

Contemporary Issues and Challenges in Human Resource Management

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PREFACE

Contemporary business environment brings new challenges affecting many aspects of management including one of its crucial facets – Human Resource Management. Most frequently mentioned challenges of modern HRM are: globalization, economic and legal environment, workforce diversity resulting from both globalization and demographic change, technological development, changes in educational background of employees and in their expectations regarding working conditions. These factors directly and indirectly determine human resource management strategies and the possibility of their implementation.

This book presents the latest research on several of these issues. The order of the chapters allows to introduce environmental factors first as they shape the HR policies in organizations. They are followed by chapters covering issues directly related to human resources management.

The Chapter 1 focuses on workforce mobility and tries to answer the question if there are barriers in labour mobility between two segments of labour market in OECD countries. The second chapter concerns the assessment of changes in terms of freedom of association and non-discrimination on frontier and developed markets. The next two chapters, Chapter 3 and Chapter 4, take into account national and organizational culture and its influence on the strategic human resources management and knowledge management. Chapter 5 examines the correlation between the percentage of people with higher education in Romania and the performance of enterprises in that country.

The next chapters describe issues that are directly associated with HRM. Chapters 6 to 8 deal with the issue of leadership, including sharing leadership and empowerment. Chapter 9 presents attitudes and values of professionals including the perspective of generation change. They are followed by Chapter 10 and Chapter 11 which focus on age diversity in organization. The next two chapters discuss gender diversity including women's entrepreneurial attitudes. This section ends with a case study concerning the analysis of human capital components of the employees of the public utility company providing postal services "Poczta Polska S.A."

The last two chapters of the book focus on education of future entrepreneurs and leaders and their preparation to fulfil professional roles.

This book does not exhaust the vast subject of challenges in contemporary Human Resource Management. It should be perceived as an important contribution that covers diverse aspects of this fascinating subject. It is also an invitation to further research and discussion.

I would like to thank the Authors for their contribution and express my hope for further scientific cooperation.

Katarzyna Stankiewicz

Chapter 1

WORKFORCE MOBILITY AGAINST THE BACKGROUND OF LABOUR MARKET DUALITY THEORY – THE EXAMPLE OF SELECTED OECD COUNTRIES

1.1. Introduction

It was argued that the neoclassical theory could not explain the existing divisions in the labour market especially concerning the wage level and work conditions. The theoretical foundations of labour market segmentation (LMS) raised from the criticism of neoclassical approach and were widely recalled during the past several decades (Sousa-Poza, 2001). Identification of segments in the labour market, despite their obvious prevalence, is a difficult issue (Boston, 1990). Boston argues that examination of the labour market segmentation theory using only one dimensions of the market (such as occupations, industries, firms, or job characteristics) results in a partial explanation of this concept. Researchers trying to identify the segments in the labour market frequently face two difficulties. Firstly, there is no relevant data, allowing multivariate analysis (usually only one factor is taken into account, e.g. earnings). Secondly, because of the lack of available data other labour market covariates (such as industry or occupation) are frequently used (Hodson & Kaufman, 1982).

In this chapter we focus on labour market duality, what results in dividing whole labour market into two cohorts. We use sector data from the years 1994-2008 to examine the extend to what the labour market divisions exist in several OECD countries. Our main aim is to find out if there are barriers in labour mobility between segments. Firstly, we share given sectors into two segments regarding the wage criterion. Then, we use transition matrix estimation with the use of markovian process analysis for aggregated data to gauge the labour mobility within the secondary sectors (sectors which belong to the secondary segment on the labour

market) and the labour mobility from secondary segment to the primary segment (from sectors classified in the secondary segment to the sectors classified in the primary segment). Finally, we compare the labour mobility within the secondary segment and outside the segment for each country under consideration.

The structure of this chapter is as follows: in the second section the theoretical background of labour market duality is provided, with particular emphasis on the principles of dual labour market theory and labour mobility between discrete segments. Then, in the empirical part, we divide labour market into two segments regarding the average wage level and compare labour mobility within and outside the secondary segment. Finally, we compile conclusion from our analysis and point out the direction of future research.

1.2. Theoretical background

1.2.1. The principles of dual labour market theory

The concept of labour market segmentation is based on the assumption of its internal diversity. Labour market segmentation theory is bounded mostly with the distinguishing of the separate segments (Taubman & Wachter, 1986). Indeed, the dual labour market theory assumes the fragmentation into two segments, in which workers and employers operate under completely different rules. This conception, provided first by Doeringer and Piore (1971) implies the existence of two separated segments: the primary and secondary labour market¹. Primary labour market is characterized by stability of employment, high level of wages, possibility of career advancement, whereas in the secondary labour market as well the work as both the wage conditions are worse. Primary segment is formed by jobs in large, profitable enterprises, with active trade unions. Employees are protected against abuse by the employers, working conditions are stabilized, as well as promotion and advancement possibilities are guaranteed. Jobs offered are generally better paid and definitely preferred by employees. Moreover, employees strongly identify with their profession and enterprises, primarily due to high wages and the effort incurred to gain these qualifications (Doeringer & Piore, 1971).

¹ In the literature there are also another divisions of the labour market. Piore (1972), as the first, divided primary labour market into upper and lower tier. The upper tier of the primary segment includes professional and managerial jobs. Jobs in the primary upper tier are characterized by higher pay, status and promotion opportunity. Moreover, there is less formal administrative procedures than in the lower tier and more place for individual creativity. See also Piore (1973), Osterman (1975). Reich et al. (1973) differentiated the primary labour market into independent and subordinate segment.

The criteria for distinguishing the separate segments in the labour market are very different. Researchers² mostly divide labour market into segments using following factors: industry, occupation, combination of industries and occupations, race and sex, occupational skills, characteristics of job or different returns to investments in human capital. The divisions in the labour market raise certain consequences for the economy. It can be noted that the causes and effects of the divisions in the labour market switch roles. A work in the secondary labour market means low wages and lack of job stability. This results in both a lack of motivation to improve their skills, higher self-esteem and involvement in the life of the company. However, lack of education, qualifications and strong motivation unable moving to the primary segment. Cause becomes effect, effect becomes cause, so we have to deal with the phenomenon of feedback (Musiał-Pocztowska, 2003). Moreover, the segmentation of the labour market is more enduring, the more limited the access to the primary labour market. However, the good condition of the economy which is characterized by a relative high and relatively stable level of demand causes the expansion of the primary segment. The deterioration of the economic situation widens the secondary segment (Kryńska, 1998).

Recent research on labour market shows the empirical evidence for the existence of dual or segmented labour market (Sousa-Poza, 2004; Pratap & Quintin, 2006; Altmann, Falk, Grunewald & Huffman, 2013; Garibaldi & Taddei, 2013), (Alt & Iversen, 2014). Undoubtedly, labor market segmentation is still a worth exploring issue and requires further research.

1.2.2. Labour mobility in the dual labour market

Following to Doeringer and Piore conception (Doeringer & Piore, 1971) labour market can be also divided into internal and external market. In internal labour market, pricing and allocation of labour follow administrative rules. In contrast, in the external labour market takes place the economic theory of pricing and allocating. It is worth mentioning that in the internal labour market the barriers of entry occurs. This relation tends to occur mostly in enterprises market, less in craft market, where the competition outside the internal market seems to be much dominant³. Taubman and Wachter (Taubman & Wachter, 1986) argue, that most of firms from internal labour market belongs to the high wage firms, in consequence frequently the notion of internal labour market and primary sector firms are synonyms.

² The list of empirical studies in spite of identifying discrete labour market segments provides Hudson (2007).

³ In many work situations in the craft market recruitment does not concentrate only on internal promotion, so that the competitive force outside the internal market gaining the importance (Doeringer & Piore, 1971).

One of the most important characteristics of the dual labour market is the existence of entry barriers into the primary labour market. Employees with a better work are not interested in moving to the sector offering worse conditions. Consequently, it generates employment stability in the primary sector. The free access to jobs in the primary market is limited mainly due to insufficient qualifications of the employees from secondary market (Doeringer & Piore, 1971). Moreover, the empirical studies suggest that workers who start their work in the secondary labour market are willing to stay there over the life course (Piore, 1970).

Piore (1972) argues that socio-economic movements are not random and there is a key which they follow. People obtain their jobs in regular way or sequence called *mobility chain*. The *mobility chain* includes not only previous jobs characteristics but also several socio-economic points, such as: schools they graduated, neighbourhoods and type of family backgrounds. Piore bases on reflections related to blue collar workers, where each job is a next step of another with no chance to getting job directly, convinces that the same situation is to observe in managerial jobs in large enterprises. The author claims that movement occurs in more or less regular channels. The most important finding is that the *mobility chains* are formed differently in the primary segment (upper and lower tier) and in the secondary segment. In the first one (both in upper and lower tier) mobility chain constitutes some kind of career ladder, which leads to higher paying and higher status jobs. Whereas, in the secondary sector getting job is more random.

In the literature, there is some research on mobility between the primary and secondary segments. Some analysis founded that the moving between segments is possible, whereas the probability of getting job from primary sector (advancement probability) is different for separate groups of workers (Hudson, 2007). White workers are more likely to move from secondary segment into primary one, in comparison to black workers (Rosenberg, 1980). Moreover, older workers are less likely to change the segment. Boston (1990) examined the inter-sector mobility of workers from four gender / race groups. He obtained that in case of 46,7% of white women, 39,1% of white men, 26,3 % of black men, and 18,3% of black women the movement from secondary sector occupations to primary sector occupations is possible. Rosenberg (1980) examined the occupational mobility and found the differences in upward occupational mobility as well in low as both in high paid areas.

It is worth nothing that most of research on labour market segmentation is related to the US economy, where the divisions are more obvious despite of multi-cultural society. With our analysis we fill the gap in the literature connected with labour mobility and dual labour market in European countries.

1.3. Data and methodology

The analysis was performed for 12 countries belonging to the Organization for Economic Cooperation and Development (OECD). The time horizon of the analysis covers the years 1994-2008. The collected as well as standardized statistical material of sectoral labour force in OECD countries comes from a database provided by the International Labour Organisation (ILO). By 2013 the database was called LABORSTA and include statistics up to 2008. ILO provides data for 230 countries and territories including about 100 various indicators (annual, short-term).

In this chapter the authors used the least popular approach: the data are aggregated to the sectoral level and estimation is performed with the use of Markov probability model (Markov, 1906). Transition matrices are widely used in the analysis of mobility provided with micro-level data. They illustrate the complex changes that occur in the distributions of wages, income, or any other variable in time. For analysis of the dynamics of income, wages or labour force, especially popular is quantile decomposition, then the observation of transition matrix. This type of case, however, requires the use of personal data and is not considered in this work. Aggregated data are used in such research extremely rare. Also in the case of Markov models in order to estimate the transition matrix many authors frequently use all sorts of microdata (mostly from national or international panel databases).

In the case of data with a high degree of aggregation it is not possible to use the maximum likelihood estimator. However, if the time series data structure is long enough, it is possible to estimate the transition matrix using aggregate data and quadratic programming method. Then we should assume that instead of individual observations we will see only the aggregate proportions, $y_j(t)$ oraz $y_i(t-1)$, which represent the proportion of observation from sectors i and j in two consecutive periods. According to the important study on the technique of estimating the transition matrix for aggregated data conducted by Lee, Judge, Zellner (1970) in this case it is also possible to recode the matrix. These authors suggest to minimize the sum of squared errors in equation by the use of method of least squares, excluding the linear constraints of transition probabilities p_{ij} . The least squares method is here equivalent in solving the problem of quadratic programming. This approach was pursued by Kalbfleisch and Lawless (1984), Kalbfleisch, Lawless and Vollmer (1983) and also by Jones (2005). MacRae (1977) denotes that the variance of error of the estimated transition probability depends on the size of y_{t-1} , so using the least squares estimation we can receive consistent, but not effective evaluation.

Markov transition probability model is based on a set of discrete states (eg. sectors) in which it is possible to classify all observations (eg. companies,

institutions, employees). Let R be discrete categories in which collated all the observations. Transition matrix $P = [p_{ij}]$ can be defined as a matrix showing the probability that the level of employment in the sector does not change, or change and flow into the $R-1$ level in a given period of time. Each element of the matrix p_{ij} represents the probability that the level of employment is equal in period $t-1$ and is equal to j period t (1).

$$P = \begin{bmatrix} p_{11} & p_{12} & \cdots & p_{1R} \\ p_{12} & p_{22} & \cdots & p_{2R} \\ \vdots & \vdots & \ddots & \vdots \\ p_{R1} & p_{R2} & \cdots & p_{RR} \end{bmatrix} \quad (1.1)$$

The analysis will be presented in simplified form of the structure of a simple Markov transition probabilities with the use of stationary (4) first-order Markov processes⁴. Under this assumption, the only significant explanatory notes on the behavior of sectoral labor force structure is its arrangement in the previous period (2-4).

$$\Pr(x_t | x_{t-1}, x_2, \dots, x_0) = \Pr(x_t | x_{t-1}), \forall t. \quad (1.2)$$

$$\Pr(x_0, x_1, x_2, \dots, x_T) = \Pr(x_0) \prod_{t=1}^T \Pr(x_t | x_{t-1}) \quad (1.3)$$

If $x_t = s_j$ i $x_{t-1} = s_i$, we can denote (4):

$$\Pr(x_t = s_j | x_{t-1} = s_i) = p_{ij}(t) = p_{ij} \quad \forall t \quad (1.4)$$

Assuming stationarity of the whole process (4), transition probabilities can be represented by p_{ij} in the form of transition probability matrix (with dimensions RxR), in which $P = [p_{ij}]$. This matrix has the property of summation of rows to 1 (5).

$$0 \leq p_{ij} \leq 1 \quad \sum_{j=1}^R p_{ij} = 1 \quad \text{for } i = 1, 2, \dots, R. \quad (1.5)$$

The assumption of a first-order Markov process may somehow interfere with existing in reality the slow pace of response to the economic environmental changes in the structure of wages or employment. In this case we can slightly expand period of analysis and apply higher-order Markov process. However, this would significantly increase the complexity of the model, and thus there are technical difficulties in such estimation.

Estimating the transition matrix using individual data series is extremely simple process. In this case the estimation of the probability of single unit in state j

⁴ Markov process is stationary, if $p_{ij}(t) = p_{ij}$, ie. if the individual probabilities do not change over time.

in period t , which was in previous period $t-1$ in state i , denoted by p_{ij} , refers to the estimator (6).

$$p_{ij} = \frac{n_{ij}}{\sum_j n_{ij}} \quad (1.6)$$

Estimated transition probability is equal to the proportion of observations which at first were in state (sector) i and at the end of the observation period were in state (sector) j within all units that can be observed at the beginning of the analyzed period in state i . Using the method described above, it is possible to estimate the entire transition matrix with the use of quantitative aggregated data. Anderson and Goodman (1957) have shown that the estimator (6) is biased with maximum likelihood estimator and the bias is reduced to zero together with increasing sample size.

1.4. Results

Empirical analysis of intersectoral employment mobility was performed in two stages. The first stage consists of estimation of Markov transition matrix for aggregated sectors. In the second stage we summarized the probabilities derived from their location in the matrix – separately transition probabilities in range of the secondary segment and separately in range of primary segment. Labour market was divided into primary and secondary segment by the measurement of the average sectoral median wage in a few selected OECD countries. Consistent results of sectoral wage were received. The number of sectors was 7. Distribution of the individual market segments and sectors are shown in Table 1.1.

Table 1.1. Primary and secondary segment

Primary segment	Secondary segment
A (Agriculture, Hunting and Forestry)	C (Mining and Quarrying)
B (Fishing)	E (Electricity, Gas and Water Supply)
D (Manufacturing)	I (Transport, Storage and Communications)
F (Construction)	J (Financial Intermediation)
G (Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods)	K (Real Estate, Renting and Business Activities)
H (Hotels and Restaurants)	L (Public Administration and Defence; Compulsory Social Security)
N (Health and Social Work)	O (Other Community, Social and Personal Service Activities)

Source: United Nations (1990).

The analysis does not cover marginal sectors, ie. sector of own households' employment. The results of the analysis of labor mobility on a sectoral basis with the use of matrix of transition probabilities together with division of different parts of the matrix into primary and secondary segments is shown in Table 1.2.

Table 1.2. Results of the intersectoral labor mobility within and between primary and secondary segment of labor market

Indicator / Country	Sum of p_i inside secondary segment	Sum of p_i between sectors (from secondary to primary segment)
Austria	3,3015	3,6985
Denmark	3,9033	3,0967
Estonia	3,4246	3,5754
Finland	4,6366	2,3633
Greece	4,1226	2,8774
Spain	4,1084	2,8916
Canada	5,6031	1,3969
Korea	2,3733	1,5524
Mexico	3,6707	3,3293
Poland	3,9577	3,0423
Portugal	4,7783	2,2217
UK	4,6183	2,3817

Source: own study.

Table 1.2 shows that the workforce mobility between the secondary and primary labour market and within the secondary labour market are different for analysed countries. In case of Finland, Greece, Spain, Canada, Portugal and United Kingdom the mobility in secondary segment is significant higher than the mobility from the secondary segment to the primary one. In South Korea, Denmark, Mexico and Poland the mobility in secondary segment is only slightly higher than the mobility outside the secondary segment. In Austria and Estonia the mobility relation is inverse: there is a higher mobility from secondary segment to primary segment in comparison to the mobility in secondary segment.

1.5. Conclusions

The main purpose of this chapter was to confirmed one of the LMS hypothesis concerning the entry barriers in the primary labour market segment. On the

basis of estimating transition matrices using markovian processes we found the higher workforce mobility within the secondary segment in comparison to the workforce mobility from the secondary segment to the primary segment in most of analysed countries. Assuming employees are willing to advance, they strive for better jobs, which belong to the primary segment of the labour market. If the workers have no chance to moving from the low wage jobs, we observe a duality in the labour market. Our research show that in case of Finland, Greece, Spain, Canada, Portugal and United Kingdom, the divisions in labour market are substantial. On account of the significant differences in workforce mobility within and outside the secondary segment, we can indicate a typical duality in labour market in these countries. In case of South Korea, Denmark, Mexico and Poland the differences in mobility are of smaller significance, but they still exist. Thus, in these countries the entry barriers into the primary labour market are rather slight. On the other hand, in Austria and Estonia the relations between workforce mobility occur to be inverse, what denotes no barriers in the labour market. The employees from the low paid jobs move to the primary sector jobs over the lifetime, what can results from the foundations of the human capital theory.

Our analysis has a preliminary character and initiates further research on dual labour market. With the use of sector data we examined the employees' position in the labour market taking into account the wage and workforce mobility criterion. The results of our research show the general characteristics of the structure of labour market in selected OECD countries. In our opinion, a further analysis using other labour market variables is recommended, to verify fully the segmented labour market hypothesis.

Chapter 2

KEY SUSTAINABILITY METRICS FOR LABOUR PRACTICES – A COMPARATIVE EVOLUTION OF FREEDOM OF ASSOCIATION AND OF NON-DISCRIMINATION IN EMERGING/FRONTIER AND DEVELOPED MARKETS

2.1. Introduction

„The age of irresponsibility must be ended. We must now become that new global order founded on transparency, not opacity” (Gordon Brown, 26 Sept 2008).

Following „the age of irresponsibility” characterized through critical global problems, most of which of an ecological nature, sustainable development has become increasingly popular in the last three decades. The concept of sustainability has evolved from being of concern mainly to governments and countries, to relating to all stakeholders. Consumers, investors, NGOs and employees are requesting companies to act responsibly towards their internal and external environments.

As a result, most of the companies listed on stock exchanges publish an annual sustainability report communicating to stakeholders the social, ecological and governance-related impact of their actions. This chapter focuses on the indicators used to measure such impacts, emphasizing the social metrics pertaining to employees. Important information regarding corporate sustainability measurement is offered in the literature review section.

The aim of this study is to provide a comparative evolution of the reporting on two sustainability indicators: freedom of association and non-discrimination, as observed for emerging/frontier and developed markets. The research methodology section comprises details concerning the use of the content analysis method on more than 1800 companies listed on international stock exchanges, researched for a period of 5 years. Our findings show a different evolution in the reporting of

developed market (DM) companies as opposed to emerging and frontier market (EM&FM) companies. However, a slight positive trend can be identified for both categories.

We conclude by offering advice for companies reporting on the two analyzed indicators, as well by providing a list of possible subjects for future research.

2.2. Literature review

The most well-known definition of sustainable development dates back to the World Commission on Environment and Development 1987's report „Our common future” (WCED, 1987). In the following three decades, sustainability has become an increasingly popular subject both for regulating agencies and for the general public.

However, the existing literature on the subject is vague, sustainability being often replaced by terms such as “corporate social responsibility” (CSR), “ethical footprint”, “responsible entrepreneurship” and so on (Baden & Harwood, 2012; Milne & Gray, 2012). Moreover, there is no unanimously accepted definition of the term, allowing it to be used discretionary by companies and regulatory agencies (Baden & Harwood, 2012).

In order to disclose the impact of their activity on their internal and external environment, companies publish an annual sustainability/ CSR report based on non-financial indicators. These indicators are usually divided into three major categories known as ESG: environment, society and governance (Bassen & Kovacs, 2008). Although used in the beginning in a narrative form (Tschoopp & Nastanski, 2013), current CSR reports should provide sufficient information for stakeholders to base their decision on (WBCSD, 2002). Therefore, given the exponential increase in the number of CSR reports, the current literature on corporate sustainability focuses on the direct analysis of such reports (Bassen & Kovacs, 2008; CSES, 2011; Anis et al., 2012; Deloitte, 2012; European Comission, 2013; KPMG, 2013).

National and international organizations have drafted frameworks for non-financial corporate reporting. Moreover, some individual countries (Australia, Austria, Canada, China, Denmark, Finland, France, Germany, Greece, Indonesia, Italy, Malaysia, Netherland, Norway, Sweden, the United Kingdom, South Africa, U.S.A.) have also put in place mandatory corporate laws concerning one or more sustainability issues (Ioannou & Serafeim, 2011; Deloitte, 2012).

The most popular international framework is developed by the Global Reporting Initiative (GRI), and is used by almost 80% of reporting companies

(KPMG, 2013). GRI is an initiative founded in 1997 as a department of the Coalition for Environmentally Responsible Economies. Throughout the 2000 – 2013 period, the organization has launched four generations of frameworks, the most recent one, G4, being said to have increased user-friendliness and to be more focused on materiality (GRI, 2014).

The present GRI G4 guidelines include both general and sector specific metrics structured around issues such as economic performance, procurement policies, energy and water consumption, waste and emissions, labour practices, collective bargaining, non-discrimination and anti-corruption policies (GRI, 2013).

The framework also includes some guidelines for measuring the indicators and advice for third party assurance. GRI's Reporting Framework comprises general guidelines as well as sector supplements and other protocols (Hohnen, 2012). However, companies aiming to follow these guidelines can choose which indicators to disclose and even the level under which they wish to report. For the more than 22 200 reports found on the GRI website, the Initiative only requires a self-assessed reporting level (GRI, 2015).

Another well-known international framework pertaining to sustainability reporting is the United Nations Global Compact (UNGC) comprising of ten principles on anti-corruption, labour, the environment and human rights. Business participants in the UNGC commit to upholding the ten principles and disclose an annual Communication on Progress (COP) report that shows their evolution in implementing the principles (UNGC, 2015).

Lately, companies specializing in financial analysis and audit have diversified their services to include consulting for CSR reporting, assurance of such reports and the analysis of non-financial indicators disclosed by companies. One of these companies is Thomson Reuters that has developed its own matrix of non-financial indicators called Asset 4.

Asset 4 contains economic, governance-related, environmental and social indicators (Thomson Reuters, 2011). The social category comprises close to 100 non-financial indicators concerning the community, diversity and opportunity in the workforce, employment quality, health and safety for employees, human rights, product responsibility and training and development.

The DVFA (the German Society of Investment Professionals) and European Federation of Financial Analysts Societies' (EFFAS) framework focuses on extra-financial indicators important for business valuation and investment decision making. In terms of ESG, the key performance indicators developed by the organization comprise both general and sector specific metrics. To the three sustainability pillars – environment, society and governance – DVFA adds another: long term viability. The social category includes indicators regarding to employees, suppliers, consumers and funds concerning ESG (DVFA & EFFAS, 2010).

Out of the three ESG pillars, environmental reporting is the oldest and most quantitative one. However, due to the increasing number of social and health and safety issues, the social pillar of sustainability has been gaining momentum, although it is more difficult to assess (Christoffi et al., 2012; Milne & Gray, 2013). According to GRI, social indicators can be divided into indicators concerning labour practices and decent work, human rights, society, and product responsibility (GRI, 2013).

Concerning corporate social responsibility, the European Commission (2013) recognizes the following international instruments: GRI, UNGC, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, ISO 26000 Standard of Social Responsibility, International Labour Organization (ILO) Core Conventions and ILO MNE Declaration. According to the Centre for Strategy & Evaluation Services (CSES, 2011) there are 8 ILO conventions fundamental to the rights of employees, covering forced labour, freedom of association, collective bargaining, equal remuneration, discrimination, minimum age for working and child labour.

Table 2.1 shows the use of non-financial indicators concerning employees suggested by the GRI, Thomson Reuters, the DVFA and EFFAS, as well as by the Centre for Strategy & Evaluation Services.

Table 2.1. Social indicators concerning employees

GRI	ASSET 4	DVFA	CSES
Employment (turnover, benefits, leave)	Turnover, strikes, part-time employees, wages	Staff Turnover; Absenteeism; Maturity of Workforce	Employee turnover; Absenteeism
Labour/Management Relations	Career Development		Career Development Program
Occupational Health and Safety	Health & Safety	Maintenance & Safety	Staff Well-being; Healthy and Safe Working Environment
Training and Education	Training and Development	Training and Qualification	Level of Employee Training
Diversity and Equal Opportunity	Diversity and Opportunity	Diversity	Diversity Position Statement; Targets on Gender and Age Distribution;
Equal Remuneration for Women and Men		Remuneration	Performance Management System
Non-discrimination	Women Employees; Women Managers; Disabled Employees		Number of Women in Management

GRI	ASSET 4	DVFA	CSES
Freedom of Association and Collective Bargaining	Freedom of Association; Trade Union Representation		Code of Conduct based on the Universal Declaration of Human Rights
Child Labour	Child Labour		Child Labour
Forced Labour	Forced Labour		Illegal Employment
Supplier Assessment for Labour Practices	Supply chain Health and Safety		

Source: Author's adaptation of key social indicators (DVFA & EFFAS, 2010; CSES, 2011; Thomson Reuters, 2011; GRI, 2013).

As can be seen in the table above, both GRI and ASSET 4 specifically refer to freedom of association and collective bargaining/ trade unions, while CSES suggests a code of conduct in accordance with the Universal Declaration of Human Rights, that include these two fundamental employee rights in its 23rd article.

2.3. Research methodology

The main objective of this chapter is to contribute to the present stage of corporate sustainability literature by providing content analysis for two social indicators – freedom of association policy and non-discrimination policy. Moreover, the analysis is applied to a large database and provides a clear quantification scale for the two indicators. The reason we have focused on the above-mentioned indicators is due to their importance as human rights. As seen in the table above, three out of the four frameworks used in the comparison require companies to disclose information on these indicators.

The Universal Declaration of Human Rights states in its 23rd article that „*Everyone has the right to work, [...] to just and favourable conditions of work [...], without any discrimination, has the right to equal pay for equal work. Everyone has the right to form and to join trade unions for the protection of his interests*” (UN General Assembly, 1948). Later on, several other international organizations have underlined the importance of these two rights for employees: ILO through its Discrimination (Employment and Occupation) Convention 111, Freedom of Association and Protection of the Right to Organize Convention 87 and Right to Organize and Collective Bargaining Convention 98 – 3 out of the 8 fundamental ILO Conventions; UNGC through its 3rd and 6th Principle, OECD through its Guidelines for Multinational Enterprises (2011), and many others.

Considering the critical importance of these rights for both employees and the companies employing them, we have chosen to analyze the degree in which companies have formulated and put in place policies to guarantee their upholding.

2.3.1. Data and method used

The data applied in this study is derived from Sustainalytics database. Sustainalytics is a global responsible investment firm that has been providing sustainability analysis and ESG research for more than 20 years. It provides services for both institutional and private clients interested in responsible investment.

The method chosen for this study is the content analysis method, which allows the use of qualitative data disclosed through CSR reports and websites in order to make valid inferences about the company's context (Krippendorff, 1989).

The database contains records for more than 4600 companies analyzed by Sustainalytics since 2010. The data collection method has not changed in the period analyzed. However, to better ascertain the evolution of the two non-financial indicators, we have narrowed the population using the following criteria:

- we have included in this study only companies that report using the GRI framework or a similar one that requires disclosure on the two indicators;
- due to the dynamic character of the database, we have selected only the companies that were constantly analyzed between May 2010 and May 2014 (5 yearly observations for each company).

Consequently, the sample that verified our criteria comprises 1846 companies for which we had sufficient data to complete our analysis. Using MSCI market classification, we divided companies into developed market (DM) companies and emerging and transition market (EM&TM) companies, depending on their declared headquarters or the country in which they run the majority of their operations. As seen in Appendix 1, out of the analyzed companies, 1815 companies are from DM and 31 from EM&TM. Best represented are the United States (35,43% of DM companies) and Japan (16,97%). Worst represented DM countries are New Zealand (0,28%) and Israel (0,06%). For EM&TM companies, the best represented country is Greece (25,81% of EM&TM companies), at the opposite pole being the Czech Republic, Hungary, Philippines, South Africa, Taiwan, and the United Arab Emirates with only one company representing them in the database.

Our population includes companies from 42 sectors, best represented being Banks (174 companies) and Utilities (101 companies). A detailed division by sectors of activity can be found in Appendix 2.

The purpose of this analysis is to provide a dynamic comparison between the evolution of reporting on the two indicators in DM and EM&TM countries, from May 2010 to May 2014. To this end, we have developed a measuring scale for the two non-financial indicators.

2.3.2. Data analysis

The first indicator we have analyzed refers to freedom of association and the right to collective bargaining agreements. A best-practice company should give employees the right to form or join organizations. Moreover, it should promote anti-union discrimination as well as collective bargaining. In its statement concerning its employees' freedom of association, the company should refer to core ILO conventions (by their meaning or number: Freedom of Association and Protection of the Right to Organize Convention 87 and Right to Organize and Collective Bargaining Convention 98).

As any well-drafted and implemented policy, the policy on employees' freedom of association should have the following characteristics:

- be a formal, written statement, signed by the chief executive officer or another representative of upper management;
- make a set of specific commitments concerning freedom of association which require compliance;
- apply company-wide (or at least to the majority of corporate activities);
- refer to ILO conventions.

Based on the degree on which the four characteristics are observed in a company's policy, we have used a scoring methodology, as see in Table 2.2.

Table 2.2. Scoring categories for the policy on freedom of association indicator

Score	Description
4	Strong policy having all four features/ The company operates exclusively in countries that have ratified ILO C87 and ILO C98
3	Adequate policy, that satisfies the first three criteria, but does not refer to ILO conventions
2	Weak policy; the company refers to ILO conventions but has no own statement on the matter
1	General statement that does not qualify as a policy
0	No statement concerning freedom of association

Source: Adapted from Sustainalytics' framework.

Similarly, the company's policy on non-discrimination in the workforce should follow the four general characteristics of policies. However, it should also include information concerning three areas: equal opportunity, the ILO 111 Convention on Discrimination (Employment and Occupation) and the types of discrimination it sets out to eliminate (for example, discrimination in access to employment, training and working conditions, on grounds of race, sex, religion, colour,

political opinion, sexual orientation, national extraction or social origin). The scoring categories can be found in Table 2.3.

Table 2.3. Scoring categories for the policy on elimination of discrimination indicator

Score	Description
4	Strong policy referring to all three issues
3	Adequate policy, that satisfies only two of the three criteria
2	Weak policy; the company discloses only one of the required listings
1	General statement that does not qualify as a policy
0	No statement concerning elimination of discrimination

Source: Adapted from Sustainalytics' framework.

The scoring for companies varies from a category 0 (worst – practice companies) to a category 4 (leaders), taking into account the way the corporate policy satisfies our three criteria. Companies that do not include any information concerning non-discrimination practices have been grade a 0, while companies issuing a single statement that was not signed by a company representative have received a 1. Similarly, from the 2 score category to the 4 score categories, policies have been graded by the number of criteria they satisfy.

2.4. Findings and discussion

Throughout our analysis we have compared the general trend of CSR reporting on two critical policies concerning the rights of employees – freedom of association and non-discrimination – in developed markets and emerging/frontier markets, from 2010 to 2014 (see Figure 2.1).

Out of the 1815 DM companies analyzed, more than 50% have not released any statements committing to upholding the right to freedom of association, and there is no evidence that their operations take place exclusively in countries that have ratified the ILO 87 and 98 Conventions. We believe that this large percentage is due to the big number of companies that operate in the United States (643 out of 1815), a country that has yet to ratify any of the three ILO conventions that are of concern for this study (for a detailed list of ratification by relevant countries, see Appendix 3).

However, in the 5 year time frame, there has been a 14,67% decrease in the number of companies rated 0 (from 1159 in 2010 to 989 in 2014). Given the homogenous population, a change in the number of companies for one scoring

category means a redistribution of those companies for other categories, in our case an increase in the 1 and 4 categories. In the last two years analyzed, more than 150 companies have issued a statement concerning freedom of association in the workforce, although it is too general to qualify as a policy (the 1 score category). Moreover, the best-answer category, for a strong and coherent policy has shown an increase of 80.48% in the 5 years (from 210 companies in 2010, to 379 in 2014).

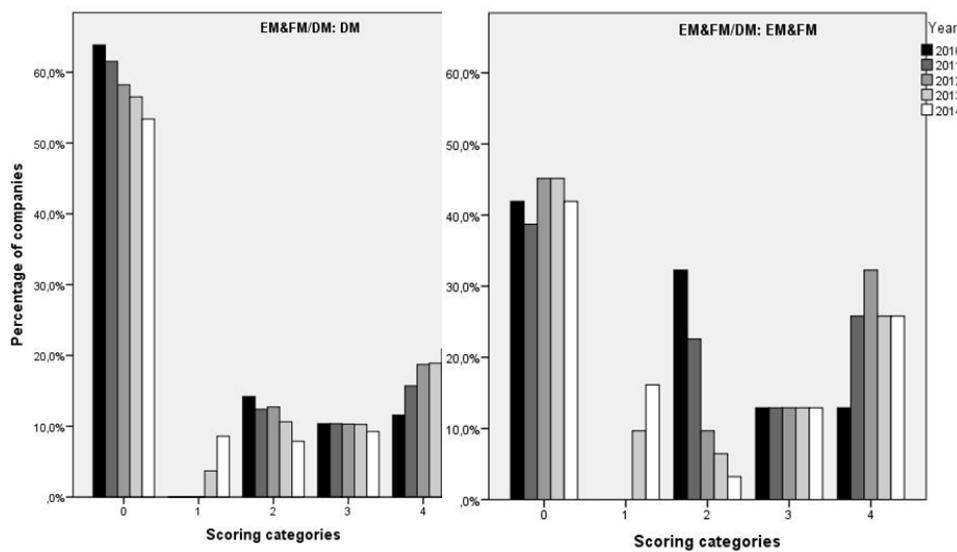


Figure 2.1. Evolution of the policy on freedom of association indicator in developed markets (left) and emerging/frontier markets (right)

Source: author's results.

However, the same cannot be said about EM&FM companies. For the five year period, there is no concrete trend for the best or worst score categories, the only identifiable trend pertaining to the number of companies that refer to ILO conventions in their CSR reports in a form that does not constitute a commitment for compliance. The number of companies in the 2 score category can be observed to decrease from 10 in 2010 to 1 in 2014, most of the companies registering an involution to the 1 score category of a general statement. Having observed just a small number of EM&FM companies spreaded across 13 countries (4 of which have not ratified neither the C87 nor the C98 and 3 that have ratified one of the two), we believe that a more complete analysis is necessary in order to identify causes and incentives for companies operating in EM&FM (a possible subject for future research).

Concerning the second analyzed indicator – policy for the elimination of discrimination, we have added some supplementary criteria to simply naming the ILO 111 convention. The best score was given to companies that also state the types of discrimination they aim to eliminate and that link the policy to the human right for equal opportunity. Therefore, we can observe that a smaller percentage of both DM and EM&FM companies scored 4 on this indicator (on average, 13,13% of DM companies, as compared to 17,16% for the freedom of association policy, and 20% of EM&FM companies, compared to 24,52%).

For DM companies, most of the observed cases fall under the 3 score category of an adequate policy. However, the score mean for the second indicator is much higher than the one for the first indicator – see Table 2.4. This phenomenon could be explained by stricter national regulations concerning non-discrimination, as opposed to trade unions. Moreover, 32 out of the 34 countries in which the analyzed companies are headquartered have ratified the 111 ILO convention (unlike the previous two conventions).

Table 2.4. Descriptive statistics for the two analyzed indicators

		DM		EM&FM	
		Freedom of association	Elimination of discrimination	Freedom of association	Elimination of discrimination
N	Valid	9075	9075	155	155
	Missing	0	0	0	0
Mean		1,25	2,42	1,72	2,11
Std. Deviation		1,610	1,254	1,674	1,453
Minimum		0	0	0	0
Maximum		4	4	4	4

Source: author's results.

For both DM (seen on the left in Figure 2.2) and EM&FM (on the right), the clear observed trend is a decrease in the number of companies that do not approach the issue of discrimination in their annual sustainability report. Moreover, there is a small positive trend regarding the companies that comply with all three requirements of a strong policy on the elimination of discrimination (from 199 in 2010 to 264 in 2014 for DM, and from 2 to 6 for EM&FM).

We believe that the decrease for the 4 score category for EM&FM in 2014 is due to the fact that, at the time of data gathering, several companies had not released their complete CSR report for the previous financial year.

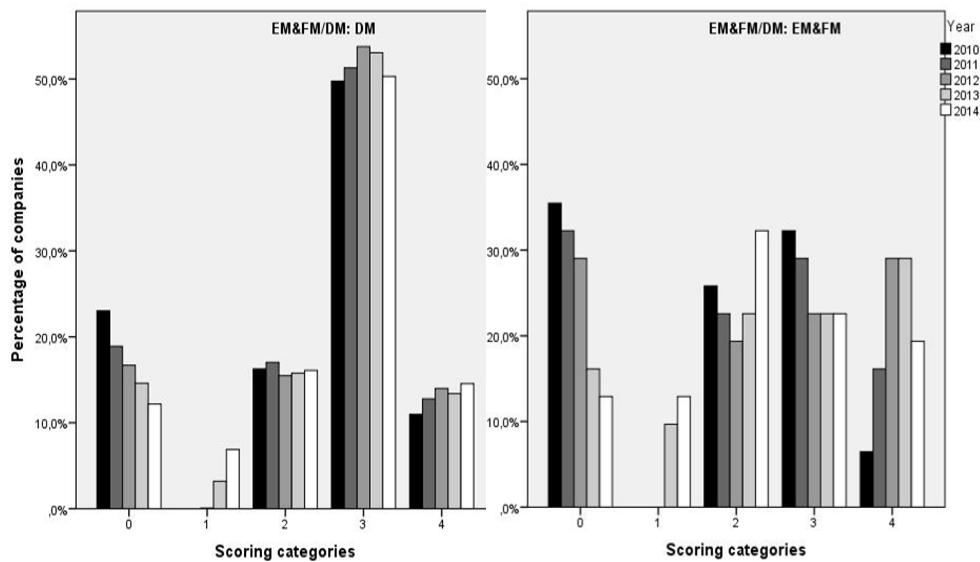


Figure 2.2. Evolution of the policy on the elimination of discrimination in developed markets (left) and emerging/frontier markets (right)

Source: author's results.

2.5. Conclusions

Our findings show a bigger concern for non-discrimination than for employees' right to form trade unions and sign collective bargaining agreements, in both developed and emerging/frontier markets. However, in the last 5 years we can observe a slight positive trend for both indicators (registered as an increase in the number of companies in the best-practice score category, and a decrease in the number of companies in the worst-practice score category). This trend is better observed for DM, where the population data comprised 1815 companies from 23 countries.

Our advice for reporting companies, either from an ILO convention signatory country or not, is to include in their annual sustainability report and on their corporate website clear and specific information concerning the protection of their employees' rights. For example, a company should go beyond simple compliance with national regulations and commit to eliminate discrimination from all its processes concerning the recruitment, training, promoting/demoting or terminating employment. It should also refer to fundamental human/ employee rights acts, such as ILO conventions, the Universal Declaration of Human Rights, UNGC and so on. Concerning trade unions, a company should issue a written statement undertaking

to encourage employees to form organizations of their own and to negotiate with their representatives.

Although the two fundamental human rights described in this chapter have been of concern to legislators since as early as the 1940s (ILO C87 and ILO 98), both companies and employees have yet to develop a general approach towards them and, as many other sustainability related issues, freedom of association and the elimination of discrimination are used discretionary by the companies. A further area of research could comprise a study of the most generally used terminology when reporting about human/employee rights, as well as an analysis of the impact between a country's ratification of ILO fundamental conventions and the strength of its companies' policies on those issues.

