in the project portfolio in order to

monitor changes aimed at benefits realization, namely the creation, confirmation, assessment, commitment, measurement, strategic alignment, complaint and suggestion towards benefits realization. This benefits portfolio facilitates the entire process.

The reality is that most benefits do not simply happen, they need to be harvested through measurements, processes that are re-engineered, jobs re-designed, or resources re-allocated. As we know, each segment of stakeholders or adopters have different personalities. It is important to know the individual ICT benefit acceptance causes of each segment in greater detail in order to work with them appropriately. For example, the ICT situation of early adopters and early majorities segments is better than the late majorities and laggards segments. So this figure can tell which segments we have to address when designing and enabling changed facility. Diffusion of innovations takes a fundamentally different approach to other theories of change (Rogers, 2003; Robinson, 2009). Instead of focusing on convincing individuals to change, primarily changes about the evaluation or reinvention of ICTs and behaviors are key factors. This means it fits the needs of individuals and groups better. In other words, it is not people who change, but the ICTs themselves. Therefore, individual acceptance and its measurement are important.

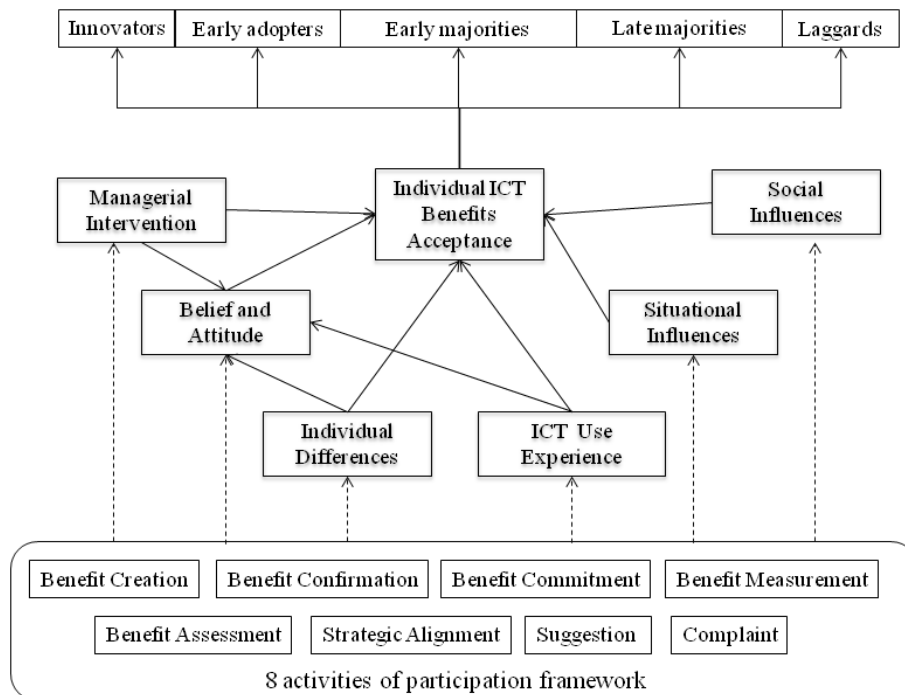


Figure: 2 Individual ICT Benefits Acceptance and Participation Framework

In our assumption to justify the worthiness of ICT investment the ICT benefits need to be measured, since one cannot manage what is not measured. The following are other reasons for measurement. 1) To counter the tendency to over-estimate benefits in a business case scenario. If stakeholders know that the benefits are claimed for ICT investment, it will be tracked and held accountable, these claims are more likely to be reasonable and appropriate plans developed for their realization. This also helps build confidence on the part of stakeholders, particularly those involved in the funding process. 2) For accountability purposes, for example to demonstrate what was forecasted has been delivered. 3) To communicate that senior management takes benefits realization seriously and identifies the areas that management should focus on – as reflected in the saying, “what gets measured gets done”. 4) To ensure that the investment yields full potential. Tracking benefits helps identify areas where action is required to address benefit shortfalls or to exploit unanticipated benefits. 5) To provide learning on ‘what works’ and to inform future investment decisions and the benefit management process by providing, in particular, an empirical dataset that can inform the preparation and appraisal of future benefit estimates.

5. Participation pattern of ICT benefits realization process

The ability to archive the maximum benefits from the investment will depend on the degree of participation. It is therefore, important that all participants are willing to engage the activities. The more stakeholders that

keep measuring the benefit, the more benefits from the investment are gained. Four patterns of participation in ICT Benefits Realization Process are illustrated in Figure 3.

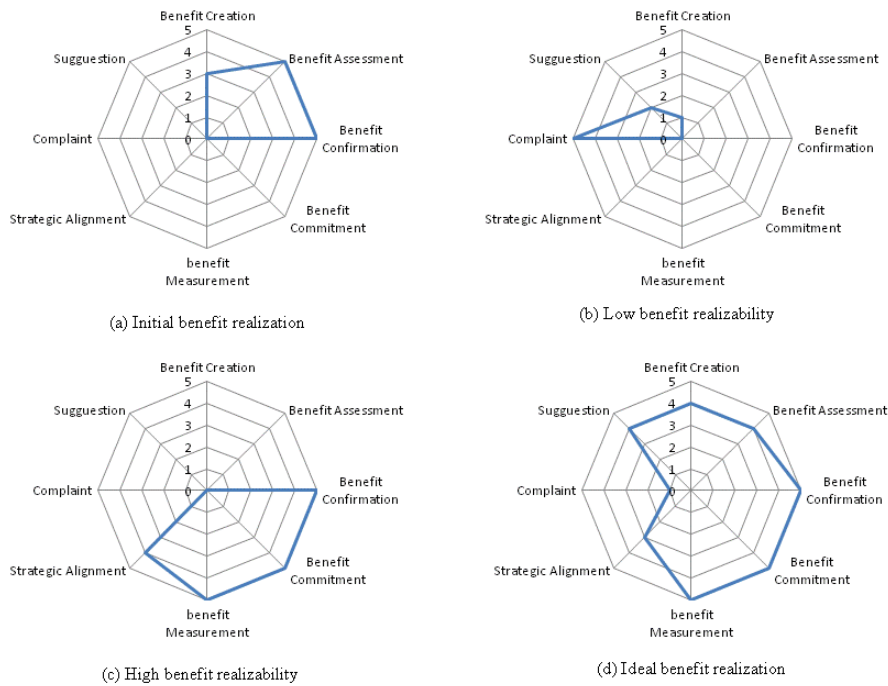


Figure: 3 The Participation Pattern in ICT Benefits Realization Process

The first pattern (a) shows the higher degree of creation, confirmation, commitment and assessment. Most of the participants have expected benefits from the ICT project. Few participants committed to perform. None of them measure the real benefits. This implies the nature of the ICT project starting period. This is a good start like most ICT projects that have a number of people expecting benefits. The second pattern (b) shows the higher degree of complaint. This implies that nobody can realize or understand the benefits of the ICT project. This is a sign of benefit realization failure. According to the theory of diffusion of innovations, it implies that a big segment of participants are late majority stakeholders. The ICT adoption and utilization is relatively low in this case. The third pattern (c) shows the higher degree of measurement, commitment and strategic alignment. This shows the agreed benefits supported by committed participants. This is a sign that the benefits are possible and realized. The big segments of participants are early adopters and early majority stakeholders. The fourth pattern (d) shows the ideal benefit realization. The degrees of participation of all activities are appropriately where they should be. The benefit realization administer has to keep motivating the participation activities in this pattern by re-allocate resources and supports for each segment appropriately.

6. Field study and discussion

In order to assess the proposed participation framework for ICT benefit realization, we performed a field study to realize benefits from the use of the e-CMS data exchange in this section. The possibility of benefits realization before and after the utilization of the framework is illustrated. The field study includes 11 departments and 5 branches of the Ministry Of Public Health (MOPH) engaged in electronics correspondence letter exchange projects.

6.1 Overview of e-CMS data exchange project

There are a number of departments and branches in each ministry. They have communicated to each other using official correspondence letters. In order to store and manage official correspondence letters, many Thai ministerial departments developed and use Electronic Correspondence Letters Management System (e-CMS). In the past, the software of e-CMSs never interoperated electronically across departments. They communicated with each other using paper based correspondence letters, which is very time consuming to deliver. The original expected benefits from the project include reducing such time consumption and reducing the amount of paper based correspondence letters as shown in Figure 4.

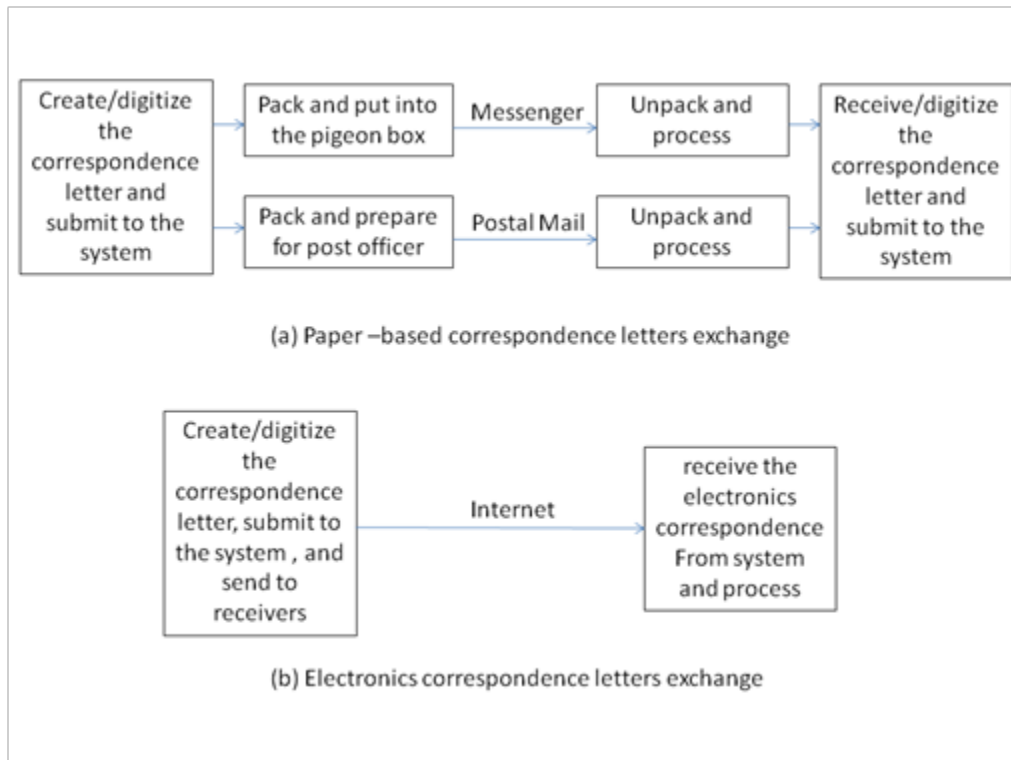


Figure 4: Comparison between two types of correspondence letter exchanges

In 2007 the e-CMSs data exchange project began to achieve an interoperable electronic exchange of official correspondence letters among them (Saekow et al., 2008). They began with correspondence letter data interoperability building, agreeing to a data standard and developing data exchange software. Technically, various e-CMSs could perform data exchange among departments successfully using the common data standard. The electronic data exchanges had been mandated to perform intensively at the beginning although it subsided over time. The expected benefits have not been measured yet despite the e-CMS data exchange performing technically successfully. Since this success there has neither been a promotion nor mandates towards the use of e-CMS data exchange. It can be explained that without proper participation and wide acceptance, the benefits from ICT systems cannot be realized easily. Even though the technology has been accessible, the true benefits are still not realized.

6.2 Participation in the project

The experiment started in MOPH where a large number of correspondence letters are delivered between departments and branches. A large amount of time is taken by staff to deliver and manage the paper based letters. The MOPH's management wanted to gain benefits from the e-CMS exchange project. The proposed participation framework has been introduced to and adopted by the project. There are 11 departments and 5 branches involved in the MOPH data exchange project.

The expected result is that many correspondence letters will be sent/received electronically between those 16 organizations which will reduce paper based correspondence letter delivery. Weekly meetings were had been organized as a mechanism for the participations using the participation frameworks in the project. Consultants have been assigned to organize the meeting. The activities of participants in the meetings can be classified into eight types; creation, assessment, confirmation, commitment, measurement, strategic alignment, complaint and suggestion. The meetings were performed for about three months. A number of staff from those 16 organizations attended the meetings by both walking into the room and remotely attending through video conference systems. They include managers, practitioners and supporters.

Each meeting was aimed to last around one hour. The agenda started with three regular agendas; the introduction to benefits expected from the project, the introduction of all participants and benefit portfolio reports. Then the participants were asked to propose their own thought during the meetings. The consultants categorize each proposed idea into one of the eight activity types whether it was a benefit creation,

confirmation, assessment, commitment, measurement, strategic alignment complaint or suggestion. Figure 5 shows the patterns of participations measured and their evolution over time.

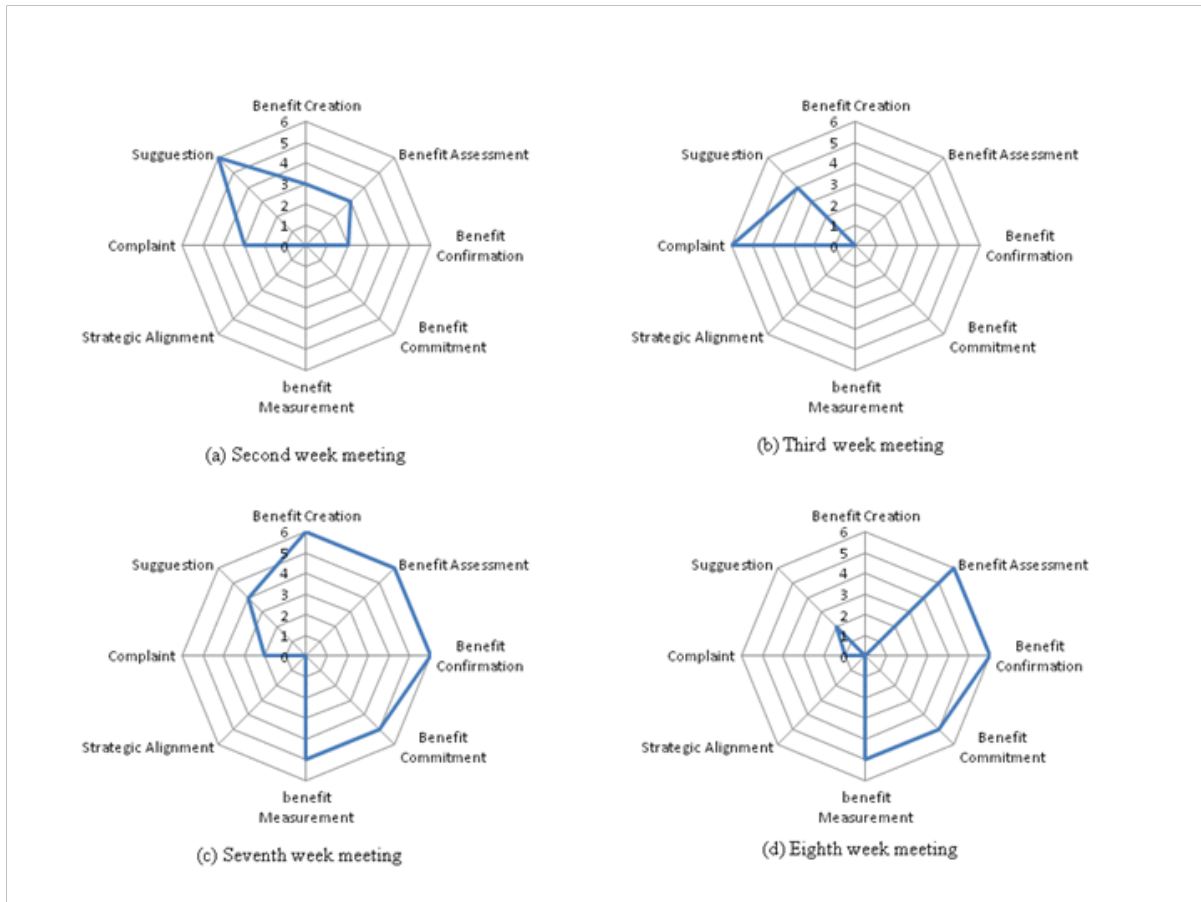


Figure 5: The Framework Experimental Results

Figure 5 shows four radar charts representing the degree of participations of weekly meeting that perform in the project. In the second week, most participants proposed many suggestions and complaints. Some participants created benefits. They also confirmed and assessed these benefits as forecasted benefits. The raised forecast benefits, for example, include (1) the time reduction of letter delivery and (2) the increase percentage of letters which were delivered electronically. In the third week, most participants talked about complaints and suggestions only. After deploying the e-CMS to their work place the situation was not going as expected. For the participation pattern in seventh week, more people proposed more contribution including assessments, confirmations, and commitments. After re-allocated appropriate resource and support, it seem like the benefit realization was about to begin. In the eighth week some expected result of benefits measurements were reported in the meetings. Thus, real benefits started to be realized.

7. Discussion

According to the participation, two benefits have been created. The participants were assessed, confirmed, and committed to be measured. The departments and remote branches (Receivers) committed to record the arrival time of each correspondence letter daily. Compared to a paper-based correspondence letter exchange, the departments saved a delivery time of correspondence letter by approximately 30 minutes per transaction. The remote branches can save a delivery time of correspondence letter by approximately 72 minutes per transaction. The participation activities motivated the stakeholders to increase the use of e-CMS. In the seventh week, a reduction time of 900 minutes for the departments and 66 days for the remote branches was achieved. Moreover, a reduction of letter digitizing time at braches was discovered (an un-planned benefit) which was purposed in the meetings. In the eighth week, a reduction time 2,340 minutes for the departments and 95,040 minutes for the remote branches was achieved. These results apparently help justification of the worthiness of ICT investment for management tasks.

8. Conclusions

In this paper, we proposed a participation framework for ICT benefits realization. The mechanism of this framework is based on diffusion of innovation theory and individual ICT acceptance model. The framework motivates more ICT use. It includes a process to realize benefits from ICT investment. The framework helps justifications of the worthiness for individuals even though their expectations are different. According to our assumption, to justify the worthiness of ICT investment the ICT benefits need to be measured. The result could help to counter the tendency to over-estimate benefits in a business case scenario, to demonstrate what was forecasted and delivered, to communicate that senior management takes benefits realization seriously and identifies the areas that management should focus on, to ensure that the investment yields full potential, and to provide an empirical dataset that can inform the preparation and appraisal of future benefit estimates. The main idea of this framework is to involve key stakeholders to participate in eight activities. They are to create benefits, to confirm benefits, to assess benefits, to commit benefits, to measure benefits, to align benefits with organization strategies, to provide complaints and to provide suggestions. The participation patterns observed from these activities were used to predict the trend of benefit realization. The ability to maximize benefits from the investment depends on the degree of participations. Furthermore, the framework also uses as a practical tool to obtain acceptance in the early stages. After spending several months with our proposed framework in the ICT project at the Ministry of Public Health, two benefits were identified and realized consisting of time reduction of letter delivery and the increase percentage of letters which were delivered electronically. The participation activities and explicitly real benefit motivated the stakeholders to increase the use of e-CMS. The success seems to depend on the skill of conducting participation and role of participants. Further study on participation technique and methodology is required in terms of participant role analysis and ICT assistant based participation.

Acknowledgements

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Corporate Social Responsibilities of Indian Public Sector Enterprises- A case study of Bharat Heavy Electricals Limited (BHEL)

Muniyappa Krishna Murthy¹ and Nagarjuna Pitty²

¹Deputy Financial Controller, Indian Institute of Science, Bangalore, India

²Scientific Officer, Indian Institute of Science, Bangalore, India

drkrishna1966@gmail.com

nagarjun@library.iisc.ernet.in

Abstract: The high level of public accountability attached to Public Sector Enterprises as a result of public ownership makes them socially responsible. The Committee of Public Undertakings in 1992 examined the issue relating to social obligations of Central Public Sector Enterprises and observed that "being part of the 'State', every Public Sector enterprise has a moral responsibility to play an active role in discharging the social obligations endowed on a welfare state, subject to the financial health of the enterprise". It issued the Corporate Social Responsibility Guidelines in 2010 where all Central Public Enterprises, through a Board Resolution, are mandated to create a CSR budget as a specified percentage of net profit of the previous year. This paper examines the CSR activities of the biggest engineering public sector organization in India, Bharat Heavy Electricals Limited. The objectives are twofold, one, to develop a case study of the organization about the funds allocated and utilized for various CSR activities, and two, to examine its status with regard to other organizations, the 2010 guidelines, and the local socio- economic development. Secondary data analysis results show three interesting trends. One, it reveals increasing organizational social orientation with the formal guidelines in place. Two, Firms can no longer continue to exploit environmental resources and escape from their responsibilities by acting separate entities regardless of the interest of the society and Three the thrust of CSR in public sector is on inclusive growth, sustainable development and capacity building with due attention to the socio-economic needs of the neglected and marginalized sections of the society.

Keywords: Indian, public sector, enterprises, social responsibilities, BHEL

1. Introduction

2. Evolution of CPSES in India

As per the Industrial Policy resolution of 1956, the public sector was created to boost rapid economic growth and industrialization of the country. It aimed to create the necessary infrastructure for economic development, generate resources for development, promote redistribution of income and wealth and create employment opportunities. Initially, Public Sector struggled to achieve a balance between employment generation and profitability. But the economic liberalization of 1991 unleashed the hidden potential of PSEs creating global corporations. Six Indian companies have made it to the Fortune 500 list of global companies in 2006 out of which five of them are PSEs.

"A corporate body created by public authority with legal personality on behalf of the Government of India or state, an enterprise of Industrial, commercial or financial nature or special service in the public interest and independent in the area of financially and administratively". The country adopted the planned economic development polices, which envisaged the development of CPSEs.

The Public Sector has been instrumental in developing India's economic power. The turnover of the CPSEs has grown at 11.2% CAGR during FY07 to FY11. CPSEs showed robust performance in FY11. The turnover of CPSEs stood at ` 14,733.2 bn in FY11 as compared to ` 12,448.1 bn in FY10, registering a Y-o-Y growth of 18.4%. Since the last two decades the Department of Public Enterprises has conferred the Status of Maharatna (Jewels of the Crown), and Navratna (New Jewels in the Crown) to various CPSEs. These prestigious titles provide them greater autonomy to compete in the global market. A company qualifying for the Maharatna Status should have an average annual turnover of Rs.20,000 crore during the last three years or the average annual net worth of the company should be Rs.10,000 crore. The Maharatna status empowers mega CPSEs to expand their operations and emerge as global giants. The coveted status empowers the boards of firms to take investment decision up to Rs.5,000 crore without seeking Government approval. The Central Public Sector Enterprises (CPSEs) fulfilling the following criteria are eligible to be considered for grant of Navaratna Status, namely, have schedule 'A' and Miniratna category-1 status, and have at least three 'Excellent' or 'Very Good' Memorandum of Understanding (MOU) ratings during the last five years.

2.1 Corporate social responsibility in public sector enterprises

At this point of time, while the Indian Public Sector Enterprises is surging ahead, sustainability and corporate responsibility is sweeping the world, induced by climate change, the corporate as well as Government has been called upon to adopt policies responsible towards the society and the environment. This, as a part of the global trend, inclusive growth, and CSR as a policy being promoted by the Indian Government it has become mandatory for CPSEs.

Table 1`: Statement showing funds allocated and utilized by CPSEs

Sl. No	Name of the CPSE	2009-2010			2010-2011			2011-12 till Sep.2012		
		Funds Allocated Rs. Cr.	Funds Utilized	% profit PAT	Funds Allocated Rs. Cr.	Funds Utilized	% profit PAT	Funds Allocated Rs. Cr.	Funds Utilized	% profit PAT
1.	CIL	43.81	40.14	2.11	262.28	152.33	2.73	553.33	37.26	5.09
2.	IOCL	37.69	46.85	1.28	131.11	128.41	1.28	95.60	48.80	1.28
3.	NTPCL	16.74	20.40	0.20	72.37	72.21	0.83	45.52	6.48	0.50
4.	ONGCL	322.52	268.87	2.00	355.35	219.03	2.00	378.48	21.86	2.00
5.	SAIL	80.00	78.79	1.30	94.00	68.95	1.39	64.00	22.94	1.30
5.	BEL	2.59	2.59	0.36	2.74	2.08	0.24	1.84	0.35	-----
6.	BHEL	3.14	6.01	0.10	21.55	4.30	0.50	*42.43	*36.46	0.50
7.	BPCL	14.72	14.12	2.00	22.00	18.23	1.43	7.73	1.50	0.50
8.	GAIL	55.91	45.78	2.00	69.54	48.43	2.00	80.95	14.85	2.00
9.	HAL	-----	3.90	-----	-----	1.79	-----	5.00	0.17	-----
10.	HPCL	15.00	13.84	2.42	15.00	20.10	1.54	30.78	3.59	2.00
11.	NACL	12.72	12.72	1.00	8.14	8.14	1.00	10.69	10.69	1.00
12.	NMDCL	80.00	83.07	1.90	81.56	62.23	1.80	80.13	37.24	0.57
13.	NLCL	5.90	8.19	0.72	12.47	13.23	1.00	12.98	1.02	1.00
14.	OIL	20.00	24.12	0.95	25.00	29.40	0.95	51.90	15.00	2.00
15.	PFCL	-----	-----	-----	11.89	1.93	0.5	13.10	1.00	0.50
16.	PGCIL	12.67	4.31	0.75	20.41	15.58	1.00	26.97	6.62	1.00
17.	RINL	12.75	9.37	0.95	12.40	11.73	2.00	12.00	5.39	1.82
18.	RECL	3.18	0.31	0.25	5.00	1.37	0.25	12.85	0.27	0.50
19.	SCIL	9.41	2.03	1.00	3.77	5.84	1.00	5.67	1.13	1.00

Sources: Press information bureau, Govt. of India

*Figures up to 31/03/2012

The Committee of Public Undertakings in 1992 examined the issue relating to Social Obligations of Central Public Sector Enterprises (PSEs) and observed that "being part of the 'State', every Public Sector enterprise has a moral responsibility to play an active role in discharging the social obligations endowed on a welfare state, subject to the financial health of the enterprise". The Corporate Social Responsibility Guidelines issued by Department of Public Enterprises in April 2010 are applicable to all Central Public Enterprises. Under these guidelines, CPSEs have to create mandatorily, through a Board Resolutions, a CSR budget as a specified percentage of net profit of the previous year. Expenditure range for CSR in a financial year is 3-5% of the net profit of previous year in case of CPSEs having profit less than Rs.100 crore; 2-3% (subject to minimum of Rs. 3 crore) in case the profit ranges from Rs.100 crore to Rs. 500 crore and 0.5-2% in case of PSEs having a net profit of more than Rs. 500 crore in the previous year. Loss making enterprises are not mandated to earmark specific funds for CSR activities but may achieve this objective by integrating business processes with social process, wherever possible. The thrust of CSR in Public Sector is on inclusive growth, sustainable development and capacity building with due attention to the social-economic needs of the neglected and marginalized sections of the society.

3. Review of literature

Corporate Social Responsibility (CSR) is not a new concept in India. However, what is new is the shift in focus from making profit to meeting societal challenges by integrating social, environmental and ethical concerns into company's business process. An increased realization of Corporate Social Responsibilities (CSR) by the companies not only effect the Society at large, but they are also in a unique position to influence Society and make positive impact. The ever-increasing role of civil Society has started to put pressure on companies to act in an economically, socially and environmentally sustainable way.

It is bit difficult to give universal definition of Corporate Social Responsibility as there is no common definition as such. Most widely accepted definition has been given by World Business Council for Sustained Development (1992) which says "Corporate Social Responsibility is the continuing commitment by business to behave

ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large". Thus, the meaning of CSR is twofold. On the one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates

Looking at the history of CSR, "The Social Responsibility of Businessman" the beginning of the study on CSR commissioned by the Federal Council of Churches of Christ in America' Frank Abrams, a top executive with standard oil, published a remarkable Study on 'Management's Responsibilities in Complex World' in the Harvard Business Review¹. Abrams urged his managers' i.e business man, to think of themselves as professionals with explicit sense of duty not only to shareholders, employees, and customers, but also to the society in general. He said businessmen must assume more responsibilities if the economic system of free enterprise is to continue and prosper. However, in New York Times Magazine Milton Freidman (1970) argued that the "Social Responsibility of business is to increase its profits (and nothing else) and "The business of business is business" further he argued that, business and corporations have in fact no responsibilities. As a business person and an agent serving the interest of his principal is most important. He also said conduct the business in accordance with desires of principals.

According to Archie B. Carroll, one of the most prolific authors on CSR, the modern era of CSR began with the publication of the book *Social Responsibilities of the Businessman* by Howard Bowen in 1953. Since then, many authors have written on the topic. For the first few decades after 1953, the main focus of these writings was whether corporate managers had an ethical responsibility to consider the needs of society. By 1980 it was generally agreed that corporate managers did have ethical responsibility, and the focus changed to what CSR looked like in practice. Donaldson Velasquez (1983) in this piece of study 'The Discussion around Corporate Moral Agency' said Corporation were be considered as moral agents of the society, because they specific vision and capacity to engage in moral activities. It was during 1980s the CSR has become more diverse and theoretical. Scholars started study of Corporate Social Responsibility in general terms i.e ethical terms, and attempts was made to define the moral status of the Corporation, and emergency of business ethics as academic discipline.

The current view regarding CSR refers to a company's activities- voluntary by nature- which demonstrates the inclusion of social and environmental concerns in business operations and in interactions with stake-holders (Marrewijk, 2003). According to World Business Council for sustainable Development (2004) CSR is "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." According to the Green Paper presented by the European Commission (2001) CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. It is achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment However there is no that 'the one solution fits all' definition of CSR (Muijen and Marrewijk, 2004). Each organization should choose its own specific ambition and approach regarding CSR matching the organization's aims, intentions and aligned with the organization's strategy as an appropriate response to the circumstances in which it operates.

4. Objectives of the study

Literature review on CSR clearly highlights shows that CSR around the world has undergone a sea-change. The metamorphosis in the nature of inter-relationship between corporate entities, society and state has drawn much attention. Companies are beginning to realize the fact that in order to gain strategic initiative and to ensure continued existence, business entities have to look beyond the normal practice of solely focusing on profits to factor in public goodwill and responsible business etiquettes. As pointed out by Warhurst (2001), the three major elements of CSR are product use which focuses on contribution of industrial products which help in well being and quality of life of the society, business practice which focuses on good corporate governance and gives high impetus for the environmental well being and equity which tries for distribution of profits equitably across different societies especially the host community. So an examination of some of the factors which have led to the development of the concept of corporate social responsibility (CSR) would be ideal

¹ F. Abrams (1951). Management's Responsibilities in Complex World. Harvard Business Review, Vol. 29, No. 3., pp. 29-34.

starting ground for the conceptual development of suitable corporate business practices for emerging markets.

Given these driving forces of CSR, the objectives of the study are:

- examine the CSR activities of the biggest engineering public sector organization in India, Bharath Heavy Electricals Limited (BHEL).
- develop a case study of the organization about the funds allocated and utilized for various CSR activities
- examine the status of BHEL with regard to other organizations, the 2010 guidelines, and the local socio-economic development.

5. Methodology and data analysis

The methodology applied is case study methodology. Narrative style and Descriptive analysis is used for data interpretation as the main objective was to explore causation in order to find underlying principles. The analysis uses persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically.

Rather than using samples and following a rigid protocol (strict set of rules) to examine limited number of variables, case study methods involve an in-depth, longitudinal (over a long period of time) examination of a single instance or company. This provides a systematic way of looking at events, collecting data, analyzing information, reporting the results (Thomas, 2011) .

5.1 Sources of data and data collection

The study is based mainly on Primary data and Secondary data. Primary data were collected through questionnaire sent to various BHEL units through mail and post. The questionnaire contained the following questions

What is the amount spent on CSR activities for the last 3 Years?

- 50 – 100 Lacs
- 100 – 200 lacs
- > - 200 lacs

Did you follow the Govt. directives on strictly on CSR activities?

- Yes
- No
- May or May not be

Did you monitor CSR activities closely?

- Yes
- No
- May or May not be

Secondary data are collected from company's annual reports and websites. The secondary data was collected from the following:

- Annual Reports (2009-10)
- Annual report (2011-12)
- www.bhel.com
- www.springerlink.com
- www.ndtv.com
- www.indiacsr.in
- www.businessindia.com
- www.business-standard.com

5.2 Analysis of the data

For primary data statistical tools like averages, percentages have been used to analyze and interpret the data, supplemented by graphical and tabular representation wherever possible. Brief summary of findings and suggestions are given based on the research study. For secondary data it was attempted to segregate strategic importance in relation to the general problem. Mainly, non tampered narrative has been used directly as mentioned in the data.

6. Corporate profile of Bharat heavy electrical limited

Bharat Heavy Electrical Limited (BHEL) was established in 1964, to manufacture integrated power plant equipments in India. BHEL is engaged in design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sector of the economy. The company has 15 manufacturing divisions, two repair units, four regional offices, eight service centers, eight overseas offices and 15 regional centers and currently operates at more than 150 project sites across India and abroad. The company places strong emphasis on innovation and creative development of new technologies. BHEL units and other entities have been accredited to Quality Management Systems (ISO 9001:2008), Environmental Management Systems (ISO14001:2004) and Occupational Health & Safety Management Systems (OHSAS 8001:2007). BHEL, where Quality Systems as per ISO-9000 have taken deep roots has made significant achievements in the CII Exim Award Scheme for Business Excellence by securing 'Commendation for Significant Achievements in TQM' for three of its manufacturing units and one power sector-region during 2011-12. During 2008 the Government of India conferred Navaratna status on BHEL. This prestigious title provided greater autonomy to compete in the global market.

6.1 Corporate social responsibility initiatives

Despite the main concern of producing and selling of products, BHEL has always been given top priority towards the society in which it operates. BHEL has developed a CSR scheme and its Mission Statement on CSR is "Be a Committed Corporate Citizen, alive towards its Corporate Social Responsibility". BHEL has adopted a CSR Policy in line with the CSR Guidelines issued by Department of Public Enterprises.

Fostering the tradition of repaying the society at large by actively participating in the welfare of local communities through numerous Corporate Social Responsibility initiatives.

Table 2: Funds Allocated and Utilized by BHEL for CSR Activities Rs. In Cr.

Year	Allocated	Spent	Unspent	%of unspent on Allocated
2010	3.14	6.01	---	----
2011	21.15	4.03	17.25	81
2012	42.36	36.46	5.9	14

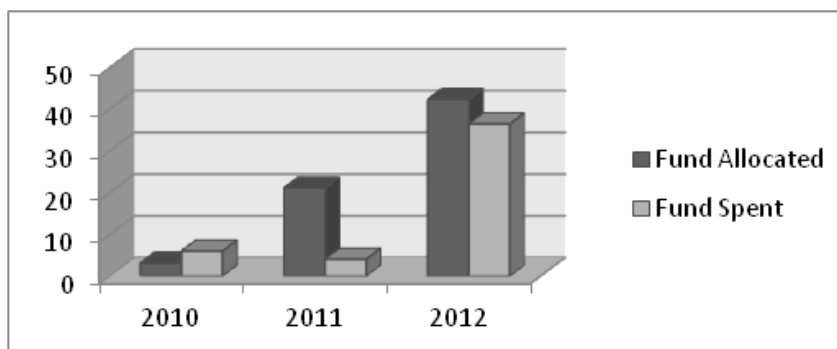


Figure 1: Funds allocated and utilized by BHEL for CSR activities Rs. In Cr.

From the above Table No.2 it is evident that, BHEL has been contributing funds for the last three years to various social activities. During the year 2009-10 it has spent nearly 100% more than the sanctioned grant of Rs.3.14 cr. This may be due to sudden identification of CSR project and it is good sign on the part of the organization also. During 2010-11 the company has sanctioned Rs.21.15 cr. and spent very little leaving unspent balance of Rs.17.25 cr. which is 81% on the sectioned grant. During 2011-12 it is remarkable

achievement, the company has sanctioned Rs.42.36 cr. and spent majority portion of funds i.e. Rs.36.46 cr. on various social projects, leaving only Rs.5.90 cr. as unspent, which is 14% on the sanctioned grant.

The Company has created Corpus fund of Rs.42.43 cr. as on 31 March 2012 for corporate social responsibility projects. Here in this paper, the Researcher has tried to find out specific activities done by the BHEL as part of CSR initiatives to the society and environment at large and specifically to the weaker section of the Society.

6.2 Some Of The Specific CSR initiatives have been as follow:

- **Participation in the UN's Global Compact Programme** As the world's largest Global Corporate Citizenship initiative, the Global Compact Program is the first and the foremost concern which is exhibiting and building the social legitimacy of business and markets. BHEL has continued to play a prominent part in the United Nation's Global Compact Programme on CSR by promoting the core values on human rights, labour standards, environment and anti-corruption and intends to advance these principles forming part of its strategy & culture within its sphere of influence.
- **Primary Education:** According to Hindu Mythology "Vidya Dhaan is Maha Dhaan" means imparting knowledge is the greatest gift. Education plays a significant role in the development of the society and the country. Progress is not possible without educating its citizens. Considering this vital issue as most important, BHEL has been spending lacs of rupees to develop educational infrastructure in various parts of the country in which it operates. During the year 2011-12 the company provided concessional education in English medium and special care school for which Rs,25 lacs were spent. According to Chine's proverb "Educating a girl means educating a family". Girls' education plays important role in the society. BHEL is also not behind in empowering the girl's children in India. Separate schools were established for girls and they have been provided cycles to commute to schools. BHEL provided five food delivery vans in the Guwahati Region in Assam to supplement the midday meal programme under the "Sarva Shiksha Abhiyaan" by the government of India. This is in order to serve hot food to school children. To create competitive spirit in school children, BHEL conducted Hindi Nibandh pratiyogita at rashtriya inter college, Aurangabad village, Haridwar. The company is also providing various scholarships for students to enable them pursue higher education. Under these programmes, financial assistance is provided to children of widows in adopted schools and villages by units. Supporting need based construction of hostels, classrooms, toilets etc. in educational institutions.
- **Higher Education:** BHEL has adopted various ITIs under the Government of India PPP scheme (Government ITI, Latur by Hyderabad Unit, Government ITI Bajpur by Rudrapur Unit, Government Women ITI, Khandwa & ITI, Khaknar by Bhopal Unit, Government ITI, Peramvalur by Tiruchy Unit - Under approval by state Technical Board), Government ITI, SIDCUL, Haridwar by Haridwar Unit - Under approval by state Technical Board). As part of its CSR initiative regarding talent up-gradation/skill development, BHEL, in association with CIL, DVC & SSDA has set up Kabiguru Industrial Training Centre (KGITC) at Bolpur,Santiniketan (West Bengal) to provide high quality technical education and to give a fillip to the economic development needs of the area. Phase-I of the Institute is ready. All the four trades, i.e. Fitter, Welder, Plumber and Dress-making have been affiliated under NCVT.
- **Health and Hygiene:** According to Hindu Mythology "Arogyam Mahabagyam" means Health is wealth, BHEL adopted a multi-disciplinary approach towards CSR in which health and medical care, hygiene, Sanitation, provision of pure drinking water. BHEL initiated Projects titled 'Vision to all' in (i) Guntur District of Andhra Pradesh to carry out cataract operations for five hundred patients; and (ii) another unique project, for carrying out 300 orbit surgeries for eye patients from Andhra Pradesh, Orissa and Chhattisgarh commenced at Sankar foundation Eye Hospital in Vishakhapatnam (AP). BHEL has been organizing free health check-up camps for workers at its different sites/ regions as preventive measures for various ailments. A committee was formed for creating awareness among employees on HIV/AIDS & TB control. Medical facility being extended by BHEL in adopted villages and during 'Kumbh Mela' as part of CSR activity. BHEL-aided day care centre for cancer patients of Global Cancer Concern India in Gurgaon. Cancer check-up camp organised by BHEL at Noida. Medical camp organised by BHEL at Gujjar Basti, Pathri.
- **Environment Protection:** BHEL's commitment towards environment is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. In conformity with its commitment towards environment conservation, the company has taken up a number of

Environment Improvement Projects (EIPs). These projects helped in enriching the environment, conservation of precious resources like energy, water, fuel oil, coolant, lubricant, mitigating environmental pollution. As a part of major EIP projects during 2011-12, the company has planted 27,545 trees and successfully completed the Water harvesting project in EPD Bangalore unit for Slip house ball mill building. Further, in keeping with the commitment to use renewable power in units, the company has installed Solar Street lighting in and around ISG building in Bangalore; PV panel module on rooftop of PCB building in EDN, Bangalore and Emergency Solar lighting at the main receiving stations at HPEP Hyderabad during 2011-12.

- **Sustainable Environment Management/ Development Policy:** BHEL has formulated its Sustainable Development Policy as an integral part of the Company's strategy. A Budget of Rs. 50 Lacs plus 0.1% of Profit After Tax (PAT) for the previous year exceeding Rs. 100 Crore is earmarked for Sustainable Development projects and activities. For the year 2011-12, an amount of RS.6.41 crore is provided towards sustainability development expenditure.
- **Disaster Management:** BHEL has compassionately responded to the beck and call of the victims devastated by the earthquake in Sikkim by initiating efforts for the refurbishment of four government schools which were damaged by the earthquake.
- **Community Development:** The Company successfully improved the sewage system at Haridwar, to supplement the requirement of Ganga Pollution Control Unit, Uttarakhand Peyjal Nigam, Haridwar.
- **Talent Development:** Beyond the basic needs of health and education, BHEL organizes various programmes for talent up gradation of social and economically backward students for their empowerment in order to make them self-reliant. It supported one such programme for Apparel training of students belonging to below poverty-line families in Chhindwara district, Maharashtra. Organized a Cutting and tailoring training programme through NGOs for ladies in Jhansi to provide livelihood opportunities and empowerment of women, for example, Vocational training workshop organised by BHEL for rural women at Jhansi. Sewing machines being donated by BHEL, Tiruchirappalli and Entrepreneur orientation program for women.
- **Recruitment of Physically Challenged Persons:** As a part of the CSR initiative and empower the physically challenged people, BHEL recruited physically challenged persons in various capacities as shown in the table no. below.

Table 3: Table showing Representation of the Persons with disabilities as on 01.01.12

Group	No. of employees (Representation) (As on 01.1..2012)			
	Total	VH	HH	OH
Group – A	206	-	-	-
Group – B	65	-	-	2
Group – C	913	2	6	20
Group – D	10	-	-	-
Total	1194	2	6	22

Sources: BHEL Annual report 2011-2011.

Recruitment of Weaker Section of the Society: The Company has been following the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for weaker section of the society. During the year 2011-12, various Community Development activities focused on Socio Economic development of weaker section have been carried out in the communities and villages in and around BHEL Units and in locations where company has presence under BHEL Scheme of Corporate Social Responsibility. The overall representation of weaker section employees in total manpower was 47.69% as on 01.01.2012. However, the percentages in direct recruitment during the year was 60.68%. The Annual Statement in the prescribed format showing the presentation of weaker section as on 01.01.2012 and number of appointments made during the preceding calendar year, as furnished to the Government, is given in the table no.

Table 4: Representation of Weaker Section as on 01.01.2012.

Groups.	Representation of Weaker section as on 01.01.2012.		No. of appointments made during the calendar year.			
	Total No. of employees.	Weaker section.	By Direct Recruitment.		By Promotion.	
			Total	Weaker section.	Total	Weaker section.
Group - A	206	71	10	5	11	4
Group - B	65	32	-	-	36	13
Group - C	913	462	162	101	74	9
Group - D	10	3	-	-	-	-
Total	1194	568	172	106	121	26

Sources: BHEL Annual report 2011-2011.

7. Analysis

7.1 Local socio-economic impact Of CSR activities

The secondary data analysis and the primary data highlighted the following:

- Women were empowered through various schemes such as vocational training workshop, donation of sewing machine, Entrepreneur orientation programme and through micro financial institutions their financial independence is attained.
- Through CSR activities BHEL adopted various Industrial Training Institutions (ITIs) and imparted technical education/skill development education to local people.
- As part of social commitment 7941 Apprentices were trained during 2011-12
- 8419 students/trainees from various professional institutions underwent vocational training during 2011-12.
- Physically challenged are recruited as a result they are leading dignified and independent life in the society.
- Weaker section of the society was empowered, through recruitment to various positions in the company. As a result, the weaker section leading decent and dignified life in the society.
- Clean and safe drinking water has been provided for mid-day meal kitchens managed by Akshaya Patra in various parts of the country.
- Many workmen were de-addicted of alcoholic consumption.
- As per DPE guidelines, the management has constituted the Board level apex committee for corporate social responsibility for proper and periodic monitoring of CSR activities. the company trained 12 CSR officials for a better understanding and implementation of the CSR guidelines.

7.2 Comparing with social responsibility guidelines (2010) of the committee of public undertakings

BHEL doing	BHEL not Doing
Self employment generation	Mass marriage activities
Environment protection	Promotion of art & culture
Community development	Animal care
Education, health, management & medical aid	Pollution control
Financial aid to various NGOs/Trust/Social welfare activities	Irrigation facilities

7.2.1 Gaps in the process:

From the research, it appears BHEL has been taking lot social activities on education, health and environment, but there is scope for other activities too which can really build the image of the company. In addition to the above activities BHEL may take up the activities mentioned below.

- Drinking water facilities to the villages.
- Irrigation facilities like construction of lakes & canals

- Animal care.
- Pollution Control.
- Promotion of Sports & Games.
- Promotion of Arts & Culture
- Promotion of livelihood for economically weaker section through forward and backward linkage.
- Supplementing Development Programmes of the Government.
- Construction of Community Centers/Night shelters/old age homes.
- Construction/adoption of students hostels for weaker section of the society.
- Building of Bridges, Pathways and Roads.
- Arrange of Mass Marriage to economically weaker section of the society.

8. Conclusion

Corporate Social Responsibility has become an important phenomenon in today's corporate world. Public sector companies in India are more aware about it. Apart from doing the business for which it exists, they have been taking up various social activities like, providing education and training facilities, developing entrepreneurial skills among the youth. BHEL also played major role in every sphere including development of infrastructure, creating employment through education and talent development, recruitment of physically challenged and weaker section of the society, empowerment of women and girl child and development of health infrastructure. These activities have put the company in the hearts of the people who are benefited by CSR activities of BHEL. This way every organization should come forward and contribute to the development of the society and share the burden of the Government.

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The Quality Café as a Method for Organisational learning and Quality Development

Yvonne Lagrosen and Stefan Lagrosen

University West, Trollhattan, Sweden

yvonne.lagrosen@hv.se

stefan.lagrosen@hv.se

Abstract: This paper reports a study into the usefulness of a method called the Quality Café. The method is based on the World Café method which has been supplemented with the quality management tool, affinity diagrams. The purpose of this paper is to investigate The Quality Cafe as a method for organisational learning and quality development. The paper is based on theory from quality management and organisational learning. A framework depicting quality management as a system of components of different profundity is presented. In the study the possibility of integrating more profound aspects in one of the superficial tools, the affinity diagram, is assessed. A case study has been carried out in which a Quality Café was performed in a Swedish SPA-hotel. The results have been assessed for their usefulness for the company as well as for research. It is found that the method was useful in both regards in this specific case which indicates its usability. Nevertheless further research is needed to assess the general usefulness of the method.

Keywords: Quality Café, World Café, quality management, organisational learning, SPA industry

1. Introduction and purpose

Quality management is important for all companies for ensuring competitiveness as well as for providing maximum value for customers. Quality management consists of many different facets. One way of viewing it is as a system consisting of layers of increasing profundity (Lagrosen and Lagrosen, 2005). The more superficial levels contain various techniques, tools and models. However, they are based on a more profound level constituted of abstract principles of values. Achieving sustainable and substantial quality improvements thus implies a change in the values governing the functioning of the organisation.

Changing deep rooted values requires profound learning. Methods for creating such learning are studied in the field of organisational learning (Senge et al., 2005). They emphasise the importance of seeing organisations as systems and implies that shifts in processes, strategies, practices and systems must be based on inner shifts in people's values, aspirations and behaviour. Methods for profound learning and quality management should thus have an ability to find and develop deep-rooted knowledge in large groups of people.

One method that has been developed to this end is "The Quality Café". Having the method "The World Café" (Brown, 2005) as its basis, quality management analysis tools have been integrated so as to make it suitable for analysing quality issues. In an interactive seminar consisting of a systematised number of phases engaging employees as well as customers, creative solutions and novel opportunities are often found. By allowing the space in-between the participants to speak, even tacit knowledge can be expressed.

The purpose of this paper is to investigate The Quality Cafe as a method for organisational learning and quality development. The effects of the actual use of the method will be studied in order to examine whether the method has the ability to induce the profound learning needed for substantial quality development, and if so in what way and which aspects?

2. Quality management

Quality management is well established as a practice in the private as well as the public sector. It has been described as a management system consisting of values, techniques and tools (Hellsten and Klefsjö, 2000). The parts of the quality management system can also be seen as existing on different levels of profundity (Lagrosen and Lagrosen, 2005) as shown in Figure 1.

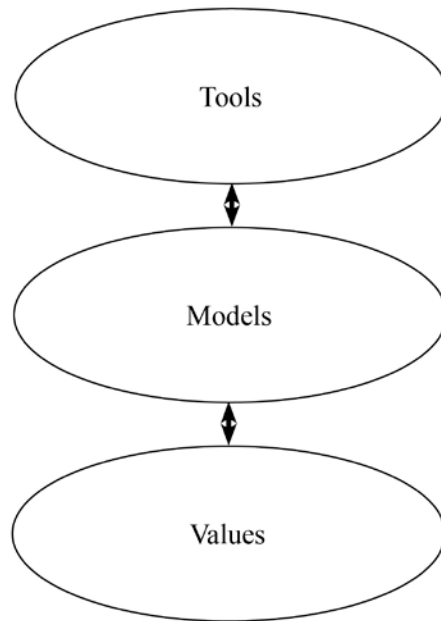


Figure 1: Levels of quality management (Lagrosen and Lagrosen, 2005)

The most superficial level contains practical tools for improvement such as statistical tools or decision making tools. They are useful but have a limited influence on the organisation as a whole. The second level consists of overarching models like the standards (e.g. ISO 9000) or the award models (e.g. The European Quality Award model). They have a larger impact on the entire organisation. The third and most profound level contains the values of quality management (sometimes called basic principles (Dale, 2003) or cornerstones (Bergman and Klefsjö, 2001)).

3. Organisational learning

Organisational learning has been developed as a means of achieving profound change in organisations. It promotes long term views as a counterweight to the short-sightedness that often prevails in business. An important part of organisational learning concerns the learning of leaders which is related to their emotional intelligence (Goleman et al., 2002; Grewal and Salovey, 2005). Research has shown that learning of leaders is related to their emotional intelligence (Goleman et al., 2002).

In organisational learning, profound learning is strived for in order to create a more holistic understanding. Genuine and profound learning can influence the core values of an organisation (Argyris and Schön, 1996; Argyris, 1999).

A learning organisation is characterised by the members learning together with the aim to create results that they have a genuine wish to see. This way, new and expansive patterns of thought can be created (Senge, 2006). In this respect, the aims of the World Café are very much in line with the thoughts behind organisational learning and it can be viewed as a method of instigating profound organisational learning in an organisation.

4. The World Café

In many cases, organisations need to involve many people in the creation of knowledge. The World Café is a way of creating meaningful dialogues in an organisation. The ambition is to reach an area of collective intelligence that has been forgotten in the individualistic cultures of today. The method is underpinned by a belief that there is a field of wisdom which can be reached in groups but which is inaccessible for individuals (Brown, 2005).

A basic tenet of the World Café is that people have within them the wisdom and creativity that is needed for solving even the most difficult of problems. Discussing in small groups and then spreading the insights to larger groups creates a self-enhancing meaning creating network. A sort of wholeness appears in the gap between the participants. World Cafés are supposed to be suitable:

- for sharing knowledge, stimulate innovative thinking and building community.
- for an in-depth exploration of the main challenges and possibilities.
- for creating a rewarding interaction between speakers and public.
- if the number of participants is larger than twelve (there is hardly any upper limit, World Cafés have been carried out with more than a thousand participants).
- if you can spare at least one and a half hours (preferably, a World Café should continue for at least two hours and some have continued for several days).

World Cafés can be useful as a qualitative research method for exploring the viewpoints of many people. For instance, Peddler and Abbot(2008) have used the method successfully for studying service development and workplace learning in British health care. It can be used in all kinds of organisations and also for community development, which have been shown by its versatile use in many areas in Singapore (Tan and Brown, 2005).

In practice, a World Café usually consists of three rounds of conversation, each lasting twenty to thirty minutes (possibly even longer but not shorter) followed by a plenary dialogue. Between the rounds, the participants change places. One person stays at each table, acts as its host, welcomes the new guests and summarises the previous discussion. The other participants come as guests to the new tables, bringing with them insights from the earlier conversations. Notes should be taken in common preferably in the form of pictures and figures. Thus, each table should contain papers and pens or crayons in a variety of colours. In order for assuring the possibility for all participants to freely express their opinions and ideas a speech object, such as a beautiful stone, can be used. Only the one having the stone is allowed to speak and can continue in peace until ready. Then another participant takes over the stone and can express her/himself without interruptions. The performance of a World Café is based on seven core principles (Brown, 2005):

- Set the context
- Create a hospitable space
- Explore questions that matter
- Encourage everybody's contribution
- Cross-pollinate and connect diverse perspectives
- Listen together for patterns, insights and deeper questions
- Harvest and share collective discoveries

5. The Quality Café

The Quality Café has been developed with the objective of integrating the World Café technique with quality improvement methods. As its basis it has the traditional World Café method and it begins by a World Café being carried out. However, this method takes the analysis a bit further by including one of the tools from quality management: the affinity diagram. This is a tool which somewhat resembles brainstorming. The aim is to handle complex problems in unclear circumstances. The tool can be an aid in ordering and creating a structure in data that are chaotic and unorganised. For this reason, it is ideal to combine with the World Café which usually bestows a wealth of profound and valuable but rather unstructured information and insights. The tool is also used by companies as a part of their risk analysis (Klefsjö et al., 1999). The whole process is creative. A large number of suggestions, which can be solutions to a problem or something else, are generated. Then they are grouped in a way that shows how they are related. The process can be structured like this (Dale, 2003):

- Determine the subject to be treated.
- Collect and describe available data.
- The participants write their suggestions on small pieces of paper such as post-it notes.
- The notes are placed randomly on a whiteboard or a wall.

The notes that seem to belong together are then grouped in this most central part of the process. Ideally, should be done by all participants while remaining completely silent. This makes it easier for the participants to release their creativity.

Each group of notes is given a title which corresponds to its overall characteristics. The group is then treated as a unit and has a note of its own. This continues until all notes are assigned to some group.

The group notes (ideally 5 – 10) are circled and placed in logical order. They are then formed into sentences and assigned points depending on the number of suggestions.

In the Quality Café the first three steps are generated by the Quality Café. Then the affinity diagram is used for creating a structure of the insights that have been gained.

6. Methodology

An empirical study was carried out in order to test the viability of the method. The basis was a project in the SPA industry. This is an industry that is highly dependent on the abilities of the staff. This includes their technical competence as well as their relational competence (Lagrosen and Lagrosen, 2007). In addition, very limited amounts of research have been carried out regarding quality management and learning in this industry. Further research should thus be valuable.

The setting for the study was a famous Swedish SPA-hotel. Located in a serene and quiet environment in the outskirts of Gothenburg, the hotel offers a SPA that combines training with stamina-enhancing treatments and 82 peaceful rooms as well as a golf course. They have a turnover of 65 MSEK.

A Quality Café was carried out with SPA staff, the results were analysed so as to gain insights into the usefulness of the method as well as providing a basis for quality improvements in the industry. The Quality Café had twelve participants and continued for about three hours, led by two researchers including one of the authors of this paper. The participants represented all different departments of the company. Several of them were department managers. They were chosen for participation by the managing director of the company based on her assessment of their ability to provide useful input for the quality café. Thus, this can be seen as a judgemental sample.

7. Findings

The Quality Café that was carried out provided interesting information. The café consisted of two sessions. In each of the sessions three questions were addressed. A lively discussion resulted in which all participants were active. The questions are presented below and some points summarising the main themes from the discussion are listed. All is translated from Swedish which explains why some questions and themes may seem somewhat different from the way they would be expressed in English.

What do you believe is needed for you to experience quality in your work?

- Using gut feeling, intuition, to feel what is right, should be OK.
- Be very selective in the choice of suppliers. Not necessarily using those that other use but instead listening inwards.
- Like and care about each other. It is important to realise (with understanding and balance) that one is part of a wholeness regardless of which department one works for.
- Honesty and openness. Support from leaders. Giving energy to each other.
- Workmanship – everybody contributes and everyone is valuable.
- Nobody owns the ideas. Doing things together creates generosity and openness.
- No fear, daring to test new things. This requires trust.
- Explicit core values.
- Congruence between the goals of the individuals and the goals of the organisation.

What do you believe is needed for the customers to experience quality when visiting you?

- High goals – aiming at exceeding customer expectations.
- Staff being natural, being themselves.
- Cordiality.
- High quality of the inner and outer facilities.
- Professional collaboration between departments.

How do you want your job to be in order for you to stay healthy and feel well?

- Secure.
- Well-being, happiness and laughter.
- Sincerity between colleagues.
- Having a good time together, having coffee breaks together, talk about other things than the job.
- Possibilities for physical activities.

In the second part of the quality café, affinity diagrams are produced. In this procedure it is valuable to have each question treated by a group of 5-7 participants. For this reason only two of the above questions could be treated further as there were only twelve participants. Questions 1 and 3 were chosen. From the affinity diagram, the following sentences resulted:

- Question 1. Togetherness creates happiness and security.
- Question 3. We need togetherness, happiness and possibilities for development (physical and mental) in order to stay healthy and feel well.

The headings and points were:

- Question 1. Happiness 5 p, Trust 5 p, togetherness 4 p, culture 3 p, knowledge and education 2 p, balance 1 p, visions for the future 1 p, encouragement 1 p
- Question 3. Togetherness 11 p, Happiness 8 p, Physical training 3 p, development 1 p, structure 1 p

Obviously, the entire report from the Quality Café contains much more information than can be included in this paper. This includes detailed descriptions of the points that are only described as single words above.

All in all, the company felt that many useful insights had been gained and that the café would be useful for their further activities. Insights included a deeper understanding for the work situation of the employees as well as the requirements for creating a healthy workplace. In addition, the participants enjoyed the experience and felt that they have gained new insights.

As researchers, we gained increased understanding of the dimensions of quality and employee health in this sector.

8. Conclusions

The experience of the case described above indicates that the Quality Café can be a useful tool for knowledge development in organisations. According to the company, the knowledge gained was useful for them. Furthermore, the participants found the experience enjoyable. Thus, this case shows the possible usability of the method for organisational learning in companies. Our assessment is that the World Café part provided an area of depth to the affinity diagram which would not have been possible to access with the traditional use of the tool. Consequently, the method may be a way of connecting level one in Figure 1 (the tools) with the third level (the values). This may give this tool a profundity that is otherwise difficult to achieve.

9. Limitations and suggestions for further research

In this study, only one Quality Café was carried out. This may raise doubts regarding the possibilities of generalising the findings. In fact, it is not possible at this stage to make any generalisations. We have seen that the method was useful in this specific case. Nevertheless, in evaluating a method, the specific circumstances must be taken into account (Pawson and Tilley, 1997). Thus, from a single case we cannot draw any certain conclusions regarding the usability of the method under different circumstances.

For this reason, further research is valuable. In the current project, we will continue to carry out further Quality Cafés in other Swedish SPA-hotels. If the results are similar, we will be able to establish with reasonable certainty that the method is useful for this kind of company. Consistent findings will also provide an indication that the method may be useful in other sectors and perhaps even other countries. Nonetheless, in order to arrive at a general conclusion regarding the usability of the method, much more research is needed. It should be carried out in different sectors and different countries. Such research is strongly encouraged.

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Organizational Leadership from Islamic Perspective: A Study on Some Institutes of Bangladesh

Md Golam Mohiuddin¹, Syed Mohammad Ather² and Farid Ahammad Sobhani³

¹Faculty of Management and Human Resource Development, University Technology Malaysia, Johor, Malaysia

²Department of Management Studies, University of Chittagong, Bangladesh

³Department of Business Administration, International Islamic University Chittagong, Bangladesh

islamicmanagement2010@gmail.com

Abstract: Allah (SwT) has addressed the believers as Ummah(nation), which implies the necessity of leadership in Islam. Allah says to his Prophet Mohammad (Peace be upon him) Mohammad (pbuh) says "Every one of you is a shepherd and every one of you is responsible for what he is shepherd of" (Sahih Al Bukhari). Islam as a complete code of life has a set of principles, guidelines for managers to lead the human resources in an organization. This study is an attempt to find out the basic guidelines laid down in Islam for organizational leadership. It has pointed out the operational principles of managerial leadership, managerial grid theory, leadership continuum, team building- team spirit and qualities of an organizational leader from the Islam perspective and some empirical observation from one of the Muslim populated country.

Keywords: leadership, organization, islamic views, operational guide

1. Introduction

Allah (SwT) has created mankind with a noble objective that people would lead their lives in peace and harmony following the tenets of His revelations sent down through Prophets from time to time since the very beginning of the society. Leadership is one of the core corners in our social activities (Patwary, 2003). It refers to a process of influencing and supporting others to work enthusiastically toward achieving objective (Koontz, 1994). In view of Islam, leader is a member of a team who is given a certain rank and is expected to perform in a manner of consistent with it (rank).

2. Objectives of the study

In this article, the authors took interest to highlight the various aspects of organizational leadership from Islamic perspective. The specific objectives of the study are:

- To focus on the concept of organizational leadership;
- To distinguish between conventional and Islamic Leadership;
- To identify the basic characteristics, principles and qualities of Islamic leadership;
- To suggest a 'Model of Managerial Leadership from Islamic Perspective,
- To present the practical situation of organizational leadership in of Bangladesh.

3. Methodology

This study is a desk-based with practical observation. To find out the development in organizational leadership and related Islamic issues, the authors consulted available literatures in this field, various publications, research monographs, journal and magazines. The study was structured in the light of the research objectives. Practical observation has been done from Mosques, Islami Banks and other NGOs.

4. Concept of organizational leadership

Ours is an age of organizational revolution. Everywhere we build organizations – offices, factories, banks, hospitals, schools, clubs etc. Organizations use rules, regulations, policy and strategy. Rules relate to the ways through which finance, operations, and marketing activities are regulated. (Anisuzzaman et al, 1996). It also refers to managerial leadership where two positions exist in an organization: Boss and Subordinate. Nowadays boss refers to leader and subordinate to followers. (Ibid, 6). In recent years, many theorist and practitioners have emphasized the difference between managers and leaders in following ways.

- The main function of a manager is to administer and control within the organizational hierarchy, while the main function of a managerial leader is to innovate something in order to develop organizational status in the competitive environment.
- Managers focus on systems; structures; policies; and procedures of the organization, while the focal points of the managerial leaders are employees and staff.
- Managers rely on control mechanism, but leaders rely on developing mutual trust.
- Managers do the thing right, while leaders do the right thing.
- Managers ask ‘how’ and ‘when’, while the leaders ask ‘what’ and ‘why’.

5. Conventional Vs. Islamic leadership

There are a number of basic differences between conventional and Islamic Leadership in an organization. Goals, traits, styles, decision-making process, methodology, nature, and participants are not similar between these two types of organizational leadership, which have been stated below: (Anisuzzaman, M. and Majumder, M. Z. A. 1996).

Points	Conventional Leadership	Islamic Leadership
1. Goals	Solution of a problem by groups, no reference to Devine efforts.	Seeking Allah’s pleasure in solving a problem by group.
2. Participants	Formal and informal leaders, and rarely ordinary member	Allah (SwT), Rasul (Sm), the Leader and the followers
3. Nature	Leadership is ruled-bound and situational and no ‘trusts’ are involved.	Leadership relates to ‘trusts’ which are to be rendered back to the participants.
4. Traits	Mundane knowledge, skill, values as prescribed by organizations	Knowledge of Islamic Shariah, individual judgment, justice and competence
5. Decision making	With reference to rules of business and no reference to any Devine Law	After consulting, the leader must decide, but put trust on Allah (SwT)
6. Limitations of leader	Leaders seek leadership without waiting for leadership to come to them.	Leaders must not seek leadership; it must come to them.
7. Limitation of followers	Followers usually have a passive role.	Followers have an active role to advise and warn leadership of consequences of policy / action.
8. Followers style	Responding to the leader’s call for advice and cooperation with the leader, but no acceptance of partial responsibility. Both the leaders and the followers are primarily accountable to organization.	Responding to the leader’s call for advice and cooperation with the leader, and acceptance of partial responsibility for action. Both the leaders and the followers are primarily accountable to Allah (SwT) and organization.

6. Characteristics of an Islamic leadership

Prophet Mohammad (pbuh) said that the leader of a *Jamaah* (organization / community / nation) is their servant. Talib, Hisham Al (1991) identified some important characteristics of Islamic leadership, which are also applicable for the managerial leaders in an organization.

- Allegiance:
 - The Islamic managerial leader is bound in allegiance to Allah.
- Global Islamic Goals:
 - The leader perceives the goals of an organization not only in term of the interests of the group, but also in terms of wider Islamic objectives.
- Adherence to Shariah and Islamic Manners:
 - The leader must adhere to Islamic injunctions. He can only continue his office as long as he observes the principles of Shariah. His behavior must conform to Islamic manners.
- Delegated Trust:
 - Islamic leadership is a position with divine trust. He must enjoy this trust with highest degree of responsibility. Allah says, “Those, who, if we give them power in the land, establish Salat and pay Zakah and enjoin the right and forbid the wrong, with Allah rests the end of affairs” (Surah Al Hajj)

7. Operational principles of islamic organizational leadership

Islam prioritizes Muslim to live without having a leader in any situation even if they are on a trip or in a desert. The operational principles of organizational leadership are mentioned below:

- **i. Shura:** Managerial leaders in Islam must consult with their people before making any decision. Allah (SwT) directed his Prophet (pbuh) to consult with his companions. Allah says “And consult with them in affairs.” (*Surah Al Imran, Verse-159*).
- **ii. Freedom of Thought:** Islam encourages freedom of thought. Practicing managers or executives should create such an environment in the organization so that the staff members can easily opine on any issue. Hazrat Umar (R) praised Allah (SwT) that there were people in the *Ummah* who would correct him if he went astray.
- **iii. Justice:** The management leaders must behave with team members justly and fairly without any discrimination regardless of their race, color or religion. Allah says “O you, who believe! Stand out firmly for justice, as witness to Allah, even as against yourselves or your parents or your kin and whether it be against rich or poor, for Allah protect both”. (*Surah An-Nisa, Verse-135*)
- **iv. Accountability:** Islam teaches accountability as vital component of management. According to Islam, each and every human being will be made responsible for his good or bad deeds and accordingly he will be rewarded or punished. Allah says “...whosoever does good equal to the weight of an atom (or a small ant) shall see it. And whosoever does evil equal to the weight of an atom (or a small ant) shall see it.” (*Surah Az-Zilzal, Verse- 7-8*)
- **v. Dignity of Labor :**Islamic leaders must recognize the dignity of labor. Mohammad (pbuh) says, “Pay the wages to the labor before his sweat dries up” (*Al Hadith*). Islam pointed out that earning as the best, which is earned by the toil of the labor.
- **ix. Esprit de corps:** The managerial leaders must try to achieve organizational goals and objectives with team rather than individual endeavors. Prophet Mohammad (pbuh) says “The Hand of Allah is with the *Jama’ah* (team)” (*Sunon Al Tirmidhi*). (Ather, 2006).

8. Underlying qualities of a leader in Islam

The organizational leaders have to work with the human resources through **team building and team spirit**. In fact, it is very tough job to develop a team & team spirit in an organization. Unless or until a leader possesses a variety of skills, he will be facing many problems in managing human resources. Meredith et al (2000) pointed out some important project management skills relating to communication, organization, team building, leading, copying, and technology. The same skills are also required for an organizational leader. On the contrary, an Islamic leader must possess two fundamental skills, which are (i) **Islamic character & behavioral competence** and (ii) **Islamic & professional knowledge**. Other qualities required for an Islamic managerial leader has been mentioned below:

SL. No.	Classified Skills	Focal Points
1	Team building skills	a) Empathy b) Motivation c) Cohesion d) Esprit de corps
2	Leading competence	a) Sets an example b) Vision c) Energetic d) Delegates e) Positive f) Initiating
3	Ethical competence	a) Morally sound b) Unbiased / impartial c) Justice d) Logical
4	Communication skills	a) Listening b) Dispatching c) Persuading d) Convincing e) Punctual f) Regular
5	Organizing capacity	a) Planning b) Goal setting c) Standard setting d) Analyzing e) Expediting
6	Coping skills	a) Flexibility b) Creativity c) Patience d) Persistence f) Contemporary knowledge

Source: Developed by the authors through study and research

9. Team Building under Islamic Leadership

Teamwork has to be organized and nourished through effective leadership and management (Altalib, H., 1991). Working together with team spirit is an Islamic directive. It is said in Hadith "The Hand of Allah is with the team (*Jama'ah*). Then, whoever singles himself out (from the *Jama'ah*) will be singled out for the Hell-Fire" (*Sunan Al Tirmidhi*). A team from Islamic point of view may be defined as a group of people under a team leader who work together on a continuing mission with common (*halal*) goals and objectives. The figure-3 is a diagram where people designate A, B, C, P, Q, X, Y, and Z are working together under a team leader 'M' to achieve organizational goal considering Islamic values. Here the team members are mutually interactive and connected with their leader.

Source: Developed by the authors through study and research

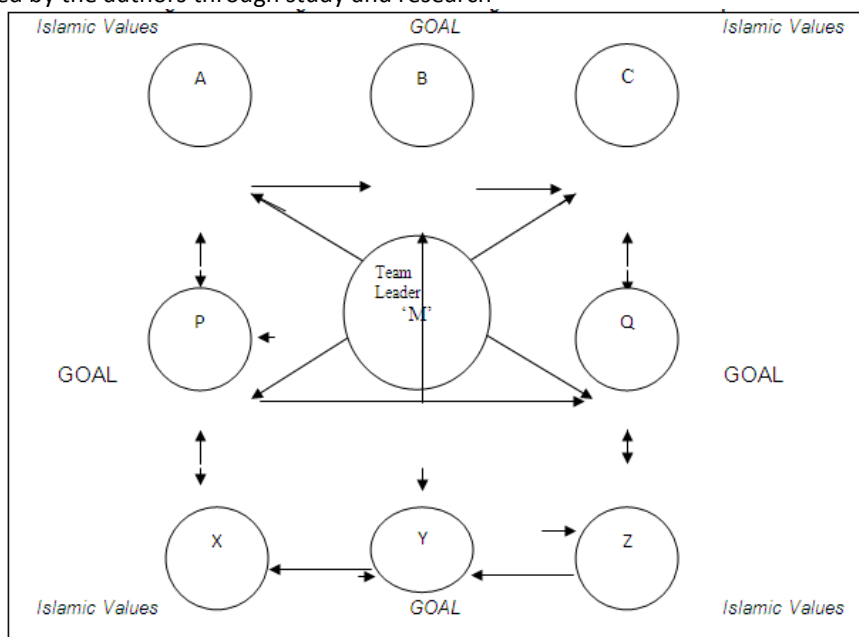


Figure: 1: A Diagram of Team Building under Islamic Leadership

Team building encourages team members to examine how they work together, identify their weakness and develop more effective ways of cooperation. Keith Davis et al (2001) identified the following steps in a team building process:

- a) Identification of a problem, b) Collection of relevant data, c) Data feedback and confrontation;
- d) Problem solving experience, e) On the job application and follow-up.

Altalib et al (1996) stated team functions at all levels, but is most useful at the top level of management. The main shortcoming of teamwork in our society is the pervasive feeling that unless we agree with a person 100%, we can't work with him or her. Hence, a very few groups are working harmoniously. In most of the cases, one person tries to dominate and dictate his way of thinking and approach on the group. Many private institutions are victims of one-man management styles. No mankind is perfect in this world. We shall not find any leader or team member who is devoid of all shortcomings except Prophets. Everybody has strengths and weaknesses. Islam encourages focusing on individual's strong points and putting aside the weak points. This may be the team spirit equation of the total group.

10. The Managerial Grid Approach – from Islamic Leadership view point

A well-known approach to defining leadership styles is the managerial grid (Keith Davis, 2001). The managerial grid is so far the most popular approach to help teach managers about leadership. The studies under the initial leadership of Ralph Stogdill at Ohio State and of Rensis Likert at the University of Michigan, concluded that there were two principal-dimensions of leadership behavior:

Concern for people: This dimension is mostly 'staff and commitment oriented'. It involves a manager's concern for developing mutual trust with subordinates and followers, promoting two-way communication, being

sensitive to their feelings and ideas. *Concern for production*: This dimension is mostly 'job and task oriented'. It involves a manager's concern for actively directing subordinates in order to get the task done effectively and efficiently. The managers under this category are characterized by concern for completing the task as per plan, implementing rules, regulations, policies and procedures.

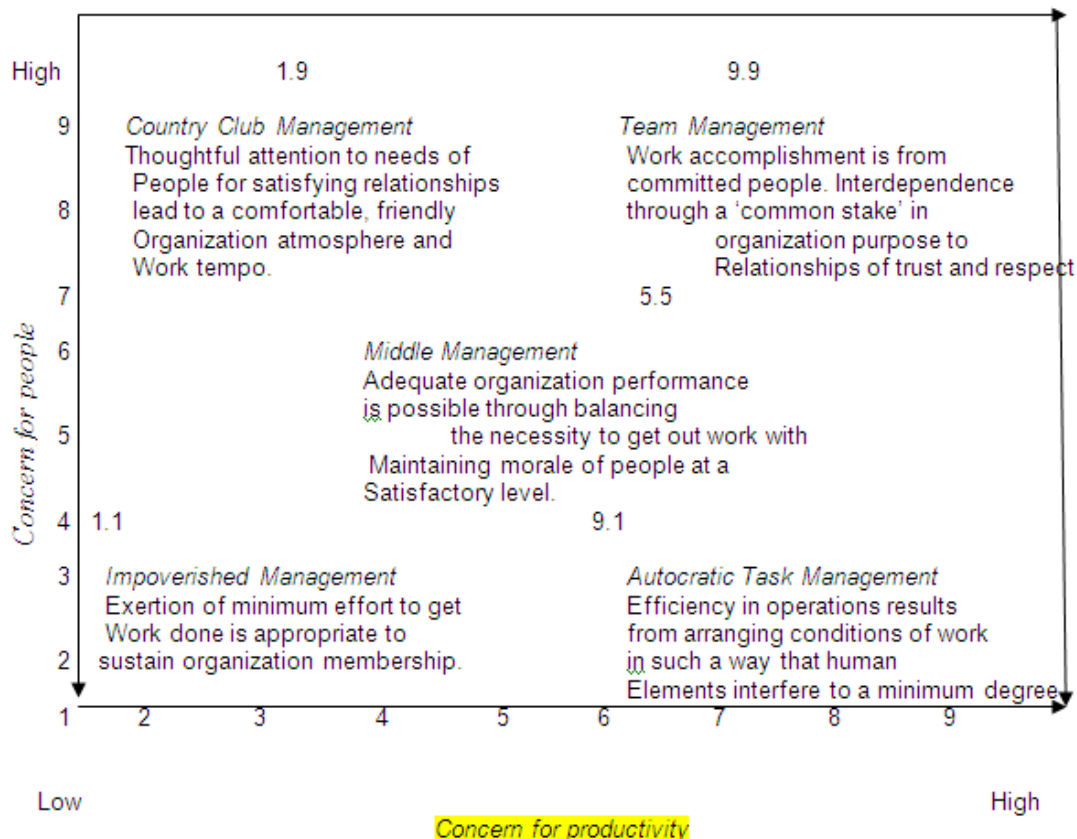


Figure: 2: Managerial Grid (Adapted)

10.1 Concern for productivity

Source: Originally by Blake and Mouton, 1994 from Fred Luthans, Organization Behavior, New York, McGraw Hill Inc. 1995, p. 415

Islam supports high productivity and high involvement of employees in an organization. Hence, from Islamic point of view 9.9 styles may be the target as an ideal leadership to become successful in managerial leadership

11. An Islamic outlook of leadership continuum and Islamic model of organizational leadership

The latest development in leadership styles is the leadership continuum. The theory of leadership continuum is developed by Robert Tannenbaum and Warren H. Schmidt. Instead of suggesting a choice between the two styles of leadership – authoritarian or democratic, the leadership continuum assumes variety of styles, ranging from highly boss-centered to highly subordinate centered, with no suggestion that one is always right and another is always wrong. It seems that the highly boss centered style of leadership in the continuum, where the subordinates have no voice but to accept the managers' decision is against Islamic ethics; hence it is not supported by Islam. (Ather, 2005). On the basis of previous discussions, concepts and facets of Islamic Leadership, a Model of Organizational Leadership from Islamic Perspective has been developed (Vide-Fig. 4).

The role of followers in Islamic leadership process will be positive. They can warn their leaders for their actions if necessary. The followers must withdraw their support if and when the leaders are seen deviating from the right path of Islam (Anisuzzman et al, 1996). Thus they will play the role of dynamic rather than blind followership.

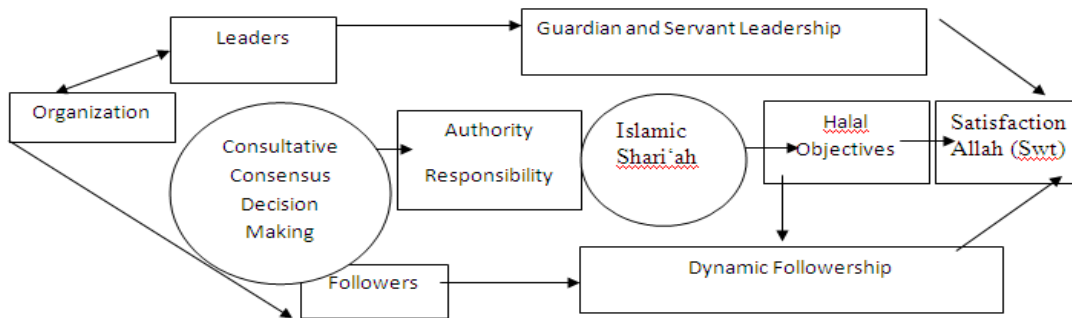


Figure--: Islamic Model of Organizational Leadership

Source: Developed by the authors through study and research

12. Findings of Islamic leadership organizations from Bangladesh

12.1 Findings from government officials and private organizations

(Anisuzzaman and Majumder, 1996).: In maximum time government offices and private organizations in Bangladesh are reorganized on conventional principles and practices. This is the result of past two centuries. We are interested to know if leaders of these Bangladeshi organizations with Islamic prefixes are familiar with Islamic organizational principles and practices and the extent to which they apply them in their organizations. First might begin by making some assumptions. As a Muslim majority country the people of Bangladesh have deep love and long connection with Islamic values and traditions. They are nursing Islamic names and nomenclatures. It is evident that only a few organizations bear Islamic names with or without expressly declaring their religious connections. It would be hazardous to comment on their 'Islamic ness' merely on the basis of the label 'Islamic' before their names/ official titles. Some organizations may have stopped just there, while others might go a little further by attempting to organize their functions along Islamic leadership styles at least in form, if not in substance. Sometimes some organizations holds Islamic names to attract the fund from Muslim donor, like Arab countries. Whatever their objective, Islamic levels are being used in setting up some organizations. But it is fact that whatever their objective whenever they leveling the name of Islam they are trying to follow the different Islamic practices, like, Five times prayer(Salat), Interest free transactions, and nursing teaching the Holy Quran and from the tradition of Prophet(saw). Once setup, these organizational leaders might feel an urge to apply Islamic principles of leadership to justify the Islamic nature of their operations.

12.2 (B) Finding from Masjid(Mosque) management and leadership (Mohiuddin, 2007)

1. Attention of Imams to the Musullies : The Prophet (SAW) always used to listen attentively to the problems and grievance of his followers. From the information available, it is found that the maximum number of Imams (76.74%) in the study area patiently hear the problems and grievance of the Musullies. Again 16.28% of Imams practise this Sunnah frequently but the lowest 6.98% Imams think that they need not give attention to the problems of Musullies (Devotees).

2. Consultative Management as Practiced by Imams: Consultative management is an important aspect of Islamic management. From the data regarding consultative management of the mosques in the study area it is evident that the maximum number of Imams (52.75%) consult the devotees regarding decision making on all matters and 43.64% of Imams consult devotees on a very few matters. But 3.64% of Imams do not support the system of consultation with devotees. On the other hand in Motowalli system, there is no scope of consultation regarding matters relating to mosque management. Motowallis are the sole-authority there.

3. Political Participation of Imams: A lot of surprising information regarding political participation of Imams has been collected. The highest 98.18% Imam of the study area think that it is necessary for them to participate in political activities for the sake of Din (Islam). Only 1.82% Imams think that it is not necessary to participate in politics for Din (Islam). But the interesting fact is that in reply to the question whether they personally participate in politics, 61.82% of Imams have replied in the affirmative and 38.18% of Imams have replied in the negative. It may be assumed that there are some problems. They give their opinion in favor of the

necessity of participation in politics but personally many of them are not related to politics. The reason of this situation may be that the present Islamic parties do not follow Islam properly. Or they are afraid of losing their popularity and respect. It will be difficult to call the general people to Islam if they are once involved in a particular political party. That is why, most of them are not willing to participate in politics.

4. Activities of Mosques and Implementation of Plan: As the mosques are religious and social institutions it has different dimensional impacts on the locality. If the activities of the mosques are managed as per plan, the society will enjoy much benefit. From the data it is clear that maximum 76.67% of mosques have been managing their activities as per plan and 23.37% of mosques go without plan. Managing the mosques without plan means that all activities are not proceeding systematically and timely.

5. Job Satisfaction of Respondents: From the facts regarding job satisfaction of Imams it is evident that most of the Imams (35.19%) are somewhat satisfied with their present job. On the other hand same number of respondents (35.19%) is not satisfied with their present job (working place) due to lot of problems faced by them. From the study, it is also observed that not a single Imam is willing to leave their present tasks in the mosques in spite of different oppressions imposed on them. It is because they want to get satisfaction of Almighty Allah by their sacrifice.

6. Problems of Mosque Management: In the highest number of mosques (50.91%), financial problem is acute where as in 27.27% of mosques lack of accommodation is the main problem. Also in 14.55% of mosques, lack of initiative is the principal obstacle and in 16.36% of mosques, frequent interventions of Motowallies hamper the normal activities of Imams. Again in 10.91% of mosques, religious friction and grouping is obvious and at the same time in 18.18% of mosques there are many other problems, such as lack of bathroom, lack of infrastructure development and lack of co-operation between the committee members /Motowallies and the devotes. Only in 10.91% of mosques, no remarkable problem is observed.

12.3 C) Activities of Islamic Bank Bangladesh limited and its management

An Islamic bank is a financial institution that operates with the objective to implement and materialize the economic and financial principles of Islam in the banking arena. This bank is established as well flourished by some Islamic organizations and due to their success in effective leadership this institution is now established. The following discussion will be a picture of organizational set up where we have observed a successful leadership.

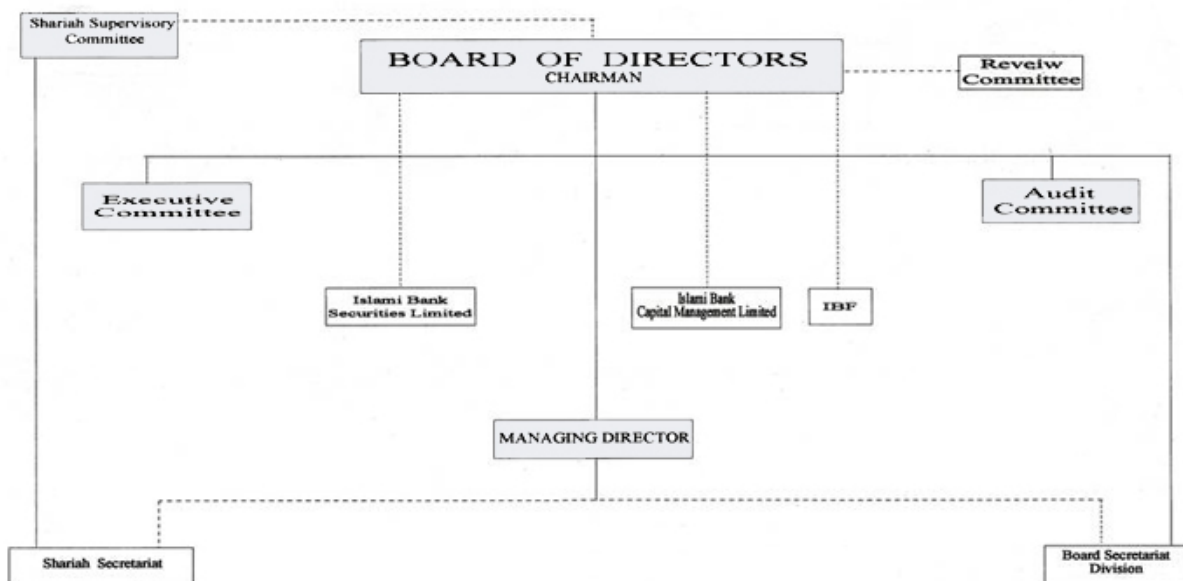
12.4 Aims and objectives of IBBL (annual report of IBBL,2010)

- To conduct interest free banking.
- To establish participatory banking instead of banking on debtor-creditor relationship.
- To invest through different modes permitted under Islamic Shariah.
- To accept deposits on profit-loss sharing basis.
- To establish a welfare-oriented banking system.
- To extend co-operation to the poor, the helpless and the low-income group for their economic upliftment.
- To play a vital role in human development and employment generation.
- To contribute to balanced growth and development of the country through investment operations particularly in the less developed areas.
- To contribute in achieving the ultimate goal of Islamic economic system.

12.5 Management of IBBL

Islami Bank Bangladesh Limited is managed by a board consisting of 13 members”(Directors). Of the directors, 3 are foreigners and 10 are local. 7 members Executive Committee is formed by the Board of Directors for efficient operation of the Bank. Beside this, a managing committee looks after the affairs of the Bank.

