MANAGEMENT AND LEADERSHIP

The relationship between leadership, organizational culture and managerial culture through Lean strategy in a multinational company

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Abstract. *The special relationship between management, leadership and organizational culture influences any company, even if it is a multinational one or not. Current economic, social and cultural environments are based on these three concepts within organizations. Nowadays, the manager's role is more complex, s/he will not act as a person who has absolute control, taking decisions that impose on others, but rather s/he acts as a mediator. Considering these, we aim to demonstrate that organizations will grow and flourish by adding value, eliminating waste, reducing lead time and reducing total costs. Many researches have explored the concepts of leadership, organizational and managerial culture, but just a very few have investigated them together using the Lean culture (a methodology which focuses on eliminating waste, adding customer value and increasing speed). Relying on visible differences between the three concepts, we deliberately discuss management, leadership and organizational culture by finding a link among them. For a better understanding of these three notions within a certain kind of climate into a multinational entity, we use the interview method on twelve people managers, scaling the answers with the questionnaire method at the end of the interview. The objective of the research is to demonstrate that the Lean culture is the common denominator for all the three notions above mentioned. The interview is based on the BMA Inc. Lean accounting questionnaire, which can be seen as a self-administered audit of the company's opportunities to transform itself into a Lean business. Lean culture is often seen associated with the tools that are used to create efficiencies and standardize processes. It has been demonstrated that the actual implementation of the tools represents almost 20% of the effort in Lean transformations. The rest of 80% represents efforts of changing leaders' practices, behaviours and mind-sets. Considering the practical part of the research, we conclude that by using an effective Lean leadership style that includes coaching and empowerment of employees,*

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the organization remains competitive globally and also survives present recession while retaining the brand leadership. The straightforward approach is to maximize customer value while minimizing waste. The main goal of the study is to develop a theoretical framework that suggests a different, more detailed perspective of the Lean approach to the managers who consider implementing it as a possible direction towards achieving sustainable performance for their company.

Keywords: leadership; organizational culture; Lean tools and thinking; multinational companies; the missing link.

Introduction. Paradigm of leadership, organizational and managerial culture through Lean culture

This research is a theoretical study and it is based on a systematic literature review. The main objective is to explore the process of implementation of Lean culture in a Romanian multinational company looking at the 3rd dimension of an organization. The beginning of the research clarifies and defines three main concepts: leadership, organizational and managerial cultures. In this section, it can be observed how the implementation of Lean brings value to organizational processes and contributes to the achievement of operational excellence. Then the analysis is supported by open interviews - a qualitative method. The conclusion includes discussions over the hypothesis considering Lean as the missing link in the 3rd dimension of an organization.

As stated by Cameron and Quinn (2011, pp. 2-5), organizational culture is one of the areas of management with a relatively recent history, and it is one of the most important predictors that have a high level of performance over time. Organizations that prosper have developed a culture that thrives based on the collective capacity of all members. This situation is characterized by the presence of numerous "energizers" which positively influence the whole system, including embedded virtuous practices, adaptive learning, and full of meaning and purpose practices, as well as deeply involved members. Since the twentieth century, organizational culture has become a serious concern of researchers. Each firm operates studies under the direct or indirect influence of human resource-related factors. These factors express the "personality" that plays a decisive role in

the quality of results and efficiency, in the flexibility of the activity and in the company's ability to adapt to its business environment.

Leadership occurs when an individual exercises a great influence on the members of an organization in order to fulfil the objectives of that company. This is one of the important functions of leadership: to provide assistance and support when the regular system is no longer effective or when significant changes occur within an organization.

Culture is a powerful force and a leader knows this and tries to use it. Management and organizational culture usually act as a catalyst between paradigms, intellectual and emotional patterns. These models lead to the creation of an identity for an individual / corporate body that generates a sense of belonging, a sense of membership to a particular organization / society.

Typically, two of the points highlighted by researchers when define the concept of leadership are: their individual perspectives about the research and the most engaging aspect presented to the audience. After a detailed review of the literature, Stogdill (1990, p. 21) concluded that there are as many definitions of leadership as persons who have tried to define it. After this statement, new definitions have not ceased to develop, taking into account the behaviour that influences patterns of human interaction, roles and relationships.

A succinct point of view is stated by Nicolescu and Verboncu (2000, p. 208), who refer to the leadership "as the interpersonal influence that a manager exerts over his subordinates in the course of establishing and most importantly achieving objectives". It is a synthetic approach, which highlights that leadership is not only a specific process in management, but also a mind-set that managers induce on subordinates in order to obtain performance. A leader is the one who offers better solutions and creates safety conditions that will lead people to new achievements.

The Romanian organizational climate has positively changed over the years, even if the economic crisis has been seen as an interruption of this

trend. Applying a consistent organizational culture is crucial in order to survive in the current context of strong economic and financial crisis. It includes a series of principles that guide the conduct of business to make it a success: love for the customer, prudence, openness to change, open door policy, meritocracy, results oriented attitude, and transparency in the work (Nistor, Nistor, Muntean and Istrati, 2013).

Before discussing to determine the missing link in the 3rd dimension of an organization (leadership, organizational culture and managerial culture), we define the concepts of Lean, which we will use in our research. Czabke, Hansen, and Doolen (2008) define a Lean organization as an organization that implements the Lean practices only at the inside structures. When we refer at Lean culture, we think at problem solving with continuous improvement and learning. Culture is both a result and an enabler for sustainable and successful lean operations - goals and results. Also, lean improvement means organizational development.
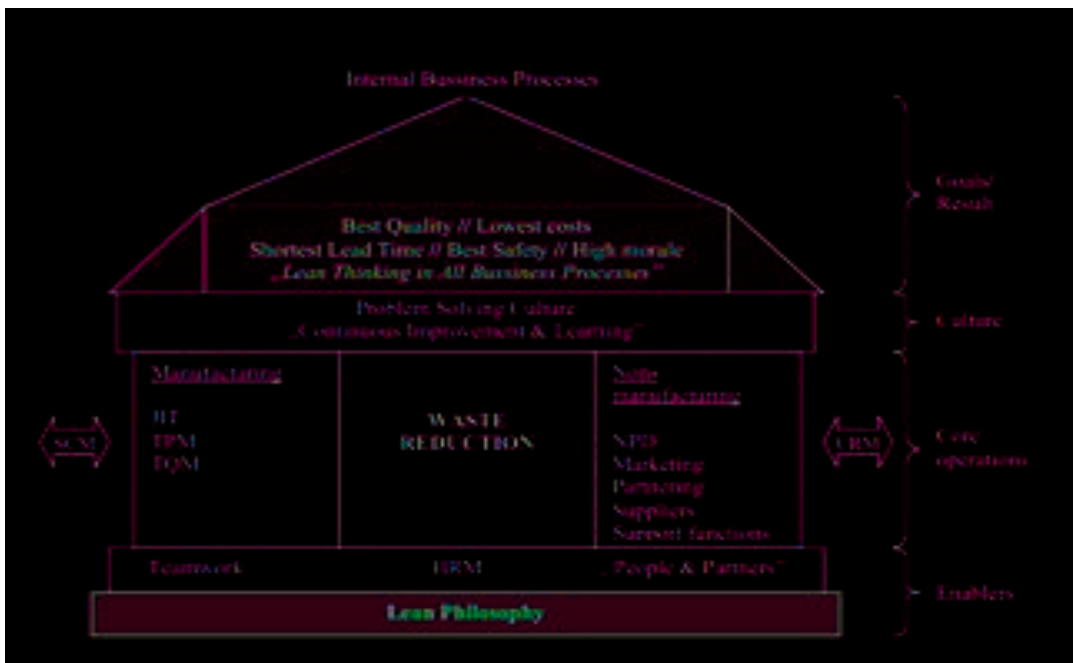

Figure 1. Conceptual framework for studying lean thinking
Source: Czabke, Hansen and Doolen, 2008, p. 78

Lean is a methodology that focuses on eliminating waste, adding customer value and increasing speed. In the same time, Lean thinking is a management philosophy focusing on reduction of the eight wastes in products and services. Elimination of the waste determines an improvement of quality, reduction of processing time, and diminishment of costs. However, if Lean is considered only as a toolbox without taking into consideration the whole system in the spirit of Lean philosophy, the improvements obtained will only be existent for a short while.

It can be stated that no Lean instrument is valid, applicable and advantageous overall to an entire organization, regardless of its processes and activities. The implementation of Lean tools should take place after the completion of some preliminary steps essential to long term success. Usually the application starts from value stream analysis and methodology for solving problems after the establishement of relevant indicators to monitor progress and changes needed to achieve clear objectives. Beforehand, however, conditions for improved results to become irreversible should be assured.

Patange (2013, p.38) states that Lean is a set of principles, concepts and techniques developed for a relentless pursuit of waste elimination and continuous improvement.

Some researchers view the concept of Lean as being very positive, and associate it with concepts such as effectiveness and efficiency. Some see it as a complete management system, while others choose to define the idea of Lean as a set of tools to achieve process improvement, or just an initiative to reduce costs.
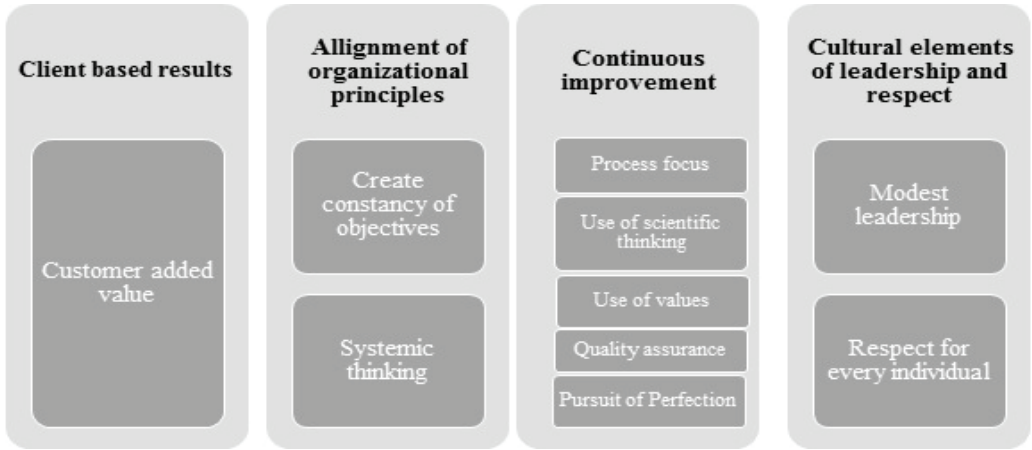
Figure 2. The forth dimensions and their principles in Lean culture

Reproduced after the white paper of Integris Performance Advisors, 2013, p. 5.

We consider that Henry Ford is the initiator of mass production process and the upholder of early Lean concepts. He started with the idea to eliminate waste, institute just-in-time delivery of inventory, and apply many other tools now identified with lean. "We will not put into our establishment anything that is useless", quotation that leads to Taylorism theory, still applied in many current organizations. Its foundation relies on that fact that every action of the workers is pre-planned and directed by the manager. Dr. Deming and his expertise on statistical quality improvement, and O. Taichi with his visionary thinking from Toyota took central stage in business improvement. O. Taichi (1988, p. 9) defines Lean as "all we are doing is looking at the timeline from the moment the customer gives us an order to the point when we collect the cash. Moreover, we are reducing that timeline by removing the non-value-added waste."

Today, leaders are under pressure to create mega-firms with the ability to react intuitively, for that you need creativity, learning ability and collaboration. These are the cornerstones for increased power retention and development of organizations. If today's leaders must be strong, inspiring, and effective, corporate dilemma is facing these questions: How well prepared are tomorrow's leaders? Who are they? How can we identify potential leaders? Do we need leaders? Similar questions have affected

the business environment in the last 150 years. The answers to the above questions provide the basis for achieving business success.

Before the 19th century, most organizations were under the same roof with the owner and the manager. Later in the same century, local small organizations or even complex entities had a single owner manager. This situation has paved the way for the creation of middle management as a link between management and lower levels of the organization.
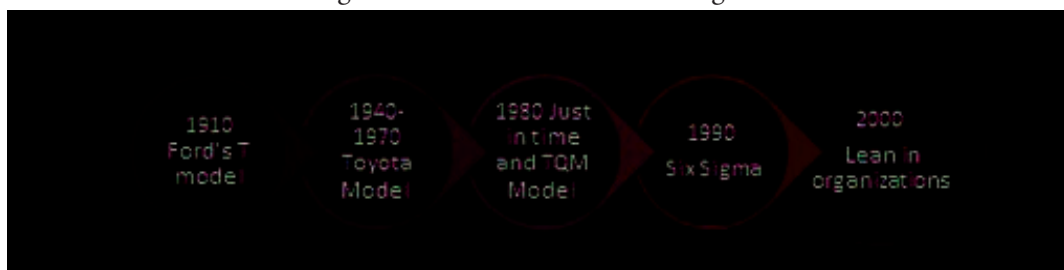

Figure 3. Evolution of the Lean model
Reproduced after Ballé and Handlinger, 2012, p. 23.

Mann (2013, p. 16) states that there is a break in Lean and that missing link built from values and leadership structures forms a Lean management system. Lean management tends to create a clear division between instruments and thoughts. Most papers about Lean have focused on implementing tools in the industry, for example, creating flows or determining production time (Womack and Jones, 1996). Other authors have explored the Lean tools in the medical system or product development system (Withers, 2008; Keyte and Locher, 2004; Swank, 2003), while others focused purely on leadership and not its tools (Mann, 2005; Spear, 2004).

Good leaders motivate people in a variety of ways, three of which are at the basis of the Lean approach. First, leaders define the vision of the organization, in a way that highlights their group values; second, leaders support people's efforts to achieve a common vision through coaching, feedback, and modelling; and finally, a good leader recognizes and rewards success. In retrospect, a good leader carries the ideology that work itself is intrinsically motivating (Lucansky, Burke and Potapchuk, 2006, p. 6). To

develop and promote effective leadership, a corporate culture that creates challenging opportunities for young people must be present. Some well-known companies that have successfully used this approach are Johnson and Johnson, 3M, Hewlett Packard, Procter and Gamble and General Electric.