APPENDIX 2.1. Number of analyzed companies by country and MSCI market classification

Market Type	Country	No / % of companies		Market Type	Country	No / % of companies	
DM	United States	643	35,43%	EM & FM	Greece	8	25,81%
	Japan	308	16,97%		Brazil	4	12,90%
	Canada	127	7,00%		South Korea	4	12,90%
	United Kingdom	115	6,34%		Malaysia	3	9,68%
	Germany	95	5,23%		China	2	6,45%
	France	88	4,85%		Mexico	2	6,45%
	Australia	66	3,64%		Russia	2	6,45%
	Spain	44	2,42%		Czech Republic	1	3,23%
	Netherlands	42	2,31%		Hungary	1	3,23%
	Switzerland	41	2,26%		Philippines	1	3,23%
	Hong Kong	36	1,98%		South Africa	1	3,23%
	Italy	32	1,76%		Taiwan	1	3,23%
	Sweden	32	1,76%		United Arab Emirates	1	3,23%
	Singapore	29	1,60%		TOTAL	31	100,00%
	Ireland	20	1,10%				
	Finland	18	0,99%				
	Austria	17	0,94%				
	Denmark	17	0,94%				
	Norway	16	0,88%				
	Belgium	13	0,72%				
	Portugal	10	0,55%				
	New Zealand	5	0,28%				
	Israel	1	0,06%				
	TOTAL	1815	100,00%				
TOTAL NUMBER OF COMPANIES						1846	

APPENDIX 2.2. Number of analyzed companies by sector

Sector	No of companies	Sector	No of companies
Aerospace & Defense	22	Industrial Conglomerates	17
Auto Components	28	Insurance	74
Automobiles	21	Machinery	65
Banks	174	Media	63
Building Products	9	Oil & Gas Producers	68
Chemicals	56,8	Paper & Forestry	9
Commercial Services	44	Pharmaceuticals	64
Construction & Engineering	36	Precious Metals	15,2
Construction Materials	12	Real Estate	86,2
Consumer Durables	22	Refiners & Pipelines	18
Consumer Services	57	Retailing	75
Containers & Packaging	9	Semiconductors	36
Diversified Financials	87,8	Software & Services	77
Diversified Metals	24	Steel	29
Electrical Equipment	22	Technology Hardware	56
Energy Services	28	Telecommunication Services	49
Food Products	73	Textiles & Apparel	17
Food Retailers	39	Traders & Distributors	17
Healthcare	53	Transportation	53
Homebuilders	10	Transportation Infrastructure	13
Household Products	16	Utilities	101
TOTAL		1846	

APPENDIX 2.3. Ratification of ILO C87, C98 and C111 by country

Market Type	Country	C87	C98	C111	Market Type	Country	C87	C98	C111
DM	Australia	1973	1973	1973	EM & FM	Brazil	X	1952	1965
	Austria	1950	1951	1973		China	X	X	2006
	Belgium	1951	1953	1977		Czech Republic	1993	1993	1993
	Canada	1972	X	1964		Greece	1962	1962	1984
	Denmark	1951	1955	1960		Hungary	1957	1957	1961
	Finland	1950	1951	1970		Malaysia	X	1961	X
	France	1951	1951	1981		Mexico	1950	X	1961
	Germany	1957	1956	1961		Philippines	1953	1953	1960
	Hong Kong (CN)	X	X	2006		Russia	1956	1956	1961
	Ireland	1955	1955	1999		South Africa	1996	1996	1997
	Israel	1957	1957	1959		South Korea	X	X	1998
	Italy	1958	1958	1963		Taiwan (CN)	X	X	2006

Key sustainability metrics for labour practices...

Market Type	Country	C87	C98	C111	Market Type	Country	C87	C98	C111
	Japan	1965	1953	X		United Arab Emirates	X	X	2001
	Netherlands	1950	1993	1973					
	New Zealand	X	2003	1983					
	Norway	1949	1955	1959					
	Portugal	1977	1957	1959					
	Singapore	X	1965	X					
	Spain	1977	1977	1967					
	Sweden	1949	1950	1962					
	Switzerland	1975	1999	1961					
	United Kingdom	1949	1950	1999					
	United States	X	X	X					

Source: ILO website, accessed 31 January 2015.

Chapter 3

NATIONAL AND ORGANIZATIONAL CULTURE INFLUENCE ON THE IMPLEMENTATION OF STRATEGIC HUMAN RESOURCES MANAGEMENT IN ORGANIZATIONS⁵

3.1. Introduction

Currently, a reliable source for obtaining competitive advantage of an organization is the innovation, since now we are facing an era of constant changes, consumer demands are changing from day to day, the pressure on organizations being in a perpetual growth. Organizations that do not adapt this trend and these needs certainly cannot even survive, but especially to obtain a competitive advantage over other organizations in the field. In identifying countries whose organizations probably have a strategic human resource management was on precisely this hypothesis that countries used innovative high performance work practices for human resources. Identify countries that practice strategic human resource management was necessary to further analyze the similarities in terms of their cultural dimensions proposed by Hofstede.

Human Resources will ever be willing to innovate in an organization where their work is appreciated, it does not feel appreciated and feel that their opinion does not matter, that are not given due importance.

However, if human resources in an organization are involved in decision making, there is a delegation of authority control is not rigid, communication is an open, superiors are easily approachable, creativity is stimulated employee performance is rewarded, is loyal loyalty surely people are encouraged to innovate, to wish to obtain performance of the organization in which they operate.

⁵ This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

All items listed above that are able to instill the desire for obtaining employee performance, innovation, are characteristic elements of strategic human resource management, and hence the idea that, innovative countries have a strategic human resource management.

Regarding the analysis of the influence that organizational culture can have on the implementation of the strategic management of human resources in organizations, we set all of the dimensions of organizational culture by Geert Hofstede proposed.

3.2. The concept of strategic human resources management (shrm)

In analyzing the influence that national and organizational culture have on the implementation of the strategic management of human resources in organizations, in a first step it is absolutely necessary to know the concept and its characteristics, subsequently extending process and the cultural dimensions.

No analysis of the relationship between national culture and organizational specifics of the strategic management of human resources without knowing its meaning, its constituents.

Below are a few definitions of the authors presented specialized ones we considered most representative of my study:

1. *Strategic Human Resources Management has developed rapidly in recent years, particularly due to the impact of human resources have had on the competitiveness of organizations.* (Lefter, Marincaş & Puia, 2007).

So there was an awareness that, at present, an organization cannot survive or develop without gaining a competitive advantage over other competitors.

A decisive role in achieving the competitive advantage it is that managing human resources management.

2. *The fundamental objective of the strategic human resources management is to generate strategic capability to ensure that the organization has highly qualified, highly motivated employees to achieve competitive advantage.* (Lefter, Marincaş & Puia, 2007).

3. *Strategic human resources management involves a collection of practices, programs and policies that facilitate the strategic objectives of the organization* (Mello, 2006).

It is shown, however, that there is the best way to lead people; human resources practices vary from one organization to another. In any organization, however, the essential condition for success is that the human resource management system to support and sustain the clear mission and strategy.

4. *Management focuses on aligning human resources to the overall strategy of the business, creating high-performance work systems and adding value through better management of people so as to support achieving competitive advantage.* (Delery & Doty, 1996).
5. *It involves thinking and implementing a set of consistent policies and practices to ensure that human capital in an organization contributes to the strategic objectives of the business.* (Wei, 2006).

According to Lefter, Marincaş & Puia (2007), Strategic Human Resources Management must consider several issues:

1. Predictions about the economic progress of the industry in which the company and customers.
2. Position competitors (technology they use, sale price, market share).
3. Sales Policy on short, medium and long term.
4. Unsafe level of sales development.
5. Investment policy and technologies to be implemented in the future.
6. Production policy that will take the company into the future.
7. The consequences of some factors contributing to the emergence of new qualifications and changes in work organization management or planning.

In conclusion, the strategic approach to human resources management is very much focused in the moment, that managing human effort to achieve competitive advantage.

High performance work practices, which can be implemented strategic management of human resources in an organization are:

1. Decentralization of power.
2. Involvement and consultation of employees in strategic decisions.
3. Recruiting, selecting and hiring the best, given the organization's strategy in the short, medium and long term.
4. Assessment of performance through an effective performance appraisal.
5. Investing in programs for human resource development.
6. Stimulate creativity of employees.
7. Enrichment permanent jobs.
8. Emphasis on knowledge and increase employee satisfaction.
9. Engage and reward employees based on performance achieved.
10. Retaining the best employees in the organization.
11. Loyalty employee loyalty.
12. Provide a special interest culture.

3.3. National culture and its influence on the implementation of shrm in organizations

In the study of national culture influence that has on the implementation of the strategic management of human resources, in a first phase will be presented dimesniunile national culture according to Hofstede's model.

Geert Hofstede proposed in analyzing national culture, six cultural dimensions to be listed and briefly defined below:

1. *Power Distance: express cultural attitudes towards inequality of us.* The extent to which inequality of power is supported.
2. *Individualism: The fundamental issue addressed by this dimension is the degree of interdependence that a company keeps from its members.* In individualistic societies people should take care only of themselves and their immediate family. In collectivist societies people belong to “groups” who take care of them in exchange for loyalty.
3. *Masculinity: A high score (male) in this dimension indicates that the company will be led by competition, achievement and success, you have to be the best in the field – a value system that starts at school and continues throughout life even accounting for organizational behavior. A low score (female) on this dimension means that the dominant values in society are caring for others and quality of life. A feminine society is one in which quality of life is a sign of success. The fundamental problem here is what motivates men to be the best (male) or to like what they do (female).*
4. *Uncertainty avoidance: This dimension has to do with how society relates to the future: we should try to control the future or simply allowed to happen?* The extent to which members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid this is reflected in UAI score.
5. *Pragmatism: maintaining links with the past while is concerned with present and future challenges.*
6. *Indulgence: lack of strict social rules.*

Assuming that countries have successfully implemented innovative organizations strategic management of human resources, we have examined the cultural dimensions in all EU countries, according to the classification made by the Innovation Union Scoreboard, presented in figure 3.1.

Information obtained were:

1. Cultural dimension “power distance” sums up all of SHRM, the most relevant in identifying countries that believe that there is a SHRM, other cultural dimensions having a great influence on the implementation SHRM.

2. Innovative countries in the EU, characterized by low power distance organizations have a SHRM.

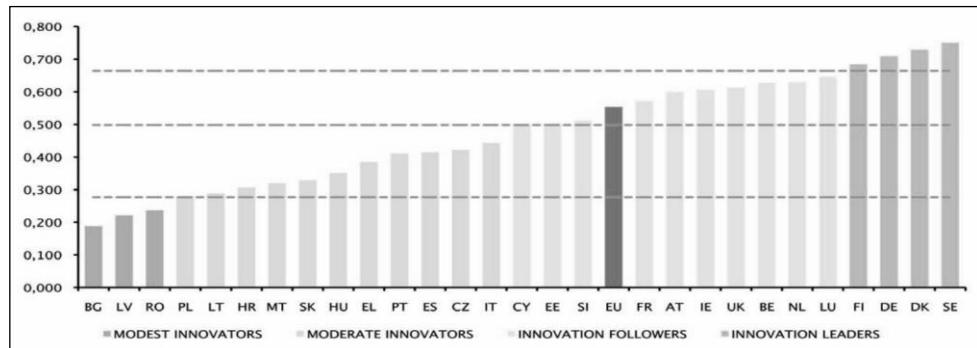


Figure 3.1. Innovation Union Scoreboard 2014

Source: http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf

In proving the above statement, consider the following relevant information:

1. INNOVATIVE MODEST countries – in 25% of countries innovative modest – power distance – small.
2. INNOVATIVE MODERATE countries – in 22% of moderately innovative countries – power distance – small.
3. INNOVATIONS countries increasing – in 56% of countries with a growing innovation – power distance – small.
4. INNOVATIVE countries – 100% highly innovative countries – power distance – small.

In this sense, the figure 3.2. is representative:

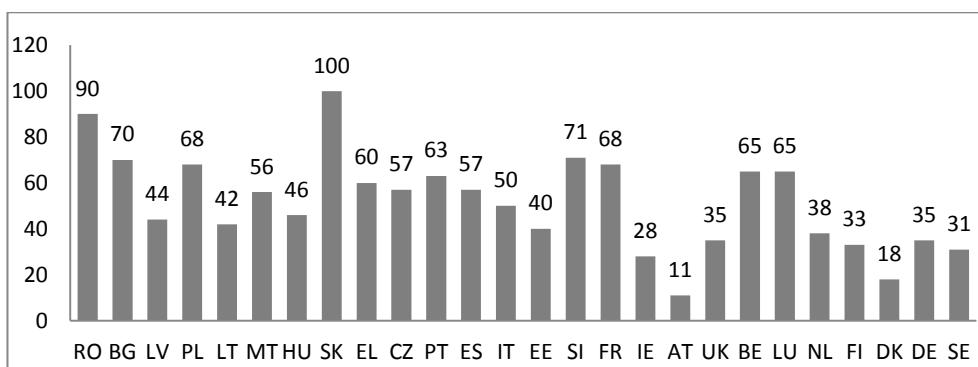


Figure 3.2. Power distance in the Member States of the European Union

Source: own elaboration.

Low power distance implies:

1. Independence.
2. The existence of a formal hierarchy within an organization only.
3. Equal rights of employees.
4. Availability superiors in an organization.
5. Be a true leader coach.
6. The existence of participative management.
7. Decentralization of power.
8. Managers count on the experience of subordinates.
9. Subordinates ideas are of great importance.
10. Employees are expected to be consulted in decision making.
11. Low control from superiors.
12. Informal attitude of staff towards the manager.
13. Direct communication and participatory.

3.4. Organizational culture promotes the implementation of SHRM in organizations

Research conducted by Geert Hofstede has shown that cultural differences between nations are particularly difficult to identify at the deepest level, the level of values. In comparison, the cultural differences between organizations are identified mainly in the practices. Practices are more concrete than the values.

According to Hofstede, organizational culture can be defined as the collective programming of the mind which distinguishes the members of one organization from another.

National culture is one of many factors that shape organizational culture along with factors such as personality of the founder, feelings of uncertainty, expectations of stakeholders and the type of technology in use.

Geert Hofstede dimensions of organizational culture are:

1. *Orientation process / results orientation: process-oriented cultures, members of the focus on achieving actual activities and the means used, efforts and risks are limited.* The results-oriented cultures, individuals work focuses on achieving certain goals, assuming the initiatives and changes to the risks entailed.
2. *Orientation to employees / work: guidance for employees envisages organization-wide concern for the personal problems faced by their organization assumes responsibility for the welfare of its employees, even if this is at the expense of labor.* It is characteristic of participatory management, decisions

are taken, usually in groups. Orientation to work envisages the professional activity of employees, not people as such. Managers in the performance management focuses on improving labor. Oriented organizations really work, there is pressure to complete the task, even if it is detrimental to employees.

3. *General orientation intra-organizational / orientation extra-organizational: the first orientation is characterized by intense identification of employees with the company where they work.* The employees consider that the company cares and is interested in both their professional competence and their personal situation. A second orientation is based on the perception of employees on the company's interest, which is oriented exclusively to the work carried out and the power that they possess.
4. *Focus system type open / closed: open organizational cultures are receptive and welcoming to new employees against relations with other firms in the country and abroad.* Type cultures are distant and opaque closed system with respect to newly hired employees, to be adapted to the new company involves a lengthy process.
5. *Orientation control low / intense scrutiny: little control orientation intensity and scope produces a relaxed atmosphere.* Management method most commonly used is the meeting but not used programmatically and rigorous; economically there is a neglect of determining and tracking costs. Orientation based on intense scrutiny is characterized by concerns for accurate records and standardization, creating conditions for effective control. Manager systematic schedule of direct controls, focusing on concrete problems and avoid demagogic phraseology.
6. *Pragmatic orientation / prescriptive: pragmatic orientation makes the whole behavior of the firm in order to obtain high performance marketing and customer satisfaction, considered essential for the survival and development.* Prescriptive orientation lies in the foreground working the procedures established apart, largely market requirements. Ethical decisions and actions is essential to the functioning of the company, even if it reflects negatively on market position and financial results.

We identified elements of organizational culture that may facilitate the implementation of strategic human resource management.

An orientation to employees, intra-organizational, open type, with little control, a focus on results and to pragmatic features of an organizational culture are in harmony with the practices of high-performance human resources.

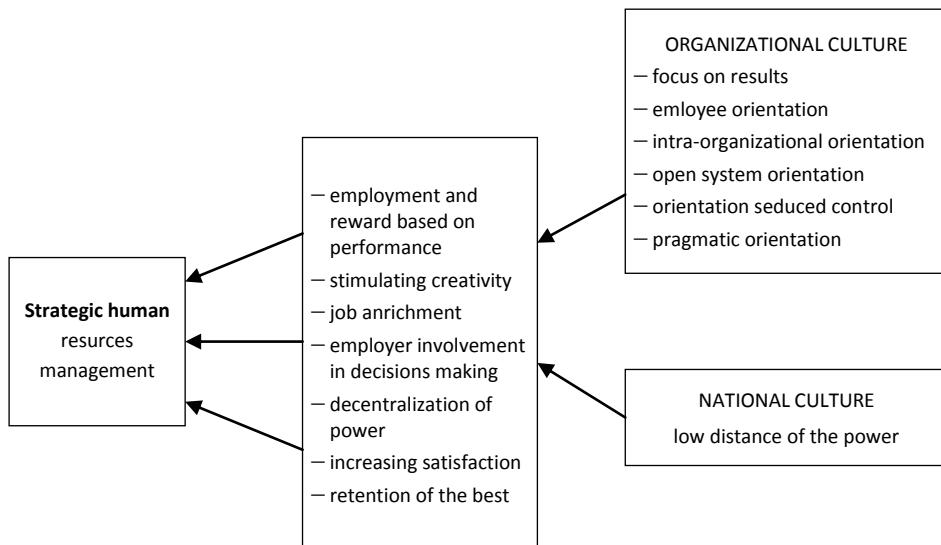


Figure 3.3. A possible cultural model favors the implementation of the SHRM in organizations

Source: own elaboration.

3.5. Conclusions

Human resource management at the micro level is necessary but not sufficient for firms to gain sustainable competitive advantage. To face competition from other companies is necessary to move to another level – strategic management of human resources.

Implementation of the strategic management of human resources in organizations is influenced by various factors, including national culture of the country in which the company operates, and its organizational culture.

Following an analysis of the relationship between specific national culture and strategic management of human resources, using proposed by Geert Hofstede cultural model, we concluded that a single cultural dimension has an influence on the implementation of the strategic management of human resources organizations. This is the distance from the power that needs to be small.

Low power distance allows organizations to adopt specific practices to the strategic management of human resources in organizations such as equal rights of employees, availability superiors, informal attitude towards senior employees, direct and participatory communication, decentralization of power, managers

Count on ideas to subordinates, employees are consulted in decision-making, there is a little control from superiors.

In analyzing the influence that national culture has on the implementation of strategic management in organizations, we started from the premise that the EU member innovative organizations have it.

Relevant results were obtained:

- 56% of countries with a growing innovation – power distance – small;
- 100% of highly innovative countries – power distance – small.

Analysing countries from the point of view of other cultural dimensions, we concluded that they differ from one country to another, even in the same category, not finding common characteristics of countries in the same category.

The second factor influencing analyzed organizational culture can provide the beneficial implementation of strategic human resource management in organizations. We identified elements of organizational culture that may facilitate the implementation of strategic human resource management.

An orientation to employees, intra-organizational, open type, with little control, a focus on results and to pragmatic features of an organizational culture are in harmony with the practices of high-performance human resources. Therefore, organizational culture model described above will increase employee motivation by promoting specific motivation factors such as performance, appreciation, how to work, responsibility, opportunities for promotion and development.

It can also help reduce discontent, which allows an improvement motivation by increasing job satisfaction.

Chapter 4

BRIDGINIG THE GAPS IN TRANSNATIONAL TECHNOLOGY TRANSFER UNDER HR DEVELOPMENT RELATED PROJECTS

4.1. Introduction

In today's European labor market, similar competencies rely on similar quality of educational processes certifying specific qualifications. In order to create such a quality, cross-cultural knowledge transfer projects, supported through EU funding programs offer excellent opportunities to Romanian companies, ONG-s and governmental entities as well. The challenge is to design, plan and manage such "strategic projects" (SP-s) that to create, disseminate and store the related knowledge, both of specific qualification and that of the educational methodology and to avoid as much as possible, the transnational projects' related, implementation risks. Such a task is more challenging when together with the cultural risks, the SP-s have to overcome the educational discrepancies between the targeted groups of the projects.

When transcending the international borders, there is a national culture impact upon the knowledge transfer (KT) process that, together with the participant's organizational culture and divergent strategies, might compromise the efficiency of the KT and the overall project implementation. It is the aim of this chapter *to analyze the appropriateness of the classical project assessment procedures, based on time, budget and quality, when dealing with strategic projects for human resources development and to further formulate some hypothesis, empirically confirmed, aiming at more efficient strategic projects and KM effectiveness.*

The interest in the quality of the human resources as a primary source for the development of one organization relies on the considerations of Nonaka and Takeuchi (1995), regarding the knowledge and intellectual capital. As the strategic value of the human resources, human capital represents the collective value of the

workforce. Human capital includes all of the organizational contributions reflecting the knowledge, innovation, creativity, learning and processing, thinking and decision making (Kaplan & Norton, 2004). Human capital is a synergy of the living assets of an organization entirely reflected by the organizational culture. Human capital is not the organization's employees group of people, but the collective value of the team, including workforce motivation, knowledge and skills, work experience and capabilities (Aldisent, 2002).

The importance of the organizational culture is mainly related to their capacity to fundamentally affect the knowledge management ability of an organization (Davenport et al., 1998; DeLong & Fahey, 2000). Based on its culture, inside an organization, launching and support of KM practices related to knowledge creation, transfer and dissemination, can be encouraged or hindered. As a consequence, the KM effectiveness depends on organizational culture (Davenport et al., 1998; DeLong & Fahey, 2000).

As the repository of the norms and values of the organization, the organizational culture determines the strategy and the leadership style of the top management, the motivation and payment system as well as the attitudes of the employees inside organization. Whatever the company culture sustain the value of flexibility or, the value of stability and conservatism, the way of changing the organizational practices depends on what the managers and employees consider being necessary, adequate, efficient or useful, based on their shared assumptions and values through different communication methods.

Values are more visible expressions of the organizational culture since they can determine social interaction and communication among the employees of one organization and those among different partners in a transnational, strategic project. More over, Keyton (2011), consider the organizational culture as emerging from the communication among people within an organization and thus, communication has a fundamental role in changing organizational culture, and in knowledge management as well. According to the above, the way the management and employees understand and react to stakeholders requirements, the importance allocated to the quality of core processes, the interest for innovation and learning capability, as well as the rules and norms for communication, inside and outside organizations, represent important components that an organizational culture consist in.

However, an operationalization that to generate and test specific hypothesis regarding to causal relationship between different organizational strategies and certain types of organizational culture was not the purpose of the chapter, although the very few papers that has been dealt with in the literature (Nickols, 2010, Janicijevic, 2012) offer good opportunity to further research.

Having an explorative character, meaning that the hypothesis here presented are suitable for empiric testing, in this chapter possible correlation between organizational culture and the management performance of transnational projects for knowledge transfer will be analyzed. The intended objective is twofold. On the one hand the classic project assessment method of the golden triangle “budget-time-quality” will be analyzed based on the results provided, during the projects implementation. On the other hand, a strategic analysis based on a SNA-BSC model, will be presented as a more appropriate assessment tool, bearing in mind that the major objectives of the analyzed projects were related to knowledge transfer and dissemination as the efficient processes for organizational effectiveness improvement.

The present work is based on two case studies describing two projects implemented between 2010 and 2014. Although the projects were conducted within two cultural environments with major differences (Bibu, 2000), mainly supported by the educational level of the people in the related targeted groups, all of the four perspectives considered, based on the BSC model, have had similar evolutions. The case studies were designed taking into consideration a preparation time of six month (6m-Ante) and a period of six month post implementation (Post-6m), as the project life time exceeds the implementation time of the project.

4.2. Literature review

The vast area of the literature related to the aforementioned goals of this chapter was selected as to address the following areas of interest: knowledge transfer dimensions, organizational change strategies, influence of organizational culture on KM, organizational culture change, risk management, balanced scorecard model, social networks analysis.

First of all, there is to be mentioned the meaning of the terms “knowledge transfer”, “knowledge dissemination” and “knowledge management”, since there is a broad view over these concepts, regarding both the (new) created and the existing knowledge. In this chapter, knowledge transfer describe educational activities, fundamentally consisting in knowledge creation and knowledge dissemination (Oosterlinck, 2003) as well as collaborative research, commissioned research, commissioned education, undergraduate education, postgraduate education and commercialization (Johannesson, 2008).

On the other hand, based on Grant (1996) considerations, knowledge is the most strategically-important resources of an organization and in this regards the meaning considered by Bresman et al. (1999) for knowledge transfer, as describing the accumulation of new knowledge will also be accepted. Such an economic interpre-

tation of knowledge transfer has conducted to most studies for conceptualizing and measure the knowledge transfer. Consequently, different dimensions were associated for KT. Szulanski (1996) defines timing, budget and recipient satisfaction, Zahra et al (2000) identifies also three measures as being: breadth (amount), depth (understanding) and speed (pace), while Reagans and Mc Evily (2003) admit that the time and effort could be associated to the cost of knowledge transfer.

Regarding the knowledge transfer measurement, within the study here presented, it will be considered the conclusions formulated by Perez-Nordtvedt et al. (2008) who define four dimensions for KT: comprehension, usefulness, speed and economy.

Regarding the successful knowledge creation and knowledge sharing, the two key components of the performance management for HR strategic projects, Pasher and Ronen (2011) considered that the origin of the two processes is the kind of management style that support value sharing of the organizational culture. The authors also emphasize the positive role of management in supporting trust, respect for knowledge creation and innovation and in creation of knowledge sharing communities within the organization.

Based on Porras and Robertson (1987) assumptions, the motivation for the organizational change could be the organizational development and adaptation. These motives includes both the internal and external possible causes and can offer multiple answers for the most important questions related to organizational change drivers, that Pettigrew (1987) has considered: what changes, why it changes and when it changes. Barlow and Batteau (2000) consider organizational culture as of the most importance for the organization's ability for successfully implementation of a strategy (as those related to strategic projects).

One important issue revealed by literature (Porras & Robertson, 1987; Nadler & Tushman, 1995) is the character of the organizational change process that can be either continual or discontinuous. The main difference consists in the implementation procedures: continual changes are incremental (changes of first order), the discontinuous changes are radical (changes of second order). Changes of first order (incremental) are partial and evolutionary, while changes of second order (radical) are comprehensive and revolutionary.

Goshal and Barlett (1995) affirms that when consider the change content, there are four major areas targeted by the organizational (strategic) changes: structure and system (organizational statics); processes (the dynamics of organization); work structure (tasks) and social structure (relations).

Gupta (2007) studied the role that human factors like interpersonal trust, communication among employees, and willingness, together with those of information systems, rewards and organizational structure. The results of his study fully

sustain those of Adel (2007) who considers them as key factors in providing successful knowledge sharing.

A process of organizational culture changing was described by Rhoades, Covey and Stepherdson (2011). In their paper the authors assert that to be adopted by the employees, the desired values and norms introduced through the organizational culture changing have to be supported by the top management by inspiring and correspondingly rewarding employees.

Bibu (2000) argues that the management of an organization tends to dissociate the employees needs and expectations of the long term organization's objectives. The existence of a bipolar organization, upon the management and employees different attitudes to change, might create confusion and counterproductive situation regarding the strategic projects and generate major risks for the strategic projects implementation.

Among the hazard risks, arisen from property, personnel or liability loss exposure, the financial risks, arisen from the financial loss exposure, the operational risks, affecting short term results of organization, there are also strategic risks, which could arise both from the external (new policies, regulations and trends) and internal causes (organization polarization, resistance to change, organizational culture, etc.).

Based on Cohen and Levinthal (1990) considerations, Husman (2001) introduce absorptive capacity and transmissive capacity, as most important abilities of the participants in a knowledge transfer related process. Husman considers the absorptive capacity as the capability of an organization to understand the received knowledge, while the transmissive capacity refers to the ability of one organization to effectively transfer the specific knowledge and together determine the KT costs.

Barnes and McEvily (2006) consider that from the strategic projects implementation's point of view, the different cultural, financial, technological or managerial approaches that each of the partners come with during the project's implementation, together with their different strategy, create a serious potential of risks, that could not be underestimate.

Kaplan and Norton (1996) create an innovative method that effectively supports a translation of the organization's strategic objectives into a set of measures, enabling both the operational and strategic planning, together with the feedback mechanism for obtaining and achieving the feedback regarding those planned actions. This method , called ballanced scorecard BSC, has offered to most researchers (Lynn, 2006; Barclay, 2008) preliminary condition for further research, aiming to deeper integrate the non financial key aspects of the responsible research and innovation (e.g. open research and innovation, gender equality) and the financial indicators of the organizational performance.

From the view of the social networks analysis, Hansen (1999) consider that the knowledge transfer can be affected by the structure of the network in a way that strong ties can support the processes related to complex knowledge transfer, while „simple” knowledge is promoted through the weak ties. Reaganes and McEvily (2006) also consider that networks structures and related communication inside the networks, as well as those between the different networks determin the knowledge transfer efficiency and the system performance.

More specifically, Bosua and Evans (2012) have provided strong arguments in supporting social networks crucial role in enhancing the absorptive capacity of an organization. Similarly, Choi (Choi et al., 2014), have argued about the important role of the informal networks to the knowledge transfer process. Together, strong ties and weak ties established within a network enhanced the absorptive capacities and the knowledge transfer is facilitated. Similarly, Sawyer (Sawyer et al, 2014), have argued that both formal and informal actions supporting social networks are key determinants for knowledge sharing and absorption.

4.3. Standard assessment of strategic projects

Based on the most common rules, a project assessment will take into consideration three factors: the budget, as not to be exceeded, the time for implementation, as not to be extended, and the quality of the results, as not to be outside the considered specification. Barclay (2008) has observed that based on time, cost and quality assessment, the project management success can be achieved, while based on the project outcomes, not in line with the stakeholders' expectation, the project can be found not successful at all.

Most evident, this situation can be found in case of knowledge transfer related projects, which usually provides intangibles as the expected results and outcomes. The difficulty for measuring the quality of the intangibles outcomes is substantially hampered by the fact that no general accepted rules and procedures for doing this can be accepted.

This chapter presents the cases of two strategic projects in the area of human resources development, each of them having more than 4 Mil. Euros non-refundable amount and 36 months implementation time. Both the two projects were aiming at successful knowledge transfer actions that to support strategic changes within the Romanian partner organizations (five organizations for each project).

The strategic project A (SP-A) involved five Romanians NGO-s and three foreign organizations, aiming at transferring knowledge regarding new educational methodologies, based on intensive usage of IT systems (blended learning). The

project's major objective was twofold: on one hand there were more than 50 educators that had to develop new abilities for teaching based on IT educational instruments and on the other hand, there were more than 2500 people that had to be trained, evaluated and then certified for a new occupation related competencies.

The strategic project B (SP-B) involved also five Romanians partners, all of them universities, and two foreign organizations. SP-B knowledge transfer related actions were dedicated to create and develop new curriculum. The expected improvements were considering to be obtained both at the level of curriculum structure and in the area of content creation mythology. Similarly, there were more than 150 academics and more than 9000 students which were expected to participate in the project's actions and to become a KT beneficiary.

Following the so called "standard procedures" of the project assessment it was found that the two projects were successfully ended. Specifically for SP-A, 96% of the project's objectives were obtained within the specific time, using less than 98% of the allocated budget., while for the SP-B, there were more than 94% of the project's objective obtained, within the allocated time of 36 months and only 65% of the budget used.

Taking into consideration the strategical character of the two projects here analyzed, there was a major interest regarding the financial and non-finacial evolution of the parameters stated by Kaplan and Norton (1992) as for the BSC assessment procedures. Thus, both financial and non-financial data was collected from the financial and technical reports delivered to the management authorities, by the Romanian parteners, during the implementation time. Based on BSC model of Kaplan and Norton, there were analysed: *financial perspective, stakeholder's satisfaction, learning and grow perspective and internal processes perspectives*.

From the *financial perspective*, here the BSC analysis presents the budget allocation during the project implementation. Since the rules for project implementation impose to all participants a first-pay-then-reimburse method for payment, the budget allocation diagram requires properly interpretation. Thus, a low budget allocated to the project might be seen either as a non financial capability or as a less interest attitude for the project actions (related to the lack of prepayment). The diagram in figure 1 shows the budget allocation during the implementation of the SP-B and includes also the period of six months after and post implementation.

The diagram in figure 4.1, shows that the most important amount of the total allocated budget was allocated within the last semester of the project. Also, it can be seen that only one of the five participants has allocated significant amounts after the project implementation, as for supporting results obtained through the knowledge transfer during the project implementation time.

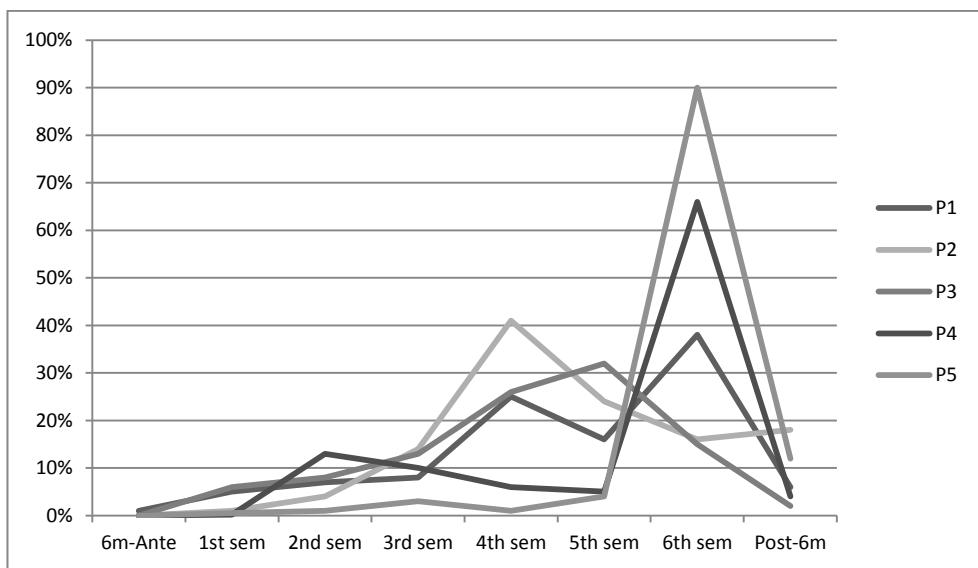


Figure 4.1. Financial allocation done by the participants of a 36 months long, strategic project

Source: author's results.

Considering the *stakeholder's satisfaction*, the diagram in figure 4.2 shows that the most of the efforts necessary for delivering reports regarding the obtained and expected results of the project were allocated by the leader of the project (P1).

The efforts in the diagram from the figure 4.2 was represented based on the numbers of the hours allocated to create specific reports to the financing authority by each of the project's partners. This representation was considered to be significant since the overall results, budget and time were taken into consideration by the authorities only at the end of the project.

A qualitative representation for the evolution of the *internal processes* is represented by the diagram in figure 4.3. The related processes were considered to be those specifically dedicated to knowledge transfer. Also there is almost knowledge dissemination kind of actions, there were also processes that has concluded through important efforts for creation. These actions were aimed at tailoring the methodologies and procedures as for better understanding by the recipient participants in different workshops, courses and practical demonstrations.

The diagram in figure 4.3 is also relevant for the effort allocated after the end of implementation since at that time, the only resources for financing these activities have had to be allocated from the partners own budget.

The ability of the partners to further support the changes obtained through knowledge transfer, as well as to effectively communicate and support organizational

development while being well skilled and motivated, as considered by *learning and grow perspective* offered by BSC model is represented by the diagram in the figure 4.4.

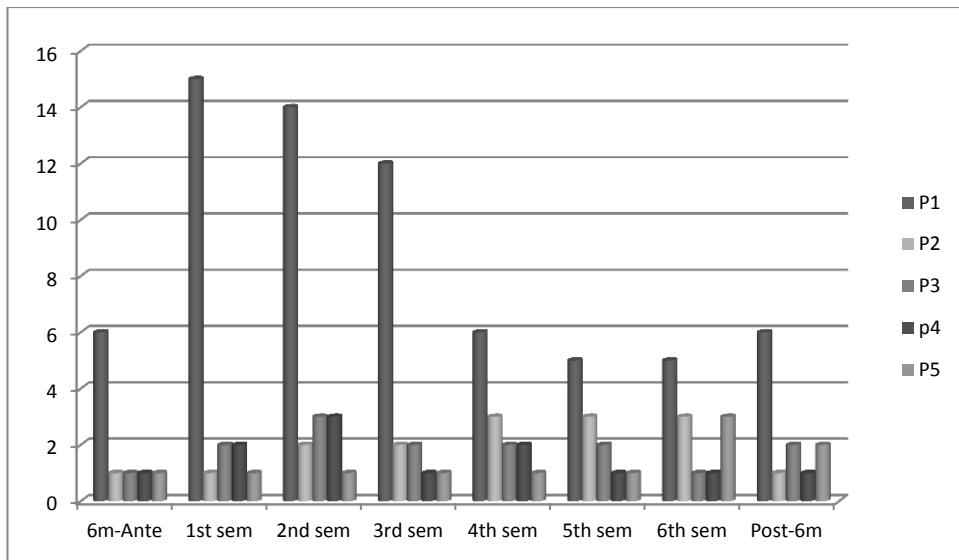


Figure 4.2. Effort allocated by partners for stakeholder satisfaction

Source: author's results.

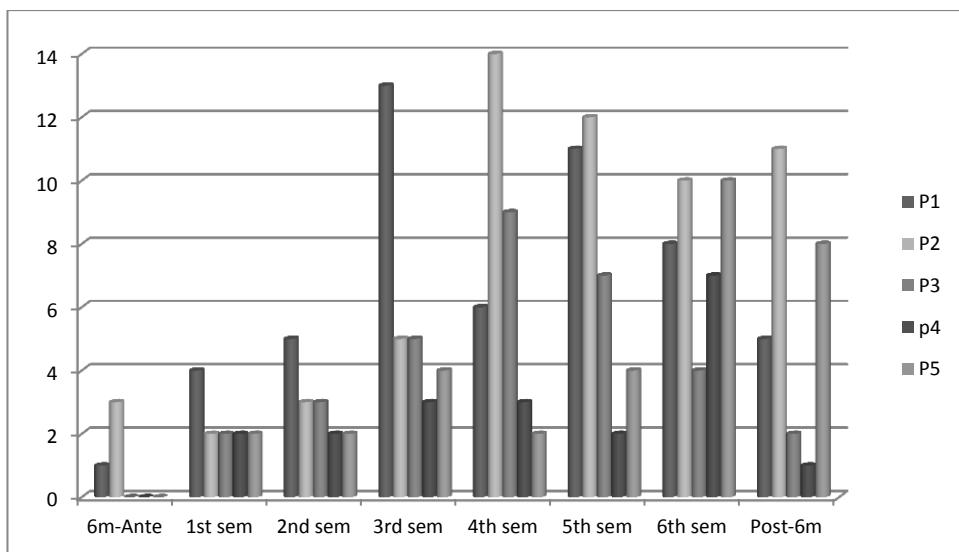


Figure 4.3. Allocated efforts for internal processes fulfillment

Source: author's results.

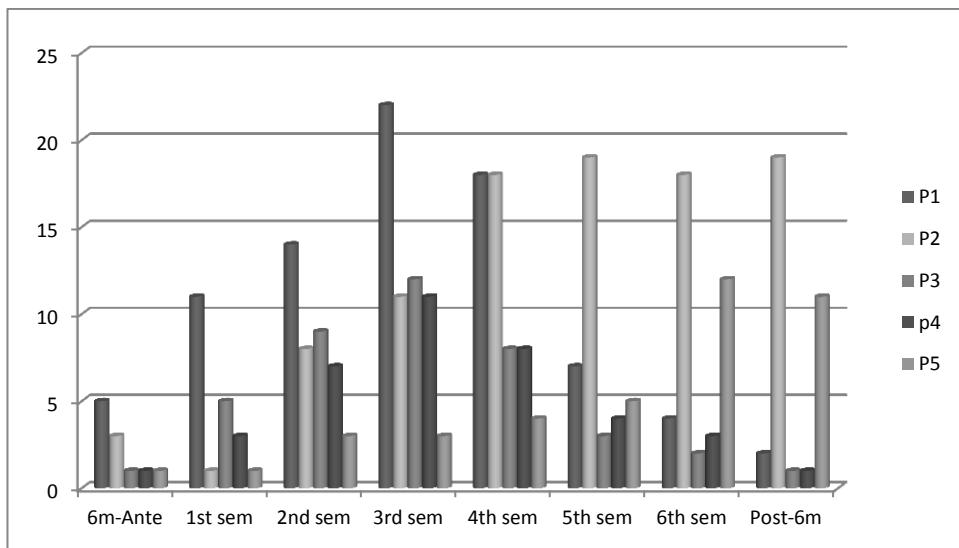


Figure 4.4. Evolution of learning and grow perspective during the project implementation

Source: author's results.

The diagram in figure 4.4 shows that only two of five partners had finally decided to further support learning and grow processes that the educational technology transferred through the project, has offered to all of the partners. This situation is neither in contradiction with the projects planned results nor with the specifically assessed, project related parameters: time, budget and results relates quality.

4.4. A more complete strategic projects assessment

The previous considered analysis has enlightened big differences between the partners evolution during the project implementation time. The reflected situation, where almost impossible to be predicted and, at least for two of the partners, it seemed that there are very few answers for the questions: why transfer? what transfer? when transfer?

More over, both the more operational assessment based on time, budget and quality as well as the BSC evaluation can not provide any answer regarding the motives that determined such different results, under the almost similar conditions.

4.4.1. BSC-SNA Assessment

Based on Bosua (2012) and Choi (Choi et al., 2014) the first hypothesis of this paper was formulated as following:

Hypothesis 1. Social Network Analysis can offer substantial information for strategic analysis of the knowledge transfer related projects.

Based on Hansen (1999) and Reagans and McEvily (2006) approach, a SNA analysis was done, based on the number of the e-mails sent within the project related network, from and to the project leader. The diagram in figure 4.5 shows the intensity of the networks activity, relative to each of the project partners, considered as receipts for the knowledge transferred during the project actions.