ORGANOGRAM OF IBBL



Shariah Council: Shariah Council of the Bank has been playing a vital role in guiding and supervising the implementation and compliance of Islamic Shariah principles in all business activities of the bank since its very inception. The council, which enjoys a high status in the structure of the bank, consists of prominent Islamic scholars, reputed bankers, renowned lawyers and eminent economists. (Annual report of IBBL, 2010).

Management and execution problems of Islami Bank Bangladesh Limited:

Islami Bank has attained a good success in Bangladesh but we find some problems. such as

1. Lack of efficient, religious, trained manpower.
2. In Bangladesh there is no separate banking law for Islami Bank.
3. Though several Islami Banks have been established in the mean time, but no Islamic money market has grown till today.
4. Islami Banks have built up their own Shariah Council but there is no Shariah Supervisory Board in Bangladesh Bank.
5. There is no financial instrument approved by Shariah for the money market of Bangladesh.
6. Different types of Complexity and problems are found in buying & selling of shares.
7. Lack of adequate instruments in international banking.
8. Shariah council did not take any initiative for research in the development of rules and procedures of Shariah Council for smooth functioning of the Bank.
9. Due to the lack of branch network in entire Bangladesh the activities of Islami Bank are urban-centered.
10. Existing laws, trade and industrial policy, income tax policy and education system are not in favour of Islamic Banking System. As a result Islami Bank cannot maintain properly Musharaka, Mudaraba investment systems as per Shariah Board decision.
11. Islami Bank cannot attract the non-Muslim clients- to a great extend(annual report of IBBL).

Concluding Remarks: Nowadays, leadership is being considered as a key factor for the success of any organization. The Muslim managers of global business world must possess Islamic leadership skills to survive in the competitive market. In today's demanding and dynamic leadership requirement, managers who are incompetent in an organization must be willing to constantly upgrade their skills. There is no doubt that continuous efforts to acquire skills will lead a manager to become a successful leader. Teamwork under an effective leader is recognized as a vital force in achieving organizational goals and objectives. The success of a team is dependent on the group efforts under a team leader. Some very talented individuals are not good

team members by nature in teamwork. A team member in an Islamic organization must be willing to sacrifice his opinion if needed for the greater interest of the team. For effective results, members of the team must be trained about Islamic values, ways of communicating within the team, behavior & attitudes, and consensus formation. A manager having leadership qualities as laid down in Islam, is expected to combat any managerial challenges and complexities of the centuries ahead.

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Knowledge Sourcing: How Board Intellectual Capital Improves Organisational Performance via the Executive

Denis Mowbray and Coral Ingley
AUT University, Auckland, New Zealand
dmowbray@gryphonmanagement.com
coral.ingley@aut.ac.nz

Abstract: Based on anecdote, the board's collective and individual ability to add value to the organisation it governs can be summarised as being a function of the depth and breadth of its directors' skills, experience and knowledge - that is, their intellectual capital. Therefore, if the board's intellectual capital determines the value that directors add how is this value translated into organisational performance? We suggest that board value is linked to organisational performance through the executives'. Executives' access the board's intellectual capital by assimilating the tacit and explicit knowledge of directors'. This is conveyed mainly through interactions between the board and executive teams in the boardroom. Executives may apply their increased knowledge to solving organisational issues through processes of replication, innovation or adaptation, as classified by Gray and Meister (2004). We argue that not all executives apply such acquired knowledge in the same way and that the differences in their application of this knowledge may contribute to the differences between high performing and poor performing organisations. Nicholson and Kiel (2004) described intellectual capital as a collection of knowledge, information, experience, relationships, routines, procedures and culture that a board can employ to create value (that is, to influence organisational performance). It is this knowledge that executives access from the directors of their boards, to guide and assist them with sense-making and organisational decision making. Termed knowledge sourcing, Gray and Meister (2004) described this process as a precise construct indicating an individual's intentional efforts to search out and access expertise, experiences, insights and opinions produced by other key individuals, which is not available elsewhere. Gaining knowledge is one thing; however, learning without application is essentially a wasted act. How executives use the new knowledge is critical if the knowledge gained is to add value to organisational performance. Gray and Meister (2004) highlighted the cognitive change which must occur in executives if they are to maximise the benefit of the knowledge. These authors found that the extent to which individuals' cognitive structures have improved over time was an important indicator of the learning outcomes. Using fuzzy set qualitative comparative analysis which we applied to data from a set of corporate and not-for-profit organizations, we identified key differences in the cognitive profiles of executives of high-performing organisations compared to executives in poor performing organisations. This indicates that in practice the executive teams in high-performing organisations applied their acquired knowledge effectively in their roles within the organisation, whereas the executive teams in poor performing organisations were markedly less effective in applying such knowledge.

Keywords: boards, performance, knowledge, directors, intellectual capital, executive

1. Introduction

Today's fast-paced decision-making environment requires that executives have access to a knowledge repository they can trust and one which allows them to test their possible solutions against the knowledge of others. The tacit and explicit knowledge held by individual directors can be viewed as representing this repository in the form of human capital. Human capital consists of accumulated stores of tacit and explicit knowledge, learning, experiences, expertise and so on, and is considered to be a subset of intellectual capital which also includes cultural capital, social capital and structural capital (Nicholson and Kiel, 2004). Intellectual Capital is a concept that draws upon a number of theoretical streams including management and economics and is an area of emerging interest to researchers, with a range of authors contributing to its understanding (e.g. Bontis, 1999; Keenan and Aggestam, 2001; Nicholson and Kiel, 2004). In the context of the board of directors, intellectual capital is defined by Nicholson and Kiel (2004) as the collection of knowledge, information, experience, relationships, routines, procedures and culture that a board may employ to create value (i.e. influence performance).

The concept of the board's intellectual capital as a resource which the executive can access aligns with the resource dependency perspective. Resource dependency theory presents boards and their members as conduits through which organisations access additional essential resources (e.g. Hillman, Cannella, and Paetzold, 2000; Pfeffer and Salancik, 1978). However, this view and its emphasis on accessing external resources takes no account of other activities undertaken by a board e.g. strategising and providing advice to the CEO and executive (Lorsch and MacIver, 1989). We contend that it is while undertaking these activities that the tacit and explicit knowledge of directors, either individually or collectively, creates value within the

organisation. Importantly, tacit knowledge is recognised as a key component of innovation and includes the unspoken knowledge, observations, inspirations and other forms of awareness that are typically not written down or codified (Nonaka, 2008). We argue further that knowledge sourcing – capturing tacit and explicit knowledge from the directors – facilitates the executives’ access to the board’s individual and collective human capital. The executive may then adapt, innovate or replicate the acquired knowledge and apply it to the organisation’s advantage. In the context of this study the word “executive” refers to the CEO and those senior functional managers (e.g. chief financial officer, operations manager, marketing manager), who have regular formal or informal contact with the board and/or individual directors.

This paper focuses on how the board’s knowledge (human capital) is accessed by the executive through the use of knowledge sourcing which, we argue, allows the executive to replicate, innovate or adapt this knowledge to improve organisational performance. It is in this way that the board is linked with the organisation’s performance outcome.

With regard to strategic leadership and its influence on the organisation, past research has focused separately on the board and executive management, labelling the executive team variously as managerial elites, an upper echelon and a top management team (TMT) (Fama and Jensen, 1983; Finkelstein and Hambrick, 1990; Hambrick, 2007; Hambrick and Mason, 1984). This body of research conceptualises two teams as providing leadership at the apex of an organisation: the board and the executive. In a larger study on which this paper is based, we identified three top teams at the apex of control: the board, the executive team, and the “Third Team”, which is formed when the executive and board meet either formally or informally. We posit that it is through the third team that organisational performance is influenced.

A better understanding of how a board influences organisational performance has become increasingly important as the magnitude and impact of corporate failures has grown over the past two decades. Greater clarity regarding how boards add this type of value is necessary, since boards and directors have been implicated in the loss or destruction of significant corporate wealth (e.g. Yahoo, Research in Motion [RIM], Bank of America, Hewlett Packard etc.).

2. Theoretical background

Knowledge management research, which seeks to understand how organisations could better manage their internal and external knowledge resource, provided the basis for the development of Gray and Meister’s (2004) knowledge sourcing construct. The knowledge management literature is interested in managing knowledge in its various forms (e.g. electronic, written, oral) but does not offer a testable model to explain how knowledge is accessed by the individual. Gray and Meister’s (2004) knowledge sourcing construct addressed this problem by providing the means by which researchers could gain insights into and focus on how individuals access the expertise, experience, insights and opinions of others.

Research into how knowledge is accessed so that learning may occur has used different terms to define knowledge sourcing, such as advice-seeking (Alexiev, Jansen, VandenBosch, and H.W., 2010) and group learning (London and Sessa, 2007). For the purpose of this study the various terms and their definitions are grouped within the construct of knowledge sourcing. We emphasise this construct because of its importance to executives who tend to rely more on oral and personal information sources than on written and impersonal sources such as reports and management information systems (Alexiev et al., 2010; McDonald and Westphal, 2003).

The difference between simply obtaining facts and gaining knowledge is critical: the former relates to information freely available from many sources (e.g. books, reports, etc.), whereas the latter is based on an individual’s tacit and explicit knowledge gained from their professional expertise and experiences and, in its particular form, is only available from that individual. A key outcome of knowledge sourcing is allowing executive members to access expertise, experience, insights and opinions from external sources (e.g. the non-executive directors). This advice can lead the executive to make choices that may guide organisational action and behaviour away from entrenched patterns and routines (Alexiev et al., 2010; Druckman, 2001).

Gray and Meister (2004) present knowledge sourcing as a precise construct that describes an individual’s intentional efforts to search out and access expertise, experiences, insights and opinions produced by

individuals and thus not available elsewhere. This description aligns with resource dependency theory, which suggest that a board's key function is to give executives access to resources (e.g. knowledge) that they may not otherwise have. In this way, knowledge sourcing can be seen as a significant contributing factor to the continued personal and professional growth and development of the individual executive members.

There are three generally accepted groupings of communication between people which Gray and Meister (2004) relate to knowledge sourcing behaviour: one to one, one to many, and many to many. The three groups are:

- Dyadic: a person-to-person communication, a single knowledge provider to a single knowledge seeker.
- Published: the codification and storage of knowledge from a single knowledge provider – available to many.
- Group: knowledge is exchanged between multiple knowledge seekers (executive) and multiple sources (e.g. directors) in an open venue (e.g. a board meeting).

Group knowledge sourcing behaviour is especially relevant in the context of this study as it captures the exchanges between multiple knowledge seekers (executives) and multiple sources (directors). With regard to knowledge sourcing in an organisational context top management teams (i.e. the third team) have a high capacity to assimilate and incorporate highly specialised and tacit information from their internal advisers (directors) into their decision making (Hansen, 1999). The third team's ability to access and assimilate specialised and tacit knowledge allows the group to handle unexpected situations, cope with emergencies, manage interactions across group boundaries, and solve problems creatively (Pulakos, Dorsey, and Mueller-Hanson, 2005).

While having access to the collective knowledge of the third team is important, its worth is determined by its application in solving or improving organisational performance. In this regard, Gray and Meister (2004) identified the extent to which individuals' cognitive structures improve over time as being an important indicator of the learning outcomes. They categorised three distinct types of instrumental cognitive change mechanisms used by individuals to apply the knowledge: replication, adaptation and innovation. Replication is the propagation of existing cognitive structures or, more simply, taking a new learning and applying it directly within a certain sphere of control and operation. This application results in value creation by not having to re-create the knowledge that already exists (Gray and Meister, 2004). Adaptation is the evolutionary development that occurs when prior knowledge is altered in some way to make it more applicable to the firm and its environment (Weick and Quinn, 1999). Innovation is a radical or substantial change to the extent that no increase in efficiency or redesign could have the same impact (Tushman and Anderson, 1986).

Replication, adaptation and innovation are not mutually exclusive – they can merge and occur concurrently. A third team can be automatically reactive (replication) in meeting immediate urgent needs; purposively proactive (adaptation) in adding new behaviours, skills and knowledge; and re-creative (innovation) in identifying and adopting new processes or skills that are not driven by existing pressures (London and Sessa, 2007). Knowledge and information have been positively associated with organisational performance (Conger, Lawler, and Finegold, 2001; Mohrman, Cohen, and Mohrman, 1995; Payne, Benson, and Finegold, 2009), and specifically in relation to board effectiveness (Daily, Dalton, and Cannella Jr, 2003; Hermalin and Weisbach, 2003). Understanding how the executive accesses knowledge and information from the directors within the third team process may thus be an important antecedent to improved organisational performance.

3. Research objectives

In response to Pye and Pettigrew's (2005) call for multi-theoretical research into corporate governance, we sought to identify how the construct of knowledge sourcing might be a facilitating mechanism in relation to organisational performance. In addition we looked for differences between high- and poor-performing organisations, with regard to the characteristics that comprise the construct. We suggest from our findings that through accessing the board's human capital, the executive may source and adapt, innovate or replicate the knowledge they obtain, for use in the organisation. A mixed-method approach was adopted for the research which incorporated thematic analysis of interview data and fuzzy set qualitative comparative analysis (fsQCA) of survey data.

4. Research methodology

The corporate and not-for-profit (NFP) sectors in New Zealand and Australia provided the research population for the study. The corporate sample was drawn from the New Zealand and Australian stock exchanges' top 50 indices (NZX50 and ASX50). The NFP sample was chosen by selecting initially those organisations that were national representative bodies and were affiliated to an internationally recognised body. These two sector groups comprising publicly listed corporations and NFPs yielded a population exceeding 130 entities from which a total of 64 (43 corporate and 21 NFP) organisations were selected for the research sample. The corporate and not-for-profit samples were separated into high-performing and poor-performing groups to allow comparison of board characteristics between country and sector groups. To qualify for selection corporations needed to be listed on either the New Zealand Stock Exchange (NZX) or the Australian Stock Exchange (ASX) and to have been listed for more than ten years. NFP organisations were required to be registered as an incorporated society and to have been registered for at least ten years. Further filtering was conducted using a range of financial measures appropriate to each of the two sectors to measure organisational performance.

Key performance indicators (KPIs) used to measure corporate sector performance were: return on assets (ROA), earnings per share (EPS) and dividend yield (DY). These three KPIs were chosen because the data is readily obtainable through publicly available information. ROA indicates how well (or poorly) the company is generating cash from its asset investments, while the measures of EPS and DY are widely used by shareholders, institutional investors, investment advisors and the general business community as key indicators of organisational performance (e.g. Brown and Caylor, 2004).

For the NFP sector, two measures were used from a study by Ritchie and Kolodinsky (2003) that were originally developed by Siciliano (1996, 1997): fiscal performance and an index of public support.

Gray and Meister (2004) identified the changes in cognitive structures as being indicative of learning through access to the knowledge of others. Therefore, the extent of change to an individual's (e.g. executive's) cognitive structures is critical to understanding the level of knowledge sourcing that has occurred. The survey instruments used in this research were those designed by Gray and Meister (2004) to measure these three cognitive changes.

In total, 321 participants took part in the research; 98 participants were in the high-performing sub-group and 223 in the non-high-performing sub-group. An overall response rate of 39 per cent was achieved for the survey. Additionally, 23 hours of taped interviews were conducted with a randomly selected sample of executive and board members from the high performing and poor performing groups, and were analysed using thematic analysis.

The results from the surveys of the two sub-groups ("high-performing" and "not high-performing") were analysed using Fuzzy Set Qualitative Comparative Analysis (fsQCA). This method bridges the quantitative and qualitative approaches to measurement by allowing both case and variable oriented studies. fsQCA is grounded in set theory and is therefore ideally suited to studying explicit connections such as those in this research. A key benefit is that fsQCA allows the researcher to analyse complex causation, which is defined as being where an outcome may follow from several different combinations of causal conditions (causal recipes). The "truth table" is the core tool for analysing causal complexity as it allows structured focused comparisons (George, 1979). Each possible causal condition listed in the truth table has an empirical outcome associated with each configuration (Ragin, 2008).

The use of fsQCA allowed data from the separate items in the questionnaire to be analysed, not as independent variables, but as "potential collaborators" in an outcome. The key point is not which "ingredient" is strongest but which of the various combinations (causal recipe) are capable of being either necessary and / or sufficient in producing the outcome (Ragin, 2008). Fuzzy membership scores address the varying degrees to which different cases belong to a set rather than how cases rank relative to each other on a single dimension of open-ended variation. Fuzzy sets can then be seen as a continuous variable, calibrated to show the degree of membership (fully in – fully out) in a defined set. Consistency and coverage are two important outcomes from the fsQCA analysis and their importance is similar to that of significance and strength in correlational connections. Set-theoretical *consistency*, like significance, displays how closely the cases sharing the causal

recipe are to a perfect subset relation. In contrast, set-theoretical *coverage*, like strength, assesses the empirical relevance of the causal recipe (Ragin, 2008).

5. Results

Only executive members of the participating organisations received the survey document containing questions on knowledge sourcing. This reduced the population significantly, resulting in the need to combine the not-for-profit and corporate samples. The Australian sample contained 10 cases (not-for-profit = 4, corporate = 6), while the New Zealand sample consisted of 8 cases (not-for-profit = 5, corporate = 3). Using fsQCA for the analysis has been advocated for small-n research designs (5–50 cases) – as in this instance - and is increasingly applied throughout the social sciences (Koenig-Archibugi, 2004; Kogut, MacDuffie, and Ragin, 2004). The analysis defined each item in the survey as a distinct characteristic of knowledge sourcing. The coding of the individual characteristics used the prefix of KS followed by the question number e.g. KS1, relates to question 1 under replication, KS10, is question 10 under innovation. The questions are grouped according to (Grey and Meister’s, 2004) categorisation of replication, adaptation and innovation, as follows:

6. Replication

- Based on my interactions with the board, I have gained new insights into ways in which to fulfil my role.
- Based on my interactions with the board, I have learned new and proven methods that have increased my ability to perform my role.
- Based on my interactions with the board, I have learned new and proven procedures that have increased my ability to perform my role.

7. Adaptation

- Based on my interactions with the board, I have revised my knowledge to take account of the new knowledge gained.
- Based on my interactions with the board, I have adapted my working knowledge to take account of the knowledge gained.
- Based on my interactions with the board, I have adapted my skills to take account of the skills gained.
- My interactions with the board, have led to an increased and updated work-related knowledge.

8. Innovation

- Based on my interactions with the board, I have become very innovative in my thinking.
- Through my interactions with the board, I have thought of some revolutionary ways that my role could be improved.
- Through my interactions with the board, I have thought of some revolutionary ways that I can improve the organisations performance.

The results from analysis of these knowledge sourcing items for both Australian sectors are shown in Table 1. (For interpretation of the tables, the following legend applies:

Logical AND (*): A “*” indicates that both factors must be simultaneously present; one factor alone would not produce the outcome.

Logical OR (+): A “+” indicates that elements can be either absent or present – with the resulting causal recipe still able to lead to the outcome.)

Table 1: Results for combined Australian corporate and NFP sectors

High Performing Causal Recipe KS1+KS2+KS10	Poor Performing Causal Recipe KS4+KS7+KS9+KS10
<i>Exec members learn new proven methods to increase abilities / also different ways to improve org performance</i>	<i>Revised and increased work knowledge/role improvement/improve performance</i>
Consistency = 0.633333 Coverage = 0.855856	Consistency = 0.614035 Coverage = 0.879397

For high-performing organisations, the element KS1 (item 1) suggests that the executives are willing to adjust their view on their roles and on ways to improve performance. KS2 indicates an ability to learn new methods and skills from directors and KS10 indicates that executives are willing to adapt, innovate or replicate the knowledge in ways that are designed to improve the organisation’s performance.

This result compares with executives in poor performing organisations who focus on role improvement (KS9), increasing and updating work related knowledge (KS7), and revising one’s current work related knowledge (KS4). The deficiency in KS6 (adaptation) and the absence of representation of replication within the poor performing causal recipe show a lack of cognitive change in these areas. Within the poor performing causal recipe, the elements KS4 and KS7 are internally focused while KS9 is concerned with how to improve the executives’ own role; thus these elements indicate a degree of self interest among the executives of poor performing organisations. Table 2 combines results for both New Zealand sectors.

Table 2: Results for combined New Zealand corporate and NFP sectors

High Performing Causal Recipe KS1*KS2*(KS9+KS10)	Poor Performing Causal Recipe KS4+KS5+KS7+KS10
<i>New insights/ proven methods increased my ability to perform/different ways to improve role/ improve org performance</i>	<i>Revised knowledge to account for new learning/adapted my knowledge/updated work knowledge/improve org performance</i>
Consistency = 0.666667 Coverage = 0.869565	Consistency = 0.560784 Coverage = 0.922581

Although the consistency (strength) of the set-theoretic relationship is low, the differences between the high-performing and poor performing samples are notable. The New Zealand high-performing and poor performing causal recipes display similarities to the Australian causal recipes. The third team executive members of the New Zealand high-performing sample place greater importance on the value they have received from role clarification (KC1), learning new methods that have improved role performance (KS2), role development (KS9), and how these can be aligned to improve organisational performance (KS10).

In contrast, the third team executive members of the poor performing New Zealand organisations value primarily the new knowledge gained (KS4), adaptation of this knowledge into their own working knowledge (KS5, KS7) and how to apply this knowledge to the organisation’s performance (KS10).

The item KS2 is the key difference between both countries’ high-performing and poor performing samples. This suggests that while increased knowledge is important, learning new and reliable methods that build capabilities combined with application of the knowledge via adaptation, innovation or replication to attain improved performance are important in the achievement of high performance.

Discussions with interviewees confirmed the importance of the role that knowledge sourcing from directors played within the third team. A comment by the chair of a high-performing corporate organisation reinforced the importance to executives of accessing directors’ knowledge, in saying that “...board members who are particularly experienced in acquisitions, well then, you would certainly expect them to have some contribution during that development of and execution of an acquisition...” The “contribution” spoken of by this chair referred to the use of the board members’ knowledge and experience by the executive. This and similar comments from among the interviewees confirmed the importance of knowledge sourcing within high-performing organisations.

9. Conclusions

The concept of knowledge sourcing aligns with and expands upon resource dependency theory explanations in suggesting that boards and directors are conduits through which the organisation (executives) can access essential resources (e.g. knowledge) (e.g. Hillman et al., 2000; Pfeffer and Salancik, 1978). This notion was reflected in the results of the analysis for both the New Zealand and Australian high-performing organisations (both corporate and not-for-profit). The executive members of the third team in these sample groups identified two common characteristics as outcomes of their ability to access and source the knowledge of directors. Based on their interactions with the board, executives gained 1) new insights into ways to better fulfil their roles, and, 2) learned new and reliable ways of increasing their ability to perform their role through knowledge sourcing. The key point about these characteristics is that directors add value when the executives

have confidence in the knowledge they gain, the directors' intellectual capital. With regard to the first characteristic, this newly sourced knowledge relates not only to obtaining pure information, but also prompts the executive for action, which creates a tangible change in their performance. The second, but equally important, characteristic identified that executives took the newly acquired insights and, through replication, increased their ability to perform their role. Therefore, replication of the boards' intellectual capital by the executive defines one of a number of links between the board and organisational performance. This conclusion aligns Gray and Meister (2004) who found that these three constructs are the key outcomes (cognitive changes) of knowledge sourcing.

Our study indicates that organisational performance is influenced by the exchange of knowledge (knowledge sourcing) within and between the board and the executive which occurs within the relational space created by the interactions among the members of the third team. This finding underscores the importance of the board-executive relationship in determining corporate governance effectiveness, with particular implications for the way boards interact with the larger executive group as defined in this paper. Highlighted also is the importance of understanding the behavioural aspects of this dynamic interaction between the board and executive in the relational space that we have defined as the third team.

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Service Quality and Productivity: A Malaysian Public Service Agencies Perspective

Rudzi Munap, Muhammad Izwan Mohd Badrillah, Ahmad Rais Mohamad Mokhtar and Rio Muda Irawan

Faculty of Business Management, Universiti Teknologi MARA (UiTM), 43200 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia

rudzim@puncakalam.uitm.edu.my

badrillahizwan@salam.uitm.edu.my

ahmadr2947@puncakalam.uitm.edu.my

Abstract: Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis. Since the 90's many service companies have pursued to enhance their performance and effectiveness in search of achieving differentiation in the market. Companies are becoming aware on the importance of maintaining good service quality especially in providing more values to their customers and keeping their loyal customers intact. Service quality is an excellent service when the society can earn easily and get the service with simple procedures and without complaint upon receiving the service. However, the public service agencies are also under great pressures to continuously improve their customer services. The objective of this study was to determine the relationship of service quality and productivity of these public service agencies. The measurements used were based on widely accepted five dimensions of SERVQUAL model: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. A descriptive statistical analysis (mean and standard deviation) was used to evaluate the satisfaction of service quality from the perspective of both employees and the customers. The highest dimension that contributed to the satisfaction of service quality provided as perceived by the employees of these selected agencies was Responsiveness, followed by Assurance. The customers perceived Tangibility as the dimension that provides satisfaction to them. Pearson Product Moment Correlation Coefficient was used to describe the relationship between the mean score of service quality dimension and productivity of employees. The correlation coefficient is positive, indicating a linear relationship between service quality and productivity. The relationship between the five dimensions of SERVQUAL and productivity indicated a large, positive and linear correlation between the variables. This research will provide valuable information to a better understanding of service quality and productivity and ways of applying it. The major insights gained through the research will hopefully spawn the public service agencies in improving their services, gain control of customers' trust, enhanced their reputation and boosting productivity.

Keywords: service quality, productivity, customers' satisfaction, organizational performance, Malaysian public service agencies

1. Introduction

Increased competition among service providers, along with overall growth in the service economy, has forced organizations to focus greater attention on the nature and quality of services provided to customers. Research has shown that service quality is ultimately related to customer loyalty and retention and, eventually, to higher productivity of the organization (Rust & Zahorik, 1993; Storbacka, Strandvik, & Gronroos, 1994). As stressed by Schneider, White, and Paul (1998), a service climate focuses service employee effort and competency on delivering quality service, which in turn yields positive experiences for customers as well as positive customer perceptions of service quality. The employees whose job function is in direct contact with the customers are critical to the success of service organization and they play a boundary-spanning role.

Despite numerous claims that the public service agencies have increased their delivery system especially in providing quality services to the customers, there is still room for further improvement. Some say it is hard to change the mindset of the public agencies due to the existence of bureaucracy and involvement of so many regulations and procedures. Arawati, Sunita and Jay (2007) stated dissatisfaction with service performance is further indicated by the high number of complaints and this is often reported in the media or sent to the relevant agencies, such as Public Complaint Bureau. However, this is actually a manifestation of deeper problems. Horovitz (1994) in Sharifudin (2000) noted that dissatisfaction of customers for one reason or the other is not willing to lodge formal complaint.

Hence, the fact that the public service agencies has to deal with the large number of customers, it is important to confer the implementation of service quality in the context of the Malaysian public service agencies.

According to Kadir, Abdullah and Agus (2000), little attention has been given to the application of service quality in the Malaysian public service agencies. Above all, good service quality will not only contribute to profitability but also help to maintain good relationship within the organization as well as with the existing customers and future potential clients.

2. Problem statement

Service quality is the critical tool in majoring the productivity of an organization. This satisfaction with service performance is indicated by the high number of the complaints that regularly appear in the media or sent to the relevant agencies, such as the Bureau of Complain. Horvitz (1994) in Sharifudin (2000) stated that customers are dissatisfied for various reasons, but not willing to lodge a formal complaint. Some of the complaints made were misconduct of government employees, issued summons for offense that they did not commit, long procedures in the Registration Department, less sensitivity of employees in terms of handling clients' problem and unprofessional skills of employees when dealing with customers. This kind of situation will bring a negative impact on the performance of the organization, especially customers' perception towards the organization. In fact, it is known that, "Client Charter" has been adopted as guidance by the public service agency in terms of customer care. However, customers still make complaints. There is still not enough effort in implementing service quality on the organization itself and complaints are not professionally handled.

It can be observed that there is a discrepancy between service qualities given by the employees of public service agency as perceived by the customers. Therefore, this study was conducted to identify the impact of service quality on productivity among public service agencies in the city of Shah Alam, the capital state of Selangor, Malaysia.

3. Research objectives

The general objective of the study is to determine the relationship of service quality on productivity of these public service agencies. The specific objectives are:

- To determine which dimension of service quality provide satisfaction to customers and employees of public service agencies.
- To examine the employees and customers of public service agencies perceptions on service quality provided.
- To determine the relationship between service quality and productivity of the public services agencies as perceived by the employees.
- To determine the relationship of service quality provided by the employees of public service agencies as perceived by the employees.
- To identify the relationship of each key attribute of service quality towards productivity of public service agencies.

4. Research questions

From the research objectives identified, this study has formulated several research questions:

- Which dimension of service quality provides satisfaction as perceived by the employees of public service agencies?
- Which dimension of service quality provides satisfaction to the customers of public service agencies?
- Is there any discrepancy between employees and customers of public service agency perceptions on service quality provided?
- What is the relationship between service quality and the productivity of the public services agencies as perceived by the employees?
- What is the relationship between service quality provided and employees' productivity as perceived by the customer?
 - a. Is there a relationship between Tangibility and productivity of public service agencies?
 - b. Is there a relationship between Reliability and productivity of public service agencies?
 - c. Is there a relationship between Responsiveness and of productivity public service agencies?

- d. Is there a relationship between Assurance and productivity of public service agencies?
- e. Is there a relationship between Empathy and productivity of public service agencies?

5. Significance of the study

It is important to study the practices of service quality among public service agency in Malaysia and how it affects the organizational productivity. It is hoped that the findings of this study would contribute to a better understanding of service quality and ways of applying it, so that the public agencies can gain control of customers trust as well as improving the organization reputation.

The findings of this study would also contribute to the employees in term of applying the right approaches and methods especially in dealing with their customers. This is due to the fact that they are the front-liners of the organization and they determine the organization's reputation, either good or bad when dealing with the public.

6. Definition of service quality

As mentioned in the Third International Conference on production research Americans' region 2006, since the 90's many service companies have pursued to enhance their performance and effectiveness in search of achieving differentiation in the market. An example of that is the attempt to convince customers that their quality is superior to the competitors. However public service agencies organization and those operating in local government specifically are not resistant from these pressures to improve customer service on a continuous basis. Some of these pressures arise internally within local authorities from a genuine desire by managers to improve the quality of services provided to local citizens; others are imposed through initiatives like "Client Charter" or through an increase in consumer activism. Storbacka, Strandvik, & Gronroos (1994) explained service quality can be said as an excellent service when the society can earn easily and get the service with simple procedure which is not too long, cheap expense and without complaint upon receiving the service. Quinn et al (1990) defined service as an economic activity whose output is not a physical product or construction, is generally consumed at the time it is produced, and provide added value in forms (such as convenience, amusement, timeliness, comfort or health) that is essential of intangible concern to the first purchaser. Hoffman and Bateson (2001) noted that service quality as an attitude formed by a long-term, evaluation of a performance. Cronin and Taylor (1992) found that service quality is best conceptualized as an attitude based on the customers perception. Garvin and Booms (1983) in Sharifudin (2000) mentioned that service that meet preferences and expectation are considered to be of high quality. Zeithaml et al (1990) in Black (2002) also defined service quality as the context of discrepancy between the customer expectations or their perceptions. However, Zeithaml et al (1990) in Black (2002) argued that evaluation about service quality is not just in terms of outcome or performance only, but also based on the whole package of delivery.

7. Parasuraman's (1985) five dimensions of service quality

Parasuraman et al (1985) recognized the idea that service quality is a function of the expectations-performance gap along five dimensions:

- Tangibility include the physical evidence of the service, such as physical facilities, appearance of service providers, tools or equipment used to provide the service, physical presentation of the service and other customers in the service facility.
- Reliability involves consistency of performance and dependability. It means that the organization performs the service right the first time and that it honors its promises. Specifically, it involves accuracy in billing, keeping records correctly, and performing the service at the designated time.
- Responsiveness, the willingness or the readiness of employees to provide prompt service. It involves timelines service, including mailing transaction slip immediately, calling the customers back quickly, and giving prompt service.
- Assurance, this dimension relate to the knowledge, competence, and courtesy of service employees and their ability to convey trust and confidence. Competence means possession of the required skills and knowledge to perform the service. Courtesy involves politeness, respect, consideration, and friendliness of contact personnel. It also includes trustworthiness, believability and honesty of service employees.
- Empathy, the caring and individualized attention provided to customers including the approachability and ease of contact with the service providers and their effort to understand the customers' needs.

8. The relationship between service quality and productivity

Much has been written on the concept of service quality and productivity. Cronin and Taylor (1992) pointed out that service quality is an antecedent of productivity and it has a significant impact on the growth of the organization. Butterfield (1987, p. 41) stated that “a survey shows that over 80 percent of today’s business leaders recognize the positive correlation between quality and productivity.”

Several scholars defined productivity economically as the ration between the output (good, service) generated from a system and the input (labor, capital, energy, materials and data) provided to create those output (Rutkauskas and Paulaviciene, 2005; Parasuraman, 2002; Fitzsimmons and Fitzsimmons, 2006; Van Looy, Gemmel and Van Dierdonck, 2003). Rutkauskas and Paulaviciene (2005) stated the most determination of productivity of service sector is not quantity, but quality. The service orientation toward productivity is related to effectiveness, “doing the right things” (Sheth & Sisodia, 2002). Service quality is perceived as inseparable part of the service orientation toward productivity. Both efficiency and effectiveness are explicitly important in service oriented productivity (Parasuraman, 2002). According to Gronroos & Ojasalo (2002) by continuing to improve the knowledge of their employees, organization can improve productivity and at the same time achieving their goals. This is supported by Wutzul (1995) who mentioned that employees’ basic workplace skills can have a direct impact on organization productivity. Whatever workplace changes in the company can be adapted with the skill that employees have which in turn will lead to the high productivity in the organization. Wutzul (1995) also added that employees’ skills can be a foundation for almost all productivity improvement. Belanger (2000) argued that productivity depended not only on the application of knowledge and skills, but the employees themselves should sincerely and full-heartedly work hard in performing their job. Thus, the organization productivity will increase through the better performance of employees.

9. Conceptual framework

This study examined the relationship between service quality, comprising of Tangibility, Reliability, Responsiveness, Assurance and Empathy as the independent variable while productivity is the dependent variable and measured through input and output from the perspective of both the employees and the customers.

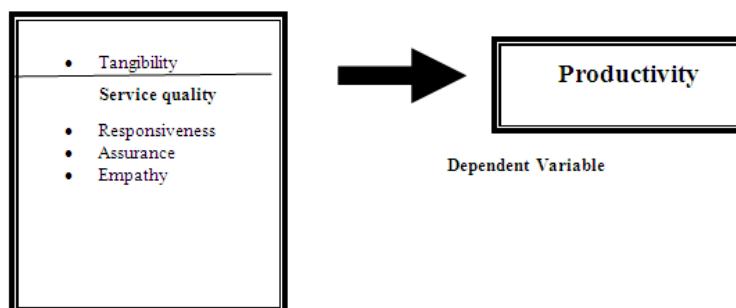


Figure 1: A Conceptual framework on the relationship between Service Quality and productivity (adopted from Parasuraman et al, 1985)

10. Methodology

This correlational study examined the relationship of service quality and productivity of the four selected public service agencies: the Shah Alam Municipal Council, the Road Transport Department, the Registration Department and the Immigration Department. Convenient sampling technique was applied for the customers, whilst no sampling technique was used for the employees since the total population of 108 customer service employees were used as the respondents as shown in Table 1.

Table 1: Total Number of Customer Service Employees

No.	Public Service Agencies	Employees
1.	Shah Alam Municipal Council	11
2.	Road Transport Department	50
3.	Registration Department	18
4.	Immigration Department	29
	Total Employees	108

From a total 108 of questionnaires given to the employees of these public service agencies, only 89 questionnaires (82.4percent) were returned and analyzed. However, 120 questionnaires were given to the customers and yield a 100 percent response return rate. The questionnaires were collected immediately upon completion. The reason for using convenient sampling in this study is to petrify the researcher on the existence of time constraints.

Set A of the questionnaire was for the employees and Set B for the customers. Both sets consisted of three sections and used a five-point Likert-scale with the values of 1-strongly disagree, 2-disagree, 3-uncertain, 4-agree, 5-strongly agree. The items were adopted from Parasuraman (2002) as well as supported by literature review references. The self-administered questionnaires were translated from English language to Bahasa Melayu in order to facilitate the respondents understanding of the items. Back translation was done to ensure the items constructed were aligned to its original meaning (Brislin, 1976; Beck et al, 2003). The questionnaires were given to three academicians, who have strong knowledge in the related field of study. For the purpose of pilot study, 40 questionnaires distributed to the respondents particularly the customer service employees from three other public service agencies agencies in Selangor, Malaysia. The main objective of the pilot study was to assess the appropriateness, ambiguity and time taken to response to the questionnaire. The Cronbach Alpha value of the instrument ranges from 0.807 to 0.919. The sample that had participated in the pilot study did not participate in the actual study.

11. Findings and discussion

From the demographic analysis, it was found that 68.5 percent female employees and 51.7 percent male customers participated in this study. Majority (48.3 percent) of the employees had 1 to 5 years of working experience, whilst a total of 37.5 percent of the customers had a working experience of 6 to 10 years.

The highest dimension that contributed to the satisfaction on service quality provided as perceived by the employees of public service agencies was Responsiveness (M=4.15, SD = .61) and Assurance (M=4.15, SD=.60) as shown in Table 2.

Table 2: Descriptive Statistics of Service Quality (n=89)

	Mean	Standard Deviation
Service Quality	4.05	.52
Responsiveness	4.15	.61
Assurance	4.15	.60
Reliability	4.11	.68
Empathy	3.92	.64
Tangibility	3.92	.72

From the result it can be assumed that the entire employees of selected public service agencies are willing to help their customers and provide the service to meet the satisfaction of their customers. Also, by continuing to improve their knowledge, ability and skill they believe it can gain trust from the customers.

At the other end, the highest dimension that contributed to the satisfaction on service quality received by the customers of public service agencies was Tangibility (M = 3.27, SD = .57). It can be assumed that these selected four public service agencies have provided the best facilities for the customers. It can further be assumed that the presence of physical attributes is most likely the reason that contributes to customer satisfaction. Besides the concept of the presence of physical attributes of the offering, there may also exist the concept of physical evidence of the prompt and reliable process.

The customers expressed their opinion that they did not receive quality service as promised by the employees. There was a gap between the expectations of service as promised by the employees. A negative finding on the gap score indicated that customers perceived the level of service quality provided by the employees of four public service agencies did not meet their expectations. Responsiveness was rated as the highest gap with a score of -1.27, which indicated that the willingness or readiness of the employees to provide service was still poor as shown in Table 3. It can be assumed that the employees were not able to provide prompt services.

Table 3: SERVQUAL Score for Public Service Agencies

Dimension	Expectations	Perceptions	Gap Score
Tangibility	3.92	3.72	-0.65
Reliability	4.11	3.00	-1.11
Responsiveness	4.15	2.86	-1.27
Assurance	4.15	2.97	-1.18
Empathy	3.92	2.79	-1.14

The correlation coefficient was positive ($r = .805, p < .01$), indicating a positive linear correlation between service quality and productivity. There was large correlation between the two variables. The null hypothesis that indicated “There is no significant relationship between service quality and productivity of the organization as perceived by the employees of the public service agencies” was rejected and this is shown in Table 4.

Table 4: Correlation coefficient between service quality and productivity (employees)

		TOTAL SCORE PRODUCTIVITY
Total Score SERVICE QUALITY	Pearson Correlation	.805(**)
	Sig. (2-tailed)	.000
	n	89

It was also found that there was a high correlation and dependable relationship ($r = .848, p < .01$) between service quality and productivity perceived by the customers as shown in Table 5.

Table 5: Correlation coefficient between service quality and productivity (customers)

		TOTAL SCORE PRODUCTIVITY
Total Score SERVICE QUALITY	Pearson Correlation	.848(**)
	Sig. (2-tailed)	.000
	n	120

The null hypothesis “There is no significant relationship between service quality provided and employee productivity as perceived by the customers” was also rejected. The employees strongly believed that there was a significant relationship between quality service provided by the employees and the high level of productivity. The employees believed that by providing an excellent service, it would create positive impact to the image of the agencies. This finding is supported by Johnson and Jones (2004), who mentioned that the higher service quality will contribute to higher productivity.

The customers believed that the ability of employees to provide appropriate services as expected by the customers allow the organization to boost their productivity. According to Parasuraman (2002), the level of service quality has significant effect to the productivity level of the organization. In a study by Engkoswara (2003), the impact of service quality in public service agencies to the customer satisfaction in West Java revealed that the level of satisfaction of customer on service quality lead to the productivity of the organization.

The relationship between Tangibility, Reliability, Responsiveness, Assurance, Empathy and productivity were investigated by using Pearson Product Moment Correlation Coefficient. Preliminary analysis was performed to ensure no violation of the assumptions of normality, linearity, and homoscedasticity. Table 6 below shows a large, positive and linear correlation between the variables of Tangibility ($r = .566, p < .01$), Reliability ($r = .598, p < .01$), Responsiveness ($r = .724, p < .05$), Assurance ($r = .760, p < .05$), Empathy ($r = .619, p < .05$) and productivity of these public service agencies.

Table 6: Summary of Correlation Matrix (n = 89)

SERVQUAL	Correlation Coefficient	Alpha Value
Tangibility	$r = .566$	$P < 0.01$
Reliability	$r = .598$	$P < 0.01$
Responsiveness	$r = .724$	$P < 0.01$
Assurance	$r = .760$	$P < 0.01$
Empathy	$r = .619$	$P < 0.01$

The hypothesis "There is a positive and significant relationship between Tangibility, Reliability, Responsiveness, Assurance, Empathy and productivity of public service agencies" was accepted. It can be argued that the variables of Tangibility, Reliability, Responsiveness, Assurance, and Empathy influence the productivity of these public service agencies. Companies delivering services must broaden their examination of productivity. This approach can help to reconcile conflicts and to leverage synergies between improving service quality and boosting productivity.

12. Conclusion and recommendation

This study presents information on the relationship between the five dimensions of SERVQUAL model: Tangibility, Reliability, Responsiveness, Assurance and Empathy, adopted from Parasuraman et al (1985). The analysis concluded that the customer service employees perceived Responsiveness and Assurance as the highest dimension that contributed to the service quality satisfaction as opposed to Tangibility perceived by the customers. The customers expressed that they did not receive service quality as promised by the employees. A negative finding on the gap score indicated that customers perceived the level of service quality provided by the employees did not meet their expectation. Responsiveness was rated as the highest gap, which indicated that the willingness or readiness of the employees to provide services is still poor.

In the context of the relationship between service quality and productivity of the organization, it can be concluded that both the customer service employees and the customers agreed that there is a positive and linear correlation between the variables. There is positive and significant relationship between Tangibility, Reliability, Responsiveness, Assurance, Empathy and productivity of these public service agencies.

In terms of public policy and practical implications, it is important for the public service agencies to understand these differences so that they would be able to adjust their service accordingly in their effort to uplift productivity. For the possibility of this, appropriate and proper training could be carried out. The training program should be tailored with additional emphasis such as technological skills or know how on the issues of human factor in service delivery.

It is recommended that future studies investigate the impact of different culture on service quality in other public or private service agencies. Depending on the country, cultural differences may either create barriers to the result of the findings of the study or make collaborative relationship more successful.

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Personality and Organizational Citizenship Behaviour in Hotel Industry: A Relationship Study

Rudzi Munap, Muhammad Izwan Mohd. Badrillah, Ahmad Rais Mohamad Mokhtar and Syed Hazrul Yusof

Faculty of Business Management, Universiti Teknologi MARA (UiTM), 43200 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia

rudzim@puncakalam.uitm.edu.my

badrillahizwan@salam.uitm.edu.my

ahmadr2947@puncakalam.uitm.edu.my

Abstract: In today's working environment, the issue of personality has become essential to all organizations as it determines the capability of employees' performance. This study was carried out as an attempt to highlight the role of personality towards the Organizational Citizenship Behavior performed by the employees in the three-star hotels in Selangor, Malaysia. In order to identify the relationship between personality and Organizational Citizenship Behavior, questionnaires were distributed to the middle level management employees and received a 100 percent response return rate. The questionnaire was adopted from Goldberg (1999) for personality and from Podsakoff et al (1990) for Organizational Citizenship Behavior with minor modification. A Five Factor Model of personality (Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism) has been tested with the Organizational Citizenship Behavior. Section A of the survey concerned the demographic information of respondents such as gender, race, age, highest educational background and working experience. Section B of the instrument focused on the type of employees' personality in the organization which consists of Extraversion, Agreeableness, Conscientiousness and Openness to Experience, and Neuroticism, while Section C emphasized on the employees' Organizational Citizenship Behavior in the organization. This section was important to determine the level of employees' Organizational Citizenship Behavior. Two types of statistics were applied, descriptive and inferential statistics. For the descriptive statistics, this study used frequency, percentage and mean. On the inferential statistics, this study used the Pearson Product Moment Correlation Coefficient based on the relevancy to indicate the direction, strength and significance of the bivariate relationships of all the variables in the study. Based on the objectives and research questions developed, the findings revealed that the employees in the organizations had high level of Extraversion, Agreeableness, Conscientiousness and Openness to Experience as well as a moderate level of Neuroticism. In relation to this, employees in the organizations were also found to have high level of Organizational Citizenship Behavior. Furthermore, the findings related to correlation, revealed that Extraversion, Agreeableness, Conscientiousness and Openness to Experience has a positive and significant relationship with Organizational Citizenship Behavior, while Neuroticism were found to have a negative and significant relationship to the Organizational Citizenship Behavior. Therefore, employees with high level of Extraversion, Agreeableness, Conscientiousness and Openness to Experience tend to perform Organizational Citizenship Behavior.

Keywords: personality, five factor model, organizational citizenship behavior, hotel industry, Malaysia

1. Introduction

Personality or "personalitas" (Late Latin) influences the stability of organization in various parts such as in the growth of businesses as well as in the development of professionalism. In many organizations, the performance of employees in certain tasks do build good customer relationship and coming up with innovative ideas are all determined again by the personality of employees themselves. Personality is the elements that make a person different from others. The differences in each individual are unique and sometimes it carries qualities that are important for each person as well as for the organization that the person is working for. Besides having a better understanding on the job requirement, personality is also important as it determines the ability of an employee to work within a team framework. Ogot and Okudan (2006) stated that numerous research findings indicated that there is a strong relationship between personalities of individual with the performance of a team.

There is an unambiguous relationship between personality to the performance or productivity of employees. The higher level of employee's personality leads to the higher level of performance. This is supported by Ogot and Okudan (2006) further said that the more you understand your staff, the more you can engage with them, communicate more effectively and even motivates them. Various model or theory has been used to analyze the relationship between personality and job performance. Basically, the Five Factor Model of personality consists of Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism. The Five Factor Model which has been used to visualize the performance in many areas such as in sales,

management, team work and training proficiency have proven a significant relationship between personality and performance of employees (Barrick, Mount & Judge, 2001).

However, the hotel operations are becoming increasingly complex, with greater emphasis being placed on the personality to ensure that everyone in the organization is able to perform with a high level of professionalism. In order to gain competitive advantage and to maintain a stable growth in the industry, most of the employers put demand for a concern on personality. Hossam (2008) carried out a study that investigated the relationship between Openness to Experience and Organizational Citizenship Behavior. The data was collected from a total of 164 employees employed by the service sector and the findings indicated that there is a strong relationship between the two variables.

2. Problem statement

Personality has an impact on the performance of employees in an organization. Personality of employees influences the growth and stability of organizations. The capability of employees to work in a team is also influenced by their personality (Ilarda & Findlay, 2006). On the other hand, negative personalities are able to influence the behavior of the employees which can lead to the unproductive performance of employees and the organization as well. As an example, employees with a personality that influence them to be absent at their workplace is a non-productive employee. Chunghtai (2008) stressed that job absence is very much a part of job performance. Therefore, employees will not perform effectively if they are always absent from work. According to McCrae and Sutin (2007), employees who are low in Conscientiousness have a bad time keeping, disorganized and unreliable. They will endow negative impact to the productivity of organizations.

Other than that, employees in an organization with low Neuroticism faced many kind of emotional distress and always come up with unrealistic ideas (McCrae & Sutin, 2007). These group of employees tend to get depress and angry easily. Chunghtai (2008) also said that in ensuring an effective functioning in an organization, employees are not only required to perform the prescribed role but also to perform in behavior that exceeds the formal obligation which is related to the Organizational Citizenship Behavior. Therefore, this study seeks the relationship between employees' personality and the Organizational Citizenship Behavior at the three-star hotels in Selangor, Malaysia.

3. Research objectives

The objectives identified for this study are:

- To identify the level of each personality dimension from the Five Factor Model of personality.
- To identify the levels of employees Organizational Citizenship Behavior in the organizations.
- To identify the relationship between the employees personality and Organizational Citizenship Behavior.

4. Research questions

In line with the research objectives, this study has formulated several research questions:

- What is the level of each personality dimension from the Five Factor Model of personality?
- What is the level of employees' Organizational Citizenship Behavior in the organization?
- Is there a relationship between the five dimension of employees' personality and Organizational Citizenship Behavior?
 - Is there a relationship between Extraversion and Organizational Citizenship Behavior?
 - Is there a relationship between Agreeableness and Organizational Citizenship Behavior?
 - Is there a relationship between Conscientiousness and Organizational Citizenship Behavior?
 - Is there a relationship between Openness to Experience and Organizational Citizenship Behavior?
 - Is there a relationship between Neuroticism and Organizational Citizenship Behavior?

5. Significance of the study

The study of personality and Organizational Citizenship Behavior can be a learning paradigm to the employer's with the hope of enhancing the job performance of the employees at the workplace. The more the employers

know about the personality of their employees, they will be able to understand why their employees do the things they do and how to communicate with them. This will contribute to higher Organizational Citizenship Behavior in which lead to the productivity of the organization. The information gathered would be useful for planning the employees' development activities such as training and positioning the employees for teamwork. The findings will also assist the employees in understanding the importance of personality and its implication on the Organizational Citizenship Behavior and job performance.

6. The five factor model of personality

The Five Factor Model of Personality conceptualizes personality in terms of big five dimensions of personality (Norensberg & Zachar, 2005). It consists of Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism (McCrae & Sutin, 2007).

6.1 Extraversion

Extraversion is seen as projecting energy, assurgency, assertiveness, and talkativeness. It also refers to intense and frequent in the interpersonal interactions, be energized and optimistic (McCrae & Sutin, 2007).

6.2 Agreeableness

Agreeableness can be defined as being sympathetic, affectionate, and kind. It also refers to a feeling of sympathy to others and unselfishly (McCrae & Sutin, 2007). Organ and Lingl (1995) said that Agreeableness involves getting along with others in a pleasant and satisfying relationship.

6.3 Conscientiousness

Conscientiousness is known as the tendency to show self-discipline, act dutifully, aim for achievement, and be organized. Conscientiousness also controls one's behavior in the service of one's goal (McCrae & Sutin, 2007). Organ and Lingl (1995) argued that Conscientiousness should be related to job satisfaction because it represents a general work involvement tendency and thus leads to a greater likelihood of obtaining satisfying work rewards, both formal (pay, promotions) and informal (recognition, respect, feelings of personal accomplishment).

6.4 Openness to experience

Openness to Experience is known as having wide interests, being imaginative, and insightful. It also seeks out new experience and having kind of fluid style of thought (McCrae & Sutin, 2007). It is related to scientific, artistic creativity and also divergent thinking (Feist, 1998).

6.5 Neuroticism

Neuroticism is known as the tendency to experience negative emotions such as anger, anxiety, depression, or vulnerability. It also experiences many forms of emotional distress, having unrealistic ideas and troublesome urges (McCrae & Sutin, 2007).

7. The relationship between personality and organizational citizenship behavior

Organizational Citizenship Behaviour is defined as "behaviours of discretionary nature that is not a part of employees' formal role requirements, but nevertheless promotes the effective functioning of the organization" (Rotundo, 2002). Organizational Citizenship Behaviour is also often performed by employees in order to support the organization even if it does not directly lead to the individual benefits (Hossam, 2008).

Borman and Motowidlo (1993) in Hahn Kim (2004) suggested that the Organizational Citizenship Behavior can be considered as the activities which support main task functions by shaping the organizational, social and psychological context in which they are undertaken. LePine and VanDyne (2002) suggested that the measures of the Organ's five dimensions are considered as the best indicator of Organizational Citizenship Behaviour. According to Koster and Sanders (2006) as cited from Organ (1995), there are five dimensions of Organizational Citizenship Behaviour which is altruism, civic virtue, conscientiousness, courtesy and sportsmanship. Altruism relate to the behaviour of helping others, while civic virtue is a behaviour that is in

relation of keeping up with important matters within the organization. Conscientiousness relates to the norm compliance and courtesy is more on behaviour which consult others before taking action.

Previous researches have shown that the Five Factor Model of personality is significant predictors of job performance, including Organizational Citizenship Behavior (Barrick & Mount, 1991 in Baker, 2005). Hossam (2008) carried out a study, narrowed the relationship between Openness to Experience which is a dimension of the Five Factor Model of personality with the Organizational Citizenship Behavior in the service sector. The finding of this study suggested that those who possessed high characteristic of Openness to Experience were more likely to perform Organizational Citizenship Behavior which was a part of job performance. The finding of this study is supported by Kim, Shin & Swanger (2009), which stated that personality dimension could predict the organizational citizenship performance.

Neuman and Kickul (1998) in Baker (2005) examined the relationship between Agreeableness, Conscientiousness, and Extraversion on Organizational Citizenship Behavior. A significant relationship between these variables was found in the analysis assessing how the working relationship between the employee and employer might influence the relationship between employee disposition and job performance. In another study between Conscientiousness and its relationship to the Organizational Citizenship Behavior found that the Conscientiousness shall be a good predictor on the Organizational Citizenship Behavior. It indicated a high correlation between Conscientiousness and Organizational Citizenship Behavior (Hogan & Holland, 2003; Baker, 2005). On the other hand, Judge, Heller and Mount (2002) found that there is a strong relationship between Conscientiousness and Organizational Citizenship Behavior. In addition, Organ and Ryan (1995) in Baker (2005) stated that there was a good correlation between Agreeableness and Organizational Citizenship Behavior. Agreeableness also proved to have a significant relationship with altruism and courtesy of Organizational Citizenship Behavior (Judge, Heller & Mount, 2002). Konovsky and Organ (1996) in Nikolaou and Robertson (2001) also supported that Agreeableness would relate particularly with altruism, sportsmanship and courtesy.

8. Conceptual framework

The independent variables for this study are represented by the Five Factor Model of personality: Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism. The dependent variable is the Organizational Citizenship Behavior which is a component of job performance. These elements are essential in measuring the performance of employees employed by the three-star hotels in Selangor, Malaysia. It will also help to identify the relationship between personality and Organizational Citizenship Behavior.

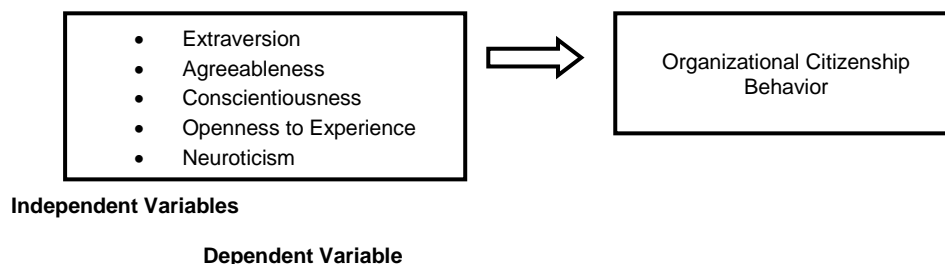


Figure 1: A Conceptual Framework on the relationship between personality and Organizational Citizenship Behavior.

9. Methodology

This study which focused on the relationship between personality and Organizational Citizenship Behavior is correlational in nature. The sampling frame was obtained from the Malaysian Hotel Association located in Ampang, Kuala Lumpur. In order to ensure that there are only 7 three-star hotels in Selangor, Malaysia, confirmation was made through a visit to the Ministry of Tourism Malaysia. The population of this study refers to the number of executives from the various departments employed by the three-star hotels in Selangor, Malaysia. Based on the random telephone calls made, it was found that these hotels on the average have a total of 7 executives, totaling the population to 49. Due to the fact that the population is small, this study has decided to take the total population as a sample. Therefore, no sampling technique was applied. The unit of analysis refers to the level of aggregations of the data gathered during the subsequent data analysis stage

(Sekaran, 2006). The unit of analysis in this study was the middle level management employees made up of executives, officers and assistant managers.

The questionnaire was adopted from Goldberg (1999) for personality and from Podsakoff et al, (1990) for Organizational Citizenship Behavior with minor modification. This questionnaire was also used in a few studies focusing in the same area such as in Baker (2005). The first section of the instrument concerned on the demographic information of the respondents such as gender, highest educational background and working experience. Section B focused on the employees personality related to Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism. Section C emphasized on the employees Organizational Citizenship Behavior in the organization. The questionnaires were self-distributed to the respondents. The questionnaire was validated through face and content validity. In the context of face validity, the items were built through several discussions with Human Resources Managers practitioners from the industries. This questionnaire was content validated by three Human Resource experts from the Faculty of Business Management, Universiti Teknologi MARA (UiTM) Malaysia. These experts have strong background in the related areas of study.

Prior to the dissemination of the final questionnaire, a pilot study was conducted to 30 respondents who have similar background of the actual sample. The main objective of the pilot was to identify the clarity and the duration of time taken to response to the entire items in the questionnaire. These 30 respondents who participated in the pilot test were not included in the actual study. For the reliability measurement, Cronbach Alpha test were conducted. According to Sekaran (2006), Cronbach Alpha with a value of above .6 ensures the reliability of the instrument. In the context of this study, the Cronbach Alpha value acquired through the pilot test was .869. and it can be concluded that the instrument is reliable.

10. Findings and discussion

A total of 75.5% female executives employed by the three-star hotels in Selangor, Malaysia participated in the study as opposed to 24.5% male executives. In the context of highest educational level, a total of 51% of the executives had bachelor degree and 77.6% of them had a working experience of 1-10 years. In response to research questions 1 and 2, the mean interpretation has been established based on Jamil (2000) to categorize the level of personality and Organizational Citizenship Behavior as "High", "Moderate", and "Low". High level of existence is determined between the mean score of 3.45 to 5.00 and moderate level is determined by the mean, score between 2.45 to 3.44. The low level is determined by the mean score between 1.00 to 2.44.

According to the analysis, it can be determined that the Five Factor Model of personality, majority of the employees had a high level of Extraversion (51.1%), Agreeableness (69.4%), Conscientiousness (73.5%) and Openness to Experience (65.3%). However, Neuroticism exists in majority of the employees at the moderate level (61.2%). Thus, the elements of the four dimensions of Five Factor Model including Extraversion, Agreeableness, Conscientiousness and Openness to Experience is highly applied by the employees in the hotels as opposed to Neuroticism which is moderately practiced. In order to examine the relationship between the five dimensions of employees' personality and Organizational Citizenship Behavior, a normality test was conducted to acquire the shape of data distribution. The data was found to be normally distributed as the skewness and kurtosis point were within the range of between -/+ 2.00 (Brown, 1996). Table 1 describes the range for interpreting the correlation coefficient based on the guidelines which were adopted from Cohen (1988).

Table 1: Guidelines on the Interpretation of Correlation Coefficient (Cohen, 1988)

Small Correlation	-0.10 to -0.29 and +0.10 to +0.29
Medium Correlation	-0.30 to -0.49 and +0.30 to +0.49
Large Correlation	-0.50 to -1.00 and +0.50 to +1.00

The findings of the study clearly indicated that there is a relationship between the five dimensions of employees' personality and Organizational Citizenship Behavior. The correlation between the five dimensions varies from small to medium. There was also a negative correlation found in the analysis. However, all of the dimensions of personality showed a significant relationship with the Organizational Citizenship Behavior which aligned with the hypothesis that has been developed.

As found in Table 2 there is a small, positive and significant relationship between Agreeableness and Organizational Citizenship Behavior ($r=0.295$, $n=49$, $p=0.05$). This analysis supports the hypothesis that there was a relationship between Agreeableness and Organizational Citizenship Behavior. Even though the correlation is found to be small, the findings still align with the hypothesis that there was a relationship between Agreeableness and Organizational Citizenship Behavior. A high level of Agreeableness influenced the high level of Organizational Citizenship Behavior.

Table 2: Correlation between Agreeableness and Organizational Citizenship Behavior

		agreeableness_compute_mean	OCB_overall_mean
agreeableness_compute_mean	Pearson Correlation	1	.295*
	Sig. (1-tailed)	.	.020
	N	49	49
OCB_overall_mean	Pearson Correlation	.295*	1
	Sig. (1-tailed)	.020	.
	N	49	49

*.Correlation is significant at the 0.05 level (1-tailed)

Table 3 shows a small, negative and significant relationship between Neuroticism and Organizational Citizenship Behavior ($r=-0.263$, $n=49$, $p=0.05$). Even though the result showed a small correlation, the findings revealed were still consistent with the hypothesis that was developed whereby there is a relationship between Neuroticism and Organizational Citizenship Behavior. It can be assumed that employees with high level of Neuroticism in their personality would have a low level of Organizational Citizenship Behavior.

Table 3: Correlation between Neuroticism and Organizational Citizenship Behavior

		neuroticism_compute_mean	OCB_overall_mean
neuroticism_compute_mean	Pearson Correlation	1	-.263*
	Sig. (1-tailed)	.	.034
	N	49	49
OCB_overall_mean	Pearson Correlation	-.263*	1
	Sig. (1-tailed)	.034	.
	N	49	49

*.Correlation is significant at the 0.05 level (1-tailed)

As illustrated in Table 4, it can be concluded that there is a medium, positive and significant relationship between Extraversion and Organizational Citizenship Behavior ($r=0.419$, $n=49$, $p=0.01$). Thus, the findings of the analysis support the hypothesis that state there is a relationship between Extraversion and Organizational Citizenship Behavior. It can be concluded that the high level of Extraversion of the employees tend to increase the level of Organizational Citizenship Behavior.

Table 4: Correlation between Extraversion and Organizational Citizenship Behavior

		extraversion_compute_mean	OCB_overall_mean
extraversion_compute_mean	Pearson Correlation	1	.419**
	Sig. (1-tailed)	.	.001
	N	49	49
OCB_overall_mean	Pearson Correlation	.419**	1
	Sig. (1-tailed)	.001	.
	N	49	49

**Correlation is significant at the 0.01 level (1-tailed)

The findings in Table 5 shows a medium, positive and significant relationship between Conscientiousness and Organizational Citizenship Behavior ($r=0.400$, $n=49$, $p=0.01$). It can be said that this finding support the hypothesis that there was a relationship between consciousness and Organizational Citizenship Behavior. It can be assumed that the personality of employees with a high level of conscientious would lead them to perform a high level of Organizational Citizenship Behavior.

Table 5: Correlation between Conscientiousness and Organizational Citizenship Behavior

		conscientiousness_compute_mean	OCB_overall_mean
conscientiousness_compute_mean	Pearson Correlation	1	.400**
	Sig. (1-tailed)	.	.002
	N	49	49
OCB_overall_mean	Pearson Correlation	.400**	1
	Sig. (1-tailed)	.002	.
	N	49	49

**Correlation is significant at the 0.01 level (1-tailed)

Table 6 also shows a medium, positive and significant relationship between Openness to Experience and Organizational Citizenship Behavior ($r=0.387$, $n=49$, $p=0.01$). The finding also appeared to be consistent with the hypothesis that was developed, in which there is a relationship between Openness to Experience and Organizational Citizenship Behavior. It can be concluded that the higher level of Openness to Experience in the personality of employees would lead them to have a higher level of Organizational Citizenship Behavior.

Table 6: Correlation between Openness to Experience and Organizational Citizenship Behavior

		Openness to experience_compute_mean	OCB_overall_mean
Openness to experience_compute_mean	Pearson Correlation	1	.387**
	Sig. (1-tailed)	.	.003
	N	49	49
OCB_overall_mean	Pearson Correlation	.387**	1
	Sig. (1-tailed)	.003	.
	N	49	49

**Correlation is significant at the 0.01 level (1-tailed)

11. Conclusions and recommendations

This study presents information on the relationship between personality and Organizational Citizenship Behavior in the context of employees employed by the three-star hotels in Selangor, Malaysia. From the analysis, it can be concluded that the four dimensions of Five Factor Model of personality: Extraversion, Agreeableness, Conscientiousness and Openness to Experience were highly applied by the employees at the hotels and thus increased the level of Organizational Citizenship Behavior which would then result to a higher job performance and productivity of the organization. As an example, extraverts are predisposed to experience positive emotions (Costa & McCrae, 1992), and positive emotionality likely generalize to job performance. On the other hand, Neuroticism was found to have negative correlation with Organizational Citizenship Behavior. It is expected that Neuroticism may lead to stress or grievances at work and this may result to low job performance. Due to their essentially negative nature, neurotic individuals experience more negative life events than other individuals (Magnus et al, 1993) in part, because they select themselves into situations that foster negative affect (Emmons, Diener, & Larsen, 1985). To the extent that such situations occur on or with respect to the job, they would lead to diminished levels of job performance.

In accordance to the findings of this study, it can be suggested that the employers, particularly those from the hotel industry can implement the personality test in the process of recruitment. The objective is to identify

candidate who have high level of certain personality traits such as Extraversion, Agreeableness, Conscientiousness, Openness to Experience and Neuroticism which have correlation with the Organizational Citizenship Behavior. Employers should also provide training since personality can be concluded as a valid predictor of occupational performance. As an example, an employee with high level of Conscientiousness and Openness to Experience is referred to as someone who is innovative, intellectual and creative. An organization with a high number of employees with good personality enables them to have high performance and as mentioned by Ogot and Okudan (2006), personality shows a positive relationship to job performance. Personality also affects the mobility pattern, attitude and career outcomes of an individual.

For future research, it is recommended that this study can be expanded to a larger population to employees employed by the five-star hotels or comparison can be made between the three-star and five-star hotels. It is also suggested that for a more comprehensive findings of the study, interviews can be another method of data collection. Thus, the data or information obtained from the interview would help to strengthen or validate the findings of the study.

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The Business Intelligence-based Organization - new Chances and Possibilities

Celina Olszak

University of Economics in Katowice, Poland

celina.olszak@ue.katowice.pl

Abstract: A contemporary organization is described by many different terms (e.g., intelligent organization, knowledge-based organization, learning organization). Due to the rapid development of Business Intelligence (BI) tools, a term “Business Intelligence-based organization” has appeared recently. It refers to the organization where business success is mainly achieved through applying various BI tools. BI tools enable to better understand not only the internal business processes, but also the competitive environment through the systematic acquisition, collation, analysis, interpretation and exploitation of information. They transform the information into strategic knowledge. This allows for the identification of the opportunities and threats, which may occur on the market, while cooperating with customers, suppliers and competition. The BI-based organization model is treated as a trigger for making more effective decisions and gaining better business results. The main goal of this paper is to present the basic assumptions underlying the idea of BI-based organization and to identify the factors that allow to achieve the business success with BI. The structure of this paper is organized as follows. Firstly, an overview of subject literature on BI has been conducted. Then, the idea of BI-based organization has been described. Next, the issue of maturity models for BI has been presented. Using an in-depth interview method, the results from the analysis of twenty firms applying BI systems have been described. Finally, the most important factors that determine the business success with BI have been proposed. The paper provides valuable information on the chances and the possibilities of BI applying. It makes useful contribution to the literature and theorists understanding of ways in which combinations of BI are used.

Keywords: Business Intelligence, Business Intelligence-based organization, maturity models, decision making, possibilities, benefits

1. Introduction

A contemporary organization competes in a business environment that is characterized by a massive influx of information (Schick, Frolick and Ariyachandra, 2011). A critical component for its success is the ability to take advantage of all available information. This challenge becomes more difficult with a constantly increasing volume of information. Many organizations are becoming “knowledge-centric”, and therefore a large number of employees need an effective access to a great variety of information (Cody, et al, 2002). In this dynamic environment, Business Intelligence (BI) is seen as a critical solution that may help organizations to make informed, intelligent business decisions and to survive in the business world (Jordan and Ellen, 2009).

Although BI has been developing for over 20 years, unfortunately, many organizations are not able to make from it an effective tool for decision making and creating a competitive advantage. Typical approach to BI, known from the past, focused mainly on reporting with pockets of analytical activity, is still represented by a lot of firms (Davenport and Harris, 2007).

The need for a more systematic and deliberate study on new chances and possibilities of BI for organizations is crucial. The concept of BI-based organization illustrates, how BI can be implemented in different areas of business activities. My research attempts to answer the question: what possibilities offer the model of BI-based organization, what factors allow an organization to achieve a high maturity level in BI, and consequently to gain better business results. The structure of the paper is organized as follows. Firstly, an overview of subject literature on BI has been conducted. Then, the basic assumptions underlying the idea of BI-based organization have been presented. Next, the issue of maturity models for BI has been reviewed. Using an in-depth interview method, research results from the analysis of twenty firms applying BI have been presented. Finally, the most important factors that determine the business success with BI have been proposed.

2. Issue of business intelligence

Most likely, the term “Business Intelligence” was first used in 1958 (Luhn, 1958) to identify tools for data analysis (Anandarajan and Srinivasan, 2004). Many people, however, believe that it was first used by Dresner in 1989 for describing a concept and methodologies for improvement of business decisions using facts and information from supporting systems (Power, 2007). From this time the terminology of BI has evolved and the role of BI and its impact on organizations has been changed. From simple, static analytical applications, BI has

evolved into solutions that can be used in strategic planning, predictive modelling, forecasting, monitoring operations, and studying the profitability of products (Negash and Gray, 2008; Davenport and Harris, 2007).

It is noted that although BI is frequently defined in the literature, there is no universal explanation of BI term (Clavier, Loriet and Loggerenberg, 2012). The analysis of different articles, papers and reports shows that BI is mainly identified with:

- tools, technologies, and software products. BI is used to collect, integrate, analyze and make data available (Reinschmidt and Francoise, 2000). It includes: data warehousing, data mining and OLAP (On-line Analytical Processing). Data warehousing is a key technology, integrating heterogenic data from different information sources for analytical purposes (Inmon, Strauss and Neushloss, 2008) Hence, it is assumed that the main tasks to be faced by BI include: intelligent exploration, integration, aggregation and a multidimensional analysis of data originating from various information resources (Sauter, 2010);
- knowledge management. BI is the capability of the organization to explain, plan, predict, solve problems and learn in order to increase organizational knowledge (Wells, 2008). BI is assumed to be a solution that is responsible for transcription of data into information and knowledge (Negash and Grey, 2008);
- decision support systems. BI is considered as a new generation of decision support systems. They differ from previous management information systems in, first of all, their wider thematic range, multivariate analysis, semi-structured data originating from different sources and multidimensional data presentation (O'Brien and Marakas, 2007; Wells, 2008; Negash, 2004; Baaras and Kemper, 2008; Olszak and Ziembra, 2004);
- dashboards. Dashboards are becoming a preferred method for delivering and displaying BI to users. They are more visual and intuitive, and typically provide linkages that enable an immediate action to be taken (Ballarat et al, 2006);
- new working culture with information - BI constitutes an important upturn in techniques of working with information (Liautaud and Hammond, 2001). It means specific philosophy and methodology that would refer to working with information and knowledge, open communication and knowledge sharing (Negash and Grey, 2008);
- process. The process constitutes of activities to gather, select, aggregate, analyze, and distribute information (Jourdan, Rainer and Marschall, 2007). Some of these activities are the responsibility of the BI staff, while others are the joint responsibility of the BI staff and the business units;
- analytics. "Analytics means the extensive use of data, statistical and quantitative analysis, explanatory and predictive models, and fact-based management to drive decisions and actions" (Davenport and Harris, 2007);
- Competitive Intelligence (CI). "The goal of CI is to provide a balanced picture of the environment to the decision makers" (Sauter, 2010).

The issue of BI-based organization combines the mentioned above scopes in one whole, where challenges of technical implementation are replaced by questions of business value, e.g. competitiveness, improvement of business processes, better decisions.

3. Business Intelligence-based organization

The above discussion about BI permits to formulate the basic assumptions underlying the idea of BI-based organization. It should be mentioned that, in the past, an organization was described by many different terms (e.g., intelligent organization, knowledge-based organization, learning organization). Due to the rapid development of various BI tools, a term "BI-based organization" has recently appeared. Most likely it was first used by Wixom and Watson (2010). According to these authors "BI has moved from being a contributor to organizational success to being a prerequisite for it; indeed for many firms, BI is a prerequisite for even competing in the marketplace. We call these firms BI-based organizations because of the critical role that BI plays". Developing this idea, it should be considered that the BI-based organization is focused on carrying out fundamental changes in business through BI tools. In order to achieve success and competitive advantage it needs to scan not only its internal environment, but also its competitive external one. What is especially crucial, the BI-based organization is able to transform information into strategic knowledge and intelligence. This allows for the identification of the opportunities and threats, which may occur on the market, while

cooperating with customers, suppliers and competition. The BI-based organization model is treated as a trigger for making more effective decisions and gaining better business results.

According to Goodhue, Wixom and Watson (2002) there are three targets that organizations can aim for when implementing BI:

- single or a few applications. They are used in selected departments (marketing, sale, controlling etc.) to support effective marketing campaigns, to analyze profitability different products and to monitor the behaviors of customers;
- BI infrastructure. "The organizations create an infrastructure for BI by clearing up and defining their data, establishing efficient process to move data from source systems to a highly extensible data warehouse, implementing a variety of BI tools and applications, and investing in BI user training";
- organizational transformation. BI systems are used in order to introduce new business model oriented on change management, knowledge management and customer relationship management. BI aims to run company differently. In this case, some investments in huge corporate data warehouse are needed.

Many case studies confirm that BI may be utilized in an organization for (Davenport, Harris and Morison, 2010; Hawking, Foster and Stein, 2008; Chaudhary, 2004):

- increasing the effectiveness of strategic, tactic and operational planning including first of all: (a) modelling different variants in the development of an organization; (b) informing about the realization of enterprise's strategy, mission, goals and tasks; (c) providing information on trends, results of introduced changes and realization of plans; (d) identifying problems and 'bottlenecks' to be tackled; (e) providing analyses of "the best" and "the worst" products, employees, regions; (f) providing analyses of deviations from the realization of plans for particular organizational units or individuals; (g) and providing information on the enterprise's environment;
- creating or improving relations with customers, mainly: (a) providing sales representatives with adequate knowledge about customers so that they could promptly meet their customers' needs; (b) following the level of customers' satisfaction together with efficiency of business practices; (c) and identifying market trends;
- analysing and improving business processes and operational efficiency of an organization particularly by means of: (a) providing knowledge and experience emerged while developing and launching new products onto the market; (b) providing knowledge on particular business processes; (c) exchanging of knowledge among research teams and corporate departments.

The most spectacular results, from using BI, have been observed while running promotional campaigns, anticipating sales and customer behaviors, creating loyalty policies and investigating anomalies and frauds (Olszak and Ziemia, 2006).

The studies show that BI may also generates a wide variety of organizational benefits (Wixom and Watson, 2010). Some BI benefits are tangible and easy to measure (e.g., the reduction of software and hardware licenses and fees). Other benefits, such as improved quality and timeliness of information or improvement of business process and the enabling of new ways of doing business, are much more difficult to quantify, but they may generate a competitive advantage or open up new markets for the company. According to Howson (2008), who examined 513 organizations, to the most significant measures of success of BI projects belong: improved business performance, better access to data, support of key stakeholders, user perception that it is mission critical, return on investment, percentage of active users, costs savings, defined users.

4. Business intelligence maturity models

The effective development of BI-based organization should be based on scientific theories. It seems that the theory of maturity models gives good foundations. The term of maturity describes a "state of being complete, perfect or ready. To reach this a desired state of maturity, an evolutionary transformation path from an initial to a target stage needs to be progressed" (Lahrmann et al, 2011). Maturity models are used to guide this transformation process. They help define and categorize the state of an organizational capability (Watson, Ariyachandra and Matyska, 2001). The maturity model for BI helps an organization to answer these questions: where the most of reporting and business analysis is done in an organization today?, who uses business

reports, analysis and success indicators?, what drives BI in the organization?, which strategies for developing BI are in use today?, and what business value does BI bring? (Hribar Rajteric, 2010).

A high number of maturity models for BI has been proposed (Lahrmann, et al.; 2011; Watson, Ariyachandra and Matyska, 2011; Eckerson, 2004). One of the most popular is Gartner's Maturity Model for Business Intelligence and Performance Management. It describes a roadmap for organizations to find out where they are in their usage of BI. It provides a path for progress by which they can benefit from BI initiatives. The model recognizes five levels of maturity: unaware, tactical, focused, strategic, and pervasive. The assessment includes three key areas: people, processes, metrics and technology (Burton, 2007, Hribar Rajteric, 2010). The first level is often described as "information anarchy". It means that data are incomplete, incorrect, inconsistent and organization does not have defined metrics. The uses of reporting tools are limited. The second level of BI maturity means that the organization starts to invest into BI. Metrics are usually used on the department level only. Most of the data, tools, and applications are in "silos". Users are often not skilled enough in order to take advantage of the BI system. At the third BI maturity level the organization achieves its first success and obtains some business benefits from BI, but it still applies to a limited part of the organization. Management dashboards are often requested at this level. At the strategic level, organizations have a clear business strategy for BI development. The application of BI is often extended to customers and suppliers. It supports the tactical and strategic decision making. Sponsors come from the highest management. At the last BI maturity level, BI plays pervasive role for all areas of the business and corporate culture. BI provides flexibility for adapting to the fast business changes and information demand. The users have access to information and analysis needed for creating a business value and influence business performance. The usage of BI is available to customers, suppliers, and other business partners.

Moving from one maturity level to another requires changes in all of the characteristics that make up these stages (e.g., changes in management vision, founding, data management) (Wixom and Watson, 2010).

5. Methodology

The aim of the survey was to assess the BI using in 20 purposefully selected organizations, and to determine the factors that allow the firms to achieve high competences in BI, and consequently various business benefits. The research was of qualitative nature and used as a research technique of an in-depth interview. Types of core interviews questions relevant to this paper are reflected in table 1.

The survey was conducted in 2012 among purposefully selected firms (in Poland) that are considered to be advanced in BI. They represented the service sector: telecommunications (T)-4, consulting (C)-4, banking (B)-4, insurance (I)-4, marketing agencies (MA)-4. Interviews were held with executives, senior members of staff and ICT specialists. Interviewees were selected on their involvement in BI or on their ability to offer an insight based on experience in BI and related decision support systems. Gartner's Maturity Model for Business Intelligence and Performance Management (described in the previous section), for the assessment of the BI-maturity level in selected organizations, was used.

6. Results

My research confirmed that BI identified in the literature was also experienced in selected organizations. Table 1 presents the answers for asked questions. The BI maturity in surveyed organizations (mapping onto Gartner's Maturity Model for Business Intelligence and Performance Management) and factors that allow them to achieve the various business benefits with BI, are indicated in table 2.

7. Discussion

The collected and processed data were mapped onto Gartner's Maturity Model for Business Intelligence and Performance Management. The obtained results allow to state that among 20 surveyed organizations two organizations fall into the category of "pervasive" level. These were Telecommunication Company and marketing agency. Their analytical and BI competences are aimed at business benefits, like: acquiring new customers, launching new products and new channels of sale.

BI competences are treated by these organizations as their core competences that help them to compete on the market. Organizations achieve significant economic benefits and use BI for marketing analyses (sales profitability, profit margins, meeting sales targets, time of orders), customer analyses (time of maintaining

contacts with customers, customer profitability, modeling customers' behavior and reactions, customer satisfaction), monitoring of competitors and current trends in the marketplace. The common analytical approach is used by the whole organization where broadly supported fact-based and learning culture is cultivated. The interviewees confirmed that the factors that help those organizations to stay at that high maturity level in BI, include strong support of CEO and all user's trust in BI.

Table 1: Types of asked questions and answers

No	Asked questions during interviews	Answers (number of organizations)
1	How do you define BI?	Tools to manage information (9), data warehouse (5), analytical applications (4), new way of doing business (2)
2	What do you use BI for (reporting, ad-hoc reporting, analyzing, alerting, predictive modeling, operationalizing, optimization, activating, etc.) ?	Reporting (15), ad-hoc reporting (9), analyzing (12), alerting (2), predictive modeling (2), optimization (3), activating (2)
3	Does your organization have a defined BI strategy?	Comprehensive BI strategy (5), partly defined BI strategy (12), none (3)
4	Does your organization have defined business processes?	Defined basic processes (9), defined core business processes (6), not defined (5)
5	Does your organization/department have defined metrics?	Metrics for selected departments (13), metrics for the whole organization (4), none metrics (3)
6	Assess the quality of data used in your organization (complete, correct, consistent; high/medium/poor quality data, etc.)	High quality data (6), medium quality data (11), rather poor quality data (3)
7	Are you skilled enough in order to take advantage of BI systems?	Skilled enough (7), not skilled enough (8), poor skilled (5)
8	Do you use management dashboards?	Used management dashboards in limited scope (14), used management dashboards in whole organization (4), not used (2)
9	Is your BI (un)limited to the part/department of organization?	BI limited to the part of organization (15), unlimited (5)
10	Are you motivated to use BI (how)?	Users motivated by training (8), motivated by bonuses (6), not motivated (6)
11	Do you use BI for analyzing customers, suppliers, competitors and other business partners?	BI for analyzing customers (17), suppliers (14), competitors (5), other stakeholders (4)
12	Who is the sponsorship of BI in your organization?	CIO (3), senior management (6), business analyst (4), ICT specialists (7)
13	What kind of BI software do you use?	Regional data warehouse (9), centralized data warehouse (5), operational data bases (6)
14	Describe some successes/failures from using BI	Success: acquiring new customers (14), acquiring new suppliers (11), increase of sale (8), fraud detection (6), launching new channels of sale (3), launching new products (3). Failures: not trust in BI (4), gap between BI/ business (12), users do not recognize their own data after it is processed (7), decision-making skills absent (6), BI is expensive (5)
15	Indicate some benefits from using BI	Better access to data (13), better decisions (12), improvement of business process (9), improved business performance (8), costs saving (7), transparency of information (5), new way of doing business (2)

Table 2: Overview of BI- maturity levels in surveyed organizations

Level	People	Process	Metrics and technology	Scope of benefits
Unaware	Users do not know their own data requirements or how to use them	Users do not know business processes; data are poor quality	Lack of appropriate hardware and software; the metrics are not defined; the use of reporting is limited	Almost none
Tactical 2I, 2C, 1MA	The users take the first BI initiatives; low support from senior executives	Identification of basic business processes	Regional data warehouses are built; analyzing trends and past data; first interactive reporting tools; metrics are usually used on the department level only	Low benefits limited to small group of users; better access to data and static reporting
Success factors: support from senior management, appropriate BI tools, quality of data, defined business processes and metrics				
Focused 2T, 1MA, 2C, 2I, 2B	Users try to optimize the efficiency of individual departments by BI	Standardization of business processes and building best practices in BI	Management dashboards are used; a centralized data warehouse is built; ad-hoc reporting, query drilldown	Benefits limited to departments and business units; improvement of internal business processes and decision making on operational level
Success factors: developing corporate culture based on facts, stating clearly BI strategy, implementing training system on BI				
Strategic 1MA, 1T, 2B	Users have high BI capabilities, but often not aligned with right role	Business process management based on facts	High-quality data; have BI strategy; using more complex prediction and modeling tools; data mining	Benefits for the whole organization; integrated analysis for finance, logistics, production; improvement of decision making on all levels of management
Success factors: support from CEO, motivation of users for collecting, analyzing and using information				
Pervasive 1T, 1MA	Users have capabilities and time to use BI; skill training in BI; users are encouraged to collect, process analyze and share information; CEO passion and broad-based management commitment	Broadly supported, process-oriented culture based on facts, learning and sharing of knowledge	Enterprise-wide BI architecture largely implemented; customized reports; business and BI are aligned and cooperative	Benefits for the whole environment; competing in BI; new ways of doing business
Success factors: strong support of CEO, effective HRM and all user's trust in BI				

An interesting group was made up of organizations classified at the fourth BI maturity level. Four organizations (1MA, 1T, 2B) in my study fit into the strategic level. They do not compete through BI, but they have high competences in using different BI analyses, like: financial analyses (reviewing of costs and revenues, calculation and comparative analyses of corporate income statements, analyses of corporate balance sheet and profitability), customer profitability, customer segmentation, improving marketing effectiveness. It seems that there is a very little to be done in order to use BI for making significant changes in running a business. Therefore, shifting these organizations from "strategic" to "pervasive" level requires more support from CEO and his/her real passion. The interviewees indicated the greater need for motivation of users for collecting, analyzing and using information.

The survey has shown that up to 9 organizations (2T, 1MA, 2C, 2I, 2B) use BI on the department level. Although they would be much more common in a random sample, and perhaps the largest group. BI in these

organizations has not been playing a strategic role and benefits from it are limited. BI is used to perform ad hoc reporting and to answer questions related to departments' ongoing operations, up-to-date financial standing, sales and co-operation with suppliers and customers. BI and management are often not aligned. The observation and interviews with senior executives allow to state that the lack of appropriate knowledge about possibilities of BI among staff results in a relatively low use of it. Therefore, the main tasks for organizations include first of all: developing corporate culture based on facts and learning, stating clearly BI strategy and implementing training system on BI.

I found in my study that 5 organizations (2I, 2C, 1MA) are at the position of "tactical" maturity level. They use a traditional approach to management, focused more on the performing the basic tasks of departments than on business processes. The knowledge about BI in these organizations is rather low and identified mainly with regional data warehouses or databases. Only basic business processes are recognized and basic metrics are used. The interviewees indicated that many users have some problems with recognizing their own data after processing. The users have rather low experience with other types of management information systems. Their intellectual resources are not adequate in order to develop complex BI infrastructure and to use it for improvement of business processes and decision-making.

To conclude the discussion on the use of BI in surveyed organizations, I wonder why organizations in a similar segment, with similar financial resources and comparable BI infrastructure, derive from BI such diverse benefits (e.g. in the studied case, telecommunications companies and advertising agencies). Seeking the answer to this question it should be noted that the organizations, which have been classified into the category of BI "pervasive" level, were highly determined to collect, process, analyze, and share information. Corporate culture based on facts and learning helped them to use chances offered by BI. The most important factors that decided on the success of BI initiatives refer not to the technology, but to the strong believe of all users in BI.