Presenting the research - organization under analysis

The purpose of this interview is to help managers of Alias organization to understand the benefits of Lean methods and tools, looking at the 3rd dimension of Lean thinking. It can be considered a self-audit of the company's opportunities to turn into a Lean business that eliminates losses, adds value to customers and continuously improves performance.

Research questions are the following: *Is there a Lean culture in Alias organization?* And if so, *to what extent is it operational?* If we are finding a Lean culture, it means that the 3rd dimension of Lean thinking is matching our research goal.

Figure 4. The 3rd dimension of Lean thinking

Relying on the information indicated by Chelcea (2004, pp. 156-160), we chose for our *research method* the interview that uses both free and guided

answers. There are five parts of the interview, each with subcategories of questions totalling 12 questions per interview:

1)Performance measurement; 2)Value Stream Mapping/Management; 3)Measurement of financial benefits; 4)Innovation team and respect for employees and environment; 5)Eliminating the steps that are inefficient in the process. The first three aspects are reflecting the managerial culture of an organization; the fourth and fifth dimensions are related to the leadership part of our research. Organizational culture could be reflected in all five areas of investigation.

In order to see if managers are using the 3rd dimension of Lean culture and if they are understanding to what extent it can be found in Alias, we have applied the open question interview method. It helps describing the tools, techniques, thinking capabilities of each manager to respond accurately and completely about the day-to-day activities.

The studied sample is formed by 12 managers from financial and accounting departments from Bucharest, Romania, with a total of 350 employees. The above-mentioned Romanian company, generically called "Alias", is a multinational organization (approx. 325,000 employees), operating in various but interconnected fields of activity. The services provided to the Europe Middle East and Africa (EMEA), Americas (AMS) and Asia Pacific Japan (APJ) region clients are based on outsourcing. The managers have different job levels, described as: team leader (grade 1), supervisor (grade 2), and operational manager (grade 3). The selection includes 2 operational managers, 4 supervisors and 6 team leaders. Individuals were selected as to balance the gender criteria - 7 females and 5 males.

Average length of an interview was 21 minutes and every discussion was planned in advance, considering the availability of each person. For better quality, interviews were recorded and then processed.

At the end of the interview, each participant received a questionnaire with key questions to help our research to quantify the face-to-face discussions. They were asked to rate, on a scale from 1 to 8, their view of current Alias

organizational framework: 1 and 2 = traditional organization, 3 and 4 = development organization, 5 and 6 = leadership through the value stream map, 7 and 8 = Lean organization.

Assessing and interpreting the results. Validation of the interview

In order to achieve, as accurate as possible, the objectives of the study, we used the qualitative method of interview to highlight the general and unique feeling about current organizational environment among the selected managers. The conclusion of the research is that most of the participants consider that their organization is rapidly moving to a Lean oriented organization. Managers believe that the value stream mapping and multiple Lean influences are widely characterizing their work environment.

Coding interview data, observational notes, and text into meaningful chunks is a challenging task. We started by creating the categories, subcategories and the conceptual notes, which helped the interviewer making specific observations during the face to face discussions.
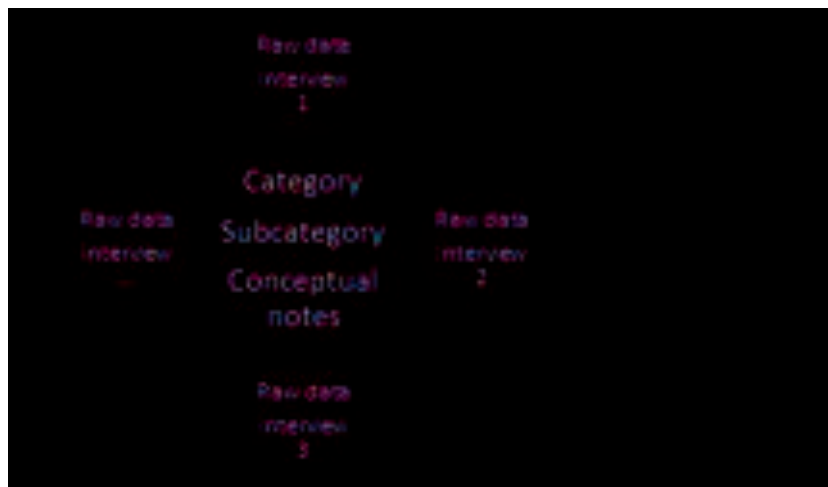

Figure 4. The CSC of Data Analysis: Categories, Subcategories, Conceptual notes

Looking at Performance measurement, the first chapter of our investigation, in Alias there is a vast majority of employees that have used the verbatim definition of mission and vision. There were others who described them a little bit different, which are worth to be mentioned:

Mission is to achieve a pleasant atmosphere for customers within the organization and to ensure excellent service quality. Interaction with the customer is the most important step of achieving a great relationship and worth remembering every time.

Another manager added: *Mission is to be more than a simple market competitor. Vision is to create talent to help develop the relationship with customers, permanently to create innovatively and carry out process improvement based on cost effectiveness.* Alias's mission refers to the invention of technologies and services that deliver value to businesses, creates social benefit and improves the lives of customers, with a focus on affecting a large number of people. The vision refers to diversity and implementation of creativity's key elements, innovation and invention.

Another aspect of the first chapter is the actual way of measure performance. Here eight of the interviewees think that the introduction of the value stream mapping was a success, and the trend is to integrate Lean strategies and objectives in every team from the financial department. One of the managers explained: *Our teams are continuously improving the process flow using value stream measures to ensure permanent efficiency.* One of the respondents has placed performance in the development needs, which states that the organization has introduced performance measures in Lean production teams. These measures are focused on every workday production within teams. Objectives and targets are established within teams on Lean culture, from both financial and non-financial perspective. One of the managers declares: *There are several criteria. First of all, performance is evaluated according to the objectives, classified and arranged each year, depending on what counts in that year for the organization, these are presented for every individual in one to one meetings. Secondly, performance is compared with the requirements (if you deliver more or less than you are asked to), and thirdly performance is using KPIs to monitor the status and individual performances of employees.*

Three respondents have a clearer view of the performances and confirmed that they are already using Lean culture. Also, they consider that there is a statistical analysis of the performance measurement process, and they are highlighting objectives through Six Sigma (reducing variability of value stream). One of the managers responded as follows: …*there are operational metrics; there are also customer satisfaction metrics, staff satisfaction metrics and metrics to improve the value added measurement performance for those projects.*

Moving to the next chapter in our research, Value stream mapping and management, we focus our attention on the overall organization, and then on the decision making process. After that we try to uncover more details in the budgeting and planning area, and we end with the actual role of finance people.

Discussing first about the overall organization, six of the respondents agree that the organization works on value streams. Almost everyone is assigned (either directly or as a matrix) for a specific value stream. One of the managers responded as follows: …*as processes we are organized per countries and regions, as management structure we have team leaders to who are assigned 10 people and supervisors who have 20 subordinates. The division is also relying on support functions as Business Process Analysts, Subject Matter Experts and Lean Team members.*

There is a complete transformation process, where people in the value stream can perform all tasks. There are some support departments working under a stream of non-value. Two managers believe that they have clearly identified all value flows. They have assigned value stream managers, and they have current and future state value stream maps that are used to guide business change. Three people are confident that they have reorganized the company along value streamlines and have largely eliminated functional departments, or they have established an effective matrix organization providing clear value stream management.

In the decision-making area, five of the respondents are positive about the process, framing organization undervalue stream profitability and cash flow for all key decisions. They use value stream cost analysis and Box Scores to assess strategic decisions. One of the managers' states: *Usually,*

decisions are cascaded, but there is interference between levels, which requires feedback from lower levels and then go up to the top management. The process can go from top to bottom and from bottom to top.

Two respondents feel that the organization has improved the decision-making process, and five people managers responded that the process is still under development, and there is a capital acquisition process, which supports Lean thinking. With this argument, the process could be found under recommendation.

Another manager divides decision typology into three sections: *Depends on the decision type. There is a management decision area where decisions come from top to bottom, and there is the operational direction where the decision is split between top to bottom and bottom to top feedback. The third category is the daily operational decisions, and these are taken based on operations procedures.*

The next topic is highlighting the budgeting and planning area. Seven respondents feel that the process is greatly simplified by: eliminating the annual budget, reducing the amount of cost centres (part of an organization that does not produce direct profit and adds to the cost of running a company) and modify the accounting codes from the items that need to be budgeted.

The remaining respondents are more optimistic; they create monthly rolling budgets for each value stream from their Sales, Operations, and Financial Planning process. They regularly include value stream objectives for waste disposal and increase available capacity by applying Lean initiatives. By adopting this approach, one of the managers considers that: *Budgeting is ... in the long run, we are a cost centre[3] and our budget is allocated from top management side. We are relying more on value stream map and driven planning processes.*

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3. A department within an organization that does not directly add to profit, but which still costs an organization money to operate. Cost centers only contribute to a company's profitability indirectly, unlike a profit center which contributes to profitability directly through its actions.

Next topic falls in the subcategory of roles and responsibilities of the financial analysts. Nine of twelve think that the finance people are fully integrated into the value streams and are integral components of the value stream teams. Financial analysts have moved physically and organizationally within value flows. They play an important role as change agents for improving the value flow, and they are keen to drive innovation. One of the managers says: *I believe we are rather detached from value stream team, but as a cultural aspiration everybody should consider himself as the CEO of his role and to work as if the organization have been under his authority. For this matter, you have more responsibility to take care of. Currently, we are dealing with few employees that are accountable and responsible for their role. There are countless other teams to interact with, and we need to be an example for all of them. This will need to be part of our organizational culture.*

The rest are slightly more sceptical and say that analysts are assigned to support specific missions of the value stream. They have become experts in this field of business.

Next chapter has same objective, to measure the financial benefits through continuous improvement and implementation of Lean culture. These two aspects can be compressed into a single question: *How can we meet the financial expectations of our shareholders?*

Four of the respondents use the financial benefits information related to free up resource capacity in Sales, Operations, and Financial Planning to drive business strategy. Two of the respondents regularly monitor the achievement of actual benefits of Lean changes. As they identify the potential for eliminating waste and making capacity available, they create strategies for the profitable use of this capacity.

Also managers were required to provide some examples of the day-to-day tools, processes and techniques. All managers have easily listed at least 2 tools that they use and which have facilitated their daily work. Here are some examples from three managers: *I use Workday for HR-related information, and every day I use Lync conference instead of traditional conference via phone. Industrial Engineering is using an Access database, which is handier and very useful for me. Also, the Leasing tool can be another*

good example that facilitates my daily work. There is a tool that helps you upload and download more MALA and SAP invoices.

Moving to innovation and respect of the team, we observe the process of rewards and recognition within the organization. Competent employees, or even reserved ones, and also managers want to know if their job counts and helps the team to achieve company's goals. It is not enough to reward only the employees, but it is necessary to turn the attention to managers as well. One of the managers explains: *There is a lot of information related to rewards and recognition. Also, there are several categories in which you can be part of such as customer focus, processes improvement, leadership skills and the list continues. There is a tool kit that is available to all employees in order to be informed every time a category is changed, or admission criteria is modified.*

All twelve participants responded that there is in place a process of Rewards and Recognitions well documented and fairly split for both employees and managers. This process is placed between traditional and Lean organization, where incentives are used within teams (based on the financial and non-financial measurements) for achieving value streams and individual goals. *Discussing about empowerment and learning of the employees in order to accomplish more complex tasks*, we saw that all respondents felt that they continuously support improvement of financial and non-financial performance, which is leading to improvement and learning. One of the managers says:

Each employee has her/his own path in life, and s/he develops differently and continuously. Our organization provides the necessary help in this development: first as a manager, then as a process improvement expert, or even becomes a trainer for others. There is another opportunity to change the department or to relocate to another country.

In Alias organization, the optimal solution to properly empower employees lies in training. As leaders, it is recommended to invest in employees and provide them more control, more power of decision. Therefore, a manager agenda is released, and the remaining time can be channelled to more profitable action points. Empowering motivates and this is not a surprise for anyone. With each new responsibility, task, or job granted to an

employee, his/her value increases in order to become a key person in the company.

The last chapter is following two important topics of lean culture: elimination of unnecessary steps from the process, to reduce the loss variance and to remove the 7 wastes through amount of lag time and overhead cost. Most of the respondents, 10 out of 12 people, feel that the month end closing has been greatly simplified based on standardizing the chart of accounts and cost centres from all operating units. Elimination of monthly commitments has been implemented in order to simplify the purchasing, accounts payable and inventory processes. One manager describes: *From my end, it is quite free, but everyone else is very busy and active. The department must reach the deadlines and satisfied the customer with qualitative services. There is a period of 7-9 days in which the workload is increasing.*

The detailed tracking of labour has been removed. Also, updating and improving delivery accuracy allows automating labour through backflushing (is a certain type of "postproduction issuing", it is a product costing approach, used in a Just-In-Time operating environment, in which costing is delayed until goods are finished.). After a discussion with all managers, the general approach is that they have removed detailed reporting of labour and overheads variations.

The organizational climate revealed by the research in the multinational company is rapidly moving to a Lean structured organization. The organization seeks to apply Lean culture, so there will be more opportunities to improve them. Lean models serve both as operational processes and as assumptions. The assumption is that the current model is the best way that we currently known to perform the actual steps and procedures. The implication is that the attendants and leaders are observing, recording data for the performance process, and actively participating in learning and training their employees.

In conclusion Lean requires a Lean management philosophy, as Womack (1996) says, Lean management system is the successor to obsolete modern management methods. Most managers and executives are futilely trying

to fix their existing modern management systems, descended from methods introduced by Alfred Sloan in 1920s. When we are referring to corporate or semi-corporate organizations, we are mentioning the modern management as part of our daily work, with a lot of job levels and layers.

Conclusions and recommendations

Until 1999 the repositioning of Lean thinking started. It is claimed that it can be applied in wider range of industrial settings (Womack and Jones, 1996). That is the beginning of the awareness for finding individual firm's solutions and their improvements throughout the value chain. The results of the research show that the organizational type of Alias is called "thinking organization". The implementation of value stream mapping and the 5 Lean principles developed from Toyota are typical. Even though some of the practices and tools are questioned, a Lean organization at this stage ignores some other key processes as new product development, new business opportunities, which prevent the organization of achieving sustainability with constant improvement. In other words, if the value stream is using a cycle created based on understanding needs, which is building solutions and deployment, then Alias organization is more than viable for becoming a Lean organization.