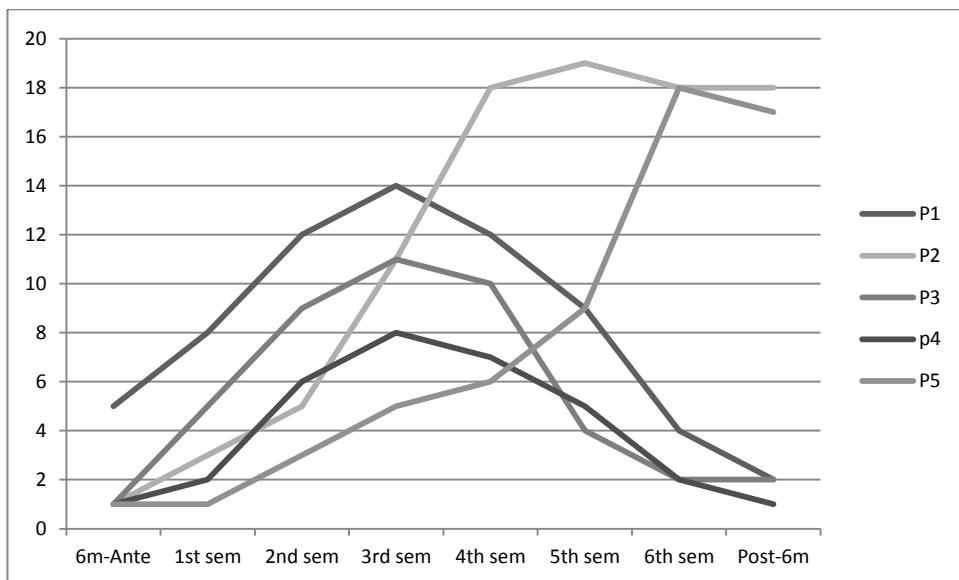


Figure 4.5. The intensity of project network activity

Source: author's results.

The expected, similar evolution of the lines in figure 4.5, provides convergent conclusion with those offered by the respective diagrams in figure 4.3 and in figure 4.4. The peak associated with the year 2012 (3rd semester), was determined by the most important volume of activities requiring the participation of all partners. The evolution shown in the diagram 4.5, provides an evident interpretation regarding the overall support within the partnership, for the knowledge transfer specific actions, during the last year of the project implementation and after.

The evident similarity with the evolution of the core project activity (fig. 4.3) and of the learning and grow perspective (fig. 4.4), offers a qualitative confirmation for the hypothesis 1. Based on Reagans and McEvily interpretation, this diagram also offers useful information regarding the efficiency of the knowledge transfer processes.

4.4.2. Knowledge transfer assessment

According to Bosua and Evans (2012) another hypothesis has been considered.

Hypothesis 2. Absorptive capacity and transmissive capacity of the participant organizations in a knowledge transfer process can be increased based on social networking improvement.

Based on the number of new courses, new educational methods introduced and specific results concluded at the end of the project, KT related efficiency was represented for the period of time, allocated to the projects (-/+ six months). For to represent the diagram in figure 4.6, the efficiency of the KT process was calculated based on the Husnan's before considered assertions for KT cost. Although empirically formulated, the KT assessment here presented can offer qualitative information as to better assess the project partners strategic engagement.

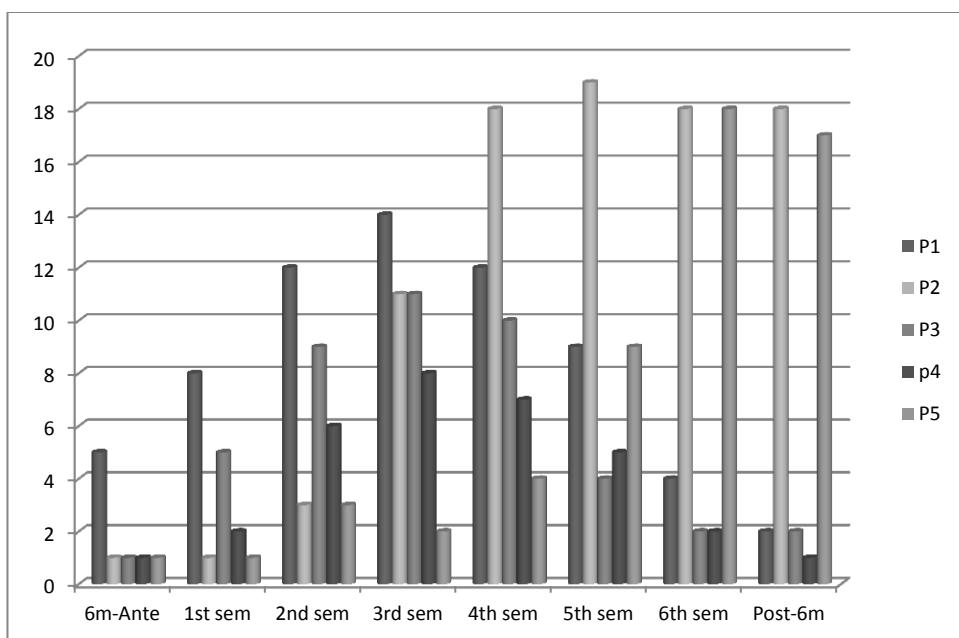


Figure 4.6. KT related efficiency evolution

Source: author's results.

The evolutions of the P2 and P5 reflected in figure 4.6, together with the one in figure 4.5, creat a perception in support of the hypothesis 2: the better the communication the better the efficiency of the knowledge transfer. Also, the initial level of the KT efficiency in relation with P2 and P5, their communication evolution and the related KN efficiency, also tend to confirm this hypothesis.

4.5. Limitations of the research

Although the two projects presented were studied starting with their beginning (August, 2010, for the SP-A, and January 2011 for SP-B) the lack of specific metrics for the knowledge transfer processes make research very difficult. In this regards, there are still plenty things to be done just for analysing those, more than 8000 e-mails related to SP-A, just for the first year of implementation.

Together with the proposed SNA analysis very partially used following the difficulties in analyzing the partners local network topology and configuration, there is another analyze which tend to better support the actual research: the system dynamics analysis (SD). Thus, a further BSC-SNA-SD analysis will offer not only the expected image over the project evolution but also the possibility to analyse the internal fluxes and stocks that knowledge transfer are consisting in.

Finally the mix of methodology methods, both qualitative and quantitative, that were considered were not enough structured, although these represent the right way to facilitate the research in the considered area of interest.

4.6. Conclusions

The assessment based only on the allocated budget, time and the quality of the results cannot offer a complete view of the projects aiming to create a great impact upon the future evolution of the participants, following the expected results of the associated knowledge transfer processes.

In order to better assess different factors of the knowledge transfer efficiency, strategic assessment methods like BSC have to be completed by communication networks related analysis as well as dynamic analysis methods.

In supporting the risk reducing for knowledge transfer related projects a preparation projects might be useful. During these projects the absorptive capacity of the recipient organization for to understand the received knowledge and the transmissive capacity for effectively transfer the specific knowledge (as for the knowledge source organization) have to be developed. In these regards, the communication channels, specifically the social networks can play an important role.

Chapter 5

EFFECTS OF THE EDUCATIONAL LEVEL OF EMPLOYEES UPON HUMAN RESOURCE MANAGEMENT IN ROMANIAN SMALL AND MEDIUM SIZED ENTERPRISES⁶

5.1. Introduction

Over time, individuals tended to accede to the last level of satisfaction, namely the self-actualization. This was mainly translated into a growing number of people with higher education, in the desire and hope that a higher level of knowledge will help ensuring a stable and secure workplace. This paper aims to analyze on one hand the challenges that this trend has raised for human resources management, and on the other hand the implications upon the general development of Romanian enterprises. The study consists of literature review and expert reports analysis, but tries, through a personal interpretation, to determine the actual connection between the educational level of employees and the performance of a company.

5.2. Theoretical background

“Education in every sense is one of the fundamental factors of development” (Ozturk, 2001). It also manifests great impact not only upon productivity, but also on poverty, trade, income distribution, generating a basis for development, both at microeconomical and macroeconomical level.

⁶ This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 “Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

Before speaking of performance management, about the determinants of performance or about motivation methods, also considering their analysis, it is necessary to address the performance in a conceptual point of view, both in organizational terms and as a model of behavior or attitude. The literature mentions, on the one hand, the “attitude” as a key factor in achieving performance. The term lies in the existence of the individual intent to assert the main key attributes and professional advantages, hence the desire to achieve positive results and highly valued as through the application of knowledge, skills and personal abilities, and to “capitalize” core competencies. On the other hand, other authors call productivity, creativity and loyalty as the main driving forces behind individual performance.

In a society in constant change, in a dynamic and competitive environment, creativity becomes a prerequisite to ensure continuity in the market, while ensuring loyalty becomes the aspect that assures stability and balance.

The concept of “performance” needs to be defined by many variables. We can refer first to the results, so what we get from certain activities, but at the same time we consider the concepts of effectiveness or efficiency, in terms of the need to perform a whole series of objectives, and on the other hand the idea of assessing the cost / result. Motivation theorists have tried over the years to demonstrate that a better motivation also leads to the generation of performance, this causing job satisfaction.

Performance management is a complex process, which consists not only in the collection of data in accordance with the attainment of a predetermined set of objectives, but can be regarded rather as a “system” through optimization to achieve the required efficiency.

The performance management is emerging through results management, but the system can be viewed and analyzed through several indicators, both qualitative and quantitative (efficiency, effectiveness, quality, productivity and safety). First developed in the public sector, is a tool used since the 1980s, focusing on “the consequences of activities” (Kim & Chang, 2013).

Individual performance analysis is a core human resource management activity, “assessing the extent to which the employee fulfills the responsibilities placed in relation to the position held”. It is necessary to be performed, being considered as a “high-impact activity and importance”, positive or negative results on the performance of human resources in a company showing their effects on the entire mechanism managed. Whether speaking about the processes of recruitment or selection, whether we refer to professional development, planning, motivation and reward system, performance can be identified by analyzing the weaknesses of the human resources department, but also by determining the deficit or excess of staff, by estimating the expected performance levels, the need for professional development, incentive pay and increased productivity.

Human resources can turn into a source of competitive advantage (Worland & Manning, 2005; Miloš, 2012), given that “personnel management policies are integrated with business strategic planning and organizational culture”

Assessment of human resource performance can be achieved on the one hand at the microeconomic level, and on the other hand at the macroeconomic level, both qualitatively and quantitatively. Input-output relationship represents a quantitative method for assessing the performance.

In the category of inputs (Demyen & Lala, 2014), we can include on the one hand the innovative potential (Bommeret et al., 1995), and organizational climate (Hall & Andriani, 2003), organizational culture (Gold & Malhotra et al., 2001), motivation (Albrecht, 2007), education (Hamid, 1993), job satisfaction (Coopey, 1995), loyalty (Gilbert & Cordey-Hayes, 1996), standards, practices and organizational routines (Cohen & Levinthal, 1990; Hall & Andriani, 2003). Outputs, on the other hand (Najafi, 2012) comprise both temporal efficiency (Hamid, 1993; Kline & Saunders 1993) and quality (Gilbert & Cordey-Hayes, 1996), innovation (Sternman, 1994, Nonaka & Takeuchi, 1995; Joseph & Gary, 1998.), as well as creativity (Nonaka & Takeuchi, 1995) and customer satisfaction (Senge, et al., 1994).

5.3. Human capital and the level of studies – a national level overview

Integration into the European Union has also determined targets to be met over a medium or on the contrary, a long term, one of them being the increasing number of people with higher education. Europe 2020 Strategy provides, among other issues, “a 10% reduction in the rate of early school dropout” and “over 40% increase in the share of graduates in the population aged 30-34 years” (according to Eurostat).

In Romania, the evolution of the population in school, considering a higher educational level is the following in figure 5.1.

We note therefore that over the years, the school population with higher education has decreased, which is contrary to the Europe 2020 strategy proposals. From about 775 000 people in the academic year 2009/2010, we are witnessing a decline in the next year to 673 000 students, and 540 000 in 2011/2012, the year with the lowest number of individuals in higher education being 2012/2013 – 464 000 students. Also, we identify the following evolution of the number of students matching 10 000 inhabitants, and the number of graduates in higher education in figure 5.2.

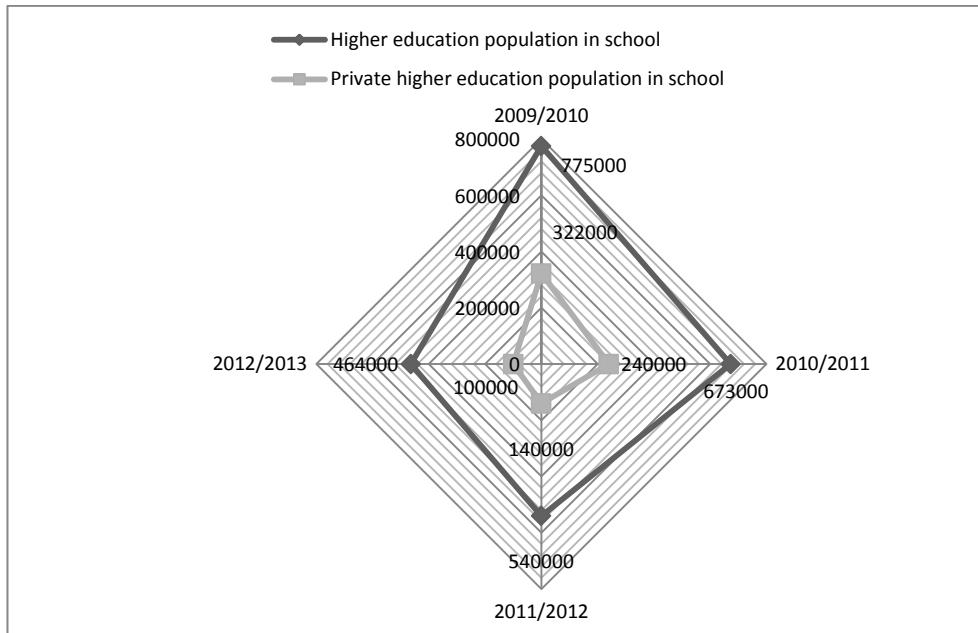


Figure 5.1. The evolution of the school population – higher education

Source: author's own processing, as available data in the study of Romania in figures, statistical abstract 2013 National Institute of Statistics.

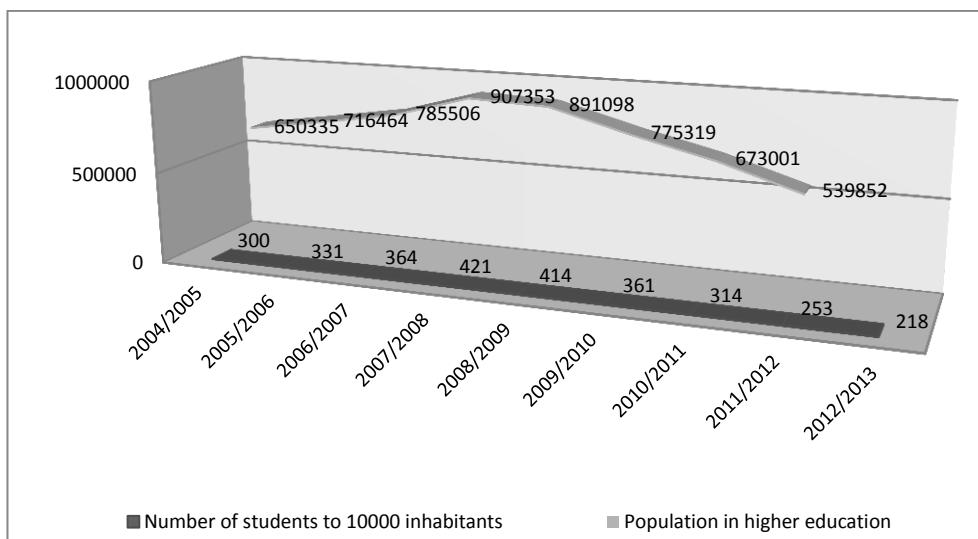


Figure 5.2. Evolution of the number of students

Source: author's own processing, as available data in the study "Romania in figures", statistical abstract 2013, National Institute of Statistics.

We note that the number of graduates who match 10 000 inhabitants is becoming lower in the period considered, going from 421 individuals in 2007/2008 – the peak year, 361 individuals in the academic year 2009/2010, respectively 218 individuals in 2012/2013, due to a reduction in the total population of Romania, from 21 469 959 inhabitants in 2009 to 21 316 420 inhabitants in 2012. We believe that the two issues are interrelated to each other according to the following observations (tab. 5.1).

Table 5.1. Romanian population and number of students

Obs	Population	Stud_10000_inh	Overall number of students
2004	21 521 142	300	650 335
2005	22 382 354	331	716 464
2006	22 257 016	364	785 506
2007	22 130 503	421	907 353
2008	21 635 460	414	891 098
2009	21 469 959	361	775 319
2010	21 431 298	314	673 001
2011	21 354 395	253	539 852
2012	21 316 420	218	

Source: Romanian Statistical Yearbook, 2008-2013 editions processing in Eviews 7.

The correlation between the total number of students and number of students per 10 000 inhabitants is illustrated in the following graph, being able to identify, through the cloud of points, a close mutual influence of the two variables.

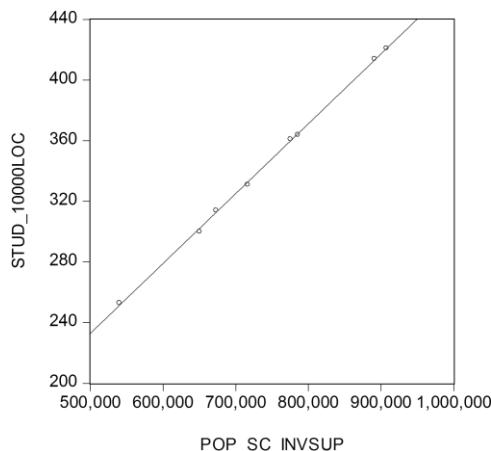


Figure 5.3. Linear regression for the above listed variables

Source: Eviews 7 processing data provided by the Romanian Statistical Yearbook.

The statistical verification of the single factorial model is based on the statistical tests: Student, Durbin-Watson, Fisher respectively, based on the regression equation between the two variables, POP_SC_INVSUP and STUD_10000LOC. The calculations were made using Eviews 7 software, and it was obtained the following equation:

$$\begin{aligned} \text{STUD_10000LOC} &= C(1) + C(2) * \text{POP_SC_INVSUP} \\ \text{STUD_10000LOC} &= 2.585320 + 0.000461 * \text{POP_SC_INVSUP} \end{aligned}$$

Where the dependent variable is the number of students per 10 000 inhabitants and the independent variable is the total number of students enrolled in higher education.

Table 5.2. Analysis of data using statistical tests

Dependent Variable: STUD_10000LOC

Method: Least Squares

Date: 12/01/14 Time: 23:03

Sample (adjusted): 2004 2011

Included observations: 18 after adjustments

STUD_10000LOC=C(1)+C(2)*POP_SC_INVSUP

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	2.585320	3.603091	0.717529	0.5000
C(2)	0.000461	4.80E-06	96.11235	0.0000
R-squared	0.999351	Mean dependent var	344.7500	
Adjusted R-squared	0.999243	S.D. dependent var	57.07076	
S.E. of regression	1.570516	Akaike info criterion	3.953004	
Sum squared resid	14.79913	Schwarz criterion	3.972864	
Log likelihood	-13.81202	Hannan-Quinn criter.	3.819054	
F-statistic	9237.584	Durbin-Watson stat	0.195910	
Prob(F-statistic)	0.000000			

Source: data processing by the author in Eviews 7.

According to data obtained in Eviews, the value of the Student test (t-statistic) for C(1) is 2.585320 and for C(2) is 0.000461. The table value of the standard variable (T critical) is determined from the table according to the Student distribution, depending on $v = n-1$ degrees of freedom and the probability $\alpha/2$. In

our case, $v = 9-1 = 8$ degrees of freedom and probability $0.05 / 2 = 0.025$. According to the Student repartition quintiles, the table value tcritic corresponding to a probability of 0.025 error and 8 degrees of freedom is $2,306 <tc(1), 2,306> tc(2)$.

$C(2) = 0.000461 > 0$, and hence between the two variables is no direct linkage, the model being statistically correct.

According to the available data, the value of Durbin Watson test (Durbin Watson stat) is 0.195910. We determine two tabular values, one lower and one upper, depending on the level of significance of the test $\alpha(0,05)$ the number of observations (9) and the number of k factorial variables (in our case 1, since this a single factor model). Tabulated values will be $dL = 0.82$ and $du = 1.32$. In this case, $d = 0.195910 <dL$ and $<du$, which means that the random variable autocorrelation hypothesis is accepted, ie the random variable values are dependent on one another, which implies that the sample data records are dependent on each other, so model should be corrected.

According to data obtained in Eviews, Fisher test value (Fstatistic) is $Fc=9237.584$. Table or critical value chosen from the table distribution of Fisher – Snedecor repartition according to the levels of significance (0.05) and the number of degrees of freedom (8) is $Ft = 5.32$. By comparing the calculated value Fc to the table value Ft , results that $Fc > Ft$, and the null hypothesis is rejected with probability $p = 1 - \alpha = 0.95\%$, which means that the model resisted checking, ie variable factor has a significant influence on the variable the result.

R-squared regression coefficient in calculations acquires the value of 0.999351, $value > 0$, which tends to 1, demonstrating a direct and very strong linkage.

5.4. Correlation between the percentage of people with higher education and the performance of an enterprise

Thus, the correlation between the percentage of individuals with higher education in the total employees of SMEs and the criteria previously used offers us the following table 5.3.

Table 5.3. The share of individuals with higher education in the overall number of employees

Percentage of individuals with higher education		0%	0-25%	25-50%	50-75%	75-100%
	2011	18,19%	26,52%	21,76%	6,09%	27,44%
	2012	21,97%	19,92%	24,62%	7,21%	26,27%
	2013	25,53%	11,25%	23,47%	7,68%	30,07%
According to the size of the enterprise						
Microenterprises	2011	23,59%	17,44%	20,00%	6,15%	32,82%
	2012	27,20%	14,52%	21,13%	6,16%	30,99%
	2013	31,31%	7,78%	22,02%	6,20%	32,70%
Small enterprises	2011	5,35%	45,60%	27,99%	6,29%	14,78%
	2012	7,05%	33,89%	35,23%	11,07%	12,75%
	2013	10,53%	26,69%	30,45%	13,16%	19,17%
Medium sized enterprises	2011	5,10%	57,14%	25,51%	5,10%	7,14%
	2012	0,00%	41,94%	40,32%	8,06%	9,68%
	2013	9,09%	28,79%	28,79%	19,70%	13,64%
According to the field of activity						
Industry	2011	15,09%	48,11%	19,81%	7,08%	9,91%
	2012	18,27%	34,01%	25,89%	5,08%	16,75%
	2013	22,85%	15,84%	32,81%	8,14%	20,36%
Constructions	2011	16,05%	44,44%	18,52%	7,41%	13,58%
	2012	19,35%	24,73%	21,51%	10,75%	23,66%
	2013	28,75%	22,50%	25,00%	8,75%	15,00%
Commerce	2011	27,61%	21,35%	25,06%	5,34%	20,65%
	2012	27,08%	15,99%	26,26%	6,69%	23,98%
	2013	34,49%	10,55%	22,05%	7,87%	25,04%
Transportation	2011	18,70%	29,27%	32,52%	4,07%	15,45%
	2012	27,27%	20,00%	24,55%	6,36%	21,82%
	2013	55,22%	13,43%	17,91%	0,00%	13,43%
Tourism	2011	22,58%	29,03%	20,43%	3,23%	24,73%
	2012	22,50%	24,17%	27,50%	8,33%	17,50%
	2013	19,74%	7,89%	17,11%	15,79%	39,47%
Services	2011	8,18%	8,92%	14,87%	8,18%	59,85%
	2012	13,43%	13,43%	20,14%	8,13%	44,88%
	2013	20,77%	6,92%	18,94%	6,74%	46,63%

Source: author's own processing after CNPIMMR data provided by the White Paper on SMEs, editions 2011, 2012, 2013.

The average share of people with higher education differs depending on the criteria mentioned above:

1. Thus, we note a reduction in the rate for new business, as well as of those with experience in the market.
2. The only category of enterprises which encouraged the increase in the percentage of employees with higher education was that of medium-sized enterprises. In all other cases we are facing a decline.
3. The year 2012 marked an increase in the share of people with higher education, taking account of the SMEs operating in but was immediately followed by a tendency to reduce these shares in all industries.

Table 5.4. The average share of employees with higher education

		2011	2012	2013
According to the age of the enterprise	0-5 years	49,67%	48,73%	31,93%
	5-10 years	44,29%	43,84%	27,89%
	10-15 years	37,85%	39,18%	29,49%
	over 15 years	33,78%	37,85%	25,24%
According to the size of the enterprise	Microenterprises	47,38%	47,38%	28,62%
	Small enterprises	34,64%	34,64%	26,85%
	Medium sized enterprises	25,07%	25,07%	30,25%
According to the field of activity	Industry	27,75%	34,06%	20,59%
	Constructions	32,05%	42,04%	21,23%
	Commerce	36,57%	41,55%	25,16%
	Transportation	34,97%	39,23%	19,14%
	Tourism	37,57%	35,27%	21,33%
	Services	71,61%	59,88%	42,90%
	Western Region	57,86%	47,96%	9,11%

Source: author's own processing after CNPIMMR data provided by the White Paper on SMEs, editions 2011, 2012, 2013.

We further analyzed through Eviews 7, the influence of the share of employees with higher education upon company profits. For this, we selected 10 enterprises in Resita, which fit in the category of SMEs. All are companies with a presence and age less than 10 years on the market, the composition of the number of employees being both people with secondary education and higher education graduates. We will further analyze the impact that the share of employees with higher education, in the state of input, manifests on the economic performance of the firm, materialized in the form of profit. Selecting data was randomly sampled

firms in areas ranging from various activities both micro and small or medium enterprises.

The variables considered were the share of employees with higher education in total employment enterprise and also the variable profit, the latter being a dependent variable.

Table 5.5. The share of employees with higher education variable and the profitability variable

obs	PSS	P
1	0.250000	275038.0
2	0.030000	34948.00
3	0.070000	100029.0
4	0.000000	62860.00
5	0.020000	11474.00
6	0.020000	72003.00
7	0.010000	6712.000
8	0.010000	-12810.00
9	0.040000	66738.00
10	0.080000	30410.00

Source: Data processing made by the author, using Eviews 7

The relationship between the two variables can be illustrated by the following regression line:

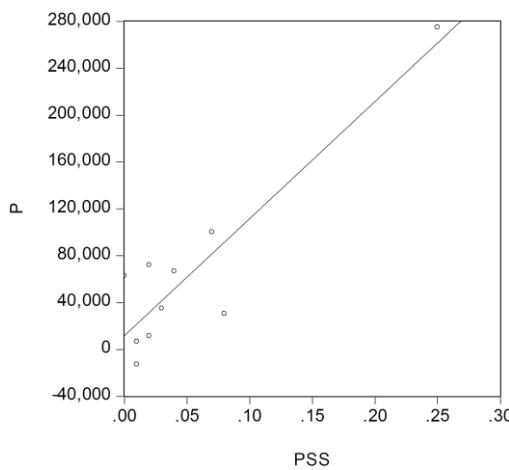


Figure 5.4. Linear regression for the above listed variables

Source: Eviews 7 processing data provided by the Romanian Statistical Yearbook

Table 5.6. Analysis of data using statistical tests

Dependent Variable: P

Method: Least Squares

Date: 11/29/14 Time: 23:31

Sample: 1 18

Included observations: 18

P=C(1)+C(2)*PSS

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	11741.77	14432.54	0.813562	0.4394
C(2)	999970.4	164154.5	6.091640	0.0003
R-squared	0.822648	Mean dependent var		64740.20
Adjusted R-squared	0.800479	S.D. dependent var		81524.00
S.E. of regression	36414.94	Akaike info criterion		24.02020
Sum squared resid	1.06E+10	Schwarz criterion		24.08072
Log likelihood	-118.1010	Hannan-Quinn criter.		23.95382
F-statistic	37.10808	Durbin-Watson stat		2.129398
Prob(F-statistic)	0.000292			

Source: Data procession made by the author, using Eviews 7.

According to data obtained in Eviews, the value of the Student test (t-statistic) to C (1) is 0.813562 and C(2) is 6.091640. The tabular value of the standard variable (T critical) is determined from the table of the Student distribution, according to $v=n-1$ degrees of freedom and the probability $\alpha/2$. In our case, $v=10-1=9$ degrees of freedom and probability $0.05/2=0.025$. According to the Student repartition quintiles, the tabular tcritic value corresponding to the error 0.025 of degrees and 9 degrees of freedom is $2.262 > tc(1)$, $2.262 < tc(2)$. The two parameters, c (1) and c (2) are significantly different from 0, the model is therefore statistically correct, rejecting the null hypothesis.

$C(2) = 6.091640 > 0$, and hence between the two variables is no direct linkage, the model is statistically correct, and $c(2)$ is not only greater than 1, but also having a much higher value, it can be said that the relationship between the two variables is strong.

According to available data, the value of Durbin Watson test (Durbin Watson stat) is 0.195910. We determine two tabular values, one lower and one upper, depending on the level of significance of the test $\alpha(0,05)$ the number of observations (9) and the number of k factorial variables (in our case 1, since this a single factor regression model). Values are tabulated $dL = 0.82$ and $du = 1,32$. In this case, $d = 0.195910 < dL$ and $< du$, which means that the random variable autocorrelation

hypothesis is accepted, ie the random variable values are dependent on one another, which implies that the sample data records are dependent on each other model should be corrected.

According to data obtained in Eviews, Fisher test value (Fstatistic) is $F_c = 9237.584$. Table or critical value chosen from the table distribution Fisher – Snedecor according to the levels of significance (0.05) and the number of degrees of freedom (8) is $F_t = 5.32$. By comparing the calculated value F_c to the tabular value F_t results that $F_c > F_t$, and the null hypothesis is rejected with probability $p = 1 - \alpha = 0.95\%$,, which means that the model resisted checking, ie variable factor has a significant influence on the variable that results.

R-squared regression coefficient in calculations acquires the value of 0.999351, value > 0 , which tends to 1, demonstrating a direct and very strong linkage.

5.5. Conclusions

Beside the impact of the experience of employees upon the results of an enterprise there are other major aspects that need to be studied, one of these being the influence on the level of studies on the results obtained. Overall, the whole human resource management strategy can be adapted depending on the quality of workers in the enterprise. A study also developed by the McGill Institute for Health and Social Policy show a cause-and-effect relationship between the welfare of lower-level workers and a company's bottom line.

Also investing in workers' health, "including flexible leave policies, can easily save more money than these new policies cost to implement", workers that are not only healthy but also satisfied with their jobs becoming the essential element in generating greater productivity, as well as lower absenteeism and turnover rates.

Education doesn't stop in college, as well as it doesn't stop at the University. Knowledge around world evolves and it is vital for companies to keep pace with new trend. Thus, training becomes vital especially for the new employees. "Offering training programs and identifying clear career paths for junior employees leads to easier recruitment and lower turnover. Classes in such areas as language skills can increase communication between employees and improve work efficiency". As well as by being proactive in supporting employee training and development on an ongoing basis, employers can contribute in employees trying to develop to their full potential.

By increasing the value of workers and also the efficiency of their work, economy is helped to raise the poor from poverty.

Education yet become an indispensable element that influences economic development, which, on the other hand, becomes impossible to achieve without the first one.

Chapter 6

THE POTENTIAL OF THE LEADER TO PERFORM⁷

6.1. Introduction

We believe that this study is necessary because in the literature that we have studied we did not find methods for assessing the potential of a leader in enterprises, most research in the management field focusing on assessing the leader's performance through results.

Research objective – this study aims to present a method for assessing the performance of a leader based on the abilities he has, especially the ability to perform given by the potential.

Purpose of research – assessing the capacity of the leader to perform according to the potential and how it correlates with the performance of the companies where the leaders are working.

The structure of the chapter is the following:

- In the first part we present the concept of assessing the potential in terms of definition, purpose and stages;
- In the second part we present in a brief manner some performance evaluation methods found in the studied literature;
- In the third part we present the method that we have proposed for evaluating the capability of leader based on his potential;
- In the last part we present the research methodology for assessing the leader's potential.

⁷ This work was supported from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007 – 2013, project number POSDRU/159/1.5/S/142115 , project title “Performance and Excellence in Postdoctoral Research in Romanian Economics Science Domain”.

6.2. Assessing the leader's potential

6.2.1. Definition

Performance management is a strategic and integrated approach to ensure lasting success in the activity of the organizations by improving the performance of the organization, the teams and the individuals (Armstrong & Baron, 1998; Armstrong, 2001).

Performance is a state of competitiveness (of an economic operator, a manager) achieved through a level of effectiveness and efficiency, ensuring a sustainable presence in time. (Bailesteau, 2010). Performance can be defined both by concrete results, measurable, as well as through professional skills and organizational behavior.

Assessing the potential of a leader is generally defined in literature as a process of measuring the most likely capabilities that leaders have. The definition of the term "potential" varies from an organization to another. A recent study by the authors Silzer and Church (2010) identified several meanings of the term "potential" (high potential) used in organizations according to the:

- role – the potential to increase in top managerial roles (35% of the investigated companies);
- level – the potential to increase and successfully occupy positions with two higher levels in the organizational hierarchy than the current level (25% of companies);
- amplitude – the ability to take a wide range of managerial roles and develop the leadership potential on the long-term (25% of companies);
- performance history – a consistent record of exceptional performance (10% of companies);
- strategic position – key positions that are fundamental to the success of the organization (probably just a subcategory of the definition group based on "Level", but aiming to clearly specified positions)
- domain strategic – functions, organizational units or specific geographic areas which are central to the organization's strategic objectives at a certain time.

The assessment of performance is a complex process in which the dynamic participation of a leader's personality components and its reflection in the final results of his work are analyzed. (Burloiu, 1997).

Capability refers to a person's ability of functioning taking into account not only his living environment, but also his capacity for life, moods and actions. (Sen, 1987).

Capabilities – in our opinion, are the opportunity and capability of a person to generate valuable results, taking into account the relevant personal characteristics and the external factors – and to assess the leader's potential is to know by scientific means each leader individually and appreciate his competence objectively.

6.2.2. Purpose of research

The assessment of potential aims to determine the maximum performance of a leader. Both performance assessment as well as potential assessment are interested in measuring performance. Usually performance evaluations are limited to measuring actual performances and do not include performance predictions. One reason for this is that actual performance is in part determined by the requirements of the current position and, in this way it reflects the typical performances rather than maximum performance.

Assessing the leader's potential is important for: making management decisions (promotion, transfer, professional development, etc.); helping the leaders acknowledge the way in which their strengths and weaknesses are perceived; determining the leader's contribution to achieving the company's goals; elaboration of the reward decisions for the performed work.

6.2.3. Steps

For now, we propose just one method of assessing capability through potential. This method has three main stages:

1. Identifying the leader's capabilities potential.
2. Evaluating these capabilities.
3. Checking the correlation between these capabilities with the performance of organizations in which they work.

6.3. Methods of assessment and analysis of the leader's performance

Regarding the performance assessment methods, the study finds that in literature there are: techniques, methods, systems, etc. useful in evaluating the staff as well as the managers and management in general, and groups them into tools and methods. Among the tools described there are: indicators, graphs, scales, utility function, weighted list, profilograma, matrices, tests, comparison systems. The methods are grouped into two main categories: *the fundamental methods* (Burz & Razvan, 2010, pp. 49-106): methods based on traits, behaviors, obtained results and *other methods*: methods based on key criteria and methods based on the status – the performance of the company, which are the main directions for assessing management performance found in literature.

The assessment of the potential to perform is based on self-assessment questionnaires and on the assessment made by peers and subordinates, depending on the situation. Scores are shown through radar diagram and XY diagram.

The assessment methods of the leader's performance found in literature:

- The Rampersad Model (Rampersad, 1995, p. 99);
- The Virgin Direct Model (Dourado & Blakburn, 2006);
- Performance – effectiveness – efficiency – Bailesteau's Model (Bailesteau, 2010, p. 291);
- The Bailesteau-Burz Model – The multiple intelligence's model (Bailesteau & Burz, 2008, pp. 69-157);
- The Bailesteau-Burz Model – based on results (Bailesteau, 2010, p. 625);
- Malcolm Baldrige Prize Model (Bailesteau, 2010, p. 257).

6.4. The proposed method of assessing the leader's potential

We consider that the performance of leaders must be assessed first of all from the perspective of potential and afterwards from the perspective of results, because a leader without potential, even if he has results they are not thanks to him, there are also rare cases in which, some companies have a leader without capabilities. Therefore we propose in this study to make an assessment of the leader's performance through potential.

Obviously it is difficult to distinguish between the potential that a manager or a leader should have. Often the manager must be a leader and a leader must be manager but at least from a theoretical perspective we must make a distinction between management and leadership. Both theory and practice put in discussion the leader-manager or management-leadership relation, but regardless of the approach, we believe that management applies primarily to objects – creates stability rules and leadership applies mainly to people – inspires change.

The result of the research that has been done up to now show the following structuring of potential – either measured by general potential, or by partial potential. In this research we will adopt the theory of potential general – therefore we will take into account the following components of potential: the cognitive potential, the emotional potential, the social potential, the practical potential and the spiritual potential.

For the assessment of the leader's performance we have taken into account as criteria and subcriteria: personality traits – structured in the general potential. Leaders are those who are going towards a certain direction and are able to persuade others to follow them, but this will not be possible without emotional support

and will always involve the feeling on property change and integrity. Briefly said, the leadership challenge – what followers expect from their leaders – is: honesty, competence, foresight and inspiration (Kouzes & Posner, 1987, quoted in Bogathy2004). The perspective of capability provides a tool for assessing the ability to perform of the leaders, given by the potential and how it correlates with the performance of the companies in which they work. Thus, we believe that a leader can't perform unless it is endowed with certain potentialities grouped into the concept of general potential.

6.5. The theoretical and methodological framework of the research

The research direction that we want to explore is to identify the link between the leader's capabilities and the performance of the companies in which they work. This approach is considered as being a pilot study because until now, no complex empirical studies aiming the leader's performance capabilities within Romanian organizations, were identified in specialty literature.

6.5.1. Pilot study – the theoretical and methodological approach

Starting from studies identified in specialized theory we have elaborated a research model through which to investigate the existing links between capabilities, the ability to perform and performance. In a later stage, the study will confront the leaders capabilities with the performance of companies in which they work. Therefore, the proposed research model for investigation is as follows (fig. 6.1):

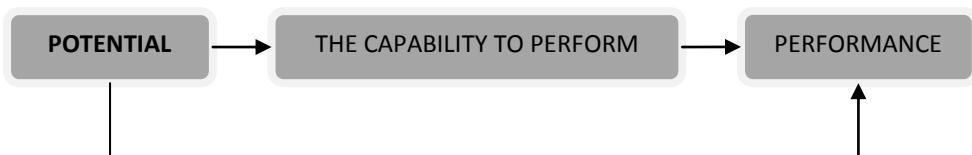


Figure 6.1. Conceptual model for the pilot study

Source: own elaboration, 2014.

When we say *capabilities*, we understand *potential*. "Potential" is a word which makes you think at possibilities. It involves fulfillment, it promises success. In this chapter we will present the capabilities from the perspective of potential. Sure, there are also other classifications, but from an economical perspective we consider that the potential of a leader is relevant through the following components.

The knowledge and the management of the interior traits reflects *the emotional potential* and includes four categories of competencies: self-knowledge, self-control, social awareness and the management of relationships.

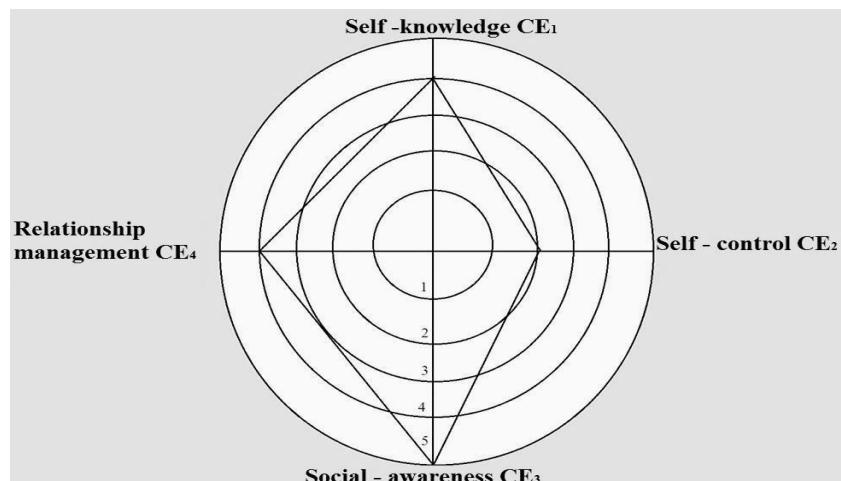


Figure 6.2. Diagram for evaluating the emotional potential categories

Source: own elaboration, 2014.

The level of emotional competence can be calculated by taking into account the categories of competence with the same importance or with a different one. If we differentiate them based on their importance we will need to grant each category of competence an important quotient. The calculation formulas (Bailesteau and Burz, 2008) are the following:

$$K_{PE} = \frac{\sum_{i=1}^n p_{CE_i}}{n \times p_{max}} = \frac{\sum_{i=1}^4 p_{CE_i}}{4 \times 5} \quad (\text{condition: } p_{CE_i} > 2), \quad (5.1)$$

or:

$$K_{PE} = \frac{\sum_{i=1}^n p_{CE_i} \times k}{\sum_{i=1}^n k_i} \quad (\text{condition: } p_{CE_i} > 2), \quad (5.2)$$

where:

- K_{PE} – is the quotient (medium) of emotional potential;
- p_{CE_i} – points awarded capability i ;
- k_i – quotient of importance;
- p_{max} – maximum score (5);

$p_{CE_i} > 2$ – we consider that if a category of emotional competence is situated in the critical zone, i.e. under two points, for not deforming the reality, points should not be considered (it assigns 0). There is actually not a competence, but an incompetence.