8. Conclusion

The main conclusion of this study is that the model of BI-based organization may be a trigger for making more effective decisions, improving business processes and business performance, as well as doing new business. Observation and conducted discussions with interviews let to state, that the factors that allow organizations to achieve business benefits with BI, include first of all: management leadership and support, corporate culture, expressed by effective information resources management, clearly stated strategy and objectives, and use of appropriate BI technologies. Additionally, the important factors were: clearly defined business processes, business performance measurement, incentive system to encourage collecting, analyzing information and knowledge sharing, appropriate resources (financial, intellectual), training and education on BI and knowledge management.

The research has made a theoretical contribution to our understanding of the BI-based organization idea. The outcomes extend current theory on BI and provide useful information, which hopefully will help the organizations to understand the consequences of the different ways of BI using, as well as, to determine the factors on which they should give particular attention while building the BI-based organization model.

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Administrative Burden Reduction for Enterprises by Changing Food Safety Regulation in Latvia

Irina Pilvere¹, Aleksejs Nipers², Dina Popluga³, Ligita Melece³

¹Latvia University of Agriculture, Jelgava, Latvia

²Riga International School of Economics and Business Administration, Riga, Latvia

³Latvia State Institute of Agrarian Economics, Riga, Latvia

Irina.Pilvere@llu.lv

Aleksejs.Nipers@gmail.com

Dina@lvaei.lv

Ligita@lvaei.lv

Abstract: The present research focuses on provision of a quantitative assessment of administrative burden created by food safety regulation on enterprises in Latvia and finding of solutions for the reduction of administrative burden on enterprises without leaving a negative impact on food safety as such.

The Standard Cost Model (SCM) with some modifications and adaptations was used to evaluate the administrative burden. The research authors have identified all administrative requirements for enterprises related with food safety, calculated administrative costs per each administrative requirement and developed specific proposals for elimination and simplification of administrative requirements and procedures. It was concluded that 109 legislative enactments (national and the European Union (EU)) related with food safety were creating a bureaucratic burden on enterprises in Latvia. Various administrative requirements related with food safety annually create administrative burden amounting to EUR 7 million. This burden is generally created on the primary sector level (EUR 5.8 million).

The authors have developed more than 100 specific proposals for reduction of administrative burden that may be implemented by public institutions. With the implementation of these proposals, administrative burden on enterprises could be annually reduced by EUR 2.7 million or 39%.

Keywords: administrative burden, bureaucracy, food safety regulation, EU

1. Introduction

The EU and its Member States are committed to ensure that the food for European 454 million citizens is as safe and healthy as possible. This requires a holistic approach that encapsulates the entire food chain from 'fork to farm'. The food has never been safer, with high-tech quality control tools complementing tough European and national legislation. Nevertheless the requirements of rules and regulations have to be proportional in order to ensure the food quality from one hand and avoid limitation of the entrepreneur's activities on the other one.

From the economic point of view, it is well known that competitive entrepreneurs, whose successful activity depends on favourable business environment, form the basis for state competitiveness. The availability of corresponding infrastructure and support essentially affect the performance of business activities; however the regulatory environment in which the entrepreneur acts is not less important (Stevens, 2009).

Business regulation plays an important role (Hulstijn et al., 2008) - it helps ensure a more fair competition between enterprises by excluding or minimising the likelihood that competition may take place, for instance, at the expense of the environment, food safety, public health, or animal welfare (SCM Network, 2005). However, the business regulation as well as bureaucracy of the public sector is often associated with direct or indirect costs to enterprises - such as obtaining permits or certificates, writing reports, and spending time and financial resources for various inspections (OECD, 2007). Many countries have recognised a need to review the regulation and its impact on business, economy, and social well-being (Malyshev, 2006). A number of survey reports concerning the burdens of regulation, as sources of inefficiencies in the economic system, have become important in Europe (Wegrich, 2009; Beremmers et al., 2008; Cavallo et al., 2008; Scheeder et al., 2002). In this regard, the European Commission in 2007 identified 42 legal and regulatory enactments in 13 priority sectors, including food safety, which represent an estimated EUR 115 -130 billion of administrative costs (European Commission, 2009). Hence, it has put in place an Action Programme to reduce administrative burden on enterprises in the EU by 25% before 2012 (European Commission, 2007).

Some authors even suggest that administrative burden arising from the EU and national regulations is becoming a real threat to the efficient operation of enterprises around Europe (Moussis, 2009).

Similar situation can be observed in Latvia. The present research indicates large bureaucracy as an essential business obstacle. Furthermore, in 2009 compared with 2007, significantly more entrepreneurs considered that the national regulatory policy hampers business (Analitisko petijumu un ..., 2009). The research topicality is associated with the need to promote the competitiveness of Latvian entrepreneurs in food industry by reducing administrative barriers to the producers, processors, and traders. This research focuses on two aims which are based on a detailed situation analysis: 1) to provide a quantitative assessment of administrative burden created by food safety regulation on enterprises in Latvia; 2) to find solutions for reduction of administrative burden on enterprises without leaving a negative impact on food safety as such.

2. Literature review

It is widely recognised that a reliable legal procedure and the enforcement of laws are substantial conditions for the development of a national economy and the prosperity of the society (Scheeder et al., 2002). However, several theories have been developed to explain the ambiguous purpose of regulations. The so-called "interest group theory" which was mainly established by Stigler (1971) and Posner (1974) and Peltzman (1976) states that the supply of regulation by politicians and officials as well as the demand for regulation by organised interest groups are determined by the pursuit of personal benefit. According to another theory, public regulations are enacted to cope with crises and afterwards are maintained as proven measures so that the density of regulations ever increases (Joskow, 1974; Owen and Braeutigam, 1978). However, regardless of the explanation on the establishment of regulations it has been agreed that the regulation grew to being a supreme location factor in the international competition and causes diverse costs (Scheeder et al., 2002).

The negative side effects of regulations such as compliance costs for business or their overall effect on competitiveness have been on the agenda in many West European countries since the 1970s. The central policy response was deregulation, e.g. the reduction of regulatory standards or the termination of regulations all together (Wegrich, 2009). However, such approach was frustrated by recurring demands for regulation in various policy domains.

Therefore, since the 1990s, the emphasis has been shifted from deregulation to the overall quality of regulation which is known as 'Better regulation'. Key elements of this policy state that regulations should be made in accordance with a set of principles (necessity, proportionality, subsidiarity, transparency, accountability, accessibility, and simplicity), making full use of impact assessments and consultation as tools of good governance.

Better regulation policy was accelerated from the early 2000s with the majority of the EU-15 Member States and several of the 2004 accession countries having adopted this tool (Radaelli, 2005). However, the European Banking Federation (2007) points out that on the national level, the practices as regards 'Better regulation' still greatly diverge - some countries are much more advanced whereas others do not have experience in the area yet. According to E. Heidbreder and co-authors (2010), the EU countries can be divided into three groups:

- forerunner countries that have been highly active in 'Better regulation' adoption since 2002 - 2005: Denmark, the Netherlands, Sweden, partly the United Kingdom and Belgium;
- intermediate adopters who started active adaptation of 'Better regulation' and administrative burden reduction in 2006: Austria, the Czech Republic, Estonia, France and Germany;
- laggards that have started diffusion process of 'Better regulation' only in 2007 – 2009: Bulgaria, Cyprus, Finland, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovenia and Spain.

The first signs of 'Better regulation' in Latvia were already mentioned in the National Development Plan 2007 - 2013 as a priority area. There has been stated that one of the tasks that shall be achieved is "to minimise administrative burdens for entrepreneurs and individuals" (Ministry of Regional ..., 2006). In 2007, the Ministry of Agriculture carried out the first pilot project on reducing the administrative burden which was connected with direct and area payments (Latvijas Lauksaimniecības ..., 2007). In addition, active work on the administrative burden assessment was launched by the Ministry of Economics which in 2007 implemented pilot projects on measuring the administrative costs in 5 areas - tax administration, construction, administrative requirements in fuel circulation, real estate transactions, and administrative requirements resulting from the employment relationship (Latvijas Lauksaimniecības ... et al., 2008). Taking into account such considerations, any attempt to study the formation of administrative burden in the national economy

represents a significant effort to get closer to the EU's objectives – to reduce administrative burden by 25% before 2012 and to ensure the development of a favourable and attractive business environment in Latvia.

3. Methodology

The SCM methodology (SCM Network, 2005) was applied to measure the administrative burden facing Latvian enterprises when complying with the regulations. The SCM was initially developed in the Netherlands and it is already employed in more than 20 countries worldwide (Cavallo et al., 2008).

Three main steps were undertaken to implement the SCM in Latvia:

- breaking down the regulation into manageable and measurable components;
- measuring the administrative burden;
- simplifying the regulation.

In total, 149 national and the EU legislative enactments regulating food safety in Latvia were analysed within the framework of the present research. Administrative burden was assessed by the ex-post scheme, i.e. evaluating those legislative enactments and applying those costs which were topical at the time of the research implementation (i.e. the years 2008 and 2009). However, some positions were also assessed by the ex-ante scheme, since some requirements were planned to be introduced by new legislative enactments and they could not be assessed on the basis of the available experience. According to the SCM methodology, all data requirements were divided into three groups:

- *Group A* - data requirements that are exclusively and completely a consequence of the EU rules and other international obligations;
- *Group B* - data requirements that are a consequence of the EU rules and other international obligations;
- *Group C* - data requirements that are exclusively a consequence of rules formulated on the national level.

An average enterprise with an average efficiency of resource use was set to evaluate and calculate the administrative burden. Such an "average" enterprise was created by carrying out special and detailed interviews with more than 100 entrepreneurs and analytical assessment of the effectiveness of each activity within the administrative responsibilities. In particular, resource consumption of every enterprise undertaking certain administrative activity was analysed and the results were mutually compared afterwards. Calculations and administrative burden assessment were carried out in terms of money by multiplying the standardised cost parameters (time and resource consumption for a normally efficient business) by the annual number (frequency) of requirement fulfilment.

Various parties - entrepreneurs, professional organisations, experts, non-governmental sector and public institutions - were involved in the process of administrative burden assessment to ensure valid research results. More than 30 meetings with the experts from different public institutions and producers organisations were conducted within the research.

4. Analysis of administrative burden in food sector of Latvia

Starting from 1999, the government of Latvia annually prepares and implements an Action Plan to improve business environment. The Action Plan includes measures for reduction of administrative burden, simplification of administrative procedures and reduction of the time that an enterprise shall spend to fulfil administrative requirements (Ekonomikas ministrija, 2008).

However, the Latvian economy has remained relatively weak in terms of competitiveness. The compelling case for the low competitiveness of the Latvian economy is documented by a number of surveys. According to the World Economic Forum (2010) data, Latvia was placed in the 70th position in the Global Competitiveness Index in 2010 (in 2009 – Latvia took the 68th position, while in 2007 – the 45th position). The World Bank Group (2010) rankings on the ease of doing business in 2010 ranked Latvia in the 27th position (in 2009 – the 30th, while in 2007 – the 22nd). In addition, Rastrigina (2007) finds that entrepreneurial rates in Latvia fall below the European average.

The research estimates show that 109 out of the 149 analysed legislative enactments related with the food safety are creating administrative burden on enterprises in Latvia. Various information obligations and administrative activities related with food safety are annually forming the administrative burden amounting to EUR 7 million (Table 1). On the national level, the burden comprises only 0.05% of the Latvian Gross Domestic

Product (CSB, 2010). However, the study of the details of financial results of Latvian enterprises identified an actually significant financial burden arising due to the fulfilment of administrative requirements.

Here, it should be noted that 99% of all enterprises in Latvia interfacing with the administrative burden are small and medium-sized enterprises which are often referred to as the backbone of the state economy providing a significant source of jobs and economic growth (Avermaete et al., 2003; Schmiemann, 2009). According to Sansone (2009), the high administrative burden is a major issue for small enterprises which do not have the human resources and time to fill in the myriad of forms required by the various public entities.

Foreign experience (Tang and Verweij, 2004; OECD, 2007) shows that the administrative burden can be estimated from a variety points of view, for instance, size of enterprises, sectors etc. Since previously it was concluded that the administrative burden in Latvia mostly affected small and medium-sized enterprises, the research authors analysed differences in administrative burden by sectors (Table 1):

- producers of primary production (agricultural farms producing food products of animal and plant origin);
- food processing enterprises (slaughterhouses, enterprises engaged in processing of primary products, packaging, labelling and storage of foodstuff);
- transportation, wholesale and retail trade enterprises (enterprises doing transportation of live animals, animal by-products or foodstuff, persons working in their own homes and supplying products in small quantities to the end consumers, trade enterprises).

Table 1: Average administrative burden per enterprise (EUR) representing certain type of activity in the food safety chain in Latvia, 2009

Sector	Administrative burden (EUR)	Number of enterprises	Average administrative burden per enterprise (EUR)
Primary food production	5 803 131	113 382	72.83
Secondary food production	292 734	5 569	74.79
Transportation, wholesale and retail trade of foodstuff and raw materials	910 781	13 065	99.19
Total	7 006 646	132 016	82.27

Source: authors' calculations and the Food and Veterinary Service, 2010

The biggest administrative burden is created on the primary sector level amounting to EUR 5.8 million or about 1.8% of the value added by agriculture (CSB, 2010). This sector also represents the largest number of enterprises which are mainly agricultural farms in this case, particularly small-scale producers. However, it should be noted that the calculated average administrative burden per enterprise acting on the primary sector level can be considered as relatively the smallest - EUR 72.83 annually. In Latvia, transportation, wholesale and retail trade enterprises which annually spend almost EUR 100 per enterprise to fulfil administrative requirements.

In assessing the administrative burden, it was concluded that the majority of administrative burden was formed by several legislative enactments. Absolute majority of the burden is resulting from the Cabinet Regulation No. 712 "Procedure for the Registration of Farm Animals, their Herds and Stands and Procedure for Tagging Farm Animals" accounting for about 63% of the total administrative burden. Moreover, eight most burdensome legislative enactments all together account for 93% of administrative burden in the food safety sector (Table 2).

Other countries have made similar findings, for instance, the United Kingdom's experience shows that although the administrative burden in trade and industry arises from 305 regulations, the majority of the total estimated administrative costs rises from 11 regulations (81%) and just one regulation (the Companies Act 1985) accounts for nearly half (49%) of the total estimated administrative costs (Better Regulation Executive, 2006a).

It was necessary to identify the main activities creating the administrative burden to develop proposals for administrative burden reduction. The research results showed that the administrative burden in Latvia was created by the following activities:

- information reporting;
- maintaining and storing tracking documents;
- carrying out the inspections;
- reporting on business operations;
- maintaining the register;
- cooperating with the inspectors of competent authorities;
- completing an application for subsidies and grants;
- completing and submitting applications for authorisation;
- labelling products;
- Submitting complaints and appeals to the competent authorities.

Table 2: Amount (EUR) and share (%) of administrative burden arising from legislative enactments regulating the food safety sector in Latvia

Legislative enactment	Amount of administrative burden (EUR)	Share of administrative burden (%)
Cabinet Regulation No. 712 of 1 December 2003 "Procedure for the Registration of Farm Animals, their Herds and Stands and Procedure for Tagging Farm Animals"	4 384 596	63
Cabinet Regulation No. 811 of 27 November 2007 "Procedure for Supervision of Dairy Cows"	921 727	13
Cabinet Regulation No. 302 of 3 July 2001 "Regulations for Circulation of Quick Frozen Food"	491 919	7
Cabinet Regulation No. 5 of 2 January 2008 "General Welfare Requirements for Farm Animals"	255 674	4
Cabinet Regulation No. 358 of 20 May 2008 "Veterinary, Hygiene and Safety Requirements for Circulation of Fresh Milk"	142 849	2
Cabinet Regulation No. 486 of 21 July 2007 "Regulations Regarding the State Fee for the Receipt of a Permit and the Procedures for Issuance of a Permit for Vehicle Groups, for which a Permit is Required for the Transport of Food"	122 531	2

Continuation of Table 2

Legislative enactment	Amount of administrative burden (EUR)	Share of administrative burden (%)
Cabinet Regulation No. 127 of 18 March 2003 "Procedure for Recognition and Registration of Food Enterprises"	118 808	2
Cabinet Regulation No. 415 of 26 June 2007 "Procedures for Issuance, Suspension, Re-registration and Cancellation of Special Permits (Licences) for Pharmaceutical and Veterinary Pharmaceutical Activities, Paying of State Fee for Issuance and Re-registration Thereof as well as Conformity Assessment of Pharmacies, Medicinal Product and Veterinary Medicinal Product Wholesalers and Medicinal Product and Veterinary Medicinal Product Manufacturing Undertakings and Goods Distribution Practices of Medicinal Products"	79 805	1
Other legislative enactments	488 736	7
Total	7 006 646	100

Source: authors' calculations

However, it is important to know the origin of administrative activities or data requirements when considering their reduction or abolishing (SCM Network, 2005). Assessing the distribution of data requirements by origin, it was found that about two-thirds (64%) of the total data requirement burden in Latvia were Group B requirements, arising from the EU and international legislation. Furthermore, another 21% of the burden came from Group A data requirements that were set directly by the EU legislative enactments and other international obligations. To the contrary, national or Group C requirements created 15% of the total data requirement burden. Yet, taking into consideration that there are about three-quarters of Group B data requirements, there are limitations for their reduction or abolition.

According to the observations of more experienced countries in the area of administrative burden reduction efforts, like the Netherlands, the United Kingdom and Belgium, changes of national level legislative enactments require less time and resources, and it is easier for a government to make these changes compared with the changes in the international documents (Better Regulation Executive, 2006; National Audit Office, 2008).

5. Proposals for reduction of administrative burden in Latvia

British experts indicate that effective and well-focused regulation can play a vital role in correcting market failures, promoting fairness, and increasing competition (Better Regulation Executive, 2007). However, the analysis of legislative enactments regulating food safety sector in Latvia as well as the assessment of administrative burden allow concluding that at the present situation regulations have both positive and negative impact on enterprises. It is important to find ways how to reduce this administrative burden without reducing the positive impact on business regulation.

Therefore, the experience of other countries (Stevens, 2009; National Audit Office, 2008; Cavallo et al., 2008; OECD, 2007) could point out that there are numerous opportunities for reduction of administrative burden, for instance, by deleting the requirements that do not reach goal or are not effective enough in achieving the target, introducing new technologies and streamlining processes. Yet, there can be found several publications in which authors indicate that the development of e-Government and e-Services is one of the approaches to make administrative procedures more efficient (Arendsen et al., 2009 and 2004).

After evaluating other countries' experience and consulting with leading experts from different public institutions, 102 proposals were developed for reduction of the administrative burden in food safety sector of Latvia. Introduction of these proposals would annually reduce the administrative burden by EUR 2.7 million, representing 39% of the total administrative burden. Economic benefit gained from introducing proposals for each most burdensome legislative enactment is summarised in Table 3.

Table 3: Economic benefit gained from introduction of proposals reducing administrative burden in the food safety sector in Latvia

Number of legislative enactment	Proposals (EUR)	Reduction of burden (%)
Cabinet Regulation No. 712	1 807 186	41.2
Cabinet Regulation No. 811	226248	24.5
Cabinet Regulation No. 302	309 949	63.0
Cabinet Regulation No. 5	99 542	38.9
Cabinet Regulation No. 358	42 294	29.6
Cabinet Regulation No. 486	30 255	24.7
Cabinet Regulation No. 127	52 662	44.3
Cabinet Regulation No. 415	11 319	14.2
Other	150 600	30.8
Total	2 730 054	39.0

Source: authors' calculations

The most important types of proposals which would ensure reduction of administrative burden and hence reduction of administrative costs, are as follows:

- *amendment or reduction of reporting requirements* - requirements the amendment or reduction of which would not change the purpose and effectiveness of legislative enactment, for instance, cancelling of data reporting requirements for small-scale farms. In total, 47 proposals of this type were developed and savings by introducing them would equal EUR 1.9 million;
- *on-line tools* - the use of telephone and web-based tools for enterprises, for instance, on-line payment and registration. Hence, 29 proposals of this type were developed and savings by introducing them would equal EUR 0.48 million;
- *simplification of form* – deleting of unnecessary or backup information asked to be filled in a form, for instance, deleting the required information in the form for an entrepreneur's actual address and responsible person. It is easy to find the actual address knowing the entrepreneur's name and registration number in the Food and Veterinary Service. In total, 17 proposals of this type were developed and savings by introducing them would equal EUR 0.2 million;
- *reduction of controls* - reduction of number of inspections and controls that would not reduce food safety, for instance, refusing from mandatory requirements for regular inspections. Seven proposals of this type were developed and savings by introducing them would equal EUR 0.1 million;
- *others* – a proposal for enhancing working efficiency of a certain official institution in Latvia and a proposal for consolidation of two overlapping legislative enactments. Savings by introducing these two proposals would equal EUR 0.05 million.

In general, this research should be viewed as very productive, since its results, e.g. developed proposals, were taken into account by the responsible institutions. In 2010 and 2011, the Ministry of Agriculture of Latvia has already implemented two-thirds of the measures in order to reduce administrative burden in the food safety sector. The present research demonstrates that the reduction of administrative requirements even in such a sensitive sector as food safety allows increasing competitiveness of food sector enterprises in Latvia. *Proposals for reducing administrative burden* include a wide variety of initiatives such as reducing the unnecessary reporting requirements, making forms simpler, and updating the movement of data requirements in the country. Furthermore, Latvian experience shows that a careful review of all data requirements and estimation of their amending or even reduction is one of the most efficient ways to reduce administrative burden. The research also represents that the reduction of administrative requirements will make administrative business processes more innovation driven and efficient.

6. Conclusions

More than 100 national and EU legislative enactments related with food safety are annually creating the administrative burden of EUR 7 million on enterprises in Latvia. The largest administrative burden is created on the primary sector level (EUR 5.8 million or 83% of the total estimated administrative burden in the food safety sector) and it comprises about 1.8% of the value added by agriculture in Latvia.

In Latvia, transportation, wholesale and retail trade enterprises which shall annually spend almost EUR 100 per enterprise to fulfil administrative requirements experience the most of administrative burden. Most of the current administrative burden in Latvia derives from the fact that various administrative requirements like information reporting, record maintenance and keeping are still largely paper based.

More than 100 specific proposals for reduction of administrative burden which can be easily implemented by the public institutions were elaborated within the research. The implementation of these proposals could annually reduce the administrative burden on enterprises by EUR 2.7 million or 39%.

Taking into consideration that Latvia has a limited experience in 'Better regulation' adoption and administrative burden reduction, this research represents significant efforts in ensuring the development of a favourable and attractive business environment. This study has contributed to the increase of the awareness of responsible institutions, e.g. the Ministry of Agriculture of the Republic of Latvia and the Food and Veterinary Service on the topicality of administrative burden and it has initiated their active participation in solving the issue. In 2010 and 2011, the Ministry of Agriculture of Latvia has already implemented several measures to reduce the administrative burden.

The present research also earmarks possibilities for increasing competitiveness of food sector enterprises in Latvia. This can be achieved by reducing administrative requirements even in such a sensitive sector as food safety, i.e. by eliminating unnecessary and formal requirements; implementing innovative solutions; and changing standard procedures to make administrative requirements more result- and customer-oriented. It is also proved that reduction of administrative requirements will make administrative business processes more innovation driven and efficient and simultaneously assure food safety.

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Identification of Corporate Competitiveness Factors – Comparing Different Approaches

Pavel Pudil¹, Ladislav Blazek², Petr Somol¹, Ondrej Castek² and Jiri Grim³

¹Faculty of Management, Prague University of Economics, Jindrichuv Hradec,

²Faculty of Economics and Administration, Masaryk University, Brno, Czech Republic

³Institute of Information Theory and Automation, Acad. of Sciences, Prague, Czech Republic

pudil@fm.vse.cz

blazek@econ.muni.cz

somol@fm.vse.cz

castek@econ.muni.cz

grim@utia.cas.cz

Abstract: The methodology and current results of identifying factors of corporate competitiveness in the Czech Republic are discussed. The task is to investigate what is the mutual dependency between the corporate competitiveness (characterized here by the corporate financial performance (hereinafter called 'CFP') and selected characteristics describing these companies. Such characteristics can be regarded as the factors of competitiveness. The task of determining these factors has to be solved in multidimensional space. Therefore, the feature selection methodology from statistical pattern recognition, selecting a group of the most informative characteristics appears to be a suitable and promising approach. As opposed to our recent paper based on the classification approach, an alternative approach based on non-linear statistical regression is presented here. The paper presents a brief introduction to both the approaches and the results achieved when using them.

Keywords: factors of corporate competitiveness, corporate financial performance, empirical research, non-linear regression, feature selection, statistical pattern recognition

1. Introduction

The topic of automated search for factors of corporate competitiveness is important both for corporate economics theory and for the management theory. It has been also a subject of research of The Research Centre for Competitiveness of the Czech Economy (RCCCE). As the competitiveness of companies can be characterized by their financial performance, a hypothesis that there exists a significant mutual dependency between the CFP and selected characteristics describing these companies can be formulated. Then the task is to find a smaller subset of these characteristics that has a good informative power for discrimination between competitive and non-competitive companies. The characteristics (variables) belonging to this subset may be regarded as the factors of competitiveness.

Concerning research focused on corporate competitiveness, studies using correlations (cf. Andrews, R., 2010, Liu, P. L., 2004), t-tests (cf. Artiach, T., 2010) or other methods based on examining associations between two or a very small number of variables were published. The authors believe that corporate competitiveness, even if narrowed down to CFP, depends on many factors and that the influence of these factors needs to be examined as mutual associations between a number of interconnected variables and CFP. Our view is in accordance with empirical studies of corporate competitiveness using advanced statistical methods such as multiple regression (cf. Cagwin, D., 2006), logistic regression (cf. Kessler, A., 2007), structural modelling (cf. Yilmaz, C., 2005) or decision trees (cf. Molina, M. A., 2004). However, each of these methods has its limitations, requirements and drawbacks. Similarly, though the first results of the Centre (cf. Blazek et al. 2008) were based mainly on bivariate analysis of these variables, the fact that they are generally not mutually independent resulted in using methods of multivariate analysis. The authors aim to show that the methodology of feature selection in statistical pattern reduction, rarely used in this context to date (cf. Pudil et al. 2002), is a well-developed methodology fulfilling this task. This prompted the inter-disciplinary cooperation between the RCCCE and researchers in the field of statistical pattern recognition and machine learning. The results stemming from this cooperation are briefly presented in the following.

In order to verify the above-specified hypothesis, two approaches have been investigated, differing in the way the factors group is selected and moreover, also how the CFP is defined:

- “Pattern classification approach” - by means of the informativeness for classification into a pre-defined set of mutually exclusive classes of companies;
- “Regression approach” - by means of the non-linear regression model accuracy.

The first approach has been the primary focus of our paper at 8th European Conference on Management Leadership and Governance (cf. Pudil et al. 2012). The current paper is more focused on the second approach; however, it also presents a comparison of both the approaches.

2. Corporate data set properties and definition of corporate financial performance

It is obvious that owing to vast differences among various types of companies, our research had to focus on a more homogenous selection of companies. Taking into consideration the availability of needed information, the primary set of researched companies was defined by:

- territorial aspect – companies located in the Czech Republic, further divided by regions
- business sectors (industry segment) aspect – sector D Manufacturing industry and sector F Construction business (according to the sector classification of economic activities)
- size aspect – companies with more than 50 employees
- legal form of business – limited liability companies, and joint-stock companies.

The set of companies that would satisfy the given criteria, after excluding companies in liquidation proceedings, bankruptcy, or under court execution, totalled 4483 subjects at the time of empirical survey carried out by the RCCCE. For the experiments, a representative sample of 396 companies located in the Czech Republic were utilized. The information from ‘Albertina Data’ database provided economic data of individual companies compiled from their financial statements. The characteristics representing potential competitiveness factors were drawn from questionnaires filled out during an empirical survey by researchers in cooperation with the respondents. After pre-processing, each company was characterized in this way by 36 variables (cf. Blazek et al. 2008).

To enable the evaluation of the relation between selected company characteristics and the overall CFP, it is first necessary to define how CFP is expressed within our investigation. Considering Kaplan and Norton’s (2004) proposal of two possible strategies to achieve a company’s financial goals (Revenue Growth and Productivity), two indicators were used: Assets Growth (GA) and Return on Assets (ROA). The authors consider this as more complex approach than the use of a single indicator (as used in Bottazzi, G., 2008 or Abor, J., 2007) but still better operationalizable than the 9 indicators used by Yilmaz (2005) or the 14 used by Molina (2004). A long-term situation of the companies was characterized by the mean of six-year time series for the chosen indicators.

For the purpose of classification, (cf. Pudil et al. 2012) companies were grouped into three classes on the two-indicator space. The companies with the above average value of the CFP coefficient were denoted as having a good CFP, thus ‘successful’ (group A, included 165 companies). On the other hand, the companies having a negative assets growth or/and with a negative ROA were denoted as ‘unsuccessful’ (group C, included 82 companies). The remaining companies became the ‘intermediate’ group B.

For regression analysis, we do not need the class information but a single continuous value expressing the overall CFP. For this purpose, we use the sum $2^{GA} + 2^{ROA}$.

3. Feature selection based evaluation of competitiveness factors

As stated above, the multivariate analysis has to be used for the investigated task. In the context of machine learning, however, multivariate analysis is common and the available analysis frameworks have been considered vital in various recognition tasks (credibility scoring, image analysis, automated medical diagnostics (cf. Theodoridis and Koutroumbas 2006)). One of the key approaches to multi-variate analysis is feature selection (FS).

3.1 Feature Selection Methodology

The methodology of feature selection or more generally dimensionality reduction in machine learning is very extensive and its detailed description is beyond the scope of this paper. The principal goal of FS is to select a small subset of given problem characteristics to optimize a model, typically with the aim to discriminate

among classes of observations, or to optimize any suitably defined criterion function. We utilize the FS methodology in two ways^{1/} to search for a subset of characteristics which discriminate best between companies of groups A, B and C as much as possible; ^{2/} to search for a subset of characteristics that minimizes the regression error.

It should be noted that the resulting optimized subsets of these two different tasks may be different.

The main advantage of non-trivial FS methods is their ability to evaluate characteristics in context, possibly extracting more information than is customary with commonly used ranking methods. In machine learning it is well known that “the two individually best features may not be the best pair”. Very often either the two individually best might prove redundant (each of them provides almost exactly the same information despite their seemingly different nature), or none of the features proves sufficient to reveal the true structure in data (see Figure 1 for illustration of a two-dimensional case, note that the same effects can take place in multiple-dimensional subspaces).

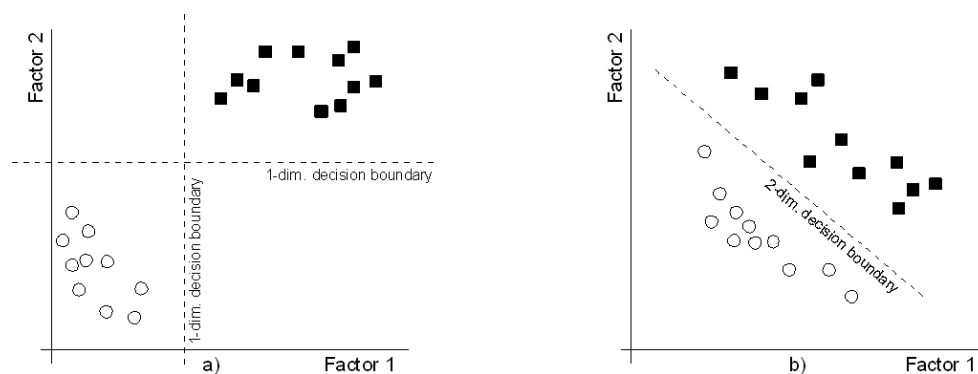


Figure 1: Cases of possible univariate analysis failure (illustrative example). Let green dots represent the companies of poor CFP and blue rectangles represent the well performing companies. Univariate analysis is not capable of revealing a) competitiveness factor redundancy, b) multi-variate factor dependency leading to crucial model accuracy improvement in higher than one-dimensional subspace.

In order to find the most informative subset of features, we need:

- an efficient strategy of traversing the space of possible subsets towards the optimum
- a criterion to evaluate the quality of arbitrary subsets of features.

A wealth of search strategies and criteria exists. There is no single strategy, nor a single criterion function known to be best in all cases. Moreover, our data had the limitation of a relatively high dimensionality and a low sample size which is rather typical in this type of analyses – the more characteristics we try to collect, the less companies we have available. With respect to this fact, we decided to first apply two conceptually different FS methods and to evaluate their performance not only in terms of achieved results, but also in terms of their stability (cf. Somol and Novovicova 2010). Further analysis (Section 4) will then be performed using the more stable (robust) method identified in the following Section 3.2.

4. Evaluating stability of feature selection methods

To evaluate candidate feature subsets in the stability test, we estimated the accuracy of the well-known k -Nearest Neighbour classifier (cf. Theodoridis and Koutroumbas 2006)). The advantage here is the simplicity, non-linearity (high descriptive power), adjustability of sensitivity to outliers through the k value, and most important, the possibility to redefine k -NN to support a mix of feature types: numerical and nominal. This was achieved by normalizing all numerical feature values to $(0,1)$, and defining the distance between nominal values as 0 in case of equality and 1 otherwise.

As a search strategy, we chose a) Sequential Forward Floating Search (SFFS) (cf. Pudil et al. 1994), generally known for its good optimization performance but also good search speed, and b) Dependency-Aware Feature Ranking (DAF) (cf. Somol et al. 2011) known to be very robust against over-fitting. We evaluated and compared

both of these methods with respect to achieved k -NN accuracy, and stability of results, evaluated by means of several stability measures (cf. Somol and Novovicova 2010).

Based on the stability evaluation published in Pudil et al. (2012) we decided to perform all further analyses using the more stable DAF method.

5. Introducing the modified feature selection methodology

In order to perform a feature selection process (analysis of the dependency between particular competitiveness factors and overall CFP over the available training data) using the chosen feature selection method in our particular case, we first need to impose a suitable model on the data that would describe the underlying data structure as accurately as possible. A good model can then be used to evaluate the quality of candidate subsets of characteristics in the process of feature selection. In the following, we consider the two principally different approaches – classification and regression. The difference is in the measure of accuracy to be optimized. In the case of classification, we aim to identify such a subset of competitiveness factors, for which the model proves most accurate in distinguishing among the company groups A, B, and C (cf. Section 1). In the case of regression, we avoid the grouping and aim at minimizing the prediction error of a dependent variable expressing the overall CFP.

5.1 Non-parametric model

From the vast battery of existing models (cf. Theodoridis and Koutroumbas 2006) our choices are limited due to two specifics of our problem: the data is incomplete (roughly 5% of values are missing for various companies and various characteristics) and some of the available characteristics are non-numeric, i.e., their values are impossible to order. Another concern is the sample-size vs. dimensionality ratio, which in this case prevents application of models requiring large numbers of samples (mixture models or other multi-dimensional models, cf. Theodoridis and Koutroumbas 2006, where curse of dimensionality would quickly lead to over-training).

As reported in (Pudil et al. 2012) a suitable approach is the application of k -Nearest Neighbor idea (Cover, Hart 1967). k -NN is the non-parametric classifier that imposes a non-linear model taking direct use of existing samples in the training data set. Its known disadvantage – the necessity to store permanently the complete data set – is not a disadvantage in our case due to limited data size and off-line nature of our search process. On the other hand its advantage – good model fit and accuracy in case of limited data size – makes it a good choice for our purpose. The only additional tool needed is a suitably defined distance function capable of expressing the distance between any two samples (companies) in the 36-dimensional space of our data set. The commonly used distance is the Euclidean distance. A modification of standard Euclidean distance is the basis of our handling of missing values and non-numeric values.

5.2 Handling missing values and non-numeric values

The accuracy of the model is affected not only by its fundamental principle but also by its possible parameters or other setup details. In our case, the handling of missing values and non-numeric values proves important. Both of these concerns are reflected in the definition of distance function used within the applied models.

We considered two approaches of missing value handling, as expressed by the definition of pseudo-Euclidean distance.

- “standard” one-time substitution of each unknown value by the mean value over all known values for the respective feature in case of numeric features, or substitution by the most frequent value in case of non-numeric values
- “pessimistic” handling of unknown values when computing distance; missing values are always interpreted as if the distance was maximum with respect to the respective feature.

5.3 Pattern classification approach

In the classification approach, the DAF feature selection method (cf. Section 3.2) is applied to maximize the estimated prediction accuracy of k -NN classifier. In the course of the search, the DAF method generates candidate feature subsets, evaluates each of them and collects the results to obtain final feature ranking. Each candidate subset is evaluated as follows. The k -NN classifier is used to classify each single known company to

one of the groups A, B, C purely based on the characteristics in the current subset. The result of classification is in each case compared to the known assignment of the respective company to one of the classes. Eventually, the percentage of companies classified correctly (predicted to belong to the same group where they actually belong) is used as the measure of subset quality.

5.4 Regression approach

Applying regression instead of classification has the potential benefit of preventing the impact of possible inaccuracies introduced when pre-processing data (at the moment of initial assignment of companies to classes).

We consider two regression models following an analogous idea as discussed in Sect. 4.1:

- 1-NN, where the dependent value for any point in the 36-dimensional space is predicted to be equal to that of such existing sample that is the nearest to the point in question.
- “Kernel” regressor, where the dependent value is predicted as a linear combination over dependent values of existing samples, where more distant samples get a lower weight. “Kernel” in this context is the weighing function dependent on distance among the point in question and existing samples (companies).

The idea of “kernel” regression can be viewed as analogous to the idea of k-NN classifier (cf. Sect. 4.1). Similar to k-NN, our kernel regressor imposes a non-parametric non-linear model that directly uses information from the available data. When compared to the original kernel regression idea (cf. Nadaraya 1964, Simonoff 1996) we apply a slight modification. In order to accommodate the solutions to problems described in Sect 4.2, we apply only 1-dimensional Gaussian kernels on the space of sample distances. Kernel width is then optimized, starting initially from the estimated average distance between any two samples in the available data.

In the regression approach, the DAF feature selection method (cf. Section 3.2) is applied to minimize the estimated error of predicted dependent values for each known company. The feature selection procedure is analogous to that described in Section 4.4.

6. Experiments and results

In our key experiments we primarily considered four different regression models, obtained by combining two types of regression models (1-Nearest Neighbour and Kernel Regressor) and two types of missing value substitution (substitution by mean value, and pessimistic treatment of each missing value as indicator of maximum distance). Feature ranking by DAF (Somol et al. 2011) has been computed in every of the four cases so as to minimize the average model error. The DAF method produced for each feature a weight, mirroring roughly the average feature ability to improve the criterion value on addition to a subset, evaluated over a large number and variety of contexts (various subsets). Additionally, we performed classification based experiments for comparison purposes.

6.1 Regression-based analysis results

The best-achieved models of the four types as described in Section 5 are illustrated in Figure 3.

The single best model identified in our survey – Kernel Regressor with pessimistic missing value substitution – achieved the average error of $e = 0.0268903$ and determination coefficient $Dc = 0.781963$. The fact that 1-dimensional kernel instead of 36-dimensional kernel is used proved advantageous as it prevented over-fitting issues. Kernel regression thus proved more accurate in our experiments than simple 1-NN regression.

The highest accuracy was achieved with the set all features. Removal of any feature led to degradation of results. The result of feature ranking is thus of interest to compare the importance of various company characteristics though it has not lead to any decrease of dimensionality.

The DAF method (cf. Somol et al. 2011) produced for each feature a weight, mirroring roughly the average feature ability to improve the criterion value on addition to a subset, evaluated over a large number and variety of contexts (various subsets). Figure 4 shows the obtained weights in regression case ordered in descending order. Note that the obtained DAF weights provide only the information about the relative quality of features when compared to other features. It can be seen that there is roughly up to 8 features that tend to improve criterion value considerably more than the others.

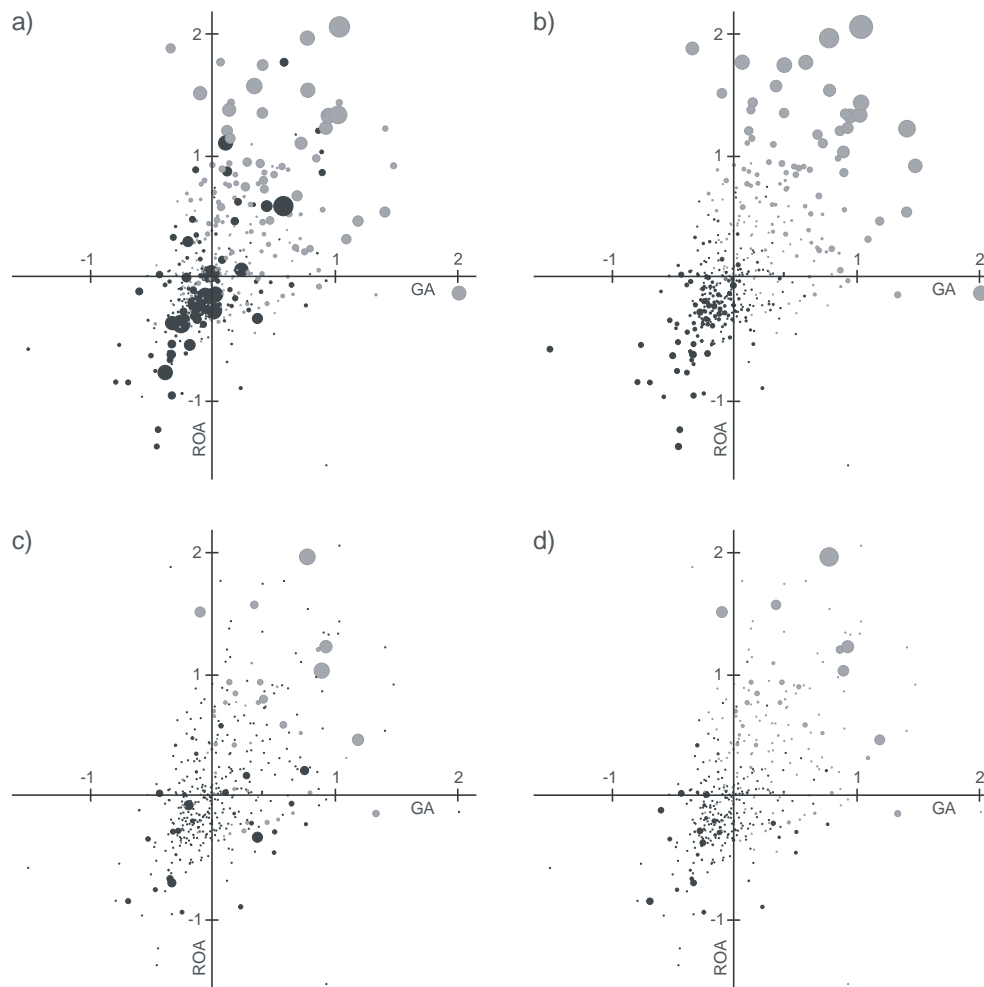


Figure 3: Errors of four regression models – each dot represents a company, positioned according to its Assets Growth (GA) and Return on Assets (ROA) values, higher dot diameter depicts higher regression error; black and grey colours depict its positive or negative value, respectively: a) 1-Nearest Neighbour with missing values substituted by mean values, b) Kernel Regressor with missing values substituted by mean values, c) 1-Nearest Neighbour with missing values treated pessimistically, d) (best) Kernel Regressor with missing values treated pessimistically.

The best 8 factors (regression based) in decreasing order:

Region

DAF1 coefficient 1.11868, regressor error on single feature not computable due to missing values)

Share of technical-economic employees

DAF1 coefficient 1.10539, regressor error on 2 best features 0.104015

Strategy

DAF1 coefficient 0.782508, regressor error on 3 best features 0.101098

Business entity type (legal form of the company)

DAF1 coefficient 0.710418, regressor error on 4 best features 0.0983053

Ownership type (5 types of ownership)

DAF1 coefficient 0.652801, regressor error on 5 best features 0.0920556

Owners' origin (domestic owner, foreign, both)

DAF1 coefficient 0.483909, regressor error on 6 best features 0.085747

Share of foreign customers

DAF1 coefficient 0.462479, regressor error on 7 best features 0.0698314

Participation of owners in top management (yes/no)

DAF1 coefficient 0.408192, regressor error on 8 best features 0.0653676

Regarded as factors of competitiveness within the framework of this pilot study, 5 out of 8 these features (denoted in *italic*) correspond with the previous results of Spalek and Castek (2010) based on different analyses on the same data.

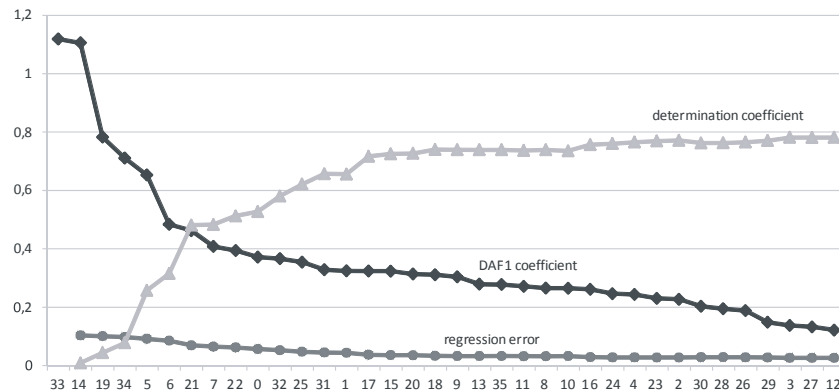


Figure 4: Importance of single company characteristics according to best achieved regression model. Graph represents growing subsets of features, features added according to highest DAF1 coefficients. Note that model accuracy notably improves after adding the first 8 features, and then after adding roughly next 7 features.

6.2 Classification-based analysis results

We performed a series of k-NN classifier based experiments for the values of k=1, 2, 3, 5, and two types of missing value substitution (substitution by mean value, and pessimistic treatment of each missing value as indicator of maximum distance).

The single best classifier identified in our survey – 1-NN classifier with pessimistic missing value substitution – achieved the estimated classification accuracy of 0.873737 for the subset of 32 features out of the complete set of 36. With the complete set, the accuracy is 0.866162. However, as illustrated in Figure 5, roughly half of all features are enough to achieve classification accuracy only negligibly worse than the best achieved. k-NN classifiers for k>1 tend to smooth out the decision boundary, i.e., reduce the influence of outliers at the cost of reducing sensitivity to detail. In our case this effect proved disadvantageous.

The DAF method (cf. Somol et al. 2011) produced for each feature a weight, mirroring roughly the average feature ability to improve criterion value on addition to a subset, evaluated over a large number and variety of contexts (various subsets). Figure 5 shows the obtained weights in classification case ordered in descending order. Note that the obtained DAF weights provide only the information about the relative quality of features when compared to other features. It can be seen that there are roughly up to 8 features that tend to improve the criterion value considerably more than the others.

The best 8 factors (classification based) in decreasing order:

Share of technical-economic employees

DAF1 coefficient 1.1404, 1-NN accuracy on the single feature 0.472222

Business entity type (legal form of the company)

DAF1 coefficient 0.574625, 1-NN accuracy on best 2 features 0.472222

ISO 14000 certificate holding (yes/no)

DAF1 coefficient 0.42274, 1-NN accuracy on best 3 features 0.472222

The quality of important assets

DAF1 coefficient 0.284363, 1-NN accuracy on best 4 features 0.494949

Participation of owners in top management (yes/no)

DAF1 coefficient 0.242903, 1-NN accuracy on best 5 features 0.494949

Software applications – SCM module (yes/no)

DAF1 coefficient 0.206311, 1-NN accuracy on best 6 features 0.525253

Ethical code adoption (yes/no)

DAF1 coefficient 0.177655, 1-NN accuracy on best 7 features 0.563131

Share of performance-related pay

DAF1 coefficient 0.164487, 1-NN accuracy on best 8 features 0.739899

Regarded as factors of competitiveness within the framework of this pilot study, 4 out of 8 these features (denoted in *italic*) correspond with the previous results of Spalek and Castek (2010) based on different analyses on the same data.

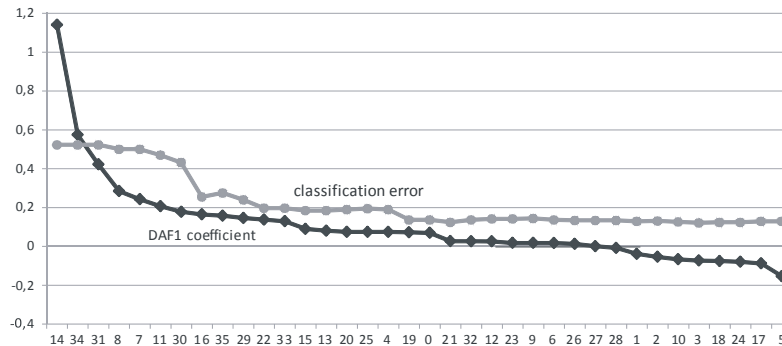


Figure 5: Importance of single company characteristics according to best-achieved classification using 1-NN classifier and 3-class data. Graph represents growing subsets of features, features added according to highest DAF1 coefficients. Note that model accuracy notably improves notably after adding the first 8 features, and then after adding roughly next 10 features.

6.3 Comparing Regression-based and Classification-based analysis results

When comparing the results achieved by both the discussed approaches, we should bear in mind that our goal is not prediction but identification of “informative” factors. Thus, the error in predicting the CFP or in classifying a company is not critically important; what matters more is which factors are assigned to the group of key factors influencing the CFP and thus the corporate competitiveness. In this context, we should not be too surprised that the regression approach and the classification one yield somewhat different results. We should keep in mind that the tasks solved by respective approaches are not absolutely the same. The way of defining the CFP, implicitly hidden in these tasks, is different. In the regression approach the CFP is defined by a combination of GA and ROA and attains continuous values. On the other hand, in the classification approach the CFP is discretized by means of clustering the companies into distinct classes.

Clearly, the classification approach does not utilize “fine” information about the value of CFP as the regression. On the other hand, as a generally accepted unique definition of CFP does not exist, clustering its values into distinct classes can also be a reasonable solution. This clustering certainly represents a simplification, representing a certain loss of information but at the same time having the potential benefit of giving more comprehensible information to the observer: the financial performance of a given company (and thus its competitiveness) is a good, average or bad one. However, from experiments we have carried out, it seems that the regression approach is less sensitive to modifications in defining the CFP and thus we can consider its results as preferable.

In any case, by comparing these different approaches and analysing the results, we can get a more robust insight into the task.

7. Conclusions and further directions of research

The necessity to use multivariate methods in search for factors of corporate competitiveness is undisputable. Though the methods of machine learning and feature selection (FS) in particular are related to statistical methods, they are less strict with respect to assumptions about the analysed data compared to multivariate methods of classical statistical analysis. As they have been successfully used in a number of various disciplines, the authors aimed to apply them also in the field of management.

The comparison of classification and regression-based FS approaches used in our research points at higher regression-based FS accuracy. This is understandable due to the fact that the data does not naturally imply a strict separation of samples into classes. Analysing imposed class information is thus affected by the artificially

added inaccuracy. The ranking of company characteristics obtained by optimizing the regression model can thus be considered more valuable than that obtained by optimizing a classifier (cf. Pudil et al. 2012). The applied DAF feature selection method has been shown capable of ranking competitiveness factors according to their ability to explain the overall CFP. Several factors have been identified in the current data set as considerably more important than others, with a weight given to each evaluated factor.

Various potential problems of feature selection based analysis have been taken into account and pointed out. The important problem of possible over-fitting has been addressed and prevention measures have been taken to improve the robustness of the eventual analysis results.

The achieved results demonstrate the potential of using machine-learning methods in the field of management. Further research will be focused on refining the model selection, setup, data pre-processing and modifications in defining the CFP with the overall aim of increasing overall accuracy and stability of results.

Acknowledgements

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Women Leadership in Asia: Opportunities and Challenges

Guo Qinxian

Psychology Division, School of Humanities and Social Sciences, Nanyang Technological University, Singapore

gguo2@e.ntu.edu.sg

Abstract: In past decades, more women are entering the workforce in Asia. Yet, women continue to encounter gender-based barriers which keep them from leadership positions. This research will examine the corporate practices and socio-psychological forces which prevent women from advancing to leadership positions. Additionally, cultural values and socialization specific to Asians will be considered. This theoretical paper will focus on challenges specific to Asian women including cultural stereotypes, socialization, work-life focus and employment practices. Next, it will consider the characteristics of women leadership which make them effective in contemporary management. Cultural-specific strategies which address these challenges and promote the advancement of women will be recommended.

Keywords: women, leadership, Asia

1. Introduction

In Korn/Ferry (2011)'s Asia Board Diversity study found that the percentage of women on boards in most Asian countries is about half that in Europe, Australia, and North America. Compared to 16 percent in American board position, the percentage of women directors are 8.6 percent in Hong Kong, 8.1 percent in China, 7.8 percent in Malaysia, 6.4 percent in Singapore and 4.1 percent in India. More than 70 percent of the Asian firms which were surveyed have no women as independent directors. Clearly, women leaders are grossly underrepresented in Asian firms. The role of women can no longer be underestimated in Asian industries. Consider Asian nations such as Philippines, Hong Kong, Thailand, China and Vietnam, there are more women enrolled in tertiary institutions than men. Soon, women will make up a greater portion of Asia's professional workforce as more women continue to graduate. As a result, women will earn more, have greater purchasing power and more influence in business communities.

2. Advantages of women leaderships

The advantages of having women leaders in senior leadership positions have long been noted. Besides promoting equal opportunity, social justice, and fairness, the appointment of senior women leaders such as directors will add value to the firms through their participation (Sweetman 1996). The business success and competitive advantage have also been recognized (Cassell, 1997). By including women, firms can have access to a pool of competent leaders who would otherwise be overlooked (Mattis, 1997). Further, the involvement of women entails diversity, which often translates to better corporate governance (Fondas and Sassalos, 2000). Rosener (1990) also found that the inclusion of women in senior leadership position can lead to more cordial behavior and sensitivity to others' perspectives and a more interactive and transformational board management style. Hence, the involvement of women provides diversity which is noted to contribute to the companies' performance in various ways.

The involvement of women has been found to be related to better financial performance. Catalyst (2004) observed that companies which have more women representatives had substantially better financial performance compared to the companies who have few or no women among their executives. It appeared that the women's perspective on management board helps companies as women exercise strong influence on consumer purchases, and on work force (Crain & Snyder, 1998). This might have indirectly led to the stronger financial performance in firms with more women in the board.

3. Challenges of women leaders

Having established the advantages of women leadership, it is important to consider the challenges faced by Asian women in industries. In past literature, Western women were the center of the research. Much of their challenges could be traced back to gender-stereotypes, which led to the double-bind dilemma. Catalyst (2007) described double-bind dilemma faced by a women as a psychological impasse created when contradictory demands are made of an individual. This usually involves women struggling to match the agentic qualities of a leader, and to retain the feminine nature of women. Other issues pertain to human resource practices which include their recruitment, promotion and compensation policies (Oakley, 2000). Having gained much attention

over the past decades, policies have been formulated to mitigate these discrimination and prejudice in many Western nations. While Asian women may share similar challenges, it is important to be aware that the cultural differences entail opportunities and threats which are unique to them.

The ecology for Asian industries is different from Western nations. Other than the cultural values, Western nations tend to be considered more developed as they are usually at a more advanced phase of economic development. In Western literatures, it is widely recognized that women leaders tend to be valued less in masculine industries such as construction, Transport, Storage & Communication (TSC) and properties. Thus, the proportion of women leaders is found to be much lower compared to other gender-neutral or feminine industries like finance and service industries. This postulation is consistent with gender-stereotypes. Nonetheless, the data in Asian industries do not support this assertion. Singapore Board Diversity Report (2011) noted that the percentage of women in construction sector was 7.5 percent, which was higher than the global percentage of 7.0 percent. The global percentage for property and Transport, Storage & Communications (TSC) industry was also found to be lower than the 9.0 percent found in Singapore's property industry and 9.4 percent for Singapore's TSC industry. Surprisingly, the percentages of women representation in service and finance industries were much lower than the global percentage. Though these industries are supposedly less masculine, the data does not seem to agree with the actual distribution.

Two issues commonly raised in Western literature are double-bind dilemma and double-burden syndrome. Double-bind dilemma arises when: (1) women behave in ways that are consistent with gender stereotypes, they are considered to be less competent leaders (too soft). (2) When women act in ways that are inconsistent with such stereotypes, they will be perceived as unfeminine (too tough). Another will be double-burden syndrome refers to the overbearing pressure on women which comes from the combination of work and domestic responsibilities. These responsibilities will prevent women from being "anytime, anywhere" performance model (Desvaux, Devillard, & Sancier-Sultan, 2010).

4. Cross-cultural difference between Western and Chinese women leaders

It is reasonable for us to believe that different socio-psychological forces are at work in Asian's industries, which could have possibly contributed to the difference in the distribution. There is a difference in the career aspiration between Asian men and women. Catalyst (2012) found that Asian men were significantly more likely to aspire to senior executive or CEO position, but Asian women were more likely to strive for a middle managerial role. Traditionally, Asian women are associated with the role of being a homemaker which involves household chores and child care. Chinese women have a different cultural perspective in the definition of work and family roles. Western women perceive work and family roles as distinct domains. To Western women, overwork will mean taking time away from family. Career is advanced at the expense of family. This is not so for Chinese women. Overwork is perceived to be sacrificing oneself for family as this commitment is considered to be necessary for the financial security of the family (Yang, Chen, Choi, & Zou, 2000). Thus, marriage and children contribute to higher job satisfaction and psychological well-being of Chinese women managers. Work and family involvement per se do not necessarily lead to time conflict, and work-family conflict (Aryee, Field, & Luk, 1999; Aryee, Luk, Leung, & Lo, 1999).

Chinese women usually have proximity and access to extended family, which will provide them with family support. This is a stark contrast to Western women. Though Western women could afford part-time and live-in home support to their domestic chores and childcare, these women often lack such reliable and stable home support. Halpern and Cheung (2008) found that many successful Chinese women have the support of self-assured and confident husbands. These husbands were willing to accept the success of their spouses without feeling threatened within a patriarchal Chinese culture. These achievements of women could be redefined as collective assets, rather than a threat to the husband's self-esteem or a power struggle.

Double-bind dilemma captures the essence of role-congruity between femininity and leadership (Eagly & Carli, 2007). Eagly and Carli (2007) highlighted the compatibilities between relational nature and contemporary management style. The relational nature of women makes women equipped for mentoring and coaching, which are suitable for contemporary organizations which have becoming flatter, more diverse in their workforce and requiring faster response in a globalized economy. In Western literature, transformational leadership is often proposed to circumvent the gender-stereotypes and double-bind dilemma. Burns (1978) defined transformational leaders as those who "engage with others in such a way that leaders and followers

raise one another to higher levels of motivation and morality” (p. 20). This concept of leadership has been extended to include those who are inspiring, optimistic, moral, and equitable.

It includes charismatic individuals who provide others with inspirational motivation, intellectual stimulation, individual consideration, and a higher purpose in life (Judge & Piccolo, 2004). Research also noted how women tend to adopt transformational leadership behavior more than men (Eagly, Johannesen-Schmidt, and van Engen, 2003). Thus, women’s feminine repertoire is closer to the contemporary management style. This is not surprising as transformational leadership is clearly more consistent with the interpersonal characteristics associated with women leaders than the masculine and assertive characteristics of men leaders (Goethals, 2005).

Gender-stereotypes and discrimination often influence corporate practices which do not favor the promotion and progression of women in the work place. Oakley (2000) observed how various employment practices such as recruitment, training and development, promotion, and remuneration policies could pose barriers to the advancement of women leaders. Eagly and Carli (2007) asserted that both agentic and communal repertoires are required for women to negotiate these unfavorable corporate landscapes. This entails the combination of assertiveness with communal qualities of kindness, niceness and helpfulness. Beside this, women are encouraged to accumulate social capitals by building relationship in workplace. Mentorship is one approach to develop social capital which can offer support and encouragement, which are essential for their successes (Eagly & Carli, 2007).

For Asian women, the collectivistic nature of societies often calls for different strategies. For instance, Chinese leadership which emphasizes on paternalism is a good fit with Asian culture (Selmer, 2001). This leadership style involves treating followers like family and taking care of their well-being and stresses collectivism. Such management style is characterized by lifetime employment and welfare (Bennett & Ischino, 1972; Chou, 2002; Hunter, 1995). This leadership is believed to be effective as it meets two requirements necessary for Chinese management: compliance and harmony. Research had also revealed that parental leadership is greatly valued in countries like Japan and Malaysia. Research revealed that Asian cultures are more relationship-oriented than Western cultures. Also, Asian cultures favor long-term orientation (Hofstede, 2001). These attributes explain the difference between Asian’s and Western leadership requirements. Asian’s relational and collectivistic nature account for their preferences for harmony and compliance, rather than individualism and assertiveness.

Women’s feminine characteristics predispose them to engage more interactive style, which is marked by their willingness to share power and information. Such management approach is effective for middle managers, which may not be expected in senior leadership position like CEO (Helegesen, 1990). Ket de Vries (1995) noted that men are generally uncomfortable with women holding senior positions. This could be traced back to the traditional values which men are brought up with. The fear of being outperformed by women is often behind this discomfort. To these men, being outperformed by women is perceived as shameful (Guterk, 1995). “Old boy network” is often entrenched within organizations. This informal male social system transfers their power advantages drawn from their official appointments to friend patterns and alliances within this network (Lipman-Blumen, 1976). This network is meant to consolidate ingroup’s power, but this is achieved at the expense of women excluded from the network.

5. Strategies to promote women leadership

Formal system and policies could be in place to safeguard the interest of women. The influence of “old boy network” still does not favor women’s advancement. This would be even more challenging than Asian women. As highlighted earlier, Asian women are not supposed to aspire for senior positions. They are expected to be homemakers and a career is at best a means to supplement the husband’s income. Clearly, it is relevant for us to consider the indigenous culture and to formulate strategies from there.

A transformational leader has been recognized as a leadership that will enable women to be more androgynous, and therefore evade many of the gender stereotypes and discriminations. However, it might be culturally relevant for Asian cultures. Transformational leadership entails vision and inspiration. These transformational behaviors can only be executed if women are already occupying a leadership position. Further, vision can only be promoted if the leader has the support of their followers. With these unfavorable

corporate practices and biases, it is hard for Asian women to have access to leadership positions or to execute these behaviors.

The maternal instinct of women predisposes women to certain form of leadership. Paternalistic leadership is a Chinese leadership style that is compatible with the feminine, nurturing instinct of women (Stern, 2008) and collectivistic nature of Chinese culture (Smith & Wang, 1996). Through the “family imagery”, leaders influence employees by acting as a caring and protective head of the industrial firm (Kerfoot & Knights, 1993). Chinese women leaders can induce subjective commitment of employees as they forge a “caring” and “nurturing” environment (Fleming, 2005). Unlike Western contemporary leadership, paternalism enables leaders to manage individuals through a structured set of relationships in which leaders are in a position of superordination and the employees in a position of dependence. Paternalistic leadership is a style that combines strong authority and discipline with fatherly benevolence and moral integrity (Farh & Cheng, 2000). Tapping on a wide range of spectrum of leadership repertoires, this leadership is effective in Asian cultures. In contrast to the Western professionalism, paternalism strives in Asian cultures which are concerned with “face” and “heart” or have strong emotional nature (Kotey & Folker, 2007). Chinese women can therefore adopt this viable management strategy that is compatible with their feminine and cultural characteristics.

Face and social relation (*guanxi*) are two important Chinese concepts which can be capitalized. Dong and Lee (2007) found face to be highly relevant to Asian cultures, especially Chinese cultures. Its relevance can be seen in these ways: (1) collectivistic. Face is negotiated as people interact and manage their relationship with one another. (2) Hierarchical. Face is contingent on social status. Depending on the status, people will adopt different degrees of politeness and formality in reverence to the social status of the person. (3) Long-term orientation. Face management is necessary as people are motivated to build and maintain long-term, harmonious relationship. (4) High uncertainty avoidance. Rituals and social norms are established and expected to be adhered to. These enable social interactions to be more manageable and predictable. Bond and Hwang (1986) also suggested that face is a mechanism that can draw resources for favors, which can be used to accomplish tasks. By being conscious of the significance of face and taking effort to manage it, women can build and develop harmonious relationships, *guanxi*. *Guanxi* refers to a network of interpersonal relationships or connections which can be mobilized to achieve desired results, even when it is beyond an individual's capacity to do so (Redding & Ng, 1982). *Guanxi* confers many advantages to women in their career as managers and leaders in firms. They serve as: (1) valuable resources for the firms, which come with managers. They are particularly helpful in reducing competition and to promote collaboration. Even among competitors, Chinese share their common resources with or without formal arrangements (Bengtsson & Kock, 2000). (2) *Guanxi* relationships can be useful in promoting cooperative approach to conflict management (Wong & Tjosvold, 2010). This is possible as quality because *guanxi* entails doing favors and socializing with each other, which differs from the leader-member relation in Western literature which is marked by qualities of liking and satisfaction. From beneficial interactions of *guanxi*, people will believe that women's goals are positively related to their aspiration (Deutsch, 1973). Thus, *guanxi* will orientate people to work collaboratively with women in work place. (3) *Guanxi* enable women to have access to leadership position. For instance, social contacts with high social position give women job seekers' positional advantage as have better access to information or to influence the hiring positions. Therefore, Asian women can tap on socio-cultural capitals such as face and *guanxi* to mitigate discrimination, reduce competition, facilitate collaboration, and access to information and influence.

It is important to consider these challenges and opportunities together. Asian women have challenges and opportunities which are different from Western women. Unlike Western women, Asian women are not necessarily expected to be assertive or masculine to be effective. Women can still be likeable and effective with such relational nature. Further, Asian women are less ambitious and place priority on building a family. Work and family life are perceived to be integrated and complementary, rather than be treated as segregated domains. Family is a source of motivation for women to work, and achievements in work are celebrated as they translate to financial rewards and better living standard for their family. Also, Asian women tend to have more spousal and extended family support than Western women. As highlighted Asian and Western cultures have different gender- and cultural expectations, cultural-relevant leadership might be more compatible with Asian cultures. Transformational leadership certainly has its place in management. Nonetheless, Asian leadership styles like paternalistic approach and indigenous concepts such as face and relation ties or *guanxi* are to be considered in managing people. Clearly, there is a lack of research related to Asian's women leadership. Having laid a foundation on Asian women's opportunities and challenges, it is right incorporate

them in management practices. As Asian women leaders go from strength to strength and glory to glory, they will continue to make important contributions to economy, community and family.

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The Future of Learning and the Educational Process

Pascal Ravesteyn and Adri Kohler

HU University of Applied Sciences, Utrecht, The Netherlands

pascal.ravesteijn@hu.nl

adri.kohler@hu.nl

Abstract: The higher educational environment in Europe is changing and for the Netherlands this means that the dual educational system (universities and institutes for higher professional education) will disappear. However this is not the only driver of change. Many European countries face a population that is aging and in the near future many lecturers will retire. Also the current financial crisis in Europe is causing many investments in higher education to be delayed. These and other drivers mean that universities need to organize their resources (such as buildings, lecture halls, libraries, IT etc.) in a different manner. Furthermore support staff and administrators within universities need to be more flexible in the way they work to cater to the needs of a new customer group. To identify the changes that are needed and any bottlenecks that can be expected, a study was conducted at the HU University of Applied Sciences in the Netherlands. Professors, managers, staff, and students were interviewed and based on the outcomes a method for a new way of working was developed and IT tools to support this were recommended. Subsequently the method and some of the tools were tested in a pilot with 22 students. One of the most impressive results has been the reduction in the number of e-mails sent. During the pilot several means of communication were used (mainly twitter and Facebook) while the use of e-mail was not allowed. For the lecturers involved this meant a reduction in e-mail from over 1000 mails to fewer than 200 while at the same time the amount of tweets and Facebook postings totaled around 350. This means a reduction of about 45% in the number of messages. Furthermore we also used e-learning to reduce the amount of time that teachers and students needed to be physically present at the university, thereby not only reducing overhead but also helping in realizing the sustainability goals of the university.

Keywords: education, learning, processes, future of work

1. Education will never be the same

The higher educational environment in Europe is changing. This all started with the Bologna agreement where all EU countries agreed to form the same system for higher education (EU Bologna, 1999; Neave, 2003). For the Netherlands this means that the dual educational system (universities and institutes for higher professional education) will disappear. Only universities will remain with either a focus on research or on professional education. However there are more drivers to change. Many European countries face a population that is aging and in the next 5 – 10 years many lecturers will retire. Furthermore many universities are having budget problems due to the financial crisis, which causes investments to be delayed. Finally there is a trend towards life long learning. The current generation of employees realizes that they continuously need to update their knowledge and skills.

This means that the type of customers of a typical university is changing from mostly full time students to a mix with a substantial amount of part time students. As a result the universities resources (buildings, libraries, IT etc.) should be organized in a different manner and this is also true for how the process of learning is organized. This change towards different and more flexible ways of learning in higher education is not new and has been researched before (Spady and Mitchell, 1977; Gray and Hymel, 1992; Spady, 1994; Marjanovic and Orłowska, 2000; Oliver et al., 2002; Schellekens, 2004; Plessius and Ravesteyn, 2006; Plessius and Ravesteyn, 2010). Also the use of IT to make processes more flexible and execution of activities less location and time dependent has been researched, especially the possibilities of telework (Di Martino and Wirth, 1990; Bailey and Kurland, 2002). However an integrated implementation of these two developments in a university has not been addressed before. In this paper bottlenecks related to such an integrated approach are identified and a framework is presented that can be used to implement it.

1.1 Project environment

This research is performed within the Faculty of Life Sciences & Technology (FLT) of the HU University of Applied Sciences in Utrecht, The Netherlands. The faculty currently employs around 350 people and about 4000 students follow bachelor or master courses. It is the only faculty that is located in three different buildings throughout the city centre of Utrecht, whereas all other faculties are located on the Utrecht Science Park (the campus area which is approximately 5 kilometers outside the city centre).

Since a majority of both employees and students are from outside Utrecht the location of the faculty buildings cause a lot of traffic. While most students either ride a bike to the University or take the bus from the train station, employees also frequently use a car as their main means of transportation.

As sustainability is one of the core values of the university, management is actively promoting environmental friendly ways of travel. For example there are electrical cars available for employees that need to travel from the FLT to other faculty buildings on the Utrecht Science Park.

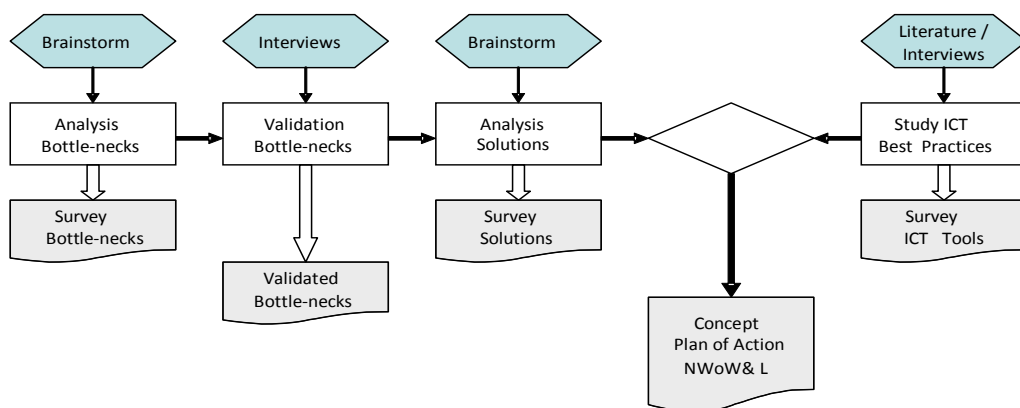
Besides reducing the environmental impact by changing the mode of transportation, studies and pilots are undertaken to change the manner in which courses are delivered. Currently most courses still consists out of many face-to-face lectures combined with project learning. This means that students and lecturers still spent a large part of their time physically at the university. The same holds true for staff functions such as finance, marketing and human resources. Together with the drivers described above, the strategy towards a sustainable university means that the way in which the organization is currently organized and the manner in which students learn is about to change. The research described in this paper identifies both obstacles and opportunities to making learning and supporting processes more flexible (i.e. Independent of location and time of execution).

The next section describes the research approach that is used in this study, followed by the results of the research, suggestion of a framework to implement a new way of working and learning, and a pilot in section 3. In section 4 the conclusions of this research are given. Finally in section 5 some limitations to this research are discussed and suggestions for new research projects are described.

2. Research approach

As stated in the first section of this paper the objective of this research is to identify bottlenecks to making educational (primary) and support (secondary) processes more flexible. In the Netherlands the area of knowledge and services that is founded in the telework research domain is expanded (it no longer includes just technology supported methods) and is now known as the research area 'New-Way-of-Working'. In this research new ways of learning is integrated with this area and therefore we use the term 'New-Way-of-Working and Learning' (NWWL) throughout this paper.

In this research two parallel research phases can be distinguished 1) an analysis of the organization (HU



University of Applied Sciences) and 2) a study of available best practices on NWWL (see figure 1).

Figure 1: Overview research activities, techniques and results

In the analysis phase first a brainstorming session was organized to identify possible bottlenecks to changing educational and support processes. Second the outcome of the brainstorm session was validated via interviews with both employees and students at the university (see tables 1 and 2). The interviews consisted out of some basic questions such as name, age, gender, role(s) in the organization, and number of years employed (or active as student) this was followed by questions related to the experience of the respondent in regards to the possibilities they see to make educational and/or supporting processes more flexible.

Table 1: Overview of interview respondents (staff)

Nr.	Position	Faculty
1	Financial Accounting	Life Sciences & Technology
2	Marketing & Communications	HU central staff
3	Marketing & Communications	HU central staff
4	Teacher & Staff International Office	Life Sciences & Technology
5	Team manager	Life Sciences & Technology
6	Teacher	Life Sciences & Technology
7	Team manager	Life Sciences & Technology
8	Teacher	Life Sciences & Technology
9	Teacher	Life Sciences & Technology
10	Teacher	Life Sciences & Technology

Table 2: Overview of survey respondents (students)

Faculty	Study	# Students
Life Sciences & Technology	Bachelor IT: Informatics	4
Life Sciences & Technology	Bachelor Media technology	2
Life Sciences & Technology	Bachelor Business IT & Management	2
Life Sciences & Technology	Bachelor IT: Information Engineering	2
Life Sciences & Technology	Bachelor IT: System Management	5
Life Sciences & Technology	Bachelor IT: Technology Systems	1
Life Sciences & Technology	Bachelor Business Engineering	3
Life Sciences & Technology	Bachelor IT: (Saxion University, Enschede)	1
Society and Law	Bachelor Social Work and Services	1
Economics and Management	Bachelor International Marketing Management	1

Finally another brainstorm session was organized to identify a first set of possible solutions to the identified bottlenecks. This brainstorm was not yet focused on IT related solutions (although they were not dismissed either).

The second research phase that was executed parallel to the first phase consisted of a literature study and interviews. During the literature study both scientific and professional articles were identified that described best practices at organizations and/or ICT tools that can help when implementing a New-Way-of-Working and Learning within a university setting. Besides the literature study the interviews mentioned above also contained questions regarding the ICT tools the respondents used or recommended to be implemented as part of the NWWL. Finally several interviews were conducted with experts in the domain of NWWL that provided further insight in how ICT can be used to further automate work and learning and organize it more flexibly.

Based on the results from this research we developed a framework that organizations can use to implement NWWL. The overall results, the framework and the pilot project are described in the next section.

3. Results

The brainstorm session with employees resulted in a list of bottlenecks that is divided in two categories 'Education & Research' and 'Supporting processes' with respectively 19 and 12 aspects that the participants found were bottlenecks to the implementation of NWWL. These were used in the construction of a set of interview questions. Accordingly ten university employees were interviewed to validate the list from an employee perspective. Each interview lasted between 1,5 – 2 hours. Furthermore the output of the brainstorm session was also used as input to a survey that was sent to 40 students participating in two different minors (of which 22 responded, see table 2).

Based on the interviews and survey results several bottlenecks were found to be present within the faculty of Life Sciences & Technology that hindered a NWWL implementation.

First and foremost (middle) management obstructed the implementation, although perhaps not deliberately. In many departments there are either formal guidelines in relation to the amount of time a lecturer needs to be present on premises (e.g. 80% of their work hours) or there is a informal culture where people feel the need to be present to get a good management review. The same holds true for student presence. While the

education & exam handbook prohibits managers and lecturers to require students to be present all the time, many managers do implement such principles. This limits the possibilities for web lectures, virtual classrooms and other digital learning environments.

Besides guidelines regarding presence for lecturers and students there is also the implicit rule within the faculty that employees in a support function are present at all times. If people want to divert from this rule they need to discuss this with their manager. To succeed in such a discussion trust between employee and manager is vital. It seems that managing the presence of employees is easier than managing their output. Still, even if an agreement is made and an employee is allowed to work more time and location independent, many of the respondents stated that their colleagues put social pressure on them to be present. This means that even though a person might have a role that can be executed outside the workplace (thereby reducing traffic and the need of large office/faculty buildings), in practice this will hardly ever happen.

Even if management actively supports a more flexible way of working and teaching, and for example tries to implement flexible workplaces as part of a NWWL project, it is often the case that employees don't want to lose their private workplace. They do want to be able to work more flexible but don't want the changes involved such as having to search for a free desk to work at. The following reasons were given as an explanation by those interviewed: being able to find colleagues easily, possibility to cooperate, social contacts etc.

Especially in relation to learning, lecturers find it difficult to translate concepts from the 'new way of working principles' to an educational setting. Lecturers are afraid that the quality of education will drop if courses will be partially taught via web lectures or virtual environments (they fear changing their didactical concepts). Also there is almost no time to develop new courses and lectures that optimally use the functionality of digital learning environments. Even if there is development time available many lecturers don't have the competences needed to update their course material according to these new possibilities.

In departments within the faculty where NWWL is implemented, it seems to be done halfheartedly. Most frequently employees were allowed to work more flexible and in line with this a reduction in workplaces is implemented. Furthermore laptops and smartphones are made available. However often only one type of workplace is available in an office environment, typically a desk with a phone and flat screen to which employees can connect their laptop (and sometimes a desktop). This means there is no, or limited, availability of workspaces where people can organize meetings, workshops, video or conference calls etc.

Furthermore even if departments are trying to implement NWWL problems arise that are out of their range of control. Mostly this has to do with IT support. Information systems are not (easily) accessible from outside faculty buildings. There are limits to the amount of data (documents, mail, archives, intranet environment) that can be stored. Even if applications are available everywhere for employees it is often the case that sharing data or functionality (e.g. in SharePoint) is not possible with people that are not employed by the university. This is not caused by a lack of functionality of the IT environment but by the rules and guidelines set by the IT department. This limits the possibilities of implementing NWWL.

Finally, in this research we found that the amount of knowledge that lecturers and students have on NWWL is limited. Both groups have limited imagination in regards to the possibilities and the way in which this can change education. While this might be expected from an aging population of lecturers we didn't expect this from students. However even when we asked students to list their wishes regarding the use of digital environments in education the most mentioned tools were Social Media (like Facebook) and Skype to be able to communicate with lecturers and fellow students. A few students mentioned the possibility to use YouTube for small instructional movies but none mentioned web lectures or virtual environments.

The bottlenecks listed above can often be diverted during the implementation if they are taken into account before starting a NWWL project. Therefore, based on these results, we have developed a framework that can help organizations to successfully implement NWWL.

3.1 A Framework for NWWL implementation

Based on the results from the organizational analyses we can conclude that the introduction of NWWL is no easy challenge. Therefore we developed a framework that consists of four areas that need to be addressed when implementing NWWL (figure 2).

Organization and processes	Information
Culture	Workplace design

Figure 2: NWWL Implementation framework

Organization & Processes; success of a NWWL implementation depends on the maturity of the organization in relation to NWWL. Does the organization already have flexible workplaces and is management control based on results instead of presence? Is HRM already involved with the implementation of NWWL? Is health and safety legislation taken into account? What are the possibilities for employee training in relation to NWWL? Is there a personal budget for mobile devices, etc.? Or are these all questions that still need to be answered?

Information; if an organization really wants to give its employees freedom to work where, when and with whom they want, then the supporting information systems should be equipped appropriate. Are all information systems accessible anywhere? And if this is not the case (which is possible from a good governance perspective), is it obvious why this is so and thus clearly communicated to everybody? Are employees allowed to bring their own devices and their own applications to work? Or are they dependent on what the organization offers?

Culture; in this research we found this to be the major deal breaker. Especially the "social pressure" of colleagues and students forces many employees to feel obliged to be present.

Workplace design; many organizations think NWWL is just the transition to flexible workplaces. Although this is certainly an important aspect, it should be taken into account that different tasks need different work areas. A lecturer does not only need a workspace to develop course material and grade papers but also needs areas for project meetings, lecturing, workshops etc. So depending on the task the workspace needs to be quiet and undisturbed or large enough to hold a group of students and equipped with a beamer, laptop connection and (wireless) Internet. In the same manner private conversations have different requirements to workplace as a conference call. During a NWWL implementation it should be taken into account that all these tasks and activities place different demands on the workplace (its function) and therefore a thorough analysis of the organization is needed.

To determine where bottlenecks may arise during the implementation of NWWL a survey is constructed consisting of 20 questions that cover the four areas of the framework. This survey can be used by the project team and should be distributed between both lecturers and supporting personnel (management, staff, etc.). In this way, all the bottlenecks are uncovered per specific target group. The developed questionnaire is not necessarily exhaustive and may be supplemented based on the experience of the organization in which NWWL is implemented.

Since organizational culture is the most common fail factor to the implementation of NWWL we explain this aspect in more detail.

3.2 Culture

If we take a closer look at higher education we find that management wants short lines of communication to lecturers, staff and students. A lot of the communication by management is informal. Furthermore managers find it important that students get quick and to-the-point answers if they pose questions. In this respect it is also important that both students and lecturers, and lecturers amongst themselves can easily connect (face-to-face if needed) to be able to collaborate. As a result managers tend to find presence within the faculty buildings by both students and lecturers very important. This creates a culture where everybody aims at being

visible as much as possible, which is an obstacle to the implementation of NWWL. Employees start claiming flexible workplaces as theirs, bring in furniture (e.g. bookcases) and will be at the university as much as possible to 'defend their turf'.

When lecturers are not on premises they try (and are expected) to be available via e-mail, social media or phone as much as possible. We found that for many people this creates a psychological pressure, they can no longer distinguish between work and private life and feel the need to be available 24x7. This is counterproductive and opposite to the objectives of NWWL. The possibility to be more flexible in the way work is organized should lead to a better work-privacy balance. This is indeed true for many people who work in a well-integrated NWWL environment. A positive side effect is that the rate of sick leaves among employees drops (Hirt, 2011). However when cultural change is not explicitly part of the NWWL implementation it can cause higher levels of stress among employees and thereby increasing the number of people that are ill.

In many organizations it is possible to hear employees stating: "this is how we always organize our work" or something of a similar nature. In the interviews during this research we noticed that many people don't understand the NWWL concept (particularly the new-way-of-learning part). This means that a NWWL implementation should always start with explaining the concept. Also it is a good practice to provide training in time management and self-discipline for employees. Furthermore management should realize that not every person wants to spend (more) time working at home (or at least outside the university). Many part-time employees have a job as part of their social life outside of their homes and families.

So far the discussion on culture has primarily focused on the research findings in relation to new ways of working. However the same holds true for changing from a traditional educational model to a new more flexible and student oriented model of education. As stated earlier lecturers (and also many students) already find that there is not enough contact between each other. The definition given by most respondents of 'contact' is related to the face-to-face contact between lecturer and student. This is part of the dominant cultural awareness of the organization. However if we define contact as any synchronous or asynchronous communication between student and lecturer where learning takes place, a YouTube movie containing instructions can also be regarded as contact. If a cultural change would incorporate this new definition the use of digital environments in education can actually help to increase the amount of contact between students and lecturers.

To determine the possibilities and effects of using digital means of teaching, a pilot was performed with 22 students that followed the minor Virtual & Social Networks (VSN) from September 2011 to January 2012.

4. Pilot

In a pilot the framework described above was tested. Therefore a course, the minor Virtual and Social Networks, was selected that is representative for a typical semester course at our faculty. The minor VSN has a duration of five months and consists of 3 mandatory modules and 2 electives. As stated, during the pilot 22 students enrolled. The team of lecturers involved in the course consisted of an associate professor (who was responsible for coordinating the entire minor) and two assistant professors. Furthermore a trainer from outside the university was hired to provide a Prince2 foundation course.

The framework emphasizes the four areas that should be part of an integrated NWWL implementation: organization and processes, information, culture, and workplace design. As the team is small and everybody actively participated in trying out a new way of working and learning the cultural setting was no problem. To have more control on the supporting processes it was decided to have one team member responsible for all organizational tasks and consequently the communication to staff members. Tasks such as planning the modules within the course, grade and student administration were done as much as possible by the team of lecturers instead of staff departments. This reduced the amount of communication with people outside the team and thus provided more control. Staff was only contacted to make reservations such as lecture halls. Regarding workplace design it was decided that team members would have flexible workplaces and one room was available for meetings or conference calls.

The fourth area in the framework is information. Parts of this area are integrated in the organization and process area (such as executing as much tasks as possible with member of the team), for the rest we

considered how we could use digital environments / IT to change the educational model and thereby the way of learning. In our opinion the use of IT, and especially social media, to make work and learning more flexible is key to a new way of working and as it turned out, it was very successful.

First of all by using web lectures and YouTube together with Dropbox (file sharing), Facebook and Twitter (@HU_minor_VSN) for communication we were able to reduce the amount of traditional face-to-face lectures tremendously. Typically a semester course has 300 hours of face-to-face lectures while the students in the pilot only had 134 – 162 hours (depending on the electives) and the rest was substituted by learning in a digital environment. A second result is the reduction in the number of e-mails sent. During the pilot several means of communication were used except for the use of e-mail, which was not allowed. For the involved teachers this meant a reduction in e-mail from over 1000 mails to under 200 (which were related mostly to arranging guest lectures, contact with companies providing projects, and internal mails with staff departments). At the same time the amount of tweets and Facebook postings totaled around 350. This means a reduction of 45% in the number of messages. Furthermore since we used e-learning to reduce the amount of time that teachers and students needed to be physically present, we did not only reduce overhead but also helped in realizing the sustainability goals of the university.