The methodologies, tools, and enabling technologies are available to streamline and optimize critical value delivery processes across the total value stream, which is considered "the language of Lean".

As Burton said: "Think of the organization as if it already relies on Lean Extended Enterprise[4] concepts, principles, and practices. Then let your mind go and imagine Lean utopia". Alias core corporate objectives are remaining the same over the years, customer loyalty, profit, growth, market leadership, commitment to employees, leadership capability, and global citizenship.

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4. Integrate the total value stream, vertically, horizontally and laterally, and achieve success through empowered people and teams, cultural transformation, and an integration of Lean, Six Sigma, Kaizen, and enabling IT technologies such as ERP, SCM, CRM, PLM networks, exchanges and portals.

As a first recommendation, in the managerial culture area, Alias needs to follow the framework of Lean thinking and relationships between the 3rd dimensions for a successful Lean implementation. (Liker, 2004; Shah and Ward, 2003; Shingo prize guidelines, 2005). It includes the practices, principles and processes needed for adoption of lean thinking within the whole organization. Lean thinking is operationalized as an integrated management approach that has an impact over the whole organization including its stakeholders – suppliers and other business partners, customers. Here it can be seen a touch in the organizational culture as well.

Moving to leadership area, it needs to exist a change in strategy targeted and holistic. Leadership is the turbo-charged engine that drives a successful Lean Extended Enterprise. In order to become one, Alias should consider the following observations. More focused training gives evidence for a better understanding of personnel of the key principles of waste elimination and flow of value. More empowerment and training of employees lead to a better-positioned Lean organization.

Another factor at inter-organizational level is stated in a research based on the open interview method (Pius, 2006). The study indicates that it is highly desirable to have a certain degree of communication skills throughout the company, long-term focus of management and strategic team while implementation of a new initiative. Moreover, the decision-making area, which most of the managers in our research stated that need improvement, is a key in transition to Lean.

Organizational culture reflects that high-performing companies are those with a culture of sustainable and proactive improvement efforts. In our study, it can be seen the ease of describing the processes and the way they were changed over time, reducing the time spend on doing a task and improving the quality of the process. The skills and expertise of the employees highlight the characteristic of a way of adopting a Lean thinking. Staying competitive requires the use of intellectual capital and ability to innovate and differentiate. It can be seen that Alias employees are very well structured, with the possibility of relocation and growing within the job. The most tangible examples are the roles of Subject matter expert and Lean business analyst which have been developed with the help

of simple individual contributors. This willingness to learn facilitates the transformation to a Lean organization. As Chandra said (2013, p. 4): "The successful transformation journey in any organization may be difficult, but may lead to achieving the mantra for waste management, process management". Therefore, the management should have a blueprint tailored plan for successful application and effective results in the long term. Business process analysts' guidance and support for Lean certification will not only improve the understanding of the processes involved, but also keep the organization on track of continuous improvement to new achievements, as seen in Alias organization.

One of the finding is that all the interviewed managers are also strong leaders. The underlying key to maximize the success of Lean is actually to adopt the culture across all areas of the business (Baines, 2006, p. 1545). Therefore, they have the necessary skills to adopt a new way of doing things right.

What is the point of doing something very efficiently that should not be done at all? (Drucker, 2007, p. 227). From our point of view, it can be seen from the face-to-face discussion that both leadership and managerial concepts are present in Alias organization. Leaders are advocating change, and they create an environment based on rules. They are also ensuring the correct organizational climate and implementation of change. The first step is to change the mind-set and behaviour among leadership, and then gradually throughout the organization. In our research, we determined that the processes are relying on templates and best practices sharing.

Lean management system is the storyline of approach for any successful organization. Therefore, if you need to have an organization fully competent and globally competitive, you will need to keep the improvements up to date. The 3rd dimension in any organizational climate should be based on Lean approach. Eventually, a Lean culture will grow from this consistent effort, and striving for perfection will become *the way we do things here*.

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Project management for implementing Japanese methodology – Kaizen at ASSA ABLOY Romania

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Abstract. *Prepared or not, Romania faces a moment of transformation; this comes as a result of the economic crises which exposed structural weaknesses of the Romanian economy and industry. In the meantime, long-term challenges – such as globalization, shift of power centers from the national level to international structures/bodies or scarcity of resources – intensify. Having this context, it is mandatory for Romanian companies to develop strategies aiming to maintain them competitive. The paper propose an exploratory analysis regarding a Romanian company – part of an important international group – that was capable to build a strategic vision of its future, to define a plan for change and to implement the necessary measures for the project success. In order to analyze the project of implementing KAIZEN methodology at ASSA ABLOY Romania the research initiative consisted both of in-depth interviews with two members of the company's top management (the technical manager and one of the business units' managers) and documents examination. The research endeavor started from the assumption that if the KAIZEN system was adopted in the company the decision was appropriate, the results positive and the implementation process properly managed. The paper analyse the project from the point of view of economic situation of the company and environment, time constraints, budget limitations, technical level/quality performance and risks. It is intended the conclusions to be useful for future similar projects either within the company under debate or by other organisations in similar situations.*

Keywords: *ASSA ABLOY; lean management; KAIZEN; door lock systems; Romania.*

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Introduction

Lean Production. Lean Thinking. Lean Principles

Probably the most significant operations and supply management approach of the last half of century is *lean production*. The basis of lean thinking came from the just-in-time (JIT) production concepts pioneered in Japan at Toyota (Jacobs & Chase, 2013, p. 402). Even thought JIT gained worldwide prominence in the 1970s, some of its philosophy can be traced to the early 1900s in the United States at Henry Ford – who used JIT concepts as he developed his moving assembly lines to make automobiles.

Lean production is an integrated set of activities designed to achieve production using minimal inventories of raw materials, wok-in-process and finished goods (Jacobs & Chase, 2013, p. 404). In the context of supply chains, lean production refers to a focus on eliminating as much waste as possible. Lean systems concentrates on pacing production and synchronizing delivery of incoming supply.

Kamauff (2010) mentions five principles of "lean thinking":

- Value: determine exactly what *value* means for the customer for a specific product (good, service, or combination).

- Value stream: identify for each product or, in some cases, for each product family the entire *value stream* – the series of specific actions required to bring a specific product to the costumer.

- Flow: make the remaining, value-creating steps *flow*.

- Pull: customers should *pull* products and services through their orders; the organization should not push its products and services.

- Perfection: pursue *perfection* by reducing effort, time, space, cost and mistakes while offering products of ever greater value to customers.

The success of lean systems in Japan and the United States has attracted keen interest among other traditional manufacturers. Nevertheless, transition to a lean system is not an easy process and planning a successful conversion is a challenge. To increase the probability of successful transition, companies should adopt a carefully planned approach that includes certain particular important elements (Stevenson, 2012, p.

643). In this respect, one should make sure that top management is committed to the conversion and that they know what will be required. Also, management must be involved in the process and should know what it will cost, how long it will take to complete the conversion, and what results can be expected. The operations have to be study carefully in order to decide which parts will need the most effort to convert. Likewise, it is important to obtain the support and cooperation of workers. Training programs that include sessions in setups, maintenance of equipment, cross-training for multiple tasks, cooperation and problem solving should be prepared and workers must be fully informed about what lean is and why it is desirable. Meanwhile, permanently reassure workers that their jobs are secure. Probably it is for the best to begin by trying to reduce setup times while maintaining the current system and enlist the aid of workers in identifying and eliminating existing problems (e.g. bottlenecks, poor quality). Later on, gradually convert operations, beginning at the *end* of the process and working *backward*. At each stage, one should make sure the conversion has been relatively successful before moving on and should not begin to reduce inventories until major problems have been resolved. As one of the last steps, suppliers should be converted to JIT and the company should be prepared to work closely with them. The start is by narrowing the list of vendors, identifying those who are willing to embrace the lean philosophy. Preference should be given to vendors who have long-term track records of reliability. If quick response time is important vendors located nearby should be used. It is for the best to establish long-term commitments with vendors insisting on high standards of quality and adherence to strict delivery schedules. Last but not least one must be prepared to encounter obstacles to conversion.

But what kind of obstacles could hinder the process? Stevenson (2012) argues that some cultures relate better to the lean philosophy than others – not to forget that *cultures* vary from organization to organization. If a culture doesn't relate, it can be difficult for an organization to change its culture within a short time. Similar, manufacturers that operate with large amounts of inventory to handle varying customer demands may have difficulties acclimating themselves to less inventory. Other types of obstacles are in fact related to the above-described important elements. Management may not be totally committed or may be unwilling to devote the necessary resources to conversion – this is perhaps the most serious

impediment because the conversion is probably doomed without serious commitment. Another issue could be that workers and/or management may not display a cooperative spirit. It must not be forgotten that the system is predicated on cooperation. Managers may resist because lean shifts some of the responsibility from management to workers and gives workers more control over the work. Workers may resist because of the increased responsibility and stress. Suppliers may resist for several reasons: buyers may not be willing to commit the resources necessary to help them adapt to the lean systems; they may be uneasy about long-term commitments to a buyer; frequent, small deliveries may be difficult, especially if the supplier has other buyers who use traditional systems; the burden of quality control will shift to the supplier; and finally, frequent engineering changes may result from continuing lean improvements by the buyer.

Masaaki Imai (1997) argues that the most important aspect of JIT or TQC (Total Quality Control) is a philosophy of continuous improvement. This philosophy seeks to improve all factors related to the process of converting inputs into outputs on an ongoing basis (Stevenson, 2012, p. 392). It covers equipment, methods, materials and people. The concept of continuous improvement was not new, but it did not receive much interest in the Western countries for a while; however, many Japanese companies used it for years, and it became a cornerstone of the Japanese approach to production. The Japanese use the term *kaizen* to refer to continuous improvement. The successes of Japanese companies determined other organisations to re-examine many of their approaches. This resulted in a strong interest in the continuous improvement approach.

Although Westerners and Japanese both ascribe to improvement, the two cultures have different concepts of what this term means (Fogarty, Blackstone & Hoffmann, 1991, p.569). Westerners think of improvement as a step function – a change represents a marked increase in performance. That level of performance is held until the next performance leap is introduced. The Japanese view continuous improvement as an upward sloping line – driven by numerous incremental improvements. Each improvement is in itself imperceptible, but collectively the changes made in a few months will represent a great deal of progress.

The Japanese developed a checklist, known as the 5S from the words *seiri* (*sort* and clear out), *seiton* (*straighten* and configure), *seiso* (*scrub* and clean up), *seiketsu* (maintain *sanitation* and cleanliness of self and workplace) and *shitsuke* (*self-discipline and standardization* of these practices). A development of this checklist (5Ss) that also provides an easy vehicle with which to assist the culture change that is often necessary to bring about lean operation comprises the following issues (Heizer & Render, 2014, p. 663):

- *sort/segregate*: keep what is needed and remove everything else from the work area; when in doubt, throw it out; identify non-value items and remove them. Getting rid of these items makes space available and usually improves workflow.

- *simplify/straighten*: arrange and use methods analysis tools to improve work flow and reduce wasted motion; consider long-run and short-run ergonomic issues; label and display for easy use only what is needed in the immediate work area.

- *shine/sweep*: clean daily; eliminate all form of dirt, contamination, and clutter from the work area.

- *standardize*: remove variations from the process by developing standard operating procedures and checklists; good standards make the abnormal obvious; standardize equipment and tooling so that cross-training time and cost are reduced; train and retrain the work team so that when deviations occur, they are readily apparent to all.

- *sustain/self-discipline*: review periodically to recognize efforts and to motivate to sustain progress; use visuals wherever possible to communicate and sustain progress.

US managers often add two additional Ss that contribute to establishing and maintaining a lean workplace:

- *safety*: build good safety practices into the above five activities.

- *support/maintenance*: reduce variability, unplanned downtime and costs; integrate daily shine with preventive maintenance.

Findings

In order to analyze the project of implementing KAIZEN methodology at ASSA ABLOY Romania I carried out a research consisting both of in-depth interviews with two members of the company's top management (the technical manager and one of the business units' managers) and documents examination. The research endeavor started from the assumption that if the KAIZEN system was adopted in the company the decision was appropriate, the results positive and the implementation process properly managed. In one case the interview was audio recorded, in the second one the interviewed refused this approach.

The scene

ASSA ABLOY is a relatively young business group established in 1994 by the unification of two companies. At that time, the two companies were leaders on their markets; one of the companies was from Sweden, the other one was from Finland. So, starting from ASSA Company and ABLOY Company the new established group was given the name ASSA ABLOY.

The group decided an organic approach as strategy of development, in fact to buy the local and regional market leaders for their specific domains of activity – no matter the country or even the continent.

In Romania, the market leader was URBIS, a state owned company with a long and substantial tradition and brand name. ASSA ABLOY initiated the process of acquisition and finally in 1998 the part of URBIS developing activities similar to those of the Swedish - Finnish group was bought – it seems that the price paid was close to 8 million dollars; it was the second type of production separated from URBIS after the acrylic baths.

The factory's personnel was very enthusiastic about the change of property; new methods and technologies were expected to be brought and implemented, it was a hope for new markets impossible to be approached until then. However, by the end of 2000 not to many things were changed, just some small production capacities were brought from

the western countries – especially regarding hot processes sectors such as foundry and galvanization.

The first significant transfer of technology took place in 2001 when an aluminum foundry and galvanization production capacity was brought from Norway. The period of time that followed, meaning the years 2002 – 2004, represented a permanent effort of assimilation of production capacities – another aluminum foundry from Germany, a door lock systems factory also from Germany and so on – mainly representing attempts to take advantage of the lower cost (both labor and energy) from Romania.