Appreciation:

- if: $K_{PE} \leq 0,4$ – emotional incompetence, **low potential**;
- if: $K_{PE} > 0,4 \leq 0,7$ – emotional competence of medium level, **medium potential**;
- if: $K_{PE} > 0,7$ – a high level of emotional competence, **high potential**.

The ability of a leader to interact with people reflects the social potential, being a dimension of outward skills and it includes: situational awareness (leader's radar), presence, authenticity, clarity and empathy (fig. 6.3):

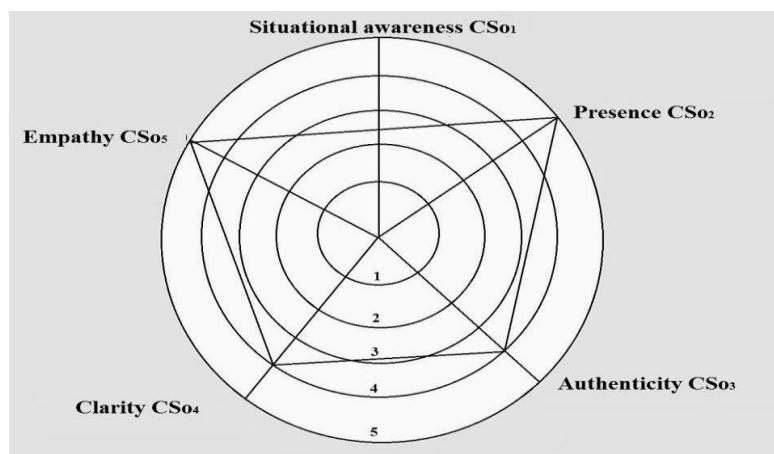


Figure 6.3. The synthetic diagram for evaluating the social potential categories

Source: own elaboration, 2014.

The social competence level is calculated similar with the level of emotional competence.

According to literature, Sternberg (1997) and Sternberg and Kaugman (1998) noted that practical potential can help people apply what they learned into the real world in order to solve problems by adopting, shaping, and choosing an environment. This element refers to the ability of adapting to a changing environment. Karl Albrecht (2007) defines practical intelligence (common sense or wisdom) as “the mental ability to cope with the challenges and opportunities of life.” The notion of PP (Practical potential) is based on the principle that thinking is a bodily function. With an understanding that thinking is a whole-body event, people can begin to upgrade the four essential aspects of the ways in which they

process information: mental flexibility, affirmative thinking, semantic sanity, valuing ideas. Once individuals begin to realize the need to improve these upgrades continually, they can understand better how to make good use of the four “megaskills”: “bivergent” thinking, “helicopter” thinking, “intulogical” thinking and “viscerational” thinking. Each contributes in its own way to one’s total capability to cope with the environment (fig. 6.4).

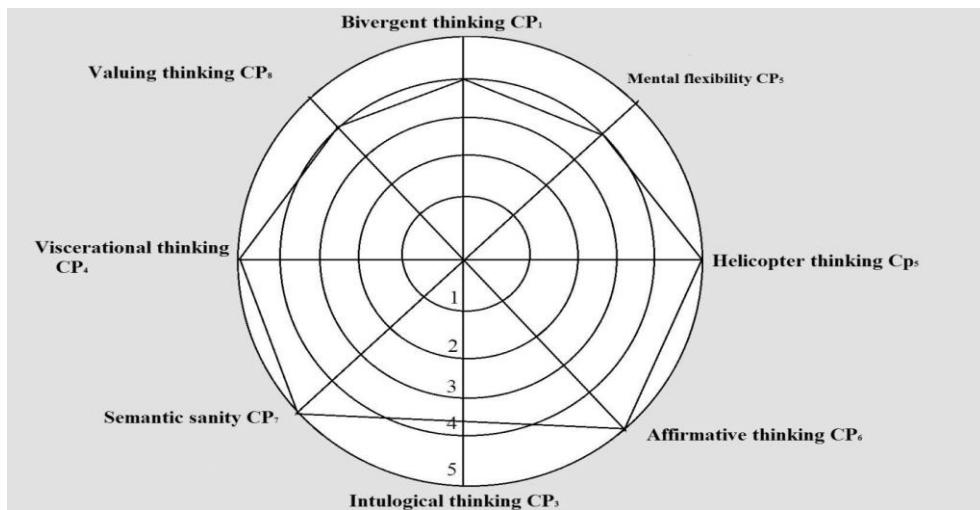


Figure 6.4. The synthetic diagram for evaluation of the Practical potential

Source: own elaboration, 2014.

The level of practical skills is calculated as the previous ones.

The cognitive potential summarizes the capacities of analytical, intellectual and rational order with the following skills: numerical reasoning, verbal reasoning, symbolic reasoning, logical reasoning, lateral and simultaneously reasoning, mental agility, concentration, memory (fig. 6.5).

The cognitive competence level is calculated like the one of emotional, social and practical competence.

The one who provides direction, vision, dedication, commitment and is considered the foundation of leadership is the spiritual potential. If the emotional potential focuses on *feeling*, the cognitive potential refers to thinking and the spiritual potential is about *being* (McMullen, 2003), reason for which we called it the existential potential. It reflects the following skills: the ability to understand the truth of the situation, the ability to focus on the truth of the situation, the ability to act according to the truth of the situation (fig. 6.6):

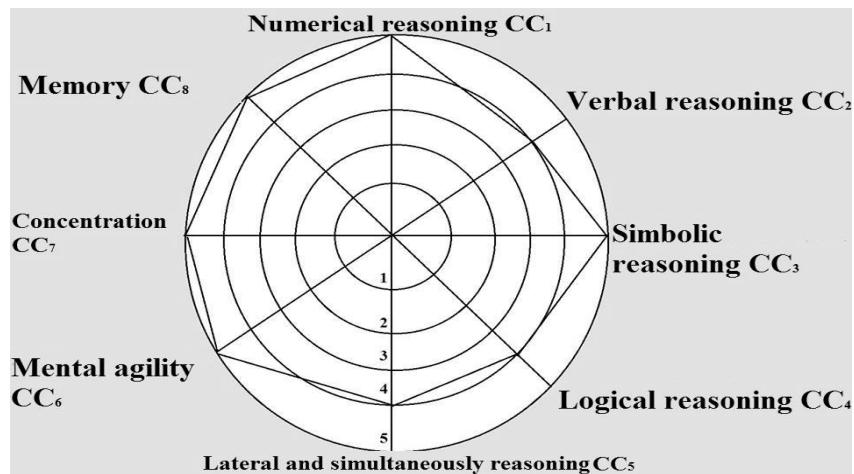


Figure 6.5. The synthetic diagram for evaluating the cognitive potential categories

Source: own elaboration, 2014.

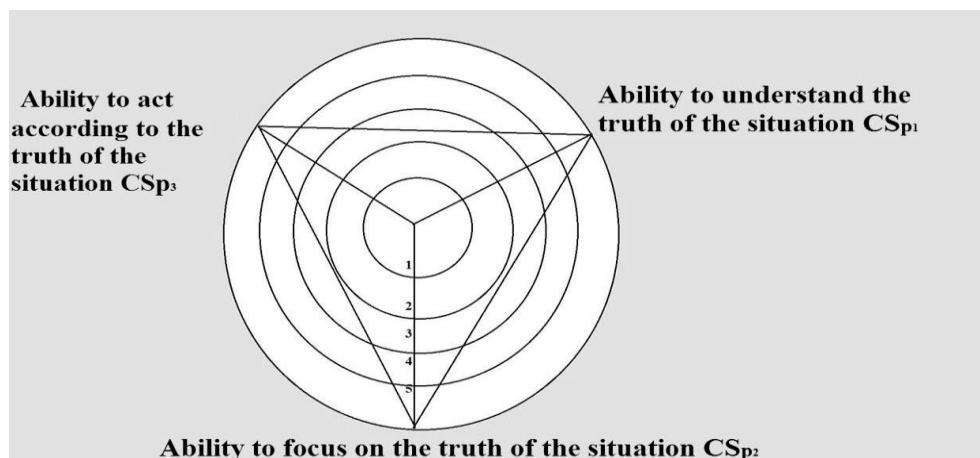


Figure 6.6. The synthetic diagram of evaluating the spiritual potential categories

Source: own elaboration, 2014.

The level of the spiritual potential is calculated as the previous ones.

Performance

To measure company performance, we selected the following indicators: turnover, net profit, margin of profit- which indicates business efficiency; and market share.

Assessment of the general potential

General potential can be synthetically expressed through: the emotional potential quotient, the social potential quotient, the practical potential quotient, the cognitive potential quotient and the spiritual potential quotient, as in the following figure (fig. 6.7):

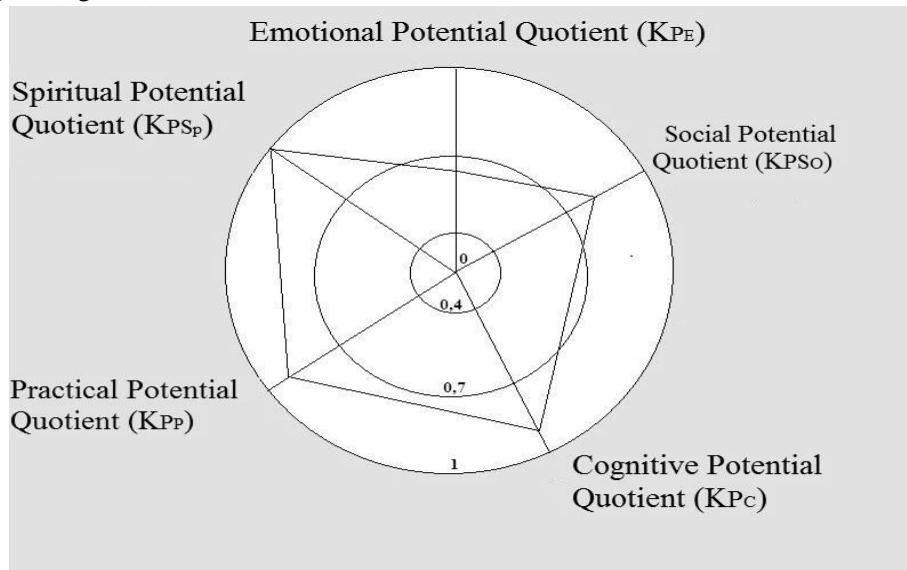


Figure 6.7. Diagram to assess the General potential

Source: own elaboration, 2014.

6.5.2. Assessment of the leader's potential – research methodology

Through this method we want to assess the potential of a leader from the perspective of capabilities and to validate the following hypotheses:

- H1: There is a positive relationship between the capabilities possessed by a leader, especially the ability to perform given by the potential and the performance of the organization in which it operates.
- H2: What is the perception about capabilities of the top managers from the Romanian investigated enterprises?
- H3: What is the relationship between orientation towards capabilities and the performance of the companies?
- H4: Is maximum performance achieved through potential?
- H5: To what extent do performance capabilities materialize?

The study uses a descriptive and exploratory research methodology. The research method used is an analysis based on questionnaire. Our research approach will be implemented in the next period, when the questionnaire will be disseminated

among the top management from 20 companies in Romania. In order to analyze the links between the variables we have developed a questionnaire that includes 25 questions of different types: 4 questions on the Likert scale, 6 questions on the semantic differential scale, 9 questions with multiple answers, 3 dichotomous questions and three open questions. To estimate the time needed to fill this questionnaire it was pre-tested on three persons: a manager of an organization, a leader and a researcher. The aimed data subjects are managers (top management) from 20 small and medium sized companies from Romania. The research instrument used is the questionnaire entitled: *The potential to perform and the perception of Romanian managers about this*. The questionnaire will be given to a number of 200 respondents from 20 Romanian companies.

The objectives of the questionnaire are:

- identify the Romanian manager's attitude towards potential;
- identify the relationship between assuming the capabilities and performance.

The questionnaire contains 25 questions structured as it follows:

1. Questions to identify the respondents which have as a purpose to differentiate the responses and interpret them by category of respondents;
2. Questions on the concept of performance which have as an aim to find out the perception and the attitude towards performance of the Romanian top management, the extent to which the potential is taken into account and if it is correlated with the company's performance level.
3. Questions on their capabilities and skills which have as a purpose to create a hierarchy and to measure the variables of capabilities (emotional potential, social potential, cognitive potential, practical potential and spiritual potential).

6.6. Conclusions

We do not deny, we actually believe that the economic results are the ones that validate a leader's capability, but we consider researching the leader's potential is the direction which can help us sometimes find solutions for explaining performance or non-performance.

The general potential understood as a summary of the personality traits and developed capabilities, in our opinion, is the fundamental criterion in the selection and assessment of a performant leader.

Future research directions are represented by the questionnaire at the 20 companies in Romania, centralization of data, validate or invalidate the research hypotheses, evaluating potential and useful conclusions for these companies.

Chapter 7

EMPOWERMENT – A NEW LOOK AT ACTIVATING HUMAN POTENTIAL IN AN ORGANIZATION. MEASURES OF EMPOWERMENT

7.1. Introducion

In management sciences, interdisciplinarity, and even a specific eclecticism of this discipline, is more and more intensively emphasised. The concept of empowerment constitutes an excellent example of confirmation of validity of this perception of management. By combining an organisational perspective with the psychological, sociological and even educational, empowerment provides a new look at people management and even at management in general.

Typical for the management sciences lack of precision in defining many terms also affects empowerment. In the literature of the problem, it is described as a management strategy, management philosophy, management method, organisational phenomenon, as well as a process or set of managerial activities and practices. The author treats empowerment both as a management concept (Moczydłowska & Kowalewski, 2014) i.e. a set of coherent views explaining a certain part of organisational reality and as a management method, i.e. a coherent set of organisational activities that organisations were successfully implementing creating, at the same time, the management practice.

Analysing etymological roots of empowerment, it is necessary to focus attention on empowerment of employees. This would be, however, far-reaching simplification. The philosophy of empowerment stems from the belief that every organisation is more than a group of people ready to do the job. It is a community seeking possibilities to co-create the value (Gobillot, 2008). This means, that managers' task is to create such a work environment in which people would feel a sense of belonging to the community and perceive the environment as a space for strengthening self-esteem, dignity and self-fulfilment. Creation of such a community

means that people's potential has a good chance to transform into the development potential of the organisation, becoming a source of desirable, from organisation's perspective, behaviours.

The aim of this chapter is to systematise knowledge of empowerment, including measures possible to be used in determining the level of empowerment in the organisation.

7.2. Human potential as a source of organization's success

In management sciences the concept of human potential is closely associated with the theory of human capital. It was developed by G.S. Becker in the 1970s and quickly gained in importance. It assumes that the man is the most valuable asset of any organisation. Money spent on raising professional qualifications of employees is treated in terms of investment, not in terms of cost, as it was before. Investments in human capital constitute all activities that affect physical and financial income and increase resources inherent in people. They lead to a change of values of accumulated abilities of employees and, consequently, change the quality of their work.

Human potential is above all the potential lying in broadly defined competencies of an employee. For the author (Moczydłowska, 2008) a broad perspective on competencies is well known. Not only knowledge and skills are their integral part, but also personality traits and predispositions. It is necessary, however, to emphasise that in the environment of researchers of the human potential lasts a discussion whether competencies are the dispositions, i.e. possibilities lying in an employee, or the dispositions already revealed in action and thus accessible to observation. For example, in the definition proposed in the program of Management Charter Initiative, competencies are regarded as “**an ability** to perform work according to the standards set by the organisation employing the person.” (*Introducing Management Standards*, 1992). Similar definition of competencies is formulated by Hanpower Services Commision: “competencies are **abilities** to perform activities in the profession in a manner which is consistent with standards required for the given position.” (Siciński, 2003, p. 8). Also G. Filipowicz (2004, p. 17) treats competencies as “dispositions in terms of knowledge, skills and attitudes (...).” Thus, according to the presented views, competencies are rather possibilities to undertake determined behaviours requiring – as any disposition or ability – motivation for activation, i.e. disclosure in practice.

A certain attempt to resolve this dilemma is the solution proposed in works of C. Worduffe. The author proposes the division of competencies into two groups: “input” and “output.” Input competencies are primarily employee's attributes,

valuable from the perspective of the organisation. They constitute the determined potential. In contrast, the second group – output competencies – constitute specific standards of performance reflected in the results of work of an employee or results of organisation's activities (Rakowska, 2007, pp. 6-65).

In the author's opinion, competencies are dispositions revealed in determined circumstances or not revealed, e.g. due to the lack of motivation of an employee or lack of need to use the given competence (a group of competencies) in the course of currently performed professional tasks. Acceptance of such a solution means a necessity to exclude motivation from the set of components of competencies and to treat it as a condition of transformation of employee's disposition into an accessible to observation action.

In an economy based on knowledge, among potentialities of employees the most important are talents. Among the most valuable are:

- above-average intellectual abilities, including (Sękowski, 2005, pp. 35-36):
 - an elevated level of general abilities,
 - specific abilities concerning the specific field at the average rate of general intelligence;
- creativity expressed in originality, fluidity and flexibility of thinking, undertaking new, unconventional problems, risk-taking, high acceptance of the atmosphere of uncertainty and ambiguity, rich emotionality;
- involvement in work correlating positively with such features as: internal discipline, perseverance in pursuing a goal, diligence, willingness to sacrifice, faith in own possibilities.

It seems that the list should be complimented by the emotional intelligence of employees, which in the world of contemporary organisations, in which success is based on teamwork, plays an increasingly greater role (Kuc & Moczydłowska, 2009, pp. 57-60). Psychological, social and praxeological competencies can to the greatest extent decide whether the organisation will manage to build a community focused on the same goals and values.

Next to diverse talents, human potential is also described in such categories as engagement, employee loyalty, attachment to the organisation, ability to enter into relationships with colleagues. All mentioned concepts, to a greater or lesser degree, emphasise the emotional context of professional activities of people and more often are indicated as a source of innovation and hence competitiveness and value. At the same time, theoreticians and practitioners of management are more and more aware of how difficult is to discover or create this kind of potential, and then activate and transform it into organisation's success. Answers to the question – how to do it? – provides, inter alia, the concept of empowerment.

7.3. Empowerment – the essence and goals

Empowerment is combined with motivating employees through extending their autonomy and self-control that is supposed to lead to a deep engagement in formulating and achieving career and organisational goals. Empowerment constitutes development of earlier theoretical trends of management: participatory management and job enrichment (Lee & Kohn, 2001). As accurately emphasised by the pioneers of research on empowerment, J.A. Conger and R.N. Kangungo (1998, pp. 471-482), a full understanding of this concept requires consideration of two interpenetrating levels: organisational and psychological. In the organisational sphere, empowerment means far-reaching transfer of power to employees. It is the result of “renunciation” of a part of own rights by people on higher levels of the hierarchy to subordinates. In the psychological layer, it is a special state of consciousness of employees: consciousness of one’s subjective role in the organisation and, resulting from it, entitlement to make decisions. Psychological perspective means that the intensity of feeling the empowerment in the psyche of an employee decides whether he or she is empowered or not (Al Zahrani, 2012, pp. 37-46; Spreitzer, 1997, pp. 661-668; Thomas & Velthouse, 1990, pp. 31-62).

As M. Bratnicki (2000) writes, empowerment is a complex, multidimensional phenomenon including practically all spheres of organisation’s functioning. It combines the organisational sphere (organisational empowerment) with the psychological sphere, individual for each employee, and on this is based its uniqueness. Organisational empowerment can be described as a set of targeted actions and managerial practices giving power, control and authority to subordinates. These activities aim to empower employees, i.e. strengthen them and make them independent by creating the organisational context shaping *the state of empowerment* – the state of being empowered, i.e. empowerment on the individual, psychological level. Psychological empowerment is a perception, acceptance of being supported, strengthened and empowered.

The cited authors draw their attention to the dynamic character of empowerment, treating it as a continuous process occurring within the organisation. Its essence lies in allowing employees for creative activity and expression of own initiative by giving them the possibility of decision making whilst retaining responsibility for their implementation (Męczyńska & Kmiecik, 2011; Jarrar & Zairi, 2002). It is an extraction of enthusiasm and commitment from employees by giving them the right to autonomy and control activities (Zeffane & Al. Zarooni, 2012, pp. 333).

What is new in this concept – an attempt to create a specific micro-society within the organisation characterised by several features (Rzeźnik, 2009, pp. 349):

- vision – understood as goals to be achieved, but without specifying how to achieve them;
- partnership – the superior and subordinate form a team whose activity is focused on the goal;
- responsibility – resignation of hierarchical structures in favour of mutual fulfilment of employees, full co-operation based on mutual assistance;
- self-control – each employee has clearly defined objectives and access to relevant data needed to achieve them, the degree of achievement of the purpose is monitored by this person on the basis of the possessed skills;
- trust – leaders build relationships of trust with co-workers, employees also have to trust each other whilst working on the achievement of specific objectives;
- leadership – managers carry out a number of organisational roles: mentor, coach, coordinator, advisor without the use of force, pressure or imposing specific solutions;
- the attitude of engagement – a particular concern of employees about actions undertaken to achieve individual and organisational goals;
- good judgment – intuition based on employee's knowledge enabling to evaluate individual, team and organisational effects of work;
- innovation climate – organisational culture promoting creativity and innovation;
- free flow of information and knowledge between employees and functional panels.

The most important purpose of empowerment is to create cooperative culture, which in turn is the basis for other achievements of the organisation, especially its innovation and stability. Also the process of constant development of employees is not without significance. Employees, getting a great freedom of action and responsibility to solve complex problems, constantly gain new experiences. This in turn, facilitates achievement of goals both organisational and professional. Thanks to the optimal use of the potential of employees, their job satisfaction increases, and thanks to it, the quality of products offered by the organisation, including services (Moczydłowska, 2013, pp. 15-23).

7.4. Measures of empowerment

The best-known questionnaire tool designed to test the level of empowerment in the organisation is proposed by R. A. Matthews, W. M. Diaz and S. G. Cole (2003, pp. 297-318). The authors have developed and standardised a questionnaire

based on three groups of factors that are key to empowerment: Dynamic Structural Framework, Control of Workplace Decisions and Fluidity in Information Sharing.

Dynamic Structural Framework is organisation's ability to change and take into account the significant role of an employee in these changes. Examination of this area lies in seeking answers to the questions about the quality of communication with employees in the process of change and participation of employees in change management. It has been assumed that empowerment means that the organisation cares about the systematic transfer of accurate and latest information about its plans. In addition, employees are encouraged to express their opinions on the proposed changes, including those of a strategic nature. The organisation motivates employees to undertake challenges and use new solutions, developed by them, during the work performance.

Control of Workplace Decisions in practice, it means that employees have an influence on determining their responsibilities and labour standards in the occupied position. They realise how important their work is for the results of the entire team. They have real voting rights in employee teams to which they belong. They participate in the assessment process of their superiors and even in making decisions about fixing schedules or hiring new employees. Their right to establish individual retirement plan is respected.

Fluidity in Information Sharing is a measure that enables to determine whether employees have an access to the information about organisation functioning. Empowerment requires that this information is much wider than the one directly related to the held position. The empowered employee is familiar with the existing organisational structure of remuneration, key customers and financial results. Effective channels for providing information to all levels of the organisational structure have been developed.

The proposal by D. Gershon (2006, pp. 3-5) is to make an empowering organization audit. This audit enables an organization to learn about the current capacity of its employees to adopt new behaviours. Employees evaluate their group or department and organization as a whole, based on the six values: self responsibility, authentic communication, trust, learning and growing, interpersonal process skills, caring. Each is rated on a scale of 1-10 (tab. 7.1).

An alternative proposal of a tool to measure empowerment is presented in Table 7.2.

Table 7.1. Measures of empowerment by D. Gershon

Self- responsibility	At the organizational level, individuals take responsibility to have their job, team, function, and organization the way they wish them to be. This is the counterpoint to being a victim within the organization.
Authentic Communication	Individual communication is open, honest, vulnerable and transparent. Individuals are talking about the real issues going on in the organization.
Trust	Individuals feel safe enough to try out new behaviours and take risks without fear of reprimand or putdown by superiors or colleagues if they make mistakes. A genuine sense of goodwill pervades the organization.
Learning and Growing	Within the framework of the organization, individuals are encouraged to work on the real behaviours they need to change. Individuals are encouraged to challenge themselves and support each other to both learn and grow.
Interpersonal Process Skills	Individuals within the organization have established protocols and developed skills that they regularly deploy to resolve interpersonal issues and build high-functioning relationships.
Caring	The organizational leadership demonstrates concern for individuals in tangible ways. Individuals feel valued and are inspired to give their best effort on behalf of the organization.

Source: D. Gershon, *Changing behavior in organizations: the practice of empowerment*, "The System Thinker" 2006, Vol. 17, No. 10.

The questionnaire is based on the assumption that while searching for answers to the question – *Is empowerment used in the organisation, and if so, how?* – the following areas should be examined:

- the state of knowledge and awareness of managerial staff and other groups of employees on the importance of empowerment, its determinants, potential benefits and limitations arising from its usage;
- the state of knowledge and awareness of remaining groups of employees on this subject;
- characteristics of organisational culture;
- the boundaries of freedom of action;
- material, information and competency resources necessary to perform the work;
- the method of measuring the efficiency and effects.

In order to use the research as the basis to formulate accurate conclusions, it is necessary to gather information from different groups of employees.

Table 7.2. Criteria for assessment of organisational empowerment

<ul style="list-style-type: none"> – What is the state of consciousness of managerial staff about empowerment, its nature and circumstances? – Are managers aware of the benefits but also barriers limiting the possibilities of implementing empowerment? 	<ul style="list-style-type: none"> – How do respondents understand the concept of empowerment? – What is employees' involvement in solving problems and decision-making? – Are rigid procedures stopping people to take responsibility present in the organisation? – Is managerial staff afraid of losing control over employees? – Are employees willing to take responsibility for their work and its results?
<ul style="list-style-type: none"> – Does the organisational culture enable to use empowerment? 	<ul style="list-style-type: none"> – Does the organisational culture support changes in the organisation? – Is the mutual trust promoted? – Does informal atmosphere based on good relations predominate in the organisation? – Do employees present their ideas to improve products and services? – Do employees propose organisational changes? – What is the degree of implementation of proposals and ideas of employees? – Are the effects of empowerment promoted, and if so, how? – How important is the interpersonal communication in the organisation? – What is distance power in the organisation?
<ul style="list-style-type: none"> – Are boundaries determining the scope of decision-making competencies established in the organisation? 	<ul style="list-style-type: none"> – Do employees know when they can operate without transmitting information to others and when they should hand it over? – Do employees know when they should ask before starting any work (task), and when they do not have to do that?
<ul style="list-style-type: none"> – Do employees understand and accept empowerment? 	<ul style="list-style-type: none"> – Do employees understand what is expected from them? – Are they made aware of their own benefits of empowerment? – Is empowerment linked with the evaluation of the job specification? – Does the organisation collect knowledge of professional competencies and talents of employees? – How is this knowledge used for empowerment? – Do employees participate in determining ways to measure productivity and efficiency of work?
<ul style="list-style-type: none"> – Do employees have the necessary resources, including information resources? 	<ul style="list-style-type: none"> – Do employees have adequate (in terms of quantity and quality) resources allowing them to work independently?
<ul style="list-style-type: none"> – Is the functioning of empowerment monitored? 	<ul style="list-style-type: none"> – Is the knowledge of consequences of empowerment collected? – How is it used?

Source: self-elaboration.

7.5. Conclusions

Challenges faced by contemporary organisations force them to seek new, more effective management concepts and methods. The concept of empowerment, presented in this chapter, constitutes, in the author's opinion, a cognitively interesting and utilitarian proposal for a wider look at the possibility of activating human potential and transforming it into measurable results, expected by the employer. It is, simultaneously, a way to raise the level of employees satisfaction with their work. With the sense of agency and possibility of continuous development, employees become more involved in their daily tasks, are motivated to creative behaviours and shape their professional identity. The mutual accountability strengthens the commitment level of both the individual and the organization, enabling greater sustainability for the change initiative over the long term.

Chapter 8

SHARED LEADERSHIP AMONG VIETNAMESE ENTREPRENEUERS IN POLAND

8.1. INTRODUCTION

Four shades of leadership. When we entered the Web of Science database and searched for articles on “leadership” published in a peer-reviewed journals, written in English, we retrieved 67 737 articles. But despite so many researches the theme is still vivid and a definition of leadership not unified. However, Northouse (2004) and Grint (2005) noticed that leadership can be defined within four categories: Person who can influence followers, Process-interactions, Context in which leadership occurs, and Results, outcomes of the interactions and transactions. But is it only about a single person? Leadership is the process of communicating what can be achieved, the process of influencing others to do what should be done to accomplish a common objective (Yukl, 2002). In our research we will go further and explore leadership stemming from team members rather than from a formal leader, appointed single person. Given our goal which is to investigate if shared leadership can be beneficial and lead to success family-run businesses we explored this issue within the context of Vietnamese immigrants.

In Poland there are four big groups of immigrants: Ukrainians, Vietnamese, Russians and Belarusians. Considering the number of permanent residence cards issued by Polish government in 2013, there are 37 679 Ukrainians (31% of whole immigrant's population in Poland), 13,404 Vietnamese (11%), 12 645 Russians (10%), and 11 160 Belarusians (9%) (MSW, 2014). Among Vietnamese society in Poland there is very high percentage of entrepreneurs. It is said that more than 76% of Vietnamese immigrants have their own businesses (Fihel et al., 2008).

The authors propose shared leadership concepts as an interpretation of business behavior of the described society. Vietnamese were chosen as an interrogated society due to the fact that there are a very entrepreneurial group in comparison with other groups of immigrants in Poland.

After the literature review related to shared leadership, we present several hypotheses regarding the potential role of collective leadership in team effectiveness. Further, we describe applied methods, present results of the qualitative research, and provide a discussion giving into account limitation of the following study.

8.2. “In the group strength lies”

8.2.1. Distributed leadership

A phenomenon of shared leadership is related to the fact it is distributed within a group (Pearce & Conger, 2003; Spillane et al., 2004). This what decides who is to lead others is dependent on the current situation in which the group operates. Results are measured at a team-level (Day et al., 2004), where the beneficiary of the achieved goal is the system created by single group member however connected. The core of the collective leadership is interaction. They are simply entangled in business relationships. Bolden, Petrov and Gosling (2009) agree that distributed leadership is not about abilities or traits of formal leaders but process by which we can distribute leadership across organization system, practices or interactions. However there is a lack of understanding what we can distribute. Compiling a wide range of leadership theories Carson, Tesluk and Marrone (2009) came to conclusions that shared leadership is born out of the leadership influence distributed by multiple team members focused on group or organizational desired results. Through interactions such individual members are able to engage other in organization activities and facilitate further support what allows leadership influence to be shared across the whole team. Here each participant is a leader and follower for a certain aspects. Such leadership can be formal or informal what means there is no need to have a designated leader as leadership is dispersed. The sources of shared leadership, the one engages in leadership, is the team. The collaborative process is supported by the collective knowledge (Ensley et al., 2006). Those who influence are usually peers of the impacted team members. Thus, they should pay attention to issues like team dynamics or team effectiveness to better manage the process centered on possessing common objectives (Avolio et al., 1996; Pearce & Sims, 2002; Pearce & Conger, 2003). When it is about shared and distributed perspectives on leadership, it is all about daily interaction and collective activity (Crevani et al., 2010). It was proved that shared leadership has positive impact for team moral or performance (Avolio et al., 1996; Pearce & Sims, 2002; Pearce, 2004; Klein et al., 2006). Moreover, team members who lead others to achieve shared goals can process a competitive advantage by offering their time, skills or by sharing knowledge (Katz & Kahn, 1978).

Throughout the literature analysis we learnt that there are specific differences between shared and distributed leadership. Fitzsimons, James, and Denyer (2011) given variety of studies noticed that shared leadership is studied within team-based shared-leadership literature, while distributed leadership stems from the education literature. The most common subjects of shared leadership relate to nursing and medicine, health-related journals, whereas distributed leadership is promoted in social sciences: business, management. Scores of articles have been written on public administration, engineering, computing, however there is no a main field for any of the two concepts of leadership (Bolden, 2011). In the team-based publications leadership is an outcome of team processes, where knowledge is collective wisdom known as shared cognition. Shared leadership is enacted by the appointed leader engaging other team member whereas in distributed leadership it is carried out by multiple group individuals. In 2002 Peter Gronn merged team-based and education literatures approaches. For the purpose of the study it seemed appropriate to use following terms: shared, distributed, or collective interchangeably.

A historical review depicting roots of shared leadership or distributed leadership was carried by several scholars (Fitzsimons et al., 2011; Carson et al., 2009; Bolden, 2011). It is said that in certain situations leadership should not come from a single leader but organization members who can contribute better to expected results that time due to gained knowledge, traits, or character, what is briefly described as the Law of the Situation, a term coined by Mary Parker Follet. Among other listed possible sources of shared leadership we can find Social Exchange Theory, roles of subordinates in decision-making, the concept of “empowerment”, specialized expertise of workers, and team environment defined by common objectives, social support, team’s members input. Another starting point for collective leadership is lack of hierarchical levels replaced by team-based structures (Avolio et al., 2009).

8.2.2. Research evidence

Research design

Given our focus on the leadership of ethnic entrepreneurs, we gathered data from Vietnamese immigrants. In Poland lives 13,404 Vietnamese immigrants. Among the society we found high entrepreneurship involvement, more than 76% of Vietnamese immigrants have their own businesses (Fihel et al., 2008). They usually run micro and small businesses in the foodservice and trade sectors (MSWiA, 2007). Furthermore, Vietnamese entrepreneurs form clusters in one place and cooperate with exceptions of restaurants’ owners, who operate rather separately.

But customers are mostly Polish. Thus, it is inconvenient to have couple of restaurants in a cluster to build competitive advantage.

Because many Vietnamese run family businesses in Poland, it appeared an appropriate population for the following study. Throughout the years 2011-2014, 19 semi-structured interviews including a projection technique have been conducted, ranging from 30 to 90 minutes, with 18 member of Vietnamese community. The average age of respondents was 30 years. Among participants were 9 men and 9 women. 16 Vietnamese immigrants who grew up in Poland set up their firms in Warsaw. Two Vietnamese women are planning to start a business. Interviews were recorded and then transcribed. All translations to English, as interviews were carried out in Polish, are the authors' except where otherwise noted. All names and places were changed to let respondents remain anonymous.

The interviews were conducted with people from two different generations who differ in their approach to doing business. Vietnamese from first generation usually lead businesses with their spouses or other members of their families. These firms are small. There is also a group who works for other Vietnamese as an employees. It is different in the second generation. While the companies belonging to immigrants from the first generations are family businesses, the second generation is more diverse. They can be divided into four different groups in terms of professional choices: people who run family businesses, people who run businesses with Polish or other Vietnamese excluding family members, people who are employees of large corporations, and of course people who work for other Vietnamese. Furthermore firms established by the second generation of immigrants are more innovative and distinctive in comparison to other Vietnamese firms.

Given our goal which is to investigate if shared leadership can be beneficial and lead to success family-run businesses we have asked open questions about their system values, cooperation, hierarchy of values, life and business goals, perception of the Vietnamese entrepreneurs community, and their business behaviours and rules. On the basis of the material obtained, field categories were defined and then replaced by the authors' own categories. Cases were selected in accordance with the assumptions of the strategy of maximum variation (Miles & Huberman, 1994). The research process also comprises elements of the grounded theory (Glaser & Strauss, 1967/2009). Data were collected systematically and the researchers commenced the research without any pre-defined hypotheses. Hypotheses emerged in the course of collecting empirical material. An interpretative perspective was adopted with a focus primarily on explaining and understanding the community studied (Burrell & Morgan, 1979).

Findings and analysis

Business activities were depicted in interviews showing similarities and differences among entrepreneurs. Interlocutors usually compare their society to societies created by such animals like ants, bees or wolfs. These specific communities are characterized by cooperation, overlapping generations and creating specialized behavioral groups called castes. This kind of communities are successful through joint actions of all what increase the chances of survival of whole group. We found it interesting as each of the interviewees was answering to questions separately and all focused on species establishing colonies only.

„When I look at my friends, lots of them, I see that not so many of them think like me. Some of them prefer stationary business, normal shops, because they think it is safe. Me... I do not see things this way.... I think that someone who holds all the cards, decides if you are there or not. So... when I was an employee I convinced myself that this is reality. So I realised that either I am someone who hold all the cards or I am someone who accepts cards. Nothing else.” R1

Fragment of the statement presented above shows that some interlocutors chose to be people who manage their life by themselves. Here, our respondent did not want to follow others and he wanted to create his life. That is why he decided to lead his own company.

„Later they got used to it. We were growing up and they were extending their businesses. They were also aware of the fact that they were handling the businesses quite good, and when you know you are able to do something well continue doing it, especially if you work together. They were not alienated in their work, because a lot of Vietnamese also worked like that and they had similar businesses. That is why entrepreneurs could share mutual experience.” R20

Described people are parents of one of the interlocutors. During the interview she was telling how her parents decided to lead their business. However, they did not have any ideas of their own. They simply decided to be entrepreneurs because other Vietnamese were starting up their own businesses and achieved success. The possibility to earn lots of profit was additional incentive.

“By the way, the group has also chance for greater promotion. And probably that is the reason why Vietnamese work together. Because power is in the group.” R3

Vietnamese people think that success is the outcome of the group power. Cooperation with others let them achieve more with less effort. They can rely on each other and expect help.

“If it is group, it is easier. A group drags in new members and teach them” R3

Entrepreneurs with whom the interviews were made said that Vietnamese in Poland want to serve their society and they perceive themselves in the context of a group. They care about members of their society, exchange information and help one another. Being in the society they feel safer.

„Everyone led their business away from other people, to have as many customers as possible, but they always tried to help those who came to Poland later than they did. Even if they did not know how, they always tried to help others. Because they knew that they were all in the same situation, they left their lives, left their families. So they tried to cheer up and support each other, so that nobody had the feeling of being left alone. After the war, they all shared the same experience, so they had a bond, despite the fact that they did not know each other. There was hunger, the war in Vietnam ... They did not even had to know one another, but knew that they all survived the same things. This is why so they were acting this way.,, R13

It does not matter if Vietnamese is a stranger or not. They understand that they have to take care of all members of their group, despite the fact they know them personally or not.

One of the reasons why they helped each other was awareness of the fact that they all experienced the same situation and they all knew how poor Vietnam was when they were leaving their country. The collective purpose of their actions was to ensure prosperity of their community. As the first generation of immigrants they were also identified with feelings like longing for family or being alone in other country. Many of them left some members of their families. They all understood the hard life of being an immigrant. That is why they help one another so much.

As interlocutors highlighted they take care of each other, because they believe in a group work and power. What is more, they are not afraid of exchanging information and giving advice, basing on their own experience and mistakes made in the past. The property is a product of relationships and connections between members of the society.

„Because the point is that they cannot cooperate together. Everyone wants to be the boss. Everyone wants to be an entrepreneur, everyone has their own opinion.” R12

“But there is also some disadvantage... every Vietnamese wants to have rights. They cannot function as the second one in the company... ” R4

Each of them wants to be a leader. They have opinion about everything and they do not like to concede. This is why their cooperation is not very effective and compromise is very difficult. So there is a difference between cooperation, helping, and advising. It is significant that Vietnamese immigrant do not want to follow anyone, but they want to be for their own.

„Cooperation is also individual. It requires collective coordination. But each individual has their own inventiveness and this makes their activities acquire specific character and shape.” R10

„Well....but it is important to say that they trying to find their way all the time. They open Pho restaurants, but they do something else to be different from others.” R16

Interlocutors point that they use group as a tool to achieve more. They like to distinguish themselves from the whole society. And even sometimes the differences are small, they are willing to give individual character of their business.

„We wanted to leave this stereotype that Vietnamese are involved only in trade or gastronomy. It is kind of gastronomy, but we wanted to show a different perspective and break this stereotype. We wanted to open something different. (...) This place will be well known space for culture, like the community center in Zamosc. (...) We wanted to create various activities like a placement office, finding jobs for other Vietnamese... but it will be slowly slowly.” R13

Entrepreneur is describing his vision of his cafe-club. He would like to run a place where other Vietnamese could find help and share information. In his plans his bar is also a place where Vietnamese culture will be prompted. The aim is to improve the image of Vietnamese society in Poland.

„My dad helps his family in Vietnam all the time. Money is important a means to an end, that helps to support the family.,, R15

„That one person in the family could leave Vietnam it required a lot of money and lot of time to get all documents. She felt lonely, longing for the music. She wanted to come back, but on the other side she knew that when she come back she will not be able to repay the money, that her family gathered for her. She was in the trap.” R17

In both statements interviewees point out that everything they do they do for the family. They can sacrifice their own lives for the relatives as priority is the welfare of kin. Everyone feels responsibility of other people so they work together

for good to those with whom there are related. There is no individual success but a common objective.

All interviewees emphasize cooperation and taking care of the Vietnamese community. What is more this care is not only about Vietnamese residing in Poland, but also about Vietnamese who stayed in Vietnam. Among the members of this community there is the principle that entity should sacrifice itself for the benefit of all. As it was presented earlier the whole society gains the profit. However, it is important to mention that distinguishing from others significantly is unwelcome.

8.2.3. Discussion

This study aimed to further understand the behaviour of Vietnamese entrepreneurs within a context of shared leadership concept which promotes the number of people involved in decision-making processes by leadership influence distribution across multiple team members focused on group or organizational desired results (Carson et al., 2009).

Many studies indicate the nature of collective knowledge in shared leadership (Ensley et al., 2006; Fitzsimons et al., 2011). Vietnamese in Poland emphasize that they share information, knowledge and experience. They even teach newcomers how to run business in Poland. Attention to contacts and building wide network based on trust and common goal is essential. All members believe that only a joint work can bring the real success. Sacrifice units for the whole group is another norm. Each takes appropriate roles for the good of the community. They accept equal relationships, where no one is viewed to get more power or resources. That is the reason why some of the members hide how rich they are.