At the end of the pilot the course was evaluated (via an anonymous survey) and got an overall rating of 8.2 (from 1 – 10). The different modules were all rated around an 8; the students commented that the quality of both the course material and the (digital) lectures were very high. Finally the means of communication used during the course was scored with a 9.5.

5. Conclusion

Based on this research we can conclude that there are many bottlenecks to the implementation of a 'New-Way-of-Working and Learning'. The most important are the culture of the organization, its management, and the way processes and supporting information systems are organized. The key to change is trust and to have a successful implementation of NWWL can only be fully achieved by an integrated implementation approach. For this a framework is proposed.

While the implementation of NWWL may be difficult the benefits can be large, both in time and thus money as is suggested by the outcomes of the pilot but also in possible environmental benefits (which have been discarded in this research). Furthermore the use of digital learning tools is more scalable, can be easily shared with colleagues or other universities, and is better aligned to future generations of students. Especially this last aspect was the reason why the minor VSN (the pilot) scored very high when it was evaluated. Since students are our customers, this alone should be reason enough to start a NWWL implementation!

6. Discussion and future research

There are some limitations to this research. First the research project was done in the Netherlands and the 'New Way of Working' is becoming very popular (the last three years a national NWoW week was organized). Therefore many organizations are looking for possibilities to implement this concept and thus it is expanded to the higher education environment. In other countries the need for new and different ways of working and learning might not be high on the agenda of government, industry and education. Second, although the outcomes of the pilot were very positive it is too small to make any general conclusions. Furthermore the most important bottleneck to the implementation of NWWL 'culture' was not an issue in the pilot while in most universities the culture can be classified as 'traditional' and not open for change and innovation. Finally the suggested framework is not validated (besides the pilot) and it cannot be concluded that it will work in other organizations. Therefore in future research projects the framework needs to be thoroughly tested (in different institutions of higher education that have different types of cultures in regards to the willingness to change) and if needed expanded.

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Work-family Conflict: The Role of Organizational Supportive Perception in Turnover Intention: Case study of Nurses of Tehran's Hospitals

Mehdi Sabokro¹, Sahar Baghbani² and Ali Naghi Amiri¹

¹Management department, University College Qom, Tehran University, Qom, Iran

²Azad University, Tehran, Iran

msabokro@ut.ac.ir

sahar.baghbani@yahoo.com

m.ras99@yahoo.com

Abstract: In recent year's significant attention has been devoted to the interference between individual's family and work roles, which has been studied under the general rubric of work-family conflict (WFC). Conflict occurs because our needs are unmet or because our needs are inconsistent with or in opposition to the needs of others. The potential for conflict to arise in a hospital setting is considerably higher due to the complex and frequent interactions among the nurses and other employees and the variety of roles they play. Specialization and organizational hierarchy often add to the territorial conflicts in hospitals. Because of numerous interactions between nurses and customer's organization in hospitals; the employees (nurses) have important role in quality of serving to customers. In this article we are going to investigate relationship of organizational supports, work-family conflict and intention turnover using a sample of nurses in Tehran hospitals. A quantitative research approach was used to explore how Iranian hospital nurses perceive conflicts at work. Sample consisted of 490 nurses (male and female) working in selected hospitals in Tehran and method was simple random. LISREL and SPSS were used to data analysis. Finding show that how nurses perceive conflict influences how they react to it. Sources of conflict are embedded in the characteristics of nurses and the nursing system, but at the same time these characteristics can be seen as strategies to resolve conflict. The results of the path analysis indicate that organizational support alleviates nurses' conflict and reduces turnover intention and work-family conflict and family-work conflict positively correlate with turnover intention. We finally recommend that as conflict can destroy individual nurses as well as the nursing system, we must act to control it effectively. It is recommended that further research be carried out to explore conflict management and retention of key staff in clinical settings.

Keywords: work-family conflict, family-work conflict, organizational supports, turnover intention, nurses

1. Introduction

One of the factors mostly effects on increasing challenges of family and job responsibilities is the incredible changes in the nature of work environments and families structures, especially the women job actions and the two-income families. Has expected employees to balance between job and family expectations; but participating in both field create a lot of problems. This is a source of problem to make a balance between the job and family issues. Nurses experience a lot of problems because of numerous causes such as long working hours, unregulated work schedule, restricted weekends, insufficient incomes and some vicious behaviors from the patients and their accompanying persons (Babin & Boles 1998; Hsieh and Yen 2005). These problems arise from the less efficient human resource management techniques in hospitals. Despite the background, there is still a considerable lack in studies of family and work conflicts, especially in hospital management. So this article aims the following objectives:

- The effect of organizational supports on work-family conflicts, family-work conflicts and intention to leave;
- The effect of work-family and family-work conflicts on intention to leave.

2. Literature review

2.1 The work-family conflict (WFC) and family-work conflict (FWC)

The work-Family balance has been an ever existed challenge in the life of adults. Historically the women were in the care of family and by increasing their participations in the workforce; the metaphor of work-family conflict has appeared as an increasing pressure in the professional life (Greenhaus & Parasuraman 1999). The elementary studies about this type of conflict were one-directed. The direction of conflict is very important, because the consequences and results of intervene of family and job is not necessarily similar with intervene of job and family (Frone et al. 1992 & Greenhaus and Beutell 1985). Recently the researches investigate each of them as different dimensions of conflicts. The work-family conflict occurred when job related activities

conflict with family activities. This kind of conflict may arise from the lack of chief and colleagues support, the limited job independence, job presser, the inflexible work schedule and increase in working hours. The family-work conflict may cause from many factors like the unsupportive manner of partner, inequality in tolerating the house work load, the child care, and the care from elder family members or even simply for gender (Greenhaus & Powell 2003).

Based on what is the common in the society, this is expected that the relations between family and job roles be different for men and women. Pleck (1977) implies on the male tendency to impose the work roles on family roles, while in women this is family roles which are possibly being imposed on job roles. Thus men experience more often the work-family conflicts and women experience the family-work conflicts. In order to the prevalence of commonly taking the responsibilities of work and house, this was expected to mention the equivalent amount of two conflicts between two genders, but few of studies confirm the hypothesis (Frone et al. 1992).

2.2 The supportive work environments

Many perceptions about work and family are related to the period of time which men enables to dedicated to their job, because their wives were devoted to the whole family responsibilities (Greenhaus and Beutell 1985). Here there is some signs of changing believes about the supportiveness of work environment. The gap between supportive policies and unsupportive implication of them can create the space which results on increased work-family conflict rather the past (Kofodimos, 1995 & Bailyn 1997). The researchers and human resource management practitioners believe that to balance the work and family, we need to change in some fundamental suppositions such as the method of performing tasks (Bailyn 1997), the type of organizations' accountability to the changes (Milliken et al. 1992) and the related values correlated with work and family roles (Greenhaus and Beutell 1985). Existence of support creates a high degree of interest and commitment in the employees and in turn results to create a positive feeling about the employer.

The Conservation of Resources theory offer a suitable theoretical base for investigation of organizational supports effect on work-family conflicts and family-work ones and also their consequences on job results. A deep analyze of literature show that there is a lot of evidences about the implication of the theory in studies of work-family conflicts (Grandey & Cropanzano 1999; Netemeyer et al. 2004). The basic essence of this theory is that the persons seek for acquire, keep and reinforce the resources (Hobfoll 2002). The empirical studies show that the organizational supports decrease the work-family conflicts (Anderson, Coffey, & Byerly 2002; Goff et al. 1990; Thomas & Ganster 1995). In recent studies simultaneously the effect of organizational supports on decrease of work-family and family-work conflicts has been implies (O'Driscoll, Brough, & Kalliath 2004). According to the conservation of resources theory and results mentioned above, the following hypotheses propose:

H₁: Organizational supports negatively related with work-family conflicts.

H₂: Organizational supports negatively related with family-work conflicts.

2.3 Turnover intention

Turnover has a considerable effect on the organization effectiveness and can negatively effect on the capacity of organization in preparing the qualitative outputs (Shields, & Ward 2001); turnover can impose some negative effects in case of recruitment, education costs and the break in the ordinary workflow (Maertz & Campion 1998), thus being aware of which factors drive an employee to leave, is a crucial issue to protect the organization ability in keeping the human resource (Brough & Frame 2004).

The behavioral tendencies have known as the most direct and the best resources of cognition of human behavior. The Fishbin and Aizen's theory of attitudes (1975) argues that "the best predictor of a person behavior is his intention to perform the action"; so intention to leave has recognized as the best predictor of organizational leave. Theory of March and Simon (1985) is the first research about the turnover intention which explains the non-job factors are the most important indicator of why people remain or leave the organization. Employees probably leave the organization and will search other alternative which consist of less stress; if they recognize high level of conflict between work and family (Cohen 1997). People feel that they cannot to take the responsibility for the problems arose from the work-family conflict and family-work conflicts, they may to think about to leave the current work. This conclusion is confirmed by conservation of

resources theory, too. Therefore this can be concluded that both kind of above mentioned conflicts are the basic factors in increase of turnover intention rate. There are some empirical evidences to support that; for example in an investigation accomplished about the relation of WFC and FWC, the researchers explained that the work-family conflict positively affect turnover intention (Boyar et al. 2003). In recent study in the industry, the researchers founded out that the both kind of conflicts have close relation with turnover intention (Karatepe & Sokmen 2006). Consistent with the above findings, the following hypotheses are proposed:

H₃: the Work-Family conflict positively relates with the employees' turnover intention.

H₄: the Family-Work conflict positively relates with the employees' turnover intention.

According proposed hypotheses; the conceptual framework will be as figure 1:

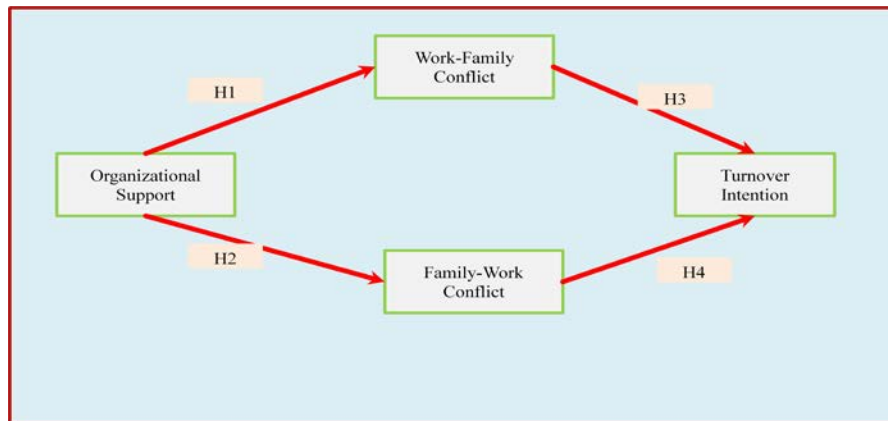


Figure 1: Conceptual framework

3. Research method

The Research is naturally practical and from type of data gathering viewpoint is descriptive (non-empirical) class of the researches. Also this can be classified in the casual category of researches. This is designed and implemented as survey to ensure about the generality of the results.

Sample of the study consists of nurses both male and female working in Tehran hospitals that were selected by random. Based on Morgan Table the sample size estimated 490 persons, and according to the possibility of unreturned questionnaires, 20 percents extra sample size distributed which finally 494 questionnaires received.

The questionnaire used as the main and unique means for data gathering. The Questions checked to be simple, plain and clear. Organizational Support measured by the 6 questions which borrowed from Andersson et al (2002). The FWC and WFC each measured by seven questions, which designed and operated before by Netemeyer et al (2004) and Boles et al (2001). The turnover intention firstly measured by nine questions in draft questionnaire, which after revision, two questions emitted and finally 27 questions arranges according to Likert 5-scale standard from very disagree to very agree (1= extremely disagree,...,5= extremely agree). The control variables consist of Marital Status, gender, Work experience and number of children. The work experienced measured by 6-scaled. Gender marked by 0=male, 1=female, marital status marked by 0=single, 1=married.

To ensure from credibility of questionnaire, thirty cases distributed. The Croanbach's alpha was calculated for each of the questions groups. The score was as following: organizational support with 6 questions: 0.682, for work-family conflict=0.842, for turnover intention= 0.821. Most of respondent were female nurses (68.6%), 17% from respondents had less than one year work experience, 30.7% of them were between one to five years, 35.4% of them between five to ten years, 9.2% had between 10 to 15 years and 7.8% had more than 15 years work experience. 67.6% of respondents were married, which 5.4% of them have no children, 23.4% one, 44.7 two, 14.8% three and 11.7% had more than three children.

For reliability of questions, content reliability and factor reliability used. To measure content reliability asked from experts, elites and academics. The factor reliability was operated by confirmatory factor analysis and using the Lisrel (8.53).

4. The data analysis

To test hypotheses, firstly the Spearman Correlation test used to measure weather and how much the variables are correlated. The test was performed by SPSS version 15.0. Then the casual relationship among independent and dependent variables was tested by structural equations modeling via Lisrel version 8.53. Table 1 show the results of Spearman correlation test:

Table 1: Spearman Correlation Matrix

	MEAN	STD. Dev	Job Leave Intention	WFC	FWC	Organizational Support	Children	Marital Status	Work Experience	Gender
Job Leave Intention	2.98	1.16	1							
WFC	3.11	0.96	0.41**	1						
FWC	3.29	1.01	0.57**	0.58	1					
Organizational Support	3.39	0.95	-0.29**	-0.21**	0.28*	1				
Children	1.5	0.66	0.07	0.11*	0.05*	0.47	1			
Marital Status	0.55	0.5	0.1	0.2**	0.13	0.42	0.36**	1		
Work Experience	2.19	1.01	0.11	0.07*	0.14	-0.13	-0.09**	0.27*	1	
Gender	0.42	0.5	0.05	0.00	0.00	-0.12	0.02**	-0.7	0.22**	1

*: P < 0.05.

** : P < 0.01. Correlations without any asterisks are insignificant.

The negative correlation between organizational Supports and Family-Work Conflicts ($r = -0.28$, $p < 0.01$) and Work-Family Conflict ($r = -0.21$, $p < 0.01$) showed that whatever nurses feel the lesser organizational support, more conflict they experience. This supports the H_1 and H_2 hypotheses.

According to Table 1, the positivity of relations between Family-Work Conflict ($r = 0.57$, $p < 0.01$) and Work-Family Conflict ($r = 0.41$, $p < 0.01$) has confirmed. This supports the H_3 and H_4 hypotheses too.

As table1 illustrates, the marital status with WFC ($r = 0.20$, $p < 0.01$), Work Experience with WFC ($r = 0.14$, $p < 0.05$) and the number of children with WFC ($r = 0.11$, $p < 0.05$) have a positive relationship. These correlations show that the married nurses experience more work conflicts and the more work experience, the more perception of conflict; and finally increase in number of children had associated with more conflicts.

5. Structural equations modeling

As mentioned earlier the hypotheses were tested via Lisrel (8.53) software and by using the path analysis method. In order to have a suitable solution for parameters, df (degree of freedom) should be greater than Zero (0.00). As $df = 6$, therefore the model proved to be testable. Also if (X^2/df) proportion be smaller than 3, the RMSEA (Root mean square error of approximation) smaller than 0.05 and GFI (Goodness-of-fit index) and AGFI (Adjusted goodness-of-fit index) be greater than 90%, resulted the fair fitness of model. The Lisrel output show that X^2 is doubled the 16.38, thus by divide it by df (6) the result is smaller than 3. The $GFI = 0.99$ and $AGFI = 0.91$ are greater than 90% and finally $RMSEA = 0.04$, which is smaller than 0.05. In conclusion all of them confirm the fair fitness.

6. Discussion

The work and family intervention is inside of relationship between organizational support and turnover intention. The employees who supported by the organization, feel lesser intervene of work and family and thus have lesser tendency to leave the organization (Behson 2005; Frone et al. 1997; Thomas & Ganster 1995). The paper suggested and tested a model which proposed to investigate the effects of organizational support on family-work conflicts and work-family conflicts and also the effects of two conflicts on turnover intention. This research fills the knowledge gap that haven't considered up to now. Path analysis results support from the model hypotheses and confirm it. Results show that the more work experience, the more conflict they feel. These results can be interpreted that by increase in responsibilities, the possibility of intervene with family responsibilities increased and cause more conflicts. To prevent this increase in conflicts, organizations should offer stronger supports from the employees. Research hypotheses proposing organizational supports decrease WFC and FWC, confirmed too. This is consistent with Thomas and Ganster (1995) conclusion. Literature review shows that organizational support, decrease the conflicts between work and family (Byron 2005). In real condition, many hospitals fail to offer enough support for employees. Nurses have to work long working hours, meet the demands, and follow unregulated schedule, so they need a working environment to ease the conflicts between work and family. The negative correlations between organizational support and job turnover intention ($r=-0.29$, $p<0.01$) show that lack of such support and attention may lead nurses to leave the organization. When they engage with family commitments, can no longer response fairly to the patients and results the inefficiency in the performance. Based on path analysis, whatever nurses' family commitment by marriage and having more children increases, they face with more conflicts. Consist with the previous researches, especially Karatepe and Sokmen (2006) and Griffeth, Hom and Gartner (2000), the paper affirms that WFC and FWC meaningfully relates with the nurses' turnover intention and whatever the conflict feels more, the turnover intention is stronger.

7. Propositions

The results offer some practical results for hospital managers. Many hospitals neglect to prepare supportive programs for nurses to ease the family-work and work-family conflicts. This case is true about many hospitals operating in Tehran too. A Halpern (2005) argues the supportive programs, ease the FWC and WFC and turnover intention. So providing such supportive environments is critical and can decrease the turnover intention. Second proposition is that managers and supervisors should educate to learn how to help the nurses to balance the work responsibilities and family role. In other case, there is the fear to lack in hospital whole performance because of the under qualified services by under pressured nurses suffering from conflicts. Thirdly, this is necessary for managers to educate the nurses to learn how to handle the conflicts themselves. These educations provide them trustable means to balance the working and family roles and manage the conflicts carefully. These propositions seem to lead to keep the nurses in the job and help them to offer their quality and deserve in favor of hospital.

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Trust Building in e-Leadership – Important Skill for Technology-Mediated Management in the 21st Century

Taina Savolainen

University of Eastern Finland, Department of Business, Finland

taina.savolainen@uef.fi

Abstract: In the past decade, e-leadership has become a new and expanding context of organizational management. Trust in leadership has also gained increasing attention in organizational practice and research. Trust building is listed as one of the key leadership skills for the new millennium. It is an important topic studied extensively in the management and organization research field over the last three decades or so. There is no doubt that the e-era presents new challenges to the context of leadership and skills needed in IT-dominated environment and technology-mediated management (TMM). The paper aims to identify the specific characteristics of e-leadership and how they appear in and influence trust-building in the new context of technology-mediated interaction (TMI) between leaders and followers. Theoretical discussion focuses on leadership characteristics and skills in distance context and in e-context, specifically, and trust-building within e-leader-follower relationship. A qualitative study was conducted in Finland. The data was gathered in large organizations by interviewing e-leaders who mainly lead by TMI. The purpose of employing a qualitative methodological approach was to increase understanding of the phenomenon still scarcely studied. In data handling, content analysis, categorizing, and abstracting were used. The key findings show that business environment and challenges in e-leadership differ from those in traditional leadership. TMI changes the context of leader-follower relationship, forms and nature of interaction and, hence, trust-building in leader-follower relationship. This paper presents *a few findings not explicitly presented in prior studies of e-leadership*. In conclusion, e-leadership seems still a new concept in organizations and, therefore, is not supported and understood adequately in business practice. Organizations should invest in supporting e-leaders more strongly in the future. New leadership skills are needed, since fast-developing technology may still transform the ways of interaction in leadership.

Keywords: e-leadership, trust-building, leader-follower relationship, leaders' view, technology-mediated interaction, qualitative study, Finland

1. Introduction

Building trust in leader-follower relationship has been seen as an important task for the leader. That is why the topic has experienced strong growth in the organization and leadership research during the last couple of decades. In the new millennium, organization researchers have begun to use the term *e-leadership*. The concept refers to leadership and leaders where management is mainly technology-mediated (Avolio & Kahai 2003). Technology-mediated leadership (TML) is characterized by the geographical distance between the leader and the follower (the concept of distant leadership) or by work methods such as electronic information sharing. In fact, e-leadership is a new and expanding context in the leader's work and due to the changes brought about the e-era to leadership. Mackenzie (2010) foresees China, South Korea and India increasingly adapting e-leadership processes and digital communication methods. The phenomenon is altering global business and organization boundaries, removing, e.g. limitations set by the workplace and working hours. According to Mackenzie, this transition requires change in the leadership roles in the countries mentioned. Not enough research has been done about the impact of those changes on the work organizations and leader-follower relationships. It is the purpose of this paper to fill in that discussion from the viewpoint of trust-building in TMI.

Digital communication between leaders and followers and customers has changed the traditional leader-follower relationship: there has been a move from authoritarian leadership to knowledge and expert leadership, where the leader can no longer base his/her power on one's position only (Savolainen 2011a). In the e-era, physical workplace has also changed into completely virtual. These changes have affected face-to-face contacts in leader-follower relationships decreasing interaction. Work has become more technology-mediated. Work instructions, leadership, feedback, follow-up and training are often already in a digital format. When all these technology-mediated activities are combined, the culture of e-leadership and its everyday practices emerge (Mackenzie 2010). An interesting question arises about how people adapt to technological mediation in their work places and relationships as opposed to their earlier face-to-face activities? Consequently, trust-building as the basic leadership skill has lately gained in importance. The aspect of trust has become emphasized and the ideas of leadership by trust have been suggested (Savolainen 2011a). Trust formation, as understood "traditionally", has been thought to require face-to-face interaction. This gives rise

to an interesting question about how trust is built in technology-mediated (non-face-to-face) leadership. The leader initially plays a crucial role in creating trust in leader-follower relationship (see e.g. Yukl 2010; Whitener et al. 1998; Savolainen 2011a). For this reason, it is important to study leaders' perceptions of trust-building. This paper aims to increase our understanding about the practices of TML and especially the aspect of trust-building in the follower.

2. Theoretical background

On a theoretical level, discussion focuses on the features and nature of e-leadership – especially as compared with traditional leadership. Change in leadership, e-leadership skills and e-leadership as a new context are discussed. Moreover, the concept of trust and trust development are examined. Specifically, inter-personal trust-building in leadership is briefly discussed. The objective is to get an answer to the main question: *How is trust built between an e-leader and a follower?* (Varhimo 2012). This is the focus in the empirical study. The emphasis of this study differs somewhat from that in the prior research. The focus is on the role of the e-leader as the builder of trust in the follower when the interaction is technology-mediated. The research on this has been scarce so far. The earlier research has focused, among other things, on trust-building between subordinates in virtual teams and on central issues in TMI (see e.g. Walvoord et al. 2008, Coerdery et al. 2009, Ocker et al. 2011). This study endeavours to identify and reveal factors of trust-building in TMI and its special features in the building process.

2.1 Leadership in change

A large number of definitions about leadership exist. Leadership is about interaction and influence between leaders and followers to get 'things done' through people. It is a complex, social process aiming at achieving the goals of the entire organization (Yukl 2010; Northouse 2010). Search for good leadership has persisted through decades. Leadership is not a permanent but a dynamic state. It transforms along with the context undergoing continuous changes. Technology-aided economy have created a completely new context for leadership. This is also why information and interpersonal roles of the management (Mintzberg 1973) have become highly emphasized during the past decades. According to Avolio & Kahai (2003), technology has enabled the strong growth of knowledge and communication as well as its transfer through the organization faster and faster. Traditional leadership has been of the face-to-face variety. Information technology has changed interaction towards non-face-to-face way. Moreover, the boundaries of organizations, workplaces and working hours have changed. Along that, the role of leadership has undergone a major change through digitally based communication (Mackenzie 2010).

Masses of information move around in organizations. The real challenge is its selection, interpretation and utilization for the success of the organization. This is the idea also behind e-leadership. Above all, it is leading by information and knowledge which takes place mainly with the help of technological mediation. In trust-building knowledge sharing is crucial, even though the people and relationships still are important. Savolainen (2011a) points out that the new kind of leadership is still searching for its place in the current context. Leadership cannot in the future be accomplished only through a hierarchy, position or one individual leader. Leadership is shared and must be earned through new competences, skills and resources. Therefore, emerging e-relationships require new managerial competences in the changed leadership context.

2.2 e-Leadership

E-leadership is defined as a process of social influence where, mainly with the help of advanced IT, changes are brought about in attitudes, feelings, thoughts, behaviour and organization. The concept of e-leadership refers to leaders who mainly use technological mediation in their leadership work (Avolio et al. 2000; Avolio & Kahai 2003; Zaccaro & Bader 2003; Mackenzie 2010). Technological mediation may be due to geographical, cultural or temporal causes (Ocker et al., 2011). The study employs the concept of e-leadership and not, for example, virtual leader, a parallel concept that signifies an avatar and not a real leader. E-leadership represents both a new kind of managerial work and context for leadership. Still in the 1980's, e-leadership was rarely mentioned in the literature. In the 1990's, management of organizations began to change even faster towards technological mediation. In the organization research, more and more was talked about e-leadership, a new leadership phenomenon and approach (Avolio & Kahai 2003; Zaccaro & Bader 2003; Mackenzie 2010). After the mid-1990's, literature on the topic started expanding. Recently, trust and the new ways of interaction have developed into central issues of e-leadership (e.g. Bergum 2009).

2.2.1 *e-Leadership skills*

Efficient and functional e-leadership requires key competences as traditional leadership such as problem solving capacity, social skills and professional know-how listed by Mumford et al. (2000). An e-leader mainly coordinates and manages information. At the same time, the e-leader influences *people* by building trust, taking care of motivation, and communicating the organization's vision to the followers, among others. Interaction that would best support these key activities is seen as the greatest challenge for e-leadership (Walvoord et al. 2008; Zaccaro & Bader 2003). An e-leader must make more efforts to create relationships with the followers because of the more infrequent physical presence, and missing body language, gestures and less satisfactory mediation of the tone of voice in TM communication. In influencing, which generally forms the essence of leadership, the challenge for an e-leader is giving an impression of his/her presence through technological devices so that the followers would experience leadership instead of mere conveying (and forwarding) of information and messages.

Four central e-leader skills and related tasks are proposed, as follows (Coerdery et. al 2009):

1. Human relations skills; The leader helps his/her followers in resolving conflicts; enables open and honest discussion, motivates the followers, builds team spirit and gives recognition.
2. Management of tasks and activities; The leader makes it possible to reach the aims, helps in organizing work tasks, assumes responsibilities in the deployment of new technological devices and coordinates both activities and communications in the work community.
3. Resource acquisition; the leader enables the followers' to work efficiently and informs the employees about customers' requirements.
4. Creation of vision and direction for the operations. The leader ensures that the operations are aligned with the mission of the organization and offers a clear vision.

These skills with some differences to those in traditional leadership are supported also by other studies (e.g. Avolio & Kahai 2003, Zaccaro & Bader 2003, Mackenzie 2010, Kissler 2001, Walvoord et al. 2008, Bergum 2009, Mumford et al. 2000). Technological mediation can be highlighted as the greatest difference having impact on everyday activities while human relations and interaction skills are the strongest challenges that face the e-leader. The available time for the e-leader to exert influence is often shorter, as there are fewer personal meetings. Communication problems and misunderstandings in TM communications are frequently seen as the most common problems in e-leadership. This is the reason why e-leaders are asked to communicate often and take into account that the message sent may not necessarily be interpreted by the follower the way meant by the leader – especially in the initial phase of the leader-follower relationship. Most importantly, this is seen to have its effect on the creation of trust in the relationship.

Bergum (2009) has noticed that e-leaders' regular face-to-face meetings are important for the motivation of the followers as well as in clarifying and confirming messages. Personal meetings can 'smooth' the obstacles brought by TMI to the leader-follower relationship (also to trust-building). Bergum also noticed that the number and frequency of meetings cannot be any substitute for their quality. Those followers who had met the leader on a weekly basis were more satisfied than those who met their leader several times a week or fewer times than once a week. It was felt that quality weekly meetings are more important than numerous free-form meetings: the risk of being misunderstood is decreased and talk about issues and one's opinions increases. Frequent meetings thus facilitate building trust while increasing openness. TMI may easily lead to misunderstandings and mistrust, especially if the leadership is poor or lacks skills, for example, if goals and direction are unclear and the leader is not interested in the followers' work.

2.3 **Concept of trust**

Trust is a multi-disciplinary, multi-faceted and multi-level concept and has been defined in numerous ways. Yet, the concept remains without a generally accepted definition. Deutsch (1962) defines trust comprising of a person's beliefs and expectations about how the trustee will behave. One of the early trust theorists Rotter (1967) has defined *interpersonal trust* as "an expectancy by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon". In the literature, trust is acknowledged to be a relational phenomenon. And the concept is defined as evolving gradually over time in interactions between trustor and trustee (Mayer et.al 1995). In this study, *the relational definition of trust* is applicable, as the paper looks at trust in relationships in an organizational context. According to Mayer (1995, p.712) trust is defined as follows: "the willingness of a party to be vulnerable to the actions of another party

based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to control that other party”.

2.4 Trust and leadership

Trust can be seen as the essential resource and skill of leadership. Leaders enable the creation of trustful workplace climate. In the knowledge era, trust-building is recognized as one of a leader’s key tasks. Vitality and innovativeness in organizations are fostered through ‘leadership by trust’. Trust is often taken for granted in relationships until it is broken (Savolainen 2011a; Ikonen & Savolainen 2011). Trust may be an opportunity to get an access to knowledge, and economical, and relational resources in organizations. It is also an opportunity to build loyal relationships which do not deteriorate or break easily. In the long run, these relationships form *human intellectual capital* which become rooted in and stratify as social and cultural intangible capital (Savolainen 2011a).

2.5 Development of trust in leader-follower relationship

In work relationships including leader-follower relations trust has traditionally been based on interdependence and reciprocal influence, as common goals are pursued. A relationship exists where there is an element of interdependence (Atkinson 2004). Trust is a bond and ‘emotional glue’ in co-operation between leader and follower and depends on the quality of interactions between trusting parties. Lewicki et.al (2006) note the key role that trust plays as a foundation for effective collaboration and, hence, multiple motives that shape collaborative behaviour. The authors also discuss a ‘new’ view of relationships, stating that relationships are multifaceted and multiplex. In TMI e-relationships are formed. At *the interpersonal level*, organization members need to develop capacity to know when, in what respects and what ways to trust or be trusted (or when to possibly monitor or control others) in work relationships. In leadership role, the elements of trustworthiness have been depicted in the trust literature (Möllering et.al 2004). More precisely, this means competence, benevolence and integrity. In leadership practice it is manifested for example in open communication, fairness, and good intentions (see also Häkkinen 2012).

For trust development, a well-known three-stage model of *building trust* is suggested by Lewicki and Bunker (1996). It can be considered applicable to studying trust in work place relationships. The model is based on the assumption of a progressive, linear development of trust. According to the authors, trust develops dynamically in relationships in three stages that also describe the *changes in the foundations of trust, i.e.*, on which factors trusting in one another is based on. Development of trust proceeds from calculative-based to competence-based, and finally to identification-based trust. The better the other party is known the deeper the relationship between the parties is assumed to develop in the course of time

2.6 Trust building in e-Leadership

With the help of functioning relationships to their followers, e-leaders build up trust and their commitment to work. Trust is built in different forms of interaction between the leader and the follower. The experience of an interactive situation consists of several factors. Each interpretation of interaction is influenced not only by the device but also by the situation, the interactive relationship and the matter under consideration. Communication with an appropriate tool is affected also by issues other than the technical features of that device (Sivunen 2007). The frequency, procedures and norms of interaction are also felt to be important. In the absence of face-to-face meetings, the parties should more strongly take each other into account in order to maintain and build mutual trust. Practical examples include automatic email messages informing about the absence of the recipient.

Mackenzie (2010) noticed in her research on leaders' interaction and workplace trust in the e-world that nearly 80% of the respondents use mostly digital communications equipment (computer and mobile phone) in their work tasks. Email has been identified as still being the most important device. Bergum (2009) separates the matters that e-leaders should manage face-to-face from those to be mediated technologically. Face-to-face meetings focus on matters that require openness and sharing opinions and discussing them. Routine information, such as presentations of the latest news or achievements, can be taken care of by technology mediation. Experiences about TM communications are often personal, and interaction may be experienced quite differently.

3. Empirical study

3.1 Research methodology and data collection

The study applies a qualitative methodological approach since it enables a deeper understanding of the phenomenon studied, for example when compared to the quantitative method (Eriksson & Kovalainen 2008). A qualitative approach enables research on the opinions of the people. It allows one to concentrate on the perceptions, feelings and meanings that the informants of the study share about a topic (Ticehurst & Veal 2000).

The study data was collected by interviewing e-leaders (Varhimo 2012). As the topic is still scarcely studied, selecting interview as a data collection method is well grounded. Answers to research questions can be obtained taking into account the complexity and deepness of the phenomenon under study. The interview method is flexible and gives the interviewer an opportunity to have discussions with the informant (Tuomi & Sarajärvi 2002). An interview also makes it possible to reach the interviewee again when there is a need to supplement the data (Hirsjärvi et al. 1998). The interviews were conducted as an open interview which is the closest to discussion amongst the forms of interviews (Hirsjärvi et al. 1998). Discussion "rambles on freely". In this study, the data was collected by interviewing the selected informants once, and the interviews were recorded. Some questions clarifying the background information on interviewees and two key interview questions were employed. Open questions provided an opportunity to freely answer within the scope of the topic (Ticehurst & Veal 2000). The two key questions of the interview were: *How do you lead? And how do you build trust in leader-follower relationship?* Here the term leader-follower *relationship* is mainly used, as interpersonal trust-building is reciprocal. Leadership emerges in *interaction with people*.

The idea behind the *How do you lead?* question was to find out what e-leadership is and what the *differences* that technological mediation introduces to the traditional face-to-face leadership are.

This has a connection to the second question: how do you build trust in leader-follower relationship? The second question aims to identify and reveal factors that affect TM trust-building and special features that TMI brings with it in trust-building. It is typical for an open interview to have a very loose topic definition. The task of the interviewer is to ensure that the information needed is obtained without "perturbing" the discussion. As a rule, moving from one subject to another in the interview takes mainly place under the terms of the interviewee (Hirsjärvi & Hurme 1980).

As the informants for the study leaders from different industries and large organizations were selected. The work of these leaders had to mainly satisfy the characteristics of e-leadership - the majority of the leadership activities being technologically mediated (Avolio & Kahai 2003). The selection criteria included also the leaders' potential to use different, typical technological solutions in interactive situation in which the size of the organization concerned was thought to matter. Size enables the use of various technological devices in communication. In large organizations, the leaders also often have more experience about managerial situations involving different followers. The reason for selecting different industries is to understand more comprehensively and diversely of the still scarcely studied topic of trust. There were five interviewees in all. The duration of each interview ranged between 54 mins and 1h 2 mins. At the end, the interviewees were still allowed to add their thoughts about both e-leadership and trust. The informants were also given a chance to supplement the material by email afterwards.

3.2 Data analysis

Analysis is theory-driven, i.e. theory functions as a basis for analysis as opposed to data-driven analysis. The analysis method used is content analysis, which can be well applied in open interview data (Hirsjärvi & Hurme 1980). With content analysis, the data is arranged in a concise and clear form so that the information won't be lost. The contents of the interview texts (recorded and transcribed) are examined, including the issues brought up, themes occurring and meanings (Tuomi & Sarajärvi 2002). The analysis advances stage by stage: description, classification, combination, and synthesis. The initial approach is the thematization of data: this provides an opportunity to separate themes that provide explanations from the viewpoint of the study (Eskola & Suoranta 2005). In this paper, a three-stage process is used: first, summarizing and encoding; second, classifying – among other things, similarities are sought - third, conceptualization that is, abstracting and forming of theoretical concepts. Answers to the research questions will be sought by combining concepts

based on interpretation and inference (Tuomi & Sarajärvi 2002.) The analysis of the findings leads to a synthesis (essence) on which conclusions will be based (Hirsjärvi et al. 1998).

4. Key findings and discussion

Based on the results, the attributes, challenges and operational environment of e-leadership proved different from those in traditional leadership (Varhimo 2012). Context creates different conditions for the leader-follower relationship and, therefore, for trust-building. Summarizing the data it seems that the interviewees stress antecedents and real life practices of e-leading instead of telling success stories. Key findings and discussion, intertwined, are presented next.

4.1 Nature and skills of e-leadership in trust-building

TMI between the leader and the follower affects the nature and skills of the leadership. A common characteristic of the interviewed e-leaders was their desire to be a humane leader, which does not differ from the traditional leadership. The e-leaders describe their work mainly as expert leadership, which was reflected in their opinions by the impression that expert followers were seen to affect their leadership style. There was a desire to give the subordinates power and responsibility for their work. One's own role was seen as that of a coordinator – consulting and guiding. It was typically described with the word coach. Leading by one's own example became one of the most important attribute. That was thought to create a good work atmosphere as well as to show openness and honesty. E-leaders try to reflect their know-how, feelings and characteristics to their followers, in fact illustrating trustworthiness (Savolainen & Häkkinen 2011; Häkkinen 2012). The interviewed thus put emphasis on building trust.

Nevertheless, communication still covers only short moments in the subordinate's daily life. Therefore, getting a good overall view of the subordinate's daily life was seen as one of the greatest challenges in e-leadership. It is hard to get insight with the help of only short moments of personal contact or get to a mood or deal with problems and their causes. The leader's help is limited to short moments of sharing. In problem solving, the appearance is that of a fragmented individual situation. Trust provides support in the depiction of the subordinate's daily life. Trusting followers feel encouraged to speak more openly about matters related to both work and private life. This seems to be essential in e-leadership, as the possibility of one's own presence is limited due to distance. Keeping track of the follower's wellbeing and daily life and intervention to these become challenges. For this reason, in addition to dealing with work matters, the leaders keep in contact with the follower also in a more informal way. This is a different kind shared moment, which enables one to have an occasional peek into another's daily life and to communicate information and feelings. Communication of this nature was seen as a TMI challenge for leader's skills. The interviewed brought up the importance of listening as well as approachability, human relations skills, honesty, support and equal treatment. These were seen to promote trust-building in the leader-follower relationship.

In relation to trust-building through TMI, the biggest difference between traditional and e-leadership seems to be that technological mediation must be taken into account in interactions with the subordinate. Geographical distance, different cultures, time-zones and behavioural etiquettes require the leader to have the ability to pay attention to one's followers in various manners, depending on the location. Based on the data, TMI requires that attention be directed to many practical matters in trust-building. Depending on the organization, leaders have various technical devices at their disposal, generally the email and the telephone. TMI is seen as speeding up the flow of information and increasing work performance, but it is also seen as creating misinterpretations in interaction.

Based on the data, it is notable that although TML was regarded predominantly as functional, the all interviewees felt that there had to be face-to-face interaction in spite of that. It is perceived as important especially in the beginning of a leader-follower relationship, when building trust in a relationship is underway. Interpreting the leaders' interviews face-to-face meetings offer a chance to produce a more intensive interaction in a shorter time. All subjects of the study thought that it wouldn't be possible to achieve a sufficient leadership level and contact to the follower through technological interaction devices alone. In a way, face-to-face interaction strengthens this relationship. However, today such rich presence in interactive situations that would be able to replace face-to-face meetings cannot be achieved yet. TMI is experienced still as more distant, to some extent as more inefficient, slower and troublesome. On the other hand, face-to-face meetings emphasize the richness of interaction with its emotions, facial expressions and gestures as well as

efficiency in handling of various issues. Especially for orientations, development discussions and solving problems face-to-face interaction was preferred in spite of even great geographical distances. Thus, in the technology-mediated leader-follower relationship, the role of trust is even more significant than in the traditional one. It emerges from the leaders' perceptions that there is investment in trust-creation. It doesn't seem to appear from nothing. The leaders recognize their role as important trust-builders in leader-follower relationships.

4.2 Significance of time in TMI

Traditionally, it is thought that trust is built with time. In e-leadership, trust must be built in a more intensive way and in a shorter time (Avolio & Kahai 2003.) TMI takes a lot of the leader's time and, thus, puts an emphasis on a suitable number of followers. In this way, the organization's support to e-leadership as well as suitable work settings for the leader and the followers becomes emphasized.

Table 1: Summary of the key findings

Trust-building in e-leadership – leadership skills, traits, and activities	
•	Social skills; communication and listening, people-oriented interaction, assertiveness
•	Technical skills (TMI facilities and equipments)
•	Authenticity; integrity, openness, honesty
•	Organizing of work and circumstances
•	Initiation
•	Support
•	Information and knowledge sharing
•	Feedback (continuing & constructive); development discussions
•	Empowerment, responsibility sharing, delegation of work
•	Individual attention to subordinates, including background (culture, religion etc.)
•	Relationship-building (trust creation) through TMI
•	Overview of the subordinate's work situation and circumstances – challenge in TMI
•	Emotional skills: sharing, recognizing, and dealing with feelings and emotions in TMI
•	Face-to-face meetings – needed in TMI
Significance of time in TMI and trust-building	
•	Availability; importance of the shared moments; intensity, easiness, effectiveness
•	Frequency and length of the moments shared; Reachability - intensity of relationship building

5. Conclusions and implications

On the basis of the findings, e-leadership is still a new phenomenon of leadership and context did not seem to be sufficiently understood and supported in organizations. The lack of support seems to exist at the higher leadership level, where practices of e-leadership differ from the traditional leadership and the requirements set by e-leadership were not understood. Earlier research indicates that, to succeed, e-leadership needs the support of the entire organization (Martinez-Sánchez et al. 2008). Following Mintzberg's (1973) management roles, the findings emphasize especially the informational and interpersonal relationship roles. The findings of the study support Mumford et al.'s (2000) skills model, for example in that, *social skills and personal traits become emphasized* in e-leadership. Of a good leader's characteristics (see, Northouse 2010; Yukl 2010), honesty and sociability are brought out most forcefully by the findings. In the earlier research, interaction and trust-building were highlighted as the key features of e-leadership (Bergum 2009). In this study, these two matters clearly emerged as central issues. In trust-building e-leaders being *reachable for the followers* seem to matter. According to the leaders interviewed, the followers reciprocally want to believe that in spite of their distant location they are important and that they expect of the leader to be reached. This implies the number of followers to be on a reasonable level. From the perspective of motivation this is especially significant.

In summary, this study differs somewhat from what the earlier research has found out and presented. Focusing on the role of the e-leader as a trust-builder the results reveal *a few findings not explicitly presented in prior studies of e-leadership*: first, skills required of the leader to mediate, receive and deal with *emotions* in TMI which is connected to success in interaction and to problem situations at work; second, a challenge to create an *overall picture* of the subordinate's everyday life with its "joys and sorrows". When the leader's communication is occasional and fragmentary, it makes it difficult to get a picture of the follower's daily work,

and it also affects trust-creation; third, taking into account *the time* that interaction takes and its significance in TMI as a challenge for the e-leader's work and in trust-building.

Finally, organizations and their environments are in continuous change into a more TMM-like direction. Hence, e-leadership becomes more and more common. Based on the findings of this study, organizations should invest in supporting e-leaders more strongly in the future. Fast-developing technology may still transform the ways of interaction and challenge the current research findings. This stimulates further research on the topic of e-leadership and creates grounds for it. Further research is needed on the practices of e-leadership, and on trust and trust-building as an important resource and skill of leadership within e-relationships in particular.

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Dynamic Modelling of Governance in Non-Profit Organizations: Case of Community Social Services

Jaroslava Sedlakova, Jan Voracek, Pavel Pudil and Petr Somol

University of Economics Prague, Faculty of Management, Jindrichuv Hradec, Czech Republic

sedlakov@fm.vse.cz

voracekj@fm.vse.cz

pudil@fm.vse.cz

somp01@fm.vse.cz

Abstract: Specific mission of small and locally operating non-profit organizations (NPOs) cannot be straightforwardly achieved through standard managerial frameworks, processes and tools, which are common in industry. Generic managerial structures of for profit firms are based on standardized and replicable flows of internal resources with explicit financial background. On the other hand, fragile organizational models of NPOs, system of their internal values, soft factors based motivational mechanisms, significant imprint of inheritance and traditions on governance procedures or unique staffing policy make these institutions both hard to systemize and scientifically manage. Thus, the initial advantage of tight individual relations in friendly, informal and altruistic environment turns gradually into a mission critical risk factor. Although the board members of NPOs are continuously aware of this threat, they don't have any applicable and appropriately complex solution in hand. Consequently, the main goal of our research was to propose viable method for well-established NPOs, allowing smooth modification of their existing governance infrastructures into more systemic, accountable and sustainable way. Moreover, the resultant methodology should reuse positive features from the both worlds, i.e. combine applicable artefacts of industrial standards with traditional behavioural patterns of NPOs. Formally said, we want to merge a generic model of strategic architecture with mostly tacit organizational know how by means of dynamic balanced scorecard (BSC) and knowledge based modelling. The paper describes single analysis and design stages of such procedure, i.e. why we consider organizational learning as important key success factors for NPOs, what is our understanding of representation and applicability of knowledge based model or which parts of BSC are suitable NPOs planning and management. Finally we outline a prototype of such model and discuss its dynamic behaviour for one service cycle of single NPO's program and then show temporal behaviour of properly managed portfolio of such programs. All presented conclusions are based on real data and validated by experts' opinions.

Keywords: Governance prototyping model, system dynamics, performance of non-profit organizations

1. Introduction

The main goal of NPOs is reliable provisioning of publicly requested kinds of services. Basic lifecycle of their internal programs includes monitoring of local needs, searching for operational funding and development of appropriate capacities. NPOs' managers have usually enough routine experience to keep these activities running from day to day, but frequently fight both with strategic and external dimensions of their duties. Situation is complicated especially in small, locally focused organizations, where the amount of tangible factors, directly applicable for managerial purposes is negligible and tight interpersonal relations and subjectively motivated leadership play significant executive role. Consequently, such institutions may have fundamental problems with competitiveness, sustainability or efficient utilization of resources. All these aspects, multiplied with permanent fight for finances and generally stressing nature of social work, contribute to overall dissatisfaction, which can result to individual burnouts or even organizational collapses. Our experience, confirmed with literature review shows that there are many different and sometimes even contradictory opinions concerning a generally applicable and at the same time also optimal way of governing of non-profit organizations. Disregarding their unexceptionable specifics, there are still numerous commonalities with regular for-profit companies. The both types of institutions must monitor and improve own performance, i.e. complex measure of efficiency and effectiveness. In commercial domain, however, financial and other tangible indicators are accessible more easily than corresponding fundamental metrics in social value creating public services. Logically, the applicable proposal of a methodological framework for NPOs' managers, capable to compensate their current unfavourable position was the main motivation for our research. To fulfil this assignment, we set the following goals, discussed in detail the subsequent parts of this paper:

- Analyse performance factors of NPOs and design its convenient generic architecture, close to industry-wide standard of balanced scorecard,

- Collect and properly represent organizational knowledge of NPOs. Emphasize the importance learning for this type of organizations,
- Give reasons for managerial convenience of knowledge-based modelling and experimentally validate these statements.

2. Performance management in non-profit organizations

Every forward-looking NPO strives to establish deterministic, standardized, repeatable and straightforward strategic planning processes, supporting nontrivial decisions of their board members. Such need is a logical consequence of large portion of uncertainty, subjectivity, dynamics and volatility, accompanying NPOs' missions (Borzaga et al. 2011, Spall et al. 2004, Wagner 2008). If this effort fails, problematic forecasting of future demand for their services, altogether with turbulent surrounding environment and blurred consequences of insufficiently justified managerial statements result to internal pressures and loss of motivation, critically threatens the institutional existence. Such trend is unfortunate, because the presence and healthy growth of non-profit sector is essential attribute of any vital society. Governmental systems simply do not have comparable alternative for provision of locally focused, personally devoted, internally flexible and frequently also legally required services, nowadays. On the other hand, NPOs cannot serve just as a mandatory administrative layer between government and beneficiaries, but must also build and maintain own identity (who we are), be aware of neighbouring external environment (where we are) and have clear vision and strategy (where we want to be and we can get there). Described self-awareness requires institutionalization of a certain form of performance management framework, implementing preferred competitive strategies, based on which explicit future activities can be planned (Krug et al. 2004, Matsunaga 2010, McDonald 2007, Nevile 2009).

Commercial companies usually order a comprehensive business analyses and after their completion adopt a recommended methodology, including related processes, metrics, documents and assessment rules. Similar procedure is not feasible for small NPOs, which have too specific requirements, are vaguely internally structured and don't have free finances for hiring a consulting firm. Instead of a long-lasting end expensive development of a formal methodology with risky practical impact we suggest agile dynamic modelling of NPOs' strategic architecture and subsequent validation of resultant governance structure. In such case, NPO is capable to maximize own successfulness, expressed either as business value or, more frequently, as performance.

- Business value is usually less formal and rather qualitative descriptor, derived from particular business model - structured prescription, outlining the ways how company creates, delivers and captures its value. Business metrics were originally formed from purely financial indicators, but the situation has dramatically changed during the last decade. Continuously growing difference between booking and market values of modern companies is explained with increasing market potential of human-related factors, like teamwork, leadership or organizational learning and improvement. Escalation of this disproportion indicates that neither money nor technology, but properly educated, vocationally trained and closely collaborating people constitutes one of the most challenging classes of modern business drivers nowadays.
- Performance is understood in a broader and more formal context. Beyond the business model, its architecture considers also particular implementation mechanisms - strategies, resources and processes. Such both temporally and hierarchically distributed definition conveniently predetermines dynamic approach to performance representation. One-shot time slice can hardly explain complex relations among numerous leading and lagging indicators - for example influence of internal capacity building on donors' portfolio or relation between the level of organizational knowledge and amount of clients. Effective, broadly understood structural simplification of performance architecture is yet another prerequisite for correct and prompt establishment of practically applicable, reliable and scalable managerial platform (Cnaan et al. 2011, Davies et al. 2011).

Performance-based metrics reflect NPOs activities more precisely than business value, because their main strategic goals are rather mission effectiveness and social value creation than market competitiveness. To be more concrete, there are two main sets of NPOs' performance indicators, enumerating:

- Effectiveness, rating success in doing the right things and expressed in terms of achieved outputs, contributing to strategically planned outcomes. Amount of served clients or revenue from goods sold are typical examples of tangible outputs and clients' satisfaction is expected intangible outcome. Due to the

sequential nature of management (see Figure 1), output performance indicators are mostly lagging, i.e. evaluating the past decisions.

- Efficiency, measuring how well we proceed in doing of our things. This family of indicators, matching the corresponding outputs with inputs, shows whether our internal processes are properly designed, tuned and if they use adequate resources. As efficiency variables characterize mostly causes than effects, they are rather leading indicators.

Properly designed performance measurement system must collect adequate amount of the both leading and lagging variables. There is no need for acquisition of tens or even hundreds of different variables, because they would probably be internally related, anyway. Practitioners recommend to restrict their total amount on twenty. Finally it important to emphasize that performance indicators quantify activities, caused by performance drivers (capabilities or assets, connected primarily with human resources like productivity, motivation or knowledge) and supported by performance enablers (infrastructural entities, helping organization to achieve desired performance, like systemization, processes or information technology). Although straightforward correspondence between a driver and an indicator is rather rare, iterative development of performance management system usually leads to a satisfactory discovery of reasonable cause-effect relations (Clarkson 2009).

3. Performance measurement for competitiveness through learning

Measurement of NPOs' performance is never easy. The reason is not only in large portion of intangible values, accompanying this sector, but also in its inherent uncertainties, delays and unclear causalities. On the other hand, well-known "If you can't measure it, you can't manage it" (Drucker 1954) holds also for NPOs, but needs to interpreted in the right context. This particularly means that miscellaneous aspects of performance management framework must be thoroughly discussed and explained, before any related activities are initiated. NPOs' stakeholders must be fully aware of measurement purposes and understand its positive consequences. Strategic measurements cannot be ever used for direct control and evaluation of individuals. People simply dislike to be continuously monitored and usually find ways how to fool any annoying administrative system. In such cases, managers collect and process useless numbers. Another possibly problematic utilization of performance data is its external reporting. Uninformed individual interpretation of specific intangible values can cause unpredictable public reactions and discourage donors, clients or sympathizers. Recommended and safe way of effective employment of internal performance metrics in NPOs is their responsible incorporation into strategic planning of value creation processes (Edmondson 2002, Hansen 2008, Phipps 2010, Slater 1995).

Competitive, which in the presented case means learning NPOs, are able to produce desired social value in a focused and efficient way. They can define and establish internally effective processes and through them identify and fulfil hitherto undiscovered clients' needs, find own niche with missing services and at the same time be faster, better and less expensive than others (Duque-Zuluage 2008, Kotler 1975). Thus the introduction of more sophisticated and ready to use governance models can help NPOs to fight with continuously increasing competitiveness in this sector, arising from the following two reasons:

- Natural, evolutionary growth of non-profit sector, where the total amount of coexisting citizen-action associations, foundations, charities, church establish legal entities or generally beneficial associations is permanently stimulated by numerous socio-political aspects. Although their missions are similar, all institutions must compete for limited resources like public funding, private donors and sponsors, core staff and volunteers and, finally, also for clients and customers.
- Increasing interest of for-profit organizations in social services. These companies usually have clear mission, exhaustive marketing and properly established internal processes and specialize on the most profitable services and products in the sector, which narrows operational space of NPOs (Laskowski 2012).

Overall competitiveness of non-profit organizations can be achieved through the drivers, listed in Table 1. Notice that the majority of items looks similarly with for-profit sector and the same holds for particular implementation strategies (cost, quality, time, flexibility, trust). This duality, accompanied with explicit recognition of own competitive strengths helps NPOs to identify strategic partners for future alliances or partnership networks. Such collaboration can happen either in the same market segment (enhancement or sharing the existing services) or across the neighbouring areas (portfolio extension). Successful

implementation of balanced competitive - collaborative model forms promising win-win solution (Liao 2001, Lyons 2001, Pope 2009, Ritchie 2000, and Zolkiewski 2004).

Table 1: Sources of NPOs’ competitiveness

Operations	Human resources	Organizational structure
New services and products New markets and customers Innovations Capacity management	Learning Leadership Teamwork	Governance Performance management Accountability Sustainability External relations

4. Management with model of organizational knowledge

Pinpointed importance between human resources and NPO’s performance has also direct managerial consequences. Firstly, properly trained and educated employees work more efficiently and with higher quality, which makes their organizations more competitive. There is, unfortunately, just a little awareness on how to systematically preserve and utilize tacit knowledge of single learners. We believe that individually internalized and qualitatively diversified knowledge can be gradually transferred into a common simulation model, applicable in the feedback part of management process, as it is depicted in Figure 1. Part a) of this diagram rearranges the five basic functions of management in accordance with control engineering notation. During the performance planning stage, all significant, mission supporting input, output and internal variables must be explicitly characterized, altogether with their desired temporal behaviour. Organizing and staffing activities establish the necessary infrastructure (enablers and drivers), which are routinely employed in the leading phase. In the final - controlling period, real outputs are compared with planned figures and generalized with respect to the assumed outcomes. If a notable difference is found, improving changes are applied through performance drivers in the next management cycle.

Figure 1b shows the inclusion of proposed dynamic knowledge-based model of organizational performance to this traditional structure. Disregarding implementation details, controlling managerial decisions now serve not only as an executive input to the next cycle, but also as an additional, model specifying knowledge. After a certain amount of such specifications, responses of computational model approach collected data. From that time on fully adjusted model mimics underlying real structures and can be used as a planning-supporting tool. Its users can safely evaluate consequences of complex decisions and estimate their appropriate timing before any real action is undertaken. Beyond purely reactive actions, model of organizational knowledge allows managers to realize the following advanced activities:

- Perform sensitivity analyses to discover process bottlenecks,
- Define development policies for different scenarios,
- Computationally validate assumed structure redesigns.

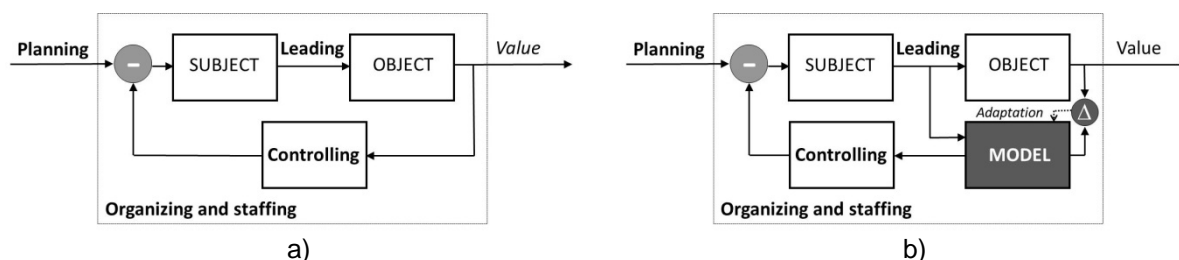


Figure 1: a) Block representation of basic managerial functions in traditional form (a) and its extension with adaptive knowledge-based model of organizational performance (b)

5. Applied methodology and its implementation

A practically applicable prototype of performance measurement framework model can be fully implemented in accordance with the methodology, proposed by Mitroff (1978). As the first step he suggests to collect an adequate amount of semi-structured information characterizing the real problem. This heterogeneous package forms a conceptual model, which is exhaustive, but redundant and overlapping. Beyond the purely

textual documents, we used strategy map, balanced scorecard and causal loop diagram in this stage. Then the conceptual model is converted to a corresponding, computationally executable form. Below presented implementation is realized in system dynamics language (Sterman 2000), which is widely recognized as a useful tool for macro-level modelling of complex systems. Finally, the erroneous and validated computational model is utilized as an alternative training platform for the real problems.

The remaining part of this chapter is organized in such way, that initially a certain tool is briefly characterized and then, where applicable, accompanied with example of its concrete implementation, done by authors in accordance with research goals.

5.1 Strategy map

Strategy map (Kaplan et al. 2004) is simplified and layered graphical representation of explicit business strategy. This diagram acts mainly systemization and communication tool, helping managers to sort, prioritize and explain their key objectives in single strategic perspectives. In our case, they include perspectives of NPO’s learning and growth, internal operations, customer relations and finances. This map is interpreted in the bottom-up way, meaning that improvement of objectives in learning and growth perspective leads to a better performance of internal processes, which stimulate desired customer-related and financial results.

Figure 2 shows self-explanatory strategy map, developed for the local citizen-action association Okna (2012). This NPO resides in Jindrichuv Hradec, Czech and maintains rich and still growing portfolio of services and products, including establishment and operation of several specialized workrooms for clients, selling of their products in own store, acting also as a small gallery with refreshments. Beyond this “market-oriented ” manufacturing, Okna concentrates also on core social services like provision of barrier-free accommodation for persons with disabilities, support of substitutional family care, parental counselling or breaking social inclusion through working therapy. Finally, Okna also organizes various free-time and sport activities, where their clients regularly meet with local sympathizers.

5.2 Balanced scorecard

Balanced scorecard (BSC) - (Kaplan et al. 1996), represents refined and restructured version of strategy map, extended with performance drivers, indicators and significant connections. Originally static structural document, intended for presentations and discussions has turned into a daily applicable executive guideline, introducing planners and managers applicable specific activities in a wide context. Detailed representation of BSC leads to an extensive, layered scheme, which is too complex for purposes of this paper.

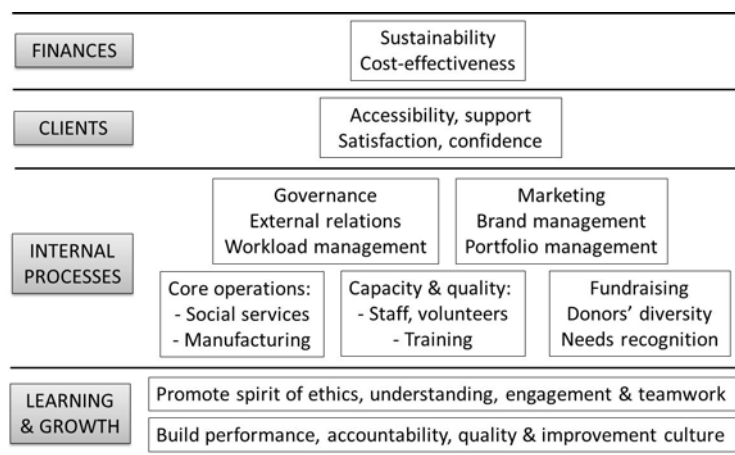


Figure 2: Strategy map of non-profit organization Okna

5.3 Causal loop diagram

Causal loop diagram (Morecroft 2007) fully opens BSC and adds oriented causal relationships there. Complete, organization-wide diagram is complex and hard to visualize. That’s why it is usually broken into a layered structure (world view, system view, subsystems and detailed views). Sample high-level view of Okna-characterizing causal loop diagram is in Figure 3.

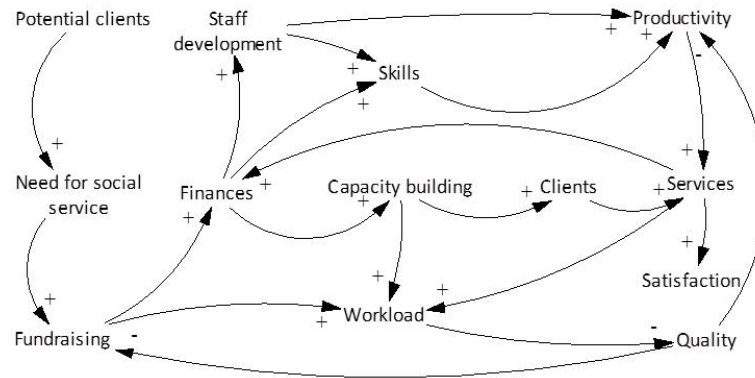


Figure 3: Simplified causal-loop diagram of non-profit organization Okna

Set of organizational stakeholders includes:

- Donors (governmental and private organizations, individuals),
- Clients and their relatives,
- Sympathizers, especially members of local community,
- Regular staff (leaders, managers, fundraisers, officers, operators),
- Volunteers.

Potential clients induce primary need for social service, which is proportional to the number of persons concerned (plus sign). Consequently, fundraisers search for applicable donations, which increase organizational finances. If the additional money exists, it is used both for service capacity building (technology, infrastructure, new services and products), staff development and skills improvement. When the infrastructure is ready, clients can be served with productivity, corresponding to the staff (i) structure (core employees to volunteers ratio), (ii) size (total amount) and (iii) qualification (long-time experience and acquired skills). If everything goes smoothly, manufactured products are sold and clients are satisfied, which means that the mission is fulfilled and requested social value introduced. Unfortunately, workload and burnout, inconspicuously superimposed to every NPO activity, negatively affects the overall quality of services, especially in organizational productivity and fundraising processes (minus signs). Customers of for-profit companies usually terminate their business relations in such case, but clients of NPOs don't have such clear option. Instead, their word of mouth feedback negatively influences both existing and prospective donors and sympathizers.

Causal-loop diagram is a conceptual, i.e. rather qualitative tool and cannot express all implementation details – for example there is no simple way how to include inherent multidimensionality (portfolio of services) or nonlinearity (individual preferences). These aspects can be fully addressed only in the final computational (quantitative) model of BSC-represented performance management framework.

5.4 Stock and flow diagram

Stock and flow diagram is graphical source format of systems dynamics language, which have several advantages in comparison with more formal simulation languages. The main one is representational clarity, allowing stakeholders to freely read and evaluate the majority of source code. This is because performance drivers are expressed as stocks or tanks, filled and drained by parametrically controlled valves, opening and closing rates of which are derived from other data, available in system. For example inflow to the tank of services is determined namely by the number of prospective clients (needs) and its outlet ratio is heavily affected by productivity. Data, related to staff size, operational capacity or quality can influence the both valves. System dynamics models have also intuitive interfaces, providing users customized dashboards with numerous interactive control and visualization elements. Through them, NPOs' managers can analyse sensitivity of single parameters, investigate impact of external scenarios and, consequently, advocate viable strategies. Figure 4 shows simplified schematic system dynamics diagram of a routine service provisioning cycle, based on causal loop diagram from Figure 3.

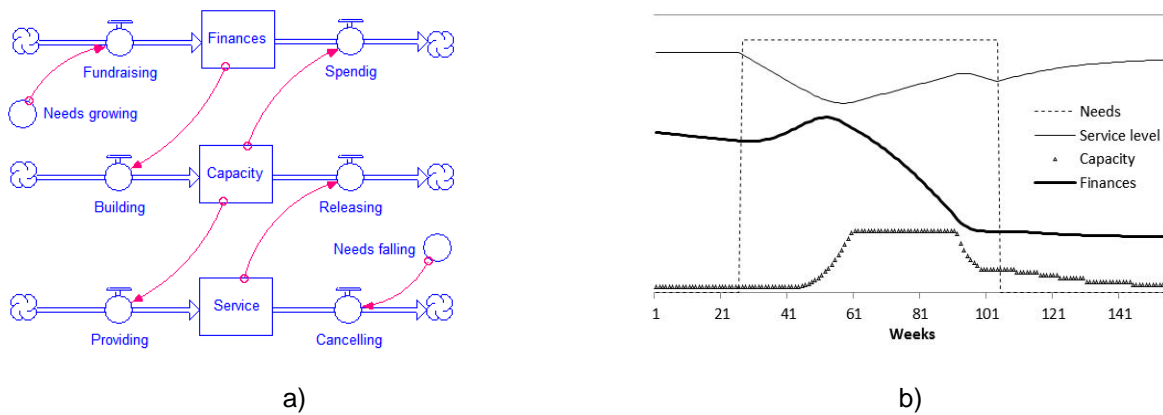


Figure 4: Simplified stock and flow diagram of a service provision (a) and temporal behaviour of selected variables (b).

6. Experimental results

Model of organizational knowledge as tangible output of institutional learning processes can serve in different stages of strategic planning. Even its simplest and almost instantly available versions can provide managers comprehensive and hitherto undiscovered insights to the ways on how their institutions create value. Through model-facilitated long-time analyses they can establish a global boundary envelope, claimed by extremal dynamic values of all performance indicators, which can be generated with constant parametric setting during the whole simulated period. If the majority of acceptable scenarios lie inside this envelope, organizational future looks sustainable. Smooth, aperiodic curves indicate stability and their dense set with minimal dispersion denotes robustness. In such cases, there is no need for any fundamental corrections and managers can concentrate on optimization of actual performance between single cycles. On the other hand, frequent indicators' crossings or even leavings the safety frame is clear reason for future process redesign or restructuring.

6.1 Basic service cycle of single program

Illustrative example of temporal behaviour of fully implemented and validated performance model is in Figure 4b. For clarity of explanation we normalized and rescaled all visualized variables, because not their absolute values, but mutual cause-effect relations are significant for grasping the idea. That's why we also dropped y-axis annotation as irrelevant. At the beginning of simulation, system operates in a steady mode, during which a service is provided to the known group of clients with constant level, using original capacity and consuming formerly acquired financial resources. Sudden occurrence of doubled needs between weeks 26 and 104 pushes the existing service level down and invokes reactive one-shot fundraising activities, like application for separate donations or supplementary governmental projects. As a result, new capacity - both infrastructural and human-related - is engaged with certain delay, corresponding to usual acquisition and institutionalization times. Additional capacity yields results from week 60, when the tangent of service level curve starts to grow. Financial resources continuously diminish as a logical effect of this growth. Anyway, there is no need to collect new money as long as the service level trend is positive. Also the capacity can be partially released because the organization still serves clients well. If the simulation would be run in non-stationary mode, i.e. with a time step shorter than 156 week, managers must solve the situation in week 96, where service level turns negative due to the new lack of capacity. Without additional information, the only applicable solution is to start new cycle of fundraising and capacity rebuilding. We, however, don't have this possibility as we present simple one-shot experiment. Luckily, external input disappears before the fundraising feedback loop manages to react and system smoothly approaches the original dynamic steady state. Slightly oscillatory behaviour of the model is natural and results from internal delays (needs, finances) and (finances, capacity). Parameterization of presented case effectively damps these oscillations and so each period starts from better initial conditions than the previous one. Even more tighten parameters could lead to aperiodic course of performance drivers, but responses of such configuration are slower and total costs for the whole investigated period higher. Vital performance control strategy, presented in Figure 4b looks optimal for moderately risk-seeking decision makers.

6.2 Management of organizational portfolio

In this example we want to demonstrate overall structure of organizational performance, including both its external and internal building components. User interface of such simulator has the following two layers:

- Summary screen, displaying data related to the whole organization and containing (i) single meter, showing overall organizational performance, (ii) left visualizing subpanel with semaphores, signalling states of single programs and (iii) right interactive subpanel, containing adjustable global decision variables and their actual values. Semaphores in the left panel can be replaced on demand with graph of arbitrary set of cumulative indicators. Also amount and types of values, with which managers interact, can be modified.
- Programs layer, showing successfulness of single programs in terms of variables from Table 2. Practically there are two types of freely reconfigurable screens – (i) tabular output with numeric values and (ii) purely graphical output, displaying variables from different functional areas, as it is demonstrated in Figures 5a,b.

From such comprehensive screen managers can immediately see, that although the simulated performance scenario results in a falling bank balance, the desired outcome, i.e. clients' satisfaction, was approached. Slight improvement of internal performance indicators signalizes institutional stability; relatively low level of single drivers can be explained with overall complexity and uniqueness of analysed program. According to our experience, dashboards designed in such way provide apposite and well-structured information in a usable format.

Table 2: Performance drivers for NPO Okna, constructed from its strategic map

Financial performance	Human resources performance
Bank balance and derived indicators (function of funds raised and funds spent) Financial effectiveness (financial evaluation of total potential and total needs) Financial efficiency (funds raised and expenses)	Staff structure (permanent vs. volunteers) Funds raised per staff member Productivity (needs fulfilment level)
Clients-related performance	Internal processes performance
Size of sector Amount of donors Amount of sympathizers Stakeholders' satisfaction (surveying)	Funds raised Number of programs Effectiveness of performance enablers (governance, structure and IT)

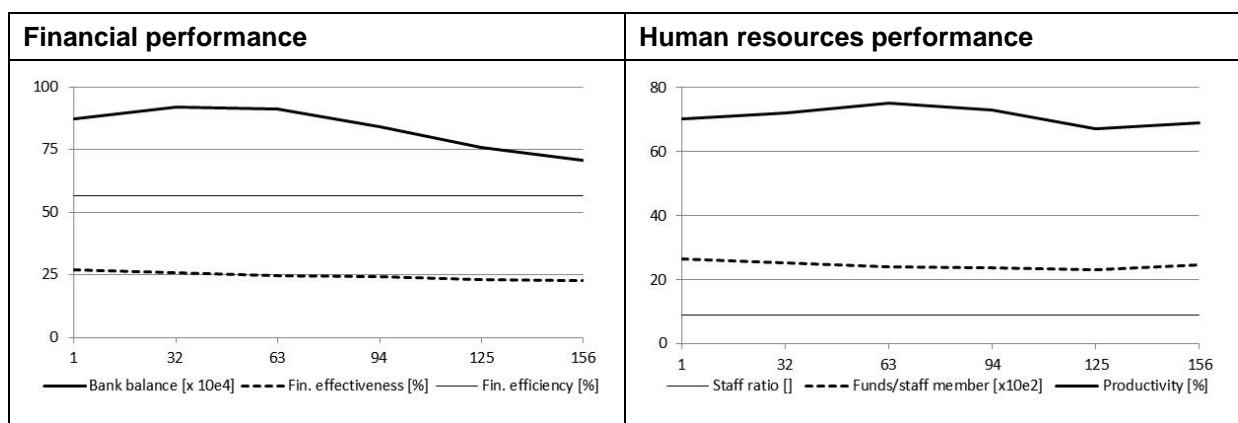


Figure 5a: Relative performance of financial and human resources BSC sectors for single NPO's program. Horizontal axes express time in weeks.

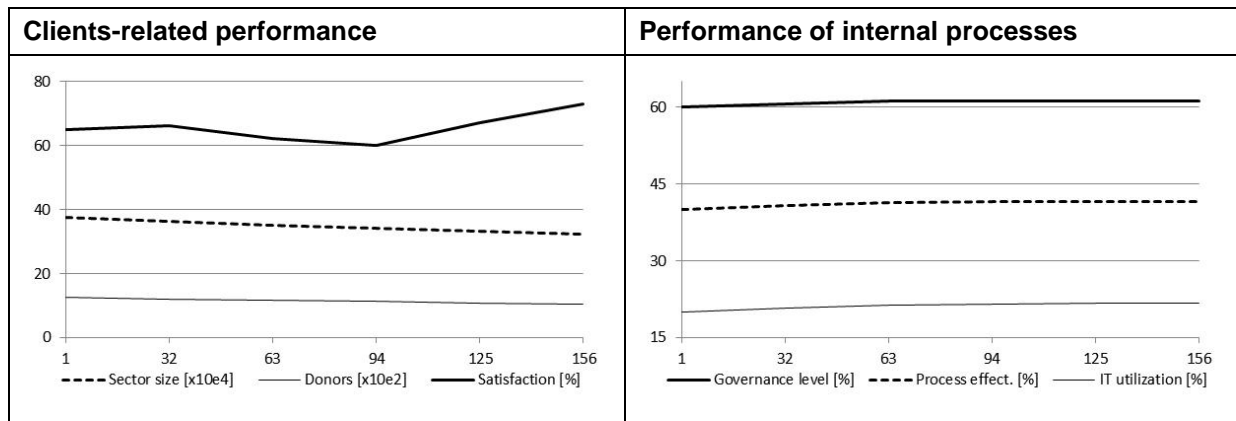


Figure 5b: Relative performance of clients and internal processes BSC sectors for single NPO's program. Horizontal axes express time in weeks.

7. Conclusions

We proposed system dynamics model of organizational performance as a helpful tool for strategic planning in non-profit organizations. The main advantage of such approach insists in its transparency, tight stakeholders' involvement during the whole lifecycle, scalability, guaranteeing smooth structural and parametric improvements and especially game-like interactivity, encouraging users to its daily utilization. Consequently, members of governing boards in NPOs are capable and willing to accept the majority of model-suggested arrangements and institutionalize them in accordance with approved vision.

Although there are numerous structural and managerial similarities between non- and for-profit companies, we found that the balanced scorecard, as a widely spread generic performance architecture, cannot be mechanically applied as a part of NPOs' governance structure. According to our practical findings, only its careful restructuring and sensitive tailoring in compliance with concrete requirements are essential prerequisites for overall implementational success.

After the model is fully adapted to institutional processes managers can perform sensitivity and scenario analyses or search for productive strategies and policies. What practitioners really appreciate is functional mode with variable step size, where they can revise their decisions after a predefined period of time. Such unique parametric non-stationarity makes system dynamics simulators very attractive in social sciences and hardly replaceable with any other methods of formal description.

After extensive experiments with modelling framework we propose the following strategic recommendations for NPOs:

- Establish organizational learning processes and transfer their outputs to dynamic performance model, acting as a powerful and innovative performance driver,
- Maintain diversified portfolio of programs, serving as a risk pool,
- Develop own brands management policy, linking the general credibility of NPOs with positive awareness concerning their brands,
- Monitor and manage staff workload, because this parameter belongs among the most sensitive NPOs' metrics.

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Gender Diversity in Management and Leadership: A new Competitive Advantage?

Manasi Shukla¹ and Aurilla Aurelie Bechina Arntzen²

¹Bangkok University, Thailand

²Faculty of Technology, Buskerud College University, Kongsberg, Norway

shukla.manasi@gmail.com

aurillaa@hibu.no

Abstract: Today, there is an increasing recognition that the competitiveness of a country relies on the active involvement of women in education, business, politics and product and service development. The growing participation of women in labor market is considered as one of the key sources of sustained economic growth. In addition, women are more and more influencing the spending decision in household; however most of the technological products, processes and services are designed by men. In the age of user centered design, there are still too many examples, around us, of systems not perfectly suited to the cognitive or physical female features; such for instance, conventional seatbelts in cars do not fit pregnant woman, user interface navigation, game design based on men's interest, cars and so forth. This conceptual paper discusses the gender diversity in management and systems design as an important element for a competitive advantage for organizations.

Keywords: gender diversity, leadership process inventory, management

1. Introduction

Today there is an increasing recognition that the competitiveness of a country relies on the active involvement of women in education, business, politic and product and service development. The growing participation of women in labor market is considered as one of the key sources of sustained economic growth. In addition, women are more and more influencing the spending decision in household; however most of the technological products, processes and services are designed by men. In the age of user centered design, there are still too many examples, around us, of systems not perfectly suited to the cognitive or physical female features; such for instance, conventional seatbelts in cars do not fit pregnant woman, user interface navigation, game design based on men's interest, cars and so forth. Generally, gender stereotypical beliefs and related practices are problematic, and these are deeply rooted in social psychology and socio-cultural aspects.

Women that prioritize higher education are increasing, and they are getting more and more attractive in the competitive work marked. Gender difference in leadership style and management position has been of great interest to researchers in the fields of psychology, management, and sociology. Moran argues that one the biggest challenge for organization is to accept the large variety of leadership style and that cultural factors and a restructured workplace should be taken into account for increasing the participation of women in a corporate management (Moran, 1992). There is still a need for more women to take on higher management positions and to investigate their leadership roles. A study conducted by McKinsey& Company highlighted the small number of women in taking part of company decision making processes or in leadership position (Mc Kinsey and Company, 2008).

Research has shown that women are strong leaders and that female leadership is seen as a corporate performance driver; however, their leadership styles are quite different from traditional leadership performed by men (Pegues and Cunningham, 2010, Mc Kinsey and Company, 2008). In addition, the later study demonstrated the alignment between the financial and organizational performance of a companies and the number of women in corporate management position. There is growing recognition that female leaders better emphasize communication and collaboration and are able to create a less stressful working environment (Volckmann, 2012). However, the study of Rosener demonstrated that the women adopting men management style were likely to not be very successful, and the best way to be effective leader was to rely on their feminine characteristics such as for instance conflict solving resolution, openness, intuition, open communication and so forth (Rosener, 1994).

Studies show also that top management is encouraging woman to apply for leadership and management positions; however it remains challenges in understanding how gender diversity is impacting the leadership principles as stated by Kouzes and Posner (Kouzes and Posner, 1995).

To follow this trend in work-life, companies need to think differently about business strategies, management and leadership in order to better promote efficient communication structures and investigate further the female features as an added value for their competitiveness. This paper intends to discuss how gender diversity could be seen as a competitive advantage for organization. In addition, the study aims to highlight the link between gender diversity concepts and the leadership practices inventory.

The next section presents the various concepts of gender diversity and how it can impact a competitive advantage for today organization. The section three presents the various principles of management with a special focus on the leadership practices inventory. The section four outlines the linkage between gender diversity and the LPI.

2. Gender diversity: a competitive advantage?

The term *diversity* points to differences along the dimensions of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs and other ideologies (Volckmann, 2012). For instance, diversity in education context is: " *A class with significant academic diversity is characterized by students achieving in the average, above-average, and below-average range of academic performance as measured by teacher, school district, or state academic standards. This diversity in performance may be attributed to the interaction between individual differences among teacher and students in, but not limited to, learning needs, emotional needs, culture, gender, life experiences, life situations, age, sexual orientation, physical abilities, cognitive abilities, behavior, skills, strategies, language proficiency, beliefs, goals, personal characteristics, and value.*"

Gender refers to the psychological differences and experiences attached to being a male or female. Gender diversity may bring to an organization multiple skills, knowledge, perspectives, and backgrounds. The combination of different knowledge and skills (e.g. mathematics and interpersonal skills) leads to higher levels of creativity and innovation (Ali et al., 2011).

Diversity defined as any characteristic that serves as a basis for social categorization and self-identification, comes in two types: visible and nonvisible in management. Visible characteristics usually include sex, race, age, ethnicity, physical appearance, language, speech patterns, and dialect. Nonvisible characteristics usually include differences like religion, occupation, national origin, club or social group memberships, illness, and sexual orientation.

Most organizational scholarship on diversity in the workplace has focused on such visible social identities as age, race, and gender but left relatively unexplored are the dynamics of invisible social identities. A person's social identity is derived from the groups, statuses, or categories that the individual is socially recognized as being a member of. Social categorization and social identity theories assert that individuals classify themselves and others into social categories using salient and available characteristics such as age, sex, race or in social interaction.

While organizational scholars who study workplace diversity have mostly overlooked invisible social identities, there have been studies of particular types of invisible social identities within the literature on race, sexual orientation, chronic illness and on disabilities (Clair et al., 2005). These studies suggest that individuals with stigmatizing invisible social identities have different interaction experiences at work than those with visible differences. The consequences of stigma in the workplace are readily quantified: the literature on organizational diversity documents how women, racial minorities, older workers, and others bearing a stigmatized identity have suffered job loss, limited career advancement, difficulty finding a mentor, and isolation at work. To avoid negative consequences, those with stigmatized invisible social identities may struggle with whether or not as well as how to reveal their difference in an organizational setting, causing them stress and anxiety in workplace social interactions. For this reason, invisible social identities invoke some distinct issues that cannot be easily collapsed under traditional organizational diversity research that focuses on visible differences (Clair et al., 2005).

Lately, research studies highlighted linkage between gender diversity and competitive advantage. Organizational gender diversity is a source of intangible and socially complex resources that can provide a firm with a sustained competitive advantage. The intangible and socially complex resources derived from gender

diversity include market insight, creativity and innovation, and improved problem-solving (McMahan et al., 1998).

In addition, a gender-diverse workforce can produce high-quality decisions because men and women bring different perspectives leading to varied alternatives. These varied alternatives are then evaluated from multiple angles, leading to a better understanding of their impact on both soft and hard measures of organizational performance such as corporate reputation and financial performance (Ali et al., 2011).

The resources of market insight, creativity and innovation, and improved problem solving are valuable, rare, inimitable, and non-substitutable. They are valuable because they drive business growth. They may also be considered rare. For instance, creative ideas that can lead to competitive strategies are rare. These resources cannot be easily accessed or copied by homogeneous organizations. Therefore, they are largely inimitable. There are no readily available substitutes for these resources. In the gender diversity context, we believe the organizational gender perspectives could be associated with intangible and socially complex resources that can provide a firm with a sustained competitive advantage. This competitive advantage should lead to higher organizational performance as stated by the work of (Grant, 1991).

3. Leadership Practices Inventory (LPI)

Changing times have highlighted opportunity for aggressive, innovative competitors while threatening the strength and survival of those too slow to respond. Turbulence in economic, technological and behavioral change is challenging companies in virtually every sector of the economy. The historical record of industries facing major discontinuities would lead us to expect that only one in three of current industry leaders will retain their leadership 10 years from now (Phillips, 1986). Good managers of ongoing businesses often fail to adjust their established managerial approach due to obstacles in changing habits, shared values, and distribution of power and influence. This is where managerial wisdom shakes due to lack of sound analysis, tough-minded decision making and management by exception.

Leaders who bring about constructive change have a central message which is generally more clear-cut, and is supported by carefully orchestrated drama and symbolism. They explicitly and unmistakably contrast the old and the new. Dramatize the change, in order to increase the probability of emotional as well as intellectual understanding and decisively shift the power structure.

Therefore, leading managers seemingly play active, visible roles in the change process for extended periods and make real efforts to help people feel good about the change in managerial process. To ensure leadership in senior managers there is also a formal change-monitoring system in some key organizations.

The interest in leadership has grown the last few years. Several theories focused rather on the qualities of the leaders versus the followers than on the skill of the leaders. Amongst the various types of leadership theories, the well-known study of Jim Kouzes and Barry Posner has defined leadership as a measurable, learnable, and teachable set of behaviours. They developed a Leadership Practices Inventory (LPI) by using more than a thousand case studies and an additional 38 in-depth interviews with leaders to determine their “best practices.” These qualitative results were analyzed with a sample of more than 2,100 managers and their subordinates (Kouzes and Posner, 1992). According to Sashkin and Rosenbach (1998) stating that the “validation studies conducted over a 15-year period consistently confirmed the reliability and validity of the Leadership Practices Inventory and the Five Practices of Exemplary Leadership model. Overall, the LPI has been extensively applied in many organizational settings and is highly regarded in both the academic and practitioner world.” The leadership practices measured by the LPI are described in *The Leadership Challenge* (Kouzes and Posner, 2002).

The neocharismatic, visionary approach to leadership developed by Kouzes and Posner have identified five leadership practices (actions and/or behaviors) employed by effective leaders:

- Challenging the Process - Leaders search out challenging opportunities and experiment.
- Inspiring a Shared Vision - Leaders envision a future and enlist others to pursue that future.
- Enabling Others to Act - Leaders foster collaboration and empower others.
- Modeling the Way - Leaders set the example and achieve small wins that build commitment.

- Encouraging the Heart - Leaders recognize individual contributions and celebrate accomplishments regularly. (Aimar, C., & Stough, S., 2007).

4. Gender Diversity's impact on Leadership Practices Inventory (LPI)

Having seen the rarity of leadership in managers, one can study visible and non-visible aspects of gender diversity as the intervening variables in effect of managerial practices on leadership (via LPI) performance. To our knowledge, there are too few studies investigating the gender diversity impacts on LPI. The work of (Abu-Tineh et al.) intended to shed a light on how the Posner's Transformational Leadership Model is being practiced by school principals as perceived by their teachers in Jordanian schools. The statistical results indicated that gender and school type had an influence on teachers' perceptions in favor of female teachers and basic schools respectively. The study analyzed the Differences between male and female teachers in each of the five dimension of LPI Scale.

There was no difference between male and female in the practices 1 and 3 (challenging the process, enabling others to act) while there was a significant difference within the practices 4 and 5. Although, the study concluded that LPI overall was in favor of female teachers (Abu-Tineh et al., 2009), the impacts of the gender need to better highlighted.

The work of (Manning) explored how gender interact to influence ratings of leadership and work satisfaction. She claimed that transformational leadership approach could help women to adopt both female and leadership roles. The outcomes of the survey conducted within a management team of a large US social service agency highlighted that there was no significant difference in male and female managers on LPI. An interesting outcome of the study showed that top managers of both sexes saw themselves as more transformational leaders, while their raters perceived them as less transformational. Women often rated themselves as significantly lower in transformational leadership than these observers rated them. The study aimed at discussing the processes influencing the individuals' leadership perceptions and the barriers to women's accurate assessment of their leadership abilities (Manning, 2002).

Literature review shows that although differences in leadership practices between men and women has long been debated, and gender comparisons have been and continue to be controversial, there is still a need to understand why few women are occupying leadership positions . Our ongoing research project aims at bridging the gap by investigating more closely the gender features and social identity and how they could impact the leadership practices. A survey will be developed and distributed in Norway and Thailand.