It did not take a long time for the company to get to a point where in fact "in the production facilities it was produced anything and everything", says the technical manager of the company. By 2005 – 2006 the diversification was way beyond imagination and organization's members were "specialized in everything". It is the first moment when the situation really seams concerning and there is an attempt to reorganize complex processes using manufacturing footprint approach. In fact, it was started a process of externalizing the hot processes sectors – also considering the reality that energy price, according to the agreements signed for joining European Union, were about to rise significantly. Parts of the production processes are relocated to China and sometimes India, ASSA ABLOY Romania being decided to remain for the time being only with the fabrication of door lock systems. Why "for the time being"? Because the truth behind relocation decisions was that of complete closure of the company.

An argument in favor of this intention is also the fact that in 2006 it was appointed as general manager a person specialized in closing complex production facilities. Nevertheless, during the stage of analyzing and outsourcing fabrication processes the general manager together with the top management of the company came to the conclusion that parts of the activities could and deserve to be maintained and even developed. However, at certain moments some actions seemed eventually contradictory – due to the antagonism of initiating measures to close parts of the factory in parallel with actions to improve elements of the technological chain. But

there is also a positive result: the group management starts to believe that there might be a chance for ASSA ABLOY Romania to remain functional – at least parts of it – and produce profits for the shareholders. In this respect in November 2008 the general manager is replaced by one intended to identify ways to reconstruct the business in Romania and make the company reliable on the market. From now on only hard work and a little bit of luck might save peoples' jobs.

The financial figures for the year 2008 were not good at all; in fact, at a level of 8 million euro sales ASSA ABLOY Romania encountered 4 million euro loss. The relocation process, started in 2007, was under intensive implementation; as planned by the group, it was suppose to be finished completely by the end of 2009 – hot processes sectors to China and India and door lock systems to a factory in Slovakia.

Here comes the drop of luck: the figures for the Slovak factory for 2008 were much worse. In fact, having sales of 2 million euro, the Slovak company registered almost 3 million euro loss. It is for the first time when at the group headquarters rises the idea of maintaining door lock systems production at ASSA ABLOY Romania instead of closing it and to shut down the company based in Slovakia.

In 2009 the process of relocating the hot processes sectors from ASSA ABLOY Romania comes to the end. At the same time, at the beginning of the year the new general manager brings the top management together, speaks to them about the need for a new strategy, about reconstruction, about restructuring and development. These are good news for people – future might be positive and jobs could be maintained. The members of the management team – and in fact the entire company – are with the general manager; everybody is minded for supplementary efforts and full involvement.

The project

The new general manager is a person with previous practical experience in LEAN management – experience acquired during several other assignments within Romanian branches of western companies. He is very

determined to be successful also at ASSA ABLOY Romania, to bring the company to positive results and maintain peoples' jobs.

The general manager starts individual discussions with the members of the company's top management team in order to identify each person's strengths and weaknesses and capability/potential to contribute to the change process. An idea devolves upon people during discussions: it is necessary to develop a strategy if intended to maintain the company on the market.

The general manager takes the management team outside Bucharest and spend we them several "thinking days". They work as a group, as a team, and results do not wait to show up: a strategy is elaborated together, in common, people feel about it as being their baby, that it is part of them. The general manager leads them during the process – but with intelligence and without direct and brutal involvement. At the very end of the thinking process, he declares: in two years I want other companies of the group to come and learn from us. It sounds as a dream, but people start to believe in this vision. Somewhere within the lines of the strategy, still foggy but steady supported by the general manager, LEAN and KAIZEN.

The strategy was oriented on three axes: business development, business excellence and cost efficiency. KAIZEN is included as part of the business excellence axis; based upon personal knowledge and previous practical experience the general manager draws a draft of KAIZEN's implementation – structure, phases, means of insertion.

Time constraints

The period of time intended to be allocated for the implementation of KAIZEN at ASSA ABLOY Romania was proposed to be of three years, 2009 – 2012.

Budget limitations

The budget was not communicated to the management team. However, the general manager advanced a seven digits figure as proposal to the group management – that for the three years mentioned above. It might

look a lot, but compared to the figures regarding the loss it really could be said that in fact it is not.

Technical level/quality performance

As regards quality issues, the progress to be encountered during the implementation process was supposed to be based upon the fulfillment of the action plans established step-by-step, stage-by-stage. However, an important milestone defined from the very beginning was that by the middle of 2010 ASSA ABLOY Romania to reach break-even – objective that was in fact fulfilled.

Supplementary risks

Like the internal problems were not enough, the situation – and consequently the implementation of the project – became more complex due to the group level decisions (code name: Dracula relocation program): four productions capacities from western countries – one of them being the door lock systems factory from Slovakia – were to be relocated at ASSA ABLOY Romania by the end of march 2011. Therefore, 2009 is an extremely difficult year, with hot processes sectors leaving the company and other production capacities coming and replacing them. Once again, the need for a new way of organizing and doing things in the company became obvious. Moreover, at the beginning of 2010 ASSA ABLOY's management is informed at a group meeting in Amsterdam that Dracula relocation program needs to be shortened with 6 months. They are told that if supplementary problems occur, no one would blame them; however, when it comes to practice, during the next months whenever something goes on wrong the company's management is criticized. As it is said success has a lot of fathers but failure is orphan.

Project management team

In fact, it cannot be identified and discussed about a project team specifically designed to manage the endeavor of implementing LEAN and KAIZEN techniques at ASSA ABLOY Romania. The general manager – relying on his previous experiences, assumed the entire management of the process.

The general manager is aware about the low level of cognition the top management team has about LEAN techniques. Bearing that in mind, at the end of 2009 he decides that if it is for KAIZEN's implementation to be successful at ASSA ABLOY Romania it must be done with the help of professionals, of the best consultancy team available on the market in Romania: the KAIZEN Institute.

But is this a guarantee that everything would go on smoothly? It did not take a long time to have the answer to this question. A complex training program is designed by the Institute's experts; it is composed both of training sessions out of Bucharest and workshops at the premises of the company. The training program is split on segments following KAIZEN's logic. However, after the first session of training the general manager is totally dissatisfied and considers that the standard package offered by the Institute does not respond to the company's practical needs. After a tense meeting between the ASSA ABLOY's general manager and KAIZEN's Institute manager it is decided that from that point forward the working procedure will be the following: the general manager proposes the theme, the Institute materials are tailored accordingly and than approved by the general manager. The training sessions are featured as applicative, with lots of useful examples for the managers participating at them – the large majority being engineers. The general manager was capable to put pressure on the Institute's consultants – and that was an extremely important positive factor. After defining this procedure things developed orderly and in a constructive manner.

2010 was a cornerstone for acquiring the necessary knowledge for implementing KAIZEN. "KAIZEN is a methodology to be implemented from the top level to the bottom, but it becomes functional when it works according to a bottom-up approach" says the technical manager. Five training sessions were organized out of Bucharest with ten people representing the top management of the company. Each training session last two days – from Friday to Sunday – and the general manager participated side by side with his subordinates. From KAIZEN Institute there were two trainers permanently. At the same time, at the premises of the company there were organized twenty workshops with middle managers. Eight persons participated at each of these workshops and two external consultants were coaching them. Important aspect: the top

management has to be present at the beginning and at the end of each workshop day! Also, at the end of each training session/workshop an action plan is elaborated – including milestones, deadlines, and responsibilities. By the end of the year a total budget of almost five hundred thousands euro was spent.

In 2011 the implementation process continued. It was the year when the main part of the efforts was concentrated on middle management's development. The budget spent during that year totalized almost three hundred thousands euro.

The insertion of KAIZEN techniques into the company continues even today. ASSA ABLOY Romania is still working with the KAIZEN Institute especially if it is to approach new areas to be developed – such as total service management, for example. Therefore, the 2014 budget does not reach more than about thirty thousands euro. Practically, the progress of the KAIZEN's implementation project has been measured all the time using the evolution registered by the factory's activities. Today, the company has a LEAN manager – member of the top management, subordinated directly to the general manager. The LEAN manager generally leads the workshops and supervise the accomplishment of the action plans adopted during the workshops; also, he is auditing each business unit and is involved in the yearly LEAN assessment of the company within the group. In this respect, in 2009 ASSA ABLOY Romania was situated on the 26th place out of the 40 companies of the group. Since then, things changed significantly: in 2012 the organisation was situated on the first place together with a German company and in 2013 on the second place.

So the general manager's vision of having other companies from the group taking lessons from ASSA ABLOY Romania became true. Meanwhile the general manager was promoted in the management team at the group level – Chief Operating Officer ASSA ABLOY Eastern Europe. During the last two years the LEAN manager delivered more training sessions to other companies from the group than internally. Paradoxically, this situation affected the company's performance – mainly due to the fact that KAIZEN is not yet part of the staff behaviour in an organic indestructible manner. It could not be said yet that people are coming up front with

new ideas and new initiatives in a systematic manner. Quality problems reappeared, delivery time increased again. "We started teaching others and became careless" says the technical manager. "That happened also having as background a huge extension of production: from four million euro sales in 2009 to nineteen million euro in 2013 and twenty two million euro estimated in 2014."

As Professor Masaaki Imai – founder of KAIZEN Institute Global – stated when he visited ASSA ABLOY Romania, the company is a gold mine, meaning that there is a lot of work to be done to bring the gold at the surface.

Conclusions and implications

The experience developed at ASSA ABLOY Romania is an encouraging one. Despite tremendous drawbacks the company successful managed to cross the difficult periods and implement a really significant change within.

Nevertheless, some lessons should be drawn from the KAIZEN project's implementation and the implications of specific actions – positive or not – remembered.

Deploying lean thinking often starts and is maintained through kaizen events. A kaizen event can take between two days and one week and is focused on creating significant improvement in performance (quality, speed, cost) in one particular area of operations. An important point to understand about implementing lean is that deploying lean thinking may sound simple but is in reality very challenging. It is not a decision to be taken lightly or without a sustained commitment. It requires a change in philosophy and culture along with changes in practices.

A good start is to establish a team of employees to study the process/ processes that needs improvement. These employees should come from different functions and levels of the organization to represent all stakeholders involved with the process. It was not exactly the case for ASSA ABLOY Romania – mainly due to scarce training in LEAN management of the

personnel. Nevertheless, the approach of defining together, as a team, during training sessions and workshops the action plans with deadlines and responsibilities is definitely a sound process.

The above-mentioned team should place as central point and determine what the customer values. In the case analyzed by this paper the process was developed mainly under the threat of closure – so the company was already in the red zone. The customer can be internal (the next process) or external to the organization. However, it must be not forget that the customer is the only one that can specify what is valued in the good or service.

As demonstrated during KAIZEN's implementation, no doubt that the adoption of the 5S technique is useful in order to be able to construct a value stream map of all process steps and of the associated times or value that is added. The analyze of the value stream map helps to eliminate non-value-adding activities. It is the customer demand that should be used to pull the flow of work through the process. In fact, do not produce until output is required by the customer – let the customer signal when work from the process is needed.

ASSA ABLOY Romania implemented during the last five years a series of necessary changes identified during training sessions and workshops in order to achieve lasting improvement. At this moment the company is in the situation of preserving the gains and then repeat the cycle on another process internally or extend lean implementation beyond internal boundaries to the processes of suppliers up the supply chain and, potentially, customers down the supply chain. Even if not completely, the cultural change took place and it can be concluded that at ASSA ABLOY Romania we witness Japanese methodology in our country. So why not disseminate it?

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Organizational innovation – a path to improve the working conditions in the knowledge economy

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Abstract. *This paper provides an overview of the latest research, both academic and official institutions, both theoretical and empirical, on organizational innovation. Organizational innovation is a new way of organizing the business practices of the organization, inclusive in knowledge management, in workplace organization or external relations, which have never been used before by that company. Knowledge-based organizations are built on intangible assets, on the knowledge, experience and competences of high-skilled human resources, who represent the most valuable resource of these organizations. In this context, based on a review of the literature published in recent years, both in Europe and worldwide, the paper synthesizes the different approaches on innovation and knowledge economy, then to center on organizational innovation, recently called "workplace innovation" and mainly on the effects of innovative practices in the organization of work, on the employees' quality of life, as they emerge from the empirical research conducted in different organizations and countries; emphasis will be placed on identifying the extent to which these new practices have been introduced especially in organizations of KIBS (knowledge-intensive business services) sector, specific to knowledge economy, and their impact on the working conditions of highly qualified employees. Secondary data analysis we conducted showed that workplace innovation (including task variety, autonomy, participation at decision-making, teamwork, learning, self-assessment of work quality etc.) leads to employees' welfare, health and therefore to their motivation and loyalty. Unfortunately, in the last five years, the percentage of European companies that adopt new, innovative forms of organization ("discretionary learning" forms), meant to ensure better working conditions, decreased. More, in Romania, there is a lack of harmonization between legislation and the development of activities specific to the knowledge economy; that is why as conclusions, the paper propose guidelines for Romanian business environment in order to improve the "goldern collars" employees' quality of life.*

Keywords: *organizational innovation; knowledge economy; workplace innovation; knowledge-based organizations.*

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Innovation and organizational innovation – conceptual highlights

Innovation is a concept with a very large applicability, whose characteristics vary based on the field of reference. According to the National Institute of Statistics (2013, p. 394), innovation is an activity resulting in either a new product (good or service) or significantly improved, a new process or a significantly improved one, a new marketing method or a new organizational method. Glodeanu et al. (2009, pp. 32, 52) quote the definition of innovation established by the European Union as "an accomplishment of a new idea in the current direct practice, either in a commercial manner, or in a voluntary and public sphere", by "the diffusion, assimilation and the usage of invention in different fields of the society". Tudor Rickards emphasized the role of creativity in innovation, considering innovation as „a process beginning with a creative idea and ending with implementation, from which point execution becomes routine" (cited in Landry, 2008, p. 107) or as "those behavioural and social processes whereby individuals, groups or organizations seek to achieve desired changes or to avoid the penalties of inaction" (Rickards, 1999, p. 45). Other authors emphasize the innovation characteristic of being a process and a result in the same time: "innovation is production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems; it is both a process and an outcome" (Crossan & Apaydin, 2010, p. 1155). A knowledge-based society can only be a society of innovation, and even more, a society driven by innovation, as, by its very nature, knowledge is continuously developing and this leads to innovation (Hoffman & Glodeanu, 2006, p. 119). As an expression of transforming knowledge into the main resource, innovation is the most important means of creating added-value (Nica, 2008, p. 229).