„In my opinion these people are wise, who do not praise everywhere. They have money but they prefer to use it another way. They do not buy expensive furniture, but they send their children to the collage in USA. They also buy some houses in Vietnam, but nobody knows about it.” R20

As we can see they do not necessarily behave altruistically. Many actions are for maintaining good image, whereby the whole community gains. Everyone also knows that thanks to the efforts of whole group, each of individuals will benefit. So they have their own individual goals and one group goal. They are also aware that the illusory equality, which they present on the outside, will work better in achieving a common objective, because nobody will be jealous. Vietnamese community is quite successful in Poland so we can say that their network system and efforts are effective. In Poland all Vietnamese are employers or employees. Officially there is no unemployed people. These results agree with other studies about benefits from collective efforts (Day et al., 2004).

Another big issue considering characteristic of leadership among Vietnamese community in Poland is the lack of coordination. All processes occurring in this group are not structured, no strategy is accompanying, nor management framework exists. Taken actions are reactions to the environment. This characteristic would support theory established by Avolio, Walumbwa & Weber (2000), where common objectives, social support, team's members input define empowerment. Should be noted that referred theories related to the phenomena of leadership within the team. The main limitation of this research is that in the chapter we are discussing Vietnamese society while literature review refers to team leadership. Also the analysis does not enable us to determine general conclusions about described group. Therefore, the research field remains open for the further research.

8.3. Conclusions

In recent years it appeared that leadership is not only about traits or skills but communication abilities. No matter how broad knowledge we acquired or resources we have it does not designate a single person being already a leader. Top-down heroic leadership can be easily replaced by horizontal leadership focused on shared knowledge, interrelations and common goals. In our research we wanted to pay attention to leadership stemming from team members rather than from a formal leader as we believe that shared leadership concept plays an important role in the development of business clusters and improvement in the organizational performance. Individual creativity, approach to leading businesses can contribute more efficiently while shared across and where help is simultaneously accepted by other community members. It appeared it is more beneficial to let talented individuals lead others instead of giving faith in a single person.

When conducting literature review we noticed the lack of shared leadership concept description unification. We mentioned that the main limitation of the following research is that we explored leadership in terms of Vietnamese society only when literature review refers to team leadership. The lack of definition agreement on the issue is another field to investigate. Also the analysis does not enable us to determine general conclusions about described group. Moreover, conducting further research we could pay more attention to systemic results that may appear due to collaborative leadership adaption. It is a great opportunity to study the power of individuals instead of heroic entrepreneur.

Chapter 9

ATTITUDES AND VALUES OF PROFESSIONALS

9.1. Introduction

Nowadays, a change in organization management has been happening – managing intangible resources, including knowledge workers, is essentially different than managing traditional resources, strategies and organizational forms of companies have undergone evolution.

Potential winners in the market game of new economy may be found in organizations type *knowledge-intensive firm* which, starting from the attribute of knowledge dominance, focus on work based on knowledge and knowledge workers pursuing the continuum: knowledge → knowledge-based work → knowledge workers → knowledge-based company. Additionally, a knowledge-based company should be perceived as an organization based on knowledge. The leading source of value growth of this company is this intangible resource.

The establishment of knowledge-based economy as a result of the third industrial revolution results in specific consequences in the social aspect. The evolution covered not only the conditions of the market game; the transformations apply, above all, to human resources management, both in the perspective of new organization and the new employee – knowledge worker.

Thus, the changes in progress force the multi-plane reorientation in the workers optics to the greatest extent. Firstly, the working conditions in knowledge-based organization become different. Secondly, the structure of employees of a company in the era of the new economy has evolved and a class of knowledge workers emerges. Furthermore, the competence profile of the employed and the composition of the whole society change.

All these factors determine the orientation to human capital of organization or, more broadly, its social capital as a core intellectual capital of the company, being the basic source of developing the values of the 21st century company.

A characteristic feature of the knowledge civilization being developed is thus the mutual interlacing and conditioning of broadly understood cultural and

material sphere. As a result, new dimensions of economy, new society and new employee are created. This will be the society of information, organization and new relations (Zajac, 2013, p. 144).

Identified determinants of knowledge economy was the research inspiration of this chapter. Its main aim is the presentation of the essence of knowledge work and professionals as the areas of new challenges in management of organizations. Helpful in this scope could be the analysis of specialist's values and attitudes that influences their work effectiveness discussed in this paper. Therefore in this chapter entrance analysis of knowledge workers functioning in IT sector in Poland is done.

9.2. The role of professionals in the functioning of organisations based on knowledge

The definition of knowledge-based work raises significant controversies, because there is no clear interpretation of this concept in the subject literature. It is most often defined in the context of the knowledge-absorbing organization and from the perspective of a knowledge worker providing it and meets the characteristics listing its qualities. It is also referred to as intellectual, professional work or the work performed by the representatives of "freelance professions". It is characterized by comparison of its features on the basis of the type of economy.

This convention includes the classification of types of work suggested by S. Beckman (Czarkowska, 2010, pp. 113-116). The author made an attempt to analyse the phenomenon of professionalization in two dimensions:

- the type of work, determined by an appropriate degree of autonomy and the importance of formal professional background,
- dominant type of authority.

For the first category, the level of relative autonomy/heteronomy includes legal, social, economic and cultural indicators of the scope of independence/dependency at work. The degree of professionalization determines also the importance of requirements related to formal professional training.

On the basis of these two criteria, S. Beckman identifies four types of performing the work – proletarian work, skilled labour work, vocational work and professional work (fig. 9.1).

In the supplement to his work, the author of the typology proposes intermediate, hybrid types of work, being at the borders of four major kinds of work identified by him (fig. 9.1) stressing the notion that professionalization means moving towards higher requirements related to professional training and along the axis of autonomy (Czarkowska, 2010, pp. 116).

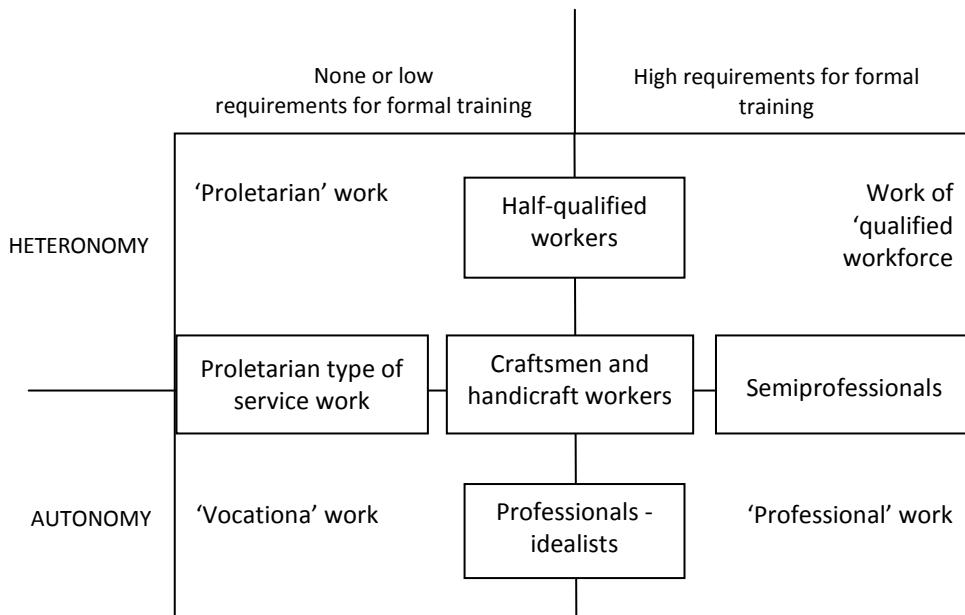


Figure 9.1. Four basic and hybrid types of work distinguished by S. Beckman

Source: prepared by the author on the basis of Czarkowska (2010, pp. 114, 116).

An exemplary classification of knowledge-based work is presented by T. Davenport (fig. 9.2).

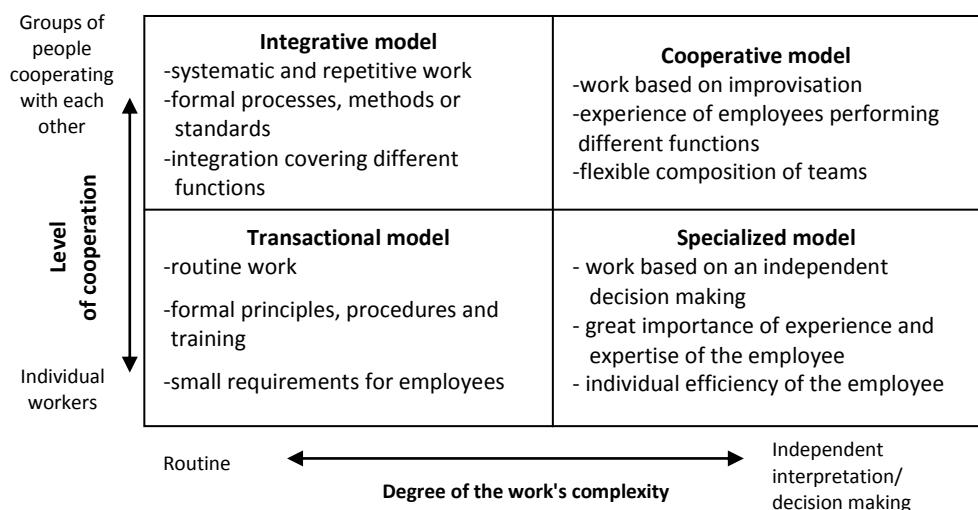


Figure 9.2. The classification of knowledge-based work by T. Davenport

Source: Davenport (2007, p. 35).

It is based on two dimensions – the degree of complexity of work (related to the independence of interpreting information and decision-making) and required level of cooperation. The first criterion determines the necessary level of knowledge, the other one reflects work organization and possible use of IT (Davenport, 2007, pp. 34-36).

Based on the presented opinions, several features typical of the knowledge-based work can be distinguished. These may include:

- a large scope of self-reliance during the selection of resources of information and knowledge used to achieve the objective;
- running detailed analyses and syntheses of information and knowledge in order to make optimum decisions;
- the importance of decision-making in the process of reaching the final result of conducted activities;
- multi-surface creation of options of the planned activities for making optimum decisions;
- great importance of available personalized knowledge, obtained in the process of education and practical action;
- when acting under conditions of high uncertainty and gaps in relations, information and/or knowledge, the intuition is a significant factor in the decision making process;
- great importance of intuition in the matching of events, facts, dependent resources of information and knowledge;
- a large number of creative activities as compared to routine activities;
- unrestricted creativity in each aspect of performed activities;
- ability to depict the problem comprehensively;
- the ability to cooperate with other professionals and auxiliary personnel is important and increases potential capacity of achieving outstanding work performance;
- the possibility of individualization of performed activities (e.g. presentations, speeches, designing processes), even if they are repeatable.

In consequence, determining a clear designation of the notion knowledge worker is an extremely problematic and difficult challenge. It is emphasized, in contrast to the “freelance professions”, that there is “a new employee of a new society” – the knowledge society (Drucker, 1999, p. 16).

At present, researchers in the field of human capital management focus on “the new class of new knowledge workers” – a group that developed as a result of changes determining the era of knowledge and emergence of the knowledge-based economy.

Finally, the most general perspective includes:

- traditional professionals (e.g. physicians, lawyers) whose knowledge is codified, traditional and rational and whose skills are based on fundamental education;
- organizational specialists (e.g. managers, administrators) whose knowledge is technical, quiet, specific for the organization;
- new knowledge workers whose knowledge is esoteric and non-replaceable (Donnelly, 2006, p. 80).

9.3. Knowledge workers in the perspective of generation change

The fully mobile, flexible specialists with the great ability of adaptation, are able to provide services from each place of the globe – time and place cease to be of significance. Furthermore, they do not have any ethical dilemmas concerning the change of the workplace, which makes their competences more important than their affiliation to a specific institution in order to develop professional career. Therefore, the companies which want them to acquire priceless competences of professionals should create a proper working environment for them, since “*a well-considered, intentionally designed working environment becomes an inspiring motivational load*” (Morawski, 2009, p. 157).

The effective management of knowledge workers remains a strategic issue. A solution may be actions of particular organizations towards the acquisition and maintenance of specialists, diagnosing psychological needs of professionals, creating appropriate conditions for the development of the intellectual word of mouth, namely forming of social capital and building an image of the company based on knowledge workers and shaping the brand of a good worker.

A key element is therefore shaping the work environment desired by specialists and thus building their loyalty.

In the activities aimed at setting attributes of optimum comfort zone of knowledge workers, the importance of generation to which given specialists belong and with which they identify themselves is emphasized. The generation of the knowledge worker is associated with a specific system of values, specific attitudes and professional preferences resulting from them, also with regard to the working environment.

An important change of the system of values typical of the generation of *Baby Boomers*, generation X and generation Y, as well as significant transformations of their attitudes towards work are observed (fig. 9.3). As a result, with regard to a given professional, the effective tools used under the applied motivational system

shall be those consistent with the ideas of a specific generation of workers of knowledge-based organization.

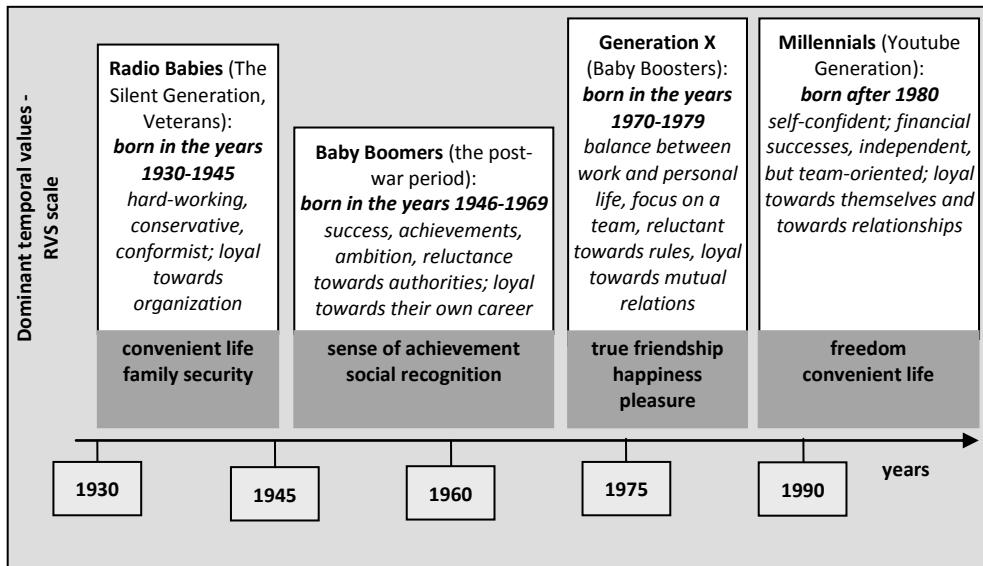


Figure 9.3. Dominant values of particular generations of organization employees

Source: prepared by the author on the basis of: Robbins (2004, p. 44); Cewińska, Striker, Wojtaszczyk (2009, p. 118).

The analysis of specific features of the knowledge-based work and knowledge workers as well as the conditions of operation in a knowledge-based economy and knowledge civilization suggests particular focus on the IT industry as one of five key and dominant sectors of the contemporary economy.

The exploration of the idea of knowledge workers as information workers initially and professionals finally indicates the necessity to undertake increased research concerning the specialists operating in the IT sector.

The environment in which persons from the IT industry work is often characterized by the ambiguity of expected results, changeability of resources and learning in the course of achieving the final result. Such working environment results in the fact that the employees are expected to be highly flexible and open to changes) (Rosiński, 2013, p. 69). These attributes are the essence of the knowledge-based work.

Furthermore, contemporary research concerning IT employees' behaviour may generate universal science of managing the employees of tomorrow, and the

profiles initially specific only for IT engineers may prove to be universal for highly specialized knowledge workers (Rosiński, 2013, p. 72). Therefore, it is reasonable to probe the system of values and attitudes of these professionals.

9.4. Specific needs of professionals

The purpose of the diagnosis of psychological needs of professionals is to strengthen their commitment and loyalty towards the company (for a broader perspective see: (Glace & Jones, 2008, p. 13).

Actions resulting from the conducted psychological analyses of knowledge workers are indeed compatible with shaping the comfort zone, since their aim is to satisfy the needs of affiliation, respect and self-fulfilment. Generally, the actions are based on developing a high level of trust between employees and the mutual liability. They focus on providing specialists with diverse development tasks of high significance and autonomy⁸.

Frequently, under the definition of psychological needs of specialists and the selection of a motivational system appropriate for them, an analysis of personal profiles of professionals, determining their attitude to work and defining the characteristics of the best working environment according to their expectations, is taken into account (tab. 9.1).

The findings of empirical research concerning the attributes of the working environment preferred by specialists, classified according to the generation, to which the respondents belong, may be regarded a complement of the discussion on shaping optimal comfort zone for knowledge workers (tab. 9.2).

They confirm the evolution of the system of values and, consequently, the expectations concerning work in the perspective of the representatives of generation X (Baby Busters) and generation Y (Youtube Generation). The results of conducted analysis show an important role of networks and community spirit for professionals and emphasize the importance of empathy and sharing the same system of values based on loyalty, trust and balance between professional and personal life. They prove the significance of inspiring tasks, which are substantively difficult and build the knowledge of knowledge workers. They acknowledge the need for the development of IT infrastructure.

To sum up, within the last 15 years, the working conditions and, consequently, the employees' expectations concerning the working environment, have changed

⁸ The dimensions of the task identified in the modified model of work characteristics by J.R. Hackman and G. Oldham (for a broader perspective see: (Mikuła, 2000, pp. 267-271).

significantly. An image characteristic for the baby boomers generation was open spaces full of small compartments equipped with a stationary computer with a monitor to which thousands of notes on yellow sheets of paper were stuck. Solving of each problem was strenuous, because of high specialization and the need to contact many people responsible only for their part of the project.

Table 9.1. Personality types of knowledge workers and the comfort zone desired by them

The specialist's personality profile	Attitude towards the performed work	Attributes of optimum comfort zone
NATIONAL HERITAGE CREATOR	The essence of the work is developing solutions with sustainable value	<ul style="list-style-type: none"> – Autonomy – Possibilities of development and being creative – Opportunities of investment in the development of the company – Substantively interesting tasks conditioning continuous learning and building individual competences
PROFESSIONAL TEAM PLAYER	The essence of the work is functioning in an effective team	<ul style="list-style-type: none"> – Cooperation – Play – Clearly defined team and task roles – Opportunity of acquiring new, unique competences – Possibility of enhancing personal qualifications on the basis of learning from others and taking over their silent knowledge
RISK TAKER	The work is one of the elements of life full of adventures, challenges and creative play	<ul style="list-style-type: none"> – High financial gratification – Flexibility – Possibility to select tasks from a set of many long-term options – Loose tasks to be executed, not requiring excessive meticulousness
BLUE BIRD	The work provides means for living, but it is not (perhaps for the time being) the priority	<ul style="list-style-type: none"> – Flexibility – Large social support – Clearly defined working conditions – possibility of easy entry to and exit from team tasks – Fun – Flexible working time – Activities in virtual teams

Source: prepared by the author on the basis of: Erickson, Gratton, (2008, pp. 12-13).

The Millennials expect a completely different working environment – multi-application tasks, permanent communication with other units with equally broad competences. This generation is very determined, expects permanent access to

information, functions in social and technological networks at the same time. Their dominant need is a possibility to act using the tools of “cloud management” (Schrank, 2013, pp. 1-2).

Table 9.2. Key attributes of the comfort zone desired by knowledge workers – the findings of empirical research

Ranking of the most important elements of the working environment of knowledge workers			
in the opinion of generation Y specialists		in the opinion of generation X professionals	
1.	Flexible telecommunication and possibility of teleworking.	1	Flexible telecommunication and possibility of teleworking.
2.	Cultural adjustment.	2	Job security.
3.	The work compatible with private life.	3.	The work compatible with private life.
4.	Coaching and mentoring programmes.	4.	Expanded social programme.
5.	Advanced training programmes.	5.	Cultural adjustment.
6.	Ethics at the workplace.	6.	Ethics at the workplace.
7.	Job security.	7.	Advanced training programmes.
8.	Expanded social programme.	8.	Coaching and mentoring programmes.
9.	The employer's environmentally-friendly initiatives.	9.	Programmes which build the organization's social capital.
Preferred strategies of the retention of knowledge in organization			
in the opinion of generation Y specialists		in the opinion of generation X professionals	
1.	Apprenticeship.	1.	Communities and contact networks.
2.	Communities and contact networks.	2.	Documenting.
3.	Documenting.	3.	Apprenticeship.
4.	Automatic updates of databases.	4.	Automatic updates of databases.
Technical solutions at the workplace desired by knowledge workers			
1.	Tools enabling the cooperation.	1.	Tools enabling the cooperation.
2.	E-mail, browser, portals.	2.	E-mail, browser, portals.
3.	Tools supporting the virtualization of work.	3.	Tools for the content analysis.
4.	Visualization tools (graphics).	4.	Business intelligence tools.
5.	Knowledge maps.	5.	Knowledge maps.
6.	Business intelligence tools.	6.	Tools supporting the virtualization of work.
7.	Tools for the content analysis.	7.	Videoconferences.
8.	Videoconferences.	8.	Visualization tools (graphics).

Source: prepared by the author on the basis of Holtshouse (2009a, p. 29; 2009b, p. 18).

In the context of problems of optimum shaping of the working environment of a specialist and motivating the knowledge workers, one should not forget about

6 major factors determining the productivity of new professionals indicated by P. Drucker (1999, pp. 83-88):

- clear definition of the area of operations and specific tasks of the knowledge worker,
- ensuring high autonomy of the tasks – specialists must “manage themselves”
 - they should be given a high degree of autonomy,
- permanent innovations are an immanent part of their work,
- they expect the opportunity of constant learning and sharing their knowledge,
- the quality of their work is the most important element of the execution of tasks,
- knowledge workers must be perceived as potential assets of the organization rather than “costs of human resources”.

9.5. Research method and discussion of the results of conducted research

For the purpose of this study, we conducted research concerning the system of values and attitudes of professionals; the analyses additionally covered the desired attributes of optimum comfort zone of knowledge workers. The study is based on the pilot project in the form of surveys addressed to 15 professionals operating in the Polish IT industry. Owing to the small number of persons covered by the survey study, the results may serve only as an initial contribution to thorough exploration.

The specialists functioning in the IT industry in Poland were selected as the representatives of knowledge workers, due to the fact that specialists providing their work for that sector are considered to be one of the most relevant representations of intellectual workers and the specific character of the industry itself is the essence of functioning under the conditions of knowledge-based economy. Furthermore, it is assumed that the challenges of managing employees of the IT sector can, in the future, become guidelines for the management of knowledge workers in general.

The respondents are project managers or systems engineers working for Polish branches of big global corporations with average job seniority of 15,8 years and average number of workplaces amounting to 4. They are relatively loyal (average job seniority in the present organization is 7 years), they have great experience and broad knowledge proved by great deal of certificates and memberships of specified global associations.

The work performed by them fits the characteristics of professional and vocational work by S. Beckman (1990), because its special characteristics are: creative, wide self-autonomy, high self-engagement, existence of non-written code of conduct, high level of specialized knowledge required. It is confirmed by additional answers indicating the elements of the working environment that are the most important for all respondents: interesting work which is compatible with their interests.

The respondents perform knowledge-based work according to cooperation and specialized models (especially the engineers) T. Davenport, because their activity is based on high creativity, self-decision making and working in flexible and often changeable teams. In the case of operational level, their services are fully consistent with the integrative model of the above classification of the knowledge-based work, because their activity is systematic, repeatable, based on formal processes, methods or clear and strict standards.

They represent the “information elite” meeting all criteria which assign them to that class of professionals – they are “creative specialists”, as defined by R. Florida (2002), because they create in high-tech sector, share common opinions and values dedicated to their specific internal society.

6 of the surveyed are engineers having rare and specific knowledge, unique in Poland, acquired during permanent training at the producers of software and equipment, which enables the creation and systematic development of system solutions for individual clients' needs. They bear personal responsibility for the efficiency of developed systems.

9 respondents are project managers who suggest individual solutions for unique clients' needs based on solutions from one producer – or in a multi-dimensional way – with the use of products of several organizations which are mutually compatible and supplementary, and at the same time use all available functionalities to the maximum.

In the proposal of the classification of professionals characterized by W. Reinhardt (2011) all respondents are the “learning” ones, which is emphasized by the results, according to which the 2nd most important element of optimum comfort zone for them is substantively interesting tasks conditioning continuous learning and building individual competences.

The engineers are also the “helpers” (after problem solving they distribute solution to others), “networkers” (builders and cultivators of social networks between specialists, “retrievers” (information and data minors) and “solvers” (providers of specific problem solutions).

On the other hand, project managers are “retrievers” and “linkers” (miners and consolidators of different information from different sources), according to the typology. 3 of the surveyed who are managers of engineers or project managers are “controllers” (monitoring of information about organizational effectiveness), “organizers” (planers of other’s activities and duties) and “trackers” (anticipators of potential organizational problems and it’s future solvers).

The goal of the study is the determination of the system of values of specialists functioning in the IT sector and identification of attitudes towards work and professional preferences, in particular concerning the optimum working environment.

For the study, a survey method was applied, and the used research tool was “the value scale” by M. Rokeach as adapted by P. Brzozowski (1989). It contains a list of 18 final values and 18 instrumental values. The respondents' task was to arrange the values from the most important to the least important one.

As a result, the structure of instrumental and terminal values of professionals was presented in the form of a median of ranks and the sum of ranks (tab. 9.3 and 9.4).

Table 9.3. Average hierarchy of values of the IT industry professionals

Terminal value	median of ranks	sum of ranks
Wealthy (convenient, affluent) life	9	150
Sense of achievement (accomplishments, permanent contribution)	6	115
Peace in the world (no wars and conflicts)	15	173
World of beauty (beauty of nature, art)	14	205
Evenness (brotherhood, equal opportunities for all)	13	189
Family security (care over the relatives)	3	73
Freedom (independence, freedom of choice)	5	101
Happiness (satisfaction)	3	74
Internal balance (harmony, no internal conflicts)	4	82
Pleasure (pleasant, convenient life)	11	154
Salvation (eternal life)	18	232
Social recognition (respect, admiration)	11	170
True friendship (close friends)	6	108
Self-esteem	8	113
Wisdom	8	115
Life full of excitement	10	162
National security	16	207
Mature love	10	142

Source: the author's study based on conducted empirical tests.

Table 9.4. Average hierarchy of instrumental values of examined specialists

Instrumental value	median of ranks	sum of ranks
Ambitious (hard-working)	9	102
Talented (competent, effective)	4	105
Cheerful (serene, joyful)	11	166
Clean (neat, tidy)	10	146
Brave (defending their beliefs)	10	141
Helpful (working for the good of others)	9	123
Fair (sincere, truthful)	5	97
Imaginative (bold, creative)	8	139
Logical (consistent, reasonable)	7	107
Loving (sensitive, delicate)	13	164
Obedient (conscientious, respectful)	13	168
Kind (polite, well-mannered)	10	146
Responsible (reliable, credible)	4	69
Broadminded	12	160
Intellectual	15	207
Independent	10	166
Forgiver	13	199
Self-controlled	9	151

Source: the author's study based on conducted empirical tests.

Among the most important inter-institutional goals of human life, the responding knowledge workers indicated subsequently: security of the family, happiness, internal balance and freedom.

In the case of preferred ways of acting, namely the instrumental values, the respondents selected: responsible, talented, fair.

We tried to specify the professionals' system of values and compare it to average answers typical of specific generations (10 of the surveyed belong to generation X, 4 to generation Y and 2 to the generation of Baby Boomers).

The analyses proved no correlation between the generation and the declared system of values. What is characteristic, all the surveyed indicated almost identical canon of values, partly typical of generation X, which includes the pursuit of balance between professional and personal life, self-reliance and loyalty towards oneself and the team. The highest measure of professionalism is being competent and credible.

The specific character of the IT sector is associated with its hermetic nature and high mutual loyalty of workers. The mutual assistance and consulting above the organizational membership are universal. The commonly approved canon of

proceedings is adopted by professionals from this industry regardless of the generation to which they belong.

Another dimension of enquiries included the penetration of preferred attributes of the working environment desired by intellectual workers and connecting them with relevant types of specialists. It turned out that most of the respondents represent the type of the risk taker (10 people). The other identified personality types were blue birds (3 persons), a professional team player and a national heritage creator.

Table 9.5. Attributes of optimum comfort zone of a professional in the IT industry in the light of conducted research

	Characteristics of the optimum comfort zone	number of choices	median of ranks
1	Autonomy	7	1
2	Possibilities of development and being creative	11	1
3	Opportunities of investment in the development of the company	1	
4	Substantively interesting tasks conditioning continuous learning and building individual competences	6	2.5
5	Cooperation	5	4
6	Play	3	
7	Clearly defined team and task roles	2	
8	Opportunity of acquiring new, unique competences	2	
9	Possibility of enhancing personal qualifications on the basis of learning from others and taking over their silent knowledge	2	
10	High financial gratification	9	2
13	Flexibility	7	3
15	Clearly defined working conditions – the possibility of easy entry to and exit from team tasks	1	
16	Freedom	2	
17	Activities in virtual teams	1	

Source: the author's study based on conducted empirical tests.

Thus, the respondents perceive their work basically as one of the elements of life full of adventures, challenges and creative play, and they expect possibilities of development and being creative, high autonomy, flexibility, opportunities for cooperation. All of that should be combined with high financial gratifications (tab. 9.5).

We verified the preferred elements of the working environment of the knowledge worker (tab. 9.6), preferred strategies of the retention of knowledge (tab. 9.7) and technical conditions of the workplace (tab. 9.8). The obtained results were juxtaposed with the research findings presented in the subject literature.

Table 9.6. Ranking of desired elements of the optimum IT specialist's comfort zone

Elements of the working environment of the knowledge worker	Median of ranks
Flexible telecommunication and possibility of teleworking.	6
Cultural adjustment.	6
Work compatible with private life.	3
Coaching and mentoring programmes.	4
Advanced training programmes.	4
Ethics at the workplace.	3.5
Job security.	2
Expanded social programme.	7
The employer's environmentally-friendly initiatives.	10
Programmes which build the organization's social capital.	8

Source: the author's study based on conducted empirical tests.

Table 9.7. Preferred strategies of the retention of knowledge in the opinion of the examined knowledge workers

Preferred strategies of the retention of knowledge in organization	Median of ranks
Apprenticeship.	2
Communities and contact networks.	3
Documenting.	4
Automatic updating of data.	4
Presentations of interesting cases.	2

Source: the author's study based on conducted empirical tests.

Table 9.8. Technical conditions of the professional's workplace in the IT industry

	Preferred technical solutions at the workplace	Median of ranks
1	Tools enabling the cooperation.	2
2	E-mail, browser, portals.	1
3	Tools supporting the virtualization of work	4
4	Visualization tools (graphics).	5.5
5	Knowledge maps.	5
6	Business intelligence tools.	5
7	Tools for the content analysis.	6
8	Videoconferences	7

Source: the author's study based on conducted empirical tests.

The most important attributes of the comfort zone desired by the surveyed are job security and consistency of professional work with personal life. Such choices result from the situation in which the Polish IT sector has been for the last 3 years, and final values declared by the surveyed (security of the family).

The crisis and unpredictable decisions concerning takeovers, divisions and sales of several large companies revaluated the system of Polish professionals. Additionally, 6 respondents are employed in organizations in the course of restructuring and the final decisions concerning the size of the companies and sales of their parts will be presented officially and become binding at the beginning of 2015.

Choice of work convergent with professional life and the workplace ethics corresponds to preferred terminal (security of the family, internal balance), and instrumental (fair, credible) values.

As the preferred techniques of sharing the knowledge, the respondents indicate apprenticeship (importance of training) and presentations of interesting cases. The discussion of specific solutions is the most often applied technique, especially in the form of intellectual word of mouth (informal meetings, friendly support and consulting). Then the silent knowledge is expressed, and the barrier for entry is the personal professionalism and guarantee of the exchange transaction (sharing knowledge only with trusted employees who have comparable competences). Therefore, the preferred technical conveniences are tools of access to bases of knowledge and the communicators. Such choices are, in turn, compatible with the preferences of generation Y presented in the subject literature. This may be the result of engineering predispositions and search for technological novelties by IT engineers as the first persons who get to know the market.

9.6. Conclusions

Investments in technology mostly affect the increase of the organization's capacity for gathering and using open knowledge which, through codification, has been saved in the form of documents, reports, catalogs, presentation, patents or formulas. However, what in fact makes the company based on knowledge, is non-codified, highly personalized knowledge – quiet knowledge.

The holders and the only carriers of quiet knowledge are employees - therefore, it covers all information which units having it can use. Therefore, the transfer of this knowledge between people is slow and costly. It proceeds through face to face contacts and a significant impediment in proper interpretation of knowledge obtained by the recipient constitutes its ambiguity. The elimination of interpretation errors may be made only by immediate feedback.

To sum up, while technology may support storing open knowledge, quiet knowledge resides only in human minds and its availability and the possibilities of using depend only on individual decisions and the relations of its holders. This most precious knowledge is usually hidden in the possession of key employees – professionals, and the organization's pursuit to obtain it may be only related to stimulating the openness to share it. Sharing secret knowledge is so critical for a contemporary company due to its complex nature and the difficulty in implementation – taking into account only the mobility of work and its virtualization eliminating frequent personal contacts, low employee loyalty or their high fluctuation of employment.

The abovementioned theses are perfectly consistent with the idea of L. Tse who clearly emphasized that “*what is material is useful, but what is intangible creates essence*”.

The conducted study of literature on the subject became the starting point for preliminary analysis of the system of values, professional attitudes and preferences with regard to working environment of professionals in the IT industry in Poland.

They are only an initial contribution to broad studies of knowledge workers, both across sectors and different types of specialists. Basically, the obtained results confirm the assumptions assumed in theoretical studies, though they take account of specific sectoral conditions.

The future of effective management of organizations appears to be inseparably linked with the proper management of knowledge, which, in turn, will apply to solutions based on human aspects. These will shape the next generation of knowledge management – based on managing intellectual workers.

Therefore it will be important to invest in developing the knowledge of specialists by making them take part in trainings and communities of practitioners and creating possibilities of sharing the knowledge during formal and informal interpersonal contacts.

Additionally, a new generation of management of knowledge will be supported by multiple IT systems – systems of managing documents, systems of workflow, support systems for team work, decision support systems, intranet, corporate portals, e-learning tools, data warehouses (Gruszczyńska-Malec & Rutkowska, 2013, pp.: 62-64).

Chapter 10

NECESSITY AND POSSIBLE WAYS OF USING QUALIFICATIONS HELD BY PEOPLE AGED 50+

10.1. Introduction

Ageing of society, leading to specific socio-economic consequences, is one of major demographic trends both in the developed and developing countries (hence in Poland as well). It may affect, among other things, the labour market, the functioning of pension schemes, social policy, or health protection system. This trend is also significant from the point of view of the quality of life and lifestyles led by ageing societies. It seems that entities offering consumer goods and services will also have to deal with the issue soon.

People live in certain environment and on the one hand change this environment through their actions, and on the other hand have to adjust to changes that take place in this environment. Among these it is worth mentioning civilisation and technological changes, development of knowledge-based economy and consequently growing role of human and social capital. Therefore, the pace of changes occurring in various spheres of social and economic life makes people face growing number of challenges that change their previous living conditions and thus make them change their beliefs, attitudes and behaviours, establish new relations and broaden their knowledge. One's activity, his/her ability (or lack) to adjust to such changes and taking (or not) the arising opportunities depend on his/her socio-economic position and thus his/her standard and quality of living.

It was in the 1980's that the European Union encountered a new problem, namely the ageing societies. In order to counteract the phenomenon, at the turn of 20th and 21st centuries the European Commission defined actions to be taken in order to reduce the scale of the problem (Rezolucja, 2001). Subsequently it presented suggestions as to the implementation of active ageing policy (Increasing, 2002). Furthermore, in 2005, i.e. once ten new countries have joined the European Union and the problem of ageing have been noticed, the European Commission

issued a document recommending that the States should promote retaining workers of retirement age (Zielona Księga, 2005). In 2010 the Commission issued a resolution in order to promote employing people 50+ in the Member States, also via incentive scheme for enterprises (Wyzwania, 2010). Furthermore, the resolution proposed initiatives to be taken in terms of human resource management in order to provide older people with employment. On the other hand, in line with the decision of the European Parliament and of the Council the year 2012 was announced European Year for Active Ageing and Solidarity between Generations, which implies that the problem has already been noticed throughout the European Union. This initiative is aimed at exchanging experience and good practices as far as active ageing is concerned.

Actions presented by the European Commission suggest that the European Union has spotted the problem of ageing. It is closely connected with the functioning of enterprises and states since it has an effect, among other things, on labour supply, labour cost, role of older people on the labour market, benefits older people are provided by the state, etc.

Change in the attitude toward the ageing of societies has been observed since the 1960's as a result of two factors, namely demographic changes and popularization of economic liberalism questioning the role of welfare state. It was then that the term "active ageing" was used for the first time. It is a concept assuming that older people should be provided with opportunity to take part in social life as long as possible. Later on the term was equated with productivity and being active on the labour market, and defined as the capacity of people as they grow older, to lead productive lives in society and economy.

10.2. Research problem – consequences for enterprises following from changes in demographic structure of lithuanian, latvian, estonian and polish population

Active ageing is an issue raised by many researchers, particularly from the developed states. They have formulated a number of theories to account (at least to some extent) for certain aspects of ageing. Studies were conducted by the representatives of various disciplines, namely gerontology, psychology or sociology.

Research suggests that employees 50+ have predispositions to work efficiently. According to Atchley (1989, pp. 183-190), the author of continuity theory, one leads a relatively constant lifestyle, e.g. people active on the labour market will probably want to live active life. Therefore, for home birds retirement will be a relief,

whereas people who are sociable and active in professional terms, will seek ways of remaining active and staying in touch with others (Lehr, 2007, p. 64).

The continuity theory is based on the assumption that people become satisfied as they grow older on condition that they manage to lead / continue the same lifestyle (going through different stages in life, one does not want his/her lifestyle to change).

As far as the analysed context is concerned, it is worth looking at the model of older people's competence. It was proposed in the 1980's and described by Olbrich who was the first to pay attention to competence demonstrated by older adults. He was inclined to believe that society should be aware of the specific nature of competence (Olbrich, 1992). The aforementioned model is based on a developmental approach, i.e. suggests that people can develop themselves and their competence during their lifetime and adopt a rational attitude to certain aspects of life.

In line with the above theory, human being adjusts to changes and requirements imposed by his/her environment. Elderly person accepts the fact he/she changes with age, in particular physically, and does his/her best to counteract negative effects of ageing (e.g. disability). Furthermore, the theory under discussion refers to one's ability to adjust to changes that occur in his/her life with age in order to optimize his/her satisfaction with life and qualifications. To some extent the theory in question makes a reference to the concept of life-long learning.

The ageing societies are a major problem for the functioning of enterprises, labour market and economy in all the Member States and particularly in less developed ones (Kaluža-Kopias, 2010). This state of affairs arises from two main reasons. First of all, average lifespan has prolonged in the European Union. Secondly, birth rate is subject to drop in the underdeveloped countries (Eurostat 1; Kotowska & Grabowska, 2007). The fist-mentioned cause has a positive character and to some extent entails that living quality has improved (Bugajska, 2007) which contributes, among other things, to growing demand on goods and services. On the contrary, the second-mentioned reason will have a negative effect on the aforementioned demand and thereby will also lead to decline in production and demand for employees. Furthermore, a shortfall in labour supply will be observed when people born during a period of population decline reach working age. This will in turn increase labour cost and reduce the competitiveness of enterprises. In other words, the economy will be weakened. Therefore, the problem to be encountered by enterprises in the nearest future, especially in East-Central Europe, will make them determine where potential employees shall be sought, what qualifications they should hold and how these qualifications can be developed (Szukalski, 2008).

Having in mind the problem of ageing (already noticed by the EU institutions), demographic structure in selected states and its impact on the functioning of

enterprises will be examined. The chapter is aimed at proving, based on demographic data, that the problem under discussion will become particularly serious in the coming years. In other words, the percentage of older people will gradually increase, which will effect certain changes on the labour market. Therefore, attention should be paid to benefits and risks posed by employing people aged 50+ as well as ways of using their qualifications. The analysis will be carried out on the basis of data derived from Eurostat and quoting the example of four states that have been the EU Member States for 10 years (Lithuania, Latvia, Estonia and Poland).

10.3. Demographic changes observed in Lithuania, Latvia, Estonia and Poland

The chapter presents the analysis of demographic data concerning four selected Baltic Sea States that joined the European Union in 2004. The preliminary analysis of information derived from Eurostat confirms that demographic structure is very much alike in the entire East-Central Europe. On the other hand, demographic situation has already stabilized in Western Europe. To be more specific, between the 1970's and the 1990's birth rate was subject to decline. Subsequently it was subject to slight increase and such a state of affairs is still the case. It is in Western Europe that birth rate amounts to 1.5-2.0, whereas in East-Central Europe it has reached 1.3-1.6.

Due to the limited availability of demographic data and the fact that the chapter refers only to people aged 50+, data for the period 1970-2013 and population aged 10 was used for the sake of the analysis (Table 10.1).