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Managing Knowledge in Small Businesses

Lisa Soon

Central Queensland University, Mackay, Australia

l.soon@cqu.edu.au

Abstract: Do small business firms manage their knowledge? How do they manage their knowledge? This paper investigates how small business firms manage their knowledge by using a qualitative case study method through an interview technique. This case study helped explore what three seafood business firm managers regarded as important knowledge, why this knowledge was important, how the important knowledge helps them succeed in business, and from what sources they collected the important knowledge. The paper explores whether the utilised knowledge resulted in business intelligence that helped in strategic planning, decision making and daily business operations. The managers explained how the acquired important knowledge was stored for future reuse through technology, and how the reused stored knowledge produce business intelligence that helped maintain their business viability. It was found that small business firms would like to use technology to effectively maintain a central repository of organisational knowledge assets. However, they have limited resources and technological expertise.

Keywords: Knowledge management, small business, small business knowledge management

1. Introduction

This paper investigates whether small business firms manage knowledge and how they manage their knowledge. A qualitative case study was instrumented to explore the unfamiliar phenomena with an interview technique. Three small business firms that exported sea food were selected for this case study. They were selected as these firms employed 10 staff or less and the managers willingly volunteered to participate in this case study. Two business firms were located in Melbourne, Victoria, Australia and one firm was in Brisbane, Queensland Australia. As the interviewer was located in Brisbane, two telephone interviews and a face-to-face interview was conducted in the form of semi-structured Interviews. For the purpose of this paper, information is closely related to knowledge. An information utilisation process helps build knowledge in a user.

The managers explained how their businesses operated, the types of knowledge used, what important knowledge was, how they sought new information or knowledge internally or externally and how knowledge was stored in their organisations. They discussed how the stored information or knowledge was used and reused in the organisation by individuals or groups collectively with or without technology. The used knowledge resulted in business intelligence that helped them in strategic planning, decision making and daily business operations. Small business firms were interested in using technology to effectively maintain a central repository of organisational knowledge assets for common use. However, due to their limited resources and technological expertise, they encountered some challenges and limitations. The paper reports the importance of managing knowledge in small businesses and the importance of technology to facilitate knowledge capture, sharing and exchange.

This paper is organised in the following structure. In the following section, the existing literature on how export trading businesses operate and the need to seek new information and knowledge more actively will be discussed. It also explores why knowledge management is critical in export trading firms and how utilised knowledge turns into business intelligence to keep export firms viable. Section 3 discusses the case study design. It explains why this qualitative case study could much more effectively investigate whether small business firms manage knowledge and how they manage their knowledge. Section 4 discusses some important findings from the case study. It explains how information and knowledge were controlled and delivered amongst related members in the same business firm. Section 5 is the conclusion of the paper.

2. Literature review

Many scholars regard export trading as a complex and risk-taking business venture in regards to the business environment (Robertson & Chetty 2000; Yeoh 2000; Souchon et al. 2003; Winklhofer & Diamantopoulos 2002), decisions and processes (Jones 2001), and marketing (Dhanaraj & Beamish 2003; Yeoh & Jeong 1995; MacPherson 2000; Zhao & Zou 2002; Baldauf et al. 2000; Ogunmokun & Ng, 2004). Yeoh and Jeong (1995) state that exporting firms however could operate successfully in either hostile or benign external environments. Morgan and Katsikeas (1998) observe that between exporters and non-exporters, the exporters

are more committed generally to engaging in information seeking and marketing research activities when compared with domestic firms.

Export trading is more complex, as selling is targeted towards buyers of diverse backgrounds. Selling in a foreign environment is not like selling in a domestic market where a seller is familiar with the buyers. Exporters have to decide any export venture by assessing many aspects of export (e.g. overseas buyer preference and behaviour; market research activities; redesign of the product). Sourcing for information about challenges and impediments so that exporters can deal with them and plan their ventures is an important undertaking in order to achieve export success. However, foreign information is less easy to access than domestic information (Julien & Ramangalahy 2003, p. 241). The utilised sought information turns into knowledge of the information users. Souchon et al. (2003) stress, "Export information plays a critical role in fostering company internationalisation because lack of information is a major barrier to both export initiation and export expansion. Competitive advantage is increasingly found in what is done with information and how information is used" (p. 106). The nature of complexity and counter-risk-taking approach of export trading necessitates the seeking of foreign information and export knowledge. While knowledge is gathered through activities in international trading (Dhanaraj & Beamish 2003), knowledge can be foreign language, skills and experiences linked to exporting and success in foreign markets (Tiessen, Wright & Turner 2001).

Robertson and Chetty (2000) and Tiessen et al. (2001) emphasise the importance of knowledge through their discussion of useful knowledge seen in human resources in export trading and the use of important knowledge for strategic planning. The main rationale behind the use of information is that exporters make informed decisions and plan for successful export activities to happen. Zou, Fang and Zhao (2003) and Lecerf (2012) state that capabilities are a firm's complex bundle of skills and accumulated knowledge, exercised through organisational processes that enable the firm to coordinate activities and make the best use of its assets. Knowledge is a resource that, when used effectively, establishes competitive advantage (Kalling & Styhre 2003). Knowledge obtained through incremental experience from overseas activities is the primary means of reducing foreign market uncertainty (Yeoh 2000, p. 53). The ability to master information and knowledge is a critical factor in explaining the competitive advantage and performance of exporting firms (Fletcher & Harris 2012; Julien & Ramangalahy 2003, p. 229).

Darroach (2005) sees that effective knowledge management is critical to the long-term survival of firms because it underpins the development of many firms' capabilities. Knowledge management facilitates internal work processes, enables the workers' effective task performance and creates greater values in organisational products, services and systems (Abell & Oxbrow 2001; Martin & Metcalfe 2001). Hicks et al. (2006), Abell and Oxbrow (2001), and Ezingard et al. (2000) see that intellectual capital such as knowledge, expertise and experience of individual workers has to be captured and used for the best long-term interests of organisations. Mack, Ravin and Byrd (2001) point out that knowledge and expertise have to be made accessible for use within and across communities. A principal knowledge management activity of organisations is to package knowledge as information in order to move it from A to B (Hall 2006, p. 118). 'Knowledge transfer' is a process that deals with how knowledge is transported, interpreted and absorbed (Simonin 1999) and occurs when knowledge is diffused from one entity (e.g. an individual, group or organisation) to other entities (Joshi, Sarker & Sarker 2007).

Having discussed the above, knowledge needs to be distributed electronically and through human contacts to achieve firm-specific goals (Bhatt 2000, 2002). The Internet is the backbone of the knowledge economy (Rao 2005, p.26). Corno, Reinmoeller and Nonaka (1999) argue that the capability of each firm to use the communicative potential of the network is the key for absorption, creation and diffusion of knowledge. Hoffmann et al. (1999) stress the use of advanced technology to "offer prospects for knowledge sharing in communities of practice or interests in general, and in workgroups in organisations in particular" (p.296). To make the use of technology beneficial in knowledge management, Stenmark (2000-2001) suggests that, instead of identifying, capturing and making tacit knowledge explicit, we should design IT solutions that will help us locate and communicate with knowledgeable people. Ratcheva (2003) explains that businesses could communicate knowledge in electronically enabled business interactions. The lowering of information and communication technology cost has created a potential infrastructure for knowledge exchange and has opened up important knowledge management opportunities (Davenport & Prusak 2000; Corno et al. 1999; Green 2000; Stenmark 2000-2001; Hoffmann et al.). The new information communication technologies allow people to expand on processes and shape them differently (Garcia-Lorenzo, Mitleton-Kelly & Galliers 2003).

The above reviewed literature has however not addressed how small business firms involved in export trading could manage their knowledge. Since people must seek and use information and knowledge competently for export performance, how they act to obtain, use store and reuse the information and knowledge in export trading is of the central interest in this paper.

3. Methodology

The objectives are to investigate how small business firms involved in export trading manage their knowledge as well as how they obtain, use, store and reuse the information and knowledge. The 'what' and 'how' of small business manage knowledge are complex issues. The rich contextual information is not to be measured using a quantitative survey questionnaire. It is inappropriate to measure or quantify data but to inquire into such an unknown phenomenon. Qualitative case study method effectively studies new phenomenon (Yin 2003). Qualitative case study method being a value-laden inquiry (Stake 2001) is warranted as the best methodology for effective investigation in this case.

This is a qualitative case study involving semi-structured interviews using open-ended questions. Three small business firms involved in exporting sea food overseas were selected for the purposes of this case study. The interviewers recruited the selected export trading firm managers through a national sea food business seminar. Emails and phone calls were used to communicate with the interviewees before and after the interviews. As two export managers were located in Melbourne but the interviewer was located in Brisbane, telephone interviews were organised. The interviewer visited an export manager in his office in person to conduct one interview as both parties were located within Brisbane.

Before an interview started, each interviewee completed a participation consent form. At the start of each interview, the interviewer created a positive, friendly and trusting atmosphere to make the interviewee feel comfortable to voice their own views freely and openly. Each export manager was encouraged to tell as much as they knew. The interviewer listened carefully and sought for further explanation when a presented idea was doubtful, unclear or confusing. The interviewer also clarified when the interviewee misunderstood any question or reminded the interviewee when one missed out any part of the question. After the interviews, the interviewer sent the transcribed interview record to the interviewees for verification to check that the record truly reflected their own views. The verified record documents were used for data analysis.

4. Data collection and analysis

This section presents a case study that explored three seafood firms with three different export managers. The case study below shows the summaries of the interview fact-finding results of the three firms.

4.1 Case Study

The three export managers of Australian seafood exporting firms interviewed directly exported to overseas clients. The case study helped explore the business intelligence and knowledge activities in three firms. The results of a case study with three firms are not meant to provide a strong basis for generalisation, but provide a fundamental understanding of whether small business firms manage knowledge and how they manage their knowledge.

4.1.1 Firm 1

This was primarily a fishing firm but it also traded with independent fishermen to sell the products domestically or overseas. The choice was to sell to wherever the best return of profits was. Sometimes fishermen put up prices when many companies were buying from them and sometimes put them down when they had no buyers. The firm also needed to know whether the quality of fish was good, the quantity and the price to buy from. Things to know include the supply and demand for the products and the types of markets to sell to. Other types of knowledge required include the understanding of changes in the fuel prices that affect fishing, costs of fishing, currency exchange and weather affecting fishing.

People were the most valuable sources of information, followed by technology and documents. People could provide first-hand important information such as what customers wanted from the products. The people sources also included suppliers, the fishermen (e.g. fleet manager, engineers), Australian fishing industry, the Queensland Seafood Industry Association, the Federal International Trade Association and Federal Prawn

Council. Human interactions were important as a means to obtain information but it also depended on who the firm interacted with, and how it could use the information. Not all information obtained from the people was reliable and useful and they had to decide on the credibility of the person and the information obtained. The firm understood the fish markets overseas from the whole-sellers, trade shows and talks with the overseas customers face-to-face (what they wanted, the quantity, types of products, the clearance information, the need of documentation or health label to clear the imported products at their customs area). Documental information from the Economist, Import Stats, Finance, and Austrade helped identify new markets. Documents provided the staff with information (e.g. shipping documents about frequency of shipments). The firm used technology like emails, phone, fax, etc. in business activities and search engines like Google. The Internet provided them with the exchange rate, fishing stocks, customers, AQIS clearance, wharf, etc. The Intranet provided information on internal human resource, documents on business, links to white pages, international time, etc. The export manager kept newly sought information as new information or new knowledge in the formats of files as soft copy documents in computer system. There was information and knowledge exchange amongst the staff in the business firm. The staff met weekly to discuss business. The staff collectively used knowledge to enable the money making operations and share their strategic views/perspectives. In their board meetings, they share their collective view of the industry, the proactive approach of the CEO and the hindsight of the management.

4.1.2 Firm 2

The firm operated in their engagement with seafood imports, exports and local trading. Their products included frozen fish and seafood supplied by the general fishermen and recreational fishermen from the other parts of Australia or from all around the world. The firm operated with offices in Melbourne and Brisbane. The imported seafood from overseas and from other parts of Australia was directly sent to Melbourne or Brisbane office addresses. The firm bought and sold when there was a demand and they had the products for the market demand. The important types of knowledge required by staff included the fish catching time of different species of fish from different part of the world, the market for the types of fish species, who were the people in the markets, who were the catchers. Other important knowledge included the knowledge of the Customs regulations about exports, the department of primary industry fisheries' requirements on the types of seafood and the standards fulfilments attached to seafood export, and the types of products that could be exported. Knowledge about what country the seafood product could go to, from whom the seafood could be purchased and to whom the seafood could be sold was also important knowledge. All knowledge was accumulated experience and knowledge through the work practice over time.

All staff found their information and knowledge internally through work practice, specifically through human interactions. They also gathered information from people sources outside the firm such as customers, suppliers and the people who participated in the field of business. They interacted with fishermen, suppliers, clients, the government officers and the customs agents. The key information needed was obtained from the people who had the right information holdings. Through people, information and knowledge was used and exchanged in general business. They obtained information and kept the records on a daily basis. Obtaining information and recording was a daily activity. They recorded the different daily activities and how the activities were actioned upon. They recorded how they sourced for a new product and the customers for the product. Through people network, they also recorded the business information obtained. The above was primary sources of information collection. The secondary sources included their interactions with Australian Institute of Export, the Australian Seafood Services, Seafood Direction or Sea-Ex. All information gathered went into their common record. All staff assisted in the information gathering process and shared the information or knowledge. They distributed it, absorbed it and utilised it. Information was obtained mainly from people, then technology and documents.

They used technology for communication and sale promotion. On the web, they received orders, though usually one to two web orders. Other orders came through phone calls, fax or emails. The export manager used the Internet for exchange rates, banking information, the types of restricted seafood for exports, customs regulatory issues, the customs agents, etc. The information helped the export manager decide whether it was cheaper (and when) to use customs agent to help export, pack or transport their products, export the products directly themselves or export indirectly by using part of the custom agent service. Custom agents were used as they had important contacts with importers and exporters, were more familiar with various types of exports and could do some land transportation that the business firm could not do. New information or knowledge

obtained was kept in the computer system as in personal folders for the customers, the suppliers and the people whom they dealt with. They updated the records daily and made them accessible to all staff. It was vital for an individual, a group or the organisation to exchange knowledge in business in all facets of business activities in the organisation.

4.1.3 Firm 3

Unlike the two firms above with up to 10 staff members, this small firm exported eels overseas had only three staff members, including the export manager. The firm caught all its eels and sold them overseas to customers mainly in China, Hong Kong and Taiwan, and 99% of its products were live eels. Smoked eels were 1% of the export products. The firm had a wharf fishing licence to catch eels. The export manager's role was to take part in, help and control the export business activities. The export manager saw that useful types of knowledge were obtained from marketing activities e.g. from China buyers in Huang Zhou, and from Austrade. The website was the initial contact point with the buyers. The overseas buyers would tell at what prices, sizes, colours, seasonal needs (e.g., Chinese New Year, Moon Cake Festival), time and frequency they wanted eels. The new information and knowledge was stored as files (as soft copies) and databases (e.g. products) in the computer system. Information and knowledge was used and exchanged in human interactions, because it was easy to discuss things face-to-face, which built buyer-seller relationship. Buyers knew what they wanted and also wanted to know what the seller's products were. Having face-to-face interactions between the buyers and seller would lead to more business success. The freight forwarders provided them with information and help about freight, transportation and export documentation. The buyers gave them market information. The firm packed its products into containers. It also handled its billing, payments and insurance matters. Information was obtained mainly from the people, especially from the customers. Since the firm catches all its eels, there was no need for obtaining information from any suppliers.

The secondary source of information was the Internet, which they used for different purposes. The export manager used websites for obtaining weather information, currency exchange and flight information but found a lot of needed information on different websites. The manager wished to see a central control website which led the buyers to the products of the seafood sellers, e.g. a buyer who needed fifty quality eels could find the seller with the quality, quantity and price of eels that they wanted. Documents were also used such as the fishing journals, newspapers, Fish Farming International, and Aust-Asia Aquaculture. Information and knowledge was generally not shared in the organisation. There was a once-a-week informal meeting that discussed many issues such as market trends, customer demands, prices of the eels in six months' time, or the price of eels at the same time last year.

4.2 Analysis results

It was found that the managers were aware of sea rulings and fishing regulations, seafood exporting requirements and the related regulations of Australian Quarantine and Inspection Service (AQIS). Their interests were in knowing what quantity of demand and what types of seafood overseas customers preferred in certain countries. As they had been in the seafood export business for a long time and had dealt with some long-term customers, their businesses were quite steady. Engaging freight forwarding organisations or shipping organisations for help in shipments of seafood cargos overseas was part of their export business operations. They saw the importance in their staff's experience, knowledge and skills to help operate the export trade business properly. Knowledge was gained through human interactions with different parties, the use of technology such as Internet, and from documents.

The three managers found interactions with their customers very important, as customers provided direct information to them, such as what was required, what price was paid, in what size, weight or packing formats the supplies of seafood should be, when, where and how frequent the supply should be, etc. They considered their interactions with people at events in export trading associations, government export regulating bodies, and seafood trade exhibitions important activities. It was vital to gain knowledge through trade magazines, periodicals, and publications. Computers were used in their organisations to automate paper work processes and for essential communications. The Internet helped obtain information and knowledge both domestically and internationally.

The information or knowledge collected, stored and shared could be used by individuals or collectively in groups, or by all staff within a same firm. Firms 1 and 2 are larger in size than firm 3. In firm 3, other than the

interviewed manager, the rest of staff were field workers. The result indicates that the larger the number of the staff in a firm, the more likely the sharing practice in similar projects and improvement in the staff strength. Business intelligence is observed, as the small business firms were able to use the appropriate information and knowledge to engage the suppliers, attract/ retain their customers and secure future business operational success. The use of the selective, credible and relevant information or knowledge helped the firms in strategic planning and informed decision making to sustain business viability.

5. Findings and discussions

From the three managers revealed they used their collected knowledge individually as well as collectively when needed amongst the staff in their small business firms. They rated the importance of the information and knowledge sources in the order of people, technology and documents.

People such as customers, export agent, suppliers gave them first-hand information which they built their knowledge upon. However, they cautiously selected and used credible information from people. They regarded human interactions as the most important means that would enable them to develop their work knowledge, experience and useful contacts for further business dealings. They saw technology as an enabling tool that helped facilitate their work. They found technology helped them find the required useful information, such as weather for catches, currency exchange for international trade dealings, regulations, which are directly important to their business performance and the use affects their export operations, etc. They still used their trade related documents published in prints or electronically.

The three export managers maintained that their small businesses could perform when information or knowledge was collected, stored, shared and used in their organisations. They claimed knowledge use and knowledge exchange took place in all facets of business activities. When information or knowledge was used by individuals or collectively in groups, it resulted in the improvement of their staff strength and business intelligence which helped them and the staff in strategic planning, decision making and daily business operations.

5.1 Important knowledge to manage

The case study has discovered that small businesses managed their knowledge. Table 1 reflects the type of knowledge that the small business firms use in export trading. Table 1 explains that the acquired knowledge or information in small business firms involved in export trading comes from people, technology and documents. The rated importance of the three major sources is people, technology and documents.

Table 1 also shows the types of knowledge sources within each source. Information or knowledge is used by individuals or collectively in groups. If used by individuals, the used information and knowledge resulted in the improvement of the staff strength and business intelligence on the whole in the small business firm. If used collectively, it helps the managers and the business firm in strategic planning, decision making and daily business operations.

Table 1: Sources of Knowledge

Source	Rated importance	Types of knowledge sources
People (through human interactions in work-related activities)	First in importance	Customers, suppliers, customs, export agent, etc.
Use of technology (computers, websites, email, phone, fax, databases)	Second in importance	Weather forecasts, currency exchange, possible import products for selling, regulations, customs, etc.
Documents (Trade specific, regulations, work, etc.)	Third in importance	Export specific, shipping, trade associations, government, customs, etc.

It was discovered that knowledge needed by small seafood business firms in export trading can exist in a virtual world. The following sub-section will discuss how the small businesses can manage their communicated knowledge in their business operations.

5.2 Managing communicated knowledge in small businesses

Small businesses can better manage their communicated knowledge from the three main sources of knowledge based on the importance of these three sources and the types of knowledge sources within a virtual world. Figure 1 is developed to propose the use of some technological communication means in a virtual world to enhance small business performance when people, technology and documents can all be covered together within a virtual world. If small businesses can use technology to facilitate this virtual world, they can possibly capture, store, share, use and reuse their acquired knowledge by individuals or collectively as a whole organisation for better business performance.

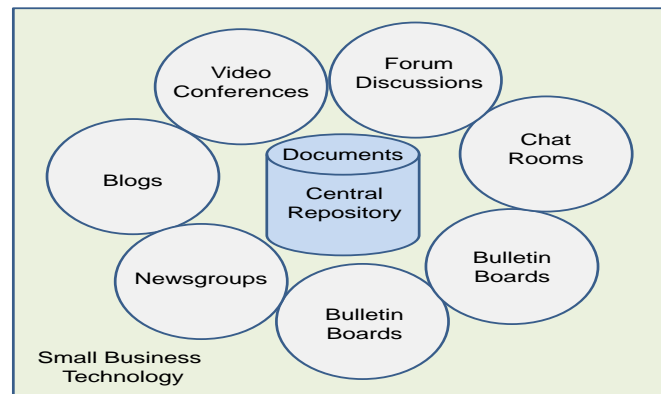


Figure 1: People, technology and document in a virtual world

Figure 1 proposes that an organisational network as in a rectangular box is used by the staff in small businesses. The seven circles show how the technological means namely video conferences, discussion forums, bulletin boards, newsgroups, blogs and chat rooms are used in a small business. Staff can use technological means to electronically interact or communicate with the internal staff or between staff and external parties/authorities. The cylinder represents a central repository that captures all electronic documents and all communicated knowledge using the technological means. The central repository also store documents as electronic documents and databases that need to be centrally stored in the organisational network computer. The communicated knowledge amongst the staff, or the staff and outsiders, could be stored for future knowledge reuse and sharing electronically in the virtual world.

In the following sub-section, the identified limitations on what restrict the way knowledge is used in small business will be discussed.

5.3 Limitations to managing knowledge in small businesses

The staff in the three firms could capably access the Internet, use fax, sent emails, phone people, and store documents on computers in their organisational networks. However, three small business firms still lack the effective technology to virtually facilitate interaction with external people like their customers, suppliers or export agent. The firms need better technology like an organisational network that allows the staff to electronically interact or communicate with the external parties or authorities using video conferences, discussion forums, bulletin boards, newsgroups, blogs, chat rooms and similar. They would capture more important and useful human knowledge electronically. While electronic documents and databases could be centrally stored in the organisational network computers, they did not explore how communicated information or discussion knowledge from two or more people amongst the staff or the staff and outsiders could be stored for future knowledge reuse and sharing electronically. It is anticipated that if their overseas customers interact with them online, the captured customer buying and their selling knowledge would be effectively recorded. Similarly, if the communicated messages were recorded, they could reuse and action upon them in future.

It is however understandable that unlike large corporations which could afford advanced computing resources and expertise, small business could not. Storing the communicated human knowledge of 10 staff or less in the three small business firms might not be worth the investment. The case study helps explain how small

businesses could use their knowledge, but it is limited to be based on the findings of a case study of three firms. More case studies as future work are required to strengthen the results of the findings.

6. Conclusion

This case study has discovered that small business firms can manage their knowledge. The types of knowledge used in small business firm operations are associated with knowledge exchange or use amongst people, knowledge gained after using information through the technology and from print or electronic documents. In exporting firms, the types of knowledge actively used are related to customer buying and selling, supplies, suppliers, government regulations, customs control, shipping, and the export business operations. The export managers state their staff strengths were grounded in their use of knowledge in work activities.

The small business could perform when new and existing information or knowledge was used. The effective use resulted in staff strength and business intelligence that helped them in strategic planning, decision making and daily business operations. The three managers discussed how the stored information or knowledge was used in the organisation by individuals or groups collectively. The case study highlights a lack of effective computing facility in the three small businesses to allow electronic communicated knowledge messages from internal or external human interaction or communication, to be stored for future knowledge reuse. Storing virtual human interaction and communication messages for future knowledge reuse should be a knowledge management strategy in small businesses. The reported findings are currently based on a case study of three Australian small business firms. Future work, involving a larger number of small businesses, is needed in order to strengthen the results for this case study.

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Facilitating Value Co-Creation: Gaining a Competitive Advantage through Differentiation

Anne Veith¹, Albert Assaf², and Alexander Josiassen¹

¹Copenhagen Business School, Denmark

²School of Isenberg, University of Massachusetts, USA

Anre06ab@student.cbs.dk

Abstract: As a result of the current business environment, rise of technology, increasing globalization, etc., companies are therefore focusing on finding ways to differentiate themselves. Differentiation is therefore essential and co-creation is a core differentiation base. Vargo and Lusch (2004, 2006, 2008) introduced a new dominant logic in the marketing literature, the Service-Dominant Logic (S-D Logic), in which service, interactions, and enhanced experiences help create value, and this potential for value is what attracts consumers. Therefore organizations must be customer-centric in order to facilitate unique, positive experiences. As the name indicates, both organizations and consumers (should) obtain value when co-creating, which is why both parties are willing to increase their degree of involvement, e.g. spending more resources, sharing tacit knowledge, etc., because a high degree of involvement will also lead to a high rewards. According to postmodern consumerism theory, consumers are intrinsically motivated to participate (Arnould et al., 2006; Borghini & Carú, 2008; Etgar, 2008; Fisher & Smith, 2011), but may also be extrinsic motivated by, for instance, appraisal and 'autonomy' (Etgar, 2008). Therefore, for instance, being part of the process is a key incentive for consumers. Postmodern consumers' search for unique experiences calls for individualization, personalization, etc. Although Prahalad & Ramaswamy (2004), Karpen et al. (2008), and Karpen et al. (2011) have presented S-D Logic as a middle range theory it is still difficult for organizations to operationalize their co-creation efforts. This paper argues that postmodern consumerism can be used to guide the operationalization of the co-creation process by identifying the key facilitators of co-creation for the post-modern consumer. Through an exploratory qualitative study, 9 facilitators for B2C value co-creation were uncovered. The study was set in the creative industries. The 9 facilitators are a combination of the main facilitators found in the literature review and the ones found through the empirical research. The 9 facilitators are individualized offering; accessibility; engage and enable; incentives segmentation; change acceptance, sharing, and learning; manageable implementation for organizations; project-based organization; C2C interactions; keep control. Each facilitator is detailed in the paper and implications for practice are discussed.

Keywords: SD Logic, qualitative research, co-creation, post-modern consumer

1. Introduction

In recent years new technologies have presented businesses with new opportunities and challenges. One of the main challenges being the ease of replication and unlicensed copying of products. Companies are finding it hard to gain a competitive advantage. An advantage which is founded in the newest technology or a unique idea is not as sustainable as it used to be due to ever more rapid innovation and production cycles, paired with much shorter product life cycles. Cost advantages through e.g. economies of scale are evened out by high storage or low transportation costs. Against these new realities for competition, where can the advantage be found?

A report drawn up by Erhvervs- og Byggestyrelsen (Danish Enterprise and Construction Authority 2011) and Center for Kultur- og Oplevelsesøkonomi (Center for Culture and Experience Economy. From here on CKO) states that businesses in the experience industries (narrowly defined) constituted a sizable part of the total turnover in Denmark in 2008, and approximately one in five of fast growing businesses. The experience industry is defined as creative industries and other experience industries as shown in figure 1. In the report, it is stated that the experience industries create more jobs and constitute more entrepreneurial companies than any other industry in Denmark.

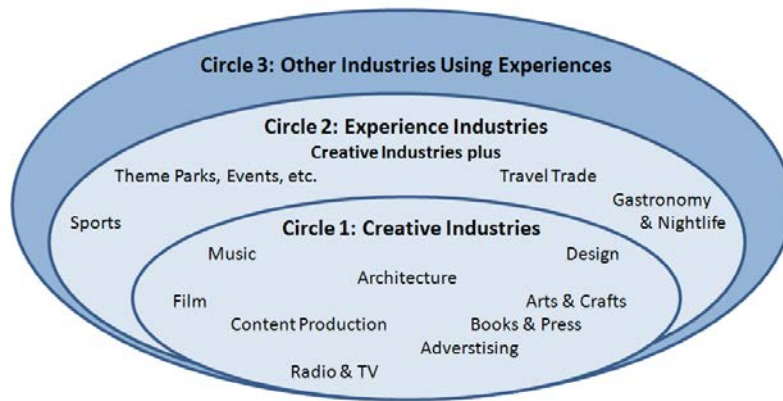


Figure 1: The Experience Industries

Customer experiences are becoming increasingly important and more and more companies are looking to produce experience-based products. The question becomes how to offer experiences which other companies do not? Although we see “a trend towards the joint creation of *products* [there is] also a shift towards an experience-centric view of the co-creation of *value*.” (Borghini & Carù, 2008, p. 259. Emphasis added), and thereby a higher focus on creating an experience *with*, not selling an experience *to*, the customer, which would ultimately create value for customer and company alike. In accordance with the notion of postmodern consumerism, which calls for individualization, personalization, etc., customization of experiences will give an efficient competitive advantage through differentiation. Vargo and Lusch have presented a new perspective in marketing: The Service-Dominant logic, which “provides a way of responding not only to the challenges but the opportunities of the current business environment” (Karpen et al., 2008, p. 407), by facilitating value creation through an enhanced experience and interaction between organization and customer, which is exactly what (creative) organizations in Denmark need. But when it comes to the practicalities of value co-creation as a strategy, there are multiple factors that must work together in order to create synergy, and these factors may be difficult to define and implement, as shown throughout this paper.

This paper seeks to uncover the facilitators which must be at play in order for B2C value co-creation¹ within the creative industries to be viable for all parties. An overview of the thoughts behind ‘value co-creation’ as defined by Vargo and Lusch’s ‘Service-Dominant Logic of Marketing’ is given, whereafter findings from interviews and a focus group are presented. Lastly the facilitators required in order for organizations to implement value co-creation as a strategy are discussed.

2. Literature review

This literature review outlines the main theories concerning value co-creation, consumers’ and organizations’ incentives and motivators, barriers, and facilitators for value co-creation.

Goods-dominant logic (G-D logic) of earlier marketing theory focuses in part on the features and technical attributes of the actual product and cost-efficiency. It is thought that consumers base their purchasing decisions solely on price, and that the relationship with the customer ends with the transaction. S-D logic, on the other hand, focuses on how firms can provide a platform for value through service. The customer is thereby paying for the whole package, not just the product itself.

The authors’ strong differentiation between the singular and plural use of the word ‘service’ (Lusch & Vargo 2006) is notable. ‘Services’ (pl.) refers to intangible products, as also used in G-D logic, whereas to add a service (sing.) to a business model would typically include complementary add-ons to a product or customized products. In the thoughts of S-D logic, products should no longer be seen as the good which is being handed over the counter (literally and metaphorically), but as a good with added service, or as Cova & Salle put it “‘service’ indicates a process of doing something for someone” (2008, p. 271). Another essential thought behind S-D logic is the clear distinction between operand and operant resources (as defined by Constantin & Lusch 1994). Operand resources are e.g. the technology used to manufacture a good, or even the good itself.

¹ Due to, for example, the challenges of applying S-D logic to real world issues purists will notice that S-D logic is not followed in all arguments throughout the paper. This may be seen as a limitation of the paper.

Operant resources, on the other hand, are what adds value to the operand resources. These should therefore be the focal point when applying S-D logic. In G-D logic the competitive advantage was e.g. economies of scale. In S-D logic the competitive advantage is the operant resources which make an organization stick out from the rest, the reason being that technology and other operand resources are easily copied by competitors. The tacit knowledge implied in the operant resources is thereby the backbone of a competitive advantage. Operant resources will also both retain and continuously entertain customers. It should however be said that goods and service do not exclude one another, but service rather adds extra value to a good just like goods are seen as “transmitters of *operant resources*” used as “appliances in value-creation processes” (Vargo & Lusch, 2004, p. 7, original emphasis), meaning the good can either play an actual part in the value co-creation or can be used as a host or reminder of the value achieved during the co-creation experience.

2.1 Service-dominant logic as a middle range theory

A great deal of critique of S-D logic has focused on the fact that it is an overall logic without any practical initiatives, which Karpen et al. (2008), Karpen et al. (2011), and Prahalad & Ramaswamy (2004) have sought to change.

Karpen et al. (2008) and Karpen et al. (2011) emphasize how the experience itself should be the center of attention by applying service (sing.) and being customer-centric in order to improve the service experience, meaning focusing on experience-of-one leads to superior application of resources, which in turn result in superior experiences for all value creation partners. “As experiences result from direct or indirect interaction” (Karpen et al. 2008, p. 411), relationships will essentially create the most valuable experiences in the long run. This is due to the fact that value creation partners are active players, not passive recipients, and everyone in the network give and gain value through the activities. That causes the line between organization and customer to become blurred and the relationship to become one of equal partners working together to achieve a common goal. It is not fully equal, however, since the customer’s desired degree of involvement must be taken into account, leaving the organization with a bearing role. Therefore the organization should “increasingly encourage and engage” (Karpen et al. 2008, p. 409) customers to play as big a part as possible in the process of generating the experience, and “enable its customers [...] to shape the nature and content of exchange” (Karpen et al. 2011, p.8), which gives customers the opportunity to generate optimal value for themselves, and ultimately the organization.

Lastly, for the network to run smoothly both articles also underline that the traditional, sequential value chain should be reevaluated since a more flexible organization is required, calling for value creation networks, where each member has a different role in the different stages of the traditional value chain. Due to the change in the value chain and the high degree of reliance on the other members, it leads to a greater demand on communication between value creation partners.

2.2 Postmodern consumerism

Due to customer-centricity having such bearing role in S-D logic, it is important to look into their drivers in relation thereto. According to Postmodern Consumption Theory and Consumer Culture Theory, consumers seek to create their identities through consumption. According to Borghini and Carù (2008) they therefore make purchasing decisions influenced by what they would like to portray, and their current life goals. In order to create multiple identities for multiple situations in life, consumers must make purchasing decisions with multiple brands.

Arnould, Price and Malshe (2006) introduced the thought of operand and operant resources for consumers. They argue that operand resources are e.g. financial status, whereas operant resources are physical resources (emotions and energy), cultural resources (life expectancies, specialized knowledge), and social resources (traditional demographics and networks). Operant resources, which are based on the consumer’s current operand resources, determines a consumer’s current life goals, and as the resources are ever-changing, so are consumers’ consumption decisions. Postmodern consumers find a need for distinctiveness and individualization, and to achieve the perception of control and self-efficacy consumers will purchase the products that best suit their competencies. Through consumption, postmodern consumers obtain tacit knowledge, a process Prahalad and Ramaswamy (2004) refer to as ‘evolvability’. Through continuity in consumption that knowledge is expanded, which builds self-esteem through the visible development. The mix of new experiences, changing life goals and continuity are essentially contradicting and too much of one thing

will create a standstill. Balancing these elements generates a space for innovation (see figure 2) where the desired novel yet familiar products can be created.

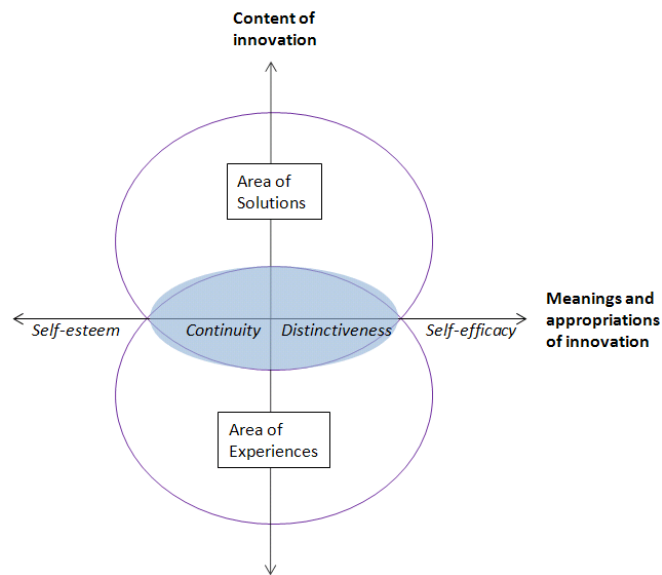


Figure 2: (Borghini & Carù 2008)

2.2.1 Incentives and barriers

Postmodern consumerism emphasizes intrinsic motivation for value co-creation, which is supported by Berthon et al. (2007), who find an “overall cultural shift towards customization and individualization” (p. 42), and Fisher and Smith (2011) who state that “[t]he value for many can be found in the co-creation process itself instead of the particular outcome.” (p. 342). This statement may be critiqued however, as value co-creation is linked with participation in both the process itself and the desire for a customized product. Holbrook (2006, as found in Etgar 2008) mentions looking for variety and deviation from daily routines, and Etgar (2008) also believes in intrinsic motivation as a key player, even though he does point at certain types of extrinsic motivation and important factors, incl. being appreciated and receiving praise, and the feeling of ‘autonomy’ and freedom of ‘getting what you want’. The consumer’s sense of co-ownership and connection with the organization leads to an increased passion for the product, an increased will to achieve a positive outcome, and a newfound sense of responsibility. That in turn generates an increased interest in the participation and positive associations with the brand, leading to positive word-of-mouth and brand ambassadors.

Consumers base their expectations of e.g. value co-creation on their operant resources and how these can be combined with the firm’s operand and operant resources will determine their desired degree of involvement, and will to even participate. There are various reasons consumers may not want to participate, e.g. consumer fatigue (Cova & Pace 2008) where a consumer may want to participate, but simply does not have the energy, high- vs. low-involvement processes require different life goals, or “buyers may actually prefer transactional exchange so that they do not feel committed [...] because of the effort required in maintaining a relationship” (Sheth & Shah 2003 p. 124, as cited in Oliver 2006). Also, different parts or stages of the process will require different levels of skills. If the consumer does not possess these skills he must be willing to acquire them (Prahalad & Ramaswamy 2004, Etgar 2008). Not only are these skills necessary for producing, designing, but they are also essential in a social aspect – both when it comes to dialogue with the organization and in the community when sharing the experience with other members.

2.3 Organizations in value co-creation

The competitive advantage is not only important to drive sales but also to retain customers. Inviting them onboard also gives easy access to market research, cheap R&D, and the sharing of competences. And as this phenomenon is expanding, an organization must implement it before all the competitors do. Yet, bringing consumers into e.g. the development phase of course raises concern and increases the perceived risk. Especially ‘handing out’ control to ‘random people’, cause uncertainties since being able to control what happens to its resources is deeply embedded in an organization. The resources and products represent the

organization, so image is everything, and therefore managers “strive to control their own destiny and that of their firm, rather than anticipate and respond to service needs.” (Ballantyne & Varey, 2006, p. 338). However, controlling the outcome is not as important as accommodating the needs and requirements of the consumers, since enabling consumers will give goodwill, and potentially increase profits, which will have an impact on the image as well.

In the information society consumers have become more aware of the world around them. They have access to information on everything right at their fingertips, and they like to have an opinion and be heard. As stated previously all initiatives must be centered on the customer in order to make his experience as pleasant, individualized, and unique as possible, and when inviting consumers behind the scenes there are actions they need to take and habits they need to change. A) Engaging and enabling customers to even participate (Karpen et al. 2008, Karpen et al. 2011), e.g. by finding ways to engage and activate customers in light of reciprocal benefit (Normann & Ramírez 1993)” (p. 8). B) Dialogue and open communication – especially C2C communication – in order to reduce consumers’ perceived risk and balance out expectations (e.g. Fisher & Smith 2011). C) Be willing to share information in order to improve educational efforts to help consumers can obtain the required skill set, but also be willing to learn from consumers as they possess tacit knowledge and competences useful for the value co-creation process (e.g. Karpen et al. 2008, Karpen et al. 2011, Prahalad & Ramaswamy 2004). D) As word-of-mouth is essential branding must be done through a consistent, high quality, but when consumers must be given freedom to create their own products this can be difficult to maintain, therefore the organization needs a standpoint on how to deal with quality control. E) The organizational setup might need to change as continuous innovation is required which will give way for new opportunities, but that will also make the market unstable. As an answer to the instability is a flexible organizational setup are ‘project based organizations’ (PBO’s), as often used in creative industries, which easily adapt in environments of change and make it possible to focus on the organization’s core competences only (e.g. Prahalad & Ramaswamy 2004, Fisher & Smith, 2011).

3. The 9 facilitators

The exploratory research conducted was based on interviews with consultants working within the field of value co-creation and managing directors of creative companies who have implemented or are considering implementing value co-creation. Five end consumers belonging to a demographic likely to actively participate in value co-creation joined a focus group. The literature review and empirical findings have shown both similar and dissimilar thoughts on value co-creation. In this section the findings and the literature are outlined and combined in order to map out the main facilitators for value co-creation.

3.1 Creative vs. non-creative consumers

In the academic field of cultural and creative industries, which this paper to a large degree is directed towards, ‘creatives’ are defined as “symbol creators...who make up, interpret or rework stories, songs, images and so on” (Hesmondhalgh 2008, p. 5); who have aesthetic, design, and/or narrative skills and are employed by organizations, in-house or freelancers, for product innovation (Lorenzen, 2009) and are often driven by intrinsic rather than extrinsic motivation (for more on ‘creatives’ see e.g. Caves, 2002 and Hesmondhalgh, 2008). In order for this paper to be used in other fields as well and because ‘creative consumers’ may apply to any one person participating in value co-creation with an organization regardless of their profession, the term ‘creative consumers’ will be used for any individual who have an interest in working with and are willing to spend time on their aesthetic, design and/or narrative skills in their free time, regardless of skill level. The term ‘non-creative consumers’ will be used for an individual not interested in or willing to work with the aforementioned skills in their free time.

3.2 Customer-centricity

Customer-centricity is the stepping stone for value co-creation, and does have an impact on how effectively and with what outcome the process will run. Creating an offering based on customer preferences is essential in all product offerings, but when the goal is to reach experience-of-one the offering must not only be based on individual consumers’ preferences but the setup must also be based on the customer’s preconditions. Co-ownership will facilitate loyal customers, however that does not make an offering customer-centric. Actually paying attention to customers, seeing the experience from *their* point of view, and being concerned with *their* expectations are key facilitators.

Facilitator 1 – An individualized offering: *The offering must give the customer an individualized (not only customized) experience based on his specific preferences.*

3.3 Engage and enable

Listening to consumers can give hints on how to best set up the offering, however this requires a very high level of involvement, and as the customer is an (almost) equal partner in the value creation network, “the enterprise cannot deliver value, but only offer value propositions” (Vargo and Lusch, 2008, p. 8), he must also contribute and the setup of the offering must accommodate that. The findings clearly indicate that if the consumer’s perceived required degree of involvement or skill levels exceed his own, he will very quickly lose interest. Therefore, actually participating has to be easily accessible to consumers, meaning easy access to information regarding the concept, process, etc. Since consumers quickly assess the pros and cons by judging the degree of involvement, perceived value of the reward, and the required skill level, all these must coincide, making accessibility a crucial enabler for the collaboration to work.

Facilitator 2 – An accessible setup: *Consumers very quickly assess their willingness to participate through the cost-benefit analysis shown below. The setup must accommodate this quick evaluation.*

$$\frac{\text{Perceived value of the reward}}{\text{Required degree of involvement} + \text{Required skill level.}}$$

Although desired degree of involvement is mainly influenced by easy access, the organization should also engage consumers to play a (bigger) part of the value co-creation process. The literature has previously focused on the fact that customers will be so motivated by intrinsic incentives such as experiencing co-ownership or living out a dream that giving customers those opportunities is the only incentive needed. The empirical research in this paper, however, has indicates that not all consumers are automatically willing to spend either operand or operant resources on value co-creation with a brand regardless. The respondents of the focus group generally found that the willingness to participate was highly influenced by the value of the reward, i.e. high involvement requires highly valued rewards, such as prestige or personal symbolic value in addition to a value-for-money product. Non-creative consumers will gladly state their opinion if it does not take much more than a click of a mouse, but there is too much physical (time) and emotional involvement in e.g. designing a t-shirt. The focus group respondents’ reactions emphasized how important it is for organizations to clearly state, at the beginning of the partnership, what will be required of consumers, what they will gain when participating, and otherwise balance out expectations.

Facilitator 3 – Engage and enable: *Organizations must engage consumers and be willing to lower consumer barriers, as consumers will not be willing to spend resources on that.*

3.4 Segmentation

One respondent, a managing director of a design webshop, was worried because ‘you cannot just let *anyone* manage the portfolio development’, as most end consumers do not have the expertise. However, only a limited number of end consumers will actually be interested in doing so. Only those with certain life goals, a certain amount of operand resources available, e.g. economic resources are important since value co-creation revolves around complex, distinct experiences raising costs, and operant resources, such as time and energy, not to forget the knowledge and technological skills needed to join in. All these factors narrow down the demographic and psychographic profile of a potential customer and therefore also the pool of potential mishaps. Furthermore, consumers who do not have much experience with being creative are often not interested in being creative at all. All consumers in the focus group clearly showed a lack of interest in the examples they were given which would expect high involvement and mainly appeal to the intrinsic motivations. They were not interested in ‘playing’ creatives and were in all those examples worried that their work would not be good enough, which would notch their self-esteem and no reward was high enough for that.

Facilitator 4 – Segmentation based on preferred incentives and rewards: *Setting up the incentives and rewards carefully will help reach the optimal segment.*

3.5 Collaborate

Something 'as simple' as gathering market research in order to gain a competitive advantage is a valid reason for wanting to listen to customers, but for consumers to be willing to share their knowledge with a company, they must gain something as well. The process must result in an experience for those customers, too, and not just be the company exploiting its users. Therefore, being customer-centric and enhancing customers' experience is constantly underlined. The literature review and the empirical research in this paper show that customers are more than willing to share, but on their own terms and with an adequately valued reward. First of all, consumers are motivated by being included and seeing themselves as an actual cog in a vast machine, and in order to achieve that feeling, organizations must be willing to share their competences as well – as scary as that might be. Although it should be a partnership of equal partners, in reality, the company must do most of the work and also be willing to bring more to the table than the customer might.

Also, the organization must accept that sometimes the customer knows best, if e.g. he possesses capabilities the organization does not, which can be difficult at times, because organizations have traditionally been seen as the experts, and new ideas can be regarded as criticism of the company. In this case the management must understand that it is not about giving customers all the control; they are not supposed to comply with every idea or use every competence that is being shared, but the organization must be willing to learn.

Facilitator 5 – Accept change, sharing, and learning: *It is collaboration. Both consumers and organizations must be open to change, sharing of competences, and learning from the other party.*

3.6 Organizational setup

Making the change to a value co-creation strategy includes so many perceived risks and uncertainties, which overshadow the potential long-term advantages, that the organizations are not sure what to expect and therefore stop the transition before it has even begun. One respondent, a consultant who has worked with value co-creation for years, stated that even he found it difficult at times to pinpoint exactly what should or could be changed when he visited a new client, and in which sections of the value chain the co-creation would have the best impact. Another consultant in the field stated that "it doesn't have to be expensive and it doesn't have to be difficult! It is often too much to swallow and [organizations] want to do it all in one mouthful. So a problem is that the know-how is not cut into multiple, small bites"" (personal communication, July 3, 2012), after which he advised not to waste a lot of money on redesigns, repositioning, etc. organizations should allocate the resources already used on e.g. marketing and market research to alternative, more efficient activities.

Facilitator 6 – Manageable implementation: *Resources spent need not be increased, but merely relocated, and implementation carried out in stages.*

The value creation stages, and especially the current business landscape, are well-suited for project-based organizations, who mainly coordinate processes between multiple other firms, gathering resources amongst its value creation partners on an as-needed basis. Theoretically this would heighten the quality of the processes and products because value co-creation is created throughout the network and because everyone focuses on their core competences, making all creation partners top of their league and give access to a massive talent pool amongst consumers, whereby 'the talent' only focuses on e.g. designing, whilst the 'the business' only focuses on operations. This would lower the company's fixed costs, and give this specific consumer a unique experience-of-one. As pointed out by one respondent, the CEO of an online publishing service, more and more people work on their own now, giving optimal conditions for PBO's who merely functions as a gathering point, making them ideal even through changing conditions, an unstable business landscape, etc., because they easily adapt to new circumstances.

Facilitator 7 – Project-based organizations: *PBO's and coordinating firms are to be preferred, due to the ever-changing business environment, where the flexible PBO's quickly adapt to new settings.*

However, outsourcing also leads to a lack of control. Like a company must trust in the quality of their suppliers, consumers must also trust that the company produces quality offerings. According to the literature, consumers try to gain as much control as possible, because that will give them more freedom and therefore a higher perceived value. Companies on the other hand try to hold back so they do not 'lose their image' to low

quality. The research showed, however, that although a certain degree of control was desired by consumers, they primarily preferred to keep the organizations on board as quality markers. Giving consumers full control was generally only well-seen when the end products would be exclusive to that one user, i.e. not be sold on the market. The online publishing service interviewed, saw customers as censors on the assumption that each customer will follow other customers who rate the books. This, however, makes deciding on a book an even higher involvement activity than it currently is, but the reader will not necessarily have a higher valued experience with the book than he currently has, opposing the notion of high involvement requiring a high perceived value of the reward, lowering consumers' willingness to participate.

Facilitator 8 – Stay in control – most of the control: Organizations and consumers alike are interested in a market with decent standards, however consumers still need to be handed the necessary amount of control in order to personalize their unique experience.

3.7 Relations

The relationship between the value creation partners is crucial and therefore the communication and dialogue is. Part of the value is generated through the interactions and when connecting further with the brand, the interactions with the employees and the technological platforms (on which the customers are personalizing, co-producing, etc.) are the main influencers. However, once the co-creating action has begun, the interactions with other users should be considered as well. The findings indicate that although consumers valued interactions highly, they were not very concerned with the B2C interactions, but rather valued the C2C interactions and sometimes the interaction with other users would be the reason to participate. The brand only played a minor role. The example used in the focus group, was based on face-to-face interaction. C2C interactions most often take place in online communities, however, other than a 'reason to stick around', as one respondent put it, (Danish) consumers may not be as impressed by communities, i.e. online communities are nice, but they are not vital. They can however help the educational efforts by the company, because parts of the teaching can be relocated to co-members, giving the company more resources to spend on e.g. further development of the offering, etc.

Facilitator 9 – C2C interactions should be utilized: Co-created value is generated during interactions, however C2C interactions have an even more positive effect than B2C interactions.

In figure 3 the facilitators are illustrated in circles. Circle 1 illustrated what facilitators will ease actual implementation and setup. Circle 2 illustrates which facilitators will attract consumer and organizations and ease the process. Circle 3 illustrates how the value creation process can be maintained. Circle 4 is the final outcome.

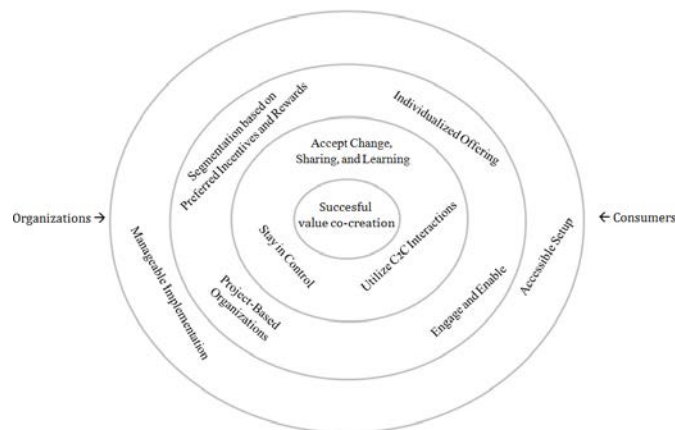


Figure 3: The 9 Facilitators

4. Conclusion

Through an exploratory qualitative study, 9 facilitators for B2C value co-creation were uncovered. The study was set in the creative industries. The 9 facilitators represent a combination of the main facilitators found in the literature, and they were further reinforced by our qualitative work. The facilitators are individualized offering; accessibility; engage and enable; incentives segmentation; change acceptance, sharing, and learning; manageable implementation for organizations; project-based organization; C2C interactions; keep control. The

identification of these of this suite of facilitators can aid organizations connect to the modern consumer by acting as a guide to focus areas for business development.

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Entrepreneurship and Creativity in Transition Turmoil: The Case of Vietnam

Dang Le Nguyen Vu¹, Nancy K. Napier², and Vuong Quan Hoang³

¹Trung Nguyen Coffee Group, District 1, Ho Chi Minh City, Vietnam

²Boise State University, Boise, Idaho, USA and Aalborg University, Aalborg, Denmark.

³Centre Emile Bernheim, Université Libre de Bruxelles, Roosevelt, Brussels 1050, Belgium

dangnvu@trungnguyen.com.vn

nnapier@boisestate.edu

qvuong@ulb.ac.be

Abstract: The primary objective of this study focuses on perceived values of entrepreneurship and creativity in business conducted within a turbulent environment. Our initial hypothesis is that a typical entrepreneurial process carries with it “creativity-enabling elements.” In a normal situation, when businesses focus more on optimizing their resources for commercial gains, perceptions about values of entrepreneurial creativity are usually vague. However, in difficult times and harsh competition, the difference between survival and failure may be creativity. This paper also examines many previous findings on both entrepreneurship and creativity and suggests a highly possible “organic growth” of creativity in an entrepreneurial environment and reinforcing value of entrepreneurship when creativity power is present. In other words, we see each idea reinforcing the other. We use data from a survey of sample Vietnamese firms during the chaotic economic year 2012 to learn about the ‘entrepreneurship-creativity nexus.’ Strikingly, most literature suggests that market competition will push firms to take creativity/innovation seriously as matter of death or survival. Using the data, we examined creativity methods in conjunction with three influential cultural values – namely risk tolerance, relationship, and dependence on resources – to assess how they influence decisions of entrepreneurs. A data set of 137 responses qualified for a statistical examination was obtained from an online survey, which started on February 16 and ended May 24, 2012, sent to local entrepreneurs and corporate managers using social networks. The authors employed categorical data analysis. Statistical analyses confirm that for business operation, the creativity and entrepreneurial spirit could hardly be separate; and, this is not only correct with entrepreneurial firm, but also well established companies. The single most important factor before business start-up and during early implementation in Vietnam is what we call “connection/relationship.” However, businesspeople are increasingly aware of the need of creativity/innovation. In fact, we suggest that creativity and entrepreneurial spirit cannot be separated in entrepreneurial firms as well as established companies.

Keyword: creativity; entrepreneurship; economic transition; Vietnam

1. Introduction

The paper has four sections. First we review Vietnam’s recent economic situation and challenges. Next, we review literature on creativity and entrepreneurship; then we discuss an exploratory survey of Vietnamese managers’ perceptions about the interaction between creativity and entrepreneurship. Last, we offer conclusions about the findings from this exploratory study and suggest ideas for future study.

2. Background

Literature and practice suggest that entrepreneurship, and increasingly creativity, are important for national economic development. We suggest that in turbulent times, entrepreneurship and creativity are even more critical and to shirk either could be more dangerous than ever. Vietnam, an emerging transition economy with 90 million people is a good test tube to examine whether entrepreneurship and creativity could serve the business sector and support positive economic reforms.

2.1 The post-Doi Moi good times...

Vietnam’s economic renovation, *or Doi Moi*, started in earnest in 1995, when the United States and Vietnam re-established diplomatic relations. The national economy grew 1996-2000 at an average GDP growth rate of 6.9% per annum and even faster during 2001-2005 to approximately 7.5% p.a. (Nguyen 2006; Vuong 2012).

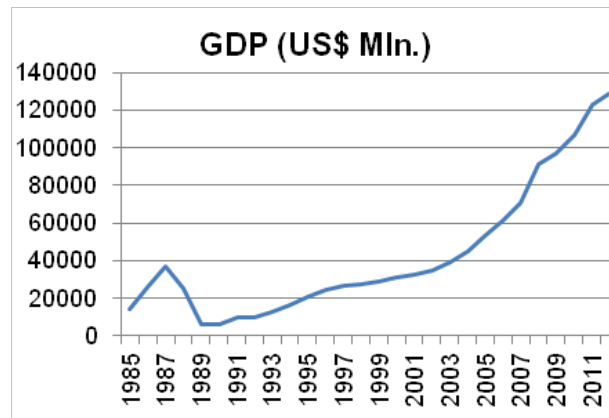


Figure 1: Vietnam's output in millions of US dollars

2.2 ... And bad

Despite the good news picture, however, the party may have ended, evidenced by chronic economic problems in 2006-2011. Those problems include: i) frozen bank credit market; ii) the real estate market decline in prices and scale of transactions; iii) deterioration of the already poor performing state owned enterprise (SOE) sector; and iv) sky-rocketing debt (Vuong 2012).

2.3 ... Then, adverse impacts on the business sector

The macro-economic picture exacerbated micro level activities. Official statistics report nearly 623,000 businesses formally registered by December 2011, of which 79,000 went bankrupt and closed (Vuong 2012). However, tax records tell a different story, suggesting that only about 400,000 enterprises continue to operate, meaning that nearly 200,000 have failed. And the general populace has lost confidence, apparent in a June 2012 poll by Vietnam's most popular online newspaper: 85% of people feel the economy is still in trouble.

Given the difficult economy, where do entrepreneurship and creativity come in?

Throughout the turbulent times, little discussion of entrepreneurship and creativity exists. It appears that the business community has a simple view toward these elements in a capitalist system: entrepreneurship as a "start-up" and creativity as a concept beyond the scope of activities of most Vietnamese firms. Thus, the "story" of entrepreneurship and creativity has not begun. Business leaders admit they are important, but go no further. If we are to introduce the ideas in Vietnam, then, we need to understand their broader context in the literature, which we review in the next section.

3. A literature review

In this section, we explore connections between the literatures on entrepreneurship and creativity but also examine disconnections and gaps.

3.1 On entrepreneurship and creativity/innovation in economic progress

In his seminal work on both entrepreneurship and innovation, Schumpeter (1942) coined the term "creative destruction," characterizing the nature of capitalist evolution through market and competition. He set the stage for discussion about entrepreneurship and innovation in business and economic development in particular. In late 1950s and early 1960s, scholars built on his ideas: Silberman (1956) offered concepts like "nationalism as second language of entrepreneurship" and "industrialization as the principal content of entrepreneurship." Taylor (1960) defined creative thinking with a focus on new products. In early 1980s, Greenfield and Strickon (1981) and Klein (1982) further developed the concepts, viewing entrepreneurship as "the mechanism by means of which society at one stage was transformed to another." Others raised the question of whether entrepreneurship could be extended to society at large. Baumol (1990) proposed that societies should adopt entrepreneurial thinking and operating Drucker (1993) revisited Schumpeter's connection between entrepreneurship and creativity/innovation in his book, *Innovation and Entrepreneurship: Practice and Principles*; and Day (1995) stressed the importance of 'economic creation' for managerial systems. Entrepreneurial thinkers and managers need imagination with 'bounded rationality' to project their future

scenarios, and invent creative endeavours. In sum, these early researchers suggested that entrepreneurship was a useful apparatus for liberating creative activities from rigid bonds of overdeveloped infrastructure, the same way capitalism did to the feudal system. Entrepreneurs can stimulate invention and innovation, and simultaneously destabilize an existing economic system, pushing it to radical transformation. Further, entrepreneurial efforts work more effectively in environment where the market mechanism exists and its price system helps participants attain commercial benefits above their costs.

Some scholars, like Amabile (1996) defined entrepreneurship in terms of innovations, while others (e.g., Kirzner, 1973), saw entrepreneurs as being alert to unexploited opportunities in the marketplace and having the risk appetite to pursue them.

Brown, Davidsson and Wiklund (2001) emphasized that “Entrepreneurial management, defined as a set of opportunity-based management practices, can help firms remain vital and contribute to firm and societal level value creation.” More recent literature continues to refine the concepts and links. Peters (2009) argues that human creativity is the ultimate resource for economic development and proposes a so-called ‘economy of passions’ that education and creativity. Kaufmann (2004) advocated a distinction between reactive and proactive creativity because their styles differ. Gilson and Shalley (2004) suggested that team members who perceive their job demanding high creativity, interdependence and shared goals tend to value participative problem-solving and a climate supportive of creativity. Miron, Erez and Naveh (2004) added more insight about how personal creative capability and cultural values promote innovation, quality and efficiency. They show that creativity alone is not enough to achieve innovative performance. Creative people are not necessarily the most innovative in terms of performance, partly because innovative behaviors are influenced the degree of organizational supportiveness. McAdam and Keogh (2004) suggested that innovation is not obvious even in highly creative organizations, because innovations are not events occurring at separate times, but are the outcome of constant change management. Even more ephemeral, Egan (2005) suggests that creative people are rare and innovations are scarce ultimate resources, so firms must invest in such people, despite possible unpredictable and hard to “see” results.

De Dreu (2010) uses a representation of $C(\text{reativity}) = N(\text{ovelty}) \times U(\text{sefulness})$ to postulate that for creativity to happen, novelty and usefulness are needed. Dreu’s work also questions possible cultural influences on creativity, which could influence the assessment of novelty, usefulness, or both. Culture is critical because “*individuals have strong incentives to stick to the status quo, to engage in habituated action, to follow the well-trodden path, and to conform to the views and perspectives of the majority.*” Therefore, businesses must nurture factors and ‘exogenous influences’ on innovative capacity, namely organizational structures, group pressures and social influences relevant to cultural backgrounds of individuals.

Unsworth and Clegg (2010) examined motivation for creative actions at work and suggest that creativity needs to be practical and useable. Erez and Nouri (2010) and Chiu and Kwan (2010) suggest that links among culture, as well as the social and work contexts and individual and organizational creativity. Finally, Vuong, Napier and Tran (2012) suggested that culture, creativity and business development stage may be linked generally and that creativity may be most critical in the ‘entrepreneurial stage’ as firms determine goals, plans and implementation of new methods or ideas.

3.2 “A Perfect storm” that stirs up economic transition

Greenfield and Strickon (1981) argue that the entrepreneurial mechanism can transform a society and that entrepreneurs possess unique characteristics of risk appetite, alertness to new opportunities, and creativity/innovation capacity. Sternberg and Lubart (1993) also suggest the importance an entrepreneurship-creativity nexus. Udwardua (1990) focuses on the “3Ps” of creativity -- namely process, person and product -- and complement Lumpkin and Dess’s (1996) idea of a connection between entrepreneurial orientation (EO) and firm-level performance, proposing different dimensions of EO, namely autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness. Human creativity embedded in an entrepreneurial spirit may be part of “a perfect storm” that transforms a society. For example, Birzer (1999) suggests that the American West’s entrepreneurship is expands ‘creative destruction power’ through entrepreneurial acts by many Americans, and transformed the U.S.

Entrepreneurship plays a role within startups but also may trigger a contagion in well established corporations (Ahuja and Lampert, 2001; McDougall and Oviatt, 2000). Worris and Leung (2010) compare creativity in the East and West to examine the role of cultural differences. For example, the late 19th century colonialization of East Asian countries placed entrepreneurial classes on a lower societal level, thus impeding entrepreneurial undertakings and innovations. Vietnam and China, which are undergoing economic transition, need more than political will to shift to a more entrepreneurship-enabling environment. These communist societies retain doctrines that distinguish social classes, and the notion of 'class struggle.' Also, the countries still depend heavily on state owned enterprises, the official pillars of the governments' economic strength. The SOEs are adequately financed by the government to undertake 'political tasks' and are entitled to privileges and special pecuniary rights. As a result, they are large systems with institutional rigidity, and dominant roles. Some argue that they produce an anti-entrepreneur climate (Jackson and Rodkey, 1994), which thwarts creativity. Yet the entrepreneurial spirit-creativity nexus may be just what transition economies need to move toward a more prosperous market economy (Vuong *et al.* 2011).

3.3 On the inevitable transition

A transition economy like Vietnam should move toward a higher added-value entrepreneurial society, using more efficient innovation systems (Silberman, 1956). A comparative entrepreneurship framework (Baker, Gedajlovic and Lubatkin, 2005) offers insights on cross-national variation, namely (i) comparative discovery, (ii) evaluation and (iii) exploitation of entrepreneurial opportunities and the importance of social context to understand how enterprising individuals and entrepreneurial opportunities relate. Bohm (1968) also questions what may prevent creativity, such as having a high level of societal or economic confusion (e.g., Vietnam, 2007-2012), suggesting that some chaos may help but too much can prevent societal creativity. Yet, Rothschild (1992) observes that entrepreneurship exists even in tough business environments, although its creative power and risk appetite could be distorted by negative cultural influences (Vuong and Tran, 2009). In fact, despite strict rules in the post-American war period (1976-1985) on the private-sector economy in large urban areas like Saigon and Hanoi, entrepreneurial undertakings continued. An entrepreneurial spirit persisted while the populace seemed to wait for the rules to lessen, which appears to be happening in Vietnam now (Vuong *et al.*, 2011).

Thornton (1999) raises another issue applicable to Vietnam's transition, suggesting that the supply/availability of entrepreneurs is necessary to undertake entrepreneurial roles, and the demand is necessary within the economy for entrepreneurs to play those roles. Further, Peng and Shekshnia (2001) proposed that for entrepreneurship to start in pre-transition communist societies, both "push and pull factors" are important. The "push" comes when the state sector deteriorates, and SOEs fail. The capitalist model is a 'pull factor,' which brings job employment and income generation by entrepreneurial firms - as the backbone of a transition economy. Steer and Taussig (2002) also emphasize the role of continuous reform to strengthen the entrepreneurial process of a transition economy. In Vietnam, the number of newborn firms reached 35,440 just two years after new Enterprise Law in 2000, private sector employment doubled from 1996-2000 and major obstacles like limited capital access and overwhelming competition from SOEs declined, and high quality human capital grew.

However, the economic triumph of entrepreneurship is not guaranteed, even when supported by powerful political leaders. During China's Great Leap Forward, Mao Zedong publicly announced his support for small industries, but entrepreneurship and innovation did not immediately occur (Riskin, 1971), as Mao expected. In fact, only much later did entrepreneurs play a role in spurring reform, starting with foreign entrepreneurs investing in China and then local entrepreneurs joining in trade activities (Naughton and Lardy, 1996). An implication of literature is that the transition process to a market economy demands a competitive entrepreneurial sector and creative performance. Vietnam should take heed.

4. Research questions, method and survey data

This section deals with the research objectives, reflected through key questions to which the paper addresses, and relevant research method and data for obtaining relevant insights.

4.1 Questions

It is not obvious for business managers and policy-makers to appreciate values of entrepreneurship and creativity, and their relationship in business in general. The recent years of financial turmoil have even further complicated the public's understanding about that relationship within a turbulent environment. But it is exactly now when managers and policy-makers want to learn about this with relevant insights and implications for making necessary (and useful) changes.

Second, there have not been many previous studies that examined the use of creativity methods in conjunction with those influential cultural values that a typical business firm in East Asian economy would likely find them profound; and they are namely risk tolerance, relationship, and dependence on resources. By doing so, the paper aims to assess how they concurrently influence decisions of entrepreneurs, perhaps in a way that managers would likely be interested to learn about.

Third, although creativity and entrepreneurship are two different concepts, it is quite useful to learn whether the separation of these two is really significant in a turbulent business environment, and whether the (in)significance once confirmed is differing from an entrepreneurial to an established firm.

4.2 Method

In terms of data treatment, this research study employs categorical data analysis for examining the survey data (discussed in the following subsection). Although a detailed discussion of this technique is not the purpose (and beyond the scope of this paper), some key features and relevant information are provided here.

This method of analysis is to analyze multi-dimensional contingency tables, whose cell data represent count data obtained from our business survey. In our subsequent analysis, all contingency tables are 2-way ones, or 2x2 tables. For each 2x2 table, row (column) total is noted n_{i+} (n_{+j}), then observed marginal probabilities are $p_{i+} = (n_{i+}/n_{++})$ for rows, and likewise for column. Total number of observations is therefore denoted as n_{++} .

Our null H_0 stating the hypothetical independence between categorical variables is verified using the so-called "odds ratio," such that if H_0 holds then true joint probability of a cell in the population satisfies: $\pi_{ij} = (\pi_{i+}\pi_{+j})$, with an estimated odds ratio for 2x2 table being as follows: $\theta = \pi/(1 - \pi)$, or from our data tables: $\theta = \frac{p_{11}p_{22}}{p_{21}p_{12}} = (n_{11}n_{22})/(n_{21}n_{12})$. Statistical inference for odds ratio is performed through the use of log odds ratio $\ln(\theta)$ and corresponding confidence interval constructed as: $\ln(\theta) \pm z_{\alpha/2}$ (s.e.), where the standard error (s.e.) of the log odds ratio is computed by

$$s. e. = \sqrt{\left(\frac{1}{n_{1+}}\right) + \left(\frac{1}{n_{+2}}\right) + \left(\frac{1}{n_{21}}\right) + \left(\frac{1}{n_{22}}\right)}$$

and $z \sim N(0,1)$; α the power of the test for determining the confidence interval of $(1 - \alpha)$, usually 95%. The test statistic used is for this purpose is:

$$G^2 = 2 \sum_{i=1}^2 \sum_{j=1}^2 O_{ij} \ln\left(\frac{O_{ij}}{E_{ij}}\right)$$

And $G^2 \sim \chi^2$ a chi-square statistic at $(I - 1)(J - 1)$ degrees of freedom.

Estimations that need to be performed to examine the statistical significance of hypothetical relationships stated for propositions at hand would need to use count data provided the above-mentioned 2x2 contingency tables, employing methods of categorical data analysis by Agresti (2002), and SAS evaluations in Azen and Walker (2011). A recent data analysis following this method, proved to be relevant in this type of survey data, is provided in Vuong, Napier and Tran (2012).

4.3 Data

Survey of firms - An online survey done between 16 February and 24 May 2012 went to Vietnamese entrepreneurs and corporate managers, through social networks, such as Facebook, LinkedIn, and email and

yielded 137 usable responses (41 were female and 96 male). Most participating companies were young, less than 20 years old, which is relevant since the first private Vietnamese companies started only in the early 1990s. In fact, many participating firms are less than 10 years old.

Some basic information that is relevant to our survey is given below, including some most important general descriptions about properties and notions used in subsequent discussion of the paper’s result.

Name	:	Name of the person
Company	:	Name of institution (if any)
Industry	:	Field of business
Year of Business	:	Number of years the firm has been in this business for
Attributes	:	
[Select only one based on stage of business development (qualitative assessment)]		
- Entrepreneur	:	Start-up, household/family business, uncertainty of future growth
- Businessperson	:	Well established, sustainable growth, widely recognized brand
[Select only one based on type of creativity]		
- 3D Creativity	:	A process of creating value resulted from the so-called 3-D creativity in Napier and Nilsson (2008)
- Aha	:	A solution that comes suddenly after “working” on it for some time as in Napier (2010)
- Serendipity	:	Application of unexpected information -- An unexpected outcome as described in Napier and Vuong (2012)
[Select only one based on source of creativity]		
- Connection/ Relationship	:	Reliance on personal relations to conduct business
- Risk Tolerance	:	Tendency of the businessman to take higher risks
- Resources	:	Availability of resource or ability to mobilize resource
Sources: There are stories/articles about the person. Original information and data can be in either English or Vietnamese.		

Count data obtained from the survey are tabulated in Tables from 1 to 8, with both numbers of responses and proportions. For the reason of making a better presentation of descriptive analysis, these tables are provided in subsections where relevant discussions appear, but not in here.

5. Key Findings

This section has two goals: to review the exploratory survey and findings and to report on insights from the survey.

5.1 Descriptive analysis

Of the respondents, 68% see innovations in Vietnam as key drivers for the tenfold increase in per capita income. Further, 66% say an enterprise has better creative performance during the entrepreneurial phase, while the remaining 34% observe that only established firms with sufficient financial and human resources are able to pursue innovations. Some 80% of managers say that sufficient resources --such as financial capital, land, equipment, and human resources -- determine an entrepreneur’s creative performance.

Table 1 reports on Vietnamese managers’ perceptions of creative performance, compared to that by firms from other ASEAN member nations, although, only 68% of respondents believe they have evidence that support their assessment.

Table 1: Perceptions about Vietnamese creative performance in comparison to firms in other ASEAN countries

Performance	Responses	Proportion
Superior	15	11%
Average	85	62%
Inferior	31	23%
Don’t care	6	4%

In exploring further perceptions about the value-generating capacity of Vietnamese companies, the survey asked about the frequency of different types of creativity, serendipity and Aha!Moments (Vuong *et al.*, 2012).

Table 2: Frequency distribution of creativity by method

Method	Responses	Proportion
3-D	18	13%
Aha!Moment	24	18%
Serendipity	95	69%

Table 3: The most important factor leading to a new venture?

Source (method)	Responses	Proportion
<i>Creativity</i>	43	31%
3-D	3	2%
Aha!Moment	12	9%
Serendipity	28	20%
<i>Cultural Dimensions</i>	88	65%
Capital resource	23	17%
Relationship/Connection	53	39%
Appropriate risk appetite	12	9%
<i>Other factor</i>	6	4%

In terms of the entrepreneurship-creativity nexus, 56% of Vietnamese managers believe that creativity/innovation could lead to entrepreneurial opportunities, 31% say entrepreneurial settings enable creativity and innovations to occur, and only 12% do not believe in this nexus. We examined seven categories of resources: three cultural dimensions, three creativity sources, and one ‘other’ resource to measure the tendency of the respondents in viewing business values, and tabulate the result in Table 3. It is noteworthy that in Table 3, “cultural dimensions” are psychocultural factors that are determined in Vuong, Napier and Tran (2012) as critically important to entrepreneurs in their business decisions, such as starting a new venture, namely their critical reliance on capital resources for confidence, on on relationship to access market, to gain opportunities or to obtain finance, and last but not least, the appreciation of risk tolerance as a major consideration for entering a business venture or spending capital expenditure for future payoffs.

Table 3 records assessments of managers about the most important perceived factor for an entrepreneurship decision before it occurs. However, business realities may change the entrepreneur’s mind, so we asked managers to assess the most important factors that an entrepreneur realizes ‘during their actual implementation of business pursuit,’ with responses counted in the first data column and corresponding percentages in the next of Table 4.

Table 4: Additional counts of response in different survey aspects

Source (method)	The most important factor during implementation?		One most heavily re-invested factor		Efficiency of re-investment	
	Count	%	Count	%	Count	%
<i>Creativity</i>	64	47%	85	62%	44	33%
3-D	3	2%	13	9%	8	6%
Aha!Moment	16	12%	51	37%	16	12%
Serendipity	45	33%	21	15%	20	15%
<i>Cultural Dimension</i>	73	53%	42	31%	93	67%
Capital resource	15	11%	7	5%	38	28%
Relationship/Connection	51	37%	29	21%	36	26%
Appropriate risk appetite	7	5%	6	4%	19	14%
<i>Other factor</i>	0	0%	10	7%	N/A	N/A

The most heavily re-invested area when firms start reaping some financial payoffs is also provided in Table 4 (in the third and fourth data columns), where we observe that most managers have tendency to invest in improving creative performance, using funds generated from business operation.

However, not all investments produce the same results, in managers' assessment. The efficiency of the re-investment seemed to suggest that one factor will likely improve the most after the reinvestment, as seen in the last two columns of Table 4.

Last we provide in Table 5 a summary of what managers think have been important in state owned versus private sector enterprises (SOE and PSE, respectively), ranging from creativity to cultural values to and operation emphasis.

Table 5: 3 most typical traits of SOEs vs. PSEs over the past years in transition

Factors	SOE	PSE
<i>Creativity</i>		
3-D	24	11
Aha!Moment	23	71
Serendipity	99	86
<i>Cultural Dimensions</i>		
Capital resource	72	64
Relationship/Connection	101	32
Appropriate risk appetite	12	90
<i>Operations</i>		
Strategic vision	15	34
Efficient business process	31	26

Overall, the distribution of responses appears to be similar between the two organizational types.

5.2 Propositions and statistical examination

One question that respondents raised was whether an entrepreneur's creativity is limited by access to required resources, like money or people. If so, that raises a question of whether creativity could exist as much in the beginning stages or only in later stages of a firm. Table 6 reveals that respondents through entrepreneurs' creativity would be limited by resources more in established than in beginning phases.

Table 6: Creativity different in entrepreneurial and established phase?

		Phase	
		B	E
Entrepreneur Creativity limited by resources avail.	Yes	39	71
	No	7	20

For this particular question, we perform an analysis on the above frequency distribution, to see a possibility of association (relation) between these two categorical variables. The odds-ratio of those who believe without necessary resources the entrepreneur's creative performance is constrained to the odds-ratio of those who do not believe so is 1.6, with 95% confidence interval [0.6,-4.0]. This interval cannot confirm that this odds ratio is significantly greater than 1, thus we cannot decisively agree with the previous prediction of association.

The second hypothesis raised by many practitioners is that if creativity is the decisive factor driving entrepreneurship, then creative performance should appear in the entrepreneurial stage of the development. Analysis shows, though, that the proposition does not hold (Table 7).

Table 7: Creativity vs. Resources the decisive factor for entrepreneurship

		Phase	
		E	B
Decisive factor for entrepreneurship	Creativity	29	14
	Resources	86	31

Next, we consider the "entrepreneurship-creativity tango" in the context of the transition of the Vietnamese economy, and particularly the year 2012 in turmoil.

Proposition 1: If creativity/innovation is a critical driver for household income growth, a confirmed relationship between a belief in the value of creativity/innovations should suggest that entrepreneurs would pursue it.

Proposition 2: If a causal relationship exists between Entrepreneurship (E) and Creativity (C) – one direction or another – then in a new venture, such a relationship is associated with the most important factor making the venture happen, if that factor is classified into either creativity or cultural values category.

Proposition 3: If a causal relationship between Entrepreneurship and Creativity exists, one direction or another, then that relationship is closely associated with both stages of business development, namely entrepreneurial (E) and established business (B).

These propositions are to be verified using the count data provided in Table 8 below.

Table 8: The 2x2 contingency tables for Propositions 1 to 3

Proposition 1		Income due to innovations	
		Yes	No
Entrepreneurship creativity needs resources	Yes	80	30
	No	13	14
Proposition 2		Causal relationship	
		C to E	E to C
Decisive factor for entrepreneurship	Creativity	21	15
	Resource	52	18
Proposition 3		Causal relationship	
		C to E	E to C
Phase	B	22	16
	E	55	27

Table 8 summarizes data for checking Propositions 1 to 3 in two-way joint frequency distributions, which are ready for analyzing hypothetical associations between categorical variables, following the subsection of research method in Section 3.

Estimations were performed to examine the statistical significance of the relationship stated in each Proposition, using count data provided in Table 8, employing methods of categorical data analysis by Agresti (2002), and SAS evaluations in Azen and Walker (2011).

Table 9: Reported statistics for testing Proposition 1-3.

	$G^2 \sim \chi^2$ (with df=1)	p-Value	Fisher's p-Value	Sample size	Association (alternative)
Proposition 1	5.7	0.017	0.021	137	Confirmed
Proposition 2	135.8	<0.001	<0.001	106	Confirmed
Proposition 3	149.8	<0.001	<0.001	120	Confirmed
Note: Fisher's p-Value is two-tailed. Sample size varies between estimations due to removing responses that do not fall into relevant categories in our consideration.					

Results reported in Table 9 suggest that survey data support Propositions 1-3 about likelihood of relational associations between entrepreneurship and creativity. While our propositions are purely theoretical, the reported statistics are positive evidence confirmed by observed data. Two hypothetical associations (Proposition 2 and 3) confirmed in the resultant Table 9 are significant at any conventional level, and Proposition 1 is supported at the conventional 5% statistical significance level (note: χ^2 critical value at df=1; $\alpha=5\%$ is 3.84).

4. Final remarks and limitations

Several broad findings come out of the exploratory survey. First, we find that 94% of the respondents agree that market competition will rise and force firms to use creativity/innovation seriously. Second, we suggest that the single most important factor before the start-up and during the implementation processes in a firm is the need for "connection/relationship," although businesspeople are increasingly also aware of the need of

creativity/innovation. Finally, the last three propositions are used because they suggest that for business operations, the creativity and entrepreneurial spirit should not be separated, and this holds for both entrepreneurial firms and well established companies.

Through our consideration of our data set on Vietnam's business sector in chaotic year 2012, and in line with a thorough literature survey, we realize that creativity methods as described in Napier and Nilsson (2008), Napier (2010) together with three most common and influential cultural values of the Vietnamese business community capture well most important factors that drive the decision to become entrepreneur.

There are some research limitations in this work. First, the survey data is obtained from a specific type of transition turmoil of a post-communist society in Vietnam. Thus, there might be possibility that the analysis the paper has gone through may be atypical. Second, although showing evidences that support meaningful propositions, there will be much to learn about how's and why's this specific tripod should become pivotal to understanding transition economies, together with micro-level management and macro policy implications.

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What is the Management Attitude of Leading Thai Organizations towards Currency Hedging Strategy in Today's Dynamic Environment?

Lugkana Worasinchai
Bangkok University, Thailand
lugkana.w@bu.ac.th

Abstract: This study investigates the relationships between the exposure to foreign currency transactions and management attitude both in short- and long-terms as a precursor to understanding best practices in hedging risks associated with foreign currency transactions. A purposeful sampling strategy was adopted and three companies from the Thailand's SET 50 listed companies were selected for the study. Semi-structured interviews and thematic analysis were adopted for data collecting and analysis respectively. It is expected that the study will benefit Thai firms, their international trade partners, and the Thai government through the recommendations aimed at enhancing both the practice and the management of foreign exchange risk management. The study also benefits those financial institutions who are involved in providing hedging products to the Thai firms.

Keywords: Exposure to foreign currency transactions; Management Attitude; Exchange Rate Risks, Hedging Strategy, Thai Firms

1. Background and motivation

One major motivation for the current study is a lack of prior empirical research on the currency hedging strategy of firms from a management perspective in today's rapidly changing business environments of South East Asian countries. The management perspective of currency hedging strategy is becoming particularly important for Thailand which is now a major force behind the economic integration of South East Asian economies as manifested by the Association of South East Asian Nations (ASEAN). Furthermore, enhancements in communication among various sections of global economy have provided a situation where financial crises in one region are transmitted to other region in the world much faster than before.

In 1997 the Asian financial crisis started from Thailand and resulted in large depreciation of the Thai currency. This led to the abolition of the old system which was a fixed exchange rate system and establishment of a float system for managing fluctuations in the Thai Baht (Obstfeld and Rogff, 2009). The latter system has been working reasonably well up until the recent years.

The Thai economy heavily depends on export sector which constitutes 70% of the Thai GDP. In recent years the Global Financial Crisis (GCC) in general and depreciation of the USD and subsequent depreciation of Euro in particular have put a massive pressure on the Thai Baht creating sharp fluctuations (Nidhiprabha, 2010). These fluctuations have also affected other ASEAN countries such as Malaysia, Myanmar and Indonesia who have strong trade links with Thailand.

Such instability in the Thai currency has created a risky business environment for Thai organizations, particularly the non-financial companies many of whom having international operations and yet adopt a risk-avoiding attitude towards their foreign exchange risks while at the same time adopting a dynamic risk management strategy meaning that they are willing to actively respond to rapidly changing environment; hence another motivation for the current study.

In addition, more intensive trade relationship is expected between Thailand and other ASEAN economies due to several reasons (Doyle, 2012). As a result, Thai government is now adopting an even more open-door strategy in terms of import – export regulations and investment policies, which will further triggers adoption of more dynamic strategies towards currency risk management.

And finally, some Thai organizations have already grown beyond the national capacity, and are aggressively looking outwardly to find new international markets for their products as well as for foreign investments and material acquisitions from abroad due to various limitations in internal financial resources (Anonymous, 2012). This situation demonstrates that Thai companies can potentially benefit from globalization involving foreign

exchange transactions, while at the same time they need to avoid risks that are associated with these transactions; and this is the focus of the current study.

The study argues that: (i) to manage sharp fluctuations in foreign exchange, the management of non-financial Thai companies needs to adopt sophisticated methods and tools for controlling and/or avoiding various risks associated with foreign exchange fluctuations, and (ii) there is a knowledge gap in understanding the management attitudes of Thai organizations towards their currency hedging strategies which needs to be addressed.

Therefore, the current study attempts to provide partial answers to the following overarching research question:

What is the management attitude of leading Thai organizations towards currency hedging strategy?

The above question has been split into the following sub-questions:

RQ1. *‘What is the relationship between the company’s exposure to foreign transactions and management attitude of Thai Leading companies?’*

Logically, it seems that the management attitude is affected by the degree of the company’s exposure to foreign transactions being defined as High, Low. Management attitude defines as risk avoider or risk takers.

RQ2. *What is the relationship between the management attitude and planning horizon adopted by the management?’*

The justification for this research question is that the more risk takers a manager is, the shorter would be the planning horizon adopted by him/her; whereas the opposite does not hold true as a risk avoider managers would try to avoid all kinds of risks (both in short and long terms) hence adoption of both planning horizons when adopting their currency hedging strategies.

To answer the above questions the study utilizes a conceptual framework for: (i) defining *business characteristics* of Thai leading firms, which will show the company foreign exposure. (ii) define the attitude toward risks. (iii) defining various existing *hedging strategies* and associated *foreign exchange risks*. These concepts have been synthesized from the current literature through a systematic review method (Kitchenham, 2004; Kitchenham et al., 2009) as described in the following section.

2. Review of the literature

The aim of this review is to demonstrate results of a systematic review of the current literature on the three fundamental concepts that are central to the research questions including: *business characteristics*, *currency hedging strategies*, and *exchange rate risks management policies*. The below steps were taken for conducting the review:

Step 1 Three major business research databases were used for the study including EBSCO, Emerald, and Science Direct using a combination of the keywords within three keywords: *exchange rate hedging strategies*, *currency fluctuation risks*, and *exchange rate management policies*. In this domain, it will cover also attitude toward risks for the period 1997 – present covering two major financial crises.

Step 2 For each database, if the number of papers found exceeded 100, only 10% of the papers were selected randomly for the next step. Criteria for such selecting include: ‘rank of the journal/ resource’, ‘currency of the paper’, and ‘relevance of the title of the paper to the current research’. If the number of papers in a category was less than 15, all the papers will be selected for the next step. And finally, if the number of papers found was between 16–99 a combination of the above criteria will be applied.

Step 3 The title and abstract of each paper selected in the previous step were carefully reviewed and most relevant papers were selected for the next step.