The situation of Romania, compared with that of other European countries, has been highlighted by some studies of the European Union, of which the most referential one for the present topic is the *Innovation Union Scoreboard* series, initiated in 2001 and published annually. The 2013 edition is grouping the European countries based on the values of the indicators referring to innovative performances, into four main groups (European Commission, 2013, pp. 5, 49): innovation leaders, innovation followers, moderate innovators, modest innovators. In this edition of the

study, Romania is situated in the last group and on the 26th place among 27 member states, according to its innovative performances (measured overall). Our country's strengths are constituted by the indicators grouped in the "human resources" and "economic effects" dimensions; while the weaknesses are in "linkages and entrepreneurship".

In a large sense, the notion „organizational innovation" refers to the creation or adoption of an idea or behaviour new to the organization (Daft, Damanpour, cited in Lam, 2011, p. 115). According to Eurostat and OECD (2005, p. 17), organizational innovation consists in the implementation of new organizational methods, these can be changes in business practices, in workplace organization or in the firm's external relations. Armbruster et al. (2008, p. 645) details this, defining organizational innovation as "comprising changes in the structure and processes of an organization due to implementing new managerial and working concepts and practices, such as the implementation of teamwork in production, supply chain management or quality-management systems". He elaborated a typology of organizational innovation, dividing it in four types: 1. structural organizational innovation, which may change the divisional structure of organizational functions, hierarchical levels and information flow; 2. procedural organizational innovation, which may modify the process and operation routines within the firms; 3. intra-organizational innovation, that takes place within an organization; 4. inter-organizational aspects of innovation, which refer to new organizational structures and processes that exist beyond the borders of the firm (Armbruster, 2008, p. 646).

Also Lam (2011, p. 117) states that although different researchers from classical literature on organizational innovativeness studied the influence of individual, organizational and environmental variables on organization's propensity to innovate, most of them focused on organizational structure. Crossan and Apaydin (2010, p. 1154) establish a "comprehensive multi-dimensional framework of organizational innovation, linking leadership, innovation as a process and innovation as an outcome"; according to them, the factors that influence innovation are separated into three categories: leadership, managerial levers and business processes.

In this context, Nielsen and Lundvall (2007, p. 65) bring a new approach, referring to innovation from the perspectives of a social dimension and the relations between management and the employees of the innovative company, describing it as a process of creating knowledge, in which the speed and the direction of creating knowledge reflect the organizational features of the company, and implicitly, the commitment of employees to various forms of direct or indirect participation to decision-making, as well as the investments made in increasing the competences of the employees.

Corriat (cited in Mako, 2013a, pp. 79-80) notices that it is difficult to define organizational innovation because of its "multidimensional character" and thus it can only be identified as a "joint group of attributes": organizational innovation consists of "a cluster of changes affecting the labour division and coordination patterns that prevail within a given organization, these patterns possessing a triple dimension (information, knowledge and know-how, interests)". According to him, different surveys use different implicit notions of organizational innovation and it is not possible to give one unique and explicit definition of organizational innovation.

Theoretical aspects regarding the knowledge-based organizations
Companies, organizations and business have always been centered on natural resources and technology, but are currently beginning to focus more on capitalizing knowledge. This is the tacit knowledge, meaning "the knowledge existent inside people's heads in the shape of knowledge, intuition, opinions, abilities, competences, experiences, values, shared norms, learning motivations and capabilities, subjective emotions, cognitive, psychological, axiological and behavioral aspects that one might not be aware of" (Thite, 2004, p. 35). Within knowledge economy, the essential role is that of the work force and the freedom of movement of individuals, as owners of tacit knowledge. In order to generate and apply knowledge to goods, processes and services' production, one needs new types of organization, new relations to customers and suppliers and the company needs to be seen as "a knowledge system" (Alvesson, 2004, p. 5). On the other hand, explicit knowledge is "the objectified and exteriorized one, capable to survive through writing, speech, signs and products that incorporate knowledge: books, magazines, studies, presentations of

experiences, patents, brands, disks, works of art, official values and norms, CDs etc." (Glodeanu et al., 2009, pp. 70-71). Lazonick (2011, p. 51) also highlights the role of the knowledge of expert-employees in defining the innovative company: "in order to fully understand the mechanisms of an innovative company, one must fully understand the role of organizational learning processes – the relationship between tacit knowledge and codified one, between individual and collective capacities and between what has been accumulated until a specific moment and what had resulted from accumulating that knowledge in time".

World Bank (2011) states that a knowledge economy is „one where organizations and people acquire, create, disseminate, and use knowledge more effectively for greater economic and social development: there are closer links between science and technology; innovation is more important for economic growth and competitiveness; there is increased importance of education and life-long learning; and more investment is undertaken in intangibles (RandD, software and education) which is even greater than investments in fixed capital". This knowledge economy ensures the functioning conditions for the knowledge-intensive organizations, defined as "organizations in which the main resource is not given by the fixed means, such as buildings, machines or financial capital, but rather employees and the competences they display (abilities, experience, knowledge and values), which are essential to the creation of the intangible goods produced here" (Leovaridis, 2008a, p. 849). These are companies depending on "the production, usage and originality of their knowledge fund" (Donaldson, 2001, p. 957), "companies in which most of the work is intellectual, and the employees who are qualified and highly trained are the majority of the workforce" (Alvesson, 2000, p. 1101).

Thus, organizational innovation consists especially in giving a particular attention to the knowledge resources. Leovaridis (2008b, p. 258) approaches organizational innovation, by considering a knowledge-intensive organization an innovation in itself, because this type of organization changes a whole series of aspects regarding the organizational dimension and that of human resources (for instance, from using specific traditional resources – land, energy etc. – to the knowledge resources; from mass management to a more personalized one; from respecting job requirements to negotiating competences etc.).

Knowledge management, often summed-up as "the administration of intellectual capital", represents "an ensemble of practices and procedures which are intended to identify, organize and manage the knowledge owned by an organization", which attracts "a three-layered progress: people (culture), organization (discipline) and technology (tools)" (Staicu, 2011, pp. 34-35). Knowledge management and its strategies, also known as "knowledge strategies" have been also approached by De Toni, Nonino and Pivetta (2011), who introduced a model to assess the coherence of the knowledge strategy applied by companies and advanced two conclusions: 1. as the coherence of company's knowledge strategy with the competitive environment, organizational context and business strategy increases (decreases), the business performance increase (decrease); 2. the more the three fundamental knowledge strategies (development of knowledge - internal or external, sharing of knowledge - codification or personalization strategy, exploitation of knowledge - internal or external) are coherently balanced with the company's resources and with the competitive environment, organizational context and business strategy, the more the business performance increase.

The more recent organizations are founded on the "anthropocentric management", defined as "a new type of human resources management, based on training people and competences, offering an altogether different vision on what human resources are (and what they should become)" (Leovaridis, 2011, p. 51). According to this new type of management, "the aim is not to be able to use the human being (as a means) to a larger extent and better, but also to be able to consider the individual as the end goal and to see what the organization can and needs to do in order to help the respective individual become an accomplished person, but on a human level and through his work" (Hoffman, 1999, p. 50). Consequently, within a knowledge-intensive organization, the employee refers to the organization not only in traditional economic terms (payment, work conditions, duties), but also in psychological ones, through the manner in which the organization perceives and "treats" him, allowing him to develop himself professionally.

Here is a summary of the main features of knowledge-intensive companies, which differentiates them from other organizations by the nature of their work and the leadership and organization manners: highly qualified employees, who perform knowledge activities, using in their work both intellectual and symbolic abilities; a high degree of autonomy and flattened organizational hierarchies; the usage of flexible, adaptable and ad-hoc organizational forms; the need of an extended communication for coordination and problem solving, due to a high level of ambiguity; client-orientation, especially in the case of companies providing professional services; strength and information asymmetry given by the position of the expert (often favoring the profession to the disadvantage of the client); uncertain and subjective evaluation of the quality of the accomplished work results (Alvesson, 2004, p. 19). Ikujiro Nonaka (cited in Hoffman, 2004) classifies the knowledge-intensive organizations thus: routine-knowledge organizations, expert-dependent organizations, symbolic analyst-dependent organizations and intensive communication organizations.

Recent researches on organizational innovation - a secondary data analysis

Research methodology consists in a secondary data analysis on the latest research conducted both in academia and by official institutions, on organizational innovation (and the related knowledge management topic) and its consequences on the working conditions of employees. Research objective is to identify the effects that the introduction of new forms of work organization reunited as the "workplace innovation" has on the employees' quality of life, particularly those high-skilled in knowledge-intensive organizations, specific to knowledge economy.

One of the most recent researches establishes a relationship between knowledge management and networked innovation (Valkokari et al., 2012). This research has been conducted in six business-to-business companies, of variable dimensions, with a number of employees between 20 to over 2000; over 10 in-depth interviews have been performed, as well as two focus-groups with 10-20 reprezentatives of these firms (from entrepreneurs and chief executive officers to lawyers and patent engineers). The main question of this study is exploring *how firms manage knowledge*

in the context of networked innovation, for example collaboration and joint innovation involving multiple actors. The Finnish researchers paper conclude that „with a strategic approach to knowledge management, firms are able to utilize networked innovation when they understand their partner's business models and strategic intents, for example their motivation to collaborate. This understanding also enables firms to negotiate about roles, responsibilities and rights between the collaborators. Moreover, the collaboration and interaction processes within networked innovation – rather than simply the formation of innovation networks – were found to play a crucial role" (Valkokari et al., 2012). Another important result of the research, from a theoretical point of view, is the distinction of the two basic collaboration models of networked innovation: transaction networks (within explicit knowledge such as intellectual property rights is simply transferred from one actor to another) and co-creation networks (within there are always relationships, communication and interaction of some kind between the actors, that is why the risks and opportunities of innovation are higher within these co-creation networks). The authors recommend managers to establish the roles and responsibilities in network innovation management, to take into consideration both the objectives of their cooperation as well as the conflicts of interest, to create contracts based on mutual advantages and to share and combine knowledge in order to build a unique knowledge for all the actors of the network (Valkokari et al., 2012).

More and more, in recent years, organizational innovation is approached as innovation in work organization or innovation in the workplace, and the latter is treated in terms of social, human dimension, linked to improving the working conditions of employees. Thus, workplace innovation has been recently defined as "the implementation of new and combined interventions in the fields of work organization, human resource management and supportive technologies" (Pot, 2011, p. 405), being related to improvements in organizational performance on the one hand and in employee well-being and loyalty on the other hand. In this context, Eurofound (European Foundation for Improving of Living and Working Conditions) conducted a study, in 13 EU states, based on case studies carried out in different companies where workplace innovations have resulted in positive outcomes. The main aim of the research was to assess the impact of these innovations on the performance of an organization

and the effects for employees. The research methodology included face-to-face interviews and focus groups with various categories of employers and employees representatives, but also secondary data analyses based on websites, newspaper articles, company reports. The research results showed that innovations implemented by the case study companies may be grouped in three categories: the first one is single primary focus aiming to improve "organizational performance, typically focused on lean manufacturing principles, organizational efficiency and improved product quality (Bombardier, FAVI, Lufthansa, NUH, Radiometer), also service quality innovations (Finnish care home)"; the second type of innovations are parallel focus, "with multiple innovations, some aimed at organizational improvements and some aimed at benefiting employees such as improved communication, autonomy for employees, training/performance management, flexible working opportunities combined with efficient use of workspace (Elica, Kellogg, Rabobank, ROFF)"; the third category is hybrid primary focus with "innovations aimed at employees with consequent benefits for organization, for example health and well-being management and promotion initiatives (Slovenian retail group, Volkswagen Poznań)" (Cox et al., 2012, p. 69). The research' authors conclude that workplace innovations that facilitated task variety and decision-making, encouraged a sense of responsibility and autonomy had a strong impact on employees, increasing job satisfaction and improving the employees well-being and work-life balance, health and lifestyle." An increase in overall employee motivation was gained through measures that included job enrichment, greater autonomy, skills variety and development, enhanced training, increased trust and support, enhanced job security and opportunities for suggestions or challenge" (Cox et al., 2012, p. 2). Unfortunately, workplace innovations consisted in increased autonomy, task variety, flexibility and decision-making authority had a negative impact, they led to more work pressure, workloads and a more rapid work pace.

Another important research conducted at European level, *Working Conditions in the European Union: Work Organization* (Valerye et al., 2009, pp. 12-14) identified four types of organizations, according to the job characteristics related to work organization: discretionary learning forms (characterized by autonomy in work, learning and problem solving, task complexity, self-assessment of quality of work, autonomous teamwork), lean

production forms (characterized by teamwork, autonomous or otherwise, and job rotation, particularly multi-skilling), taylorist forms (opposite of discretionary learning class, with low autonomy in work, particularly in the methods of work, with few learning dynamics, low task complexity, but constraints on the pace of work, repetitiveness and monotony of tasks, and quality norms), traditional or simple structure forms (traditional forms of work organization where methods are largely informal and non-codified, simple organizational structure described by Mintzberg). Lundvall (2014) updates the original analysis of forms of work organization and show how the frequencies of the different forms have evolved over the 2000s (Table 1). The results show a slight increase (by 2%) in the discretionary learning forms during 2000-2005, counterbalanced by a decrease in the traditional forms. In 2010, especially because of the 2008 financial crisis, the data point out a significant decline of discretionary learning forms, associated by an increase in the more bureaucratic lean forms and to a lesser extent by an increase in the traditional and taylorist forms.