Data presented in Table 1 allows to conclude that a significant drop in the number of 10 year-olds has been observed in Poland since 1995 and in Lithuania, Latvia and Estonia since 2000. Depending on a given state, in 2013 the number of 10 year-olds dropped by 50% compared to the year 2000. Therefore, it can be noticed that the percentage of people aged between 11 and 24 is gradually falling and so is the number of people entering the labour market after receiving formal education. People who were 10 during the period 1970-2000 are 24-54 now. Data presented in Table 10.1 suggests that their number was relatively constant throughout the aforementioned period. Therefore, in Lithuania, Latvia, Estonia and Poland people aged 55 will represent similar number every year during the next 30 years (2015-2045), whereas people aged 25 will drop in number. Furthermore, it is worth noticing that in the year 2025 the ratio between 25-year-olds and 55-year-olds will amount to only c.a. 40-50%, which implies that during the next 13 years the number of 25-year-olds will halve.

Table 10.1. Number of ten-year-olds in Lithuania, Latvia, Estonia and Poland during the period 1970-2013 (in thousands)

Year	Lithuania	Latvia	Estonia	Poland
1970	62	36	21	663
1971	61	36	21	-
1972	60	36	21	-
1973	60	36	21	-
1974	57	34	20	-
1975	56	33	20	531
1976	54	32	19	-
1977	55	33	19	-
1978	53	32	19	-
1979	55	33	21	-
1980	55	34	21	503
1981	56	35	22	-
1982	56	36	22	-
1983	56	36	23	-
1984	53	35	22	-
1985	53	35	22	602
1986	52	35	22	-
1987	53	35	22	-
1988	53	34	23	-
1989	53	35	22	-
1990	53	35	22	660
1991	53	35	23	668
1992	53	36	23	653
1993	53	37	22	684
1994	57	39	23	700
1995	56	39	22	682
1996	57	39	22	659
1997	58	39	21	619
1998	56	39	22	590
1999	54	38	22	575
2000	53	36	21	557
2001	54	34	20	550
2002	52	32	17	536
2003	52	30	17	505
2004	46	25	14	483
2005	41	23	13	464
2006	39	21	13	439
2007	37	19	13	427
2008	36	18	12	406
2009	35	18	12	391
2010	34	18	12	380
2011	31	19	13	378
2012	28	18	12	367
2013	27	19	13	355
2013/2000	51%	53%	62%	64%

Source: Eurostat 2

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=de

Hence, the already presented data allows to conclude that labour supply will be subject to shortfall, particularly as far as people entering the labour market are concerned. That is why entrepreneurs should take account of possible ways of increasing the number of workers aged 50+. Problems that may be encountered when employing older people and benefits accruing from such a decision will be referred to in the next sections of the present chapter.

Thereby, it is worth highlighting that due to demographic changes enterprises need to seek ways of employing people who are not active or slightly active on the labour market.

10.4. Qualifications held by employees aged 50+ as a potential resource used in enterprise

Analyzing possible ways of using qualifications held by people aged 50+ (agreed-upon), it is worth paying attention to the fact that the greater part of older workers (Urbaniak, 2012, pp. 130-155; Dubas et al., 2008, pp. 121-134; Mossakowska et al., 2012, pp. 31-33; Filipp & Mayer, 1999, pp. 148-160):

- have broad professional background, including interpersonal relations;
- are often more loyal than young employees;
- are less mobile, i.e. less willing to emigrate;
- have greater respect for work due to increased awareness of the role of professional life – at the same time, greater respect for work stems from the fact that older workers are aware of serious risk of losing a job and problems with finding a new one;
- are more flexible since their children are partly or completely self-reliant;
- are involved in their work, probably due to the fact they care about their jobs more since they know that it is difficult to find satisfying work;
- have a less claiming attitude;
- are more emotionally stable;
- have greater respect for their employers and co-workers;
- are able to remain calm in difficult situations;
- are well organized;
- have a more optimistic attitude toward the world.

Apart from the aforementioned benefits accruing directly from employing people aged 50+, additional ones can be mentioned, e.g. for Polish employers:

- tax exemptions and tax allowances for people aged 50+,
- fewer paid sick days,
- qualification improvement financed by the labour fund.

Needless to say, employing people aged 50+ does not only provide benefits, but is also associated with certain risk and has its drawbacks. To elaborate on the matter, it is worth using the results of large-scale research conducted in this scope in Poland in 2012. According to it, the following are major flaws that employees aged 50+ may have (Urbaniak, 2013, pp. 131-135; Przywojska, 2013, pp. 221-229):

- have poor command of foreign languages (only less than 20% of Polish people aged 45-59 have a good command of a foreign language, and 40% do not speak any foreign language);
- are slower when carrying out their work;
- need more time to learn new things;
- are afraid of using new technologies;
- have got used to traditional forms of employment;
- have serious problems with memorizing things;
- are less creative and reluctant to adopt innovative solutions;
- are weaker in physical terms;
- are afraid of making mistakes;
- about 50% of Poles aged 45-59 do not have a driving licence.

Apart from the already discussed results, one should also mention poor computer skills developed by older workers in East-Central Europe (GUS, 2013a, pp. 152-158; GUS, 2013b, część II) and, which may be of major importance, increase in morbidity rate for older people (varying from one age group to another and from one country to another; see Table 10.2).

Table 10.2. How long women and men aged 50 will have lived and enjoyed good health

In Years	Lithuania		Latvia		Estonia		Poland	
	Women	Men	Women	Men	Women	Men	Women	Men
2005	12.1	11.7	13.0	11.1	10.6	9.2	20.4	16.6
2006	12.9	12.2	11.3	10.8	11.5	9.8	17.6	14.8
2007	13.8	12.2	12.0	11.2	11.5	9.6	16.3	14.2
2008	15.0	12.9	12.1	11.1	12.8	10.7	17.1	14.7
2009	16.0	14.0	13.4	11.5	14.4	12.8	16.8	14.6
2010	16.5	14.3	13.6	11.9	14.4	12.3	16.8	14.6
2011	16.4	14.1	13.0	12.1	14.0	12.2	17.8	15.4
2012	15.8	13.4	15.2	12.9	13.5	12.0	17.3	15.5

Source: Eurostat 3: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

Data presented in Table 2 suggests that Lithuanian, Latvian and Estonian women aged 50 will have lived and enjoyed good health for the next 11-15 years, whereas Polish women representing this age group will have lived and enjoyed

good health for 17-20 years. As for men, in Lithuania, Latvia and Estonia this period will have lasted for 10-12 years, while in Poland – about 15 years. Therefore, it can be assumed that as far as working population aged 50 is concerned, men will have enjoyed a relatively good health for at least 10 more years, whereas women – for 15 more years.

A conclusion can be drawn that there are great possibilities of making use of qualifications held by older workers (particularly those aged 50-60).

10.5. Discussion

The analysis of the situation faced by people 50+ and possibility of using their qualifications in enterprises allows to draw two main conclusions. First of all, demographic changes require the analysis of environment and actions taken by enterprises in order to attract and retain competent workers. Secondly, the analysis of the literature on the subject enables to state that people aged 50+ are competent employees. Benefits that accrue from employing older people are substantial and therefore this segment of employees is an effective alternative to younger employees. Needless to say, it should be borne in mind that every line of business has its specificity, every enterprise has its organizational culture, etc. Therefore, in order to make efficient use of work done by employees aged 50+, one must analyse and assess the necessity and possible ways of employing people representing different age groups. In other words, one should examine (Age management, 2010, pp. 30-32; Sadowska-Snarska, 2012, pp. 37-53):

- age structure taking all the workers into account; on such a basis one may forecast possible changes in demand for employees or their retraining;
- qualifications held by employees aged 50+ depending on the position and job performed (professional and general knowledge, command of foreign languages, computer skills, experience, personality traits);
- extent to which employees are involved in their work and factors determining this involvement, i.e. defining actions to be taken in order to enable employees aged 50+ make a real contribution to the functioning of organization thanks to their experience and knowledge;
- functions performed and not performed by older workers in the company. This will allow to define possible ways of employing and developing the potential shown by people aged 50+. Therefore, the analysis should also cover career path, mobility, willingness to change a job, form of employment (working hours, home working), place of residence;

- quality and ways of exchanging competence between older and younger workers (what, how and in what positions people aged 50+ can teach younger generation). Furthermore, it is worth seeing not only how they teach, but also how to encourage them to teach younger people, what are their major concerns and what discourages them from sharing their knowledge and experience;
- effect of organizational culture and management style on the structure of employees;
- analyse the results of research on the theories of ageing;
- analyse the possibility of raising EU funds for maintaining and developing competence (in particular knowledge and health status) demonstrated by people aged 50+).

Providing answers to the above questions will allow to unlock the potential and experience of employees aged 50+ and benefit from their strong points, namely loyalty, involvement in professional life, reliability, etc. Furthermore, it is worth analysing to what extent knowledge, experience and personality traits shown by older employees may be a source of competitive advantage of enterprise.

10.6. Conclusions

The chapter addressed two issues correlated with each other, namely the problem of ageing as well as benefits and risks posed by employing people aged 50+. The analysis of statistical data allowed to conclude that in the states under discussion the number of people entering the labour market will be subject to drop, whereas the number of people aged 50+ will be relatively constant. Furthermore, health data and the literature on the subject (addressing in particular benefits from employing people aged 50+) enable to state that enterprises will increasingly need to employ older workers, which, however, does not have to work to their disadvantage. In fact, it can be assumed that enterprises will be more effective when employing both younger and older people. The issue of proportions will depend on enterprise specificity, type of activity, etc.

Chapter 11

AGE MANAGEMENT IN THE LIGHT OF NEUROSCIENCES DEVELOPMENT

11.1. Introduction

Increasingly aging population as a result of demographic changes, combined with higher retirement age, has caused the concurrent presence of three generations in the labor market, more and more balanced in terms of numbers. And yet, as the findings of many quantitative and qualitative studies show, the generations of demographic boom and X and Y generations are characterized by significant differences in the hierarchies of values and consequently, in their attitudes towards work. This dictates changes in human resources management: from a management standard uniform for all ages towards (non-discriminatory) pro-generational specialization of programs, tools and methods.

The purpose of the chapter is to identify the basic areas of pro-generationally profiled human resources management in the light of the achievements of neurosciences, rapidly developing since the late 1990s. More and more often and with a growing precision and certainty the results of neurobiological, neuropsychological and other neuroscientific research show how strongly human decisions and behaviors depend on unconscious processes in the human brain. This is also where the source of generational differences of functioning in a work environment lies, and understanding their nature and how they work will make the effective and informed management of such differences possible.

The chapter will deliberately confront and discuss findings of research from various areas of knowledge related to human resources management, sociological (generational profiles) and neurobiological, together defining a base for creating an effective age management system.

11.2. Generational profiles in the labor market

The overall goal of using the potential of all employees, which is an imperative for economic development, requires diversified approach to different age groups, while building the acceptance and understanding of the need for such approach. It is a difficult task because in addition to personal differences, which have a defined and significant impact on the selection and effectiveness of human resources tools and hence make the procedure standardization difficult, the inter-generational management must additionally take into account the characteristic, different for each generation, attitudes towards life and work. Though the categorization of generations by years of birth may potentially mean stereotyping them (Urbaniak, 2014), and the division into age cohorts as such is disputed (Kołodziejczyk-Olczak, 2014), model generation descriptions are a good starting point for understanding generational differences observed and communicated by employers. However, generational categorization does not release from moderating general management rules and tools based on individual employee profiles (which, in fact, is the core of professional human resources management).

In line with the above, opinions are voiced in the professional literature that every generation is shaped by a unique set of events: social, economic, political or cultural, in which it has participated, hence the way in which its representatives go through consecutive stages of their personal and professional lives cannot be a straightforward continuation of the approach characteristic for the previous generation. For instance, Neil Howe and William Strauss (1997) weave subsequent generations into the history development cycles (in the United States); each cycle has at least four turnings, reflecting – as four seasons – consecutive stages: growth, maturity, entropy and destruction. The four turnings of the most recent cycle are:

- the first turning (High) – the post World War II new status, which was characterized by stronger institutions and weaker individualism; “traditionalists”, also referred to as the silent generation entered the labor market then;
- the second turning (Awakening) – is a period of consciousness revolution and spiritual turmoil lasting from mid 1960s to early 1980s; the post-war baby boomers were entering their maturity at the time;
- the third turning (Unraveling) – brought depreciation of social order and the weakening of institutions, which was accompanied by stronger individualism of Generation X starting work at the time;
- the fourth turning is the Crisis caused by a rapid fall of institutions and cultural wars (1984-2005); this is an era when decisions shaping the newly emerging order are made and when the Millennial Generation came to the labor market.

Rebecca Ryan (2007), on the other hand, compares life and professional expectancies of consecutive generations to the classic Maslow's hierarchy of needs:

- for traditionalists, who were born and grew up during the Great Crash and World War II, the basic need is safety;
- baby-boomers born after the war, growing up in the shadow of the Vietnam war, Woodstock and Watergate, were dominated by the need for love and belonging (as in The Beatles song: "All we need is love");
- Generation X was the first generation of "latchkey children", and thus free of non-stop parental care, independent, focused on themselves; they seek esteem and self-esteem confirmation; it was them to whom Tom Peters (1997) addressed his message: "Big companies understand the importance of brands. Today, in the Age of the Individual, you have to be your own brand (...) the CEO of Me Inc.";
- the Millennial Generation is left with the top level of needs – self-actualization, which is the next step in social development.

Generalized differences in attitudes towards work are presented in Table 11.1.

Table 11.1. Generational Differences in Attitudes towards Work

Generations and their values	Traditionalists (born 1925-1945)	Baby Boomers (born 1946-1964)	Generation X (born 1965-1980)	Generation Y/ Millennials (born 1981-1999)
Core trait	LOYALTY	OPTIMISM	SKEPTICISM	REALISM
Characteristics	Focus on history, culture and organization mission; stress tradition.	Focus on organizational hierarchy, corporate strategy and major competitors; interested in future innovations and career opportunities.	Interested in innovation and corporate challenges based on hard data.	Exclusive focus on the world of various media and experimental learning; allowing only few peers to become (relatively) close.
Career objective	Build a legacy.	Stellar career	"Portable" career	Parallel careers
Expected gratification	Satisfaction from a job well done	Money, position, titles, recognition and material aspects of prestige: "the corner office"	Freedom is the ultimate reward.	Work that has meaning to me
Work-life balance	Expecting support in case of change	Expecting help in balancing external needs and finding oneself in it	Balance needed now not when retired	Work is not everything; flexibility is necessary to balance different tasks
Job change	Means stigmatization	Means a loss of position	Is necessary	Is part of routine
Feedback	Unnecessary	Annual, with complete documentation	Internal need	Upon request
Training and development	"I have achieved everything myself, you can too"	Too much training is a discouragement.	Training as employment anchor	Continuous learning as a way of life

Source: own conclusions (based on Lancaster & Stillman, 2002).

Though this outline concerns generational differences between generations in the United States, directions in which attitudes towards work shift converge with those presented by Polish generations before- and after-transformational, that is those developing their careers before 1989 and entering the labor market during the transformation (more in: B. Jamka, 2011).

11.3. Research on human brain/mind

11.3.1. Neuroscience and evolutionism

The fundamental striving for objectivity is the reason why economic sciences capitalize on exact sciences: directly or by analogy. In the area of (HR) management, the core of which is decision making, there is a growing importance of neurological (hence, based on natural science) research of how the brain operates: physically direct (like neurosurgery), physically indirect (by using state-of-the-art CT equipment) and chemical (e.g., neuro-endocrinology research, which examines mutual relations between the neural system and hormonal system, regulating a majority of life functions). In effect, new areas of neuroscience emerge: neuroanatomy, cognitive neuroscience or computational (theoretical) neuroscience with such promising tool as modeling artificial neuron networks, as well as social neuroscience (examining brain processes related to social interactions), neuroeconomics (examining how brain works in making market decisions) and neuromarketing (focusing on brain reactions to advertising).

Neuroscience studies in combination with humanities, also focused on human evolutionary development, e.g., evolutionary psychology, seeking reasons why people think in a specific way, anthropology or comparative linguistics, help to better understand thinking processes: from the physical location in specific areas of the brain to evolutionary, hence conditioning encoded in genes. It is important to mention here the pioneering work by Jared Diamond (1996) *The Third Chimpanzee*, in which the author demonstrated that both individual life histories of single people and histories of human societies are encoded in human genes; therefore, human behaviors/decisions are conditioned by evolution. In Poland, the evolutionary thinking was followed by, among others, Lukasz Sułkowski (2010), who analyzed how neo-evolutionary paradigm translates into basic processes in organization and management, i.e.: biological roots for organization, natural sources for power structure and hierarchy, competition among individuals, as well as conflict and fighting for dominance, leadership in an organization, learning and creativity in a social group, group and organizational bonds (including kin and non-kin altruism), takings risks in a social group, group and organization communication, sex

differentiation and relations between sexes, evolutionary conditioning for the culture of a society and an organization.

It is possible to distinguish two basic though not completely separate directions in the development of research over cognitive/decision making processes:

- cognitive, seeking to explain **how** the man thinks by examining brain processes behind thinking;
- and etiological (evolutionary), seeking to explain the **reasons** for the established perception of the world and forms of reacting to information (behaviors/decision making).

11.3.2. Physiology of Thinking

The brain is a network of neural tissues and synapses, through which an electric signal travels. Its speed and quality is controlled by **neurotransmitters** (chemical substances) – supplied internally (hormones, e.g. adrenaline or oxytocin) or administered externally (e.g. medicine, drugs, alcohol) – also by microorganisms (bacteria, viruses). Therefore, “changes in the balance of brain chemistry, even small ones, can also cause large and unexpected changes in behavior” (Eagleman, 2012, p. 275) – depending on the type of neurotransmitter. Internal release of neurotransmitters is connected with age, sex, health condition (hormone profile matrix) as well as emotions: positive and negative (Davidson & Begley, 2013).

There are two basic modes of thought (Kahneman, 2012):

- **fast thinking (“System 1”)**: operates in a fast and automatic manner, without effort or with a minimum effort, without conscious control; it covers intuitive thinking (professional and heuristic) and automatic forms of mind activity (perception, memory); its core is associative memory;
- **slow thinking (“System 2”)**: requires focused attention; it is mobilized when “System 1” does not know the answer to a question, e.g., requiring complicated calculations or if an event is inconsistent with the reality model built in the mind; it allocates necessary attention among tasks requiring intellectual effort and is responsible for monitoring behaviors (e.g. control of emotions); its operation is connected with the subjective **focusing**, free choice and conscious action.

It is important to point out that the basic modes of thinking activate different parts of brain: both primary, the so-called reptilian, and “modern” frontal lobes, therefore, both modes of thinking are named in reference to the essence of their functioning and not their location within the brain. The primary brain function is generating a behavior appropriate to specific environmental conditions; therefore, human thoughts and their structure are controlled by the evolutionary goals of

a species. Since, the man with his brain is a “portable battery operated device” (Eagleman, 2012, p. 94), its energy efficiency is a key criterion for functioning. The energy saving principle also governs thinking processes, therefore, “System 1”, as more energy efficient because automatic and faster, is deployed first. Daniel Coyle (2011, p. 40) states that: “We are constructed to carry out tasks automatically to collect them in our subconscious mind”.

11.3.3. Dispelling “Neuromyths”: Hemispheric Specialization and Brain Plasticity

One of the largest neuroscience achievements in recent years has been dispelling two broadly accepted beliefs: on the role/functions of cerebral hemispheres and one-direction, growing with age depreciation of brain/mind.

As regards the brain lateralization, it turned out that the criterion for the division of functions **is not the language** (left hemisphere – language-dominant hemisphere and right hemisphere – visuo-spatial/constructional hemisphere) but the criterion of **novelty**: the right hemisphere is the novelty one (discovering all that is new and unknown), therefore, its main role is integrating information, whereas the left hemisphere is a storage of compressed knowledge, providing tools for recognizing stable patterns, which makes it possible to effectively and efficiently cope with familiar situations of intellectual routines by analyzing stimuli (Goldberg, 2014). Methods of functional neuroimaging (PET, fMRI, SPECT, MEG, recording gamma waves connected with complex decision making processes), make it possible to see how the brain operates, and confirm that the general and unchangeable rule concerning various cognitive tasks (from verbal to visuo-spatial) taking place in different time spans (from hours to decades) is the **shift of the cognitive momentum from the right (novelty) to the left (routine) hemisphere** (Goldberg, 2014, p. 215).

As regards the physical depreciation of the brain, for many years (neuro)scientists generally believed that new nerve cells in the brain are created only at the prenatal stage and during lifetime their number is successively falling as a result of aging and pathological processes. Only in 1998 Peter Eriksson with his team and Fred Gage (1998) demonstrated that neurogenesis, that is the generation of new neurons, occurs also in the adult human brain, and more specifically, in hippocampus, and **enriched environment, moderate physical activity and intellectual effort** have a positive effect on their proliferation, differentiation and survival.

Those revolutionary findings inspired further research by many scientists. An example could be a broadly discussed study carried out by Eleanor Maguire (2000) among London taxi drivers, whose work (not supported by satellite naviga-

tion at the time) required remembering numerous and complex routes and locations. It turned out that the size of taxi drivers' hippocampuses was in direct proportion to the number of years on the job.

The acceptance of the thesis of brain plasticity was verified in many ways, which gave a rise to the discovery of the grey matter (myelin). It turned out that an electric signal (every human behavior, thought or feeling can be precisely measured by an electric signal travelling through the nervous system) coming often through the same circuits, surrounds neural tissues with grey matter/myelin, constituting their insulation, which increases signal strength, speed and precision (Fields, 2008). As a result, myelin was labeled as the "key to learning" (Coyle, 2011). Following her discover, the principles of "ten years" by Ericsson (1991) or "ten thousand hours" by Gladwell (2010) were formulated, which were based on the analogy of practicing brain as muscles: an appropriate number of exercise resulted in the creation of "myelin highway" for a given skill (e.g., playing the piano) or reaching an automatic level in a specific behavior, thus moving it to more economical (and more efficient) "System 1" (based on Kahneman's terminology).

On the other hand, studies among jugglers, though confirmed the grey matter increment with practice, showed at the same time, that it is not a lasting effect; when exercises stop, incremental myelin in parietal and temporal lobes gradually disappeared (Draganski et al., 2004).

11.4. Pro-generational human resources management in the light of neuroscience achievements

11.4.1. Neuroscience Achievements and a Breakthrough in Psychology of Creativity

From the point of view of human resources the neuroscience achievements from the last two decades are of a great importance, in particular, the dispelling of myths concerning inevitable age-related brain degradation. Numerous neurophysiological studies showed that an adult brain may change/develop: new nerve cells may be generated and new connections between those cells, enhanced with myelin. The human brain proved to be plastic; it is subject to deliberate development by each individual but also environmental modeling, often unconscious, because a stimulus repeated several times (here: external, e.g. an ideological or advertising catch-phrase) strengthens the relevant nerve connections, leading in a longer time perspective to automation of a certain behavior. The type of brain changes and its plasticity are individualized (genes, evolutionary heredity), variable in time (brain

maturing, reflected, among other things, in automation of decision making processes, but also connected with a different set of neurotransmitters, including hormones) and influenced by the environment (the impact of historic, geographical and cultural environment). Richard Davidson (2013, p. 124) gives a vivid description: “Genes load the gun but only the environment can pull the trigger”.

What is important is the consistency of those findings with a breakthrough in the psychology of creativity, which took place in the 1980s and involved treating the creative process as “everyday”, ordinary. Contrary to “elite” approach, treating creativity as a unique and rare attribute, the egalitarian approach considered creativity as a continuum with variable intensity: from minimum to genius, while intelligence was defined as the “ability to understand surrounding situations and finding appropriate, deliberate reactions” (Tokarski, 1980, p. 310), hence, an attribute of a large majority of people. As “the ability to solve problems, or to create products, that are valued within one or more cultural or social settings” (Gardner, 2002, p. 36), **intelligence is shaped and developed** as a result of efforts adequate to various forms of its manifestation, characteristic for consecutive stages of human development. Hence, every healthy human brain has a huge creative potential from birth, but as a result of broadly understood socialization processes (e.g., in consequence of multiplying cultural images of how an adult person should behave or intellectual automation) it is restrained or almost completely blocked (more in: Jamka, 2012).

11.4.2. Conclusions for Employers and Managers

1. Managing people from the angle of the generation to which they belong makes sense (Cf. Section 2.), because specific nerve connections were developed also as a result of the impact of the social environment: prevailing ideas, technological development, cultural narrative, etc. Perception is not a simple collection of data acquired but the matching of information received to expectations developed also under environmental impact: the brain consciously registers the environment only if there is a conflict – when the sensory perception does not agree with the expectations and by default operates in the automated thinking mode. In particular, seeing is not a passive registration but an active process – the brain actively interprets data it is receiving – modifies it and even supplements, “guessing” based on the expectations: “We do not see the world. We see what our brain tells us to see” (Eagleman, 2011, p. 45). Therefore, Generation Y representatives will be by default impatient and with a planning dysfunction (Tyler, 2007), because they have been brought up in the world of immediate gratification, which Internet made possible, and which for them was a natural, base reality.

2. Brain plasticity, ability to shape new neuronal connections and strengthening them with myelin throughout the entire lifespan means that **ways in which people think and act are subject to change**: a deliberate change – by carrying on appropriate physical and intellectual exercises (Davidson & Begley, 2013) or by a change of environment. For instance, monozygotic twins growing up separately, and hence, functioning in a different environment, at the age of 50 had four times more epigenetic differences (changes in gene structure and activity independent of DNA sequence) than at the age of three when their experience was similar (Fraga, Ballestar et al., 2005). This shows that carefully selected (that is in view of their purpose and with confirmed effectiveness) forms of training and professional improvement, both as regards technical skills and social competences are very powerful, but also demonstrates the importance of coherent, permanent and based on shared values organizational culture and physical work environment.

3. In 1989, Anne Moir and David Jessel (1993) published the book *Brain Sex. The Real Difference Between Men and Women*, which inspired heated discussions, because its argumentation seemed to contradict the assumptions of the gender equality policy. However, the authors pointed out to the great significance of the **hormonal influence** on the brain development: at the prenatal stage and after birth, in the development of the neuron networks (brain structure) and their operation. The hormone influence is a fundamental determinant of structural differences of brain and ways of thinking and human behavior based on the criterion of sex and age because typical hormone matrix profiles differ depending on age and sex. Nevertheless, hormone release is also a function of reaction to environmental challenges (emotions), e.g., stress generates adrenaline, one of the effects of which is “System 1” thinking, that is relying on evolutionarily tested behavioral patterns. On the other hand, oxytocin, released during breastfeeding, as well as in situations of tenderness, intimacy or friendly closeness, activates areas responsible for cooperation in the brain. For employers, this means that by creating a specific work environment they (intentionally or not) generate specific reactions (way of thinking and behaviors) of their employees. For instance, in an environment focused on tough competition, which stimulates adrenaline generation, you cannot expect creative behavior and work because they require “System 2” thinking, that is considering new options, optimally also in the non-conscious and intuitive areas (Cf. Jamka, 2010).

4. Hormones are only one group of **neurotransmitters**, that is chemical substances transmitting signals between nerve cells in the brain. They decide about the speed and quality of thinking and behavior of men/employees. Therefore, a sick employee thinks in a different manner than usually when he or she is healthy, which is a consequence of the chemical composition of neurotransmitters affected

by viruses/bacteria and medicine taken. The effect may be slower reactions (in line with medicine manufacturers' warning in leaflets), or on the contrary: impulsive, nervous, chaotic – as a result of taking stimulating medicine; the impact of micro-organisms is even more difficult to identify. This example is important because today many employers force/encourage infected employees to come to work, explaining that it is necessary to achieve the targets. Though attention is drawn to the possibility of infecting other employees (which, with the assumption that they will come to work as well does not change the perception of this issue), but since there are no sufficiently spectacular studies concerning costs of working when sick (e.g., making wrong decisions, discouraging/losing an inappropriately treated client, accidents at work, etc.), such threats are underestimated, wrongly from the point of view of neuroscience achievements.

5. Another conclusion for employers, fundamental for age management, is connected with the **brain change in time**. First of all, the brain **takes a long time to become mature**: according to Goldberg (2014, p. 44) the youngest and the most complicated part of the brain, that is the cerebral cortex, achieves full maturity only after the eighteenth year of life, and it may continue to develop even until thirty, which explains age limits for the active and passive voting age (and other civic rights and duties) in a majority of contemporary societies. Mature, that is fully functional frontal lobes are indispensable for achieving social maturity. Furthermore, the human brain undergoes structural changes in time; over a lifespan the intellectual momentum shifts from the right hemisphere ("novelty") to the left one ("routine/intuitive decision making") (Cf. Section 3.3.). Myelin atrophy in the "novelty" hemisphere is visible already in the fourth decade of life, whereas in the right one – **slow** atrophy starts only a decade later (Goldberg, 2014, p. 253). Since professional competencies involve decision making skills rather than knowledge of facts, the professional efficiency in a majority of professions does not fall with age, and in the case of persons with a well developed logical thinking skills, both general knowledge and vocabulary richness may grow – even by the eight decade of life (Thompson, 2003). This is another argument in favor of intentional differentiation of the nature of tasks depending on the criterion of age.

6. Age/generational management is a separate area of diversity management, which is based on the belief that capitalizing on diversified potential of employees representing different cultures, environment, religions, sexes, or age cohorts etc., can offer a competitive advantage (more in: Jamka, 2011). Such diversity is to a great extent an effect of socialization in a specific immediate environment (the influence of the family, school and friends) and more distant environment (religion, culture, politics, etc.). From that point of view, **understanding the main determinants** of the potential of employees is a key element of age/generational management.

nants of such socialization as catalysts for future behavior (Cf. Section 2) is of utmost importance. It is both the question of understanding models (e.g., understanding rules of relevant cultures or religions, and behaviors and rituals typical for them), and their role in the potential employee's/ employee's career so far. Tools particularly useful for the latter are a functional CV and in-depth interviews, e.g., biographical, behavioral, situational or concerning turning points/milestones (Jamka, 2001, p. 110-111).

11.5. Conclusions

The dynamic development of studies of the human brain, focusing on physical and chemical processes occurring in the brain as well as psychological processes of thinking, their reasons and effects, compels us to look at the functionality of taking human resources activities also from a “new” perspective. “New” in quotation marks because what is truly new is only the **scientific verification**, reaching deeper and deeper, of issues, the intuitive understanding of which has passed from generation to generation. The neuroscience achievements confirm that:

- the way in which employees think and behave is only partially conscious (“System 1” thinking, evolutionary heritage);
- to a great extent, the way in which employees think and behave, is a result of a broadly understood “socialization” (hence, in fact it is determined by **age**, sex and environment etc.);
- the brain’s plasticity leaves a significant margin for consciously influencing ways of adults’ thinking and behavior;

Employers not only capitalize on and moderate individual diversified potential of their employees, but first of all, influence their actual attitude towards work as a reaction to specific organizational work environment. From that point of view, the effective pro-generational management requires, first of all, a thorough groundwork on:

- learning generalized generational characteristics;
- authentic values and other determinants of their own organization’s culture; and
- paths along which their employees personal and professional careers have developed so far.

Omissions in any of those areas result in wrong human resources decisions or inadequate efficiency.

Chapter 12

ANALYSING THE CORPORATE MINDSET ON WOMEN BOARD MEMBERSHIP

12.1. Introduction

Corporate scandals involving fraud highlight a problem that is systematic, and can be solved in our opinion through a careful selection of the board of directors composition, assuring independence, access of persons with different backgrounds (Hongmei, 2013), or gender diversity as revealed by Sheridan and Milgate (2005). Promoting experienced and qualified women could lead to greater board independence and improved monitoring.

Research on gender diversity developed simultaneously with the female movement which took place in the 60's and 70's, and the trend within the social sciences remains ascendant. In many areas it has been proven that women have started becoming more active in leadership positions as well as in boards influencing decisively corporate governance.

12.2. Literature review on corporate governance and women participation on boards

The role of a corporate governance system is to ensure that decision making is a function carried out only by persons with the best chances (Zingales, 2000; Bordean & Pop, 2012). Although there are numerous studies in the literature that have focused on women's role in society, and in particular on the promotion of equality between men and women on the labor market, there are divergent opinions about the causes of underrepresentation of women in many occupations, types of enterprises, or economic sectors, in particular in senior leadership or as entrepreneurs (Sakinc & Ugurlu, 2013).

In order to reduce the differences concerning remuneration and employment rate between women and men in the labor market, the European Union, has introduced a strategic program aimed at increasing the percentage of women in senior management (European Commission Directorate-General: Strategy for equality between women and men, 2010, p. 22). Ewa Lisowska (2008; 2009) presents in her article the difference between men and women regarding the chances of getting a job and to what extent an employee rights approach at the workplace is fostered by the company. It is to note that a high percentage of women are working in the field of education, health, social welfare, finance and tourism, compared to the men who work in construction, transportation, energy production or mining. Surprisingly the study revealed that it would be easier for men to make the transition and go into women's jobs. Through the project called Equal Chances Company the objective was set up to implement equal status and also rules regarding discrimination in as many companies as possible. Although in some areas, the situation has already improved a lot on the level of gender equality, an improvement in the field of family protection, would also be desired. One cannot overemphasize the importance of Article 94 of the Labour Code in Poland, because it is forcing companies to equality between women and men, prohibits discrimination and sexual aggression. The companies have the obligation to inform the employees about their rights and the information must be open to the public. The European standards require that an employee of the company should be appointed, who has the right and also the obligation to observe conflict situations in the company. 71% of small and medium-sized enterprises and 62% of large companies respect already the law.

One of the key messages of professor Kantner from Harvard Business School was that by use of a desired 35% share of women, the top management would make sure that a minority exerts influence over the majority. The idea mainly in Anglo-Saxon literature is that in the process of decision-making the values or ideas from the various areas of knowledge are taken into account if a gender diversity in the boards is intended (Post et al., 2011, p. 189).

For example, demographic characteristics may help to facilitate strategic decision taking (Golden & Zajac, 2001), resulting in some cases in better company performance, measured by traditional performance indicators such as ROI, ROCE (ROE), ROA (Francoeur, Labelle & Sinclair-Desgagne, 2008), profit or number of employees (Singh et al., 2001). The orientation strictly on the top management, is considered by Ferrary (2013) as being limited because the success of a strategy depends equally on its implementation and not only of its formulation.

Taking into account the number of women on the boards of directors, Romania has a satisfactory situation in comparison with the average European Union. Romania was one of the first countries to introduce in the year 2000, codes of

corporate governance (Hermes et al., 2007). Unfortunately the inefficiency is caused by: weak laws and low level of corruption control.

Within the boards of directors of Australian companies listed on the stock exchange, there is a tendency to be predominantly male, women holding leadership positions in a proportion of only 11%, declining since 2008 (Hill, 2013).

Through a code of corporate governance, Austria was able to impose measures to promote women in boards (Kalss, 2013). In Germany the introduction of a specific quota for female representation on corporate boards, was looked upon with much susceptibility by many companies (Achtenhagen & Welter, 2011).

This measure was regarded as a state intervention in the freedom of action of the companies. They accepted the idea of a flexible rather than a rigid quota of female representation in boards. The manner in which Spain has known how to react was by introducing a provision to companies in order to clarify the reasons for which women are low or even non-existent.

Insufficiently explored within the empirical research on corporate governance are the reasons that lie behind the small percentage of women on the boards of directors. Singh and Vinicombe (2004) specify as reasons the lack of ambition, experience and commitment. It is also important to identify how woman can take an active role within the boards and influence decisions (Solberg., 2012) through better communication skills, informed discussions, independent thinking and thus contribute to better monitoring of all activities of the company (Adams, Gray & Nowland, 2010).

Employees who have different characteristics, bring different perspectives and information of the market, increasing company share, are capable to access new categories of consumers and by this increasing the sales and profits of their company. In addition, different employees can find different but better solutions for various problems of the company. For professional women this was quite an evolution.

Companies that have a good reputation for diversity management, will win the candidates that are valuable and hold onto them without limiting their choices. Recruitment of diverse employees will allow better identification with the corporate culture, increase level of motivation and improved level of performance.

12.3. Methodology

The study has one main objective, namely comparing the information gathered during the literature review with the expansive responses given by board members. We wanted to find more about the opinion of board members on gender diversity,

how can they support diversity and stimulate the access of women in leadership positions like the board level. The questions for the interview which formed the basis of discussion, were:

1. What has been your experience sitting on boards with women directors?
2. How is it different? Do the dynamics change when there are women directors involved?
3. How can policymakers encourage better female representation on boards? Are quotas an option?
4. Can you offer some practical tips for women seeking directorships?

The selected interview questions did not change, though informal discussions evolved in the interview process, and different, complementary questions had been also addressed. Our primary data source was the interviews taken by International Finance Corporation (IFC), with 16 CEOs, of listed and unlisted companies from all around the world, expressing their opinions on women's significant contribution to the corporate decision-making process. This exploratory research of male CEOs from a wide range of industries and countries was completed with different information covering the age of the interviewee, educational degree and level of experience trying to catalog women's influence in taking formal board positions.

This approach serves as a starting point in identifying common characteristics associated with man CEOs who seek to contribute in making their boards more diverse, providing valuable insights on CEOs profile. Table 1 indicates the qualitative interviewees' data. To be a board member requires an understanding of strategic direction and resources distribution, therefore education plays a crucial role. It is hence understandable that the majority of the managers have a Bachelor's and Master's Degree, in Business Administration, or Law, and a few a PhD, interestingly abroad.

Interviews were conducted with only male board members, with a level of experience between 20-40 years or more. A higher level of skills that are needed for good governance, is provided by the experience in several boards of companies, from different areas from finance to logistics in order not to offer a one-dimensional approach.

With regard to the managers' opinions regarding the experience with women directors within the boards, opinions are divided as follows, most of them and especially those coming from countries with greater practice of implementing diversity within boards, mentioned a quite extensive experience. The impression that lasted was generally positive. Two of the managers mentioned a limited experience and one of the manager described the experience as being one that can be understood well only with time.

Table 12.1. Country of Origin of the interviewees*

No.	CEOs Name	Country of Origin
1.	Gilberto Mifano	Brazil
2.	Peter Dey	Canada
3.	Zhang Shude	China
4.	Ashraf Gamal	Egypt
5.	Christian Strenger	Germany
6.	Jaspal Bindra	India
7.	Nasser Saidi	Lebanon
8.	Patrick Zurstrassen	Luxembourg
9.	Paul Chang	Malaysia
10.	Zaffar Khan	Pakistan
11.	Mervyn King	South Africa
12.	Lars Thunell	Sweden
13.	Yilmaz Argüden	Turkey
14.	John Plender	United Kingdom
15.	Peter Browning	United States
16.	Patrick Chisanga	Zambia

Source: own elaboration based on date gathered from IFC.

Because dynamics (Mathisen, Ogaard, & Marnburg, 2013) can contribute to create and maintain an effective board, we should also understand how women presence has led to changes in the dynamics of interaction within board members.

The majority of the managers found that boards dynamics has changed a lot but in a positive way. Women are praised for adding a lot by expressing their opinions through more extensive, constructive and interactive discussions. Women bring broader, different perspective on topics like social trends, social responsibility, ethics or individuals assessment, which are of key importance in an organization being sometimes linked not only to the business success, but also to its survival. Although women were characterized as more cautious, intuitive, and meticulous, examining each data in order to be able to take hard decisions in comparison with men, the women usually tried to be more men rather than women, adopting men characteristics like tough, more strategy oriented and sharply focused. The men were of unanimous opinion, regarding how they themselves had changed, due to the gender diversity. The men behaved more gentlemanly and the tone and style of the boards meetings, become more balanced.

Although, things have come a long way, being the only man in a board composed of women is still seen by a few managers as quite unthinkable and intimidating. Several men spoke about feeling quite comfortable, delighted and lucky with the proposed situation.

Further, we investigated if diversity leads to good corporate governance practices or if good corporate governance leads to more diversity, in the eyes of the interviewers. Board members responding to this question, underlined especially the interdependence of good corporate governance and diversity endorsing an integrated and inclusive approach. Still there are opinions that the two can work only in one way, diversity leading to good corporate governance practices and the other the reverse. One of the managers noted that the type of company can also have an influence.

Each board member offered policymakers solutions to increase the number of women in boards. The first option to emerge at this level of analysis was that some type of corporate governance standard or corporate governance code including disclosure of some kind of diversity and skills matrix, confirming the skills, knowledge and interest of the board members, should be introduced. The second option was that with the help of the private sector, governance guidelines should be established, and third was the need of a comprehensive new curriculum for instance, to teach and assess comprehensive knowledge and skills on board leadership and board governance. A fourth option is to offer incentives and positive recognition for women serving on boards.

All managers underlined the importance of all policymakers to understanding top current topics like quotas. The allocation of quotas should happen differentiate and needs to be tailored to the industry, the same quota not being suitable for every industry. It should be adapted to the specific needs and situation of a company, prevailing being the legal norm. At the beginning quotas and legislation can help, if it is tailored to the specific needs and situation of an enterprise. Quotas should be used only in a transition phase, providing more transparency on appointing board members. A good start would be also to introduce some type of corporate governance standard, like an aspirational target that can help draw attention to an existing problem. The bottom line is that neither women nor men board members support the quota system within their diversity policies among other disclosure rules.

A controversial subject that is under discussion is if practical tips for women seeking directorships could be given. A major group of managers mention the necessity of women of being more committed to networks and networking with major shareholders for instance, as a means of improving the involvement on corporate issues, which has significant implications for the future.

A second direction will be that women who want to become board members should be more focused in achieving the appropriate education in order to be entirely professional and accumulate experience. Important is just to know the company very well also during hard times. The third advice is to take a director training course or mentoring programs.

Following we will highlight the statistical, probabilistic and cognitive analyses offered by Troupes software, identifying key words and themes from the literature review and compare them with the results from our survey. These key words and themes provided the basis for a better understanding of board matters.

The Troupes software identified in the interviews two reference fields of the words therefore significant substantives classified into equivalent classes. For each reference field the number of words contained is displayed. Figure 12.1. shows which elements are frequently appearing throughout the text connected with the term woman by the board members. Each sphere has a surface which is proportional to the number of words it contains. The distance between the central reference – woman and the others is proportional to the number of relations linking them therefore more or less frequently used together. On the left of the central class are its predecessors, those on the right its successors.