Step 4 Selected papers were reviewed more closely with the specific aim of selecting papers for the final short list.

Step 5 At this step all of the papers selected in the above step, and their relevant references were identified, thoroughly reviewed, and summarized. These results are shown in Table 1 below:

Table 1: Search results from the three research databases

Database Keywords	EBSCO (# in each step)	Emerald (# in each step)	Science Direct (# in each step)
Business Characteristics (Foreign Exposure)	S1:8 S2:8 S3:8 S4: 4	S1:20 S2:15 S3:11 S4:5	S1:35 S2:15 S3:9 S4:9
Currency Hedging Strategies	S1:10 S2:10 S3:10 S4:2	S1:21 S2:15 S3:2 S4:2	S1:29 S2:15 S3:15 S4:11
Exchange Rate Management (Attitude toward Risk)	S1:8 S2:8 S3:8 S4:5	S1:31 S2:15 S3:10 S4:2	S1:18 S2:15 S3:13 S4:9

The final step of the review methodology resulted in 49 references (sum of S4s in all nine cells). The following review represents the most relevant findings and has been synthesized using both the references found in Step 4, as well as the most relevant references cited in those references.

2.1 Exposure to foreign currency transactions

One important business characteristic of today’s business firms is the firm’s exposure to the risks associated with foreign exchange transactions (Edelshain, 1993) as shown by columns 2 and 4 in Table 2. These factors have also been referred to as One major factor that has been frequently cited for describing business characteristics of a firm in relation to its foreign exchange management and policies is the ‘size’ of a firm which is normally described by its revenues. In a milestone study Edelshain (1993) suggests that both the company size is one major factor that determines the methods a company uses to manage its currency exposure and found a positive association between the use of forward market contracts and the size of the firm. Similarly, Belk (2002) found that the size of a company had an impact on the centralization issue in that small companies often gave a lot of leeway to operating units and medium companies reduced the leeway allowed. As companies became larger initially the freedom to make decisions was further reduced, but the largest companies of all, in recognition of an inability to optimize in such a complex area as global finance, tended to reverse this centralization trend to some extent by providing the operating units with formal guidelines but allowing considerable leeway within the boundaries.

The third characteristic is related to the locus of responsibility for managing currency exposure, whether such responsibility belongs to the parent company or to the subsidiary (Edelshain, 1993). This factor has also been referred to as the *responsibility location* factor (Goldberg, 2008; Goldberg and Tille, 2010; Ito, Koibuchi, Sato and Shimizu 2010; and Lu, Qiu and Song, 2012) The current study uses the ‘the extent of operations in foreign countries’ as an indicator for the locus of responsibility and the level of exposure to the foreign currency risks, as shown in Table 2.

In a study of foreign exchange risk, Zubeiru et al (2007) examined exposure of listed firms on the Ghana Stock Exchange to the exchange rate risks for the period of January 1999 to December 2004 and found that fluctuations in all major foreign currencies are the major source of foreign exchange risk to the listed firms on the GSE with the USD leading the list for both private and public sectors. Most firms had negative exposure coefficients suggesting that the majority of the listed firms would experience an adverse valuation effect when the local currency (cedi) depreciates against other currencies, and benefit when the cedi strengthens in value relative to these currencies. Firms with exposure to the UK pound on the other hand experienced higher stock returns as the cedi depreciated against the UK pound. It is therefore advantageous for listed firms on the GSE to denominate their international transactions with the UK.

2.2 Currency hedging strategies

The study by Edelshain (1993) found that four factors representing the internal organization of currency exposure management (e.g., who manages the risk, 'use of operational techniques', 'presence of organizational measures', and 'use of strategic methods') determines the methods a company uses to manage its currency exposure and found a positive association between the use of forward market contracts as well as centralized treasury.

A study by Afta & Atia (2011) also indicates that Pakistani firms having higher foreign sales are more likely to use foreign exchange derivative instruments in order to reduce exchange rate exposure. The study concludes that (i) the optimal usage of foreign exchange derivative instruments may enable Pakistani firms to smooth their future cash flows by reducing opportunistic behavior of shareholders and managers, hence, minimizing the agency costs of debt and equity; and (ii) the policy makers should develop a well-organized exchange traded derivative market in Pakistan for the benefit of financially constrained firms with highly variable cash flows and foreign sales. Furthermore, the study also highlights that effective usage of derivative instruments may enable corporations to define their hedging policies that are compatible with firm's internal investment and financing policies. Therefore, properly planned and implemented investment, financing and hedging policies, will not only facilitate firms in achieving their primary goal of shareholders' wealth

2.3 Attitude towards risk

People's attitude toward risk are divided into two categories: risk-aversion/avoidance and risk-seeking (Kahneman & Tversky, 1979). A study by Shi (2011) confirms that CEOs can be more risk-takers if they have access to appropriate information from external sources. Furthermore it has been noted that such attitude towards risk management may also be influenced by managerial attitudes and preferences rather than depending on maximization of shareholders' wealth (Karl V. Lins, Henri Servaes, and Ane Tamayo (2011). Managers may also act as a risk-taker by using derivatives for speculative purposes given that they can often reap large rewards for successful bets but bear relatively few costs for failed ones.

Many managers may prefer less volatile earnings and even sacrifice long-term value in order to smooth earnings because lower earnings volatility helps reduce the firm's perceived risk (Wang, X. and Fan, L. (2011). This demonstrates the potential impact of the management attitude in hedging risks associated with foreign exchange transactions.

In a milestone study by DeMarzo and Duffie (1995) argues that new managers who have less developed reputation are more likely to adopt new ideas like derivative-based risk management strategies in order to more accurately signal their management quality. If this hypothesis holds, firms whose managers have shorter tenures on the job would be more inclined to manage risk. Tenure is defined as years in the position .

A major study by Morey & Simpson (2001) on the efficacy of simple strategies for hedging foreign exchange risk for the period of January 1974 and December 1998 suggests that there are generally five hedging strategic approaches: to always hedge, to never hedge, to hedge when the forward rate is at a premium, to hedge only when the premium is large, and a strategy based upon relative purchasing power parity. The study finds that a strategy which hedges based upon large premium has generally outperforms the other strategies for the period 1989–1998 whereas for the whole sample and at time horizon period, an unhedged strategy performs better than a hedged strategy.

2.4 Exchange rate risk management

The literature has drawn attention to the chief responsibility for foreign exchange risk management increasingly to lie within the realm of the finance function, and in particular with the treasurer. In 1983, for example, Broder (1984) confirms currency risk management as having become largely the preserve of the finance function. While it is appropriate to locate this responsibility in the finance function, it should not necessarily be the treasurer's responsibility. Allen (1991:24) has commented that "... it is usually the financial controller who is in the best position to identify and quantify the risks which need to be managed."

A study using postal survey of foreign exchange risk management practices in British Times 1000 corporations carried out in late 1991 (Edelshain, 1993) found that the nature of who gets involved in managing foreign

exchange risk will impact on how it is managed. This study also confirms a previous study by Blin et al. (1980) who demonstrated how the currency risk management was affected when the parent rather than the subsidiary had such responsibility.

On the other hand, in a study by Belk (2002) two UK company treasurers states that there were no formal aims of exchange risk management within their companies. Also in one instance a German respondent reported that an optimal currency management strategy did not exist because of the general unreliability of exchange rate forecasts. The company consciously went without political risk measures and because hedging was found to be unfavorable ex-post also went without any currency management or hedging (Ibid).

And finally, Ugur Lel (2012) examined the impact of the strength of governance on firms' use of currency derivatives. Using a sample of firms from 30 countries over the period 1990 to 1999, the study found that strongly governed firms tend to use derivatives to hedge currency exposure and overcome costly external financing. On the other hand, weakly governed firms appear to use derivatives mostly for managerial reasons. Overall, the results serve as the first comprehensive evidence of the impact of firm- and country-level corporate governance on firms' use of derivatives.

3. Case study organizations

The profiles of the three companies who participated in this study are provided below:

Company A: This company is a leading telecommunication company in Thailand with no subsidiaries abroad. The company's past investments have been mainly on large projects which required foreign borrowings mainly in US dollar, as well as by issuing bonds in other countries. The company's main source of income is in Thai Baht. As a result, its involvement in foreign exchange transactions is solely for funding its investment projects. Since the company's income is in Thai Baht it cannot adopt a natural hedging strategy. A fully hedge strategy on the other hand proved to be far too costly. As a result the company set the following policy for its foreign exchange transactions:

Speculation of exchange rate in any foreign exchange transactions is not allowed.

The board of directors solely approves the counterparties.

Foreign exchange policies must be clear and reviewed and audited by the board of directors every year.

Line of authority must be strictly observed in any decisions regarding foreign exchange transactions.

Company B is a holding company in Thailand investing in power plants both in partnership with domestic and international power plant companies, as well as through 100% ownership of those companies, or through foreign direct investment in other countries particularly the ASEAN countries. Since there are very few power plants in Thailand and in other ASEAN countries, the company operates in several other countries and this is the main reason for its involvement in foreign exchange transactions. Currently 30 percent of its revenues are in U.S. dollar and the rest are in Thai Baht. The company's income is in both Baht and U.S. dollar, but all expenses are solely in Thai Baht.

Company C this company is another telecommunication firm in Thailand whose involvement in foreign exchange transactions is due to its investment project financing as well as buying materials. The company's income is mainly in Baht and expenses are in U.S. dollar. This means that natural hedging cannot be applied to this company. The two major expense items include borrowing foreign exchange and buying materials. For the latter, the company uses the *forward contract* in order to fully hedge the risk.

4. Research methodology

Most studies on exchange rate risk and currency hedging strategies have either used historical data, or the data have been collected through simulation of financial models, or have used survey questionnaire and statistical methods, or a combination of the above methods (Fonseca and Rustem, 2012; Pramborg, 2005; and Aabo, Hansen and Pantzalis, 2012). The current study argues that while the above data collection and analysis methodologies provide useful trends, they may not necessarily explore aspects of deeply rooted strategic

issues involved particularly in business environments such as Thailand with a strong and influential national culture. As a result, the current study expands existing studies on exchange rate risk and currency hedging strategy by adopting a case study approach using both *document review method* and *semi-structured interview method* for data collection, and *thematic analysis* for analyzing the collected data with the aim of exploring factors that affect currency hedging strategies for TCIFX.

Below is a description of the adopted methodology:

Selection of the case study organizations: To select appropriate firms for data collection the financial statements in the annual reports of non-financial SET-50 companies (the top 50 companies listed in the Thai stock market) were reviewed. The justification for using the SET-50 firms for the study is that these firms usually represent best practices with some kind of standard hedging strategies already in place. Furthermore, the exchange rate practice of these firms set norm for the remaining Thai firms who are involved in foreign exchange transactions. From the above list those firms with extensive involvement in exchange rate transactions were selected. This was determined by examining exchange rate gain/loss item of the firm's financial statement.

Identification of the currency hedging strategy of the case study organizations: To this end the financial statement of the selected firms were reviewed in order to determine the firm's hedging strategy. Normally the firms report tools for financial hedging strategy; however the absence of a specified financial strategy tool in financial statement would imply that the firm must be using some sort of internal hedging strategy. The latter issue will be clarified during the interview with selected firms.

Inviting selected firms for interview: A separate invitation letter was sent to each of the selected firms with an indication of the possibility that they may be involved in the study for a longer term. Respondents were given the opportunity to choose one of the following options:

I am willing to participate, and I offer my long-term commitment to the study.

I am willing to participate, and I offer my short-term commitment to the study

I cannot accept the invitation.

All respondents from the first category will be selected for the study. If the number is less than 10, the remaining ones will be selected from the second category. No selection will be made from the third category. A total of three qualified firms were selected for the current study. Interviews were conducted in the companies' sites and lasted 60 – 90 minutes each.

5. Reporting and analysis of the results

One representative was invited from each of the three case study organizations for the interview. The highlights of the interviewee responses and analysis of the results are presented below for each company separately.

Company A: The company has high level foreign transactions in borrowing money from abroad. This means that the company exposure to foreign currency high. On the other hand, the interviewee mentioned that the company does not encourage speculation of exchange rate and all major policies on this matter are ultimately made by the board of directors and are implemented hierarchically through the CFO's initiatives. Such response is also consistent with the observation that the company fully hedges the risk. We may therefore conclude that the management's attitude towards risk has been a 'risk avoider'. This answers the first research question of the study.

Furthermore, the planning horizon for currency hedging strategies adopted by the company has been both short- term and long- term. The reason for arriving at such conclusion is that generally speaking, companies are exposed to three types of risks including transaction, translation, and operating risks. Transaction and translating exposure are short term risks, and operating exposure is long term risk. Company A hedges against the transaction exposure only. This suggests that it adopts a short-term planning horizon in its currency hedging strategy. Furthermore, it was noticed that the company dynamically responds to such short-term risks by using a variety of hedging strategies and associated financial tools that are specific to short term risk such as *forward contract* and *options* (REF). This in turn provides an answer to the second research question.

Company B: The company has a low exposure to foreign currencies as the business is a holding company. The company's income at any given time comprises of several foreign countries. The company invests in both domestic and foreign markets adopting a variety of investment approaches. As a result the company's risk has been naturally hedged. The management attitude towards foreign exchange risk is 'risk avoidance' which is consistent with company's adoption of a full hedged approach to managing foreign exchange risks. This answers the first research question.

Since the company's income is mainly in US dollar and Thai Baht, and since no expenses are in foreign currencies, the company's involvement in foreign currencies is primarily in the form of borrowing from external sources for financing its investment projects. As a result, the company primarily adopts a natural hedging strategy. This implies that the company responds to external change by adopting a long term strategy by investing in different countries as a way to avoid short-term foreign currency risks. This answers the second research question of the current study.

Company C: The company has low exposure to foreign currencies because its foreign transactions are only around 5% of its total revenue; and its involvements in foreign currencies is mainly for borrowing to fund its investment projects. This implies that the management's attitude toward risk is risk avoidance. Furthermore, the company does not have a regular and predictable pattern in its expenses and for this reason it adopts forward contract tool for hedging risks associated with exposure to foreign currencies. This answers the first research question of the study.

Company C adopts long-term planning horizon for managing its exchange risks, and as a result, it does not respond to the short term external change dynamically, and this constitutes the answer to the second research question.

6. Conclusion and future work

Results of the study confirm that among Thai leading companies exposure to foreign transactions affects management attitude towards risk associated with foreign currency transactions. The study also confirms that management attitude affects the planning horizon of strategies adopted by the Thai leading companies for hedging risks associated with foreign currency transactions: the more risk seeker the management, the shorter the planning horizon of the strategy, whereas risk avoider companies adopt both short- and long-term strategies for hedging their foreign exchange risks.

The current study can be extended to incorporate supply chain organizations both within and outside Thai economy which in turn may result in further trade collaboration among them. Also knowledge-sharing requirements of the above companies in relation to the resource requirements for implementing various hedging strategies would be another interesting extension to the study.

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Management of Nuclear Power Using Social Networks

Laura Zalzala

American University in the Emirates, Dubai, United Arab Emirates

laura.zalzala@aue.ae

Abstract: This paper presents a quantitative approach of nuclear power governance using methods of social network analysis. Analyzing management or governance of international nuclear power in terms of the networks and actors within it and using techniques developed by other disciplines and at different junctions such as temporal, geographical, social, relational etc., would bring a new perspective on the complex structures of world energy as well as world politics. Therefore, energy governance would be more than a descriptive label applied to the international power structures, but a way of analysis and mapping for the latter. Using empirical research data, this paper will also assess the characteristics of the networks formed by global governance actors and connect the theoretical implications of its structures with foreign policy outcomes, thus showing a map of relationships that can prove very useful to practitioners in strategic planning.

Keywords: nuclear power, social networks, social network analysis, governance

1. Introduction

The study of relations between various actors whether they are individuals, animals from various species, small groups or economic organizations, social classes, nations or military alliances is essential for social sciences. Social network analysis (SNA) can be defined as the investigation of relationship patterns between social actors, as well as the creation of patterns for actor interactions at various levels (Breiger, 2004).

Networks are complex systems describing relations between various actors. They comprise actors with agency: the possibility to act and react. According to the level of analysis targeted (peace and security, human rights, international commerce, economic development or environment), networks can comprise actors like states, sub-state government units (e.g. ministries or province governments), inter-governmental organizations, non-governmental organizations, trans-national corporations, social movements and even individuals. Complex systems are always subjected to the effects of the interactions within them. In close-knit systems the processes are fast, cannot be stopped, and the failing parties cannot be separated from the others. This makes the recovery after the initial trauma almost impossible because it spreads very quickly and it is not reversible. This type of interaction is called normal accident. Any complex system will produce such issues by default. The opposite is the case of coupled systems without major connections within it. All the elements here are part of the same production system, but no element causes the other (Perrow, 1984). Such a system is a robust structure. If the networks are close-knit they will have dense, powerful connections amongst their actors. For example, interactive complexity and dense connections in the case of nuclear weapons determines normal accidents; this situation can only be aggravated by small, weak and unstable states (Sagan, et al., 1995).

Therefore, networks refer to both structures and functions within an organization. The relations between the actors can be financial, legal, social or of any other nature. The actor has to be aware of the existence of a relationship so that a connection can exist. The number of actors varies, but cannot be infinite: there is a practical limit for the number of discrete actors that can interact without an aggregate form.

In order to analyze global networks we need mathematical tools. Social network analysis (SNA) is a very suitable method for analyzing social structures resulting from global interactions since it is possible to measure interactions and not just the players' attributes. Network theory is a matter of ontology, while network analysis is an epistemological problem. The SNA perspective includes the following: actors and links between them are more interdependent than independent or autonomous units, links between actors are channels for the flow of information and resources, links within the network create but also refute certain actions and the overall structure is seen as a pattern of relationships between actors (Wasserman et al., 1994). The most important aspect of this paradigm is that it focuses on the structure - which is relational - and it is also based on empirical evidence, using graph theory, which is a form of visual representation and includes a formal statistic model.

Social network analysis allows analysis of both general and local conditions. There are techniques such as block modeling that demonstrate how different actors play similar structural roles in a network (Luczkovich et al.,

2005; White et al., 1976). SNA allows the monitoring of several relationships simultaneously between different actors and different levels of analysis, without losing coherence. This method can reveal properties of networks that are not visible through other methodologies, such as "holes" in the network or overlaps. Without forgetting that every relationship in itself is a living demonstration of the concept of agency in the dyad analyzed, a map of a network can be a starting point from which to begin strategic planning for social transformation (Cox, 1999). Knowing the structure of social forces, a network allows players greater freedom to exercise their agency capability. Knowing where to influence is vital in order to exercise influence. Furthermore, the SNA allows the mapping of network over time.

2. Theoretical principles of social network analysis

Having its origins in sociological research in the 1970s and a constant evolution to date, social network analysis is widely used in all branches of social sciences. A social network consist of "all the links established between persons" (Baechler, 1997) or "a system or a pattern of links between individuals" (Seed, 1991). In a broader sense, we define social networks as "social relations between entities and patterns and implications of these relationships (Wasserman et al., 1994). This latter definition brings social networks closer to the purpose of this paper. Relations and actors forming such a network can be extremely varied, but what they have in common is precisely the presence of a particular pattern or organized mode of interaction that shapes them as structures (Postelnicu, 1998). Their analysis involves a series of very different analytical methods, econometric or statistical traditional methods.

A network is defined by the relations between different actors and not by the attributes or the mere presence of these actors. Therefore, the methodology of analysis is centered on the study of dyads, triads or larger relational systems (Postelnicu, 1998).

There are a number of theoretical principles of social network analysis, which differ from other methods (Wasserman et al., 1994):

- Actors and links between them are seen as independent entities;
- Links between actors are the means for the transfer of resources;
- The network's structural environment provides opportunities for the coercion of individual action;
- The structure of the network is a long lasting pattern of relations between actors.

As we have already seen, social networks consist of series of relational data. They can be represented empirically in three ways (Postelnicu, 1998; Wasserman et al., 1994):

- Sociometric model;
- Graph theory model;
- Algebraic model (matrix).

All these techniques are formally distinct, but address the same reality. The sociometric model operates with socio-matrices and socio-grams and is mainly unrepresentative for the purpose of this research. Graph theory adds mathematical properties and complex sets of notations (hyper-graphs) to the sociometric diagrams. It also operates with adjacency matrices. Finally, the algebraic model operates with notations and matriceal forms of data storage. This paper will use the graph theory model, because space does not allow for matrix representation. The latter model is used only for the modeling itself. Moreover, the graphical approach to relations between actors expresses the patterns within the network.

3. Nuclear power network

3.1 Methodology

The analysis will start with an example of traditional security, namely non-proliferation networks. The following data sources will be used: non-proliferation treaties and international agreements dealing with the use of nuclear energy.

All the results were obtained using UCINET 6 (Borgatti et al., 2002) and graphics using NetDraw (Borgatti, 2005).

A number of twelve agreements or treaties are used here as they appear in the CIA World Factbook, Arms Control Association and UNODA (CIA; UNODA). Main international treaties, applying committees and regional treaties for all parts of the world were selected for this purpose. Interactions between states were recorded as an adjacency matrix with undirected links, which only indicate membership of a specific treaty or agreement. Relations were dichotomized, having no weight (1 was used for the existence of a link and 0 for its absence). The treaties and agreements examined are found in table 1.

Table 1: Treaties and international agreements on nuclear proliferation

Name	Type	Scope	Members
Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL)	Regional organization	To encourage peaceful use of atomic energy and nuclear weapons in South America	33
Antarctic Treaty	Regional regime	To encourage peaceful uses of atomic energy and nuclear weapons in Antarctica	48
Comprehensive Test Ban Treaty	Multilateral treaty	To ban nuclear tests	182
Group of 6	International organization	To ensure nuclear disarmament	6
International Atomic Energy Agency (IAEA)	International organization	To promote peaceful uses of atomic energy	150
Nuclear Suppliers Group	Non-proliferation export control regime	To establish standards for the export of nuclear materials processing equipment, for uranium enrichment and to provide technical information to various countries or regions	46
Treaty of Bangkok	Regional treaty	To encourage peaceful use of atomic energy and nuclear weapons in Southeast Asia	10
Treaty of Pelindaba	Regional treaty	To encourage peaceful use of atomic energy and nuclear weapons in Africa	50
Treaty of Rarotonga	Regional treaty	To encourage peaceful use of atomic energy and nuclear weapons in South Pacific	13
Nonproliferation of Nuclear Weapons Treaty (NPT)	Multilateral treaty	To encourage peaceful use of atomic energy and nuclear weapons globally	190
Zangger Committee	Non-proliferation export control regime	To establish standards for export control under the NPT	37
Proliferation Security Initiative	International agreement	To prohibit the trafficking of weapons of mass destruction, their delivery system and related materials	95

Since treaties are so difficult to negotiate, states rarely withdraw. Therefore, this is a network that has come to be cumulative, where actors do not leave, but new players appear every year. Firstly, the adjacency matrix was represented as a state-treaty matrix and then transformed into a state-state matrix (states participating to the same treaty are linked together).

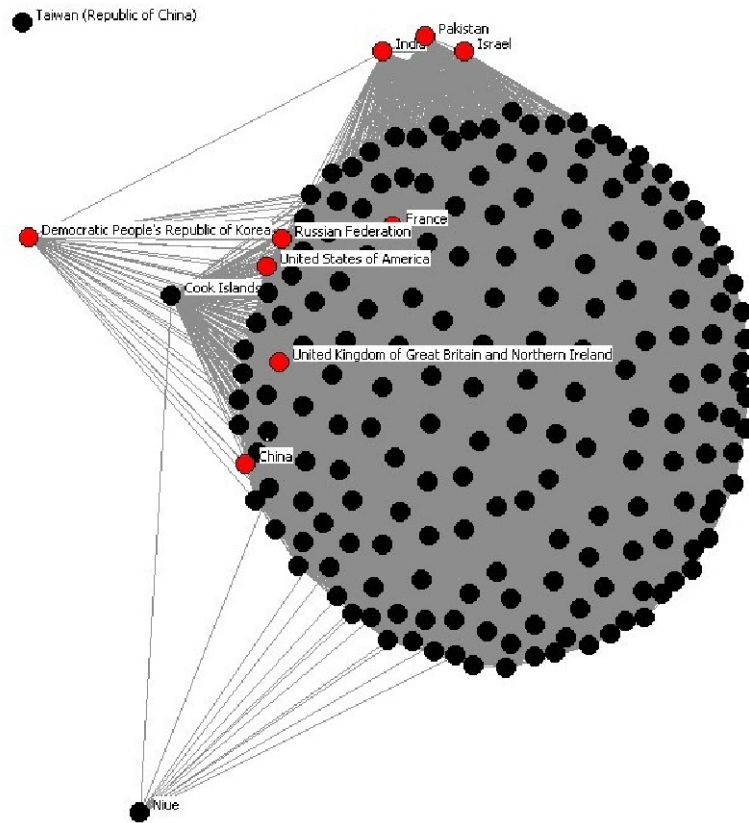


Figure 1: Non-proliferation agreement network

This network consists of 196 distinct actors bound together by a number of twelve treaties and agreements, as they appear in table 1. These actors are states, with one exception (according to UN): Taiwan (Republic of China), which belongs to China. Figure 1 presents these countries in a way that takes account of the geodesic distance between them. The spring embedding option of UCINET 6 was used. This is an iterative form of graphic representation, which places actors with reduced length paths between them closer to each other. Node repulsion is another factor that gives the network the form shown in figure 1. Thus, players are sufficiently distant to be distinguished from each other, and the length of lines/links between them is equal in order to normalize the distance between adjacent ones. The nuclear states are shown in red while all the others are shown in black.

3.2 Results

First of all, all states, even if they do not belong to one of the major treaties (IAEA, NPT or CTBT), they belong to a regional treaty of non-proliferation. Secondly, most states are part of a major treaty. However, it should be kept in mind that there are nuclear states that are not part of the major treaties (e.g. North Korea, India, Israel, Pakistan) and that Taiwan has nuclear capabilities (even if not usually listed as a state with nuclear capacity) and does not belong to any treaty.

For such a network where the value of the link is given by the number of treaties the dyad is part of, we can calculate the density of the network. This is defined as the sum of links divided by the number of possible (maximum) of links. The average density of the matrix is 2.4210 with a standard deviation of 1.3299. A structure with high clustering (almost all states are party to major treaties) will have a high diagonal density and low otherwise (Hanneman et al., 2005; Hanneman, 2011). This means that dissemination of information is relatively high and the degree to which actors are constrained by rules and regulations is also high.

The geodesic distance of a network is the number of relationships within the shortest path from one player to another; the path being a sequence of actors and relations (Hanneman et al., 2005). In other words, it measures how easily we can get from an actor to another. Average geodesic distance between dyads is 1.027 and the cohesion based on these distances is 0.976, which means that there is a high degree of cohesion

(cohesion takes values between 0 and 1). Networks with these characteristics will communicate well and it can be assumed that the answer to a security threat will be quick and consistent across the network.

Network transitivity is a property that analyzes groups formed by three actors (Wasserman et al., 1994). Basically, a relationship between these three actors is transitive if there is a link between A and B, a link between B and C and therefore a link between A and C. 93.09 % of the total number of triads within the network are transitive and 99.04 % are transitive from those who have may be transitive. This means that the group is structurally balanced and that the level of cooperation is very high. Therefore, if a state is participating to a treaty, it is very likely to participate in another.

In the case of a graph like the one in picture 3, the degree centrality indicates the number of direct connections between actors. Looseness centrality, on the other hand, indicates the shortest path to all other actors. A selection of minimum and maximum values for these two measures is represented in table 2.

Table 2: Centrality – maximum and minimum values

Degree centrality			Closeness centrality		
	Actor	Degree		Actor	Degree
1	Australia	99.48718	1	Australia	50
2	New Zealand	99.48718	2	New Zealand	50
3	Argentina	99.97436	3	Argentina	49.87212
4	Austria	98.97436	4	Austria	49.87212
5	Belgium	98.97436	5	Belgium	49.87212
6	Brazil	98.97436	6	Brazil	49.87212
7	Bulgaria	98.97436	7	Bulgaria	49.87212
8	Chile	98.97436	8	Chile	49.87212
9	Czech Republic	98.97436	9	Czech Republic	49.87212
10	Denmark	98.97436	10	Denmark	49.87212
188	Swaziland	96.41026	188	Swaziland	49.24242
189	Timor-Leste	96.41026	189	Timor-Leste	49.24242
190	Trinidad and Tobago	96.41026	190	Trinidad and Tobago	49.24242
191	Israel	80.51282	191	Israel	45.66745
192	India	74.87180	192	India	44.52055
193	Pakistan	73.84615	193	Pakistan	44.31818
194	Cook Islands	72.30769	194	Cook Islands	44.01806
195	Democratic People's Republic of Korea	18.46154	195	Democratic People's Republic of Korea	35.58394
196	Niue	6.15384	196	Niue	34.09091
197	Taiwan	0	197	Taiwan	NA

Closeness centrality assumes that actors who are locally centrally (within a particular group) and have connections with many others who are not linked to the main graph, do not get scores as high as they would get in the case of degree centrality. In this case, both measurements have produced identical results. The situation is serious, because many states that have obtained the minimum values are states capable of creating nuclear weapons. Trying to make them change their behavior by existing means (agreements or treaties) might be impossible.

There are a number of shortcomings of this analysis such as:

- Not all treaties have equal importance, although they are considered equal in the analysis. There are major differences in how rules are applied, funds allocated etc.
- There are other treaties that could be relevant to non-proliferation, that did not explicitly aimed at non-proliferation, but whose actions could contribute to it.

However, the analysis demonstrates that a quantitative assessment of data, which is already found in various qualitative studies, can be easily done.

4. Conclusions

The quantitative analysis of global governance is only beginning. Required data is still problematic to get. It is not about the fact that there is not an abundance of movements or transactions that occur between different

types of players, but about the organization and consistency in time and space of this data. It exists in electronic format but is often not organized in an accessible format. Possibilities to find data sets and use them to establish patterns of action will increase with time. This requires a better connection between epistemology and ontology as well as finding ways of analyzing the same network at different times both in terms of actors and processes taking place between them.

Global governance seems a phenomenon difficult to quantify or even define. Most times, its manifestations appear inconsistent. If we only consider the disruptions within the system then we have a problem of perception, and not an indication that global governance cannot be understood or improved as such. Without a clear description of what happens policies can only be prescriptive and indirect. We need multilateral institutions and powerful actors on the international scene that can operate on the basis of certainty.

The SNA approach emphasizes that power is above all relational. An individual has no power in the abstract, but because it can dominate others. In other words and using the SNA terminology: the power of the ego is the dependence of the alters. Since power is a consequence of relational patterns, the amount of power in social structures can vary greatly. In dense systems there is the potential for exerting a greater amount of power, as opposed to less dense ones. Power is a both systemic (macro) and relational (micro) relationship (Hanneman et al., 2005). The amount of power within a system and its distribution are correlated, but are rarely the same. Thus, power can be considered as a phenomenon at both macro and micro level in a network.

The most commonly used measurements of social networks are density, centrality, cohesion and sustainability. Network density is a measure that indicates the ratio between the number of all connections and the number of possible connections in the network. The density reflects, on one hand, the flexibility and ease with which agreements appear and disappear and, on the other hand, indicates the speed with which information is disseminated among stakeholders. The diffusion of information is maximized when the network has as many actors as possible.

Centrality is a key measure for the analysis of power because it measures how informational resources are used. Closeness centrality (Bavelas, 1950; Sabidusi, 1966) indicates the shortest way to all other actors, while the degree centrality (Freeman, 1979; Nieminen, 1974; Shaw; 1954) gives the number of direct connections of an actor. The easiest way to illustrate these measurements are internal and external levels, which assign the number of choices that actors can do and the number of links they establish. If an actor receives many ties, it is considered prominent. In contrast, actors with significant external degree are those who are able to communicate their opinions to others. These actors are influential in the network. Strength (Barrat et al., 2004), betweenness centrality (Freeman, 1979), as well as eigenvector centrality (Bonacich, 1972) have also been used to describe roles, positions and influence of nodes in a network. Nonetheless, none of these can actually describe the collaboration competence between nodes accurately.

Cohesion measures the substructures occurring in a network, such as alliances or cliques. The network used to illustrate the power of institutional cohesion (the treaty network) has high cohesion. This is very important for effective collective response in case of security threats: low cohesion networks will not communicate and are less likely to waste their efforts and resources made available for them.

A disadvantage of social network analysis is that it relies solely on a quantitative approach and cannot be used for contextual unquantifiable nuances or details, which are so well expressed in quantitative studies. However, SNA is very useful tool for getting a macro (structural) image of the international environment and consistent patterns of action in the world. Moreover, the methodology of social networks allows an interdisciplinary approach. Such an approach can easily complete any gaps found in global governance analysis.

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Conceptual Model of Information Technology Support for Prosumption

Ewa Ziemba

University of Economics, Katowice, Poland

ewa.ziemba@ue.katowice.pl

Abstract: The goals of my research were to explore the prosumption idea and to formulate assumptions and recommendations for its implementation and use of information technology in enterprises. The paper explains the nature, scope and development of prosumption and describes various examples of using prosumption in enterprises. Special attention is paid to information technology and systems as the foundations for the implementation and use of prosumption in enterprises. Hence, recommendations and a conceptual model concerning the use of information technology to support prosumption are shown. The management of consumer knowledge, “from” and “for” a consumer in particular, provided the basis for the created model. The results obtained from the research may prove to be helpful to researchers and scholars in developing studies on prosumption as well as enterprises interested in implementing prosumption.

Keywords: prosumption, consumer knowledge, consumer knowledge management, information technology, knowledge “from a consumer”

1. Introduction

Enterprises of the twenty-first century are facing the challenge of transforming their activities in such a way that they become adjusted to the key categories of the future. These categories are: turbulent environment, diversity and flexibility, uniqueness, innovation, creativity, adaptation, collaboration, trust, net generation, organizational learning, knowledge organization, knowledge management, wikinomics or virtualization (Hamel and Breen, 2007; Olszak and Ziemba, 2008, 2011; Tapscott and Williams, 2006; Tapscott, 2009). These, in turn, require from enterprises exploration of knowledge, as well as exploration of new possibilities and experimentation, which are intended to result in innovations, e.g. innovative products, innovative processes and innovative business practice, and also new projects, new markets and new distribution channels (Jansen, 2005; Tushman and O'Reilly, 2004). However, knowledge exploration and innovation creation, confined to the enterprise's internal research and development operations, become less effective. For these operations are very costly and often too lengthy. They frequently require organizational and cultural changes connected with the necessity of establishing equilibrium between knowledge exploration and exploitation (Lavie, Stettner and Tushman, 2010; Lavie and Rosenkopf, 2006; Adler et al, 2009).

Simultaneously, contemporary consumers are more demanding and expect service based on the 7R principle, i.e. right product, right quantity, right condition, right place, right time, right consumer, right price (Sudalaimuthu and Raj, 2009). Furthermore, consumers are better educated, more sophisticated, inquisitive, critical and creative. They are characterized by social concreteness, speed, freedom, openness, innovativeness, mobility, partnership and cooperation. They perceive the world as a place of creation, not consumption. Moreover, they do not wish to be passive consumers only. They want to satisfy their consumption needs through self-design, self-reconfiguration or even self-production and self-distribution of products (Tapscott and Williams, 2006; Tapscott, 2009).

All these factors made enterprises utilize consumers' knowledge, creativity and innovativeness (Campbell, 2003; Davenport, Harris and Kohli, 2001; Gibbert, Leibold and Probst, 2002; Jurgenson and Ritzer, 2009; Nätti, Halinen and Hanttu, 2006; Salomann et al, 2005; Tseng, 2009; Shi et al, 2005). These are consumers who know what they need, capable not only of expressing their needs, but even being able to create something themselves to satisfy these needs. Emerging examples (described below) show that the role of an enterprise is mainly becoming confined to the product production phase, as the remaining functions, including product design, are overtaken by a consumer. These situations sometimes appear to blur the traditional roles of “a producer” and “a consumer” and are referred to as “prosumption” (“co-creation”, “co-production”). The term “prosumption” refers to situations in which consumers collaborate with enterprises, or with other consumers, to produce things of value. Therefore, prosumption means that consumers play a vital role in the whole product life cycle and they become co-creators and co-produces of value (Jensen and Hansen, 2007; Ritzer and Jurgenson, 2010; Tapscott and Williams, 2006).

The goals of my research were to explore the prosumption idea and formulate assumptions and recommendations for the use of information technology for its implementation in enterprises. The paper explains the nature, scope and development of prosumption. Various examples of using prosumption in enterprises are described e.g. utilizing consumer knowledge and skills by enterprises resulted in such products as exclusive shoes made by John Fluevog Shoes and sports shoes made by Nike, the on-board computer in BMW cars, the movie "Snakes on a Plane", the computer game Second Life etc. In the paper, special attention is paid to information technology and systems as the foundations for the implementation and use of prosumption in enterprises. Hence, the recommendations and a conceptual model concerning the use of information technology to support prosumption are discussed.

In order to achieve the research goals, various scientific methods and techniques have been applied, such as a critical analysis of literature, case studies, and methods of creative thinking and logical deduction.

I am confident that the obtained results will prove to be helpful to researchers and scholars in developing studies on prosumption as well as to enterprises interested in its implementation..

2. Literature and related works – prosumption development

2.1 Definition and nature of prosumption

The notions of "prosumption" and "prosumer" were coined by an American sociologist and futurologist Toffler (1980). According to his theory, prosumption meant selected activities, previously performed by an enterprise's employees, being performed by the consumers in accordance with the *do-it-yourself* principle. Thanks to that, the consumer has become a co-creator of a product. Many examples of such phenomena can be observed today. In super- and hypermarkets, instead of a shop assistant giving a product into the hands of a consumer, trolleys and baskets are filled with products by consumers themselves. Self-service fuel pumps at petrol stations allow consumers to fill car tanks with fuel themselves. Furniture shops sell furniture in parts, packed into packages, and consumers on their own, using manuals, assemble furniture from parts. An exemplification of such an understanding of prosumption is also electronic banking, thanks to which consumers on their own, without intermediation of bank employees, open bank accounts, make payments, etc. It is worth noting that the concept of prosumption had and has its adversaries and critics (Baudrillard, 1986; Keen, 2007). However, their propounded theories have not impeded its development.

Prosumption has become an eerily valid subject of research only recently. Prahalad and Ramaswamy (2004) discuss this concept as a notion of "value co-creation". Tapscott and Williams (2006) regard prosumption as implementation of innovation by a new generation of consumers-producers and as an element of a new business model – wikinomics. Beer and Burrows (2007) make a projection of new relationships between production and consumption developing, thanks to the Internet and Web 2.0 technologies. In the opinion of Troye and Xie (2007, p. 5), "*prosumption implies that buyers produce products for their own consumption*". Moreover, consumers' participation, co-production and co-creation provide in fact opportunity for differentiation, customization and competitive advantage by allowing enterprises to absorb consumer competence. Humphreys and Grayson (2008) discuss prosumption in the context of Marxist theory (Marx, 1884). Zwick, Bonsu and Darmody (2008), calling prosumption co-creation, state that through its implementation consumers gain freedom, discretion and unhampered satisfaction of their needs. The natural inclination of consumers to engage in prosumption is discussed by Xie, Bagozzi and Troye (2008); in addition Ritzer and Jurgenson (2008) bring forward an increasing significance of prosumption as well as a professional and competent consumer. Frow, Payne and Storbaca (2011) develop a typology of prosumption (co-creation) forms consisting of 12 types: co-conception of ideas; co-design; co-production; co-promotion; co-pricing; co-distribution; co-consumption; co-maintenance; co-outsourcing; co-disposal; co-experience and co-meaning creation.

The analysis of the above approaches allows for a statement that, from the times of Toffler, the concept of prosumption has evolved significantly. This evolution has been caused, on the one hand, by a different approach which enterprises took towards consumers, and on the other hand, by the development of information technologies. A great influence upon the evolution of prosumption has been exerted by the development of new management paradigms and concepts, and knowledge management particularly, including consumer knowledge management (Baker, 2000; Davenport, Klar, 1998; Gibbert, Leibold and Probst,

2002). Currently, prosumers are not only individuals, who are delegated by enterprises to perform selected tasks within the frame of a complete product life cycle. Today, they are “external enterprise employees”, who actively participate in designing, producing and distributing newer versions of a product.

With the whole variety of issues referring to contemporary prosumption, particular attention should be paid to the following dominants (Gibbert, Leibold and Probst, 2002):

- axiom – “if only we knew what our consumers know”;
- source of knowledge – consumers’ experience, knowledge and creativity as well as consumers’ (dis)satisfaction with products;
- rationale – gaining knowledge directly from a consumer, sharing and expanding this knowledge in an enterprise, as well as making appropriate knowledge available to consumers;
- objectives – collaboration with consumers for value co-creation, creation of innovation and organizational learning;
- benefits – consumers’ success, enterprise innovation, organizational learning;
- role of consumer – active partner in value co-creation process, collaboration with enterprise to create innovations; and
- role of enterprise – to emancipate consumers from being passive recipients of products to active co-producers and co-creators of value, and to abolish barriers and create proper conditions for consumers’ participation in value and innovation co-creating.

To sum up, contemporary prosumption means an enterprise competing by incorporating a consumer into a knowledge exploration process, creating innovation and value co-creating, along with satisfying the consumer’s needs and increasing value for him or her. This, in turn, requires consumer knowledge management and knowledge synergy: “about a consumer”, “for a consumer” and “from a consumer”. Thanks to such an approach, enterprises do not have to design and conduct more and more sophisticated research on consumers’ needs; they can reduce the costs of running research and development departments; overcome problems of internal intellectual capital shortage; and effectively exploit external intellectual capital.

Consequently, appropriate conditions for the implementation of prosumption have to be created in an enterprise in order to use its innovative potential. Four dominants that condition co-creating of new products by consumers are under consideration here: dialogue, access, risk-benefits and transparency (Prahalad and Ramaswamy, 2004a). A dialogue means a new quality in a contact with and mutual relations between consumers and an enterprise. This new quality means sharing knowledge and experience, but, first of all, a transformation of a value for consumers into a value for an enterprise. For the purpose of implementing the concept of prosumption, an enterprise has to make a product accessible to consumers at various stages of an innovative process, starting with the identification of needs and generation of new ideas, through a product design, production, testing and implementation, until its distribution, marketing and evaluation. Such an approach brings mainly the risk connected with greater consumer awareness. For they become co-creators of products, often possess a strategic knowledge for an enterprise, their information needs are increasing, and simultaneously they are resistant to a marketing message. In such a situation, there is a need for transparency of information in order to build mutual trust in consumers-enterprise relationships.

2.2 Examples of prosumption

There are more and more practical examples of prosumption implementation and they refer to different domains (Ziemba, 2011a; Tapscott and Williams, 2006).

One of them is the Second Life computer game, which can be described as not a product but as an unlimited platform for innovative solutions created by consumers. It is worth noticing that many organizations, including universities, even as prominent as Harvard and Oxford, use the Second Life platform for educational and training purposes.

A quite unique example of exploring consumers in order to create innovative solutions can be found in the film production industry. The scriptwriter of *Snakes on a Plane* movie invited the cooperation of internet users while working on a screenplay. Thanks to the suggestions of fans, the film producer not only changed the movie title, but also organized additional shooting sessions.

Consumer innovativeness applied in business practice can be found in the footwear industry. John Fluevog Shoes enterprise designs and produces exclusive shoes. Shoe designs do not only come from the organization itself but also from a consumer community. The enterprise does not pay royalties to designers but places the name chosen by a designer on every accepted design model. The possibility of designing shoes by consumers is also offered in the American market by Nike.

BMW enterprise has engaged consumers in the car software production too. It placed on its website a digital design set by means of which consumers were able to present their ideas. The best of them have already been turned into effective solutions.

Another example is a portable multimedia player iPod by Apple. Initially, its application was confined to playing music only. Thanks to modifications created by consumers, iPod users were able to run a pocket version of Linux operating system, browse image files, play games and record sound as well as use many applications, such as Google Maps or Wikipedia. These innovative ideas helped the enterprise pursue Blue Ocean Strategy and achieve business success.

A perfect example of value co-creation along with consumers is the Linux operating system created by community groups. The Linux kernel creator exploited a large internet community of programmers to develop and improve a new operating system. IBM became interested in partnership production alongside the users creating the Linux system. Noticing opportunities to expand its knowledge resources at low cost and to increase its innovation potential, the enterprise invested in services and software compatible with the Linux system. IBM achieved huge savings, whereas Microsoft, closely guarding its intellectual potential, had to bear enormous research and development costs.

Multiple examples of incorporating consumers into knowledge exploration processes and added value creation of an enterprise could be given. Those enterprises, which implemented the prosumption concept, gained opportunities for continuous creation of innovations, generating higher profits (thanks to reduction of R&D costs) and enjoying greater success in innovation.

3. Research methodology

The goals of my research were to explore the prosumption idea and formulate assumptions and recommendations for the use of information technology for its implementation in enterprises. These are complex issues and they require research tasks of cognitive, methodological and utilitarian characteristics, while simultaneously referring to prosumption itself as well as information technologies and systems. Such a spectrum of work involves adaptation of research methods to specific individual tasks and requires the use of various research tools, allowing for clarification and verification of results.

To explain the nature, scope and development of prosumption, a critical analysis of literature has been used. Various examples of using prosumption are described on the basis of case studies. The case studies regarded practical implementation of prosumption in enterprises' operations, mainly American ones. Critical analyses of literature as well as methods of creative thinking and logical deduction have been used to formulate recommendations and propound a conceptual model concerning the use of information technology to support prosumption.

4. Research findings – assumptions and recommendations for the use of information technology for prosumption

4.1 Business and organizational assumptions and recommendations

In my opinion, prosumption requires a holistic approach embracing the following components: business goals and strategy concentrated on consumers and their knowledge; consumers and their knowledge; information processes and information technologies; as well as corporate culture.

Goals and strategy refer to consumer knowledge management and to building competitive advantage of an enterprise through: co-learning (of an enterprise and consumers); co-exploration and co-exploitation of knowledge; co-creation of innovation; and co-creation of added value. In practice this means that enterprises compete by incorporating a consumer into the knowledge exploration and exploitation processes, innovation

creation and value co-creating, in conjunction with satisfying the consumer's needs and increasing consumer value.

In presumption a consumer has a pivotal position and his or her role is undergoing a fundamental transformation in the relationship with an enterprise. A consumer is no longer a passive product consumer, but is becoming a business partner of an enterprise. He or she is "an enterprise's external employee", who actively participates in design, production and distribution of products.

Consumer knowledge is regarded as a basic component of presumption. It is not only knowledge "about a consumer" (e.g. his or her requirements, expectations and needs) and knowledge "for a consumer" (e.g. product information), but also knowledge "from a consumer" (e.g. his or her ideas about product improvements). Only the synergy of these three types of knowledge allows for an effective and efficient cooperation with a consumer in order to create organizational value and innovation creation.

I suggest that a process-oriented knowledge management is inseparably connected with presumption, especially with regard to consumer knowledge. Hence such an approach gives the answer to the questions: how to acquire and create new consumer knowledge; how to collect and convert various types of knowledge to other types; how to share knowledge and apply it. CRM (Consumer Relationship Management) strategy is particularly useful in case of knowledge management "about a consumer" and partially "for a consumer". CRM is a management approach that joins business processes and information technology in order to acquire knowledge about consumers' needs and their instantaneous reflection in a product offer. As a consequence, an enterprise gains market acceptance as well as consumers' satisfaction and loyalty. However, in the case of managing not only knowledge "about a consumer" and "for a consumer" but also knowledge "from a consumer", it is necessary to implement CKM (Consumer Knowledge Management) strategy in an enterprise. The assumption of CKM is to seek opportunities for partnering with consumers as equal co-creators of organizational value. Whereas CRM focuses on the axiom "if only we knew what our consumers need", CKM proposes an additional dimension, namely "if only we knew what our customers know". I conceptualize CKM as the utilization of knowledge "from a consumer", "for a consumer" and "about a consumer" in order to enhance the customer-relating capability of organizations.

Such a new approach requires creating an appropriate corporate culture that fosters sharing knowledge and cooperation between consumers and an enterprise. Particular importance is attached here to the following elements: partnership, trust, responsibility and a dialogue in consumer–enterprise relations.

4.2 Technological assumptions and recommendations

Implementation and application of presumption requires, and is even determined by, adoption of information technologies (Comor, 2010; Fuchs, 2011; Park and Lee, 2011). In order to engage consumers in value co-creation and innovation creation it is insufficient to implement a CRM system (Payne and Frow, 2005; Stein and Smith, 2009). Systems of this class allow enterprises mainly to acquire, collect and analyse knowledge "about a consumer" and rarely knowledge "for a consumer" (Park and Kim, 2003). Their functionality does not embrace knowledge "from a consumer", which along with knowledge "about a consumer" and "for a consumer" create together the foundations for presumption development.

Therefore, an integrated computing environment is indispensable, thanks to which consumers will be able to create the network of links with an enterprise, make their knowledge and skills available to an enterprise, participate in knowledge exploration and organizational learning, as well as innovation and added value creation. I suggest denominating this environment as an online consumer centre (OCC), where its task is defined as consumer knowledge management, and in particular knowledge "from a consumer" and "for a consumer" (Ziemba, 2011b). Thus OCC is an information technology system allowing acquisition and accumulation of knowledge from consumers, knowledge exchange between consumers and an enterprise, and making knowledge available to consumers. It constitutes, adjusted to consumers' needs, a central access point to knowledge resources, applications and services, indispensable in the realization of the presumption concept. The access must be provided through a simple and intuitive user interface, which is a web browser.

As the most important characteristics of OCC, adjusted to the needs of consumer knowledge management for presumption, the following may be accounted for:

- supporting group communication and collaboration, which fosters knowledge acquisition and sharing knowledge and skills resulting from this collaboration;
- creating an environment for developing networks and building a community, such as communities of practice, communities of experts, communities of interest, communities of learning, communities of purpose, which facilitate sharing knowledge and skills as well as an acquisition of new competences;
- establishing a community focused around an organization by developing a network with not only known and identified consumers, but also unknown and unidentified consumers, with whom, for whom and from whom knowledge can be obtained and shared; and
- providing tools for designing product, process or management innovations.

The conceptual OCC model complying with the above requirements is presented in Figure 1. OCC should be an element of a corporate portal with five functional modules. Among these modules, three of them (Innovation Design Module, Needs Acquisition and Identification Module, Consumer Segmentation Module) acquire and store required data and knowledge “from a consumer” and “about a consumer”. Another module – Knowledge Providing Module – is responsible for making knowledge, which is indispensable for prosumption, available to consumers and allowing for knowledge exchange and cooperation between an enterprise and consumers. The last module – Innovation Generation Module – relying on the previously mentioned modules, directly facilitates the process of innovation creation, and as a consequence the prosumption concept.

Appropriate information technologies and their right integration are required for the proper operation of respective modules. The bases for the selection and implementation of information technologies are mainly: three types of knowledge (“from a consumer”, “for a consumer”, “about a consumer”); classification of this knowledge (explicit and tacit); conversion of explicit and tacit knowledge (socialization, internalization, externalization, combination); as well as processes of knowledge management (acquiring, codifying and collecting knowledge, making knowledge available and sharing it, application of knowledge) (Ziemba, 2009). Information technology and systems should be deployed in all types of customer knowledge and across all customer knowledge management processes (Ziemba and Wielki, 2008; Olszak and Ziemia, 2011).

The opportunities analysis of different information technology and systems indicates that for prosumption the following systems can be employed: data exploration systems (data mining, text mining, web mining), multi-dimensional data analysis systems (OLAP technology), e-learning software, data and knowledge repositories, content management systems, document management systems, category and taxonomy generators, ontologies, retrieval systems, search engines, navigation tools, visualization systems, communication technologies (video-conferencing, screen splitters, chat rooms, forums, social media, electronic newsletters, newsgroups), collaborative systems and work planning systems (object sharing technology, electronic tablets, workflow management systems, group work systems). The selection of adequate information technology and systems to support prosumption and their integration through the corporate portal represents a major challenge for enterprises. Certainly, experience gained in creating corporate portals for the needs of knowledge management can prove to be useful here.

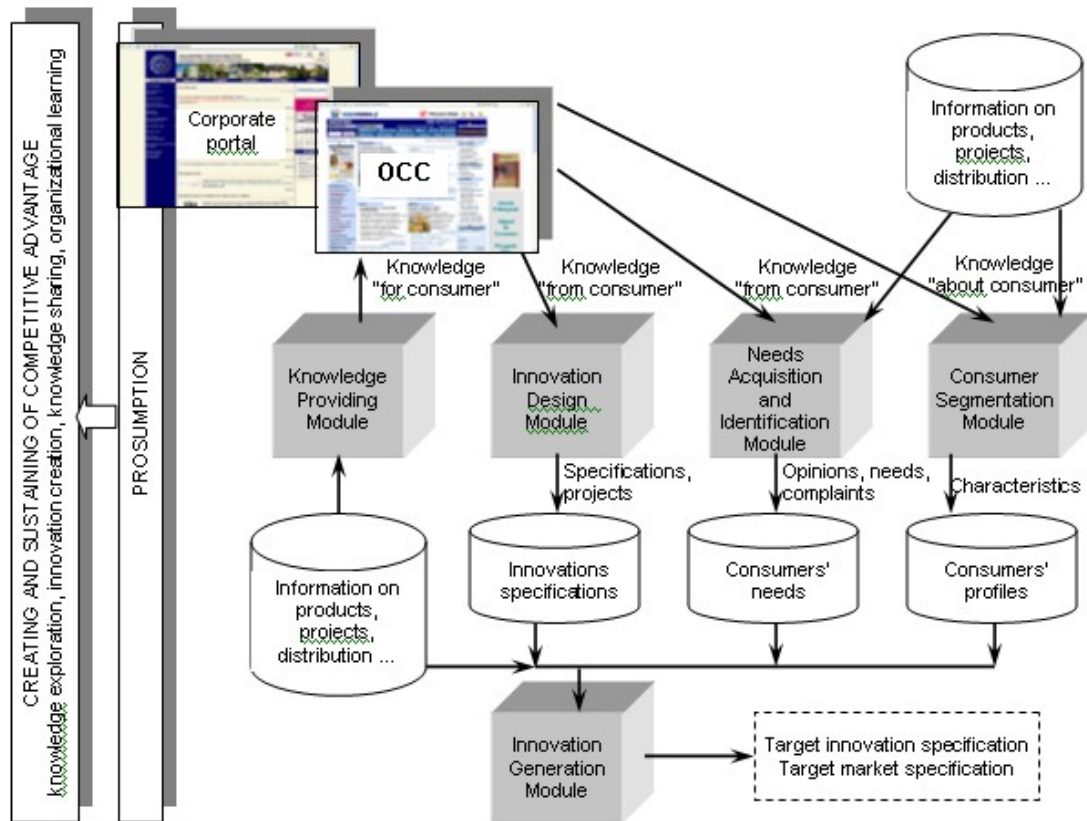


Figure 1: Conceptual model of information technology support for prosumption.

5. Discussion and conclusions

Prosumption has become an important topic in the literature and business environment. In this article I have endeavored to add some value to the prosumption literature by suggesting assumptions and recommendations for the use of information technology for prosumption. I have presented the first results of an ongoing research that needs to be deepened and widened, to cover the implementation of the conceptual model of information technology support for prosumption. Despite these limitations, some conclusions and implications can be derived at this stage.

First, in contemporary enterprises, consumer knowledge is becoming of primary importance, not only knowledge "about a consumer" and "for a consumer", but also "from a consumer". Many a time, competitive advantage of enterprises is determined by incorporating consumers' knowledge into innovation creation, organizational learning and organizational value creation.

Second, consumers' knowledge, their skills, creativity and innovativeness stand a chance of becoming valuable resources of enterprises thanks to the implementation of prosumption. Prosumption is a holistic business, organizational and technological process, and its critical components are: (1) goals and strategy concentrated on consumers and their knowledge, (2) consumers and their knowledge, (3) knowledge management processes, (4) information technology and systems, (5) corporate culture.

Third, the consumer knowledge management strategy constitutes the business and organizational background for prosumption. It gives opportunities for partnering with consumers and utilizing different types of consumer knowledge, e.g. knowledge "about a consumer", "for a consumer" and "from a consumer".

Fourth, prosumption requires implementation of appropriate information technology and systems. Their main role is to manage three types of knowledge, i.e. knowledge "about a consumer", "for a consumer" and "from a consumer". In particular it refers to acquiring and generating knowledge, codifying and collecting knowledge, making knowledge available and sharing it as well as application of consumer knowledge. Moreover, an easy and personalized access to these information technology and systems for consumers is necessary. An online

customer center (OCC) as a module of corporate portal matches this description perfectly and responds to these specific requirements.

Fifth, other critical aspects stemming from the implementation of prosumption are related to the design of OCC supporting prosumption. The foundations of OCC lay in the needs of an enterprise to manage various types of consumer knowledge. Such needs of an enterprise determine the requirements for the architecture of information technology environment, which must include modules for the acquisition and collection of consumers' needs, consumers' segmentation, providing consumers with knowledge as well as acquisition and collection of consumers' improvements, innovation design and generating innovation.

Finally, prosumption shows a great potential to foster product innovation and create added value, but the "organizational metamorphosis" is needed. Learning to "absorb" customers' knowledge and to share knowledge with customers requires a nontrivial, cultural and organizational transformation in enterprises. It is also necessary to abolish barriers and create proper conditions for consumers' participation in value and innovation co-creating.

Currently I am conducting design work on OCC for an IT enterprise, developing software for enterprises' management. The next stages of my research will be devoted to the verification and more detailed study of the proposed model suitability. This could help shed new light on the question of how to implement prosumption and support it by information technology and systems.

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PhD Research Papers

Leadership Styles and Entrepreneurial Orientations on Technology Based SMEs Performance in Malaysia

Azlin Shafinaz Mohamad Arshad¹ and Amran Rasli²

¹Malaysian Academy of SME & Entrepreneurship Development (MASMED), Universiti Teknologi MARA, Malaysia

²Faculty of Management and Human Resource Department, Universiti Teknologi Malaysia, Malaysia

azlin@salam.uitm.edu.my

m-amran@utm.my

Abstract: The style adopted by leader can influence business performance as they are responsible for the business operations of the organization. With many different leadership styles available, the present study will identify the appropriate style to be adopted by leaders in technology based SMEs. In addition, entrepreneurial orientations have proven to influence business performance. However, there are limited studies on the mediator effects of entrepreneurial orientation in relation to leadership styles and business performance specifically in technology based SMEs. The results from this study would provide both practical and theoretical contributions. Based on leadership and entrepreneurship literature, a model of leadership styles, entrepreneurial orientation and business performance will be proposed.

Keywords: Leadership styles, Entrepreneurial orientation, Technology Based SMEs

1. Introduction

Small and medium sized enterprises (SMEs) have been said to be the main player in economic growth in many countries around the world. SMEs in Malaysia accounted 99.2% of the total business establishments, contributed about 32% of gross domestic product (GDP) and 59% of total employment (SME Report 2010/2011). With the existence of SMEs, the country have created employment, innovations in various products, services and processes and at the same time boost and encourage competition among businesses (Hashim & Wafa, 2002). Many SMEs depend on their ability to be innovative for achieving and sustaining competitive advantage (Parida, Westerberg, & Frishammar, 2012). To a certain level, only a small number of studies have taken technology based firms as their focus areas (Majid, Ismail & Cooper, 2011; Ajagbe, Choi, Aslan & Ismail, 2012).

A leader are one of the key factor that will help to improve firm performance and considered a dynamic sources of managerial success (Yildirim & Serhat, 2011). Citing Arham (2012), Abdul Razak (2010) proposed that effective leadership behaviours and entrepreneurial attitudes are among the key factors for the success of SMEs. The styles that have been used previously have become obsolete in getting the most out of today's workforce. As the world changes, the demands on leaders also go through some changes. This can be done by studying the leadership style as it is important for firm to identify suitable styles to be adopted (Glantz, 2002).

To survive and grow, entrepreneurial orientation is important. Entrepreneurial orientation is about methods, processes and decision making styles where managers describe firm's entrepreneurial activities and reflects the firm's operation rather than what firm's does (Lumpkin & Dess, 1996). Covin & Slevin (1989) has identified three dimensions of entrepreneurial orientation; innovativeness, proactiveness and risk-taking and later two additional dimensions were developed by Lumpkin & Dess (1996). Many earlier studies (e.g. Lumpkin & Dess, 2001; Wiklund & Shephard, 2003) focused on the dimensions developed by Covin and Slevin (1989), therefore provide only a partial analysis of entrepreneurial orientation.

Since studies on leadership styles and entrepreneurial orientation is considered limited and have gain great interest among scholars, a study in this area is needed. The purpose of this study is to determine the mediator effect of entrepreneurial orientation on leadership styles and business performance of technology based SMEs. Entrepreneurial orientation is important as it reflects firm's strategic orientation to achieve organizational success (Wiklund & Shepherd, 2005).

2. Literature review

2.1 Leadership styles

Leadership styles are referring to the behaviour that distinguishes a leader (DuBrin, 2001). The type of leadership behaviour shown could help to cultivate entrepreneurial behaviours within SMEs (Arham, Muenjohn & Boucher 2011).

An effective leader is able to influence follower to act accordingly to achieve organizational goals. Firm's effectiveness and performance would be different when leaders apply different types of leadership styles in the organization (Nahavandi, 2002). There are various leadership styles that can be used by leaders. In a recent study by Rosing, Frese & Bausch (2011), three leadership styles have been identified within a technology company which consists of transformational, transactional and ambidextrous (Rosing, Frese & Bausch, 2011). For the purpose of this study, these styles would be adopted.

2.1.1 Transformational style

Transformational leadership style is about leader's involvement to come up with strategic and clear vision and communicate it effectively with their subordinates (Bass, 1985). It consists of five main components; idealized attributes, idealized behaviour, inspirational motivation, individualized consideration and intellectual stimulation. In idealized influence, leaders will act as role models and influence employees to put the good of organization above self-interest. Leader encourages followers with a clear sense of purpose (Tracey & Hinkin, 1998). Inspirational motivation is where leaders are able to inspire and also motivate followers to behave in appropriate behaviours. According to Bass & Avolio (1994), leaders must identify objectives and goals and endlessly motivate followers to pursue new ideas. Individualized consideration leader will ensure that the followers will get individual attention, treat them separately, advise and coach each of them (Bass, 1990). Transformational leader is preferred as they are aware of the needs of employees (Tracey & Hinkin, 1998). Intellectual stimulation leaders allow employees to be creative and innovative in their work activities (Avolio & Bass, 2004).

2.1.2 Transactional style

Transactional style is seen as a relationship between leader and follower for applied effort which is normally associated with rewards based (Bass, 1985; Pawar & Eastman, 1997). Robbins (2003) defined transactional leadership as directing and stimulating followers in accordance to stated goals by explaining their role and work requirement. This leadership style helps firm to achieve their objectives more efficiently by linking job performance with rewards and ensuring employees have adequate resources to get the job done. Bass (1985) and Bass & Avolio (1997, 2004) classified transactional style into two main components; contingent reward and management by exception in two forms; active and passive.

Contingent reward is one way of motivation and encouragement for better performance. Employees are being rewarded for work accomplished (Bass & Avolio, 1994). Active management by exception is leader chose to be involved with subordinates to ensure all is in accordance and corrective actions taken when needed (Bass & Avolio, 1994). For passive management by exception, leader would only interfere when things go wrong (Avolio & Bass, 2004) where corrective actions are taken when mistakes are being made.

2.1.3 Ambidextrous style

A combination of both transformational and transactional leadership styles is known as ambidextrous leadership (Schreuders & Legesse, 2012). Ambidextrous leaders have mastery in switching between the two styles depending on the needs of the company (Schreuders & Legesse, 2012). As an ambidextrous leaders, there is a need to switch between transactional and transformational leadership during different phases of the innovation process (Rosing, Frese & Bausch, 2011). In their recent article, innovation process refers to the conceptualization of an idea (creativity) as well as the development and implementing of the idea (Rosings et al., 2011). A leader using ambidextrous style is able to foster both explorative and exploitative innovation by encouraging increasing or reducing variance and flexibly switching between those behaviors (Rosing et al., 2011).

An ambidextrous style is where leaders are capable of simultaneously exploiting existing competencies and exploring new opportunities (Schreuders & Legesse, 2012). For exploration, ambidextrous leader has the role to assess regularly firm vision, encourage innovation and have adjustments and changes in the organization when needed (Dover & Dierk, 2010). In case of exploitation, approach use has to be different where firm must be efficient in carrying out activities. Hence, to ensure the survival and success of technology firm, balancing between exploration and exploitation must exist (Rosing et al., 2011).

2.2 Entrepreneurial orientation

Entrepreneurial orientation is described as the involvement of a firm to enter a new market by Lumpkin & Dess (1996) and Lee & Peterson (2000). Miller (1983) characterized entrepreneurship is being measured by using three dimensions of innovation, proactiveness and risk-taking. Similar with Covin and Slevin (1989), these three dimensions are also used in measuring entrepreneurial orientation. However, Lumpkin & Dess (1996) suggested entrepreneurial orientation involved five dimensions - risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy (p. 136). Many earlier studies have adopted Miller (1983) three dimensions of entrepreneurial orientation (Covin & Slevin, 1989; Lumpkin & Dess 1996; Lee & Peterson 2000; Kresier et al. 2002; Tarabishy et al 2005). Only a few have use Lumpkin & Dess (1996) five dimensions of entrepreneurial orientation in their studies (Hughes & Morgan, 2006).

According to Lumpkin & Dess (1996), dimension of innovativeness reflects the tendency to engage in and support new ideas, novelty, experimentation and creative processes resulting in newness (p.142).

Proactiveness reflects firm's actions in exploiting and anticipating emerging opportunities by develop and introduce as well as making improvement towards a product (Lumpkin & Dess, 1996). Risk-taking is It represents the willingness to commit resources to undergo activities and projects which resulted in uncertainty of the outcomes (Lumpkin & Dess, 1996). Competitive aggressiveness is the intensity of the firm's to improve their position to outdo and overtake their competitors in the market (Lumpkin & Dess, 1996). Autonomy refers to an independent action of individual or teams in ensuring ideas and concepts are being carried out till completion (Lumpkin & Dess, 1996).

2.3 Business performance

Business performance can be measured using subjective indicators and objective indicators. These indicators can be divided into financial and non-financial indicators. A self-reported subjective measure will be adopted in measuring business performance by looking at the perceptions of the owners/managers/leaders. As majority of earlier studies on business performance has been using self-reported measures, these results have been proven to be reliable (Knight, 2000). Most of the times, respondents may be reluctant to provide actual financial data to outsiders (Tse et al., 2004) as public information is unreliable especially from SMEs as they are privately held and have no legal obligation to disclose information to the public (Yang, 2008).

2.4 Conceptual framework

Based on the gaps found in the literature and discussion earlier, there is a need to conduct a study on SMEs especially on technology based SMEs. Figure 1 illustrates the proposed conceptual framework of the study.

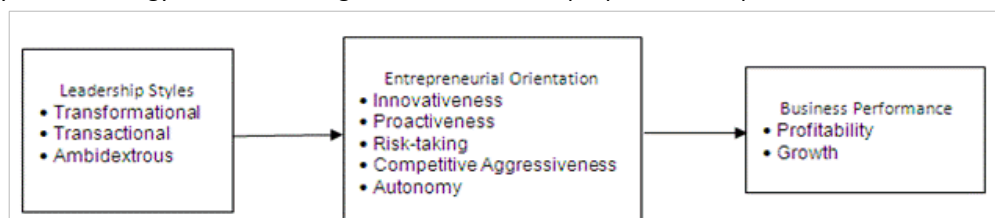


Figure 1 : Conceptual Framework

The dependent variable will be business performance as it is the focus in the study which leads to specific results. Specifically, it intends to study performance of technology based SMEs in Malaysia using subjective measures which are financial profitability and growth. These variables were based on the indicators used by Brush & Hisrich (1991) and used in entrepreneurship research (Brush & VanderWerf, 1992).

The independent variable will be leadership styles where dimensions to be used are transformational, transactional, laissez faire and ambidextrous (Avolio & Bass, 2004; Rosings et al, 2011). The five dimensions of entrepreneurial orientation which developed by Lumpkin & Dess (1986) will act as a mediator which can lead to a greater impact on business performance. The five dimensions of entrepreneurial orientation are innovativeness, proactiveness, risk-taking, competitive aggressiveness and autonomy.

3. Research methodology

A sequential mixed method approach will be adopted as this approach has the potential to increase the quality of the research by putting quantitative and qualitative techniques within the same framework (Cronholm & Hjalmarsson, 2011; Bergman 2009). The list of technology based SMEs would be obtained from Malaysia Technology Development Corporation (MTDC), an agency entrusted by the Malaysian government to lead the development of technology businesses in Malaysia. A total of 138 technology companies will be studied. Convenience sampling would be utilized for the study.

The multi-item scales adopted from previous studies will be adopted. The questionnaire consisted of four sections. All constructs are measured using five-point likert scales. The first part of the questionnaire is about leadership styles which has four dimensions with 42 items; transformational, transactional, laissez-faire and ambidextrous followed by entrepreneurial orientation scale which uses 18 items to measure five dimensions (innovativeness, proactiveness, risk-taking, competitive aggressiveness and autonomy) of entrepreneurial orientation. Business performance is measured using profitability and growth with 9 items and finally, the last section consist of business background information.

4. Conclusion

This integrated framework would provide new insight to SMEs especially for technology based SMEs by developing a framework to investigate and explore the leadership styles, entrepreneurial orientation and business performance in Malaysia. The result later should be able to guide technology based SMEs to a better performance as being in technology business is much more complex and challenging compared to normal business. Moreover, the adoption of mixed method approach would provide a better understanding about technology based SMEs in Malaysia.

With five dimension of entrepreneurial orientation is being measured, it is believed that the study will have a more comprehensive examination of entrepreneurial orientation. Also to see if these dimensions are important to technology based SMEs.

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Importance of Integration of Marketing communications in the Project Activity

Gulnara Chernobaeva

Omsk State University, Omsk, Russia

ch_g@bk.ru

Abstract: Effective formation of marketing communication policy allows businesses of any sphere of activity to raise the level of competitiveness not only by the direct impact on the representatives of external audience, but also through the use of marketing communications as a tool for effective management of internal audience, carrying out their activities in all divisions. For choosing the mechanisms of communication policy, we must take into account the ever-increasing problems of integration of marketing communications of individual projects and of holistic programs across the enterprise. One of the main goals of marketing projects is a careful integration of all marketing tools, which accompany the emergence of a new value as a result of project activities, with the company image already created or only being formed. Project and operational activities of the company can be considered as two groups of sources that generate external marketing communications and require multiple levels of integration. In our opinion, under-developed technology of integration of internal and external communications is a much more serious problem of the marketing support of projects. Communication occurring within the project team, between the team and the sponsors, directors and performers is initially only the function of providing the project activities with relevant information. This is intentional communication, which by definition is not marketing communication, but it also performs marketing functions, motivating the project team and the company in general during the current project. Satisfaction of completeness, relevance, and timeliness of information will encourage this transformation. Positive attitude of the project team will facilitate transmission of marketing information not only in the internal environment of the project, but also in the internal and external environment of the enterprise. In the process of project management, it is vital not only to know these transformation mechanisms of communication in marketing, but also to integrate them properly with the full spectrum of main and synthetic, internal and external, intentional and unintentional marketing communication tools used by the enterprise. Unfortunately, the technology of integration of marketing communications, developed at the institutional and algorithmic levels, is missing, which makes their practical application impossible. At the same time, the analysis of the most important topics of the annual PMI conferences clearly demonstrates the increasing role of marketing projects. From 2007, "Marketing and Sales" is one of the five major trends in the project management area. In addition, it is consistently mentioned at these conferences that project marketing is one of the least methodologically supported areas. Development of the specific integration technologies for marketing communications of the project requires, in the first place, a justification of the importance of integration effects for the project activities. This could be achieved by a closer look at the basic characteristics of these activities.

Keywords: marketing project support, marketing project communications, internal and external marketing communications, integrated marketing communications

1. Introduction

It is no secret that, on average, 45% (Voropaev, Sekletova 2008) of typical companies have a project-software nature. Today, project management, as a management culture and technology, provides an opportunity to significantly increase the effectiveness of any enterprise.

The project is a unique process that consists of a set of interrelated and controlled activities, with defined start and end-dates, and attempts to reach the goal of conforming to specific requirements, including restricted time, costs, and resources (ISO / TR 10006:1997 (E)).

Project organization activities are used in the following conditions:

- Constantly changing performance requirements;
- Changes in the range and impact of the factors that determine the efficiency of operations;
- Use of manufacturing technologies for the first time;
- Constant search for new development opportunities for the whole company or its subsystems;
- Implementation of activities that require intellectual effort and creativity.

Project activity should be distinguished from the equally important operating activity. The latter is used when external conditions are well-known and stable, manufacturing operations are well-researched and repeatedly tested, and the performers' functions are defined and consistent.

Emerging in the 1960s as the technology for organising activities in the construction field, project management settled in the IT sector in the 1980s. In the 21st century, there is hardly any area where companies have not yet employed the methodology of project management to improve their effectiveness and efficiency.

Not long ago, the project activity, which had already surpassed the boundaries of specific industries, would be primarily classified as a creation of new products. However, today, the design techniques are increasingly used to implement targeted changes within individual organizations and across the whole social and economic systems.

Presently, project activity is no longer restricted to large and medium-sized businesses. It is also becoming a powerful competition tool for small businesses.

Projects of any scale, implemented in any field, require effective, adequate marketing support.

Marketing orientation for the management of all kinds of activities implies the possibility of improving the process of company goal achievement by meeting the needs of customers, clients, partners, and society as a whole. The success of any project is defined as complete satisfaction with its results for all project participants, as well as for multiple parties involved in the project (such as customers, executors, sponsors, project team, project manager, contractors, subcontractors, investors, and suppliers).

Marketing communications play a significant role in the satisfaction of these audiences. Their importance has increased substantially in the current conditions of complex product differentiation within a competitive group. Today, with the help of marketing communications, we often establish an emotional, rather than rational, basis of rating and choice. Through marketing communications, we can influence the relationships, expectations, and interests of not only customers, but also all representatives of the marketing media environment of the whole company, as well as the specific project. Communications enable us to modify the ranking of the existing criteria to evaluate products, companies, and their representatives. Communications also allow changing the sets of criteria for evaluating and selecting the product, brand, or company. The effects of these and other influences contribute to the creation and maintenance of a sense of satisfaction in the target audience, the building of loyalty, an increase in sales, and achievement of other goals.

The high costs of marketing communications, reduced effectiveness of their main instruments, high availability of information, and increased professionalism of information users determine the development of new communication technologies and tools targeted at specific audiences. Established in 1993 by Professor Don Schultz, the concept of integrated marketing communications (IMC) can improve the effectiveness of marketing influences. A commonly used definition of IMC is as follows: IMC is a concept of marketing communication planning that recognizes the added value of the comprehensive plan that evaluates the strategic roles of a variety of communication disciplines - for example, general advertising, direct response, sales promotion, and public relations - and combines these disciplines to provide clarity, consistency, and public communication impact (Schultz, Tannenbaum and Lauterborn 1993, p. 6).

The use of the integrated marketing communications concept in the marketing practice allows coordinating communications with all the company's contact audiences and solving the following tasks:

- Image consolidation;
- Creation of a reliable, consistent relationship between the consumer and the seller;
- Impact on all the contact audiences of the enterprise;
- Increase of the message credibility;
- Reduction of the communication budget costs by eliminating duplication;
- Implementation of the communication impact at all stages of the purchasing process;
- Use of the communication component of all marketing kit elements (such as product, place, and price).

It also generates a full range of image features that ensure business development.

One of the main goals of the project marketing is a careful integration of all marketing tools that accompany the emergence of a new value, as a result of project activities, with the company image already created or being newly formed. Project and operational activities of the company can be considered as two groups of sources that generate external marketing communications and require multi-level integration.

Presently, development of the mechanisms for integrating marketing communications, in order to improve the efficiency of the project activities and of the whole enterprise by a competent marketing support for any project implemented by the company, is regarded as a significant step in the development of the theory and practice of marketing and project management.

The aim of the first phase of our ongoing research on construction of the integration mechanisms of marketing communications is the justification of the importance of integrating the marketing project communications.

The integration of the marketing communications of the project is determined by the key project features (Gerasimov, Cherednikova 2007, p. 8-9):

- Rigour and validity of the objectives to be achieved by the simultaneous fulfilment of a number of technical, economic, and other requirements;
- Established internal and external relationships between operations, tasks, and resources that require precise coordination during the project implementation, enabling the presentation of the project as a complex of interrelated activities;
- Defined start and end-dates of the project;
- Limited resources;
- Uniqueness of the project objectives and conditions of its implementation;
- Inevitability of various conflicts.

Now let us consider the effect of these project features on the strengthening of the role of integration of marketing communications. Considering the rigour and validity of the project objectives, we define a focus of the project team on the achievement of a specific business goal. Such a high concentration often leads to consciousness shift among the project subjects, in terms of the value balance between the general business goals of the company vs. the objectives of a particular project. The tasks of the project marketing support include a sound justification of the significance of isolated projects for the strategically oriented activity of the company.

Most companies simultaneously implement the operational activity, in order to ensure the normal course of business, and the project activity, aimed at achieving a specific business goal. The newly-developed marketing communications of the project, which inform the target audiences, confirm the project importance, and create its image, should not contradict the already existing overall image and the ideology of the company. In our opinion, only the integration of marketing communications of individual projects and the whole company can provide this consistency.

The need for coordination of operations, tasks, and resources requires the development of an effective information system which ensures stable communications between the project environment and the subjects of the project management system. The functioning of such a system facilitates meeting the information needs of the project stakeholders. Importantly, the information should be useful for decision-making and, therefore, must possess the following attributes: reliability, timeliness, completeness, relevance, comparability, clarity, and efficiency. This is one of the foundations of the interconnected project activities.

Untimely delivery of the high-quality information to the project participants results in the reduced effectiveness of the project activities and increased dissatisfaction of the project subjects. The latter always results in unintentional marketing communications which adversely affect the image of not only the project, but also the company as a whole. From the marketing point of view, significant information is the information about the conflicts within the project team, the lack of clear goals, or credibility of the results.

Representing a complex of interrelated actions, the project activity typically requires advanced information systems. Traditionally, formalized information flows provoke the creation of non-formalized ones, which increases the dissemination of negative information across multiple contact audiences. Accumulation of such information within the parent organization of the project will form a negative image of the team, the manager, and the project results. Negative image will hamper both the project activities and the implementation of the project results. Marketing communications disseminated by the dissatisfied subjects of the project activities in the external environment of the parent company will lead to a decrease in the effectiveness of intentional marketing communications, which are aimed at creating a consistent company image.

Certainly, an inefficient information system of the project is not the only factor which determines dissatisfaction of the project subjects. Inefficient methods of the project management; different goals, objectives, and interests of the project participants; the competition caused by limited project resources; unbalanced rights, duties, and responsibilities of the project participants; violations of technologies and the work plan for the project development; different understanding of the values, norms, and interaction rules; and multiple other factors could cause the project-related conflicts, generate dissatisfaction of the project subjects, and provoke unintentional marketing communications.

The integration of intentional and unintentional marketing communications of the project, as well as the integration of intentional and unintentional marketing communications of the company, mentioned by Theodore Levitt 50 years ago (Theodore Levitt, 1962), prevents the fragmented perception of the company image.

The integration of intentional and unintentional marketing communications is possible only via creating satisfaction of the project stakeholders and increasing the dissemination of positive information, which can strengthen the team image and the project results, as well as the image of the whole company.

Time limit, as a key characteristic of the project, means that every project has a distinct start and end. Completion occurs when the project objectives are met; it is realized that the project objectives cannot be achieved; or the project is no longer needed. Depending on the type of the project implemented, an adequate clarity of the allocated time span will require the pre-determined mechanisms of development and use of marketing communications, which enhance marketing effectiveness of each stage of the project life cycle (initiation, planning, implementation, and completion (Wiedeman 2005)), and the effectiveness of the whole company.

At the project initiation phase, we need to understand why and what we will do. After developing the concept of the project, we should convey its essence via marketing communications to the key stakeholders of the project and the company, creating the loyalty of the internal company audiences to both the process and the outcome of the project. In the case where the project activity results in a new product, it is necessary to evaluate the possibility of the product integration with the existing product line and with the pre-formed marketing image of the company, as early as possible in the initiation phase. It is also necessary to explore the opportunity of using the existing communication policy of the company to promote the future results; to determine the levels of integration for the communication tools of the current project and the already existing ones; and to consider the potential of the communication effect for strengthening the company's image by promoting new results of the project activities.

The planning phase determines how we will implement the project, and is crucial for the creation and approval of a plan for the marketing and communication support of the project.

In the implementation phase, our ideas materialize in the form of a product or change. If the project results are organizational changes, the implementation phase will include the use of marketing communications, in order to reduce resistance to change. In this case, the marketing character of internal communications will be determined by the formation of the image of the company which is not afraid to change in order to improve, for example, its business processes. A resulting increase in the efficiency of business processes will certainly benefit the quality of products or services offered by the company and the various activities of the contact audiences.

Finally, in the completion phase, we have to confirm that we have achieved exactly the same result which was defined in the project concept and to finalize the process (started in the initiation phase) of convincing the end-users of the reliability of the project results.

Integration of communications at the project life cycle stages should provide the consistency of marketing communications across the respective stages of multiple current projects, the organization as a whole, and its products. While defining the basis for the integration of marketing communications, we can mention the horizontal integration - the need for the cumulative communication effect presence by the time point defined as the end (or the result) of the project.

Resource constraints require from the project team a close attention to the budget. The integration component can reduce the costs of marketing support through the careful selection of marketing communication tools with effective functional and time-based performance. The synergistic effect, achieved by the increased mutual exposure to marketing communications, benefits the project budget.

In turn, the uniqueness of the project objectives makes it impossible to clearly define the activities needed to achieve these objectives, to establish the production standards, and to implement them via operating activities. The unique nature of the goals requires unique marketing communications to meet them. The integration of marketing communications prevents the specific project from being in conflict with the general activities of the company.

The last of the above-mentioned project characteristics denotes the inevitability of conflicts. Any project develops at the intersection of different spheres - social, technological, organizational, business, political, and cultural. The change in any of these spheres can modify the project requirements and/or objectives. Therefore, most of the project subjects, particularly project managers, have to work in an atmosphere of conflicting interests and have different understandings of the project. The integration, based on the marketing principle of mutually beneficial satisfaction of all project participants, simplifies the coordination of the project activities even in dynamic settings. Indirect tools of marketing communications, which target different subject groups in the project, should be harmonized, in order to facilitate the development of consistent, non-contradictory perceptions of the project aims and results.

An in-depth review of the criteria for project success allows us to prove the importance of integrating marketing communications.

According to the current edition of the PMBOK standard (PMI), the project is considered successful if it satisfies all the requirements of the customer and of the project participants. Therefore, it is more appropriate to specify four, rather than three, success factors:

- Performance in accordance with the objectives;
- Timely execution;
- Execution within the budget limits;
- Satisfaction of the project team members.

The fourth success factor must be repeatable, if the company wants to be effective. We fully agree with Sergei Arkhipenkov (Arkhipenkov 2009), who argues that a successful project is characterized by a persistent feeling of satisfaction, pride, and optimism among its participants. Indifference or discouragement of its members can destroy the project.

The active use of internal marketing communications in the project activities encourages management to treat the project team members as well as their best customers.

Further work on improving the level of employees' satisfaction, in order to increase the customers' satisfaction, is the main function of internal marketing. This is an important, problem-ridden area which expands beyond the project marketing. Internal marketing is often understood as a way to implement organizational strategy and to create common values among all members of the organization (Brooks, Lings, Botschen 1999, p. 53). Flipo JP notes that effective implementation of new strategies requires systematic efforts to resolve cross-functional conflicts and improve internal communications (Flipo 1986).

However, the system of internal marketing communications should, from the very beginning, be based on the principles of integration with the existing intra-organizational system. A practical manifestation of this integration level will be a transfer of the key principles of the current organizational culture onto the activities

of the project team. Traditionally, the system of internal marketing communications has been aimed at creating a corporate culture conducive to the needs of internal customers; establishing an effective relationship between internal customers and internal suppliers, or between internal and external customers; and developing internal communications.

Using the IMC concept, companies can facilitate the agreement between inward and outward communications. Intra-company orientation allows coordinating the communications generated by the project and operational activities of the company. One of the main problems is the staff members' perceptions of their enterprise, which form the internal image. A successful internal image is intentionally translated into the external environment and enhances the company's image in the market. At the same time, staff members are an important source of company-related information for external audiences. These audiences can receive messages that appear contradictory to the declared market values. The formation of the main determinants of the internal image (the company culture and its social and psychological climate) should be based on the consistency of outward communications. The result is a coherent corporate image, synthesizing the perceptions of the company and its product by different public groups. External coordination is the most efficient way to solve communication problems by organizing communication process participants in the market in the best possible way.

These typical project features intrinsically incorporate a number of factors which confirm the objective need for the use of integrated marketing communication concept, if the project effectiveness is to be improved.

In organizing the project activities, the integration of marketing communications should provide:

- Consistency between communication objectives, marketing goals, and overall aims of the project;
- Consistency between communication objectives of the project and communication, marketing, and overall aims of the company (this integration process is achieved via the harmonization of the downstream flow of strategies, tactics, and control operations);
- Coherence and mutual reinforcement of the communication activity among the project management and other operational business units;
- Coherence of internal and external marketing communications, both with each other and with similar marketing communications of the company;
- Consistency of communication effects of all marketing support tools (price, place, product, and project) with the effects of marketing communications;
- Consistency of the planning and strategy of the communications performed by invited external agencies and internal business units;
- Agreement between the project concept and the selected variants of the product positioning;
- Consistency of the marketing budget of the project with the marketing budgets of the company and other current projects;
- Accumulation of communication effects of the project via the differential timing of marketing communication tools, according to the response speed of target audiences;
- Consistency of the project audiences;
- Coherence and mutual reinforcement of intentional and unintentional project communications, both with each other and with the relevant communications of the whole company.

Therefore, project properties and possible results of the communication integration, described through the lens of marketing communications, justify the need to solve the task of designing the integration technology for marketing communications of the project. The solution to this problem requires the development of a clear methodological framework, presently not implemented at organizational, methodological, or algorithmic levels. The integration technology for marketing communications should take into account a specific feature of large volumes of internal communications, which require integration both among themselves and with external marketing toolkits. The integration technology should be matrix-based, which involves simultaneous, multi-level coordination of communications and mutual strengthening of their effects. Our next research step is to define the specific integration levels for marketing communications of the project.