Table 1. Frequencies of forms of work organization by three survey waves (Third, Fourth and Fifth European Working Conditions Survey) %

Wave	Discretionary Learning	Lean Production	Taylorism	Traditional	Total
2000	35,1	28,2	17,4	18,3	100
2005	36,8	28,6	17,8	16,8	100
2010	31,8	31,3	18,6	18,3	100

Source: Lundvall, 2014, p. 4

A group of Hungarian researchers conducted a study with the objective of better understanding the diffusion and drivers of organizational innovation and the practice of knowledge development by comparing the knowledge-intensive business services (KIBS) sectors in Hungary and Slovakia. The 200 Hungarian and 100 Slovakian with more than 10 persons, included in survey, covered both the manufacturing and the KIBS sectors. The questionnaire, addressed to managers and owners of the surveyed companies, included items grouped in four sections: general characteristics of firms, composition of management and institutional transfer of business practices, diffusion and drivers of organizational innovation, characteristics of knowledge development practice in the firm

(Mako et al., 2013b, pp. 137, 141-142). Regarding the diffusion and drivers of organizational innovation, structural organizational innovation is less often used than its procedural version, because structural organizational innovation affects both the core components and their relationships within the organization. The survey showed significant differences in diffusion of organizational innovations in the Hungarian and Slovak KIBS sectors: forms of structural (or radical) organizational innovation such as project-based work, flat organization and interdisciplinary working groups are more commonly found in Slovak KIBS company; regarding some procedural organizational innovations, differences are greater: teamwork (89.6% versus 41.7%), job rotation (28.9% versus 9.7%) are more used in Slovak than Hungarian firms. On the other hand, in Hungarian KIBS companies, quality circles (23.7% versus 14.4%), benchmarking (37.3% versus 21.6%) and collecting suggestions from employees (49.7% versus 41.2%) are more common.

Table 2. Types of organizational innovations in KIBS sector (Mako et al., 2013b, p. 158)

	Hungary	Slovakia
Structural organizational innovation		
Project-based work	34.8%	69.1%
Flat or lean organization	10.7%	13.4%
Inter-professional (interdisciplinary) working groups	13.4%	36.1%
Procedural organizational innovation		
Quality Assurance and Auditing Systems (e.g., ISO and TQM)	21.9%	33.0%
Collecting suggestions from employees	49.7%	41.2%
Teamwork	41.7%	89.6%
Benchmarking	37.3%	21.6%
Quality control carried out by rank-and-file employees	23.7%	14.4%
Job rotation	9.7%	28.9%

Based on their researches in different companies, Maitland and Thomson (2014, p.2) distinguish between "future work" and "flexible work": flexible work arrangements derive from industrial age work model - fixed hours, fixed location and management by control, without fundamentally altering it, while "future work is a new model for the digital age, which

measures and rewards people for results, not for hours (…) it gives people information, tools and clear objectives, and trusts them to get on with achieving those objectives in the way that works best, requiring a shift from command-and-control to management by trust".

Another element of interest for the present study is the multicultural approach of knowledge management and organizational innovation. Magnier-Watanabe et al. (2011) present the case of a Japanese pharmaceutical company having subsidiaries in France, United States and China. The Japanese researchers "evaluate the effects that leadership, organizational culture and control and work style have on knowledge management, all defined in terms of the socialization process, externalization, combination and internalization". Based on the research using questionnaires, they "compare the manner in which the above mentioned organizational factors influence knowledge-management processes within the respective organizations". The research has shown that these factors have a different influence on the knowledge management methods and practices based on the characteristics of each country and recommends that "knowledge-management activities need to be adapted to the idiosyncrasies of each local organization, without renouncing to the global vision of the company" (Magnier-Watanabe et al., 2011). In the same country, the company Toyota Motor Corporation chose to use the "learn local/act global" model and evolved from a mere transfer of knowledge from the Japanese company to subsidiaries to the major preoccupation of creating knowledge and collecting tacit local knowledge in foreign markets through its employees from the local level (Ichijo, Kohlbacher, 2008).

A research study conducted in an IT consulting company from India (Lam, 2005) shows the tight connection between knowledge management and knowledge culture. The Indian company did not have any kind of knowledge culture. In addition to that, "company culture" was characterized by: strong competition between employees, lack of valuing knowledge and sharing with others, absence of reward or stimulants for sharing this knowledge, an exaggerated concern of keeping one's work place, stigma associated with the reliance on someone else's ideas, underestimation of employees, a preference for transmitting knowledge in a classic face-to-face manner, lack of trust in the quality of knowledge of the younger employees.

Another research, conducted by Kathryn Van Treuer in Australian business environment (Van Treuer, 2006), studied the relationship between, leadership, organizational climate and innovation, on 142 administrative and health-care professionals from a medium sized private consulting firm in Australia. According to the results of this study, the cohesion, autonomy and recognition, felt by employees, as well as the absence of pressure create an innovation climate, while excessive pressure influences it negatively: "within an innovative organization the staff must feel a cohesive and shared purpose, and that they should not feel over pressured"; at the same time, the employees "need to feel autonomous, and need to feel that they will be recognized for their achievements (Van Treuer, 2006, p. 196).

In order to evaluate whether Romanian companies, especially form economical sectors specific to knowledge economy, embraces these workplace innovations, a research has been conducted on the life quality of the highly-qualified employee, in the knowledge-intensive organizations from five services' sectors: marketing-advertising, ITandC, banking-finances, research-development and higher education (KIBS sectors) (Leovaridis, 2013, pp. 192-194, 196). The research used face-to-face in-depth interviews, for highly-qualified employees and managers in the knowledge sectors (68 employees and 12 managers, a total of 80 persons). The questions referred to general, common dissatisfactions for this type of employees, but also to dissatisfactions specific to each sector of activity, regarding specific aspects of the quality of their professional life: health problems, working time, including atypical ones, the complexity and intensity of work, professional development opportunities, autonomy degree, decision-making manners and the leadership style both within the team and the organization, motivational techniques used, organizational climate, organizational culture and communication, measures to improve employee life quality etc. Of these, the actual paper shall refer only to those that could be related to various forms of organizational innovation. Regarding the cognitive dimension of the work, three quarters of the people interviewed from the advertising sectors, two thirds of the IT and banking sectors and all those of the RD and the higher education sectors admit that more than half of their daily activities are creative ones, percentages ranging between 50-90% in the advertising, RD and higher education sectors, 50-80% in the IT sector, and 50-70% in the banking sector. Work in the higher education, advertising and banking sectors consists of solving

and adapting to new, unpredictable things, while the employees of the IT and RD sectors admit to having to solve complex issues. Learning new things is specific to the IT, RD and higher education sectors.

When discussing the professional development of employees, those of the banking and IT sectors have benefited from courses either paid by their companies or offered in-house; this was not the situation in the higher education and RD sectors. Autonomy at workplace is expressed by the possibility to choose or change work speed, order of tasks and work methods. This is allowed in the RD and higher education sectors, and more moderate in the sectors in which deadlines need to be met, such as the advertising, IT and banking sectors. The possibility to take decisions and influence one's work is restrained in the higher education and IT sectors, moderate in the banking and advertising sectors and very high in the RD sector. Teamwork is a feature of the advertising, IT and RD sectors (and teams have a high autonomy), whereas in the case of higher education and banking, this is rarely the case (but when it happens, teams have autonomy, too). In the sectors of privately-infused capital and multinational companies (advertising, IT and banking), the important decisions regarding strategy are taken by the organization's management, following the instructions from the mother-company; in the IT and advertising sectors, relations between managers and subordinates are on equal footing, whereas in the banking sector this case is very rare. The IT and banking sectors have internal order regulations to follow, which is not the case in the advertising sector. The control of employees is both directly through supervision, and indirectly on the basis of results. In the RD and higher education sectors, infused with state capital, important decisions are taken by the Scientific Board/ Faculty Board and the University Senate, but only sometimes after consulting the researchers/professors in extended meetings; there is cooperation between managers and subordinates, but only in a hierarchical manner. There are also internal regulations to be followed in all cases and employee control is performed especially indirectly, based on results – through regular reports including opinions from colleagues and students etc. Decisions within the team are taken after consulting members, based on the existing equality relations.

Discussions

Organizational innovation, or workplace innovation, as recently called, is one of the most important factors leading to organizational performance, in actual conditions, when competition between organizations in the knowledge economy takes place on the field of knowledge, of competences held employees and not of their physical power or tangible goods owned by the organization. As our secondary data analysis showed, workplace innovation (including task variety, autonomy, participation at decision-making, teamwork, learning, self-assessment of work quality etc.) leads to employees' welfare, health and therefore to the motivation and loyalty of them.

However, in the last five years, in Europe the percentage of companies that adopt new, innovative forms of organizations ("discretionary learning" forms), meant to ensure better working conditions, decreased considerably: "the deterioration of the quality of work has implications both for Europe's growth prospects and for the welfare of workers. In a learning economy a reduction in participatory learning undermines the long term competitiveness of Europe as well as workers' welfare" (Lundvall, 2014, p. 5).

Despite the rapid evolution of economy and its passing towards the knowledge-driven economy, and given the fact that the issue of knowledge-intensive organizations and knowledge workers will become more and more present and pressing in the Romanian reality, we believe that current legislation in the field in our country is not sufficiently adequate to these new demands from the knowledge economy. There is also a lack of harmonization between legislation and the development of activities specific to the knowledge economy, as one of the interviewed experts in the Romanian presented research stated that "work protection legislation is still in the industrial time".

A knowledge-based economy imposes, within current organizations of the services sector, organizational innovations based on a management style focused on the expert-employees, as an essential resource of the organization, and on the negotiations with them. Currently, there is a new organizational context, in which the financial stimulation of the "golden collar" employees is insufficient, requiring other motivational factors in

order to ensure their loyalty. Here are some of the suggestions made by the Romanian interviewed highly-qualified employees of various knowledge-intensive sectors, in order to improve the situation on a micro-level and to increase their life quality: reducing overload, offering opportunities of professional development, consulting employees with regard to the tasks given to them, as well as regarding the major decisions to be taken for the organization, organizing socializing activities between co-workers and creating a climate that could emphasize friendship, mutual aid between colleagues and informal communication etc. (Leovaridis, 2013, p. 222).

Far from having fully covered the topic of organizational innovation in the knowledge-based economy, the present paper draws an overview of the international and especially Europan concerns, as well as those of national researchers, in the large field of knowledge-based economy and highlights certain theoretical and practical aspects which are specific to the Romanian society. The paper can be continued with a quantitative, comprehensive and systematic content analysis, of all articles on organizational innovation in a number of Romanian and international academic journals (for the past five years, for example).

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Emotional intelligence – the unseen face of the sustainable knowledge based organization

Ramona – Diana LEON[1]

Abstract. *Since the failure of traditional business models determined practitioners and academics from the management field to focus their attention on the intangible aspects of an organization, we aim to determine if emotional intelligence could be the missing part from the sustainable knowledge based organization (SKBO) development. In order to achieve this goal, we employed an ethical and empirical research that focused on identifying the characteristics and influence factors of SKBO. First, we made a critical analysis of 70 articles that had been published, from 2000 until 2012, in international databases. Then we developed a survey based on questionnaire that focused on identifying SKBO's characteristics and influence factors. Using a snowball sampling, we collected 268 questionnaires from Romanian and Spanish knowledge management specialists. After data analysis, we have noticed that the most important characteristics of SKBO focus on human resources. When it came to identifying the influence factors, the respondents emphasized the importance of employees' adaptability, satisfaction, education and also work relationships. Using an inductive – deductive approach, we demonstrate that emotional intelligence is taken for granted and not perceived as an independent variable. None of the 268 knowledge management specialists present emotional intelligence as a characteristic or a strategic factor of SKBOs. But, all of them highlight the importance of an open organizational culture, transformational leadership, human resources adaptability, and employees' satisfaction. Each and every one of these is linked to emotional intelligence development.*

Keywords: *emotional intelligence; knowledge management; sustainability; human resources; transformational leadership.*

Introduction

In the context of a dynamic, complex and uncertain economy, the traditional business models and principles have failed. As a result, managers and researchers attention switched from tangible to intangible

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assets. Some concentrate on creating, disseminating and using knowledge (Drucker, 1988; Millar and Choi, 2010) while others focus on developing and using employees' emotions (Gardner, 1983; Goleman, 1995) in order to increase company's performance.

The first aspect represents an interesting topic for the knowledge management researchers. On the one hand, they highlight that knowledge is a critical organizational resource that may increase company's value. On the other hand, they emphasize the processes that stimulate knowledge creation, dissemination and use namely, creating a trustful environment in which employees can feel free to share their knowledge, ideas and experience; organizing the activity around teams; developing open organizational culture etc.

The second aspect constitutes a research theme for the psychology and management specialists. They present the concept of *emotional intelligence* as "an array of non-cognitive skills, capabilities and competences that influence a person's ability to cope with environmental demands and pressures" (Martinez, 1997, p. 72). It's main characteristics – self-awareness, self-regulation, motivation, empathy and social skills – are determining the success factors in individual's career and personal life (Goleman, 1995) and also are improving work performance, job satisfaction, organizational commitment and leadership (Gooty et al., 2014; Papathanasiou and Siati, 2014).

These two elements are correlated since each organization is based on knowledge and is usually described as an "emotional place" (Armstrong, 2000), "incubator of emotions" (Muchinsky, 2000) or "emotional arena" (Fineman, 2000). Besides, we must take into account that creating and disseminating knowledge implies using abilities, skills and emotions. In order to create and disseminate knowledge, people need a proper work environment (an open and trustful culture etc.) and also must have developed specific abilities and skills (teamwork abilities, initiative, communication skills etc.). Starting from this point, we ask ourselves what is the place of emotional intelligence in a sustainable knowledge based organization?

The answer to this question will be presented in the following sections. Next, we will highlight the nexus between emotional intelligence and knowledge management. Then we will bring forward the research methodology that we used and we will continue by presenting the main results. We will emphasize what a sustainable knowledge based organization is and how it is related to emotional intelligence. In the end, we will close this article with a couple of conclusions and further research directions.

Emotional intelligence – a tool for knowledge management

Since 1990 when the concept of "emotional intelligence" was coined, four types of models have been developed in order to facilitate its analysis. These included: traditional models (Cheung and Tang, 2012; Salovey and Mayer, 1990; Wong and Law, 2002), trait models (Petrides and Furnham, 2003; Petrides et al., 2007), mixed models (Bar-On, 1997; Goleman, 1998) and modern models (Maul, 2012; Schutte et al., 2013). Although the perspective from which the concept is addressed (Table 1) varies from a situational level (according to the traditional models) to a complex one (in the modern models), from a cognitive approach to a social one, they all bring forward the necessity of recognizing and understanding individuals' emotions.