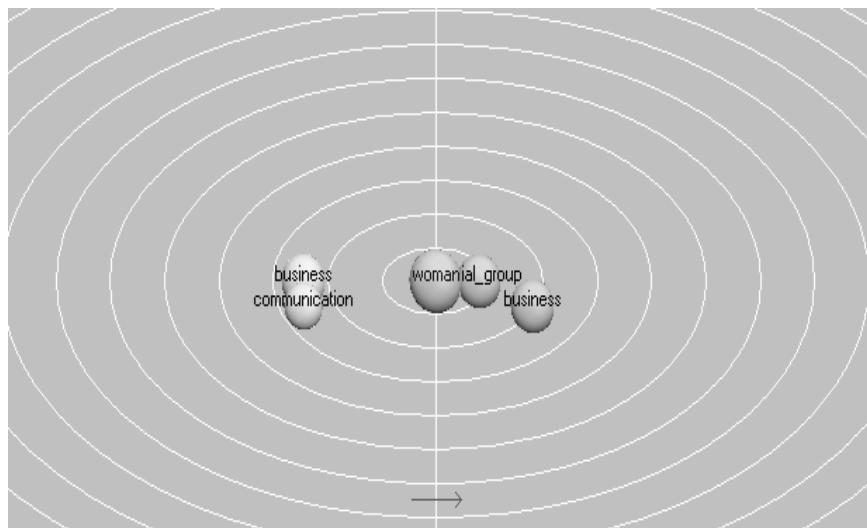


Figure 12.1. Elements connected with the term woman

Source: Data processed using Troupes software.

In Figure 12.2 the software Troupes has positioned very visibly important concept like communication, at the left (actants with a high concentration of relations), while the secondary concepts are positioned either at bottom left (actants with a low concentration of relations) or on the right (acted). The majority of the other references are acted concepts like woman, politics, social group and organization. The graphic below shows the concentration of relations calculated for each reference, by dividing the total number of relations by the number of different

relations, between the main actors (actant/acted) the X axis (horizontal) shows the actant/acted ratio (from left to right) and the Y axis (vertical) shows the concentration of relations for each reference displayed (strong at the top of the graph, weak at the bottom). It enables a visual comparison of the weight of relations between the main references. The graph shows the concentration of relations between the actant and acted. Because on the X axis (horizontal) the actant/acted ratio, from left to right, is illustrated, we can conclude that closing the gender gap remains much more a case for politics than for the business. If the term is situated at the top of the graph on the Y axis (vertical) it shows that the relation is strong. Organization influences also strongly the behavior of women members. A weak relation is at the bottom of the graph, hence social group, was also mentioned as a having plenty of room for improvement. The fact that the lines are solid indicates the existence a relation between the reference selected that is frequent. The weight of relations between woman, politics, social group, organization is underlined by a very similar weight.

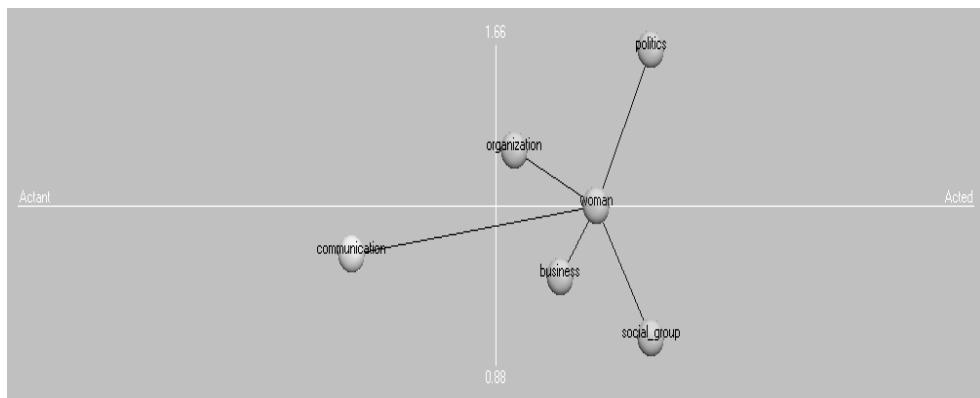


Figure 12.2. Characteristics of the elements connected with the term woman

Source: Data processed using Troupes software.

12.4. Conclusions

Board members noted that: (1) they had positive experience with women board membership; (2) discussions and policies are vague and hard to implement both at board or company level and state; (3) current policies, if applied correctly, offer women a chance; (4) proactive attitude is an important aspect of increasing the chances of becoming board members; and (5) board members have had absolute no good opinion concerning quotas as an option.

It is very important that women have access to leading positions like boards. As we all know, it is quite clear that women have the ability to analyze all the issues in details. We find this thing very important when you have to make different decisions as a board members. Women should be challenged themselves and assume responsibility for becoming themselves mentors for other women. It is the task of the business to find the right combination of diversity and talent-skills in the board of directors of their companies. Divers boards are more efficient, because they understand better the customers viewpoints better, and have new ideas. All of this leads to a better decision-making process.

The limit of this article is de fact that it is only qualitative and not complemented by statistical observations. Ideas of future research will be the pursue at expanding the research sample in other countries and compare the results.

Acknowledgement

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Chapter 13

ENTREPRENEURIAL ATTITUDES OF SELF-EMPLOYED WOMEN IN POLAND

13.1. Introduction

Effective running of one's own company is related to the possession of an entrepreneurial attitude by the business owner. Therefore, it seems important to conduct analyses to identify entrepreneurial attitudes held by self-employed women in Poland.

This chapter has both theoretical and empirical character. The theoretical deliberations are devoted to an entrepreneurial attitude described in the literature of the subject and to the internal determinants of entrepreneurial attitude. The empirical part presents the results of studies whose research entity were self-employed women running their own business in Poland now or in the past⁹. The aim of the survey was to identify and assess the determinants and consequences of self-employment among women in Poland. During the project, which was carried out from 2012 to 2014, quantitative and qualitative research was conducted. The study was carried out by means of an anonymous questionnaire which was sent via the Internet. The invitations to participate in the study were sent to 1730 self-employed women, of which 101 (i.e. 5.8%) were completed and submitted correctly¹⁰. The qualitative research consisted of thirty-nine direct in-depth interviews with self-employed women in Poland conducted by the author (a case study method). The results presented in this chapter refer to the survey (quantitative research). The aim of the chapter is to analyse the entrepreneurial attitudes of self-employed women in Poland.

⁹ The project was financed by the National Center of Science (in Polish: Narodowe Centrum Nauki) and was carried out from 2012 to 2014.

¹⁰ The research group is not representative since the quantitative research is demonstrative and complementary to the qualitative research.

13.2. Entrepreneurial attitude in theory

The analysis of an entrepreneurial phenomenon can be based on its recognition as a process or as an attitude. The analysis of entrepreneurship viewed as a process focuses on the way how people establish and develop their own companies (Kraśnicka, 2002, pp. 96-103). In this aspect, the determinants of actions undertaken on different stages of company development should be identified. Moreover, the implemented changes, innovations and sources of funding should be taken into consideration as well. It is important to recognize all the risks and opportunities present in the environment and the effects of the actions taken. Entrepreneurship is a process that aims at making a decision on prevailing conditions of uncertainty and risk; leads to maintaining the balance between the functioning of the market as a whole and the needs of individuals; enables the implementation of innovations and influences the environment (Adaman & Devine, 2002, p. 343).

The entrepreneurial process consists of elements such as wealth and enterprise creation, implementation of changes, identifying and exploring opportunities, creating a new value, innovations, jobs and company growth (Kraśnicka, 2002, p. 14). The literature distinguishes particular phases of entrepreneurship understood as a process of implementation of activities. These phases are: an idea, motivation, necessary resources, the action itself and its effects. (Adamczyk, 1995, p. 13).

Entrepreneurship can be also analysed as an attitude which is understood as a specific feature of an individual. In this perspective human activities, that focus on improving a current situation, depend on the features and characteristics of people. The set of traits, also called an entrepreneur's profile, is one of the factors that comprises the internal conditions of entrepreneurship. The other factors include education, age, marital status, the influence of other people's experience and, which is essential from the point of the subject of this chapter – gender (Andersson, 2006, p. 8; Kunasz, 2013, pp. 93-99).

When analysing entrepreneurship, it is important to find a source of creation of the entrepreneurial mind-set, which means searching for an answer to the question whether entrepreneurship is a congenital or acquired trait. According to the author, both sources of entrepreneurship are complementary and do not exclude each other. Therefore their complementary rather than subsidiary aspect should be discussed (Sudoł, 2008, pp. 9-26). An entrepreneurial person has a natural predisposition to own a company. Theoretical and practical preparation in a form of studies or specialized courses can have nothing but positive influence on their attitude (Szostek, 2009, p. 28). People establishing their own businesses possess the set of characteristics representing their entrepreneurial attitude.

It should be emphasized that there are also features that support entrepreneurship. The analysis of entrepreneurship as a feature focuses not only on the congenital traits but also on the acquired ones. There are opinions which connect having entrepreneurial characteristics with work and effort, not with naturalness or creation (Drucker, 2002, pp. 208-210). On the other hand, some researchers assume that not everyone can be an entrepreneur, because it requires features which only small part of population is equipped with (Schumpeter, 1960, p. 141). Dozens of features which characterize the studied concept are listed in the literature (Klich, 2006, p. 150). Figure 13.1 is an attempt to rank the internal conditions of entrepreneurial attitude. According to the presented concept, the profile of an entrepreneurial person consists of five complementary areas. Each area is important and at the same time its scope is so extensive that it covers a set of features that are helpful when navigating through it. The entrepreneurial personality consists of five sets of features that: allow of having influence on the environment, help to implement changes, relate to the inner attitude, predispose to establish relations and enhance the desirability of actions.

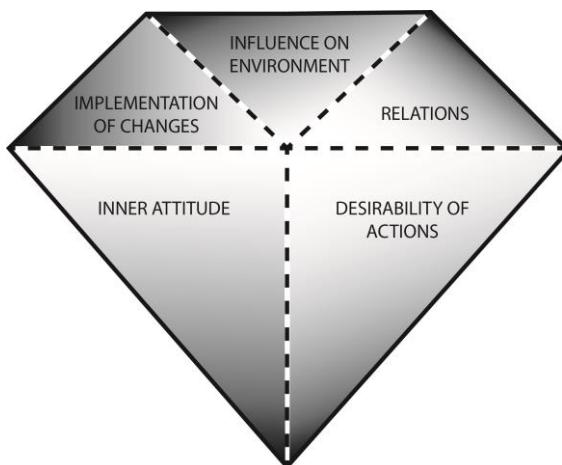


Figure 13.1. Diamond of internal determinants of entrepreneurial attitude

Source: own elaboration.

The first part of the diamond is a set of features which is associated with an individual's performance when changing the environment. The entrepreneurial person should be equipped with skills that allow them not only to survive but also to integrate with the environment by shaping its elements. Such features should be first and foremost the willingness to take a risk when facing incomplete information and uncertainty; the risk is understood by an entrepreneurial person as an

opportunity that can be used to improve quality of life. In this set there is also an ability to see and fill out the market niches, which involves the observation, discovery and recognition of needs, the ability to foresee changes, rapidity and courage in making decisions and the constant acquisition of knowledge about the environment (Nogalski et al., 2007). In the situation of risk, uncertainty and a rapidly changing environment it is essential to have intuition through which it is possible to improve the quality of decision-making process (Bolest-Kukulka, 2003, p. 225).

The diamond also consists of a series of skills that facilitate change. Variability is inherent while conducting one's own business. Making an assumption that modern enterprises are in a new phase of operating – permanent changes, this area seems to be particularly important as it is connected with breaking down stereotypes, tradition and the old order. The entrepreneur creates a new system in which the cause effect analysis plays the main role and they must seek answers to the question 'why'. What facilitates the above process is the use of quantitative research methods (Borowiecki, 2011, pp. 41-55). The change, as well as the risk in the previous area, should be an opportunity for the entrepreneur, not a barrier. The implementation of the change process is easier to be handled successfully thanks to such features as: creativity, innovativeness, imagination, taking initiatives, originality and expansiveness. The success in change management also lies in decisiveness, a pioneering attitude, self-reliance and hard work. The process itself requires courage because it is often associated with breaking down stereotypes. Both creativity and innovativeness are the expression of entrepreneurship which unites attitude, potential and action (Sulkowski, 2010, p. 47).

Another part of the diamond is the area associated with a specific inner attitude towards activity, work and life. The entrepreneurial person should have a passion, impatience, desire to dominate and be independent, the sense of urgency and the strive for success and power. Private property, labour and profit should be seen as a source of wealth and way to self-realisation. This fact describes the entrepreneur as a person who wants to increase their personal fortune, sets ambitious goals, is consistent in operating, consequently overcomes all setbacks and who often needs to deal with uncertain and unclear situations. The entrepreneurial attitude is also associated with determination, vigour, resourcefulness, perfectionism, flexibility and self-confidence as well as trust in skills and abilities. The essential factor in that case is a high level of inner motivation and autonomy of actions taken (Wilk, 2006, p. 4). An entrepreneurial person is characterized by their ability to take initiative, which means that all intentions are managed and implemented in a spontaneous and creative way (Sudoł, 2008, pp. 9-10). The reason for taking actions is such a person's own initiative rather than succumbing to pressure or dictations. The entrepreneurial

person fulfils their own, not someone else's, ideas (Jeremczuk 2006; Kotarbiński, 1982, p. 370).

Another inner determinant of the entrepreneurial attitude, which is one of the diamond components, is a set of abilities which relate to starting and maintaining relations in business (Nogalski & Czapiewski, 2012, pp. 169-171). There are some other useful skills in this area such as gaining trust, motivation, leadership and all the skills associated with human capital management. It should also be noted that both leadership and entrepreneurship are based on strategic thinking (Hitt et al., 2002). Intuition, assertiveness, emotional and social intelligence, extroversion, intellectual efficiency and fairness are gaining on meaning while having contact with others. Moreover, often a high physical resistance and dynamism in action are also required.

The set of features that closes the diamond is the one that enhances the desirability and effectiveness of actions. First of all, this set includes organizational capabilities, the ability to negotiate, as well as risk and time management. Determination in action, perseverance and resilience to failures and stress also affect the quality of undertaken initiatives. In this area there should be features like a high level of aspiration, ambition and the need for achievements. The organizational capabilities are also necessary for the intensive use of existing resources, including knowledge and intellectual capital (Koźmiński, 2004, p. 155-156).

Considering these characteristics for the sake of further studies, the following features have been chosen as the most important ones for an entrepreneurial person:

- willingness to take a risk,
- ability to foresee,
- searching for new possibilities and recognition of new opportunities as they arise,
- acquisition and use of knowledge,
- determination and self-confidence,
- enthusiasm, diligence and consistency in action,
- resourcefulness and organization,
- creativity,
- independence, need for autonomy,
- intuition.

It needs to be noted that in addition to enterprise-friendly features, there are also some characteristics which make some activities more difficult. Isolation, submission, laziness, pessimism, rejection or the need for support and care from others are considered as features which are not supportive of the entrepreneurial

attitude (Piecuch, p. 2004). Other important characteristics that are considered to be barriers against any entrepreneurial activity are the lack of independence, the feeling of helplessness, melancholic temperament, introversion, the lack of desire to create wealth, the fear of decision-making, risk avoidance and, finally, pessimism.

13.3. Entrepreneurial attitude in practice

A research group participating in the survey was not homogeneous collectivity. However, it is possible to extract several subsets of units by selected characteristics within this group. Basic characteristics of the self-employed Polish women participating in the survey are presented in table 13.1.

Table 13.1. Characteristics of surveyed women taking part in quantitative research

Age	
under 24	6%
24 – 29	17%
30 – 34	23%
35 – 39	26%
40 – 44	12%
45 – 49	4%
50 – 54	7%
55 – 59	1%
60 – 64	3%
over 65	1%
Education	
Tertiary	80%
General secondary, post-secondary and vocational secondary	20%
Marital status	
Married	52%
Cohabiting	22%
Divorced / Separated	13%
Widowed	1%
Single	12%

Source: own compilation based on the survey results.

When analyzing the data shown in Table 13.1, it can be noted that no self-employed woman having lower level of education than general secondary, post-secondary or vocational secondary took part in the study. Furthermore, 80% of respondents had higher education. As shown in Table 13.1, 13% of women were divorced or separated and for 3% of them the fact of conducting their own business was a cause of separation. Young age of the surveyed women is the next conclusion that arises from the analysis of the data provided in Table 13.1. During the study, 84% of respondents were under the age of 45. Other characteristics of self-employed women are:

1. Having children – 65% of the respondents had children.
2. The scope of business:
 - local – 40%,
 - regional – 17%,
 - nationwide – 30%,
 - international – 13%.
3. The size of a company – 65% of the respondents were women running their own company without hiring any additional staff while 35% of them were self-employers with extra employees.
4. Business activity – in the group of respondents, 82% of them were running their business, 5% opted for its suspension, while the remaining 13% had already closed their business.
5. Entrepreneurial traditions – 61% of the self-employed surveyed women descended from a family in which someone conducted their own business. On the other hand, 39% of self-employed women came from families where there were not any entrepreneurial traditions and those women were the first ones in the family who had decided to start up a new company. The conclusion that arises from the given information is that the majority of respondents knew how to run a business in practice. They also acknowledged both the advantages and disadvantages of that form of economic activity.
6. Business financing – 51% of the surveyed women had sufficient capital to start a business. The sources of that capital were their own savings or a financial support coming from the family. The remaining 49% of the respondents did not have sufficient funds to establish a company. They started up their own business thanks to external funding in a form of the EU grants and loans from their family or a bank.

On the basis of the given criteria, it is possible to specify the average unit of the research group. The age range of a surveyed self-employed woman was between 30 and 40, she had higher education, was married and had children. Her business activity was carried out in the SME sector, with no extra employees, funded with her own resources and based on the local scope of business. She also

came from a family with entrepreneurial traditions. The presented characteristics, however, is very general and does not constitute a scientific description of a representative research group.

The entrepreneurial potential of the respondents seems to be an interesting issue that should be discussed more thoroughly. For this purpose, self-employed women were asked to identify themselves whether they are entrepreneurial or not. According to their own assessment, more than 87% of the self-employed women characterized themselves as entrepreneurial. Only 3% of the respondents definitely did not consider themselves as a holders of an entrepreneurial attitude. A group of 10% of the surveyed women could not clearly answer the question of whether they have entrepreneurial element in them or not.

Making an assumption that entrepreneurship is an attitude of an individual which distinguishes itself with characteristic features, the surveyed women were asked to rank the selected ten traits of an entrepreneurial person. The respondents were asked to evaluate the individual attributes on a scale from 1 to 10, where 1 was the most and 10 the least characteristic feature of an entrepreneurial person. The average ranks assigned to the traits proposed by the self-employed women are shown in Table 13.2, whereby the smaller the average position, the more distinguished the feature.

Table 13.2. Average rank assigned to features of entrepreneurial person by surveyed self-employed women in Poland

Feature of entrepreneurial person	Average position
Willingness to take a risk	4.36
The ability to foresee	5.27
Searching for new possibilities and recognition of new opportunities as they arise	3.87
Acquisition and use of knowledge	5.59
Determination and self-confidence	4.68
Enthusiasm, diligence and consistency in action	3.70
Resourcefulness and organization	4.95
Creativity	6.17
Independence, the need for autonomy	8.09
Intuition	8.32

Source: own compilation based on the survey results.

The analysis of the provided data clearly indicates that, according to the respondents, the most distinguished attributes of an entrepreneurial person are enthusiasm, diligence and consistency in action. A slightly lower position has been assigned to the disposition to search for new solutions and recognise new emerging opportunities. Willingness to take risk came in the third place. The last on the list

of an entrepreneurial person's distinguishing features was intuition, shortly following independence and the need for autonomy. Five features placed in the middle of the list of items arranged from most to the least significant were: determination and self-confidence, resourcefulness and organization, the ability to foresee, the acquisition and use of knowledge and, finally, creativity. In comparison to the rest of the characteristics, those attitudes were ranked on a similar average position.

The surveyed women also had the opportunity to name other characteristics of an entrepreneurial person which have not been listed above. The most frequently mentioned features were: courage, not becoming discouraged by difficulties, self-discipline, assertiveness, goal setting, communication, self-motivation, determination, empathy, strength, resistance to stress, openness, ability to negotiate and conduct marketing activities, social intelligence, responsibility, honesty, analytical thinking, optimism and luck. It was also emphasized that such a person knew and appreciated the value of their services and was able to satisfy other's needs.

13.4. Conclusions

On the basis of the data presented in the chapter, following conclusions can be drawn:

1. It is possible to analyse entrepreneurship as an attitude, thus being understood as a characteristic trait of a given person. The whole set of features, also called an entrepreneur's profile of, is one of the factors that comprise the internal determinants of entrepreneurship.
2. The entrepreneur's profile consists of five complementary areas; these are sets of features that: enable an entrepreneur to have influence on the environment, help them to implement changes, relate to their inner attitude, predispose them to establish relations and enhance the desirability of their actions.
3. The characteristics of surveyed women were as follows: 84% were under the age of 45; 80% had tertiary education; 74% were married or in cohabitation; 65% had children; 61% descended from a family with entrepreneurial traditions; 35% hired employees; 13% had international scope of business.
4. About 87% of self-employed women regarded themselves as entrepreneurial.
5. Enthusiasm, diligence and consistency in action were the most distinguished attributes of an entrepreneurial person.
6. Intuition, independence, the need for autonomy were the least characteristic features of an entrepreneurial person.

Chapter 14

THE ANALYSIS OF HUMAN CAPITAL CHOSEN COMPONENTS OF THE SERVICE SECTOR EMPLOYEES

14.1. Introduction

The maximization of the resources value is at present one from greatest challenges of the enterprise. Currently a human capital is a fundamental asset providing functioning of organizational systems. Getting to know crucial elements of the capital, is essential for developing strategies and the course of guaranteeing processes efficient and effective functioning of the enterprise. The theory of the human capital allows to better understand the soil and places of employees in the enterprise. Human resources are gaining the increasingly great significance in adding the value to supplied services on the market.

The main purpose of the article is to present the results of the evaluation of selected components of human capital of employees of the post offices of the Koszalin region. The study considers specific components of human capital of workstations characterized by the widest range of cooperation with the recipient of postal services. The article contains the results of the evaluation components common to the studied positions. The main objective of the analysis is to demonstrate differences in the opinion of workers, which could form the basis of fairness assumptions to take into account the diversity of employees while creating human capital management process.

The contribution of every employee providing services should not only be significant for creating the value which an enterprise is delivering to customers, but above all this meaning should precisely be determined. Therefore in order to get to know the contribution of the staff into the effects of functioning of the enterprise it should conduct a selection of crucial components and then verification of state. Adopting such a scheme is a preface of setting the directions of the development and developing appropriate management strategy based on employees power of minds.

14.2. Measurement of the human capital components

The value creation by the employee is an essence of the human capital theory. The ability achieving assignments and targets is being determined by the real potential and involvement in the specific process. Human assets having capital included in them have an ability to enlarge it (Dobiegała-Korona, 2009, p. 381). Process of managing should be directed for increasing values of these components which influence the value creation in the large range. And so a process of the measurement is fundamental. The identification of the actual strength constitutes the determinant effective use of the human capital and enables to determine its contribution to the process of service delivery.

In order to get comprehensive approach to the human capital in the organization, as well as to estimate his actually potential, it is necessary referring to the aspects of existing links between people, connections with environment, get economic outturns as well as determining the potential which an owner of the human capital has at its disposal. Verification of this factors allows to create optimal adjusting of company resources.

According to the definition created by experts from the Incomes Data Services the measurement of the human capital consists in finding connections, interdependences, but in the perfect figure a cause-and-effect relationships among all sorts data sets concerning human resources. Specialists from The Chartered Institute of Personnel and Development emphasized that this process was involving rather analysis of real experiencing employees, than applied human resources programs and the personnel policy (Armstrong & Baron, 1998, p. 46).

Conducted examinations to the order of the Institute of Educational Examinations show that using tools of the measurement declared the 31% of participants in the examination created including the specificity of the enterprise. Out of 941 examined individuals it stated the largest percentage of the 34%, was not using any tools of the measurement of the human capital (Trawińska-Konador, 2012, p. 21). Proper measurement should be based on tools suited best to the organizations that it concerned. The presented process of the measurement of the human employees capital of the post offices was drawn up specially for the examined enterprise.

14.2.1. Characteristics of the respondents

Participants in the examination were all workers of the post offices of the Koszalin region. Which included area of former Koszalin province and tree municipalities from province Słupsk. Respondents were singled out by defining them. Employees employed on the position of the postman or the assistant in the post

offices of the enterprise Poczta Polska S.A. participated in the examination. Data for the examination was obtained from the list of employing made available by the regional executive of the enterprise. Research data collection began in 2012, the research process lasted continuously until year 2013. Employees were divided according to workstations, the category of their place of employment, age, sex, education and the work experience. The total sample size was 628 units.

A scope of the relation with the customer constituted selection criteria. Workstations, of which the level of the contact with the customer is highest were regarded target. Being based on an opinion and experiencing of heads offices employees were selected to the examination. It was assumed that the chosen group was characterized highest usefulness. Employees employed on positions of the postman and the assistant became participants in the examination. They are individuals which are investing their capital in the process of the service delivery, as well as can be assessed by the client. The division of participants in examining according to exchanged criteria was put in table 14.1.

Table 14.1. Respondents characteristics

Criterion		Category of post unit	
		Urban area-U	Rural area-R
position	postman	223	39
	assitant	216	24
sex	women	231	29
	men	208	34
Education level	primary	10	2
	vocational	74	17
	secondary	304	37
	hihger	51	7
Work experience	up to year	16	0
	1-5	88	19
	6-10	62	8
	11-15	80	5
	16-20	68	9
	above 20	125	22

Source: own elaboration.

Study considers two main work positions, assistant and the postman. In the enterprise lists of posts and training requirements were implemented in 1965 (Breński, 2008, p. 167). Even though in documentation of the internal mail different expressions are functioning for the position for the customer service, they are being regarded correct and letting applying, as synonyms. The second position can be subject to elaborating to the packet postman, urban, rural or car region postman, however at paper all posts are subject to an examination which the name contains in itself word postman. Synthetic characteristics of main positions will be leaning on portraying elements referring for the human capital, and the process of providing services by them.

Presented information was drawn up on the internal basis of documentation of the enterprise including The Scope of Responsibilities and The Scope of Activities of workstations. General duties of employees are almost identical, and so will be introduced together without the division into positions. For general duties of the work positions concerning human capital and service providing process it is possible to include:

- conscientious and careful performance of work compliance postponed until orders, concerning the work, if are congruous with the law or the contract of employment;
- caring for the appropriate quality level of performed activities;
- performance of work into the way according to the regulations and with safety rules and workplace hygiene;
- undergoing preliminary, periodic test and other recommended, as well as medical check-ups;
- permanent raising own classifications, participating in meetings and trainings.

Employees of each positions additionally are obligated for fulfilling detailed duties. The description of detailed duties of the assistant determines that the assistant performs activities determined in every binding instruction. They include the Technological Instruction in letter dispatches in the domestic turnover and General Instruction in sending letters, into the way determined in this instructions and in financially – accounting regulations for exploitation units of Poczta Polska. S.A. Duties connected with the human capital and services are applying:

- of reading the scope of responsibilities, entitlements and with way of the performance of work on the taken position;
- of the material, efficient and cultural customer service;
- of supplying information for customers about provided services.

The description of duties of the postman shows that he performs specific activities in the Technological Instruction for services of deliveries. Duties connected

with human capital and services concern material, efficient and cultural supporting of customers, and the provision of information about supplied services.

The post offices are sharing to four groups, according to the criterion of the location. Ranking of offices to categories village, city, city commune and the village commune. It is a way applied by Poczta Polska S.A. in the study results will be presented based on the division into two categories that is urban and rural.

As a research tool questionnaire was applied, which was provided the group of 628 employees of post units. The level of the maneuverability of questionnaires for the position of the postman was a 79.88%, however in case of assistants the maneuverability formed on the level 81.38%. The tool contained 10 questions concerning the evaluation of chosen components of the human capital. For the study 504 completed questionnaires were accepted.

14.2.2. Characteristics of the human capital elements

Enterprise approach to HCM determines how creating value through the efficient creation and use of capital workers (Samul, 2012, p. 201). In the presented chapter, a saying statement that recruiting and development of human capital have overriding meaning for functioning of service companies is being regarded true. The level of capital fitted to needs is conditioning the ability of every individual to meet requirements for the employer.

At the presented work two workstations are being considered, crucial from a point of view of the completion of the process service. Components creating capital of the postman and the assistant are an object of deliberations of this point. The applied tool of the measurement is regarding elements of the human capital useful from a point of view of the delivering postal services. It need to be consider, that the examination isn't showing all elements of human capital according to the theory. Above all it is caused with possibilities of the researcher and the need of selecting the most important components. The result is equivalent to components according to the degree of the gravity in the discussed service process. It was create specific to collection and analysis of all actual announcements concerning the recruitment and in consultation with the region manager.

Ten considered components of the human capital of employees were divided in two groups. The half of elements is shared, while the second part is regarding elements peculiar to an explored workstation. In the purpose of assessing of components of assistants and postmen were calculated average value being a resultant of detailed components of the human capital, determined by employees in questionnaires. Applying of this method was choose due to different character of variables. Some of them were stimulants, features for which considerable values let

categorize the given employee as “better”, according to the general criterion a component of the human capital. However other were destimulants features which considerable values are entailing low grade of the object in the general criterion. After establishing character of features they were taken to the homogeneity. For that purpose standardized values were converted destimulant (Nowak, 2011, p. 152).

Table 14.2 contains examined components determined by justifying choice of the factor. The name of the examined element put in this table isn't reflecting character of the given variable. On account of the suggestion of the regional manager the author narrowed names put in questionnaires in order to adapt them to examined entities.

Table 14.2. Characteristics of examined components of the human capital

Name of the component	Character of element	Substantiation
<i>communicating with the customer</i>	ability	Efficient communication with the customer is essential evaluation criteria of his requirements. ability to fulfils them needs is basic condition.
<i>labour planning and organization</i>	competence	Is a condition of the efficiency of action. Is contributing to provide assumed results.
<i>customer orientation</i>	competence	Is conditioning ability to deliver the service fulfilling the requirements of the customer. He is a basic determining factor about the effect and the assessment of the process service.
<i>physical fitness</i>	medical condition	Store of the healthy time an employee has which at its disposal, determine the period of his occupational activity. In case of the service process he influences the time and the efficiency of making it what is projecting onto the evaluation of the whole process.
<i>honesty, conscientious and careful the discharge of one's duties</i>	attitude	Labour Code oblige the employee to conscientious and careful discharge of one's duties and the compliance to orders of superiors. It is a sign of the loyalty and attachments to company. The honesty influences culture and reputation of the enterprise.
<i>resistance to stress situations, dealing with in difficult situations</i>	the psycho-physical/ feature ability	Influences the efficiency of the process of the communication and the execution of tasks. A direct contact with the customer exposed is appearing of negative situations, in which this feature is conditioning the ability.
<i>responsibility for performed tasks</i>	competence	Is connected with the psychological maturity and imagination. Bearing responsibility is a certificate of convincing about the correctness carried out of work.

Name of the component	Character of element	Substantiation
<i>self-reliance of action</i>	competence	Influences the efficiency of performing action, a need to take the responsibility on by the employee is indicating. He is supposed to serve the higher effectiveness and achieving purposes.
<i>recognizing false banknotes and coins</i>	ability	Involvement in educating training crate this ability of the employee. He is increasing the correctness of financial transactions made by employees what in the process affects the level of competence workplace.
<i>care of fulfilling the completion dates of entrusted tasks</i>	attitude	Promptness are a basic indicator of the quality level of postal services verified by Office of Electronic Communication. The conduct of individual employees is building the reputation of enterprise.
<i>proficiency at the operation of the computer</i>	ability	A time is determining customer services by the assistant. The productivity and the effectiveness of the work of the assistant to a large extent depend on the ability of using applied computer programs.
<i>directing at the execution of tasks</i>	competence	Sense of direction of the employee for performed tasks are connected with the attitude of the individual to the performed work. It is combine with the effectiveness of the realization of the corporate strategy. Work of the employee should be directed for the customer value creation. The execution of tasks is a key element of the process.
<i>readiness for performance of work apart from schedule</i>	attitude	It is a sign of desired setting the employee to the performed work. It is attesting to the appropriate ratio and link between employee and the enterprise.
<i>reliability understood as the preciseness, accuracy and correctness of performed action</i>	feature psycho-physical	This feature is having an influence on effects of the execution of tasks of the employee. Appropriate ratio for the performed work and involving in performed activities is determining the evaluation of effects by the customer. In the process of service delivery the accuracy and the correctness have a key importance.
<i>correctness of duties in the performance entrusted</i>	ability	This basic criterion of a job appraisal is by the employer. It determines the level of the efficiency, the knowledge of recipes and the ability to perform action. This criterion has a key importance for the customer and the manager, affects the level of the evaluation of provided services.

Source: own elaboration based on: Miś, 2007, Baron, Armstrong, 2008, Oleksyn 2010.

Components assigned to workstations are taking into account both abilities, skills, competence, attitudes and the qualifications concerning the human capital. Factors taken into account have character of components leading in the discussed scope of the occupational activity. Basing on the assumption that considering some

element in the category of capital requires having a given factor at disposal. Next through the appropriate involvement, investing in the given element is possible drawing additional advantages based on enlarging of having him. Because of that it can be accept as possible, that having those elements at one's disposal constitutes the indicator of the usefulness of these elements. Verification of levels of key elements will let disproportion of states and in the further assumption on appointing action eliminating the significant diversity.

14.3. Analysis of components of the human capital

Essential in the planning stage is examination of the drivers of and impediments to changing practices and behaviours with the richest source of information, in other words the employees and beneficiaries who are expected to make the change (Massy & Harrison, 2014, p. 88).

Components of the human capital had by individual employees were considered according to systematic accepted in the chapter, that is according to the division into a workstation and the membership of the post office in the given category. The process of the presentation of results will be preceded by additional justifying the accuracy of the selection of variables. A basic criterion of choosing as primary components, shows according to which decisions candidate is being accept.

Examining human capital elements of employees from 50 post offices is regarding factors about the key importance for the provided service process. Chosen factors are matching results of the examination of the labour market *Balance of the human capital*, appointing gravity of the competence area (Personel Plus, 2012, p. 56). Components will be portrayed individually for discussed positions with highlighting components universal and specific to the position. To achieve the applied division it is possible to employees introduced classification of competence in the literature on the subject. However according to the theory examined components are creating the human capital of the employee. The components of capital determined by the name universal include the shared following components for discussed workstations:

- ability to communicate with the customer,
- the planning and the organization of the own work,
- directing at satisfying the customer needs,
- conscientious and careful discharge of duties,
- physical agility and manual dexterity.

Peculiar ingredients include remaining factors taken into account in table 14.2. They are result from requirements existing in the enterprise and expectations

relative to workstations. Considering them is based above all on the evaluation influence chosen components on the service process. Presentation of the results will be divided to the areas presented in the previous part of the chapter.

14.3.1. Components of the employees on the assistant position

The examination was based on an evaluation in the scale from 1 to 10 of level of the specific component of capital through each of respondents. All employees on positions of the postman and the assistant employed by the Poczta Polska S.A. were individuals participating in the examination. The examined trial consisted of 264 postmen and 240 assistants. Chosen employees in every of categories created the configuration of examined components, according to the level of their importance. The gravity concerned the element given to the indispensability for the correctness of the completion of the service process.

The first analysed group constitute worker positions of the assistant. On figure 1 an evaluation of elements of the human capital of employees was considered with the division into categories of post offices. It is showing, which components are evaluated at most, taking into account universal and specific elements. Graphs for the given category of post offices are introducing average values for the category according to personnel ratings.

According to assistants a most important components are orientation to the customer needs, planning the work time and the communicativeness. The customer orientation component was first one from two most important by all employees of the post offices in the region. The accuracy of performed action is element more important for assistants of rural areas, while urban assistants recognised the communicativeness as the most important component amongst elements of capital which they have at its disposal. In figure1 disproportion between the evaluation made by employees of individual areas is also visible between the components communicativeness, work organization and the reliability which are more essential for assistants of urban areas (fig. 14.1).

It is wondering, that essential from the point of view of the customer element, being simultaneously an indicator of the level of provided services as the accuracy is so marginal for assistants of urban areas. This statement is causing reservations, because employer judging the employee, most often based on data get during interviews with postmasters, is verifying the level of the correct performance of activities. Also certain discrepancies in the made assessment of representatives of a discussed workstation are noticeable.

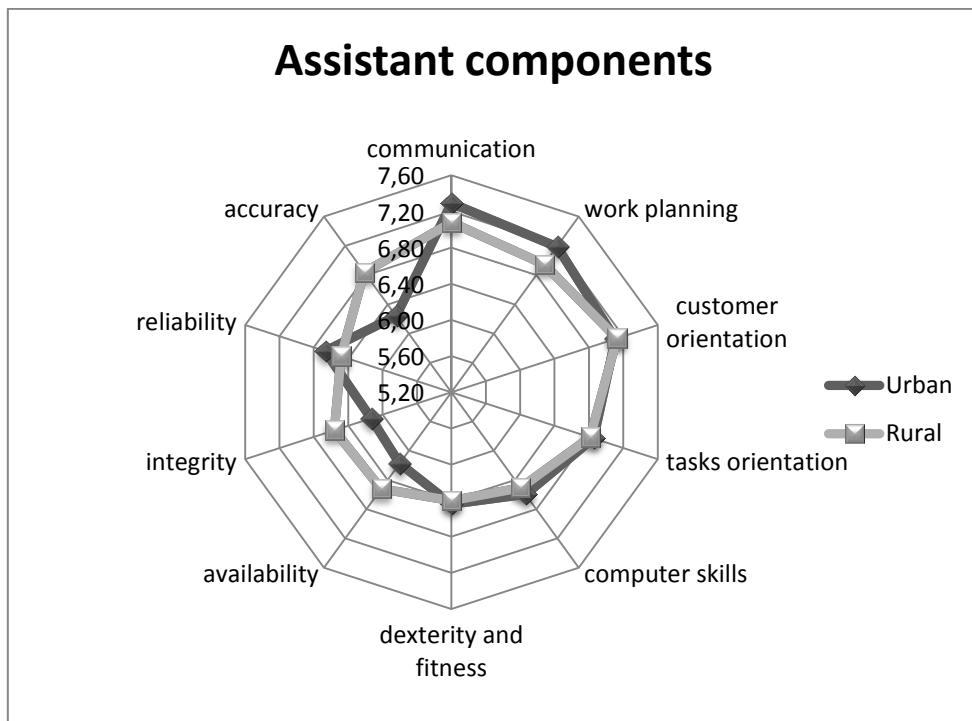


Figure 14.1. Assistants component values

Source: own elaboration

First is appearing between determining the significance of the behaviors associated with the honesty. Every occupational activity in it without a doubt the work on the position of the assistant demands the honesty towards the employer as well as the customer. Differences in the moral attitude associated with the straight dealing are determining the ability for building proper relation with the recipient of the service and determines the ability to meet his needs. Therefore the low level of the assessment of this factor is an undesirable state. How then at approaching the optimal level of the satisfaction of the customer to achieve the assigned objective, not performing duties in the honest and burdened way with the least amount of mistakes? The second discrepancy shows a considerable disparity between the availability of office assistants category U and C.

Component with the highest level of fit between the values is customer orientation for employees serving as an assistant. This result makes it possible to achieve consistency between the plan and execution. Focusing on the implementation of tasks that rely on customer needs, while focusing on value creating in the service process, is an approach complementary. If, therefore, the company will

provide the employee a set of methods and techniques for the optimization of these two components is likely to achieve outstanding results.

14.3.2. Components of the employees on the postman position

It is possible to notice some kind of regularity, because in the category of assistants maximum values of evaluations are characteristic of employees of urban post offices. However in case of country category postmen employees got higher values of considered components. Achieved results are pointing at the incongruity between values recognized crucial by individual groups of employees.

Postmen, like workers in the previous group, recognized customer orientation as the most important element. Second most important component of the position of the postman is physical fitness. These components can be seen as complementary, forming the basis for the efficient conduct of the process of deliveries requiring interaction with the customer. Recognized as a significant ability to good organization of their own work and self-reliance. The lowest impact attributed to independence and timeliness. Picture 2 is showing the results obtain by employees on the postmen position. The deployment of firm-specific knowledge often requires that employees make specialized human capital investments that are not easily re-deployable to other settings (Ordóñez de Pablos & Edvinsson, 2015, p. 54). The effective use of employees specific abilities requires relevant inputs. Shown evaluation results allow the company to choose the direction courses of action used with appropriate sensor. The precise allocation of investment in the selected area of human capital will achieve greater contiguity between the effort and the expected effect.

If the employee does not perform the duties assigned to the appropriate diligence in relation to the employer as well as the client is, first, not gain trust any of them, and secondly, it is not able to complete the process correctly. The basic criterion for assessing the quality of postal services are nationwide punctuality indicators. In consider case, postal services delivering this components are very important, particularly in view of the fact that one of the directions of development of postal services is the technical advances in IT and hybrid mail (ITA Consulting and WIK Consult, 2009, p. 177). The main features of this line indicate a minimization of human participation in the provision of postal services. This indicates that if the Polish public operator wants to build relationships with clients based on the creation of relation and geographical trends must have optimal workforce from the point of view of the process.

Postmen's from categories U and Rare characterized by a significant disparity between the level of values obtained. Figure 14.2 clearly shows that the urban

category postmen received lower ratings of the components of human capital. Above all, discussed position is characterized by a low level of consistency between areas ratings. In the group of postmen components which have the greatest disparities assessments can be emerged. Least coherent component is to assess independence. This competence to a large extent determines the responsibilities of the employee, also affects the efficiency and effectiveness. Therefore determines the final result of service. Inference on the resulting state would be too forward statement, but clearly indicates the area that requires more precise analysis.