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Transformational Leadership Behaviour Skills and Total Quality Management Practices of Presidents and Vice Presidents of State Universities and Colleges in the Philippines

Thelma D. Manansala
Bataan Peninsula State University
enthelgem@yahoo.com

Abstract: This study focused on the relationship between transformational leadership behaviour skills and total quality management practices of presidents and vice presidents of State owned universities and colleges in Region III in the Philippines. It established linkages between the demographic profile of the respondents and their transformational leadership behaviour skills and the total quality management practices. The respondents of the study were the presidents and vice presidents of state owned universities and colleges in Region III in the Philippines. The study used the descriptive correlational survey and the questionnaire served as the main instruments for gathering the data needed in the completion of the study. The deans of the different colleges, the directors of the different offices, the coordinators and the officers of the supreme student council of these state universities and colleges were tasked to rate the respondents in terms of their transformational leadership behaviour skills and total quality management practices. The study used the descriptive method of research where the frequency, the percentage, the mean and standard deviation were used to describe the demographic profile, the transformational leadership behaviour skills and the total quality management practices of school administrators. Regression analysis was used to establish strong linkages between the demographic profile, the transformational leadership behaviour skills and the total quality management practices. ANOVA was used to establish if a significant difference occurred in the perception of the respondent's TQM practices. Important findings of the study showed that among the transformational leadership behaviour skills, visioning skills and value congruence were established to be significantly affecting TQM. A significant difference was also established with the TQM practices of the presidents and vice presidents as perceived by the supremestudents council and the school heads. Another important finding of the study revealed that the female and the male school administrators showed parity in terms of their professional qualifications but in terms of economic benefits the female leaders were left behind by their male counterparts. The presidency of state universities and colleges were still dominated by male as there is only one female president in all the State Universities and Colleges in Region III and that is the President of Tarlac State Univeristy.

Keywords: Transformational leadership behaviour skills, totalquality management practices, state universities andcolleges, supreme student council

1. Introduction

The mandate of Tertiary Education is the creation of an employable workforce. To achieve this, tertiary education needs to adjust and quickly respond to globalization, technological change and new forms of works and organizations. Globalization and technological change challenge school administrators to produce workforce who are able to flexibly acquire, adapt and transfer their knowledge to the different context. They can respond independently and creativelyunder varying conditions to the changing world. In dealing with changes and innovations of such magnitudes that higher education institution in the Philippines is facing, the kind of leadership in the educative process is an imperative factor.

Methods of Research: This study used the descriptive method of research. The frequency, percentage, mean and the standard deviation were used to describe the profile of the SUC's presidents and vice-presidents. . The same statistical tools were also used to describe the transformational leadership behaviour skills in terms; of visioning skills, anticipating skills, value congruence, empowerment and values orientation, and total quality management practices namely; customer value, continuous improvement, performance appraisal, process management and work orientation.

Sample of the Study:Table I gives the frequency distribution of the respondents.

The study were composed of 7 SUC presidents, 25 vice presidents, 116 directors of various university offices, 52 deans of the different program offerings, and 58 officials from the supreme student council for the Academic Year 2008-2009.The study used universal sampling but Table I showed that only 91% of the total target subject was able to return the questionnaires. On the day of the retrieval of the questionnaire some university officials were not able to give back their questionnaire because they were out of the country or on

leave, while student council officers were on their on- the- job training. The small percentage of the target populace who did not return their questionnaires may not affect the result of the entire investigation.

Table 1: Frequency Distribution of the Respondents

	F	n	Percentage
University Presidents	7	7	100
University Vice Presidents	25	23	92
Directors	116	111	96
Deans of Various Colleges	52	48	92
Student Council Officers	58	45	78
Total	258	234	91

These group of respondents were divided into three classes of raters; the school administrators comprising of the university president and vice presidents, the middle level managers comprising of the deans, directors, and the supreme student council. The university president and vice president were asked to assess themselves on the extent of how they practiced transformational leadership skills and total quality management practices. The second raters were called the middle level managers comprising of the directors, the deans and the coordinators. The middle level managers served as the alter ego of the university presidents and vice presidents. Hence, they are expected to command their respective offices in accordance to the directives from these higher officials. And the third group of raters were the supreme student council of the university. The supreme student council was the highest governing body of the student organization and was duly recognized by the university. This was composed of students who were duly recognized as the official students of the university. As according to the Student Manual, Chapter 6 (2008), examples of the functions of the supreme student council are to advise, inform and make recommendations to the University President on student matter, affairs and activities; and represent the students in all major policy - making of the University when so provided by law, rules and regulations promulgated by competent authorities. These mandates of the Student Manual made these student officials to work hand in hand with the University president when it comes to matter affecting the welfare of the students. This motivated the researcher to include all the student officials to form the third part of raters.

The locale of the study was the selected State Universities and Colleges in the Philippines particularly in Region III or Central Luzon. These include Tarlac State University in Tarlac province; Ramon Magsaysay Technological University in Zambales province; Pampanga Agricultural Colleges in Pampanga; Bulacan State University in Bulacan, Don Honorio Ventura College of Arts and Trade in Pampanga; Central Luzon State University and the Nueva Ecija University of Science and Technology both in Nueva Ecija.

Research Instruments: The research instrument of the study was a set of questionnaire which was specially designed by the researcher to serve as the sources of information in the study. The questionnaire was composed of three parts. The first part focused on the personal profile, the second part measured the transformational leadership behaviour skills and the third part focused on total quality management practices of the SUC's presidents and vice presidents. The research instrument used the Likert-Scale with the following notations:

- 5 Outstanding
- 4 Very Satisfactory
- 3 Satisfactory
- 2 Fair
- 1 Poor

Statistical Treatment: To describe the personal profile of the respondents' frequency counting and percentage were used. Mean and standard deviation was used to determine the level of transformational leadership and TQM practices. The ANOVA or the F-Test was used to establish significant differences in the perception of the three groups of respondents on TQM practices of their SUC managers. Regression analysis was used to establish which of the transformational leadership behaviour skills might be affecting TQM practices. Test of

the null hypothesis was conducted using the F-test. The F-test was used to establish no significant effect of the independent variable to the dependent variable. All the test used was tested for significance at 0.05 level. All statistical computation was undertaken using the SPSS version 16.0.

Significant Findings: Table 2 reveals the personal profile of the SUC presidents and vice presidents.

Table 2: Personal Profile of the SUC Administrators

Variables	f	%
Age		
51-55 years old	7	23.33
56-60 years old	20	66.67
Above 60 years old	3	15
Mean	57.77	100
Gender		
Male	21	63.60
Female	9	27.30
Total	30	100
Educational Attainment		
With Units in Doctoral	3	9.10
With Doctor or Ph.D. Degree	27	90
Total	30	100
Faculty Rank		
Below Professor	24	80
Professor	6	20
Total	30	100
Relevant Trainings		
0-5 Seminars	17	56.67
6-10 Seminars	13	43.33
Total	30	100
Years in the Service as Administrator		
0-5	16	53.33
6-10	14	46.67
Total	30	100
Total	30	100

Age: As shown on the table, reveals that 20 out of the 30 or 66.67% of SUC administrators have the age bracket ranging from 56-60 years old, 7 or 23.33% age bracket of 51-55 years old and only 3 respondents or 15% aged 60 years and above. The computed mean age is 57 which denotes that they were in their late prime age. Findings tend to reveal that since the SUC administrators were in their prime age they could be classified as older managers. Hence, they are more focused on the soft qualities of management, the human relations. They focused more of their management styles on unfolding potentialities of their subordinates and utilizing these potentialities not only for the good of the company but for the good of the employees. They also minimize risk by studying current problems in the light of past practices and experiences.

Gender: In terms of gender the same table reveals that 21 out of the 30 respondents are male and only 9 are female. This finding indicates managerial position is still a man's job even in the educative process. Noteworthy to mention also is that out of the 7 SUC presidents, there is one only lady president. This study conforms to the result of the survey made in Geneva (2008), as reported by Magno in the Star News Paper. Results of such survey revealed that although women came in parity with their male counterparts in terms of health and educational attainment but in terms of economic benefits, political power and managerial post they were left behind.

Educational Qualifications: Posted also on Table 2 is on educational qualification. It shows that 27 out of the 30 respondents or representing 90% of the SUC administrators graduated either Doctors of Education (Ed.D.) or Doctors of Philosophy (Ph.D.) degree and only 3 or 10% were noted in the process of completing their doctors degree. In general, most SUC administrators are highly qualified in terms of their educational

qualification. This result could perhaps be attributed to the fact that educational requirements for university administrators must be doctorate degree.

Faculty Rank: In terms of faculty rank Table 2 indicates that 24 or 80% of SUC administrators did not enjoy the faculty rank of professors and only 6 respondents or 20% preferred a faculty rank of professor. This finding tends to imply that the administrators chose the salary grade assigned to a president and vice president which is higher than their faculty rank.

Relevant Training: Table 2 also reveals that 17 or 56.67% of SUC administrators have attended relevant seminars and trainings at an average of 0-5 seminars and trainings, while 13 or 43.33% averaged at 6-10. This finding implies that SUC administrators still welcome opportunities for them to grow professionally and uphold lifelong learning.

Relevant Experience: Similar table discloses that 16 SUC administrators have been in their administrative post for 0-5 years and 14 of them have served for 6-10 years. In general, it could be assumed that more than one half of the respondents were on their first term in serving their present post. This implies that SUC administrators had been in their post for a quite number of years. The longer the time they stayed on their present post enable them to master their line of craft, It exposes them to different opportunities of developing skills not only to know the technical aspect of their line of work but as well as to gain flexibility in dealing with different kind of people which is considered the more complex part of the organization.

Table 3: Transformational Leadership in Terms of Visioning Skill as Perceived by the SUC Administrators, the Middle Level Managers and SSC Officers

Transformational Behavior Skills	X ₁	DE	Sd	X ₂	DE	Sd	X ₃	DE	Sd	Grand Mean	Sd
Visioning Skills	4.73	O	0.13	3.72	VS	0.28	3.41	S	0.3	3.97	0.73
Anticipating Skills	4.67	O	0.34	3.67	VS	0.44	3.40	S	0.57	3.91	0.63
Value Congruence	4.76	O	0.29	3.67	VS	0.59	3.36	S	1.03	3.93	0.63
Empowering Skills	4.84	O	0.08	3.62	VS	0.25	3.56	VS	1.0	4.03	0.53
Self-Understanding	4.75	O	0.17	3.33	S	0.46	3.45	S	0.5	3.89	0.53
Grand Mean	4.73	O	0.20	3.60	VS	0.40	3.44	S	0.68	3.95	0.61

Legend: X₁ Mean rating of SUC Administrators ;

X₂ Mean Rating of Middle Level Managers

X₃ Mean Rating of the SSCofficers

DE Descriptive Equivalent of the mean

Sd standard deviation

Visioning Skills: The grand mean rating for SUCs' visioning skill was 4.73 indicating that the SUC presidents and vice-presidents gave themselves an outstanding performance. Result of the study manifests that SUC had the vision to adopt organizational changes that will benefit the entire academe. Attainment of such implies a collaborative effort; Their masterpieces could be measured on how they were able to influence more people in the organization to raise themselves against dogmatic practices and to make sacrifices that will contribute to the organizational development. As for the middle level managers they gave their SUC presidents and vice presidents a grand mean rating of 3.72 with a descriptive equivalent of very satisfactory. Result of the study shows that even the middle level managers felt that their SUC administrators tend to inspire and ignite the spirit of their followers to maximize their potentialities, however; these group of respondents perceived that these school leaders were unable to evoke strong feelings into their followers to do more than they could towards the attainment of the university's vision and mission. SUC administrators need to heightened emotional level of their followers so as to increase level of efficiency and performance. The over-all mean rating of the students was satisfactory with an over-all mean of 3.44 and standard deviation of 0.54. Getting older, leadership skills deteriorate on association with the younger generations because of generation gap. Younger generations of leaders were more aggressive on implementing change, while their older counterparts tend to focus more on the human qualities.

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Anticipating Skills: On anticipating skills, the SUC administrators gave themselves an outstanding performance as shown by the mean of 4.74. Highest rating that they gave among themselves is on re-equipping their subordinates with the right tool and attitude to meet the changing demands of time. SUC administrators never cease to motivate and inspire their members to grow professionally and personally to make themselves adoptive to organizational changes. They set high expectations which boost the self-confidents of followers by expressing confidence in their abilities and providing on going encouragements and supports. As the middle level managers described the anticipating skill of their superior as very satisfactory with the over-all mean rating of 3.67. They perceived that the SUC administrators are experts to diagnose the occurrence of future problems. However, the student leaders gave a satisfactory rating as shown by the computed mean of 3.40. The student leaders strongly felt that they were not given the opportunity to sit down with these school administrators togetherwith other school officials in the planning of programs of activities that will directly benefit all the students.

Value Congruence: The SUC administrator gave themselves an outstanding rating as shown by the grand mean rating of 4.76. This implies that as leaders stay upfront in the processes of articulating values, which can give appropriate direction to organizational activities. The leader's personal values maybe one of the most important determinants of how power is exercised or constrained. The middle level managers gave their superiors a very satisfactory rating as shown by the computed mean of 3.67 with strong emphasis that in the formulation of their annual plan must include activities that will enhance value formation and revitalizing programs of their constituents. The student council officers rated the administrators as satisfactory with the mean rating of 3.36. This group of respondents emphasized the use feedback as a tool for member's professional and personal development. This is an indication that SSC officers became aware on the importance of performance appraisal as one of the main tool in identifying instructors' points of strength and points that need further enhancement.

Empowering Skills: The middle level managers and the student council officers both gave a very satisfactory rating on SUC's administrators empowering skills as noted by the mean rating of 3.62 and 3.52. For the middle level managers they perceived that school administrators champion in developing empathy to employees on the purpose of understanding their needs to come up with their best; and give total freedom to subordinates that each know their respective roles in the implementation of organization's mission and vision. While the student leaders viewed that school administrators must give members the flexibility to innovate, develop new processes and techniques that will upgrade quality of learning. On the other hand the SUC administrators gave a mean rating of 4.84 which described them as outstanding. For these leaders to truly empower employees, they must delegate leadership and decision making down to the lowest level of organization, but there are some employees who have no experience on some management practices like making business plans, submitting budget proposals, working with other departments within the organization or dealing with customers. For SUC administrators to truly empower must determine who among their employees were capable of doing, enhancing broadening commitment and authority.

Self-Understanding Skills: The SUC administrators gave an outstanding rating in their self-understanding skills as noted by a grand mean of 4.75 with the standard deviation of 0.17. The high rating that SUC administrators gave themselves implies the importance of understanding themselves as a way of knowing others to become effective leaders. Gunter (2001), emphasized the importance of self-understanding on effective leadership. He further stressed that nobody can lead and manage others unless these leaders were able to understand themselves. Understanding oneself is the skills needed to correctly manage actions, words, demeanour, attitude, image and its impact to others. As to the student leaders this is the skill which they gave a lowest rating of 3.36 indicating satisfactory rating. Result implies that student were observant as to the kind of personality projected by the SUC administrators as they performed their duties. This kind of personality will always add bearing to whatever form of accomplishments they desired to have in the end. As to the middle level managers another satisfactory rating was also given to the school administrators as noted by a mean rating of 3.33 with emphasis on improving consistency of positive behaviours. These school administrators were looked up as the role model in the organization. This positive behaviour will be creating a positive effect on the part of its constituents.

Table 3: Total Quality Management Practices as Perceived by the SUC Administrators, the Middle Level Managers and SSC Officers

Total Quality Management Practices	X ₁	DE	Sd	X ₂	DE	Sd	X ₃	DE	Sd	Grand Mean	Sd
Customer Value	4.86	O	.17	3.71	VS	.25	3.33	S	.91	4.0	.96
Continuous Improvement	4.83	O	.10	3.59	VS	.25	3.5	VS	.25	3.98	.59
Performance Appraisal	4.84	O	.28	3.53	VS	.23	3.41	S	.95	3.94	.49
Process Management	4.85	O	.28	3.66	VS	.26	3.48	S	1.07	3.98	.50
Work Orientation	4.86	O	.10	3.72	VS	.25	3.45	S	.86	4.01	1.14
Grand Mean	4.85	O	0.19	3.64	VS	0.25	3.43	S	0.81	3.98	0.61

Customer Value: The mean rating that the SUC administrators rated themselves on customer value was 4.86 interpreted as outstanding. Top on their list was spending some of their busy time attending to the needs of the students. This is a clear indication that that priority on the list of the SUC administrators was to cater the needs of their customers which are the students. A challenge to the SUC administrators was to identify the needs relevant to the advancement of its stakeholders and to operate the entire education system in ways that will prove beneficial to every member of the organization. The middle level managers described the customer value of their SUC administrators as very satisfactory with a grand mean rating of 3.71. They strongly adhere that these administrators must operate on the principle of service to people first above others. The SSC officers described the TQM practices of their SUC administrators in terms of customer value as satisfactory with a grand mean rating of 3.3. Result of the study showed that students expect that the educational institution who prepare them for a vocation to give them the maximum customer value in terms of the quality education. The foundations on the functions of SUCs were based on providing customer value to their clientele- the students. Students are the primary customers of the educative process whose needs must immediately be met by the academe. Just like ordinary customers their satisfaction can only be guaranteed by giving them the quality of education they need so as to fully equip them with the right attitudes and skills to meet the changing demands of these innovative society.

Continuous Improvement: The SUC administrators gave themselves a grand mean rating of 4.83 which described them as outstanding in their continuous improvement practices. The outstanding rating the SUC administrators gave to themselves is the repercussion of their commitment to truly improve and raise the quality education if not make it withstand global competition. They shifted many times their paradigm on educational leadership, continually redesigning education so as to meet the exigencies of changing time. However, limited resources and inadequate facilities prevented them from creating an environment which could be defined as world class. Technology does not only dictate economy but as well as education. There are global trends affecting education and technical skills which cannot be ignored by educators. The middle level managers described the TQM practices as very satisfactory with the mean rating of 3.59. Working hand in hand with these officials, the middle level managers viewed that these administrators were really heading to the direction of implementing positive changes so as to improve the quality of education delivered to the students. Improvement and development needs a lot of resources which were lacking or were found to be deficit in the educational process. This is the challenged faced by SUC administrators with the meagre and depleting resources they had, how could they implement continuous improvement to provide the quality of education relevant to the changing needs of time.

Performance Appraisal: The grand mean rating of the SUC administrators was 4.84 which described them as outstanding. According to these administrators they evaluate performance of their constituents objectively. For the middle level managers gave a grand mean rating of 3.53 which described the TQM practices in terms of Performance Appraisal as very satisfactory. They noted that results of performance appraisal must be communicated to employees concern as means to inform them their areas need to be enhanced and areas need to be maintained. The student officers described this aspect of TQM of their school administrators very satisfactory as noted by the mean rating of 3.41. This result indicates that this group of respondents have a commonality of knowledge that employees' performances were evaluated periodically using a criterion reference. Student leaders may also contribute on the veracity of the performance appraisal if they were

properly informed and enlightened about the real purposes of appraisal performance and not an instruments that will ease their anger as a means of retaliation to some instructors who they showed indifferences.

Process Management: The SSC officers rated the school administrators in terms of process management as satisfactory with the mean of 3.48. The middle level managers perceived the school administrators as very satisfactory as noted by the mean of 3.66. The SUC administrators gave themselves an outstanding rating with the mean of 4.85. Result of findings tends to imply that these were really the areas of management that SUC administrators involved themselves greatly. Hernez-Brooms and Hughes (2004) suggests that management develop capacity to achieve the plan by organizing, staffing, creating an organizational structure , setting jobs for accomplishments, planning requirements, staffing jobs with qualified individual, communicating the plan to those people, delegating responsibility for carrying out the plan and devising a system to monitor implementation. However, they need to enhance on the item emphasizes the importance of managing school processes and system that cuts organizational boundaries. Bryan,(2003) stressed out that collaboration has to be encouraged and the self-confidence of followers' must be increased. In effect, it is vital to create an environment conducive to the creation and sharing of knowledge

Work Orientation: Table also discloses that the SUC administrators gave an outstanding rating in this aspect of work orientation as noted by the mean of 4.86 and the standard deviation of 0.10. The middle level managers gave a mean rating of 3.72 interpreted as very satisfactory and for the student officers they gave a satisfactory rating of 3.45. Result of the study magnifies the fact that managers of today were more focused on result rather than on its manpower. It is the responsibility of the SUC administrators to develop camaraderie and teamwork among employees. There are many cases wherein one may find that members in the organization were incompatible and there were who were found to be difficult to deal with. It clearly impliesthat employees working as a team can do more work in the organization which the individual cannot. SUC administrators should try to develop every individual to contribute to the organization and at the same time should encourage more talented members to work side by side to those who were not so talented ones.

Table 5: Analysis of Variance on the Perception of the Three Groups of Respondents in the Total Quality Management Practices of SUC Administrators

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F comp	Remarks
Between Set	51.54	2	25.77	368.14	Highly Significant
With-in Set	16.08	229	.07		
Total	67.62	231			

As shown Table 5magnifies that there is a significant difference in the perception of the three groups of respondents in the TQM practices of SUC administrators. The F critical value was obtained through interpolation using F(2,229) is 3.01 at 0.05 and 4.70 at 0.01 level. Based on table the F computed value of 368.14 is greater than the F tabulated value at 0.05 and 0.01 level, the null hypothesis is rejected. There is a significant difference in the perception of the three respondents in the TQM.

Table 6: Regression Analysis on the Combined Effect of Transformational Leadership on Total Quality Management

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
2	(Constant)	2.585	.160	16.202	.000
	Visioning skills	.137	.031	4.487	.000
	Anticipating Skills	0.337	0.148	1.705	0.093
	Value Congruence	.144	.035	4.144	.000
	Empowering Skills	0.072	0.084	0.863	0.392
	Self- Understanding Skills	0.260	0.171	1.527	0.132
a. Dependent Variable: TQM					

$R^2 = .38$ $F = 9.16$ $F(9, 212) = 1.98, 2.20$

In the regression analysis, all the variables for transformational leadership skills were entered and equated to TQM. Results of regression analysis revealed that among the transformational variables which will greatly affect TQM are visioning skills and value congruence. The said variables produced a t value of 4.487 and 4.144 indicating that the effect is very significant at 0.00 levels. The said combination produced a coefficient of determination of 0.38, indicating that 38% variances of SUC administrator's TQM was mainly due to the combined effect of the mentioned transformational leadership skills. The F computed value is greater than the F (9,212) tabulated value of 1.98 at 05.0 level of significance. This result reveals that visioning skills and value congruence are found to be significantly affecting TQM practices.

2. Conclusion

A significant difference was noted on the Total Quality Management practices of presidents and vice presidents of State Universities and Colleges as perceived by the three groups of respondents. The significant difference noted may create problems in the attainment of the university's vision and mission or in the attainment of quality education. The middle level managers are the alter ego of the SUC administrators as they lead the entire academe towards quality and improvement. They are tasked to implement their subordinates programs of activities they directly received from the bosses. If these middle level managers are not riding on the same boat with these bosses conflict might arise in the organization which hinder the attainment of the desired output. The significant difference established may not also suffice the TQM spirit in the organization. Significant difference posted for SSC officers implies the probability of losing or decreasing their trust in the educative system that they were on the priority list as the school operates. The main thrust of every educational organization is to guarantee that the students receive the highest form of education that will equip them with the right tool and skill to make them productive members of the society.

These two transformational leadership behaviour skills; visioning skills and value congruence undoubtedly will produce TQM in the organizational. As according to Byrd, 1987, when effectively internalized, such a vision provides inspiration and a direction to behaviour. To be effective, a vision must motivate people. It may take time for these opportunities to manifest. It is often told that vision is an essential feature of great leader, and then in that context vision executes plans well for achieving personal goals and to become successful. The value congruence of transformational leaders built trust in their leadership and their attainability of their goals through an image of seemingly unshakeable self-confidence, strengths of moral conviction, personal example of self-sacrifice and unconventional tactics of behaviours. These involve those processes in articulating values, which can give appropriate direction to organizational activities.

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Evaluating the Interdependencies Between Managing Business Change, IT Sourcing and IT Governance

Sascha Pult and Sharm Manwani

Henley Business School at the University of Reading, Reading, UK

s.pult@programme-member.henley.com

sharm.manwani@henley.reading.ac.uk

Abstract: Organisations need the right business and IT capabilities in order to achieve future business success. It follows that the sourcing of these capabilities is an important decision. Yet, there is a lack of consensus on the approach to deciding where and how to source the core operational capabilities. Furthermore, developing its dynamic capability enables an organisation to effectively manage change its operational capabilities. Recent research has proposed that analysing business capabilities is a key pre-requisite to defining its Information Technology (IT) solutions. This research builds on these findings by considering the interdependencies between the dynamic business change capability and the sourcing of IT capabilities. Further it examines the decision-making oversight of these areas as implemented through IT governance. There is a good understanding of the direct impact of IT sourcing decision on operational capabilities. However, there is a lack of research on the indirect impact to the capability of managing business change. Through a review of prior research and initial pilot field research, a capability framework and three main propositions are proposed, each examining a two-way interdependency. This paper describes the development of the integrated capability framework and the rationale for the propositions. These respectively cover managing business change, IT sourcing and IT governance. Firstly, the sourcing of IT affects both the operational capabilities and the capability to manage business change. Similarly a business change may result in new or revised operational capabilities, which can influence the IT sourcing decision resulting in a two-way relationship. Secondly, this IT sourcing is directed under IT governance, which provides a decision-making framework for the organisation. At the same time, the IT sourcing can have an impact on the IT governance capability, for example by outsourcing key capabilities; hence this is potentially again a two-way relationship. Finally, there is a postulated two-way relationship between IT governance and managing business change in that IT governance provides an oversight of managing business change through portfolio management while IT governance is a key element of the business change capability. Given the nature and novelty of this framework, a philosophical paradigm of constructivism is preferred. To illustrate and explore the theoretical perspectives provided, this paper reports on the findings of a case study incorporating eight high-level interviews with senior executives in a German bank with 2300 employees. The collected data also include organisational charts, annual reports, project and activity portfolio and benchmark reports for the IT budget. Recommendations are made for practitioners. An understanding of the interdependencies can support professionals in improving business success through effectively managing business change. Additionally, they can be assisted to evaluate the impact of IT sourcing decisions on the organisation's operational and dynamic capabilities, using an appropriate IT governance framework.

Keywords: Managing business change, IT sourcing, IT governance, dynamic capabilities, capability framework

1. Introduction

In order to support, to sustain and improve today's and future business success, including expanding market share, developing new products or improving financial performance (Chen, 2012), organisations need the right business capabilities. Managers and practitioners, in this context, need to decide how to source these core capabilities.

An organisation's capability can be differentiated between operational and dynamic capabilities (Helfat and Winter, 2011). Operational capabilities maintain the status quo and allow an organisation to execute their existing business. They include, furthermore, the organisation's ability to adjust business processes in terms of efficiency and effectiveness and appear therefore as cause of competitive advantage (Helfat and Peteraf, 2003; Teece et al., 1997). A dynamic capability, otherwise, allows an organisation to change its status quo (Teece et al. 1997) including a change of the operational capabilities (Winter, 2003). The boundaries between these two types of capabilities cannot be clearly defined (Helfat and Peteraf, 2003). Some types can be applied to dynamic purposes as well as to operational ones, e.g., IT sourcing (Helfat and Winter, 2011).

The IT function is assigned the role as a change enabler and so the sourcing of IT capability affects the capability of managing business change (Manwani, 2008). Outsourcing of parts of the IT function will also outsource some of the IT capabilities and therefore some of the business capabilities. As a result, IT sourcing has an impact on the organisation's capabilities and consequently on the business success. IT sourcing directly impacts the business success through support of the operational capabilities, such as sourcing the operations

of an Enterprise Resource Planning (ERP) system. Otherwise, IT sourcing decisions might impact on dynamic capabilities like the capability of managing business change. Finally, IT sourcing is a crucial decision for organisations and therefore, it should be subject to some sort of governance; in this case this is IT governance.

A turbulent and fast moving business environment challenges organisations to effectively and efficiently managing business change (Chen and Jaw, 2009). The importance of the dynamic capability of managing business change increases and it is still one of the most underestimated and underdeveloped core capabilities in organisations (Balogun and Hailey 2008; By, 2005; Lawler and Worley, 2006). A shift in the IT sourcing strategy challenges the organisation's capability of managing business change (Gallivan et al. 2002; Horner and Nelson, 2003; Sawyer et al. 1998) and IT governance (Willcocks and Feeny, 2006). There is a good understanding of the direct impact of IT sourcing decision on operational capabilities (Dibbern et al., 2004; Feeny and Willcocks, 1998; Hirschheim and Lacity, 2000). However, its relationship with the capability of managing business change has had limited research, which leads to the following research investigation:

What are the interdependencies between the capability of managing business change, IT sourcing and IT governance?

The purpose of this paper is to explore and to evaluate the interdependencies between the capabilities of managing business change, IT sourcing and IT governance. It introduces a new conceptual framework and offers practical insights from an illustrative case study conducted in a German bank with about 2300 employees. An understanding of the aforementioned interdependencies will allow professionals to support and to improve business success through effectively and efficiently managing business change. Additionally, they will be assisted to evaluate the impact of IT sourcing decisions on the organisation's operational and dynamic capabilities.

2. Literature review

2.1 The capability of managing business change

In the resource based view (RBV), organisations are represented by the sum of their assets and resources – physical, human or organisational (Wernerfelt, 1984). Competitive advantage, in this context, is an effect of continuously developing and reconfiguring these firm-specific assets. These processes are referred to as dynamic capabilities (Teece and Pisano, 1994; Teece et al. 1997; Augier and Teece, 2008). Willcocks et al. (2007) identified the capability of managing business change as a core dynamic capability in outsourced environments.

Willcocks and Feeny (2006, p.49) introduced core capabilities for IT through three enduring challenges for IT success: (i) business and IT vision, (ii) delivery of IT services, and (iii) design of IT architecture. In this context, they defined capabilities as follows:

“... a distinctive set of human resource–based skills, orientations, attitudes, motivations, and behaviors that have the potential, in suitable contexts, to contribute to achieving specific activities and influencing business performance.

A core IS capability is a capability needed to facilitate the exploitation of IT, measurable in terms of IT activities supported, and resulting business performance.”

In contrast to change management, which focuses on the implementation of single change initiative, the managing business change capability addresses the ability to change the organisational resources and assets on a continuous basis.

Although the importance of the managing business change capability has risen in prominence, it remains one of the most underestimated and underdeveloped core capabilities in organisations (Lawler and Worley, 2006). Balogun and Hailey (2008) as well as By (2005) emphasized that failure rate of change programs is around 70 percent. They highlight the importance of a framework to understand better the phenomenon of organisational change. Lawler and Worley (2006, p.40) support this with their statement that *“... the most important capability an organisation can have is change capability. And it is the one capability that most organisation's lack today.”*

The ability to manage business change will become a key responsibility after IT sourcing decisions have been made. Mazzawi (2002) recognizes, in this context, the threat of management becoming too inflexible on all levels to cope with the changes wrought by outsourcing. Additionally, the role of IT sourcing as change enabler becomes increasingly important (Loh and Venkatraman, 1992).

2.2 A review of IT sourcing

The term of information technology (IT), in the context of this paper, includes all areas of information, technology, systems, services and related management processes. One crucial decision for organisations is the IT sourcing decision, which may be resolved by outsourcing arrangements (Broadbent and Kitzis, 2006). A first evidence of research in the field of IT outsourcing (ITO) could be found after Eastman Kodak announced its outsourcing deal with Businessland, DEC, and IBM in 1989 (Applegate and Montealegre, 1991; Huber 1993). This served a legitimization for other outsourcing activities that have become a basic strategy in IT management (Gonzalez et al., 2006). Fitzgerald and Willcocks (1994, p.92) provides a reasonable definition for IT outsourcing:

"... the commissioning of a third party (or a number of third parties) to manage a client organisation's IT assets, people and/or activities (or part thereof) to required results ..."

Von Jouanne-Diedrich (2012) identified seven dimensions to classify IT sourcing decisions, which are illustrated in Figure 1 below: i) the location; (ii) the financial aspects; (iii); the degree of outsourcing; (iv) the strategic direction; (v) the time; (vi) the number of suppliers, and finally, (vii) the business level of outsourcing.

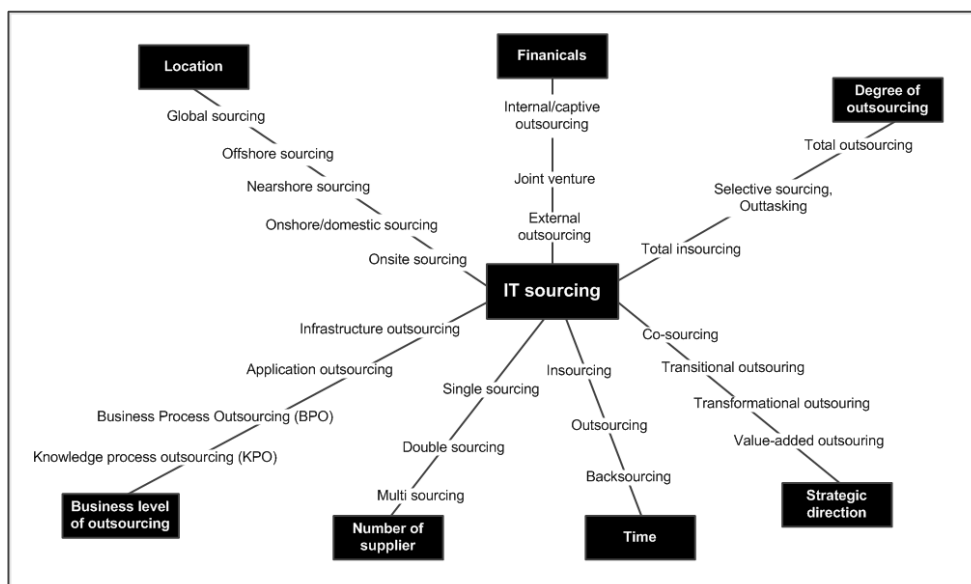


Figure 1: IT sourcing dimensions (Source: Von Jouanne-Diedrich, 2012)

Most of the IT outsourcing arrangements demands technological and methodological capabilities of both the client and the supply side (Kishore et al., 2003; Ross and Beath, 2006).

2.3 A review of IT governance

The OECD's (2004) guidelines of corporate governance demands IT governance as a part of the corporate governance. Definitions of IT governance date back to the early 1960s. Take, for an example from this period, the work of Garrity (1963) who investigated the impact of organisational conditions to IT-related return-on-investment. Garrity understood that there are three main questions that need to be answered: (i) who is responsible; (ii) who provides input for and (iii) who controls IT investment activities? Forty years later, researchers still ask similar questions. Weill and Ross (2004, p. 8) introduced IT governance as "... specifying the decision rights and accountability framework to encourage desirable behaviours in the use of IT...". All definitions share common contextual questions of function and processes. Even if the views of IT governance seem to differ slightly, each asks three similar key questions: i) The *domains* – what are the necessary IT decisions?; ii) The *structure* – who is accountable for these decisions or who makes the decisions?; iii) The *processes* – how are the decisions made?

There are two significant approaches to IT governance research: i) focusing on processes and ii) focusing on organisational structures (IT Governance Institute, 2009; Weill and Ross, 2004; Sambamurthy and Zmud, 1999). Both approaches share a common basic principle – namely, that IT governance is an aspect of leadership and demand senior management attention (Broadbent and Kitzis, 2006; IT Governance Institute, 2009; Weill and Ross, 2004).

In outsourcing environments Weill and Ross (2004, 2005) granted external partners input rights that can provide useful support within the decision-making process. The view was that key decisions should still be made within the organisation. Additionally, Broadbent and Kitzis (2006) defined five management roles which should not be outsourced but rather retained within each company, and which are related to the decision domains of Weill and Ross (2004):

- IT leadership – to implement the IT vision
- Architecture development – as part of the planning and decision-making process
- Business enhancement – deals with the IT-business integration
- Technology advancement – focuses on innovation and emerging technologies
- Vendor management – contract management and performance-monitoring

3. A conceptual capability framework

Recent research has provided a good understanding of the direct impact of IT sourcing decisions on operational capabilities (Dibbern et al., 2004; Feeny and Willcocks, 1998; Hirschheim and Lacity, 2000). However, its indirect impact through the capability of managing business change lacks in-depth research. The theory reviewed leads to the assumption that there are potentially two-way interdependencies between each of the three main components: i) the capability of managing business change, ii) IT sourcing and iii) IT governance. The potential interdependencies are represented as high-level propositions, represented visually in Figure 2:

- A balance of the three main components improves business success, while an imbalance will negatively affect the business success.
- The capability of managing business change increases the efficiency of IT governance. Likewise, IT governance potentially improves the capability of managing business change.
- The capability of managing business change affects the implementation of IT sourcing decisions. In return, IT sourcing impacts the capability of managing business change.
- IT governance theoretically supports the decision making process in IT sourcing, while IT sourcing potentially impacts the implementation of IT governance.

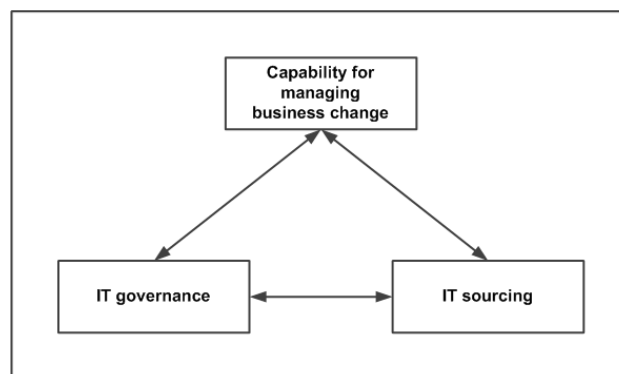


Figure 2: The conceptual capability framework

4. Research design

Previous research in the field of managing business change capability, IT sourcing and IT governance used a diverse set of research approaches. Research questions were answered from interpretivist as well as from positivist perspectives. As a consequence of the novelty of the capability framework, the research project in this paper is carried out under the philosophical paradigm of constructivism (Bryman and Bell, 2003; Creswell,

2009; Mertens, 2010). A case study is a key tactic in interpretive IT-related research (Dubé and Paré, 2003; Khalifia et al., 2001), and it supports the understanding of organisational and environmental contexts as well as their impacts on social processes (Cassell and Symon, 2004).

In this paper a single illustrative case study highlights the perspectives of different management levels - director, department manager and professionals. Data were collected through 8 semi-structured high-level interviews with senior managers, observations and secondary sources, predominantly organisational charts, annual reports, project and activity portfolio and benchmark reports for the IT budget. The interviews with a length between 25 and 30 minutes were tape recorded, partially transcribed and selectively translated. The analytical process focused on the German transcripts and field notes taken through the interviews. Apart from the analysis of the interview transcripts, the recordings were replayed until an evident understanding of the interviewee's comments was obtained (Corbin and Strauss, 2008). From additional sources of evidence - including annual reports, project documentations or organisational strategy - only relevant extracts were translated selectively.

5. Results

5.1 A brief background of the organisation

The organisation with a headcount of about 2300 is a public sector financial institution in Germany with a consolidated balance sheet totalling €13 billion. It operates its locally orientated business upon a universal banking approach with retail, private and business customer banking with a local market share above 50%. The business environment is turbulent and business competition in the banking sector is fairly hard, which demands the organisation to run many business changes.

The business unit of Organisation and IT (OrgIT) delivers the IT services - either directly or indirectly through outsourcing arrangements. This business unit has a headcount of 82 and the director directly reports to the board, but is not a member. From the overall IT budget of about €32 million - including the personnel expenses - €15 million are spent on outsourcing arrangements, which is a rate of 47%. A benchmark with other peers indicates an overall and continuous decrease of IT spending due to cost management activities.

Eight years ago, the organisation decided to switch to a new core banking software, which is a standardized shared service for more than 400 banks. This service is developed, operated and maintained by one major outsourcing supplier. With €10 million this outsourcing arrangement represents 66% of all IT outsourcing contracts. There are smaller arrangements with different suppliers.

5.2 The capability of managing business change and IT sourcing

With the commitment to the use of a shared core banking software, the organisation realises a high benefit from this outsourcing arrangement. A manager described, "Our supplier offers us a high level of economical and conceptual synergies. Our peers also demand most of our requirements, especially the legal ones. The yearly budget for the improvement of the core banking software is about €100 million." Despite this situation, the organisation agreed on some limiting factors. Major parts of the IT architecture and infrastructure are defined by the supplier, which increases the complexity for integration of additionally demanded individual solutions. As a manager explained, "To deliver all the internally required services we need to implement many additional systems on-site, because our supplier is not offering these software products. This increases the complexity of integration as well as our IT related costs." The dependency on this major outsourcing supplier decrease the ability to response to changes contemporarily.

Furthermore, the complexity of integration limits the implementation of new individual sub-systems to support new products and processes. On the business side this situation decreases the organisation's performance. A business unit manager highlighted, "We cannot develop our business as we expect. There are too many limitations to the IT decisions. It takes months to get a new software product into production. The communication and integration processes with our IT and the suppliers seem to be inefficient. This impacts our competitiveness." An IT manager described the situation as, "In some cases more than one supplier is involved in our change activities. This makes the design, coordination and implementation of a business change more complex and extends our time to market immensely."

The business units, therefore, do not recognise IT as a value and a business partner but as a cost centre.

5.3 The capability of managing business change and IT governance

As mentioned the business unit of OrgIT cannot source some of the business units' demands efficiently. Furthermore, most of the demanded business changes include some technological changes. Due to missing priorities the IT management started to centralise all IT related budgets and projects. A manager recognized that, "We centralised and improved our project and portfolio management and now have a central overview of all current and major activities in the organisation. This and the consolidation of IT related budgets allow us to prioritise the activities in the organization more efficiently."

The business unit of OrgIT, secondly, is losing its ability of informed discussions and decisions making. A senior IT manager shed light on this, "We will need the right mix of business knowledge, technical skills and soft-skills to understand our business units' demands. On the other hand we must be able to discuss these requirements with our suppliers. Finally, we need to monitor the implementation. Currently, we don't have the right mix."

Thirdly, IT related decisions are not made jointly together between the IT function and the other business units. Business units often consult the business unit of OrgIT too late to allow them an influence in the decision making process.

5.4 IT sourcing and IT governance

The IT sourcing strategy aims to buy in a service instead of systems and applications, for example, the organisation uses a voice service for phone calls instead of managing a telephone switchboard and further networking and voice related components. As a senior manager indicates, "We want to reduce our vertical range of production and buy in the non core activities. We will outsource skills apart the core competencies of a bank from external suppliers and focus on contract and service level management."

There is a view that the business unit of OrgIT lacks strong governance and management maturity. As an IT manager described, "We are managed by our major supplier. We handed over the most important IT decisions like vision, architecture and infrastructure. We don't know how to get them back in-house." The major outsourcing supplier pre-defines major parts of the IT strategy so this does not consequently follow the organisations' business strategy. Additionally, they limit most of the IT decisions about the architecture, infrastructure and applications in the organisation.

The relationship of the outsourcing partner is emphasised to be crucial – this is currently not recognised as a partnership. A senior manager recognised, "We are one of many customers and our influence on decision making processes is limited. Our contract and service level management is embryonic. The necessary skills and processes are still missing."

5.5 Summary and discussion of the results

The case shed light on the effects of a major outsourcing decision. This arrangement offers synergies on the operational capabilities as well as on the dynamic capability of managing business change. The latter is limited to the services, which are offered by the outsourcing provider. For other services the complexity of integration increases and sometimes the business units' demand cannot be fulfilled, which has a direct impact on their competitiveness.

The organisation has also outsourced some of its core IT management roles (Broadbent and Kitzis, 2006; Ross and Weill, 2004, 2005), which allows the suppliers to define architecture, infrastructure and applications – and therefore to some extent the IT strategy. Consequently, this leads to a misalignment between the business strategy and IT sourcing strategy.

Finally, the organisation's management and governance capabilities lack maturity. The necessary skills and processes are missing for an effective and efficient contract monitoring, service level management and relationship building with the supplier.

Figure 3 below summarises the emerging factors from the illustrative case.

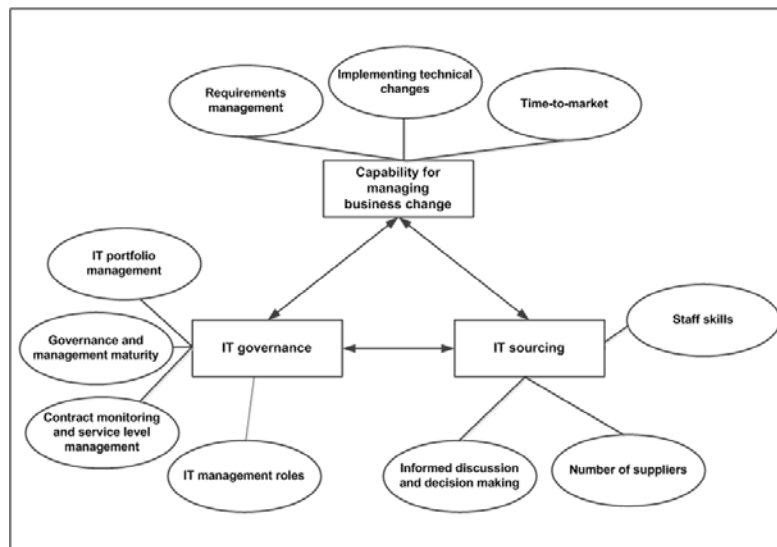


Figure 3: The revised capability framework based on the illustrative case study

It is recognized that this is a tentative framework that needs to be explored through further research.

6. Discussion and conclusions

This paper has identified component factors of capability, which have been included in the revised capability framework. There are other possible component factors recognized in the literature, which may emerge from future case studies, for example business process reengineering and top management commitment (Bonesso et al., 2011) or architecture planning and business systems thinking (Willcocks and Feeny, 2006).

This paper covers a single case, and it is intended that the insights gained will influence the further research approach. The proposed research design will apply a multiple-case study design (Eisenhardt, 1989; Yin, 2009) controlled by the evolving theory. The sample will include corroborating and contrasting cases from organisations at different stages of their IT outsourcing decisions, which is represented by the degree of outsourcing. Cases will be selected from medium-sized organisations with 1500-5000 employees in the German financial industry. The financial industry is asserted to have a high dependency on – as well as a high benefit from – the use of information technology (Clayton and Waldron, 2003; OECD, 2004), making it a crucial and overarching resource (Smith and McKeen, 1996). The market environment is competitive and turbulent, which leads to an expected need for change activities. This sampling frame for case selection offers to constrain some effects of noise in the environment in terms of industry, business model, language and culture (Remenyi et al., 1998).

An understanding of the interdependencies will support professionals in improving business success through effectively managing business change. Additionally, they can be assisted to evaluate the impact of IT sourcing decisions on the organisation's operational and dynamic capabilities, using an appropriate IT governance framework.

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What is the Impact of Authentic Leadership on Leader Accountability in a Non-profit Context?

Khurram Siddiq, Edgar Meyer and Melanie Ashleigh

University of Southampton, Southampton, UK

k.siddiq@soton.ac.uk

e.meyer@soton.ac.uk

mja@soton.ac.uk

Abstract: The third sector has traditionally faced many problems, whereby leadership has been identified as one of the main areas for concern where more robust research is needed. Whilst there have been numerous studies investigating aspects of non-profit leadership, no research has been undertaken into the role and relevance of Authentic Leadership (AL) and Leader Accountability (LA) for British Third Sector Organisations (TSOs). Furthermore, within the arena of management, no research – empirical or conceptual – has been conducted that examines the relationships between these two concepts. Interest in Authentic Leadership has escalated. Unethical behaviour, corruption and global leadership failures are cited in support of the AL paradigm. This is because AL entails an honest, transparent and moral approach, which makes leadership more interactive and opens new dimensions for future challenges. Authentic Leadership is growing into one of the most influential theories encompassing almost all leadership doctrines of the past. Accountability emanates from self-awareness in that leaders have to understand their own roles, acknowledge its importance and set relevant priorities before they can begin to influence followers. To date there has been little interest into how a leader's accountability can be measured empirically to support and enhance leadership capabilities. Leader Accountability plays a decisive role in promoting authenticity and moral foundations of effective leadership that may help to prevent misconduct and organisational scandals. Empirical work is lacking in both AL and LA and more importantly to date, as far as the researchers are aware, no research exists that has examined these concepts within a third sector context. This study contributes in three ways. First the study examines how AL is represented in British TSOs using an accepted measure, Authentic Leadership Questionnaire (ALQ). Secondly; the study explores how LA is perceived in British TSOs using Leader Accountability Scale (LAS). Thirdly, the study examines the relationship between Authentic Leadership and Leader Accountability – a relationship not investigated in the literature.

Keywords: Authentic leadership, leader accountability, third sector organisations

1. Introduction

This paper will discuss the theoretical foundations of Authentic Leadership on Leader Accountability in the non-profit organisations. By presenting a framework to unite these two themes, the authors make assumptions that there will be a positive correlated relationship between the variables of AL and LA.

2. Third sector

The definition of what constitutes the third sector remains ambiguous as academics tend to define the scope of the sector from multiple perspectives. According to Alcock & Kendall (2011) and Osborne (2008) there is a lack of definitional consensus and a number of different terms exist such as voluntary sector, third sector, non-profit sector, which expresses the volunteering, non-governmental and non-profit sharing phenomena. However, a working operational definition is adopted for this study which defines the third sector as a place between the state, public and the private sectors. Given that various factors influence the sector and its survival, it would be vital to identify these factors. This includes the Social, Legal, Economical, Political and Technological (SLEPT) factors. These not only support the growth of the sector but also impact how non-profits operate. SLEPT factors have led researchers to examine the sector from multiple perspectives. Hence, leadership is identified as one of the most problematic and understudied areas in the third sector literature (Bradshaw, 2002).

3. Authentic leadership

AL is defined as a positive form of leadership that is focused on an individual's inner self, which develops and affects the followers in a charismatic manner (Northouse, 2010). As a relatively new theory of leadership, it is still evolving; however academics agree that four components constitute the overall basis of this theory (Avolio et al., 2009). These include self-awareness, internalised moral perspective, balanced processing and relational transparency. AL and its constructs have been recently studied from various perspectives which include project management (Lloyd-Walker and Walker, 2011), entrepreneurship (Jensen & Luthans, 2006), healthcare

(Shirey, 2006) and educational sectors (Begley, 2006). However AL has never been examined in any non-profit context, thus setting the ground for this research to apply this theory in a new context.

4. Leader accountability

Wood and Winston (2007) define the term LA as when leaders' actions, decisions, responsibilities and behaviours are accountable to themselves and others. This helps the leaders to act more transparently thus exhibiting authentic behaviours. They also argue that LA is the production of three important components which are openness, responsibility and answerability. These components not only serve as the foundations of effective leadership practices but are also used as a measure to acknowledge accountability. The essence of individual (self or personal) influence is rarely studied in accountability literature and researchers call this perspective leader accountability (Hoogervorst et al., 2010) and self-accountability (Hall et al., 2007). Hoogervorst et al., (2010) contend the need to explore leader accountability and the impact it may have on the overall accountability studies. Wood and Winston (2007)'s study is the only investigation primarily focused on the validity of leader accountability and its scale. They surveyed 148 people online from diverse US organisations and found that leader accountability constructs are useful for leadership selection, development and effectiveness. Surprisingly, to the authors' knowledge LA has never been studied from the British non-profit perspective based on these measures.

5. Theoretical framework

To date no single study has ever examined which conceptualises leader accountability within the authentic leadership model. The reason why the authors believe it will be necessary to investigate this relationship, is because of the emphasis of authentic leadership on the self of a leader. Therefore by studying the characteristics that comprise authentic leadership, it will be possible to link components of leader accountability, which will open further research opportunities within the non-profit arena. Figure 1 below, illustrates this point conceptually.

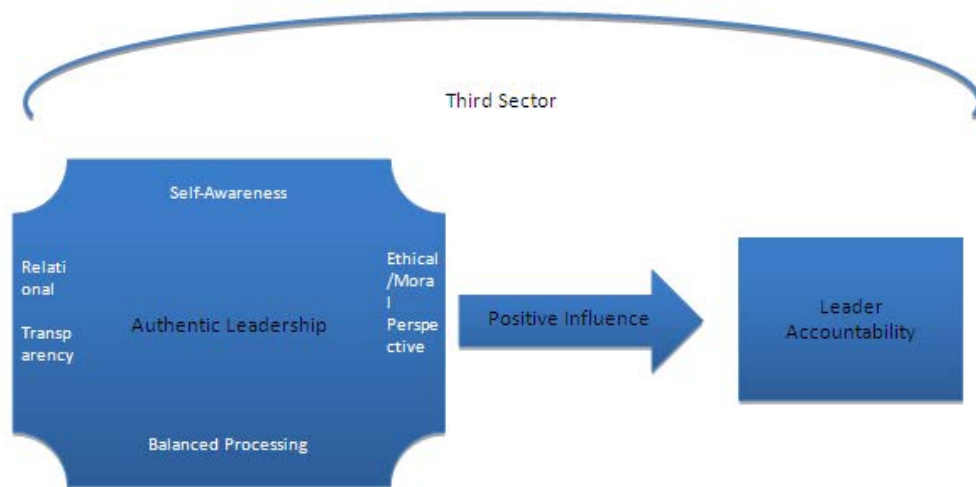


Figure 1: Conceptual Research Framework

Almost all components of AL and LA can be conceptually linked. It is anticipated that when the data from non-profit organisations will be analysed statistically, there will be positive associations emerging from this relationship. This will aid our understanding on how AL is interpreted when studied in relation to other management concepts. It will also help to recognise the prominent role of AL in the LA research. It is also assumed that once the statistical analysis of this study is completed, self-accountability can be attributed possibly, as one of the fifth emerging component of AL. A further elaboration of this can be seen in Figure 2, which makes the conceptual relationship between the constructs and their variables.

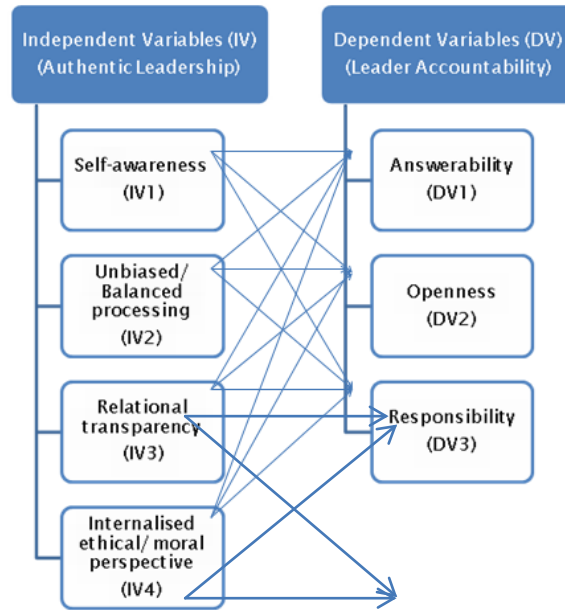


Figure 2: Independent and dependent variables and their relationships

6. Research question and hypotheses

The main question of this research is to understand what impact AL has on LA in a non-profit context. In order to answer this, several hypotheses are developed they are related to the components of AL and LA. It is assumed that each of the four components of AL will have a positively significant relationship with each of the LA components. These components are considered as variables in this research and the expected relationships will be tested using hypotheses constructed. The primary assumption behind all the hypotheses is that significant positive relationships will be evident between the independent variables of AL and the dependent variables of LA.

Set One Hypotheses	Set Two Hypotheses	Set Three Hypotheses	Set Four Hypotheses
<ul style="list-style-type: none"> • H1 Self-awareness is positively related to Openness • H2 Self-awareness is positively related to Responsibility • H3 Self-awareness is positively related to Answerability 	<ul style="list-style-type: none"> • H1 Balanced processing is positively related to Openness • H2 Balanced processing is positively related to Responsibility • H3 Balanced processing is positively related to Answerability 	<ul style="list-style-type: none"> • H1 Relational Transparency is positively related to Openness • H2 Relational Transparency is positively related to Responsibility • H3 Relational Transparency is positively related to Answerability 	<ul style="list-style-type: none"> • H1 Moral Perspective is positively related to Openness • H2 Moral Perspective is positively related to Responsibility • H3 Moral Perspective is positively related to Answerability

Figure 3: Research Hypotheses in four sets

7. Methodology

The ALQ - Self and Rater (Gardner et al., 2011) and LAS - Self and Rater (Wood and Winston, 2005) is adopted which is based on the mono-method choices taking a cross-sectional approach to data collection. These are established measures for analysing LA and AL. ALQ and LAS have been used previously in different settings and their validity and reliability is confirmed (Gardner et al., 2011; Wood and Winston, 2005) with the exception of LAS (Self) which is being developed for the first time in this research. The ALQ will be used to measure its components as perceived by the Board Members/ Trustees (Rater) and Non-profit Leaders/ CEOs

(Self). Similarly LAS will be used to measure its components as perceived by the Board Members/ Trustees (Rater) and Non-profit Leaders/ CEOs (Self). Both ALQ and LAS use a Likert-scale measurement and divide the Self and Rater questions into two different groups; targeting Self-perception to non-profit leaders and Rater-perception to non-profit Board Members. The non-profit population in England and Wales is 162, 405 as stated by the Charity Commission and in Scotland it is 23, 534 as stated by Office of the Scottish Charity Regulator (OSCR). Given such a large population (185,939) an approximate sample size must be determined. Therefore using the Survey Size Calculations, the confidence level is declared at 95% (consistence with most studies). The confidence interval is declared at 5 (line with most studies) giving a minimum sample size of 383 non-profit organisations to target. As the sample size is to be taken from a wider geographic region, a Stratified Sampling Technique will be performed dividing England, Wales and Scotland into three regions. Once all the data has been collected it will be analysed through SPSS using two basic statistical techniques; Multiple Linear Regression and Multivariate Analysis of Variance (MANOVA)

8. Conclusion

This relationship remains untested within the literature. Thus the aim of the proposed research is to attempt to fill this gap by exploring empirically how the four components of AL may improve and influence LA within a non-profit domain. How it improves and influences LA remains to be investigated which will be the central focus of this research. They have both been explored independently and found to be rigorous within the for-profit sector, but no research exists relating those two constructs. Thus this research contributes the exploration of these two construct in a different setting and an investigation of the potential relationship between AL and LA.

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Identification of Important Factors of Corporate Communication Delivered through Social Media

Otakar Ungerman and větlana Myslivcová

Technical University of Liberec, Liberec, Czech Republic

otakar.ungerman@tul.cz

svetlana.myslivcova@tul.cz

Abstract: Corporate communication delivered on social networks is a very engaging, yet unexplored, and progressively growing area of marketing with an ever-increasing number of users. Given the increasing amount of different social media, there is much uncertainty about how they should be approached by companies when communicating with customers. A lot of companies feel that social networks are an innovative communication channel with a high potential. This communication tool is used by millions of potential customers who spend hours on social networks. Business entities try out social networks for communication with their customers, but over time they abandon them because of their low efficiency. The contribution of the project consists of identifying factors necessary for filling in information gaps which currently exist in communication of small and medium-sized businesses with customers via social networking. The identified factors can assist in accomplishing company goals, especially in increasing brand awareness on the Internet (Social Public Relations), attracting new visitors to the website, improving the website's position in search engines (Social SEO), reducing the direct costs of acquiring new customer. The project used a combination of two methods of data collection. Data was collected through a Focus Group and an electronic survey. The first method served as the basis for the design of the electronic questionnaire. The data was evaluated by statistical analysis (factor analysis), which was conducted on the mathematical software „R“. We worked with 13-year-old respondents in the Czech Republic who were users of social media. The age limit was derived from the legal requirements for the age of users of the social network Facebook. In terms of the methodological approach, the project employed both a positivist approach, which utilises quantitative methods of data collection, and the phenomenological approach, which applies qualitative methods of data collection. The research project can be determined as an exploratory one; it directly examines the factors influencing consumers' satisfaction with social media communication. The selection of respondents in both forms of inquiry was done by the "random quota sampling" method. The required assumption was that the respondent was a direct user of social networks. No other restrictions concerning age or territory were applied; the main aim was to obtain at least 500 responses. In conclusion, we claim that the research findings can be applied not only in the Czech Republic but also in other countries.

Keywords: social media, satisfaction, communication of marketing, consumer, factor analysis, focus group

1. Introduction

The accessibility of the Internet makes electronic commerce and communication a realistic possibility for economic growth and business development. As the amount of business transacted over the web increases, the value of goods, services, and information exchange over the Internet seems to double or triple each year around the globe (Kathuria, Joshi 2007). Communication and information interaction become crucial issue for business development. However, E-business usually implies a rethinking of business models, of the network, and system infrastructure (Tislerova, 2012). Research on e-interaction and business-customer relationship indicates that both fields have significant impact on economic growth and wealth creation (Acs et al., 2004). There is a necessity to explore communication delivered through social media, to identify factors influencing and thus, to discover all the potential of e-communication development. Businesses that are able to manage their relationships with customers so as to create long-term relationships have a better chance to success on the market (Dedkova, 2011).

2. Research goals and methodology

The goal of the research project is to identify factors that influence satisfaction with communication among small and medium-sized business entities and customers, maintained through social media. The contribution of the project consists of identifying factors necessary for filling in information gaps that currently exist in communication of small and medium-sized businesses with customers via social networking. The research process of communication in social media was composed of five parts that were bound to each other and are presented in Figure 1.

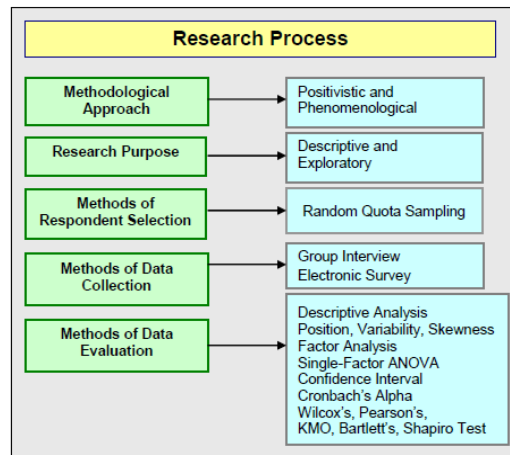


Figure 1: Research Process (Own Procedure)

- *Methodological Approach.* In terms of the methodological approach of the research, the project applied both the positivistic method, employing quantitative methods of data collection, as well as the phenomenological method, using qualitative methods. Both methods of approach are interdependent on each other.
- *The Purpose of the Research.* Regarding the objective of the work, there is the exploratory purpose of the research, which directly examines the degree of consumer satisfaction, and the descriptive purpose, which maps the current situation. (Saunders, 2002).
- *Methods of Respondent Selection.* In this survey, the non-statistical method was employed, and the determination of sample size was based on judgment. The selection of respondents “by quota sampling” is carried out via social networks and the internet, so there is a great likelihood that the respondent is also directly a user. The basic set was inhabitants of the Czech Republic that are users of social media. Respondents who were the subject of the research were defined by the following characteristics:
 - Persons over the age of 13 years. The reason is the legal use of social media on the largest network - Facebook.
 - A user of some type of social media.

The sample size was set by non-statistical methods, according to the judgement of the researcher (Saunders, 2002). For “group interview” qualitative research, the minimum threshold was set at 40 people of various age representation. For primary research, the minimum threshold was set at 500 full-fledged responses, slated for statistical processing.

- *Methods of Data Collection.* In this study, a combination of several methods is utilized, an approach which is increasingly applied in practice. The data is collected through group interviews and electronic survey. The group interview serves as a basis for drawing up the questionnaire. On its basis, information is obtained about which issues of study influence customers the most in communication with businesses. Electronic questioning is conducted via links sent out by e-mail and through social networks. The combination of qualitative techniques in the first phase of the research with subsequent quantitative research provides a better insight into the given issues (Churchill, 1987).
- *Methods of Data Evaluation* unfolded from the goal of the research and the type of data examined. The data obtained was evaluated with the aid of the mathematical software “R”.

Two types of variables were employed in the research, the cardinal and the ordinal:

- *Ordinal Variables.* These variables can attain a finite number of values in a given interval and can be categorized in qualitative terms. An example is the overall degree of importance, which can have an integer value in the interval $\langle 1, 7 \rangle$, where 1 is the best and 7 the worst.
- *Cardinal Variables.* Cardinal variables are numerical variables whose values have the meaning of numbers. They can be arranged into an increasing or decreasing series and they can theoretically take any value from the interval definition of the variable. In their analysis, a basic statistical analysis was carried out, with calculation of the basic parameters of position, variability and skewness. Furthermore, verification of the basic assumptions about homogeneity and normality was performed. If the basic assumptions are

met, ties between individual sets are examined. This means the rejection or non-rejection of the null hypothesis H_0 using a set of t-tests. In the event of the rejection of normality by the Shapiro-test through its pronounced disruption, the nonparametric Wilcoxon test is utilized.

2.1 Group Interview

The group interview or group discussion (Focus Group Discussion), belong to so-called qualitative research. In a group interview, visualization, association, projective techniques and role-playing are employed to reveal relationships, attitudes, feelings, behaviour and the motivation of the consumers. Direct contact and the induction of a certain social situation positively affect the manifestations of spontaneous, subjectively uncontrolled reactions. One of the methods used for data evaluation, called "the dual group interview," led to the identification of issues of study that most affect communication via social media. Following a complete analysis of the issues examined, a final synthesis was made leading to the attainment of the objective. The following procedure was used for the evaluation of the obtained data:

- Separation of the obtained recordings of individual age groups.
- Slowed down multiple playback and analysis of recordings.
- Comparison of written records acquired in parallel.
- Compilation of five independent issues of study, which are recorded in a table.
- Synthesis of the issues of study into a final model of the most important factors influencing communication in social media.

2.2 Factor analysis

The factor analysis focused on the analysis of the structure of internal relations between a large number of attributes utilizing a set of a smaller number of latent attributes, so-called factors. The aim was to summarize and reduce the attributes, with minimal loss of information (Meloun, Militký, 2006). To be able to perform the factor analysis, the Bartlett test must be spherically met, as well as the Kaiser-Meyer-Olkinovy (KMO) condition. For the purpose of better interpretation of the data, a rotation of factors was performed (i.e. redistribution of the explained variance for individual factors). The orthogonal varimax rotation method was selected for rotation, since the aim was to reduce the number of original attributes (Meloun, Militký, 2006), and it has been empirically proven that varimax creates loadings that can be explained more easily (Churchill, 1987). The interpretation of factors was based on factor loadings that were represented by the correlation coefficient between the original attribute and the factor. Correlations greater than ± 0.5 were considered significant. If the attributes did not attain the above value, they were discarded and the analysis was carried out once more, or several times until the correlation coefficients of all attributes attained the minimal value of ± 0.5 . The aim of this procedure was to obtain the optimal number of attributes. The obtained factors were named according to attribute compositions (Meloun, Militký, 2006).

3. Research

The first stage of the research formed an independent primary research, for which a qualitative method of data collection of the "dual focus group" was used. The process is illustrated in Figure 2.

Research participants had to be active users of social media. For data collection, the method of "dual group interview" was utilized, which requires more moderators in order to ensure continuity. This method was carried out five times in a row, always with a different age group structure of 8 – 10 participants. A total of 48 users of social media participated in the research. The groups were internally homogenous with respect to age and heterogenous between groups because of possible differences in the perception of the communication being studied. In the introductory part of the interview, the respondents were not presented with any possibility of selection from predetermined issues of study due to possible opinion influence. For the conclusion, however, a selection of possible issues of study composed on the basis of secondary research and the experience of experts was prepared. The overall output of this research is recorded in Table 1.

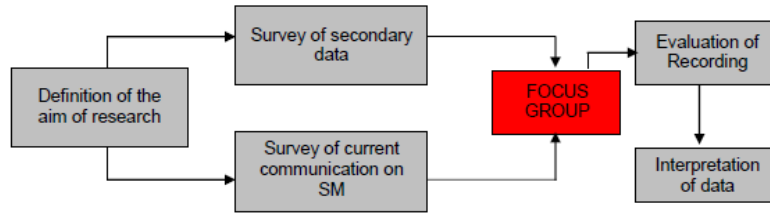


Figure 2: Research Process of Identifying Issues of Study (own procedure)

Table 1: Overall Result of Group Interviews (SM – social media)

Outcome Issues of Study Affecting Communication on Social Media	
Speed of response to a question	Obtaining information through advertising
Individual approach by the company	The content of company information on SM
Online company communication all day	Manner of providing information on SM
Regular updates of information	Presentation in Czech
Truthfulness of the provided information	The social responsibility of companies
Clarity of the provided information	Support of non-profit events
Humorous form of the information	Links to the company website
Expertise of the provided information	Obtaining only requested information
Lotteries, contests, coupons on SM	Obtaining full and complete information
Handling of complaints through SM	Communication through a forum (chat)

The objective of this first research was to identify the most important issues of study that affect communication in social media. The results may be the definitive basis for how to communicate with customers more effectively. Companies can put together a relevant mix of communication methods on social media by using these outputs. The outcome issues of study, however, merely define which issues of study influence the customer. They do not provide an overview to what degree they influence them and whether they affect them positively or negatively. The main objective of the research as a whole was to find the factors that may be hiding behind these issues of study. It was therefore necessary to use the issues of study for further study and to subject the results to statistical analyses. The primary research of the manner of communication followed up on the output from the group interview. The outcome set contained a total of 20 independent attributes, which were used as the basis for the compilation of a questionnaire. With each of the 20 attributes, a seven point scale was made available, where “1” meant absolute importance and “7” maximum unimportance. The entire questionnaire was supplemented by demographic questions concerning age, gender, education and economic activity. The demographic data was thoroughly checked to ensure the appropriate sample of respondents. The condition was that structure of the sample set copy the basic set. The created questionnaire was tested with 25 respondents, after which small adjustments were made. A total of 555 completely filled out questionnaires were evaluated.

The variables were viewed in two ways during the evaluation. The first way is ordinal variables, which divided attributes into important, unimportant and neutral. The second way was to view the variables as cardinal. In this manner the position and variability was characterized.

3.1 Overall evaluation of ordinal variables

The overall evaluation of the analysis is presented in Table 2. An aspect whose median lies in the interval <1, 3> is counted as important, a neutral one has a median of 4, and an unimportant one has a median in the interval <5, 7>.

The evaluation of ordinal variables shows that respondents evaluated only two attributes as unimportant. These were providing information through advertising and lotteries, contests and coupons. Respondents evaluated three other ways as neutral. These neutral ways are the support of non-profit organizations, a humorous form and handling of complaints. Respondents evaluated the other fifteen variables as important.

Table 2: Evaluation of Ordinal Variables

Question	Median	Significance of Aspect for Respondents
1.Speed of response	2	Important
2.Individual approach by the company	3	Important
3.Online communication all day	3	Important
4.Regular updating of information	2	Important
5.Truthfulness of provided information	1	Important
6.Clarity of the provided information	2	Important
7.Humorous form of the information	4	Neutral
8.Expertise of the provided information	2	Important
9.Loteries, contests, coupons	6	Unimportant
10.Handling of complaints through SM	4	Neutral
11.Obtaining information on SM through advertising	5	Unimportant
12.Content of company information on SM	3	Important
13.Manner of providing information on SM	3	Important
14.Presentation in Czech	2	Important
15.The social responsibility of the companies	3	Important
16.Support of non-profit events	4	Neutral
17.Links to the company website	2	Important
18.Obtaining only requested information	2	Important
19.Obtaining full and complete information	2	Important
20.Communication through a forum	3	Important

3.2 Overall evaluation of cardinal variables

The overall evaluation is recorded in Table 3. Cardinal variables were examined in their mean, the confidence interval and the standard deviation.

Table 3: Evaluation of Attributes

Question	\bar{x}	$\bar{x} - t \frac{s}{\sqrt{n}}$	$\bar{x} + t \frac{s}{\sqrt{n}}$	Standard Deviation
1. Speed of response	2.497	2.366	2.629	1.576
2. Individual approach by the company	3.077	2.931	3.224	1.752
3. Online communication all day	3.342	3.197	3.487	1.739
4. Regular updating of information	2.413	2.273	2.552	1.671
5. Truthfulness of the provided information	2.040	1.898	2.182	1.702
6. Clarity of the provided information	2.056	1.932	2.179	1.480
7. Humorous form of information	4.247	4.099	4.395	1.779
8. Expertise of the provided information	2.634	2.506	2.762	1.537
9. Loteries, contests, coupons	5.000	4.848	5.152	1.825
10. Handling of complaints through SM	4.047	3.886	4.207	1.927
11. Obtaining information on SM through advertising	4.587	4.435	4.740	1.829
12. Content of company information on SM	3.559	3.425	3.692	1.606
13. Manner of providing information on SM	3.312	3.169	3.455	1.716
14. Presentation in Czech	2.659	2.513	2.806	1.762
15. Social responsibility of the companies	3.306	3.166	3.447	1.687
16. Support of non-profit events	3.649	3.502	3.795	1.760
17. Links to the company website	2.834	2.693	2.976	1.698
18. Obtaining only requested information	2.569	2.431	2.708	1.662
19. Obtaining full and complete information	2.314	2.176	2.451	1.650
20. Communication through a forum	3.699	3.547	3.851	1.821

Respondents evaluated a total of 20 attributes. The evaluation was carried out with the aid of a scale from 1 to 7, where 1 meant very important and 7 very unimportant. The average score is shown in Table 3. The results attained average values from 2.04 to 5, indicating a relatively diverse evaluation. The variability of the attributes examined was also relatively high. The essence of all these attributes is not evident from the evaluation. Factor analysis was therefore performed in order to obtain the dimensions influencing the manner of communication on social media.

3.3 Evaluation of factor analysis

Factor analysis was carried out in four phases, because the first analysis (and the second and third) identified attributes with a correlation coefficient of less than \square 0.5, which were thus excluded. The aim of this procedure was to reduce the attribute and extracted factors to the so-called optimal level, i.e. to the number of factors that most influenced communication with a customer. Selected results in the four phases of factor analysis are summarized in Table 4.

Table 4: Results of Factor Analysis

		Phase 1	Phase 2	Phase 3	Phase 4
Cronbach's Alpha		0.83028			
95% Confidence Interval		0.80970, 0.85087			
Kaiser-Meyer-Olkin Rate		0.855	0.857	0.835	0.812
Bartlett's Test of Sphericity	Chi-square	4453.9	3098.9	2800.1	2374.3
	Degrees of Freedom	190	78	66	45
	Level of Significance	0	0	0	0
Number of Attributes Entering FA		20	13	12	10
Number of Factors		9	4	4	3
Number of Attributes in the Factors		13	12	10	10
Cumulative Percentage of Variability		62.7	58.2	60.7	60

Cronbach's alpha is met, clearly exceeding the 0.7 value with a value of 0.83. The construction of the confidence interval is finding the interval into which a random variable falls with a previously selected high probability of $1 - \square$ which applies here, since the interval is (0.80970 – 0.85087). The condition for attaining the Kaiser-Meyer-Olkin rate, i.e. a KMO value higher than 0.5, applies to all phases. In the first phase, the rating is a "high" 0.86, in the second phase the rating is a "high" 0.86, the third phase a "high" 0.84, and the fourth phase a "high" 0.81. Bartlett's test of sphericity was met in all phases.

Steps that accompanied individual phases:

Step 1 – attributes O7,O14 were excluded (they do not have statistically significant loadings), as well as O15,O16,O17 a O20 (they have statistically significant loadings in factors where there are no other attributes). Also discarded was O8, which has statistical significant loadings in two factors.

Step 2 - O1 was excluded, does not have statistically significant loadings

Step 3 - O2 was excluded (does not have statistically significant loadings), also O3 (loading in only one factor, which no other attribute has)

Step 4 – is the arrangement of the remaining attributes into groups, where the loading is already greater than 0.5. The outcome table 5 is completed by a percentual expression of the variability of individual factors.

Three factors in Table 5 were obtained by factor analysis, and were named according to the composition of the attributes. These were:

- Quality of Information – 29.7%
- Communication Tools – 15.9%
- Content and Manner of Provided Information – 14.5%

Table 5: Outcome Matrix of Varimax Analysis

Attribute	F1	F2	F3
4.Regular updating of information	0.702	-0.076	0.233
5.Truthfulness of provided information	0.877	-0.129	0.17
6.Clarity of provided information	0.824	-0.115	0.079
9.Lotteries, contests, coupons of companies on SM	-0.213	0.714	0.014
10. Handling of complaints through SM	0.074	0.625	0.119
11. Obtaining information on SM through advertising	-0.137	0.752	0.133
12. Content of company information on SM	0.154	0.283	0.844
13. Manner of providing information on SM	0.291	0.048	0.756
18. Obtaining only requested information	0.635	-0.022	0.058
19. Obtaining full and complete information	0.666	-0.049	0.199
Variability Percentage	29.70	15.90	14.50
Cumulated % Variability	29.70	45.50	60.00

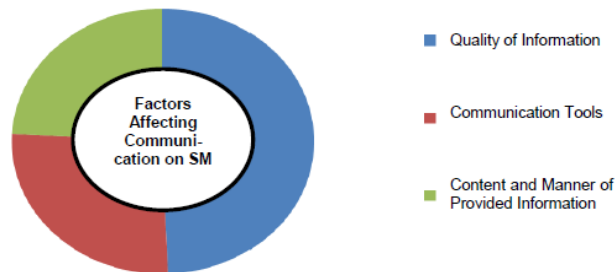


Figure 3: Resulting determination of attributes into three factors

The first factor, named **Quality of Information**, is created from five attributes that make up almost 30% of the cumulative variability of 60%. All five attributes have a certain relationship to information quality built in. Regular updating indicates the importance of daily updating of provided information. Truthfulness and clarity of information directly leads to communication quality. Obtaining required information and complete information again leads to communication quality. Respondents are making it clear that the main thing they require from communication is information quality.

The second factor, named **Communication Tools**, is formed from three attributes, which constitute 16% of the variability. The first attribute, which is lotteries, contests and coupons, can be described as a sales support communication tool. The second attribute is advertising, which in itself is one of the tools of communication. The third attribute, dealing with complaints, can also be assigned to the tools of communication. Overall, it can be said that this factor can be defined unambiguously. The results make it clear that we must be aware of communication tools.

The third factor, named as **Content and Manner of Information Provided** is made up of two attributes. Both attributes explain 14% of variability. In the evaluation of this factor, it was decided to link both outcome attributes. After a thorough analysis, a common hidden denominator could not be defined. Both information content and information manner play a significant role in this case and the factor is named after them.

4. In conclusion

The reason for the implementation of this project was the lack of available information on how small and medium-size businesses can use social media for communication with their customers. The project will help businesses to reveal the hidden attributes of communication that most affect customers and the success or failure of companies; it also identifies the factors that determine customer satisfaction with corporate communication on social networks. The results of the research are incorporated into the Development Chart in Figure 4.

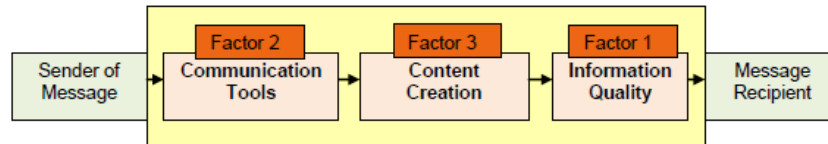


Figure 4: Communication Process

The development graph shows that the first in order is the Sender of the message, here a small or medium-sized company. What follows is the communication tool selection and gradual development of a communication all the way to the Recipient at the end of this development graph. The first factor identified in the sequence is “*Communication Tools*”. They were defined with all respondents and in all demographic groups. Communication Tools is a very broad term. It is necessary to determine the appropriate communication mix for every message. The second factor identified in the communication process is “*Content Creation*”. After selecting the Communication Tools and choosing an appropriate type of social media, the company creates the communication. In commercial communication, the content is a commercial communication, which may be in the form of information, for example about novelties or discounts. The content can basically be anything that has a certain quality from the customer’s point of view.

The principles of quality are the content of the third factor with the overall title of “*Information Quality*”. This factor was in first place in the evaluation based on factor analysis. Despite being in third place in the graph of communication process, it is the main factor determining the success of a company’s communication. In order for communication to be of good quality, it must adhere to several principles that are a part of the factor; these are regular updating, truthfulness of information, clarity of information, sending of requested information and sending complete information. After the creation of a commercial message, there is a recipient at the end of the communication. If a company does not choose to follow this procedure, the result may be not only ineffective communication, but even a negative perception of the company. This suggests that if a company wants to be successful it must communicate well. If a company does not devote itself to communication comprehensively, it is better that it not pursue social media.

The result of the research recorded in this chapter and in Figure 4 was an opportunity for small and medium-sized companies to adapt their communication to the needs of customers in the environment of social media. If companies adhere to the defined manner of communication, there is a great probability that they will defeat the competition on this progressive communication channel.

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Ethical Leadership in Organisation in Transition

Yari Yuhariprasetya

University of Canberra, Canberra, Australia

Yari.Yuhariprasetya@canberra.edu.au

Abstract: Leaders play a prominent role in promoting ethics in organisations. Treviño, Hartman and Brown (2000) emphasise the importance of being a moral manager for a leader, as well as being a moral person. As an ethical leader, it is not enough to be a moral person, as it only “tells followers what the leader will do. It doesn't tell them what the leader expects them to do” (Treviño and Brown, 2004). A moral manager on the other hand is “one, who leads others on the ethical dimension, lets them know what is expected, and holds them accountable” (Treviño and Brown, 2004). A number of ways that moral managers can act have been identified (Treviño et al, 2000): to be a role model, to communicate the ethics, and to consistently employ reward system. Leadership has also been perceived as a key element in the ethics management implementation at the Indonesian tax administration. Such view was revealed from interviews and focus group discussions mainly conducted in the Directorate General of Taxes (DGT), the Indonesian tax administration. This paper identifies two other ways moral managers can carry out their role: to show a strong commitment and great concern, and to comfort and reinforce. These additional ways are seen as essential, particularly where ethics management is still at early stages of implementation. Furthermore, Treviño et al (2000) suggests four possibilities of moral person-moral manager combinations. One of which is a weak moral person-strong moral manager condition. In this regard, this paper is of the opinion that in the case of ethics management implementation in DGT, the two dimensions must not be seen as separable conditions. A strong moral person is part of, and the characteristics are a prerequisite to be, a strong moral manager. The research will contribute to the number of studies in ethics management in public sector conducted in developing countries. In Indonesian context, in which bureaucracy reform is currently taking place, the research will provide insights on the implementation of ethics management and will give feedbacks on it in public sector reforms in Indonesia.

Keywords: ethical leadership, ethics management, governance, public sector reform

1. Introduction

Leaders have a prominent role to play in promoting ethics in organisations. In organisational settings, an individual's ethical decision making is largely determined by the expectations of others, and “those expectations are established, nurtured, and enforced by the organization's leadership” (Schminke et al. 2000). It is only natural, then, that when faced with ethical questions or problems, employees will count on their leaders for guidance (Trevino 1986). “Leaders who are perceived as ethically positive influence productive employee work behavior and negatively influence counterproductive work behavior” (Mayer et al 2009, and Brown & Treviño 2006, as cited in Brown and Mitchell 2010: 583). Paine (1994) stresses the importance of managers recognising their role in moulding ethics in organisations and grasping the opportunity. Failure to present ethical leadership and to set up systems supporting ethical conducts will leave managers as much responsible for the outcomes, as those conducting and benefitting from corporate misdeeds (Paine 1994).

Although it is accepted that a leader's role in promoting ethics is highly important, there are still different understandings regarding the terms ‘ethical leaders’ and ‘ethical leadership’. People often assume that ethical leaders are simply good leaders, or leaders with integrity and other good characters (Treviño, Hartman and Brown 2000). However, Brown (2007) points out that research on ethics and leadership indicates that leadership, whether ethical or not ethical, is influenced by many factors, and is not simply the result of being the “right” character or a person of integrity. Typically, ethical leadership has been identified and described using a normative approach; that is about defined by how individuals “ought” to behave in the workplace (Brown 2007). Recently, some theorists and practitioners have applied descriptive approaches. These approaches attempt to understand how people actually perceive things and also to investigate the background and consequences of those perceptions (Brown 2007).

Using descriptive approaches, Treviño, Hartman, and Brown (2000) found there are two aspects in ethical leadership: a leader as a moral person and a leader as a moral manager (Figure 1). These aspects are known as the pillars of ethical leadership and both are important (Treviño, Hartman and Brown 2000). The perception of a leader as a moral person is related to a person's good characteristics and it “depends upon employee perceptions of the leader's traits, behaviours, and decision making processes” (Treviño and Brown 2004: 75). It can be thought of as the *ethical* part of the term “ethical leadership” (Treviño, Hartman and Brown 2000). To

be a moral manager, by comparison, requires a deep focus on the *leadership* part of that term, or more intensity for leaders in “taking the ethics message to the rest of the organization” (Treviño, Hartman and Brown 2000: 133).

Treviño, Hartman and Brown (2000) emphasise the necessity of an ethical leader being a moral manager, in addition to being a moral person. It is not enough to be a moral person, as it only “tells followers what the leader will do. It does not tell them what the leader expects them to do” (Treviño and Brown 2004: 75). A moral manager on the other hand is “one, who leads others on the ethical dimension, lets them know what is expected, and holds them accountable” (Treviño and Brown 2004: 75). A number of ways that moral managers should do were identified (Treviño, Hartman and Brown 2000): to be a role model, to communicate ethics, and to consistently employ reward systems. Furthermore, Treviño, Hartman and Brown (2000) combine the two pillars of ethical leadership into a two by two matrix. The matrix describes how the reputation of a leader is based on the combination (Figure 2). A leader with combination of strong moral person and strong moral manager characters, for example, will be perceived by others as an ethical leader. Other combinations will result in leaders perceived as: unethical, hypocritical and ethically-neutral.