Table 1. Popular approaches on defining and analyzing the concept of "emotional intelligence"

Type of model	Emotional intelligence		
	Perspective	Dimensions	Description
Traditional model	• emotional intelligence reflects individuals' ability to recognize and control their emotions.	• self-emotion appraisal	• it reflects individuals' ability to understand their own emotions.
		• other emotion appraisal	• it reflects individuals' ability to understand and be sensitive to the feelings and emotions of others.
		• regulation of emotion	• it highlights individuals' ability to control their own emotions.
		• use of emotion	• it emphasizes individuals' ability to use their emotions to improve their performance and achieve personal goals.

Trait model	• emotional intelligence is a personal trait that reflects individuals emotion-related disposition and self-perception of emotional experience.	• well-being	• it reflects individuals' generalized sense of being in peace with themselves, happy and fulfilled.
		• self-control	• it emphasizes individuals' capacity of regulating external pressure, stress and impulses.
		• emotionality	• it describes individuals' sense of perceiving and expressing their emotions in order to develop close relationships with others.
		• sociability	• it reflects individuals' capacity of listening and communicating clear and confident with people from diverse backgrounds.
Mixed model	• emotional intelligence combines personality traits, motivation and affects in order to recognize and regulate emotions in ourselves and in others.	• self-awareness	• it describes individuals' ability to identify emotions in one's physical states, feelings and thoughts.
		• self-regulation	• it reflects individuals' ability to control and redirect impulses and moods, to prioritize thinking by focusing on important information that explains why feelings are being experienced.
		• motivation	• it reflects individuals' inner vision of what is important in life.
		• empathy	• it is the ability to identify emotions in other people, design, artwork etc. through language, sound, appearance and behavior.
		• social skills	• it describes individuals' proficiency in developing and managing relationships.

Modern model	• emotional intelligence is a set of competencies of perception, understanding, using and managing emotions effectively in the self and others comprise.	• competency in perception of emotions	• it involves recognizing the emotions incorporated in the body state, facial and voice cues of himself/herself and others.
		• competency in understanding emotions	• it emphasizes the capacity of identifying various emotions and anticipating their causes and consequences.
		• competency in using emotions	• it involves putting emotions into action and harnessing their effects.
		• competency in managing emotions	• it highlights the capacity of regulating emotions in order to make them compatible with certain situations or individuals' goals.
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		• self-regulation	• it reflects individuals' ability to control and redirect impulses and moods, to prioritize thinking by focusing on important information that explains why feelings are being experienced.
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		• empathy	• it is the ability to identify emotions in other people, design, artwork etc. through language, sound, appearance and behavior.
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Emotions occur at individual level, are engraved in behaviors and influence groups' dynamics (Blattner and Bacigalupo, 2007; Brunetto et al., 2012). As a result, the researchers from organizational studies concentrate on analyzing the influence of emotional intelligence in the workplace. They demonstrate that emotional intelligence extends employees' trust, loyalty and commitment within their selves, their teams and their firm and it is correlated with *job satisfaction* (Brunetto et al, 2012; Chiva and Alegre, 2008; Papathanasiou and Siati, 2014; Weng et al., 2011), *job performance* (Gooty et al., 2014; O'Boyle et al, 2011; Shih and Susanto, 2010), *transformational leadership* (Hess and Bacigalupo, 2010; Lam and O'Higgins, 2013; Lopez-Zafra et al., 2012), *motivation* (Christie et al., 2007), and *organizational commitment* (Brunetto et al., 2012). These relations are usually moderated by organizational culture, structure, practices and policies (Dumbravă, 2011; Hess and Bacigalupo, 2010).

Given their importance in the organizational environment, emotions and emotional intelligence are taken into account by knowledge management researchers. Brătianu (2007) brings forward the concept of emotional knowledge in order to describe the role of emotions in decision making and mental processes while Hess and Bacigalupo (2010) describe emotional intelligence as an organizational development tool which increases employees' responsibility in meeting the needs of the organization. But what is the purpose of emotional intelligence in a sustainable knowledge

based organization? What inputs does it use and what outputs does it generate?

Methodology

The purpose of this research is to identify the position that emotional intelligence is occupying in a sustainable knowledge based organization.

From a methodological point of view, we used a documentary study – represented by a review of the literature in the knowledge management and emotional intelligence field – and an exploratory research that concentrated on the Romanian and Spanish knowledge management specialists.

In order to achieve the research goal, we employed an ethic approach and realized a review of the articles and studies from the knowledge management and emotional intelligence field. First, we had searched in the Emerald Publishing, ScienceDirect, EBSCO and Sage databases articles that had been published during January 2000 – March 2012 and had included in title, abstract or key words at least one of the next phrases: "sustainable organization", "knowledge based organization", "sustainable knowledge based organization", "emotional intelligence". Then we analyzed the articles in order to determine their relevance for the research problem and we identify 70 articles. In the next phase, we applied a content analysis to the selected articles in order to determine what a sustainable knowledge based organization may be and what could be the role of emotional intelligence.

The goal of the exploratory research was to identify the position that emotional intelligence should have in the process of developing SKBOs from knowledge management specialists' point of view.

During February 2011 – March 2012, we conducted a survey based on questionnaire. This included 29 items that were focusing on five major aspects: defining the sustainable knowledge based organization, identifying its characteristics and influence factors, determining the most important elements that can guarantee company's sustainability in the current economic environment and identifying the respondents' socio-

demographical characteristics. For the first, fourth and last aspects, items were designed using a multiple choice scale. A five point Likert rating scale was used for identifying the main characteristics of the sustainable knowledge based organization. In this case, 1 represented "little importance" and 5 "extremely important". The questionnaire reliability was proved using Alpha Cronbach coefficient which had a value equal with 0,873.

Since national culture includes sets of values, beliefs, ideas, attitudes and morals that guide individuals (Vitell et al., 1993), we assumed that it may influence the way in which the concept of "sustainable knowledge based organization" is perceived. As a result, the investigated population was represented by the knowledge management specialists from Romania and Spain, two countries that share almost the same cultural profile (Table 2), according to Hofstede's dimensions (1980).

Table 2. Comparative analysis between Romania and Spain, based on Geert Hofstede's dimensions (Itim International, 2012)

Country Dimension	Romania	Spain
Power distance	90	57
Individualism	30	51
Masculinity / Feminity	42	42
Uncertainty avoidance	90	86
Long term orientation		19

A starting point in selecting the Romanian subjects of this study was represented by Romanian Knowledge Management Community database. According to this, from 2009 until 2011, 170 persons had been certified as knowledge management specialists.

In the case of Spain, we identify 548 specialists that were members of the Research Center of Knowledge Society (Centro de Investigación sobre la Sociedad del Conocimiento); the University Institute of Business Administration from Autonomous University of Madrid (Instituto

Universitario de Administración de Empresas de la Universidad Autónoma de Madrid); the Spanish Association of Accounting and Business Administration (Asociación Española de Contabilidad y Administración de Empresas) and the Scientific Association of Economy and Management (Asociación Científica de Economía y Dirección de la Empresa). They were selected based on their experience in investigating subjects of knowledge management or managing activities or department from the same area. Each of them was invited to submit the questionnaire – that was distributed using Google Docs application – and to offer the contact details of another person that could be interested in participating to this research. So, a snowball sampling was used and data were collected from 268 persons: 134 Romanian specialists and 134 Spanish specialists.

The distribution of Romanian and Spanish samples by occupation, age and type of formation were similar and is presented in Figure 1.
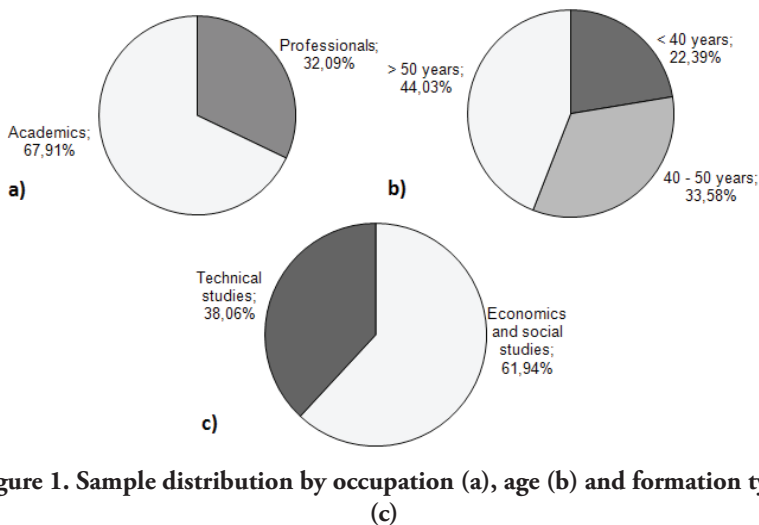
Figure 1. Sample distribution by occupation (a), age (b) and formation type (c)

Source: Bueno and Leon, 2012

Despite all these, we recognize that the number of keywords searched in the international databases limits the research. What we found in the literature is just a fraction from what had been written about the role that emotional intelligence has in the development of new companies but still is capable to reflecting the evolutionary processes that occurred.

The research is also limited by the fact that the respondents share almost the same cultural profile and area of specialization. Another issue to consider is that the research took place in the time of an economic recession. Due to these aspects, respondents tended to focus more on the intangible elements of the business environment, the aspects that influence the processes of knowledge creation, dissemination and use. As a result, they valued more the human resources and technological factors than the social and political issues. The situation could have been different if the respondents would have been specialized in the area of environmental protection, sociology, natural resources management etc. or they would have belonged to different cultures.

The sustainable knowledge based organization (SKBO) from the emotional intelligence perspective

According to knowledge management specialists, SKBO is a formal entity that combines economic, environmental and social aspects in order to adapt to the micro- and macro-environment challenges (Figure 2). Hence, most of the respondents (46,80%) present it as a structure in which sharing knowledge between employees is the key to gain competitive advantages at economic, environmental and social levels while 20,80% described it as a complex and adaptive system based on self-organized teams. Only 15,00% of the specialists sustain that it is a way of adapting to the current economic environment.
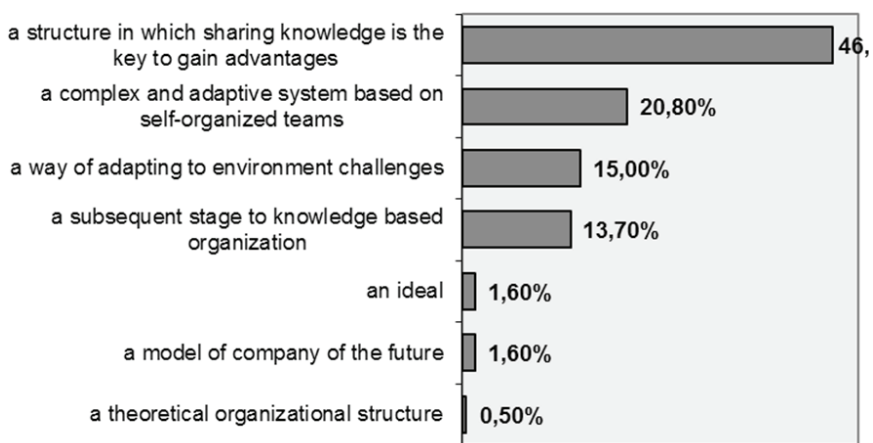

Figure 2. Possible definitions of the sustainable knowledge based organization, according to the Romanian and Spanish knowledge management specialists

Source: Leon, 2012, p. 276

Synthesizing all these responses, we claim that the sustainable knowledge based organization is an economic entity that concentrates on increasing its market value (on short, medium and long term) by dealing with knowledge, economic, social and ecologic issues. Its main characteristics focus on short, medium and long term planning; organizational culture, leadership and motivation; organizational structure; resources and reputation (Table 3).

1. *Table 3. SKBO's specificity*

Dimension	Characteristics
Planning on short, medium and long term	• establishing knowledge, economic, social and ecologic objectives for short, medium and long term.
Organizational culture, leadership and motivation	• open organizational culture; • programs and activities that stimulate knowledge sharing among employees and also develop their capacity of taking decisions; • transformational and charismatic leadership.
Organizational structure	• activity is structured around self-organized and interdependent teams; • reduced number and roles of first and middle managers; • flexible organizational structure; • outsourcing secondary activities.
Resources	• specialized employees preoccupied with developing themselves and the environment in which they live; • an internal knowledge base; • investments in research and development activities; • an increased level of innovations' absorption.
Reputation	• programs that bring benefits to employees, customers, suppliers and to other members of the community.

On the one hand, each and every SKBO's characteristic encourages the development of emotional intelligence competencies at the organizational level (Table 4). Some of them highlight the conditions that must be met

in order to sustain emotional intelligence development (namely, flexible organizational structure, self-organized and interdependent teams, open organizational culture, transformational and charismatic leadership etc.) while others are presenting the effects of using it (like, internal knowledge base, reputation).

Table 4. Common points between emotional intelligence and SKBO

Dimension of emotional intelligence	Using emotional intelligence in a SKBO	
	Inputs	Outputs
Awareness of own emotions	• open organizational culture; • trustful environment; • employees' interest in developing their abilities, skills and competencies.	• knowledge creation; • employees' development.
Ability to discuss own emotions	• activity based on self-organized and interdependent teams; • open organizational culture.	• sharing knowledge; • developing the internal knowledge base.
Ability to control own emotions to facilitate thinking	• employees' interest in developing their abilities, skills and competencies; • open organizational culture; • activities that develop employees' capacity of decision.	• knowledge creation; • employees' development.
Ability to recognize emotions others	• activity based on autonomous and interdependent teams; • open organizational culture; • activities that develop employees' capacity of decision.	• knowledge creation and sharing; • developing an internal knowledge base; • employees' development; • transformational and charismatic leadership.

Ability to manage emotions of others	• transformation and charismatic leadership; • open organizational culture; • activity based on self-organized and interdependent teams; • flexible organizational structure.	• knowledge sharing and using; • developing the internal knowledge base; • improving company's relationships with its stakeholders.