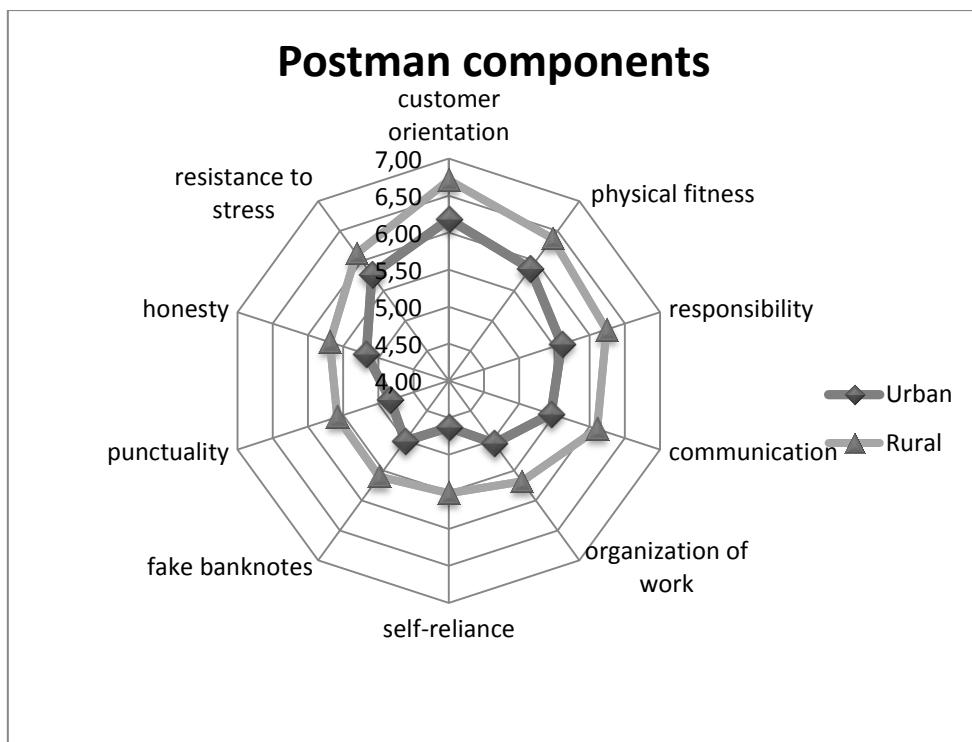


Figure 14.2. Postmen component values

Source: own elaboration.

The presented results of a survey of posts offices workers allow emerge key components qualities of capital same for employees of each category. They will be presented in the form of table. Table 14.3 contains the key ideas of the respondents collected based on surveys representatives of the groups. It shows a summary of the variation which may form the basis for creating guidelines and key assumptions HCM process.

Table 14.3. Specific parameters of human capital components

Post category		The specificity of the assessment made by employees
URBAN	Postmen	<ul style="list-style-type: none"> – Obtained the lowest for postmen value among all the components for the item independence, under five points, – have the lowest among all components level of physical fitness component and organization of work.
	Assistant	<ul style="list-style-type: none"> – Obtain the highest value among all groups for component communication, – the lowest values obtained for honesty among all the components considered for assistants, – obtained the highest for all groups and categories of values for communicative, planning work and customer orientation.
COUNTRY	Postmen	<ul style="list-style-type: none"> – They have the highest level in the group of postmen for component customer orientation, – obtained in all the considered variables higher than the category of urban postmen.
	Assistant	<ul style="list-style-type: none"> – Workers in this group received the highest level of integrity component, – as the only group received a higher value for the customer focus than communication.

Source: own elaboration.

Clearly, it is essential to take human capital-intensive activities very seriously, and to accept the importance of undertaking much more measurement of their effectiveness than is currently done (Massy & Harrison, 2014, p. 15). Creating a process that is primarily intended characterized by an optimal fit for respondents and their potential may be based on the presented results. Creating value services through the use of human capital requires the use of representative, standardized and useful data, which will provide valuable support for decision-making processes related to human capital.

14.4. Conclusions

The study shows that the value of a modern company is formed primarily by the human factor, therefore, priority actions should be creating and investing in the development of appropriate components of capital (Jurczak, 2006, p. 44). Appropriate management process makes that the capacity to translate the intellectual potential of the employees on the effective behavior increase, and strengthening relation with customers (Jarugowa & Fiałkowska, 2002, pp. 41-44).

Shaping workers and gain competitive advantage through a human capital management process is possible only when the process is optimally matched to the capital which the organization has. The key to harmony is to identify potential embodied in employees. The aim of the study was to show the real state of the human capital component for chosen group of workers. Presented configuration shows distinct in the approach of the holders to the elements of capital, depending on the category of the office where they are employed. The most distinctive category of post offices are located in rural areas. Separateness of workers should be included in the development and implementation of management processes in all categories of posts.

Statement saying that properly used tool for measuring human capital should be adjusted to the specific company to which they relate, is appropriate in this case. Most importantly, the organization needs to understand that changes to the plan will happen and be agile enough to take advantage of opportunities as they emerge (Ingham, 2007, p. 50). Human capital management requires first and foremost to measure and then based on the results of actions and decision-making which should be closely related to the ability of human capital to creating a value. The present study therefore takes into account the first step comprising measurement.

Verification of components of enterprise human capital is characterized by multiple determinants. Requires taking into account the following guidelines:

- choice of components, taking into account the value creation process,
- determination of key metrics and define them,
- choice of valuation,
- permit the comparison,
- providing information for different groups,
- maintaining objectivity.

Listed overarching elements of the process that primarily should be based on the objective of maintaining credibility and usefulness of the results.

The presented study shows the levels of human capital component of employees of post offices in the Koszalin region. Existing diversity is a prerequisite for appropriate corrective actions that will lead to greater consistency of components. At that time the company has the ability to design and implement a process that will not only focus on the development of employees but to optimize customer value.

Chapter 15

PARTICIPATING IN INTERNATIONAL STUDY TOURS LEADS TO ENTREPRENEURIAL SUCCESS ABROAD – A RESEARCH ON THE POSITIVE EFFECTS OF INTERNATIONAL EXCHANGE TOURS

15.1. Introduction

Internationalisation has become a priority for schools, students and businesses (Mitchell & Vandegrift, 2014). In a globalized World, there's a call to educate and incorporate students to an increasingly globally and economically connected planet through the internationalisation of the courses (Cooper, 2009). Internationalization should be understood as the process of integrating an international/intercultural dimension into the teaching, research and service functions of the institution (Knight, 1997). Multinationals and global enterprises perceive the need for cross-cultural competence (Williams & Best, 2014) in their staff. Therefore, corporations seek to gain a clear competitive advantage, in part by developing a culturally aware workforce (Wood & St Peters, 2014). Adaptability and a global mindset prove to be key standards for contemporary managers (Brownwell, 2006; Holt & Seki, 2012). Thus, the need for global leadership development and cross-cultural training appears evident (Wood & St Peters, 2014). Luckily enough, students show the expected willingness to be taught about international topics in order to understand global issues (Mitchell & Vandegrift, 2014), as they indeed share that growing interest in international education (Daily & Barker, 2005).

As a consequence, mobility programs have become a conventional practice in management education (Varela & Gatlin-Watts, 2014). An increasingly popular mobility option is represented by Global Study Tours, defined as the internationalisation strategy that can address that student mobility (Cooper, 2009). The Institute of International Education released its Open Doors report in 2013 indicating that business students represent 21% of yearly travelers, with entire courses taught

abroad or international treks such as guided business tours among the typical strategies (Institute of International Education, 2013). Student exchanges not only improve the curricula, but they can also bring a personal gain and a professional benefit (Messer & Wolter, 2005). In this sense, Global Study Tours prove to be a proper learning tool (Tang & Rose, 2014) by offering students the opportunity to take an intensive course of study in another country and gain cultural understanding (Cooper, 2009). According to Williams and Best (2014), a Short Study Tour Abroad can provide experiential learning in real life contexts. Among the advantages of an International Study Tour (IST), Sohal and Ritter (1995) went beyond the cultural learning component and pointed at the opportunity of students to observe and study the operations and practices of selected internationally competitive manufacturing companies –including plant tours. Furthermore, an IST provides students the chance to acquire new knowledge, skills, attitudes and behaviours (Cooper, 2009). Wang et al. (2009) discovered the positive changes brought by IST in the students's diversity attitude, praising short study tours as an excellent vehicle for students to learn and develop an intercultural mentality.

This chapter address a gap in the literature related to IST, as it has been observed that most of the scientific work on these mobility programs has focused on cultural issues and learning opportunities, but not on the relationship between the participation in an IST and the motivation of the participants to go to work abroad –a matter of great importance as multinationals look for high-qualified staff with the flexibility and necessary preparation to accept a job abroad. After the following literature review is analyzed, the objective of this research towards finding the relationship between IST and such motivation will be established.

15.2. Literature review

As far back as 1987, Loveland already wished to examine the practices and trends in what he called “travel-study” tours to complement efforts towards internationalising business curricula. In recent times, there has already been a certain research on motivation and IST, however focused on the motivation factors to take part on the program (Williams & Best, 2014) and for selection of the destination (Nyaupane et al., 2011). Even both Kitsantas (2004) and Wiers-Jenseen (2003) grouped the motivations of students to take part in an IST into four groups: cross-cultural experience, academics, future careers and family heritage. This division was very useful for the present study. Tang and Rose (2014) researched on the learning experience and its relationship with IST programs. Meanwhile, other papers analysed central aspects of an IST, such as the best practices in manufacturers of certain

countries which were object to Study Tours (Sohal & Ritter, 1995). Both Koester (1985) and Koernig (2007) tried to find out the effectiveness of global awareness through IST according to the duration.

Research has been more exhaustive in the field of intercultural issues. In 2006, Harrison investigated the effectiveness of IST in cultural connectivity. He found out that IST programs facilitated this connectivity and enhanced the professional development of the student. Cooper (2009) discussed about the potentialities of Global Study Tours to improve the intercultural skills and interaction of students, and she used the example of a university tour from Australia as this is a country where local and international students might face more problems to communicate with each others. Cooper even warned of a lack of research on the influence of IST on the facilitation of cultural interaction and understanding among students. There are other researchers who used Australia as a starting point of their research –which already shows the need and popularity of this kind of mobility programs in such an isolated country. Williams and Best (2014) studied the changes in cultural awareness and interpersonal attitudes of students from Australia after having participated in an IST in France. They also pointed at a personal reflection which could possibly lead to further self-development, and still noted that there is little research on the benefits of IST programs. Science has also shed light on whether short study tours affected American students' diversity attitudes, based on Experiential Learning Theory and the Developmental Model of Intercultural Sensitivity (Wang et al., 2009). The question was solved by Williams and Best (2014) when they stated that those who undertake IST programs may change in terms of cultural awareness and attitudes towards cultural diversity.

Also in 2014, Wood and St Peters showed that motivational cultural intelligence increases after participating in an IST. They reported that cultural intelligence facilitated cultural judgement and decision-making, as well as well-being and task performance. Their interesting results showed that the ability to perform contributes to the stamina necessary to complete international assignments successfully. They established a relationship between cultural intelligence and cross-cultural training methods, one of which is the IST.

After having analyzed the main stream of research on IST, which is related to the positive cultural competence achievements and learning opportunities derived from such mobility programs, this chapter will focus on the possible impact of IST programs in the motivation of students to go abroad to work. Williams and Best (2014) support the possibility of this impact as one of the students they interviewed in their research stated that they didn't feel like going to work abroad before their participation in the IST, whereas they did have a clear desire to work in a foreign country after coming back from the program.

However, this chapter does not only aim to investigate whether an IST may encourage students to go abroad to work, but it also tries to find out which exact activity within an IST program might be the main trigger for this wish to start a career in a different country. This aim is based on the notion that the learning experience is most effective when certain activities are incorporated (Tang & Rose, 2014). Therefore, this study launches the following research question: how do activities best evaluated or appreciated by students can become a source of more motivation to go to work abroad? For the research, this study has focused on the IST organized yearly by the German Graduate School of Management and Law in Heilbronn, Germany.

15.3. Research methods

Given that there are three phases in an International Study Tour (Jones et al., 1992; Porth, 1997), consisting of the pre-departure, the on-site phase and the return phase, we have adopted several methodological forms from each of these phases. Because the research question is how-based, it suggests that the research is exploratory rather than explanatory or descriptive (Cooper, 2009).

Case selection

The German Graduate School of Management and Law in Heilbronn has long time ago acknowledged the need to introduce this kind of mobility programs. The private school offers since its foundation yearly Study Tours to its Master students with destinations to BRIC (Brazil, Russia, India and China) or MINT (Malaysia, Indonesia, Nigeria and Turkey) countries. Among the activities included in the program, the GGS includes visits to companies, factories, embassies, universities, artists, politicians, diplomats, journalists as well as conferences given by experts in the PESTEL perspectives of the IST –political, economic, social, technological, ecological and legal aspects of the country visited (El Correo de Andalucía, 2014). This research is focused on the IST that was organized to Turkey in 2014. Ten students and one alumnus took part in the trip.

Participants and Instruments

For the first part of this research (pre-departure), all students of the GGS were asked to fill out a questionnaire regarding future organization of International Study Tours from 2015 in the institution. It was filled by 24 students. Data was collected by the GGS and handed over to the researchers. For the second part (on-site phase), three focus groups were formed out of the 11 participants of the 2014 IST during a wrap-up session which was organized one day before the end of

the program in Turkey. The 11 participants answered to questions posed by the researchers on a flipchart. However, the most significant part of this research is concentrated in the semi-structured interviews that were used for the third and last phase (return). All participants of the Turkish tour were invited to participate; unfortunately, three students did not want to participate in the interviews. As for the eight valid interviews, seven of them were recorded – one by telephone – and one was not recorded at all after petition from the interviewee. These interviews consisted of choosing a definition of IST by the students in the first part and 20 open questions in the second part. The recorded interviews had a length of between 10 and 30 minutes. Additionally, another quantitative questionnaire was made after the return of the students and seven of them submitted their answers online.

15.4. Findings

Pre-tour findings

For this questionnaire, students were asked about the importance of certain criteria for an International Study Tour. A similar analysis was made by Williams and Best (2014) when they studied the motivations of students before the celebration of the IST. They were asked to give a percentage to each of the elements: attractivity of the destination country (93%), local company visits (79%), German company visits (77%), interdisciplinarity in the students group (66%), free time during the tour (64%), academical contents (56%), university visits in the destination country (40%), the validity of ECTS credit points (29%) and the obtention of ECTS credit points itself (19%). While the selection of the destination country was a key factor for the participation, the students showed that the second most important factor to take part in an IST was visiting local (Turkish) companies during the program. Secondly, they were asked about the probability of taking part in the IST to Russia in 2015. While 18% said it was very probable, 19% answered it was probable, 22% were neutral, 26% said it was not probable and 15% excluded this option from their plans.

On-tour findings

There was a division of the 11 students and alumnus into three focus groups. On the ninth day of the tour, they were spontaneously asked to rate their experiences and state how their perceptions of the country had changed. The results are shown in Table 15.1.

Table 15.1. Changes in the perception of Turkey among respondents

Group	Previous Image of Turkey	New image of Turkey	Things learned	Especially good
A	Eastern country, passive	Innovative, technological, similarities with Germany, clean, friendly	History, political aspects, polarization of the country, personal know-each-other, geography, group feeling, guest friendship, variety of possibilities, openness and business possibilities	Encounters with expats, companies, landscapes in Capadoccia
B	Little connection to it, prejudices, holiday destination, unprofessional, not modern	Prejudices disappeared, strong role from Atatürk, tolerant, guest friendliness, modern, professional, knowledge, polarized society	Positive image from Germany, law system, politics, guest friendliness and religion	Contact to students, invitation from companies and the EU integration debate at university
C	Conservative, very religious, constant, need for improvement, undeveloped	Colourful, open, friendly, modern, progressive and self-confident		Networking, invitation to family business, Bosphorus tour, church and Grand Bazaar in Istanbul

Source: own research.

Retour-phase findings

Before starting to answer the interview questions, the students were asked to pick a definition of International Study Tour. Out of eight interviewees, six chose the definition from Gmelch (1997): “A short study tour abroad provides an opportunity for students to investigate preconceived ideas of another culture, or cultures, and may also provide an opportunity to modify, possibly even transform, existing cultural perspectives”. The other two interviewees selected the definition by the International Association of Universities (2002): “Global Study Tours provide students with the opportunity to acquire new knowledge, skills, attitudes and behaviours, and an opportunity to internationalise the curricula”.

As for the open questions in each interview, this study followed the procedures of inductive category development by Mayring (2000). The categories as aspects of interpretation, were developed. The main categories created from the

material of the text are derived from the main opinion streams released by the interviewees –and took into account the resolution of the research question.

Expectations

Research wanted to focus on the expectations students had before starting the IST. The tendency in all but one of the interviewees was the aim to discover the country itself, the culture and the people. Culture was the most popular expectation, except one respondent who mentioned the company visits and meeting expats in the first and second positions.

Important learning achievements

The opinions about what they had learned the most remain as heterogeneous as the considerations regarding the expectations. Many focused on having learned more about the culture differences, even changing the whole picture of the country. Other concentrated in the country itself or even certain cities which opened their minds completely. One person mentioned a big learning effect in knowing the way to do business in Turkey.

Most interesting program point

Out of the eight respondents, five mentioned a precise program point as the most interesting in the IST program: the visit to the CEO of a petrol station company at his place. The five respondents also mentioned the word “home” or “family” in their answers as they wished to make this point an important one. This statement is supported by group observation (Cooper, 2009) in the place, where students approached the CEO and sat by his side to have dinner and start a conversation. One interviewee told the researchers he found very interesting the meeting with a certain business man, but he could not be more precise. Other two respondents refused to say there was something better than other things, but it was rather a combination of activities.

Working abroad

Regarding the wish to work abroad, there was a mix of feelings. One student did not feel at all the wish to work in another country other than Germany. Two other students stated they already had this goal before the IST, and their motivation had not changed. Another one answered he is as curious as before, but with new ideas. Two other students assured the researchers that the IST had strengthened their desire to work in the international market. As one of them put it: “Yes, definitely, I felt that motivation before. But Turkey has strengthened that wish to work abroad, also for a longer time. We visited the AHK [Foreign Chamber of Commerce], that would be a very concrete job position I could imagine to work there”.

One student stated that she was “absolutely” more willing to go abroad, and finally the alumnus said that he was already working abroad; however, the IST did influence his perspectives for the future.

Papers and assignments

There wasn’t really any change in the desire of the students to write an assignment or Master thesis on Turkey or international issues, as the students don’t really have a chance to choose the topic of their assignments, but they have to focus them on their current companies, which don’t have any relationship to Turkey or anywhere else.

As for the quantitative questionnaire sent to the participants of the IST to Turkey, it was only replied by seven people (out of 11). The survey was sent electronically and wanted to know about the satisfaction of the participants. When asked about the overall satisfaction of the International Study Tour, four students strongly satisfied while two were just satisfied and other one was slightly disappointed. These results matched those of the satisfaction with the company visits. When asked about the things or activities they most enjoyed during the IST, the students mentioned company visits, sightseeing, universities, the general mix of activities, the organisation, the people, hospitality, the city of Istanbul, or the good atmosphere.

15.5. Discussion

This study had proposed the following research question: how do activities best evaluated or appreciated by students can become a source of more motivation to go to work abroad? In order to answer this question, it will be necessary not only to analyze the results of the study, but also define the concept of motivation. For this, the researchers have taken into account the Hierarchical Model of Intrinsic and Extrinsic Motivation (Vallerand, 1997).

Vallerand talked of three kinds of motivation: intrinsic, extrinsic and amotivation. Intrinsic motivation is the one that someone has when participating in an action for pleasure or interest. Extrinsic motivation is given when someone takes an action as a tool to get something positive (Kowal & Fortier, 2000). Both extrinsic motivation and amotivation are interesting for this research, as Vallerand divides extrinsic motivation in self-determined and nonself-determined motivation. Self-determined motivation is characterized by choice, whereas the nonself-determined motivations are not typified by choice. Thus, the possibility of a positive increase in motivation to work abroad after participation in an IST would be

related to self-determined motivation, because the students are choosing it themselves, while nonself-determined motivation would be typical for expats who travel abroad to work because they have been sent by their companies.

Considering the analysis of the research results, it is appealing to see certain outcomes. Firstly, when evaluating the pre-tour findings, it's easy to see that the GGS students have the tendency to rate the company visits as one of the top reasons for participating in the IST. Nevertheless, when being individually interviewed after the tour, few students pointed out at the company visits as essential part of their expectations. Still, when asked about the best experience in the IST, five of eight doubtlessly spoke about the visit to the CEO of a petrol station at his home. Secondly, when comparing the students opinions during the on-tour wrap-up session and those in the interviews after the IST, it's astonishing to see that none of the three focus groups mentioned the visit to the CEO, whereas the post-tour interviews let the researchers know that five of eight students found this home visit as the top activity in the IST –and four of these five were increasingly interested in working abroad. The reason for this difference between the declarations during and after the tour might lie in Williams and Best's statement (2014) that when interviews are conducted months later, it allows for reflection on the Study Tour. This might enable them to see an evolution of impression on advantages and disadvantages (Tucker & Weaver, 2013). Given these results, there's a perceptible trend between the visit to the CEO and the motivation to go abroad. If the independent variable of participating in an International Study Tour or even visiting a CEO at their home has an influence on the dependent variable, that is the increase of the motivation to work abroad, then it is legitimate to say that there's not only correlation, but a causal relationship (Messer & Wolter, 2005).

If International Study Tours improve the motivation to work abroad, then universities should respond to promote these tours more often, beyond academics who could also foster this motivation in the class (Cooper, 2009). We can conclude that students meeting CEOs acquire more self-determined motivation to accept a work assignment abroad than if they had not met CEOs or if they had not taken part in an IST at all (Messer & Wolter, 2005). In the wake of this conclusion, the recommendation is that universities support IST programs (Cooper, 2009), as passive methods of learning, such as memorization of facts and viewing films may only prove effective among highly (previously) motivated employees (Lewis, 2005). This leads the researchers to meditate and accept that further research must be done in the future to consider what is the previous motivation of students to work abroad – and then compare the data with post-tour interview results. In fact, students may have a special personality, be open to new experiences (Williams &

Best, 2014), already have an existing motivation (Messer & Wolter, 2005) or simply a previous willingness to engage with the unfamiliar, but in any case IST programs could indeed reinforce this impulse (Wood & St Peters, 2014). Further research could also concentrate on whether the initial interest for companies means greater interest to work abroad or just a simple interest for know-how of operations in other countries (Cooper, 2009).

The results of this study also invite for further research in another direction: productivity. Indeed, there are several studies that show a relationship between motivation and performance (Wood & St Peters, 2014), and others demonstrate that a motivated person can achieve a much better performance (El Correo de Andalucía, 2015). Furthermore, previous international experience assumes that experience will enhance adjustment and performance (Wood & St Peters, 2014).

There are certain limitations to this results. The study is based on students' own perceptions. And the study was conducted with a very small sample size, given the cohort of only 10 students and one alumnus (Tucker & Weaver, 2013). The main indications to be drawn from our research are qualitative and descriptive. But even only a small group could be investigated (Cooper, 2009), the results can suggest that the IST and certain activities in its program can lead to an improved motivation to work abroad.

15.6. Conclusion

The aim of this study was to find out the effects of International Study Tour in future career decisions of participants –and the study focused on the IST organized by one specific university.

We looked for an appropriate scope: Heilbronn's German Graduate School of Management and Law as a university offering a multidisciplinary IST program with all kinds of activities and company visits –and participants who are both working and doing a part-time Master's degree. This was considered by the researchers as a rich atmosphere, as participants would already have a certain knowledge and experience in the job market and the IST would offer them many opportunities for reflection.

This paper does not only contribute to the research on IST by finding an interesting relationship between doing a certain kind of activity and increasing the desire to go abroad. It also provides new knowledge on IST research because most of the studies so far have specially focused on intercultural issues and generic benefits from participating in such trips.

We provide empirical evidence from interviews and observation that those who are especially fascinated by certain activities – like being invited by a businessman to a family dinner at his house – express a slight increase in their desire to go to work abroad. However, future studies should take into account what is the exact opinion of students before starting the IST, in order to avoid bias or simple coincidences.

Finally, this study is relevant for managers and university executives. For managers this study means that they should evaluate introducing IST schemes in their companies in order to make it easier for workers to accept an assignment abroad. For universities, it could be interesting as a guide for new projects in their curriculum plans – projects that reflect the increasing level of internationalization within institutions

Chapter 16

LEADER MODELS APPLICABLE IN THE EDUCATIONAL SYSTEM

16.1. Introduction

The research of the ancient Hippocrates and Galenus defined four types of temperaments: sanguine, phlegmatic, melancholic and choleric. Unlike the ancient, Pavlov focused on the three characteristics of the central nervous system: the force or energy, the mobility (the ease with which we go from excitement to inhibition and the other way around) and the balance (the organization of the force of the two processes – excitement and inhibition). From their combination resulted four types of behavior (Băileşteanu, 2008, p. 29):

- the strong-unbalanced-excited type (choleric temperament),
- the strong-balanced-mobile type (sanguine temperament),
- the strong-balanced-immobile type (phlegmatic temperament),
- the weak type (associated with the melancholic temperament).

Later, however, the research of Yung, Eysenck, Dolan, Lamoureux and Gosselin appeared elaborating new personality types and model: the approach based on traits; the behaviorist approach; the situational approach (Dolan, 1996; Constantin, 2004; Zlate, 2007).

From the perspective of our research – the leader in the educational systems – we will approach the model based on traits (MBT), the behaviorist model (BM), proposing a specific model for the educational system. (ESM)

The first presentations of the defining traits of the successful leader were made starting from intuitive descriptions, as the theory of the leader invested with charismatic authority, which was elaborated by the sociologist Max Weber. In time it became clearer and clearer that there is no such thing as an ideal type of personality for a leader, in order to satisfy both the requests of the job and of their

employees, as well as those of concrete situations. However, some characteristics that are considered necessary for a leader were outlined.

Peter Koesenbaum proposes a model of a performant leader, focused on four dimensions or dominant strategies: vision, reality, ethics and courage (Koesenbaum, 2006). In the education system, vision and ethics are mandatory traits for a leader, but they are not enough. Jim Collins presents a model which he names “the level 5 leader model” in which he suggests a process divided in three main stages: disciplined people, disciplined thinking and disciplined action (Collins, 2007, p. 43). Inside each stage there are two key concepts: balance wheel and breach. Personal will and the culture of discipline are mandatory traits for a leader in the education system as well. The British consultance firm Saville & Holdsworth elaborated an occupational personality questionnaire based on 30 personality traits resulted from the study of a number of 4000 British managers (Cole, 1995). In fact, this questionnaire follows the shaping of a psychological profile of leaders. For the education system, part of the traits can be integrated into what we have named personality characteristics. Karl Albrecht and Robert Wood aproach the leader from the perspective of multiple intelligence (Albrecht 2007, p. 26; Wood & Toller 2007, p. 11).

16.2. Model based on traits (MBT)

In the research we have made, we have limited the notion of „the leader in the educational system” to the top-management jobs in primary and secondary education: General Manager/Director; Deputy General Manager/Deputy Director. The hypothesis from which we started was the following: how do leaders from the eductional system perceive the presence/absence of existing traits of successful leaders in the economic sphere. They were asked to evaluate, on a grid from 1-5, the importance of six traits. We have named this model of leader, model based on traits (MBT). After processing the data obtained by questionnaire, resulted the profile of the leader in the educational system (Table 16.1). The notes 1, 2, ..., 5 were determined by the method of the mean:

$$m = \frac{\sum_{i=1}^n x_i f_i}{\sum_{i=1}^n f_i}; \quad (16.1)$$

where: x_i - the respondent x_i ;

f_i - the importance of the characterization;

n - the number of respondents (at the present stage of research $n = 160$).

Table 16.1. Leader profile in the educational system

Characteristics	Description	Evaluation grid				
		1	2	3	4	5
1. Physical characteristics	Age		x			
	Physical appearance				x	
2. Social characteristics	Education			x		
	Social position			x		
3. Intelligence	Intellectual capacity					x
4. Personality characteristics	Self esteem				x	
	Active spirit				x	
	Integrity of character					x
	The need to dominate			x		
5. Characteristics concerning tasks	Motivation			x		
	The need to accomplish			x		
	Sense of responsibility				x	
6. Social and interpersonal abilities	Active participation to different activities				x	
	Strong social relationships				x	
	Remarkable cooperation skills				x	

Source: (Stogdill, 1974; Dolan et al.; 1966; Zlate, 2007).

From the answers of those surveyed resulted the following conclusions:

1. Some traits are perceived at a very high level (intellectual capacity, integrity of character), while others at a low level, but most of them above average (>3).
2. Unlike the empirical research in the field of economics, which has shown that there is no positive correlation between management performance and the key personality traits, our research is inconsistent with these opinions/views.
3. We have checked the correlation between the performance of the educational leadership (measured by the results at local and national school contests) and the main personality traits.
4. The corelation between the intellectual capacity and performance is a strong one. The correlation coefficient is 0,955. From 160 people surveyed, 89% considered intellectual capacity very important (note 5), and 80% of those who have given note 5 also had the best results at school contests.

5. Integrity of character is considered by 92% of the respondents a very important trait for an efficient leadership. There is a strong positive correlation between this trait and school performance (correlation coefficient 0,922).
6. The respondents do not consider the need to dominate and the need to accomplish as being very important traits. The majority (72%) have given an importance between 2 and 3.
7. Social and interpersonal abilities are considered important (81% gave note 4), but in 52% of the cases, they are not strongly correlated with performance (correlation coefficient 0,562).
8. Our research is ongoing, therefore the obtained results are partial. However, we have sufficient information to make the statement that in the educational system, the personality traits correlate positively with the leadership performance.

16.3. The profile of the leader in the educational system

The behaviorist approach starts from the premise that the ability of a person to self-control and to relate to the environment depends mostly on their style of behavior.

Starting from the potential descriptions of the main types of behavior, three groups of behavior were identified: passive behavior, aggressive behavior and positive behavior. (Shartle, 1950). A description of this model is presented in Table 16.2.

16.4. Behaviorist model (BM)

The research from Ohio University, USA, under the coordination of Ralph Stogdil, has emphasized that, in real situation, the behavior of the leader varies according to two dimensions: the structural dimension (task oriented leader) and the relationship dimension (employee oriented leader). (fig. 16.1).

The task oriented leader focuses on defining and distributing the tasks that need to be carried out, on defining the directions of activity of the group; the relational leader focuses on behaviors which create a work environment where trust, mutual respect, friendship and support have an important place. The latter is preoccupied by the security and the comfort of his employees; he is interested in the needs of his employees and their work satisfaction.

Table 16.2. Description of the behavioral model

Type of behavior	Description
1. Passive behavior	<u>The angry</u> : they consider that others are taking advantage of them, using them
	<u>The frustrated</u> : they do not succeed in their plans
	<u>The recluse</u> : they have the impression that no one is listening to them
	<u>The uncertain/anxious/defeated</u> : they consider that there is no use in trying because they have no chances in gaining anything
2. Aggressive behavior - they feel powerful, especially on short term	<u>The lukewarm</u> : they are blasé
	<u>The critics</u> : they blame others when things go wrong
	<u>The lonely</u> : they feel isolated
3. Positive behavior	<u>The threatened</u> : they boast all the time, trying to feel important
	<u>The optimists</u> : they approach the problem in a positive manner
	<u>The calm, enthusiastic, proud, honest</u> : they keep their word
	<u>The straight forward</u> : they are very straight forward in their negotiations and they do not manipulate
	<u>The confident</u> : they are self-possessed
	<u>The respectful/energetic</u> : they respect themselves and those around them

Source: (Stogdill, 1974; Dolan et al.; 1966; Zlate, 2007).

As a result of statistical research we have reached the following conclusions (Stogdill & Coons, 1957; Stogdill, 1974; Zlate, 2007; Bailesteau, 2008;):

1. There is an important relationship between the behavioral variations of the leader and performance (group satisfaction). The most favorable situation seems to be that which implies a high relationship and structure.
2. Irrespective of the combination in which they appear, the high relational index generally ensures an increased satisfaction among employees (R/S +/-; R/S +/+).
3. The relationship between the behavioral dimensions and the efficiency of the management is not usually direct, but modeled by a series of other variables like: the dimensions of the group (the structural dimension chimes positively with satisfaction in big groups and negatively in small groups); the nature of the group (the militant groups are more focused on structure than on relationship), etc.

4. The two behavioral dimensions are not independent in relation to one another, but rather each of them constitutes a quasi-moderating variable for the other (for example, the leaders described as showing a low consideration towards their employees are seen as being unpreoccupied by the orientation of the group on the direction of reaching their purpose).

Person oriented style (relationship dimension)	Strong	Person oriented	Person and task oriented
	Weak	Laissez-faire	Task oriented
	Weak		Strong
	Task oriented style (structural dimension)		
Relationship (consideration)	High	R / S + / -	R / S + / +
	Low	R / S - / -	R / S - / +
	Low	High	
	Structure		

Figure 16.1. The behavior of the task and person oriented leader

Starting from the empirical testing of the two models for the educational system we consider that a leader must have, at a level above average, five traits. (fig. 16.2).



Figure 16.2. Traits of character of the leader in the educational system

The evaluation that we look at takes into account a total of 20 attributes measured on a grid from 1 to 5 (Table 16.3).

16.5. The capabilities of the leader in the educational system

Self-understanding means an emotional self-awareness – connection to internal signals, understanding our own feelings and perception of the values that guide us – correct self-evaluation – knowledge of limits and strengths, accepting feedback and constructive criticism.

In the educational system it is impossible to interact with others if you do not have the ability to understand yourself. The teaching staff is generally independent, performing by the use of their knowledge, and less by their workload. Likewise, students are formed through pedagogical tact, and not through a coercive system. We identify three evaluation criteria (C11, C12, C13) described in Table 16.3.

Table 16.3. Description of character attributes of the leader in the education system

Traits of character	Description	Evaluation grid				
		1	2	3	4	5
Self-understanding	C11: feelings/ but not sentimental			x		
	C12: moral values/ but realistic				x	
	C13: knows his/her limits/ but does not underestimate him/herself				x	
Self-control	C21: calm and cold blooded under stress					x
	C22: ambition/ high personal standards					x
	C23: initiative/ consciously deviates from rules and patterns					x
	C24: optimism/ the full half of the glass			x		
	C25: accepts to loose, but does not fail			x		
Relationship management	C31: inspiration/knows when to intervene				x	
	C32: influence/ power of persuasion				x	
	C33: conflict management/ objective, understanding, but decisive					x
Presence	C41: offers a sense of trust				x	
	C42: good listener				x	
	C43: friendly facial expression/charisma				x	
	C44: exudes positive energy					x
	C45: expresses him/herself clearly, thinks fast and reasons correctly					x
	C46: speaks his/her mind, but delicately				x	
	C47: sympathetic to the problems of the students and of the employees					x
Spirit/religiosity	C51: believer/ atheist			x		
	C52: philosophical culture				x	

Source: (Stogdill, 1974; Dolan et al.; 1966; Zlate, 2007).

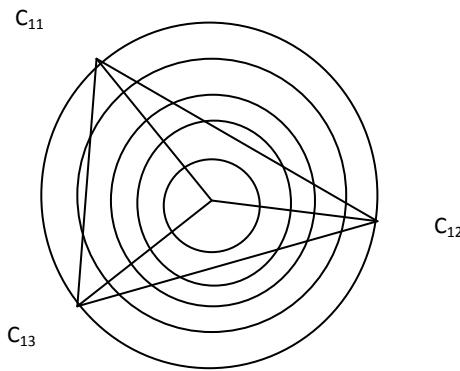


Figure 16.3. The level of capability if self-understanding (n_J)

$$n_J = \frac{\sum_{i=1}^3 n_{C_{1i}}}{3 \times n_{max}} \quad (16.2)$$

where: $n_{C_{1i}}$ - note accorded to the criteria C_{1i} ;
 n_{max} - maximum note (5).

Self-control means calm and cold blooded under stress, ambition, initiative and optimism. We consider five criteria: C21, C22, C23, C24, C25.

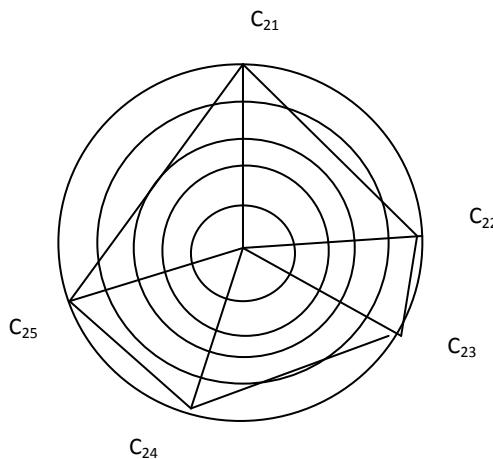


Figure 16.4. The level of self-control capability (n_S)

$$n_S = \frac{\sum_{i=1}^5 n_{C_{2i}}}{5 \times n_{max}} \quad (16.3)$$

Relationship management means inspiration, influence, facilitating change, conflict management, teamwork and collaboration.

We have considered three criteria: C31, C32, C33

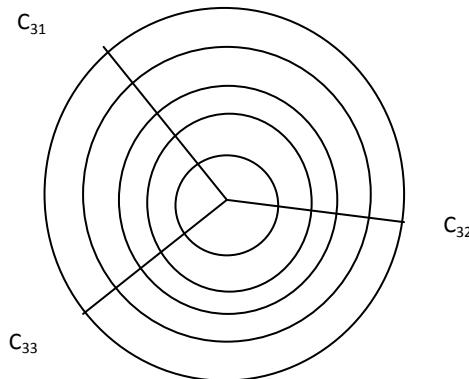


Figure 16.5. The level of relationship management capability (n_G)

$$n_G = \frac{\sum_{i=1}^3 n_{C_{3i}}}{3 \times n_{max}} \quad (16.4)$$

Presence is a fundamental capability for a leader in the educational system. It refers to the science of being a good listener, charisma, offering a sense of trust, professionalism and kindness. For the educational system we see as necessary the existence of seven capabilities described in Table 16.3.

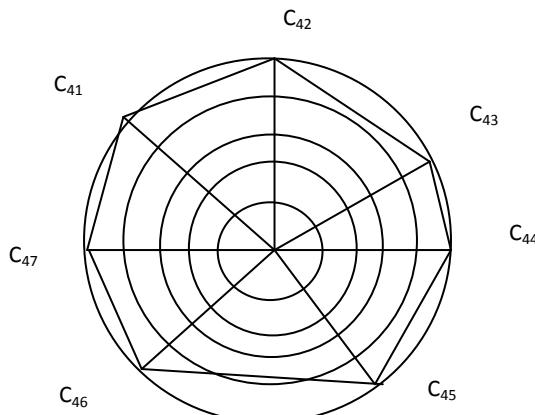


Figure 16.6. The level of the presence capability (n_P)

$$n_P = \frac{\sum_{i=1}^7 n_{C_{4i}}}{7 \times n_{max}} \quad (16.5)$$

Spirit/ religiosity is a necessary capability, taking into account that in the educational system characters are shaped. Philosophical culture is necessary and faith is desirable.

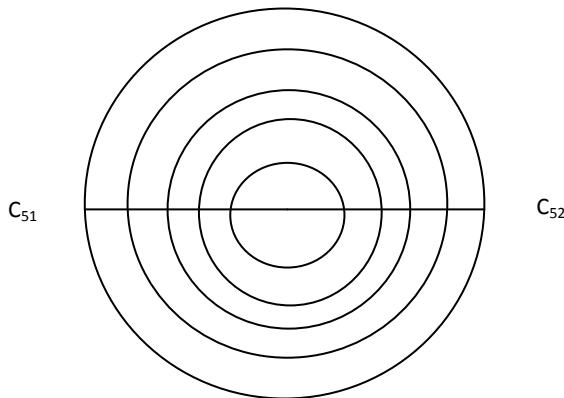


Figure 16.7. The level of the spiritual capability (n_{SR})

$$n_{SR} = \frac{\sum_{i=1}^2 n_i C_{5i}}{2 \times n_{max}} \quad (16.6)$$

16.6. Interpretation

- J₁. If the total number of the cumulated points is at least 80 points, the evaluated person demonstrated leadership traits/abilities.
- J_{2..}. For $80 > N_p \geq 60$, extra evaluations are necessary.
- J_{3.}. For $N_p < 60$, the evaluated person does not comprise the necessary traits/abilities of a leader.
- J_{4.}. The criterion C12 (moral values) is considered present at minimum grade 4.
- J_{5.}. The criterion C2 is considered very important for a leader in the educational system.
 - If: $C2 < 20$ – reevaluation
 - $C2 < 15$ – lack of the traits of a leader.
- J_{6.}. The criterion C33 (conflict management) is considered present at minimum grade 4.
- J_{7.}. We consider that it is better for a leader in the educational system to be a believer with an above average philosophical culture.

There is a possibility that while the research is in progress other conclusions might appear. By now, however, the empirical analysis seems to validate the model we propose for the educational system.

16.7. Conclusions

The theory of the leader in the educational system must be developed through the use of the evaluation tools that we find in psychology, sociology and economics, and by adapting them to the specifics of education.

If we refer to the leader, he cannot be efficient unless he is endowed with certain qualities and abilities given by his personality traits and characteristics. Emotional intelligence, social intelligence, but also other characteristics which we have integrated in Table 3 are necessary. The evaluation method of the leader in the educational system proposed by us can be a guide for the selection of the leaders, but also for the regular assessments.

We consider some criteria as mandatory for a certain level, while others desirable.

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