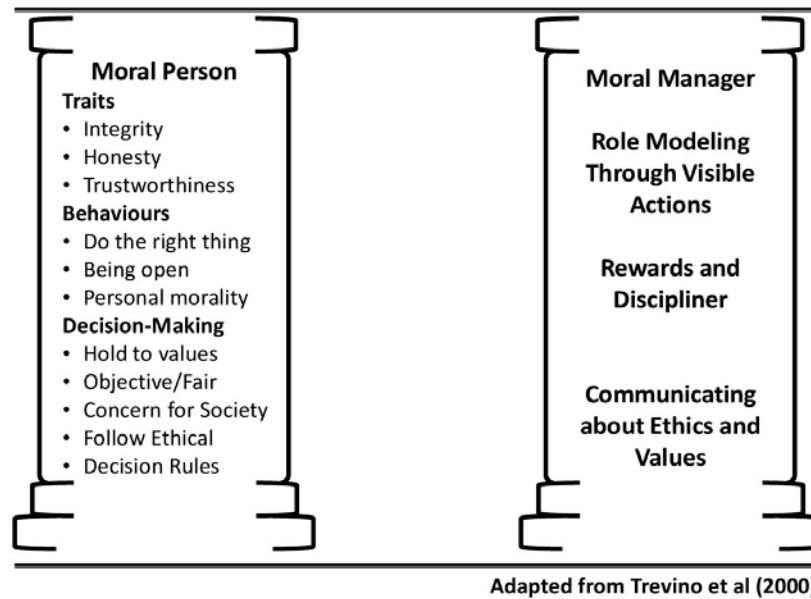


Figure 1: The Two Pillars of Ethical Leadership

Moral Manager	Strong	Hypocritical Leader	Ethical Leader
	Weak	Unethical Leader	Ethically Neutral Leader
		? ← Ethically Neutral Leader → ?	
		Weak	Strong

Moral Person (adapted from Treviño et al. 2000)

Figure 2: Executive Reputation and Ethical Leadership

In the Indonesian context, specifically the Indonesian Directorate General of Taxes (DGT), which is the Indonesian administration office, leadership is perceived as one of the key elements in the ethics management implementation. Such a view was established from an analysis of 13 interviews and four focus group discussions (FGD) conducted mostly in the DGT for the purpose of studying reform in the organisation. Leadership was one of the dominant themes in the responses to the interviews and FGDs.

The current DGT reform, which was initiated in 2002 and nationally applied in 2007, has incorporated good governance practices into the reform initiatives (Rizal 2006). The reform is said to give fundamental changes to Indonesian tax administration. Good governance is the spirit of this modernisation and the implementation of good governance becomes one of the most important elements. As part of the reform strategy, a governance framework was designed, aimed at “promoting transparency in tax administration and integrity among officers” (Rizal 2006). The framework included amongst others things: the creation of a Code of Ethics (CoE) for tax officers, the establishment of CoE Committee to monitor its implementation, and the allocation of a special desk at the National Ombudsman Committee for DGT, along with Directorate General of Customs and Excise, another unit under the Ministry of Finance (Rizal 2006).

The DGT head office organizational structure was also modified. Among the changes, the headquarters was restructured to now provide for three new directorates to manage the modernization reforms, a strategic planning unit, and a criminal investigation unit to investigate criminal violations of the tax laws (Brondolo et al. 2008). It includes the creation of a new unit at echelon two level, called the Directorate of Internal Compliance and Apparatus Transformation (Direktorat Kepatuhan Internal dan Sumber Daya Aparatur, or KITSDA). This unit deals with internal compliance and it has the duties of compliance training, compliance audit, internalisation of organisational values, investigation into breaches of the Code of Ethics, evaluations of the findings of such investigations, as well as coordinating and monitoring any follow up of the investigations. These are functions of ethics management, a systematic and consistent effort to promote ethical organisations (Menzel 2007).

A study was conducted into the implementation of ethic management in DGT. The methods of the study included interviews and FGDs with DGT’s officials and employees, as well as with several officials external to DGT but related to the reform. Surprisingly, or maybe not, although the questions covered were not directly concerned with leadership, the results of an analysis of transcript of these interviews and FGDs reveal, among other things, the importance of the leadership factor in the ethics management implementation. Leadership is an emerging theme in the study. The purpose of this paper is to use the ethical leadership model of Treviño et al (2000) presented above to explain the findings.

2. Methods

A thematic analysis performed to the qualitative data obtained from the study on the DGT reform. Two methods were used in this research, interviews and focus group discussions (FGD). Semi-structured in-depth interviews and FGDs were conducted with key persons handling ethics management in the head office of DGT and with people implementing policies in ethics management in operational offices. Interviews with officials at the head office were conducted to provide clearer understanding and in-depth clarification on what policies are taken and why. Meanwhile, interviews in the operational offices were performed to provide insights on how the policies in ethics management are applied in operational offices. FGDs were held with employees in operational offices. In addition, further interviews were held with officials external to the DGT that are related with the DGT reform. Altogether, there were 13 in-depth interviews and four FGDs.

3. Analysis

Initially, 10 subthemes were discovered in the text of the responses under the theme of leadership: to be a role model, to be appreciative, to be attentive, to comfort, to inspire, to have commitment, to have concern, to be fair or just, to be consistent, and to be consequential. Using the model of ethical leadership presented by Treviño et al (2000) (see Figure 1), these subthemes were then regrouped. The researcher found that, in the DGT reform, there are five roles that an ethical leader can do as a moral manager. The roles are as follow:

3.1 To act as a role model

“A leader is like an actor on stage; the audience (employees) see and observe what he or she does, what he or she says, and how he or she does/says it.” What the leader does and says have great impact on employees’ behaviour. Some participants referred to paternalistic culture that Indonesia has, stressing the importance of a leader’s role as being to act as an examples. Organisational values will be more internalised and strongly applied “if leaders also behave in line with the values.” On the other hand, leaders’ behaviour that is not in line with organisational values will have a discouraging impact on employees. “How can a head of a tax office expect their employees to come on time if he does not?” “It is useless to talk about this and that ... (values and code of ethics), if those up there do not deliver on what they say. It will destroy all, and we will be de-

motivated.” Another participant stated that a leader “should feel uncomfortable if he or she behaves in a way that is contradictory to what is told to employees.”

3.2 To have an internalisation program on organisation values

Participants agreed that it is essential for leaders to hold information sessions and internalisation programs on organisational values and the code of ethics for all employees. Such events are in fact held on different levels in DGT; head office, regional offices, and district offices. One manager said that “I modified it a bit by also inviting religious preachers and public figures” to give ideas and motivations to employees on ethical behaviour. Ethics is also communicated through other activities, such as leadership training, daily meetings and other daily work activities. One employee said that during a visit to a taxpayer, a manager introduces his staffs and also informs the taxpayer about DGT’s organisational values and code of ethics and “at that time, I could feel that, although he was talking to someone else, he was actually talking to us about the importance of the values and code of ethics and of implementing them.”

3.3 To be appreciative and attentive

There was a strong sense that employees need to be appreciated for their good work and conduct. “It’s not always about money. A simple thanks sometimes is enough to make us feel appreciated and meaningful” and to behave ethically. A leader is expected to be able to understand the needs of their employees and to reward them when they perform well or behave ethically based on their needs. “They feel happy if the head office asks them how they are doing and what they need for the work” rather than applying random inspections and detailed scrutinies. On the other hand, in giving reward and punishment, leaders have to be fair and consistent. “They just should know when (they need to be), ... appreciating or disciplining employees.” Employees should be well-appreciated and rewarded; however, if an employee behaves unethically “and gets away with it with no punishment, they will think that leaders are just bluffing.”

3.4 To have strong commitment and great concern

At the beginning of the DGT reform, or modernisation as it was called initially, there were challenges to face both internally and externally. “This is due to the fact that unethical behaviours in the office have been there for so long, before the reform.” The challenges were dealt quite successfully, among others, because “our leader has a strong commitment.” A leader’s commitment was also shown when a new unit dealing with ethics management was established. His concern was demonstrated when he said “employees in this (internal compliance) unit are not to be rotated or moved without the consent of the Inspectorate General. They must have direct access to the Director General, or if necessary, directly to the Minister.” Great concern was also shown when the organisational values were revised. The change was deemed necessary in order to have uniformity and more harmonious relationship among units in the ministry.

3.5 To comfort and to reinforce

In the middle of the reform, DGT employees were shocked when one employee was taken to trial due to corruption. This case was followed by several other cases and all were reported in the media. Parties external to DGT started to have distrust of the reform and people were mocking and sneering at DGT employees. “That was the right time for the leaders to show their qualities,” said one manager. Leaders of the DGT at all levels must be able to comfort their employees in such circumstances. They must encourage the employees and help them to deal with the mocking and sneering professionally and gallantly. At the same time, the leaders must reinforce the spirit of their employees and “motivate them to stand up in the storm.” Employees must be able to see that the ethical reform is the right thing to do, and going back to the dark old days is not an option.

4. Discussion, conclusion and implication

The findings of the above analysis show there are significant similarities with the work in ethical leadership carried out by Treviño et al (2000). This can be seen in the Table 1.

Table 1 demonstrates that there are only slight differences for the first three roles. “To have an internalisation program” in the right hand column has the same effect as “to communicate ethics” in the middle column, i.e.: to make employees aware of the ethics and values and of what they are expected to do. Likewise, “to be appreciative and attentive” is similar to “to consistently employ reward systems”, in that both show

employees the consequences of ethical and unethical behaviours. The last two roles in the right hand column are not found in the middle column. This is because this research is about ethics management implementation, with the background of DGT ethics reform, or perhaps even, ethics revolution. The last two essential roles are most probably found in a situation where ethics management are in a situation where ethics management is in the early stages of implementation.

Table 1: Roles of Moral Manager

No.	What a moral manager can do in ethical leadership (Treviño et al, 2000)	Leaders’ roles in ethics management implementation in DGT
	To be a role model	To be a role model
	To communicate the ethics	To have an internalisation program on organisation values
	To consistently employ reward systems	To be appreciative and attentive
		To have strong commitment and great concern
		To comfort and reinforce

There are differences, as well as the noted similarities. The findings of this research do not make a distinction between the “moral person” and “moral manager” dimensions of a leader, as Treviño et al (2000) do. This can be explained. The interviews and FGDs from which the data were taken are based on a study of ethics management implementation, not a study focusing on ethical leadership. There were no interview or FGD questions in this study dealing with the characteristics of a good ethical leader. However, an analysis of the interview and FGD transcripts indicates that characteristics of a moral person are required for leaders to perform their roles appropriately in ethics management. An internalisation program, or communicating ethics and values, will be effective if leaders “walk the talk”. Failure to do so will have a serious effect, as employees can become de-motivated. To be appreciative and attentive, or to employ reward systems, will reach its purpose only if such action is fairly applied. Being fair is also a characteristic of a strong moral person. Hence, this paper presents an opinion that a leader can only be a strong moral manager if he or she is also a strong moral person. Therefore, a leader with a strong moral manager dimension but a weak moral person attribute is a somewhat unlikely occurrence to happen. In ethics management implementation in DGT, the “moral person” dimension and “moral manager” dimension are not two separate pillars. Rather, ethical leadership is really about one pillar, in which moral person dimension is the foundation of, as prerequisite to, moral manager (Figure 3).

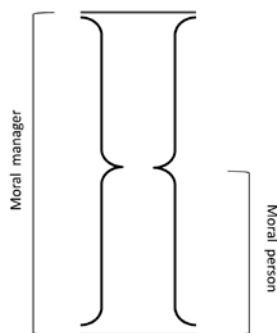


Figure 3: Moral person-moral manager dimensions of ethical leadership in the ethics management implementation in DGT

This paper has both internal and external implications. Internally, the DGT must consider including the ethical leadership aspect in managers’ recruitment and training processes. Externally, the findings in this paper will provide insights on the implementation of ethics management in DGT and will give feedbacks for public sector reforms in Indonesia and other countries.

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Work in Progress Papers

Conflict Perspectives in International Business Organisations: The Changing Trends and its Management

Vic Benueyah

Birkbeck, University of London, London

vbenuey01@mail.bbk.ac.uk

Abstract: Two views are presented in this paper. First, it is argued that conflict resolution does not offer an adequate panacea to interpersonal conflicts within organisations. What does offer a better solution is 'managing' the conflict occurrence. Second, it is argued that the changing workplace brought about by globalisation brings about a different type of interpersonal conflict.

Keywords: conflict, conflict management, international organisations

1. Introduction

The assumption that conflict can be resolved is not just incongruent with the very nature of the antecedents of conflict itself (Rahim, 2002). In particular the culture, attitudes, and personality of conflict actors influence the nature of conflict, (e.g., Hofstede, 1981; Speakman and Ryals, 2010), and the extent to which the conflict can be dealt with. An attempt to suggest that conflict can be resolved completely undermines the dynamic nature of the antecedents and team diversity found, for example, in international organisations, (Hofstede, 1981). Also, the nature of conflict as seen pre-globalisation is likely to be different from the type of conflict experienced in international organisations today. Hinds and Bailey (2003) concur that conflict still occurs in geographically dispersed teams that use some form of technology to communicate.

In attempting to define organizational conflict, we are indirectly attempting to suggest a panacea to its occurrence. Logically, it will be impossible to offer a medical cure to a disease without knowing its cause – this is analogous with the case presented in this paper and partially supported by Rahim (2002). Consequently, our perceptual or viewing lens through which we view conflict is in part, an indispensable starting point in our attempt to address conflict. The view supported in this paper is the recommendation of a 'management' approach over 'resolution' approach.

The analysis of conflict is not a stand-alone activity because the changing pattern of conflict is not only inherent in its conceptualization but also derives from developments and changes in the business world. The World Trade Agreement and the inception of regional trading blocs, offers an expansion in global business with its attendant conflict types. Further attention will be given to this element towards the end of this paper.

2. Definitions and perspectives

Definitions on conflict are prolific but also confusing in some cases. There seems to be many researchers interested in the field but this in itself causes confusion in pinning down what exactly is the 'right' definition. As there are different definitions, the focus of this research will be in part, an attempt to synchronise some of these definitions from the extant literature. An interesting finding in the management and organisational psychology literature on conflict is that, most of the research has been done previous to the year 2003, (Yukl, 1992; Thomas, 1976; Putnam and Poole, 1987; Pondy 1966,1967 and Deutsch,1965, 1973). Of relevance to this paper therefore is the following rather contemporary views on the concept. Even though similar in part to previous views, Lewicki *et al* (2003) quoted by Speakman and Ryals (2010) offer a comprehensive definition that reflects the social interactionist perspective which in turn makes sense when conflict is viewed with an international lens.

For the purposes of this research, conflict is proposed as a phenomenon that disequilibrates the mental state of a worker and which draws them away from productive thinking. All else equal, a worker is in (conflict) equilibrium when they are at peace with themselves, others, systems and the organizational environment. Any activity or non-activity that affects any of the above parameters will result in conflict and therefore lower performance.

Reuver and Woerkom (2010) also noted that ‘many superiors and subordinates still experience conflict as something of a dreaded disease that can make employees genuinely ill and increase absenteeism’. Since the way in which superiors handle disagreements with their subordinates can have far-reaching effects on the well-being of these subordinates (Tjosvold, 1998; Yukl and Tracey, 1992), it is useful to gain more insight into supervisory conflict handling. This means that organizations need to focus more on the procedural management aspect of handling conflict as the phenomenon’s manifestation is not a one-off incident. The argument here can possibly straddle across to theories of procedural versus distributive justice, however that is outside of the remit of this paper.

3. Conflict is unresolvable- we can only manage it

An argument that surfaces when dealing with the personality theories is that human beings are different in many dimensions. If we agree that there are different personality types, then it follows that conflict is not a phenomenon that can be ‘resolved’ – we should instead look at it as a phenomenon to be ‘managed’. The occurrence is not a one off phenomenon; it ensues, mutates and escalates at times. A better approach therefore is to identify cues of ‘managing’ the conflict among workers as an attempt to resolve it might be perniciously delusive. It is likely that writers who view conflict as evil, dreadful and a phenomena to be eschewed are also likely to suggest that a way of dealing with conflict is to resolve it. Those who view it as a long term phenomena that changes and adapts or that is functional and productive will most likely recommend ‘managing’ it as a better approach. In their 2003 paper, Chan and Goto (2003) proposed that there can be a resolution to conflict. Whilst this approach might yield positive results at times, it is not possible in many other situations. Take for example an employee that quits or avoids performance of organizational citizenship behavior after a conflict has supposedly been ‘resolved’. In this case, the employee might quit because of the effect of the conflict even though formally, such conflict must have been resolved or seen to be resolved and the parties overtly making peace – as humans, the conflict experience might not be forgotten. A manager’s task here will be an attempt to help the employees to forgive and forget – a difficult task, but one that clearly helps commitment. Similar to the foregoing is the model of EVLN (Exit, Voice, Loyalty and Neglect) first devised by Hirschman in 1970, which attempts to view job satisfaction as dependent on how each of the stages of conflict is managed NOT resolved. A more promising argument is that, managers and organizational leaders are likely to hold different views on conflict. Those that hold a negative view will attempt a resolution approach whilst those that hold a functional view are likely to adopt a ‘management’ approach.

To allow for a detail investigation, this research adopts interpretative phenomenological analysis (IPA) approach that allows iteration and reflexivity both in terms of data and literature. Whilst generalisations might be too early to make at this stage, the following assumptions and propositions provide a useful framework:

Assumption I: Understanding the diverse background and motives of conflict actors is a useful starting point in the conflict management process –IPA attempts to provide this understanding.

Assumption II: Organisations evolve in terms of size, operations, culture and technology – this evolution has several implications for the nature of conflict, its development and management.

The above assumptions logically lead to the formulation of two propositions:

Proposition I: If the antecedents of conflict are diverse and several, and if the conflict itself is an evolving phenomenon, then dealing with conflict using a resolution approach yields sub-optimal results.

Proposition II: As dealing with conflict is an ongoing process then a better construct for dealing with it is ‘managing’ conflict and not ‘resolving’ conflict

4. Organisational change and trends in conflict

Chan and Goto (2003) posited that there is a link between economic recession and importation of labour. If the assertion is true, then the world will see more and more diverse workforce in the coming decades, which also means the emergence of interpersonal culturally related conflict will probably rise also. This section of the paper attempts to outline the trends and nature of types of conflict that are likely to be seen in these new globalised organisations.

Even though conflict can exist among employees of the same culture, for example; in low context cultures or high context cultures (Hall 1976), individualistic societies or collectivists societies (Hofstede, 1980) it is common to find that when two culturally different individual workers interact in the workplace, the type of conflict that can emerge is unique and distinctive from the one seen in similar cultures. The antecedents of such conflicts in international organisations is not only cultural factors but also factors such as the geographical location of the organisation, the national culture of the leader and the corporate language used during normal business operations. With the current global financial crisis, spiralling migration and regional wars in the world, heterogeneous workforces will emerge and surge with the accompanying conflict. Whilst international business has been going on since 1599 – East Indian Company (Boddy, 2010) international business is even more prolific today and will continue to expand. Previous and current theorists anticipate an even more globalised business environment in the coming decades. This development suggests that employee diversity is on the rise as talents are sort globally nowadays. Akin to Wallerstein (1988;2000b) World System Theory, there will continue to be globalization as long as nations continue to be interdependent on each other – a phenomena which is emergent from Ricardo's 19th century theory of comparative advantage. If this expansion continues then we will see a different manifestation of conflict occurring at the individual, systems, and organizational levels.

5. Conclusion

This paper has presented perspectives of organizational conflict by looking at different definitions of the concept. An attempt has been made to draw a synthesis of those definitions that support management view of dealing with conflict. This was done by juxtaposing the differing constructs in the extant literature but also pointing out that little research has been done recently. Two propositions have been made to justify why a resolution view to organisational conflict will be implausible. The view of implausibility leans on the fact that as companies expand beyond their shores, the nature of conflict takes on another variable – culture- which then means that an attempt to resolve a conflict that is so complicated is even more superfluous.

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Investigation of the Relationship between IT Governance and Corporate Governance

Chutimon Satidularn¹, Carla Wilkin², Kerry Tanner¹ and Henry Linger¹

¹Faculty of Information Technology, Monash University, Melbourne, Australia

²Department of Accounting and Finance, Monash University, Melbourne Australia

chutimon.satidularn@monash.edu

carla.wilkin@monash.edu

kerry.tanner@monash.edu

henry.linger@monash.edu

Abstract: Given the ubiquitous nature of Information Technology (IT) in business operations, strategic congruence between IT governance (ITG) and corporate governance (CG) is important in achieving good governance and in improving firm performance. Whilst the literature refers to the existence of a relationship between these two constructs, this relationship remains largely unexplored from both a theoretical and a practical standpoint. Thus, the objective of this study is to provide a theoretical understanding of the relationship between ITG and CG and the constructs that contribute to/influence and impact this. We propose to investigate this using multiple case studies within the banking industry in Thailand, where to date little research on ITG has been conducted. Outputs arising from this research will be of interest to academics and practitioners alike. For academics it provides improved understanding about the relationship between ITG and CG, while for practitioners there is an opportunity to use this understanding to develop practical guidelines that can assist with maximising value creation from IT.

Keywords: IT governance; corporate governance; institutional theory; banking industry; Thailand

1. Introduction

Organisations depend heavily on Information Technology (IT) to shape their business strategies, assist with operations, enhance business value and achieve good governance. Given the large investments made in IT, proper governance is required to mitigate associated risks and ensure that desirable behaviour and business value flowing from IT are achievable (ITGI, 2009). In response the literature has emphasised the importance of strategic congruence between IT governance (ITG) and corporate governance (CG) (Estrada, 2010; Weill & Ross, 2004). ITG assists by ensuring that an enterprise's IT systems are able to deliver promised business benefits on time, within budget, and with appropriate quality (Van Grembergen & De Haes, 2009). Providing an organisation has a sound CG structure, this investment in IT can help improve firm performance (Ho, Wu, & Xu, 2011).

The existence of a relationship between these two constructs has been acknowledged in the ITG literature (Ko & Fink, 2010; Musson, 2009) through approaches like ISO/IEC 38500:2008 (the international standard concerned with CG of IT) (ISO/IEC 38500, 2008); COBIT 5 (the international framework for governing and managing enterprise IT) (ISACA, 2012); and the increasing shift from the term 'ITG' to 'enterprise governance of IT' (Van Grembergen & De Haes, 2010). However these attempts primarily focus on practices like the processes and mechanisms required to achieve the end result of involving the business in ITG. What remains an open question is what is the relationship between ITG and CG and what are the underlying factors that influence this relationship? As empirical studies have shown that ITG is commonly left as an activity isolated from CG (Raghupathi, 2007; Satidularn, Tanner, & Wilkin, 2011), establishing a robust and sustained relationship between ITG and CG is necessary as both play a significant role in value creation. Thus, the objective of this research-in-progress is to provide a theoretical understanding of the relationship between ITG and CG and the constructs that contribute to this relationship. Specifically the research will answer:

What is the relationship between ITG and CG and what constructs contribute to/influence/impact this relationship?

In answering this we will look at institutional pressures (e.g. shared norms) that may impact the way ITG relates to CG. As most ITG and CG principles and standards are developed in the U.S. and Europe where institutional pressures are different from those in developing countries, this study will focus on Thailand where to date little research into ITG has been conducted (Satidularn, et al., 2011). The remainder of the paper is

organised as follows: Section 2 presents the research framework, Section 3 details the research design, while Section 4 presents concluding comments.

2. Research framework

2.1 Current understanding about the relationship between ITG and CG

It is widely accepted among researchers and practitioners that ITG is a component of CG (Grant, Hackney, & Edgar, 2010; Wilkin, Campbell, & Moore, 2012). As shown in Table 1 below, the key concepts of ITG and CG are similar. In general both refer to a set of responsibilities and practices exercised by the board and executive management wherein the aim is to achieve organisational goals, attain maximum business value, ensure that risks are managed through appropriate internal controls and monitoring systems, and assure organisational stakeholders' interests are protected. The distinction is one of emphasis – ITG tends to focus more on IT-related issues, while CG emphasises enterprise-wide issues.

Table 1: A comparison of CG and ITG key characteristics

Corporate governance	IT governance
▪ Strategic direction	▪ Strategic alignment between business and IT
▪ Accountability, transparency and integrity	▪ Accountability/assign IT decision rights
▪ Roles and responsibilities of the board and governance structures	▪ Roles and responsibilities of the board/ leadership
▪ Risk management, control and compliance	▪ IT risk management and control
▪ Performance management	▪ IT system performance management
▪ Value creation	▪ IT value delivery/creation
▪ Shareholders and stakeholders' rights/equitable treatment of shareholders and stakeholders	N/A
N/A	▪ IT governance is a component of corporate governance
N/A	▪ Manage IT resources

As shown (see Table 1), whilst ITG is not directly addressed in the key characteristics of CG, implicit through risk management and control, and board responsibilities, is that ITG activities are part of CG (ASX, 2010; Khongmalai, Tang, & Siengthai, 2010). Within ITG the roles and responsibilities of the board reflect how ITG addresses its relationship to CG through oversight of the strategic alignment between business and IT, risk management, and IT resources management (Andriole, 2009; Huang, Zmud, & Price, 2010). Consequently the literature concerned with exploring the relationship between CG and ITG is largely limited to an assumption-based explanation. Further it is commonly explained on the basis of tight integration between IT and business (Brandas, 2011; Van Grembergen & De Haes, 2009), and the implication of CG laws like the Sarbanes-Oxley Act (SOX) that demands IT controls over financial reporting systems (Damianides, 2005). Accordingly the claimed relationship between ITG and CG has rarely been theoretically and empirically examined and validated. Thus, we propose to use institutional theory as a lens to explain this relationship.

2.2 Theoretical underpinnings

Institutional theory focuses on how an organisation's structures and actions are influenced by the wider social environment (institutional pressures) in which an organisation operates (Scott, 2008; Tolbert & Zucker, 1983). These pressures (see Table 2), such as social norms, shared cultural values, and regulatory requirements, may have an impact on an organisation's actions (DiMaggio & Powell, 1983) and the governance practices deployed, which shape an organisation's actions towards its ITG and CG.

As Table 2 suggests, institutional pressures do not work in isolation, rather in different combinations (Scott, 2008). This implies that the degree to which ITG is related to CG may result from a different combination of institutional pressures. By nature CG is likely to be exerted predominantly by regulatory pressures. Thus, the nature of CG and its practices tend to be constrained by laws and regulations. In contrast, the nature of ITG and its practices are primarily shaped by normative pressures. Although laws and regulations such as SOX may have an indirect impact on ITG through the imposition of IT controls, there is limited legislation that directly regulates ITG (Nguyen, 2007; Wayne, 2005). Consequently, frameworks and standards such as COBIT 5 and ISO/IEC 38500:2008 generally guide the nature of ITG and its practices. When these practices conflict with an

organisation’s shared beliefs, it is possible that cultural-cognitive pressures can guide an organisation’s reaction towards ITG and CG. Figure 1 presents an overview of the possible theoretical relationship between ITG and CG.

Table 2: Institutional pressures identified by Scott (2008)

Institutional Pressures	Description	Examples in a CG/ ITG Context
▪ Regulatory	Rules, laws, and sanctions that guide and regulate the behaviour of organisations	▪ SOX (U.S.) ▪ Basel II (Europe)
▪ Normative	Roles and responsibilities expected of organisations and individuals	▪ OECD principles of corporate governance ▪ COSO Enterprise Risk Management ▪ Corporate governance of IT standard (ISO/IEC 38500:2008) ▪ COBIT 5 (Business Framework for the Governance and Management of Enterprise IT)
▪ Cultural-cognitive	Shared understanding and culture developed over time through social interactions amongst participants. This shapes the behaviour they perceive as appropriate	▪ Expectation of trust and reliability, and moral codes

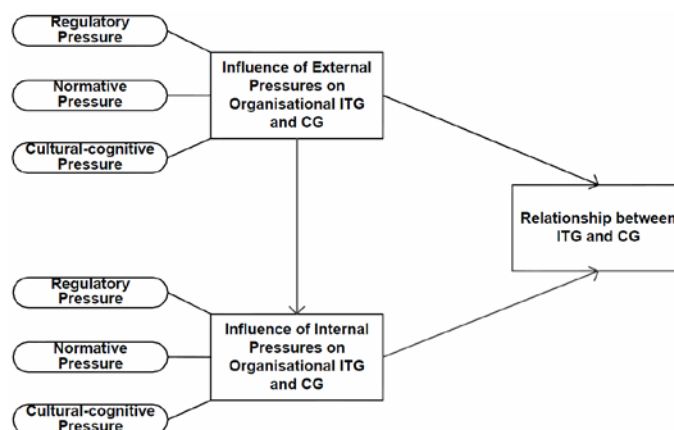


Figure 1: Theoretical relationship between ITG and CG

3. Research design

The study will be executed two phases (see Table 3). Phase 1 entails development of a theoretical model that portrays the relationship between ITG and CG: Phase 2 entails validation of the model. Herein the focus will be the banking industry because this industry is highly dependent on IT and is among the first industries to use IT in their operations. Thus it is likely to have more mature IT and more concrete ITG frameworks (Chiasson & Davidson, 2005). As the banking industry is subject to high regulatory pressure (Goodhart, 1998), these factors provide an interesting basis upon which to explore how governance practices and standards developed in different institutional contexts impact the relationship between ITG and CG and the institutional pressures that influence this.

Table 3: Empirical investigation

Phase 1: Development of a theoretical model			
Case study	Participant selection	Data collection	Data analysis
<ul style="list-style-type: none"> ▪ Banking industry in Thailand ▪ 3 Organisations <ul style="list-style-type: none"> - A regulatory body - A private bank - A government bank 	<ul style="list-style-type: none"> ▪ Subset of those involved in ITG and CG ▪ Internal stakeholders <ul style="list-style-type: none"> - Business side - IT side - Control side ▪ External stakeholder <ul style="list-style-type: none"> - Regulatory body - External auditor 	<ul style="list-style-type: none"> ▪ Semi-structured interviews ▪ Public documents ▪ Internal documents 	<ul style="list-style-type: none"> ▪ Content analysis <ul style="list-style-type: none"> - Compare and contrast interviews/documents - Compare and contrast findings to prior studies - Nvivo software
Phase 2: Validation of the theoretical model			
Data collection		Participant selection	
<ul style="list-style-type: none"> ▪ Focus group to validate the theoretical model 		<ul style="list-style-type: none"> ▪ Same participants as Phase 1 	

4. Conclusion

Based on institutional theory, this research-in-progress will propose and validate a theoretical model to explain the relationship between ITG and CG and the constructs that contribute to/influence/impact this. In doing so the research makes a contribution to the ITG body of knowledge. For practitioners there is an opportunity to use this understanding as a basis for development of practical guidelines that can assist organisations in establishing a workable relationship between ITG and CG, which can assist with maximising value creation from investment in IT.

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Non Academic Papers

Management Strategies and Leadership Styles of Selected Hospitals for Effective Clinical Nursing Supervision

Maria Monica Doroteo-Espinosa

Manila Tytana Colleges – Manila Doctors College of Nursing/

Pamantasan ng Lungsod ng Maynila (University of the City of Manila) Manila, Philippines

moniquern20032000@yahoo.com

Abstract: The study delved into the prevailing management strategies and leadership styles of selected hospitals for effective clinical nursing supervision. This is a quantitative study and descriptive-correlational method was utilized. Three (3) Private hospitals in Metro Manila, with 90 and above bed capacity were considered. Twenty five (25) male and female ward supervisors and One hundred ninety nine (199) staff nurses was selected using the convenience - purposive sampling. The results revealed that both group of respondents (nurses and head nurses) commonly regarded the management strategies used by clinical supervisors as moderately effective. The highly used leadership styles by the clinical supervisors were Democratic and Situational. Both group of respondents ascertained that the basic patterns of leadership of situational leadership used by clinical supervisors in terms of directing, controlling, supporting and delegating adhered to a moderately effective interpretation. There are no significant differences in the assessment based on the management strategies, leadership styles and basic patterns of Situational leadership used. On the other hand, there is a relationship in the assessment between the management strategies and leadership styles, leadership styles and basic patterns of situational leadership and management strategies and basic patterns of leadership used by the head nurses. In consequence, the results of the study provided baseline data for formulating functional and relevant programs for developing resource materials to improve the management practices in the healthcare organization. In the light of the foregoing findings and conclusions... the following recommendations are suggested:

- Regular assessment of the nurses' competency and clinical performance at least every two years should be done to ensure a continues quality level of performance.
- .Enhancement of management and leadership skills through trainings, workshops and seminars to mold the future nurse-manager in the clinical settings and improve their potentials.
- Design and implement management development program for clinical nursing supervisors and future nurse-manager.
- Replicate the study in other areas or disciplines to further validate the results of the present study.
- Conduct similar studies taking into consideration other issues not addressed in the present study such
- as increasing the sample size 6
- Adopt and implement the proposed monograph for effective clinical nursing supervision

Keywords: management strategies, leadership styles, selected hospitals, effective clinical nursing supervision, staff nurses, clinical supervisors

1. Introduction

In recent years, a number of theories have been developed over time that attempts to explain different leadership styles and evaluate their effectiveness, in which lately these styles came to be called as: Authoritarian, Democratic, Laissez Faire and Situational. Today, the significant role of the nursing supervisors in terms of knowing the factors that affect the management functions and basic leadership styles can have a big impact on healthcare services. Nurse-managers should not only be experts in their chosen field but also knowledgeable on how to be a good nurse-manager and nurse-leader.

From a standpoint of the organization, understanding the management functions and leadership styles of supervisors and its impact on healthcare services is important to a firm's success for several reasons: It can provide an in-depth outlook at one's personal belief system and how it impacts one's leadership and managerial practices; It can also act as a vehicle for participants and direct reports/co-workers to meet together for personal critique, problem-solving, and action-planning - thereby creating more productive working relationships among heads and subordinates. Leading, managing, and following are integral parts of professional nursing practice, considering the constructive behaviors associated with these concepts influence patient care and organizational outcomes, regardless of position title, conflict and change.

2. Statement of the problem

This study assessed the prevailing management strategies and leadership styles of clinical supervisors in selected hospitals for effective clinical nursing supervision.

Specifically, the study sought answers to the following questions:

1. How effective are the management strategies used by clinical supervisors according to the staff nurses and head nurses according to the following:

- Planning,
- Leading,
- Organizing, and
- Controlling

2. What are the basic leadership styles used by the clinical supervisor in terms of the following:

- Democratic,
- Autocratic,
- Laissez Faire, and
- Situational?

3. How effective are the basic patterns of situational leadership used in terms of the following:

- Directing,
- Coaching,
- Supporting, and
- Monitoring

4. Are there significant differences in the assessment of the two groups of respondent's (staff nurse and head nurses) based on the following:

- management strategies of the supervisors,
- leadership styles, and
- basic patterns of Situational leadership?

5. Is there a relationship in the assessment of respondents between the following:

- management strategies and leadership style,
- leadership styles and basic patterns of Situational leadership, and
- management styles and basic patterns of Situational leadership of head nurses?

6. Based on the findings what intervention scheme can be proposed to support the management strategies and leadership styles of head nurses for effective clinical nursing supervision?

Null Hypothesis was tested at 0.05 level of significance.

Ho1: There are no significant differences in the assessment of the two groups of respondents (staff nurse and head nurses) based on the following:

- management strategies of the supervisor,
- leadership styles, and
- basic patterns of Situational leadership.

Ho2: There is no relationship in the assessment of respondent's between the following:

- management strategies and leadership style,
- leadership styles and basic patterns of Situational leadership, and
- management styles and basic patterns of Situational leadership of head nurses..

2.1 Scope and delimitation

The study is delimited to the responses of respondents of the study, namely 199 staff nurses and 25 head nurses from the three hospitals to a questionnaire adopted and modified from Adviento's study (2008) based on Eleanor J. Sullivan (2005) on Effective Leadership and Management Nursing 6th edition and the Situational "Contingency" theory of Hersey and Blanchard, as adopted by Johnson (2001). Convenience - purposive sampling technique was used to get the respondents and researcher-made questionnaire utilizing a closed ended type of questions was used

3. Significance of the study

The researcher believes that leading, managing, and following are integral parts of professional nursing practice, considering the constructive behaviors associated with these concepts influence patient care and organizational outcomes, regardless of position title, conflict and change. The nurse leader's empowering behaviors is pivotal in the way nurses react to their work environment. The significant role of the nursing supervisors in terms of knowing the factors that affect the management functions and basic leadership styles can have a big impact on healthcare services.

4. Conceptual paradigm

The fundamental underpinning of the situational leadership theory is that there is no single "best" style of leadership. Effective leadership is task-relevant, and the most successful leaders are those that adapt their leadership style to the maturity ("the capacity to set high but attainable goals, willingness and ability to take responsibility for the task, and relevant education and/or experience of an individual or a group for the task") of the individual or group they are attempting to lead or influence. Effective leadership varies, not only with the person or group that is being influenced, but it also depends on the task, job or function that needs to be accomplished.

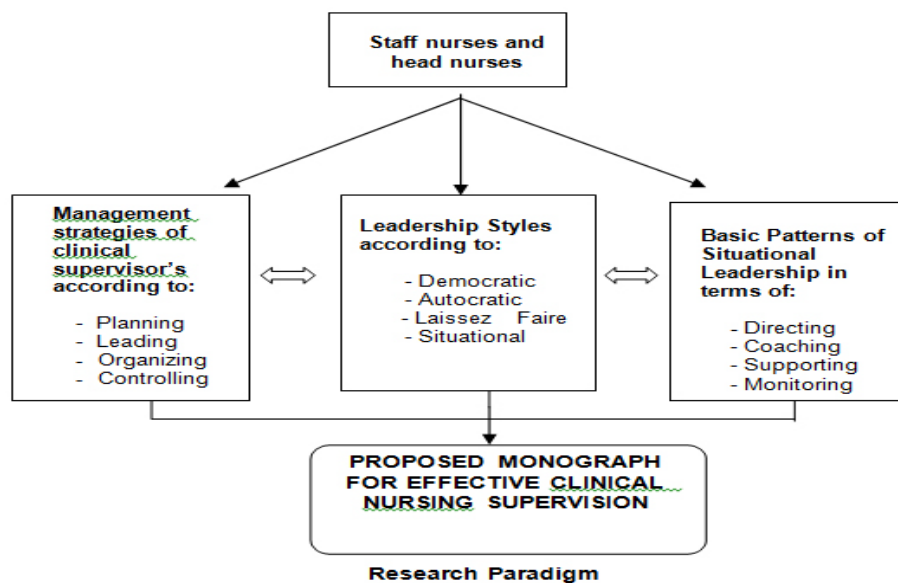


Figure 1: Research Paradigm

5. Definition of terms

For the purpose of in depth understanding, some of the basic terms and variables used throughout the course of the study are defined according to their conceptual and operational definitions.

Autocratic or authoritarian leadership style means that all the decisions, keeping the information and decision making is among the senior management.

Clinical Supervisors are respondents of the study, who are also known as head nurses in the ward. They are supervisor respondents from the three hospitals in this study.

Coaching is the process of helping and guiding the staff nurse to perform and do their tasks effectively. They give both direction and support.

Controlling is the process of comparing results with the benchmarks, and correcting performance that differs from accepted standards.

Democratic is a style of leadership where the manager allows the employees to take part in decision-making where everything is agreed upon by the majority.

Directing is the process where the leader responds by giving lots of directions such as on solving problems, making decisions and providing specific instructions covering the what, why and how of task completion.

Laissez Faire is a style of leadership where the leader evades the duties of management and uncoordinated delegation occurs. This type of leader is often permissive and tends to be distant or uninvolved.

Leadership styles are Autocratic, Democratic, Laissez Faire and Situational styles of leadership. These are variables used in this study which is referred to as the approach and patterns of leadership used by nurse administrators that differ in many ways.

Leading is the process of influencing staff nurses to move in the direction of achieving goals is the main concern of the nurse supervisors.

Management strategies are the management functions which includes: planning, leading, organizing, and controlling are the variables used in this study which are referred to as the strategies used by the clinical supervisors in the ward that help achieve and enhance effective clinical supervision.

Monitoring is the process where work performance is observed and corrected when a problem is noted.

Patterns of leadership are directing, coaching, supporting and monitoring are the variables used in this study which are referred to as the leadership patterns used by the head nurse in the ward that help achieve and enhance effective clinical supervision.

Planning is a management strategy where the institution or organization goals is determined and what needs to be done (both in the short term and long term) and achieve the objectives set.

Situational or "Contingency" style is one in which the leadership style used is based on the situation or needs. The situational leader is flexible and ready to make new adaptations and changes.

Staff Nurses are respondents of the study, are nurses in the ward and are working under the head nurse for one year or more in the ward.

Supporting is the process where the supervisor facilitates and supports their followers' efforts towards task accomplishment. They give less direction but lots of support.

6. Methodology

Descriptive- correlational type of research was used in gathering and obtaining data. The study was conducted in three tertiary private hospitals located in Metro Manila. The respondents of the study were selected randomly. One hundred ninety nine (199) staff nurse respondents and twenty five (25) head nurses. The study included 3 Tertiary private hospitals with 90 and above bed capacity with ISO, JCAHO or with Third Level accreditation. Respondents were male and female ward supervisors and staff nurses from the Medical, Surgical, ICU/NICU, E.R., Pediatric, and OB-Gyne ward selected randomly using the convenience - purposive sampling. The major instrument of the study was a researcher-made questionnaire utilizing a closed ended type of questions which is a modification from the instrument used in Adviento's study (2008) based on Eleanor J. Sullivan (2005) on Effective Leadership and Management Nursing 6th edition and the Situational "Contingency" theory of Hersey and Blanchard, as adopted by Johnson (2001). A pilot study for the draft questionnaire was carried out in order to examine its reliability and construct validity. Thirty (30) respondents were subjected to a pilot testing. The results of the pilot study revealed a Cronbach α coefficient of .921 which means a high degree of reliability. The questionnaire in a five point scale consisting of sixty (60) items was measured according to the respondents' perception on the management strategies, leadership styles and basic patterns of situational leadership used by the head nurses. To facilitate the data analyses and interpretation, the following statistical techniques and formula was used: Weighted mean, Standard deviation and t test for independent samples was applied at 0.05 level of significance was used. On the other hand, Linear correlation coefficient was applied, to determine the strength of the linear relationship between the paired variables at 0.05 significance level.

Data processing and all computations was done using the SPSS 17.

7. Results and discussion

The findings are thus presented in the order of the problems raised in the study as follows:

1. How are the management strategies used by clinical supervisors according to:
 - a. Planning

- b. Based on the result the clinical supervisors are moderately effective in using planning as management strategy and because of this they were able to accomplish a lot in the ward but they still need more training thru seminars and workshops to enhance their skills in leadership and management.

Table 1: Management strategies used by Clinical Supervisor according to planning

Indicators	Staff nurse		Clinical Supervisor	
Head nurse,	Mean	Interpretation	Mean	Interpretation
1. review plans and cascade it to the nursing staff.	4.44	Moderately Effective	4.44	Moderately Effective
2. does the inventory and maintains the material flow of the ward.	4.43	Moderately Effective	4.36	Moderately Effective
3. examines the merits, demerits as well as the consequences of each alternative action before the choice is being made.	4.31	Moderately Effective	4.28	Moderately Effective
4. Implements plans so that in the light of observations future plans can be made more realistic.	4.45	Moderately Effective	4.48	Moderately Effective
5. schedules the whole month rotation and shares it to the staff for confirmation and correction.	4.32	Moderately Effective	4.64	Very Effective
Composite Mean	4.39	Moderately Effective	4.44	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Table 2: Management Strategies used by Clinical Supervisor according to Leading

Indicators	Staff nurse		Clinical Supervisor	
Head nurse,	Mean	Interpretation	Mean	Interpretation
6. builds rapport with the staff, healthcare team and patients.	4.68	Very Effective	4.64	Very Effective
7. leads the group to ensures quality output everyday.	4.57	Very Effective	4.52	Very Effective
8. leads the group towards the achievement of providing quality care to patients.	4.48	Moderately Effective	4.56	Very Effective
9. communicates well with staff to reduce misunderstandings, errors, frustration, and conflict on a daily basis.	4.55	Very Effective	4.60	Very Effective
10. shares information beneficial to the team to enhance performance.	4.58	Very Effective	4.56	Very Effective
Composite Mean	4.57	Very Effective	4.58	Very Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Based on the result the clinical supervisors are very effective in using leading as a management strategy. They motivate the staff in the ward very well which conveys that they are highly confident and very effective in the performance of their job.

Table 3: Management Strategies used by Clinical Supervisor according to Organizing

Indicators	Staff Nurse		Clinical Supervisor	
	Mean	Interpretation	Mean	Interpretation
11. organizes the tasks and flow of information within the ward.	4.44	Moderately Effective	4.40	Moderately Effective
12. distributes authority to assigned charge nurses fairly.	4.44	Moderately Effective	4.56	Very Effective
13. divides the task to elicit equal participation among staff members.	4.39	Moderately Effective	4.56	Very Effective
14. meets with all concerned whenever possible.	4.58	Very Effective	4.56	Very Effective
15. organizes the team to encourage team effort and unity in the ward.	4.59	Very Effective	4.56	Very Effective
Composite Mean	4.49	Moderately Effective	4.53	Very Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Based on the result, the staff nurse respondents believe that the head nurses are moderately effective in organizing the work in the ward while, the head nurses believe that they are very effective. Both group of respondents have different opinions in the management strategy used.

Table 4: Management Strategies used by Clinical Supervisor according to Controlling

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
16. facilitates control in the ward.	4.57	Very Effective	4.52	Very Effective
17. ensures adequate progress and recording of planned activities.	4.38	Moderately Effective	4.48	Moderately Effective
18. follow-up is made whenever required.	4.45	Moderately Effective	4.44	Moderately Effective
19. reviews planned activities whenever changes have to be made.	4.42	Moderately Effective	4.52	Very Effective
20. sees to it that performances are made in conformity with plans.	4.43	Moderately Effective	4.48	Moderately Effective
Composite Mean	4.45	Moderately Effective	4.49	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Both staff nurses and head nurses rated the management strategies according to controlling as moderately effective in organizing their work in the ward.

Table 5: Summary of Management Strategies used by Clinical Supervisor

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
Head nurse, Planning	4.39	Moderately Effective	4.44	Moderately Effective
Leading	4.57	Very Effective	4.58	Very Effective
Organizing	4.49	Moderately Effective	4.53	Very Effective
Controlling	4.45	Moderately Effective	4.49	Moderately Effective
Over All	4.47	Moderately Effective	4.51	Very effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

The table 5 shows that staff nurses perceived that the management strategies used by head nurses is moderately effective while the clinical supervisors believed that they are very effective in doing their tasks.

Table 6: presents the leadership style used by head nurses according to Democratic style of Leadership.

Indicators	staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
21. establishes objectives and discusses the work at hand with every individual member of the staff.	4.35	Highly used	4.20	Highly used
22. sets goals, procedures, schedules and ground rules with those concerned.	4.43	Highly used	4.40	Highly used
23. gives assignment clearly and concisely and sets a timetable for the accomplishment of activities with the staff.	4.43	Highly used	4.44	Highly used
24. acknowledges suggestions and encourages the staff nurses to give feedback regarding the planned activities for the improvement of the plan.	4.51	Very Highly used	4.44	Highly used
25. applies uniform policies and procedures in coordination with the staff.	4.53	Very Highly used	4.44	Highly used
Composite Mean	4.45	Highly used	4.38	Highly used

Legend: 4.50-5.0 Very Highly used, 3.50-4.49 Highly used, 2.50-3.49 Slightly used, 1.50-2.49 Rarely used, 1.0-1.49 Not used

Both group of respondents perceived that the democratic leadership style used by head nurses are highly used in the ward. Although highly used, they still need more trainings and seminars in order to enhance their knowledge and skills in using this leadership style.

Table 7: Leadership style used by head nurses according to Autocratic style of Leadership.

Indicators	Staff Nurse		Clinical Supervisor	
	Mean	Interpretation	Mean	Interpretation
26. gets all plans, rules and regulations for all to follow.	3.80	Highly used	3.64	Highly used
27. makes decisions without prior consultation with those affected.	2.51	Slightly used	2.08	Rarely used
28. refuses to hear both sides of a controversy.	1.89	Rarely used	1.60	Rarely used
29. makes unilateral decisions without listening to suggestions given.	2.02	Rarely used	1.68	Rarely used
30. discourages suggestions and experimentation.	1.70	Rarely used	1.44	Not used
Composite Mean	2.39	Rarely used	2.09	Rarely used

Legend: 4.50-5.0 Very Highly used, 3.50-4.49 Highly used, 2.50-3.49 Slightly used, 1.50-2.49 Rarely used, 1.0-1.49 Not used

Based on the result of the study both staff nurses and head nurses ascertained that the leadership style according to autocratic style are rarely used in the ward. The head nurse do not advocate the autocratic style of leadership which means that this style of leadership is seldom resorted to because the respondents believe that it is not a good style of leadership.

Table 8: presents the leadership style used by head nurses according to Laissez Faire style of Leadership.

Indicators	staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
31. overlooks violations made and disregards policies and guidelines.	1.84	Rarely used	1.52	Rarely used
32. makes decisions based on hearsay which maybe baseless.	1.70	Rarely used	1.44	Not used
33. decides over conflicts without carefully weighing both sides of the problem.	1.71	Rarely used	1.64	Rarely used
34. overlooks the importance of meeting with subordinates to threshout problems in the work place.	1.83	Rarely used	1.76	Rarely used
35. covers up lapses in the work performance of subordinates.	2.50	Rarely used	2.52	Slightly used
Composite Mean	1.92	Rarely used	1.78	Rarely used

Legend: 4.50-5.0 Very Highly used, 3.50-4.49 Highly used 2.50-3.49 Slightly used, 1.50-2.49 Rarely used, 1.0-1.49 Not used

Based on the findings both staff nurses and head nurses perceived that the leadership style according to laissez faire style are Rarely used in the ward. It provides uncoordinated delegation which creates poor management practices from leaders.

Table 9: Presents the leadership style used by head nurses according to Autocratic style of Leadership.

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
36. takes action according to day to day activities.	4.06	Highly used	4.04	Highly used
37. uses critical thinking and accurate decisions regarding problems encountered.	4.37	Highly used	4.32	Highly used
38. meets the nursing staff on a daily basis for evaluation.	4.14	Highly used	4.16	Highly used
39. ensures quality nursing care provided to patients	4.51	Very Highly used	4.36	Highly used
40. informs the supervisors for problems as the need arises.	4.48	Highly used	4.56	Very Highly used
Composite Mean	4.31	Highly used	4.29	Highly used

Legend: 4.50-5.0 Very Highly used, 3.50-4.49 Highly used 2.50-3.49 Slightly used, 1.50-2.49 Rarely used, 1.0-1.49 Not used

Based on the result, both groups of respondents believe that the situational leadership style are highly used in the ward. Although highly used, head nurses still need more training to enhance their leadership abilities.

Table 10: presents the Summary of Leadership styles used by clinical supervisors.

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
Democratic	4.45	Highly used	4.38	Highly used
Autocratic	2.39	Rarely used	2.09	Rarely used
Laissez faire	1.92	Rarely used	1.78	Rarely used
Situational	4.31	Highly used	4.29	Highly used
Over all	3.27	Slightly used	3.13	Slightly used

Legend: 4.50-5.0 Very Highly used, 3.50-4.49 Highly used 2.50-3.49 Slightly used, 1.50-2.49 Rarely used, 1.0-1.49 Not used

The staff nurses and head nurses both agreed that among the four leadership styles Democratic and Situational Style is highly used.

How are the basic patterns of situational leadership in terms of the following:

a. Directing

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
41. provides correct instructions and directions to the nursing staff.	4.50	Very Effective	4.56	Very Effective
42. gives assistance whenever he/she has information or skills to share.	4.51	Very Effective	4.56	Very Effective
43. sees to it that there is coordination of activities.	4.53	Very Effective	4.60	Very Effective
44. holds regular meetings to provide direction and guidance to the staff.	4.24	Moderately Effective	4.28	Moderately Effective
45. discusses the violation with those involved in order to diagnose the problem.	4.52	Very Effective	4.40	Moderately Effective
Composite Mean	4.46	Moderately Effective	4.48	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Based on the result, both group of respondents believe that the head nurses are moderately effective when it comes to leading the group towards attainment of goals. They highly used the basic situational leadership style to address the everyday needs of the ward but they still need more trainings to enhance their knowledge and skills as a leader-manager.

c. Coaching

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
46. provides guidance to her staff by using kind words and encouragement as a way to improve performance.	4.64	Very Effective	4.48	Moderately Effective
47. makes his/her subordinates know that their efforts are appreciated, stressing their strong points.	4.43	Moderately Effective	4.24	Moderately Effective
48. discusses both the strong and weak points observed with the end in view of improving their weaknesses.	4.37	Moderately Effective	4.36	Moderately Effective
49. makes a periodic review of individual performance and gives feedback to the staff.	4.29	Moderately Effective	4.24	Moderately Effective
50. makes known the performance review to help them attain the needed change.	4.39	Moderately Effective	4.32	Moderately Effective
Composite Mean	4.40	Moderately Effective	4.33	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Based on the result both staff nurses and head nurses perceived that the patterns of leadership used according to coaching is moderately effective.

d. Supporting

Indicators	Staff nurse		Nurse supervisor	
	Mean	Interpretation	Mean	Interpretation
51. encourages the staff nurses to do their work to the best of their ability.	4.58	Very Effective	4.52	Very Effective
52. boost the morale of nursing staff by maintaining a good working relationship with workers.	4.46	Moderately Effective	4.44	Moderately Effective
53. keeps morale high by striking a happy balance between healthcare delivery and enjoyment in their work.	4.44	Moderately Effective	4.46	Moderately Effective
54. helps the staff nurse through quality instruction and support.	4.45	Moderately Effective	4.32	Moderately Effective
55. stands by the staff nurse in cases of controversies as much as possible.	4.46	Moderately Effective	4.40	Moderately Effective
Composite Mean	4.46	Moderately Effective	4.43	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

The result revealed that both staff nurses and head nurses perceived that the patterns of leadership according to supporting were moderately effective.

e. Delegating

Indicators	Staff nurse		Nurse supervisor	
	Mean	Interpretation	Mean	Interpretation
56. observes staff nurse in the performance of their work.	4.57	Very Effective	4.60	Very Effective
57. carefully monitors staff nurses to see to it that they understand their responsibility fully.	4.38	Very Effective	4.48	Moderately Effective
58. follows up the suggestions made in previous observations.	4.42	Moderately Effective	4.36	Moderately Effective
59. discusses results of delegated tasks during meetings called for the purpose.	4.41	Moderately Effective	4.44	Moderately Effective
60. considers feedback from delegated tasks to staff nurse and regarding observations made to improve outcome performance.	4.45	Moderately Effective	4.44	Moderately Effective
Composite Mean	4.46	Moderately Effective	4.46	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

Both staff nurses and head nurses perceived that the patterns of leadership used by head nurses in terms of delegating are moderately effective. Although moderately effective, they still need to undergo training thru seminars and workshops to enhance their capabilities.

Table 15: Shows the summary of Basic Patterns of Situational Leadership used by Clinical Supervisors.

Indicators	Staff nurse		Clinical supervisor	
	Mean	Interpretation	Mean	Interpretation
Directing	4.46	Moderately Effective	4.48	Moderately Effective
Coaching	4.40	Moderately Effective	4.33	Moderately Effective
Supporting	4.48	Moderately Effective	4.43	Moderately Effective
Delegating	4.46	Moderately Effective	4.46	Moderately Effective
Over All	4.45	Moderately Effective	4.42	Moderately Effective

Legend: 4.50-5.0 Very Effective, 3.50-4.49 Moderately Effective, 2.50-3.49 Effective, 1.50-2.49 Ineffective, 1.0-1.49 Very Ineffective

The staff nurses and head nurses both agreed that the five basic patterns of situational leadership adhered to a moderately effective. Although moderately effective the head nurses still needs to continue develop their potentials by pursuing their professional and personal advancement.

Are there any significant differences in the assessment of the two groups of respondent's (staff nurse and head nurses) based on the following:

Table 16: Difference in the Assessment of the two groups of Respondent's based on Management Strategies used by Supervisors.

	GROUP	Mean	Std. Dev.	t	df	p-value	Decision	Interpretation
Planning	staff nurse	4.39	0.58	-0.41	222	0.681	Accept Ho	No significant Difference
	supervisor	4.44	0.48					
Leading	staff nurse	4.57	0.58	-0.03	222	0.973	Accept Ho	No significant Difference
	supervisor	4.58	0.55					
Organizational	staff nurse	4.49	0.63	-0.31	222	0.760	Accept Ho	No significant Difference
	supervisor	4.53	0.56					
Controlling	staff nurse	4.45	0.58	-0.31	222	0.757	Accept Ho	No significant Difference
	supervisor	4.49	0.62					

Legend: 0.05 level of significance

The individual weighted means showed that all indicators as perceived by staff nurses and head nurses, both have ascertained that they don't differ in their assessment on the Management Strategies used by supervisors. The result revealed that there are no significant differences in the assessment the two groups of respondents. It showed that they are committed, united in doing their best to achieve a good teamwork in delivering health care services to the patients. Thus, the null hypothesis is accepted.

Table 17: Difference in the Assessment of the two groups of Respondent's based on Leadership Style used by Supervisors.

	GROUP	Mean	Std. Dev.	T	df	p-value	Decision	Interpretation
Democratic	staff nurse	2.39	1.21	1.18	222	0.238	Accept Ho	No significant Difference
	supervisor	2.09	0.95					
Autocratic	staff nurse	4.45	0.56	0.53	222	0.599	Accept Ho	No significant Difference
	supervisor	4.38	0.63					
Laissez Faire	staff nurse	1.92	1.07	0.63	222	0.531	Accept Ho	No significant Difference
	supervisor	1.78	0.98					
Situational	staff nurse	4.31	0.63	0.18	222	0.859	Accept Ho	No significant Difference
	supervisor	4.29	0.56					

Legend: 0.05 Level of Significance

The table reveals that the two groups of respondents have commonly ascertained that there are no significant differences in their assessment based on the leadership style used by the clinical supervisors. Thus, the null hypothesis is accepted.

Table 18: Difference in the Assessment of the two groups of Respondent's based on Basic Patterns of Situational leadership used by Supervisors.

	GROUP	Mean	Std. Dev.	t	df	p-value	Decision	Interpretation
Directing	staff nurse	4.46	0.577	-0.15	222	0.878	Accept Ho	No significant Difference
	supervisor	4.48	0.545					
Coaching	staff nurse	4.40	0.593	0.59	222	0.553	Accept Ho	No significant Difference
	supervisor	4.33	0.605					
Supporting	staff nurse	4.48	0.619	0.36	222	0.720	Accept Ho	No significant Difference
	supervisor	4.43	0.660					
Delegating	staff nurse	4.46	0.624	-0.04	222	0.971	Accept Ho	No significant Difference
	supervisor	4.46	0.568					

Legend: 0.05 Level of Significance

The table reveals that the staff nurses and the head nurses have commonly ascertained that there are no significant differences in their assessment based on the basic patterns of leadership used by clinical supervisors. Thus, the null hypothesis is accepted.

Is there a relationship in the assessment of two respondents between the following:

Both respondents perceived that there is a high degree of correlation between the management strategies and the leadership styles in terms of the use of Democratic style of leadership. While, Low degree of correlation for the Autocratic style of leadership is noted in relation to the use of Planning, Leading and Controlling while moderate degree of correlation in relation to organizing as a management strategy used by head nurses in the ward.

Table 19: Relationship of Management Strategies and Leadership styles used by head Nurses.

Management Strategies	Leadership Style	Pearson's r	p-value	Decision	Interpretation
Planning	Democratic	0.844	<0.001	Reject Ho	High degree of correlation
	Autocratic	-0.316	0.124	Accept Ho	Low degree of correlation
	Laissez faire	-0.262	0.205	Accept Ho	Low degree of Correlation
	Situational	0.707	<0.001	Reject Ho	Marked degree of correlation
Leading	Democratic	0.861	<0.001	Reject Ho	High degree of correlation
	Autocratic	-0.256	0.217	Accept Ho	Low degree of Correlation
	Laissez faire	-0.186	0.373	Accept Ho	Low degree of correlation
	Situational	0.638	<0.001	Reject Ho	Marked degree of correlation
Organizing	Democratic	0.861	<0.001	Reject Ho	High degree of correlation
	Autocratic	-0.410	0.042	Reject Ho	Moderate degree of correlation
	Laissez faire	-0.402	0.046	Reject Ho	Moderate degree of correlation
	Situational	0.729	<0.001	Reject Ho	Marked degree of correlation
Controlling	Democratic	0.897	<0.001	Reject Ho	High degree of correlation
	Autocratic	-0.330	0.107	Accept Ho	Low degree of correlation
	Laissez faire	-0.329	0.108	Accept Ho	Low degree of Correlation
	Situational	0.677	<0.001	Reject Ho	Marked degree of correlation

Legend: 0.05 Level of Significance

Table 20: Relationship of Leadership styles and Basic patterns of Situational Leadership used by head Nurses.

Leadership Style	Basic patterns of situational leadership	Pearson's r	p-value	Decision	Interpretation
Democratic	Directing	0.863	<0.001	Reject Ho	High degree of correlation
	Coaching	0.884	<0.001	Reject Ho	High degree of correlation
	Supporting	0.803	<0.001	Reject Ho	High degree of correlation
	Delegating	0.776	<0.001	Reject Ho	Marked degree of correlation
Autocratic	Directing	-0.165	0.430	Accept Ho	No correlation
	Coaching	-0.356	0.081	Accept Ho	Low degree of correlation
	Supporting	-0.238	0.252	Accept Ho	Low degree of correlation
	Delegating	-0.091	0.665	Accept Ho	No correlation
Laissez faire	Directing	-0.190	0.363	Accept Ho	No correlation
	Coaching	-0.321	0.118	Accept Ho	Low degree of correlation
	Supporting	-0.259	0.211	Accept Ho	Low degree of correlation
	Delegating	-0.180	0.389	Accept Ho	No correlation
Situational	Directing	0.735	<0.001	Reject Ho	Marked degree of correlation
	Coaching	0.733	<0.001	Reject Ho	Marked degree of correlation
	Supporting	0.763	<0.001	Reject Ho	Marked degree of correlation
	Delegating	0.820	<0.001	Reject Ho	High degree of correlation

Legend: 0.05 Level of Significance

The results revealed that all respondents perceived that there is a high degree of correlation between the Democratic management strategy used in terms of directing, coaching and supporting while there is a marked degree of correlation when the basic patterns of situational leadership is used.

The results revealed that both respondents perceived that there is a high degree of relationship in the management strategy as used by head nurses with regards to directing, coaching and supporting their staff and marked degree of relationship when delegating is used in the ward. This is maybe because of the fact that in order to plan and be effective in it, you have to provide the necessary direction, coaching and support to the staff. It can be noted that participation from both the staff nurses and the head nurses is vital to address the issues and concerns in the ward. Planning is very important to provide proper directions and communication would achieve a greater outcome if in every situations proper direction, coaching, supervision and delegation is achieved.

Table 21: Relationship of Management strategies and Basic Patterns of Situational Leadership used by head Nurses.

Management Strategies	Situational Leadership	Pearson's r	p-value	Decision	Interpretation
Planning	Directing	0.881	<0.001	Reject Ho	High degree of correlation
	Coaching	0.808	<0.001	Reject Ho	High degree of correlation
	Supporting	0.822	<0.001	Reject Ho	High degree of correlation
	Delegating	0.774	<0.001	Reject Ho	Marked degree of correlation
Leading	Directing	0.888	<0.001	Reject Ho	High degree of correlation
	Coaching	0.778	<0.001	Reject Ho	Marked degree of correlation
	Supporting	0.821	<0.001	Reject Ho	High degree of correlation
	Delegating	0.761	<0.001	Reject Ho	Marked degree of correlation
Organizing	Directing	0.785	<0.001	Reject Ho	Marked degree of correlation
	Coaching	0.767	<0.001	Reject Ho	Marked degree of correlation
	Supporting	0.842	<0.001	Reject Ho	High degree of correlation
	Delegating	0.760	<0.001	Reject Ho	Marked degree of correlation
Controlling	Directing	0.801	<0.001	Reject Ho	High degree of correlation
	Coaching	0.754	<0.001	Reject Ho	Marked degree of correlation
	Supporting	0.846	<0.001	Reject Ho	High degree of correlation
	Delegating	0.735	<0.001	Reject Ho	Marked degree of correlation

Legend: 0.05 Level of Significance

8. Based on the findings what intervention scheme can be proposed to support the management strategies and leadership styles of head nurses for effective clinical nursing supervision?

A monograph on Leadership and Management is a paper written to provide new information and insights that will serve as inputs to the nurse leader- manager about management strategies and leadership styles for effective clinical supervision to improve the management practices in the healthcare organization and to enhance the quality of healthcare services provided to the clients.

9. Conclusions

From the findings of the study, the following conclusions were drawn:

- As the result was observed, it confirms that both group of respondents (nurses and head nurses) commonly regarded the management strategies used by clinical supervisors as moderately effective.

- The findings revealed that the two group of respondents ascertained that the highly used leadership styles in the ward are Democratic and Situational.
- The result revealed that both group of respondents agreed that the basic patterns of leadership used by the clinical supervisors were regarded as moderately effective.
- There are no significant differences in the assessment of the two respondents (staff nurses and head nurses) based on the management strategies, leadership styles and basic patterns of Situational leadership used by the clinical supervisors both regarded the head nurse as moderately effective nurse-manager.
- There is a relationship in the assessment of the two groups of respondent's (staff nurse and head nurses) between the management strategies and leadership styles, Leadership styles and basic patterns of situational leadership and management strategies and basic patterns of leadership used by the head nurses.

10. Recommendations

In the light of the foregoing conclusions... the following recommendations are suggested:

- Regular assessment of the nurses' competency and clinical performance at least every two years should be done to ensure a continues quality level of performance.
- Enhancement of management and leadership skills through trainings, workshops and seminars to mold the future nurse-manager in the clinical settings and improve their potentials.
- Design and implement management development program for clinical nursing supervisors and future nurse- manager.
- Replicate the study in other areas or disciplines to further validate the results of the present study.
- Conduct similar studies taking into consideration other issues not addressed in the present study such as increasing the sample size.
- Adopt and implement the proposed monograph for effective clinical nursing supervision.

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Late Submission

The Role of Power Distance and Masculinity in the Relationship between High Performance Work System and Academic Faculty Job Satisfaction in Universities of China

Mohsin Bashir¹ and Faheem Gazanfar²

¹Government College University Faisalabad, Pakistan.

²School of Economics and Management, China University of Geosciences, Wuhan, China
uaf_mohsinpk@yahoo.com

Abstract: This quantitative research is an attempt to explore the relationship between high performance work system (HPWS) and employee's job satisfaction under two important organizational culture values; power distance and masculinity. This relationship is tested under social exchange behaviour and in the light of contingency approach. To explain relationship between HPWS, employee's job satisfaction, power distance and masculinity, Correlation and HLM analysis were applied. The four core HRM practices, High selection staffing, performance based pay, empowerment and result oriented appraisal were conceptualized and measured as HPWS. The result of this quantitative research based on the sample of 225 academic faculties across 14 universities of china, indicates that HPWS is strongly related to employees job satisfaction ($r = .76, p = .00$). The results also signify that power distance moderates the relationship between HPWS and Job satisfaction ($\beta = -.196, p < 0.01$). However, moderate effect of masculinity is not confirmed ($\beta = .17, p > .10$). The findings have practical implementation for administration in organizations. In line with previous research we provide evidence of direct link between HPWS and employees job satisfaction. On the basis of the results, we strongly suggest that High selection staffing, performance based pay; empowerment and result oriented appraisal can be used in combination as HPWS. Moreover, before implementation of HPWS administration and governance bodies should consider organizational culture values for firm smooth functioning and performance.

Keywords: HPWS, job satisfaction, power distance, Masculinity

1. Introduction

The global competitive environment of business compel organizations to adopt those human resources (HR) practices for employees that best suit to internal and external environment of an organization. The effective human resource practices provide organizations their best way for establishing vigorous competitive advantages (Barney, 1995). The various human resource management (HRM) practices are being used in combination as High Performance Work System (HPWS) to attain the synergistic benefits (Huselid, 1995) and superior organization performance (Appelbaum, 2000; Way, 2002). The organizations use these practices to increase employees motivation, their knowledge, skills and abilities and as a source of competitive advantages (Cappelli & Singh, 1992; Huselid, 1995; Jackson & Schuler, 1999; Jones & Wright, 1992; Wright & McMahan, 1992). HR practices like targeted selection and recruitment, training, internal promotion, employees participation programs, team as fundamental unit of organization, formal performance and development appraisal, performance based pay system, merit based promotion, formal communication programs, reduce differential status between manager and employees egalitarian, formal grievance or complaint resolution system, employees job security policies such as no compulsory redundancies, were used as HPWS in various studies to approve the linkage between HR practice and employees outcome (Becker & Huselid, 1998; Chaudhuri, 2009; Guest, 1999; Guthrie, 2001; Huselid, 1995; Pil & MacDuffie, 1996; Truss, 2001; Wood, 1996; Zacharatos, Barling, & Iverson, 2005). When HR practices used effectively it enhanced employee's motivation and commitment (Datta, Guthrie, & Wright, 2005; Qiao, Khilji, & Wang, 2009). While many studies in strategic HRM have observed the effect of High performance work system or HRM on firm performance, slight attention has been given to examining the instrument and boundary condition through which HPWS effect employees attitude, behaviour, and firm performance (Appelbaum, 2000; Wu & Chaturvedi, 2009).

Attempts are being made to explore the links of HPWS with different employees attitude with respect of theories and circumstances according to region and demographic factors (Bowen & Ostroff, 2004b). The most important attitude of employees is job satisfaction that leads employees directly toward organization commitment behaviour and indirectly on firm performance. Researcher found that employees who are satisfied with their jobs are preferred to stay with their employers. High performance practices are not only helpful for employers to compete in market but also beneficial for employees through increased job satisfaction (Gürbüz, 2009). Employees feel satisfaction in those organizations which use HPWS by giving them opportunity to participate in decision making processes, improve their skills and knowledge, internal career

opportunity and autonomy in work (Guest, 1999, 2004). There is a strong relation between HR Practices and Job satisfaction (Cohen-Charash & Spector, 2001; Wu & Chaturvedi, 2009). The employees attitude, either they feel job satisfaction from extrinsic or intrinsic reward largely depends upon the cultural orientation (Huang & Van De Vliert, 2003). In new century researchers attention has been changed from simple relation to complex relation between HPWS and job satisfaction and are trying to uncover the black box or mediating mechanism that elucidates the performance relationship in HPWS firm (Becker & Huselid, 2006).

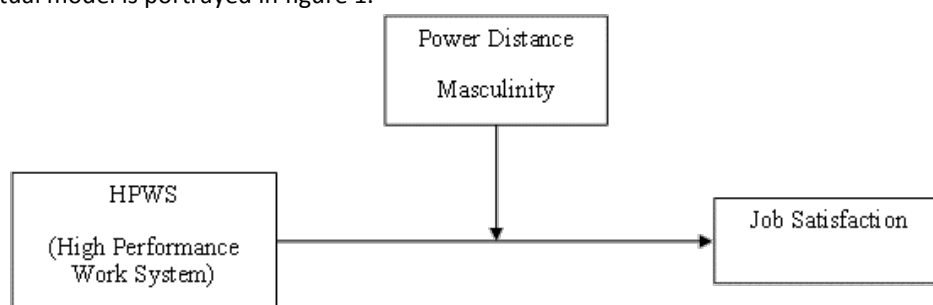
In this study we examined the relationship between HPWS and Job satisfaction based on social exchange theory and moderating role of organization culture values (Power distance and masculinity by employing a contingency perspective build on Katz and Khan's (1978) system model which argued that there was need to align the human resource management system and culture of the organization. Moreover the successful implementation of HRM systems was contingent on an appropriate fit between internal social environment and firm's culture, structure, strategy, and the process (Sparrow & Pettigrew, 1988). Now it has become imperative for organization to adopt HR system that supports their underlying values (Toh, Morgeson, & Campion, 2008).

Researchers are trying to find the association of cultural values with job satisfaction under different region and circumstances on the basis of society's values prevailed (G. H. Hofstede, 1984, 2003; G. H. Hofstede, Hofstede, & Minkov, 2010; Robert, Probst, Martocchio, Drasgow, & Lawler, 2000; Wu & Chaturvedi, 2009). Hofstede (1980, 1984, 2003, 2010) identified five independent dimensions of national culture power distance (PDI), masculinity versus femininity (MAS), uncertainty avoidance (UAI), individualism versus collectivism (IDV) and long term versus short (LTO) planning differences which were empirically found and validated. In this study we analysed two cultural dimensions which are critical and important values of Chinese culture i.e Power Distance (PDI) and Masculinity (MAS).

- Power Distances (PDI), which is related to the different solutions to the basic problem of human inequality.
- Masculinity versus femininity (MAS), which is referred to the division of emotional role between men and women.

Hofstede (1984) found that china is high power distance and masculine country. These cultural values directly affect the success of management initiative (Adler, 1997; Boyacigiller & Adler, 1991). Law, Schaubroeck, & Aryee, (2002) demonstrated that power distance moderates the relationship between procedural justice and job satisfaction while Wu and Chaturvardi (2009) found that interaction between HPWS and job satisfaction is not significant. The literature is relatively still sparse regarding how the masculinity and femininity cultural dimension might affect personal attachment (Clugston, Howell, & Dorfman, 2000). The prominent values of masculine culture are assertiveness, acquisition of money and material things and not caring other while feminine values are concerned for the people and the quality of life, empty and interdependence. The masculine curiosity in acquiring money and material thing reflects an exchange of behaviours for extrinsic rewards (O'Reilly & Chatman, 1986). The primary purpose of this is to examine the effect of HPWS on academic job faculty satisfaction in the universities of China through experience of social exchange. The secondary purpose is to analyse this relation in presence of power distance and masculine at individual level. This study contributes to the HRM literature by integrating culture values (power distance and masculinity) and employee's job satisfaction to understand employee's attitude.

The conceptual model is portrayed in figure 1.



2. Background and hypothesis

2.1 HPWS and job satisfaction

Evans and Davis (2005), defines HPWS as an integrated system of HR practices that are internally consistent (alignment among HR practices) and externally consistent (align with organization strategies. The combination of different HR practices like selectivity ,employees training, internal career opportunity, performance appraisal, empowerment, incentive pay, (Alam, Talha, Sivanand, & Ahsan, 2005; Bae & Lawler, 2000; Delaney & Huselid, 1996; Wu & Chaturvedi, 2009; Youndt, Snell, Dean, & Lepak, 1996),self managed team, flexible job assignment, open communication, and performance contingent compensation contribute in HPWS (Becker & Huselid, 1998; Evans & Davis, 2005; Guthrie, 2001; Pfeffer, 1998). The organizations implement HPWS to enhance work performance, productivity and employee's job satisfaction. Theorist explained that these HRM practices shape employees behaviour and attitude(Guzzo & Noonan, 1994). Employees feel more satisfaction when organizations use HPWS and involve employees in goal setting, give them autonomy, training and development opportunity(Wu & Chaturvedi, 2009).Thus we propose that

Hypothesis 1: HPWS is positively associated with Job satisfaction in universities of China

2.2 The moderating role of power distance and masculinity

2.2.1 Power distance

The level of power distance represents the power inequality between superior and subordinate. In high power distance organizations, organizational hierarchy is usually observed while low power distance organizations have flat organizational structure(G. H. Hofstede, 1984, 2003). The power sharing and empowerment policies are more effective in organizations with low power distance culture(House, 2004). Employees from high power distance culture suppose manager to lead, and they become uncomfortable with both the delegation of discretionary decision(Adler, 1997). In low power distance organizations employees are expected to bypass their heads habitually in order to get their work completed; little concern for their title , status, and formality; and contentedly accepting higher levels of responsibilities and autonomy. Moreover, individuals often make organization decision without any input from their superior (Adler, 1997). The employees who orient high power distance culture show great deal of respect for those in authority. Title, rank and status carry a lot of weight and subordinates feel dependent on their superiors and feel fear to express their disagreement like in Arab, far Eastern and Latin countries(Islam, 2004).The high power distance culture resists to innovation as compared to low power distance culture (Christopher, 1983; Kato & Kato, 1992; Taylor, 1983). In high power distance organizations managers rely on the formal roles, subordinates are expected to be told, authoritative leadership and close supervision show the way to satisfaction, performance and productivity, wide salary range between top and bottom of organization, managers dissatisfied with their career and information constrain by hierarchy(G. H. Hofstede, 2003).The appropriate power distance between authorities and subordinate shape the nature of people's relation with authority(Lee, Pillutla, & Law, 2000b). Due to this reason employees in different region shows different behaviour against same kind of HR practices e.g Chinese were more willing to accept insulting remarks from high status in group person as compared to Americans(Bond, Wan, Leung, & Giacalone, 1985). Therefore we predict that:

Hypothesis 2a: Power distance moderates the relationship between HPWS and employees Job satisfaction in universities of China.

2.2.2 Masculinity

Masculinity is one of the most important cultural dimensions which define the role of man and women in the societies and organizations. All societies have to deal with basic fact that one half of the mankind is female and other male so that typical task for men and women can vary from one society to another society(G. Hofstede, 1983). The manager from masculine culture is assertive, decisive, and aggressive while from feminine culture manager is less visible, sensitive rather than decisive and the masculine culture is the survival of the fittest. To resolve the conflict in the organizations each country has its own institutional context. In masculine culture there is sporadically a lot of verbal insult, both between employer and labour and between boss and subordinate. In feminine culture, "managers are employees like others, more women in management; career ambitions are optional for men and women, more sickness absence, low job stress, fewer burnout symptoms among healthy employees, preference for smaller companies and few hour works. While in masculine culture,

“manger are cultural heroes, fewer women in management, career ambitions are compulsory for men , optional for women, less sickness absence, higher job stress more burnout symptoms among healthy employees and preference for higher pay(G. Hofstede, et al., 2004; G. H. Hofstede, 1984). The characteristic of acquiring of money and material things in masculine culture reflects an exchange of behaviour for extrinsic reward that affects on employees attitude (O'Reilly & Chatman, 1986). Therefore we predict that:

Hypothesis 2b: Masculinity moderates the relationship between HPWS and employees Job satisfaction in universities of China.

3. Method

3.1 Sample and procedure

This study surveyed academic faculty in universities across China. The sample was randomly selected among Professor, Associate Professor and Assistant Professor/Lecturer. The questionnaires were distributed with cover letter indicating that participation would be voluntary and response would be used for research purpose only. The confidentiality was guaranteed. For administration of this survey in China, typical translation and back translation procedures were followed to convert the language to tradition and simple Chinese using bilingual expert and professors. The respondents answered questions related to HPWS, power distance, masculinity, job satisfaction and demographic factor. After deep study of literature to avoid overstate the extent of HPWS, we decided to take response at individual level as compared to previous research that use manager as key informant to evaluate HPWS used in the firm. The researchers argued that HR managers might overstate the extent of HPWS present in the firm. Moreover, responses from single HR person within the organization might be less reliable in measuring HPWS (Bowen & Ostroff, 2004a; Gerhart, Wright, MAHAN, & Snell, 2000; Wu & Chaturvedi, 2009). In the light of previous research at individual level, academic faculty perception of HPWS was calculated at organization level (Wu & Chaturvedi, 2009). Moreover, it was observed that employees rated HPWS is highly correlated with manager rated HPWS and has been observed as an alternative measure to capture the extent of the implementation of HPWS in the firms(Kuvaas, 2008; Takeuchi, Lepak, Wang, & Takeuchi, 2007). In total 300 distributed questionnaires in 14 universities, 225 were received. The response rate was 75%. In the total sample 22% were Professors, 38% Associate professors, 32% Assistant professors and 8% lecturers. In case of Gender 46% were women and 54% were men.

3.2 Measures

The items used in this study were adopted from previously validated and published instrument. To take response against HPWS and culture values (Power distance, Masculinity), we used 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree) and in case of Job satisfaction 1 (strongly dissatisfied) to 5 (strongly satisfied)

3.3 HPWS

Four core HRM practices were conceptualized and measured: High selection staffing, performance based pay, empowerment and result oriented appraisal. Each policy area presented respondents with 5 to 7 statements about the universities HRM practices and requested them to reply to the statement using scale ranging from 1 strongly disagree to 5 strongly agree. These items were adopted from Lepak and snell(2000), Delery and Doty(1996) and Bae and lawler (2000). To ensure the validity, a series of confirmatory factor analyses were conducted separately for each high performance HRM practices. The reliability level for all four scale of High performance HRM practices were between .70 to .80. Consistence with previous studies we found all scale strongly correlate with each other.

3.4 Power distance and masculinity

We used six-item scale to measure power distance ($\alpha = .73$) and 9 scale for masculinity ($\alpha = .85$) developed by Clugston, Howell, and Dorfman(2000). These scales were used in organizations to measure shared perception of power distance inequality and the role of male and female in the organization.

3.5 Job satisfaction

Job satisfaction was measured using the 15-item scale ($\alpha = .91$) developed by War, Cook, and Wall (1979). The researcher uses this scale to examine the level of satisfaction within intrinsic and extrinsic feature of their job.

3.6 Control variable

Designation (Professor = 1, Associate Professor = 2, Assistant Professor = 3, Lecturer / Assistant = 4) and gender (Male = 1, Female = 2) are used as control variables to test the above mentioned hypothesis.

4. Results

Table 1 presents the descriptive statistic, correlation and reliability estimates of the study variables. The variable used in this study had acceptable reliability over the recommended values of .70.

Table 1: Mean, Standard Deviation and Pearson Correlation Coefficients

	Mean	S.D	Designation	Gender	HPWS	Job Satisfaction	Power distance	Masculinity
Designation	2.27	.89	1					
Gender	1.47	.51	.083	1				
HPWS	3.42	.62	.036	-.117	1			
Job Satisfaction	3.47	.66	.016	-.046	.763(**)	1		
Power Distance	2.75	.63	-.042	-.042	-.266(**)	-.379(**)	1	
Masculinity	3.27	.68	-.039	-.226(**)	.211(**)	.162(*)	-.001	1

** , * Correlation is significant at the 0.01 and 0.05 level (2-tailed).

In Hypothesis 1 we proposed that HPWS is positively associated with Job satisfaction in universities of China. The results showed positive correlation coefficient($r = .76, p = .00$) between HPWS and Job satisfaction which suggested preliminary support for hypothesis 1. Furthermore, coefficient for job satisfaction indicated that in Chinese universities, designation and gender make no significant relationship with job satisfaction, while, it is positively correlated with masculinity. The results also indicated that power distance negatively correlated with job satisfaction. However, correlation did not reflect the multilevel nature of data, therefore, to test moderating effect of power distance and masculinity (hypothesis 2a to 2b), we relied on the result of HLM analysis as reported in table 2.

Table 2: Hierarchical Regression Analysis

	Job Satisfaction		
	Model 1	Model 2	Model 3
Demographic variables			
Constant	3.53*	1.35*	4.72*
Designation	.01	-.02	-.02
Gender	-.06	.05	.07
Independent variables			
HPWS		.75*	-.31
Power Distance		-.19*	-.90*
Masculinity		.02	-.39***
Interactive variables			
HPWS*Power Distance			.22*
HPWS*Masculinity			.13**
ΔR^2	.003	.615	.025
ΔF Value	.280	117.358	7.56
Adjusted R^2	-.006	.609	.611

Note: * $p < .01$ (two tailed); ** $p < .05$, *** $p < .10$ (two tailed); Gender: 1=male, 2=female;

To perform this analysis first we generated interacting variable by multiplying power distance and masculinity variables with independent variable HPWS. For regression analysis we first entered the control variables

followed by independent variables and then interactive variables. The results are reported in Table 2. Results showed that the control variables collectively explained .003% of variance in job satisfaction ($\Delta R^2 = .003$, $\Delta F = .280$, $p < .756$). The independent variables, demographic characteristics and perception of HPWS existence, explained 61% of variance of dependent variable Job Satisfaction. These findings are in line with above partial correlation analysis that most of these independent variables correlate with job satisfaction.

Table 2 indicates that Power distance and masculinity moderate the relationship between perception of HPWS and Job Satisfaction ($\beta = -.196$, $p < 0.01$) thus hypothesis 2a is fully supported. While moderating effect of masculinity were not confirmed ($\beta = .17$, $p > .10$). Thus hypothesis 2b is rejected.

5. Discussion

The purpose of this study was to examine how HPWS affects academic faculty job satisfaction in universities of China. Particularly, we wanted to explore the moderating effect of power distance and masculinity on the link between HPWS and academic faculty job satisfaction. The findings provide strong support for the universalistic approach with respect to positive and significant influence of HPWS on academic faculty job satisfaction (Hypothesis 1).

Our findings are consistent with past research, that present a direct and positive relation of HPWS with job satisfaction. These findings support the universal belief that HRM practices directly influence the employee's job satisfaction (Appelbaum, 2000; Chang, 2005; Guest, 1999; Lawler, 1986; Wu & Chaturvedi, 2009). This study also contributes social exchange and behaviour theory through its use of HPWS as incentive in social exchange relationship (Tsui, Pearce, Porter, & Tripoli, 1997). The universities and organizations can attract and motivate employees and retain their loyalty by investing in human capital.

The moderating role of power distance and masculinity might suggest a complex relationship between power distance, masculinity, HPWS and academic faculty job satisfaction. We find full support for moderating effect of power distance on relationship between HPWS and job satisfaction. However, moderation related masculinity was insignificant. Regarding power distance variable our findings support the findings of previous researchers (Farh, Earley, & Lin, 1997; Farh, Hackett, & Liang, 2007) that low power distance individual or group are more likely to behave according to the incentive contribution comparison and to respond their organization based on the treatment they experienced. While contradictory to previous research in respect of Asian country that shows insignificant interaction between power distance and employees attitude (Wu & Chaturvedi, 2009). Moreover, these findings also predict that after 30 years, high power distance is still prevailed even in the most educated society in China. The insignificant interaction of masculinity with HPWS and job satisfaction shows that the role of male and female is changing in China and may be treated on equal level as explained in previous research (G. H. Hofstede, 1984, 2003).

6. Conclusion

Our findings have practical implementation for administration in universities and organizations. In line with previous research we provide evidence of direct link between HPWS and academic faculty job satisfaction. In this competitive environment of business although other environmental factors are likely to influence firm performance, a satisfied academic faculty can provide the foundation of universities ability to compete in today's research competition. Universities administration should pay more attention to the implementation process when introducing HPWS in their firms because HPWS could encourage positive work attitude among their employees. The power distance effect shows that universities administration need to involve academic faculty in decision making, increase socialization that reduce the status difference which will be helpful in team work and trust. When the responsibility and authority will be shared it will affect on innovation and research activities (Christopher, 1983; Kato & Kato, 1992; Taylor, 1983).

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