As we may notice transformational and charismatic leadership acts as both output (from employees' perspective) and input (from organization's perspective) of emotional intelligence. This is a consequence of the fact that it is emotion-oriented and is based on leaders' self-awareness. So, first of all, leaders need an environment in which they can develop themselves. They need an open organizational culture, a trustful environment in which they feel free to express themselves, to share their ideas, their emotions without being criticized. This type of environment may be found in a SKBO where employees are valued for their interest in developing themselves (where development becomes synonym with sharing ideas, emotions, knowledge and acquiring new ideas, emotions and knowledge). Second of all, leaders need their followers and a context that will allow them to develop their followers' self-confidence, self-efficacy and self-esteem. This context is provided in a SBO under the form of a flexible organizational structure and organized activity around self-managed and interdependent teams. These facilitate both leaders' and followers' development.

On the other hand, taking into account the specificity of this kind of firm, the knowledge management specialists consider that the most important categories of strategic factors are the ones that focus on the owners of the critical resource – knowledge – and on the environment in which this will be capitalized (Figure 3). We remark that the first three positions are occupied by human resources (with an importance coefficient of 16,33%), technological environment (13,89%) and economic environment (12,31%). The first one provides the "raw material" of the sustainable knowledge based organization while the other two capture the environment in which knowledge becomes action.
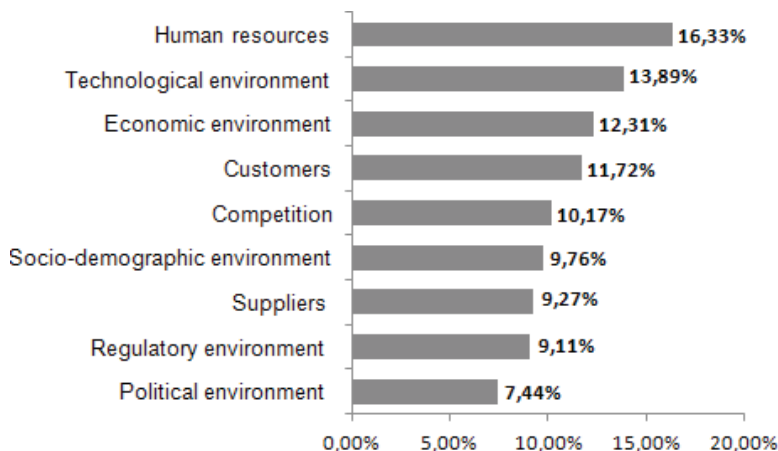
**Figure 3. The importance coefficients of the most important strategic
factors, according to the Romanian and Spanish knowledge management
specialists**

Placing customers on the fourth position reflects that SKBO's managers
are not oriented towards hunting their clients but rather on attracting them
with better goods and/or services. They are aware that company's existence
and their success depend on the category of customers they attract. Besides,
they know that improving continuously their goods and services is the best
way to succeed in a context in which customers' preferences are changing
faster than it used to do.

Last but not least, we notice that the importance coefficients that had
been distributed to the nine categories of strategic factors are oscillating
in a range of almost ten points (from 7,44% to 16,33%). This reflects the
close connection that exists between them and also the strong impact that
each and every one of them has it on SKBO's development. Everything
that is related to company's human resources defines the firms' strategic
capacity but it may be useless if it is not correlated with the changes that
occur in the technological and economic environment. On the other
hand, knowledge enjoyment and exploitation is useful only if it allows
anticipating and addressing customers' needs. This requires focusing on
customers and on the changes that may occur in the socio-demographical
environment.

Human resources seem to be the core of the SKBO since it owns the most critical organizational resource – knowledge – and at the same time, is the engine of emotional intelligence. Hence, in order to react to the challenges that may appear in the internal and external environment, employees must possess the characteristics that are usually associated with emotional intelligence: self-awareness, self-regulation, motivation, empathy and social skills. Therefore, the Romanian and Spanish knowledge management specialists are pointing out four elements that are fundamental for company's adaptation to environment and knowledge sharing (Figure 4) namely, human resources' adaptability (30,70%), employees' satisfaction (24,59%), employees' level of education (24,20%) and workplace relationships (20,51%).
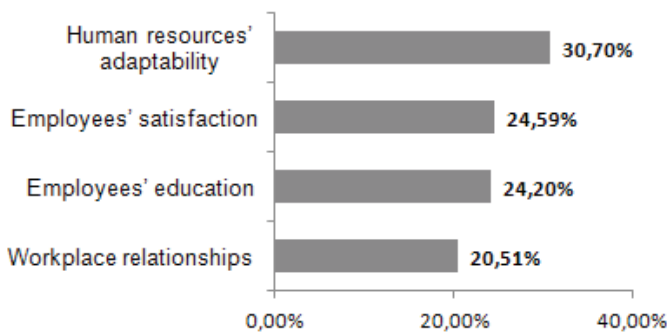
Figure 4. The most important strategic elements that focus on human resources, according to the Romanian and Spanish knowledge management specialists

The identified elements concentrate directly and indirectly on knowledge. On the one hand, we have the employees' level of education which certifies a certain variety and volume of explicit knowledge. On the other hand, we have employees' adaptability, satisfaction and workplace relationships that describe individual's affinity for knowledge creation, dissemination and use and the organizational environment in which this could happen. The elements included in the second category are related to individual's emotional intelligence (Table 5).

**Table 5. The relation between the SKBO's strategic
factors and emotional intelligence**

SKBO strategic factors	Aspects regarding emotional intelligence
Human resources' adaptability	• according to Reuven Bar-On (1997), it is a dimension of emotional intelligence which reflects individual's capacity of being flexible, realistic and capable of solving problems in the moment that they appear; • highlights employees' need for more complete and accurate knowledge about themselves and for maintaining an equilibrium between a clear sense of self and appropriate responses to the challenges that appear in the environment; • its development depends on the level in which employees are involved in problem solving, activities that imply sharing ideas with others and learning from mistakes, taking decision in uncertain situations.
Employees' satisfaction	• represents a positive emotional state that appears as a result of a job experience; • employees with a higher level of emotional intelligence are more satisfied with their job; • the relation between satisfaction and emotional intelligence is mediated by organizational culture, interactions with external environment, communication, collaboration, the level of involving employees in decision making.
Employees' level of education	• offers information regarding employees' knowledge and competencies; • reflects the area in which the employee is specialized; • there are no previous research concerning the relationship between emotional intelligence and education.
Workplace relationships	• are guided by emotions and reflected by the quality of teamwork and cooperation with other firms; • are supported by the organizational culture and employees' capacity to communicate with others, to be flexible and to deal with the perceptions, views, attitudes and responses of their colleagues.

Human resources' adaptability reflects their ability to adapt to changing situations and to overcome obstacles. It also emphasizes their capacity of being flexible, realistic and capable of solving problems in a timely manner. Employees with a high level of adaptability are capable to gather important information from the internal and external environment, to respond appropriately to workplace conditions (by collaborating with their colleagues and producing the necessary changes) and to the emotional behavior of their coworkers (disseminating and creating knowledge). In other words, human resources' adaptability is an emotional intelligence input that supports company's adaption to a turbulent environment and also, facilitates knowledge creation, dissemination and use.

Employees' satisfaction is an emotional state that appears as a result of a positive job experience. Although it is based on emotions, it may be correlated with emotional intelligence only if the relation is mediated by organizational culture and climate. In other words, people have a higher level of job satisfaction when they have the opportunity to use their skills and competences (both personal and social) in a propitious work environment. If the organizational culture encourages teamwork, risk taking, dialog, commitment etc. and the employees have self-confidence, initiative and team capabilities then they will be satisfied. They will be capable of using their knowledge in company's purpose. As a result, they will contribute to their own development and also to firm's development.

As we have noticed earlier, SKBO offers an auspicious work environment for developing employees' and organizational emotional intelligence. It is built on an open organizational culture and teamwork, two elements that facilitate the appearance of transformational and charismatic leaders and also the development of employees' self-confidence, self-efficacy and self-esteem.

Employees' level of education guarantees the existence of a certain quantity and diversity of knowledge and certifies the development of social skills while the workplace relationships reflect the efficiency of using emotional intelligence. In other words, based on these, the employees will be able to develop relationships with their coworkers, to communicate and to

collaborate with one another. They will be capable of accessing their colleagues' knowledge and disseminate their own.

Although some differences appear between the Romanian and Spanish samples (Figure 5), regarding the value of the importance coefficient, the order remains the same.
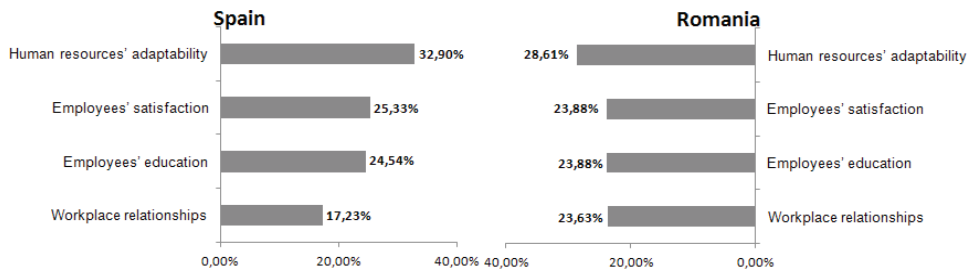
Figure 5. Comparative analysis between the Romanian and Spanish sample regarding the human resources' strategic factors

Source: Bueno and Leon, 2012

Besides, the differences between the Romanian and Spanish samples are not statistically significant (Table 6), although Spain has a greater history in analyzing and investing in knowledge management issues than Romania. This situation emphasizes that human resources adaptability, employees' satisfaction and education, and workplace relationships have a powerful impact on the process of managing strategically the human resources of a SKBO.

Table 6. Analyzing the differences between the Romanian and the Spanish sample

Strategic factors regarding human resources	Chi-Square ($\chi^2 \chi^2$)	Df.	Sig.	Chi-Square theoretic ($\chi_t^2 \chi_t^2$)
Employees' education	0,163	1	0,688	0,161
Human resources' adaptability	4,965	1	0,026	4,956
Employees' satisfaction	0,021	1	0,892	0,018
Workplace relationships	13,035	1	0,001	10,827

a. Kruskal Wallis Test

b. Grouping variable: nationality

So, when we analyze SKBO from the emotional intelligence perspective, the emphasis is on employees' capabilities and resources – knowledge, skills and abilities –, on developing a conductive environment for knowledge creation, dissemination and use but also on creating and developing emotions. It is envisaged that any experience or knowledge employees possess can remain dormant if they do not have a proper environment in which to exploit it.

Conclusion and further research

Through this methodological approach, we found that SKBO is an economic entity that focuses on increasing its market value on short, medium and long term by dealing with knowledge, economic, social and ecological issues.

In order to adapt to a dynamic and uncertain environment, managers of these companies have to know what is happening inside and outside company's boundaries and they have to develop robust and resilient strategies. So, it is necessary for them to take a closer look to company's human resources, to the changes from the technological and economic environment.

Human resources' importance is reflected by the very nature of the organization, namely – knowledge based. In other words, the fact that the main "raw material" of this type of companies is represented by knowledge – an intangible asset which can be found in employees' mind and which is available only if it's owners are willing to share it – has a strong impact on strategic orientation. Therefore, the manager of a SKBO will focus more on its employees and will take into account their level of education, satisfaction and adaptability. The first one will be based on individual's emotional intelligence and will ensure company's access to a high quantity and diversity of knowledge while the second one will offer the necessary conditions for sharing knowledge. The employees' adaptability is important due to the strong interrelation that exists between individuals and organization; a company cannot react in a timely manner to the changes that occur in the environment if its employees manifest a strong aversion to change or they are unwilling to cooperate.

Taking all these into account, if we compare SKBO with an iceberg, we notice that its reputation, objectives and programs are representing its visible side while the elements that focus on human resources, organizational culture, motivation and leadership sustain employees' and organizational emotional intelligence. As a result, we may claim that the last one represents the invisible side of the iceberg. Hence, the elements that encourage emotional intelligence development at individual and organizational levels (namely, human resources' adaptability, organizational culture, leadership, workplace relationships, employees' satisfaction etc.) cannot be so easily observed from the outside but are fueling the implementation of firm's programs and the achievement of economic, social, environmental and knowledge objectives.

Therefore, we argue that emotional intelligence is taken for granted in the sustainable knowledge based organization since its structure and its strategic factors focus either on the elements that stimulate developing emotional intelligence (namely, organizational culture, leadership etc.) or on the effects produced by its use (like, employees' satisfaction, development etc.). So, emotional intelligence is an implicit dimension of the sustainable knowledge based organization since it represents:

- an input – through the characteristics that employees possess;

- a process – since firm's design (organizational culture, structure etc.) sustains its development;

- an output – because its reflected company's reputation (namely, programs that bring benefits to employees, customers, suppliers and to other members of the community and sustain the firm's collaboration with its stakeholders).

Starting from this point, we aim to evaluate the correlation between emotional intelligence and performance of a sustainable knowledge based organization. In order to achieve our goal we will identify the sustainable knowledge based organizations from the Romanian and Spanish business environment and then we will measure employees' emotional intelligence by using the emotional quotient test developed by Goleman (1995).

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The influence of TMT in promoting trust within organizational networks

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Abstract. *The rapid technological changes, the shifting patterns of international trade and the different competition modes forced the birth of a new organizational form called "dynamic network" by Miles and Snow (1986). This paper, of conceptual nature, aims at analyzing the importance and role of Top Management Teams, according to Hambrick (1984), in creating an organizational culture favorable to the establishment of dynamic networks, in the development of trust and in promoting commitment within the network by reviewing a set of concepts like networks, trust, commitment and organizational culture. Therefore, the role of top management teams in building strong form trust will be analyzed by using the existent theory to establish the relation among the concepts of "dynamic networks", top management team, commitment and the concept of trust introduced by Sabel (1993). As networks are not discrete events in time, they involve continuous relationships and this means commitment among all the members of the network. It then presents a discussion of some empirical and theoretical implications of the analysis. The originality is in the combination of the various theories, namely the "dynamic network" of Miles and Snow (1986), the Upper Echelons Theory (Hambrick & Mason, 1984) and the concept of "trust" of Sabel (1993) to prove that top management teams have influence in the development of trust. While some authors argue that top management actions have direct implications in the company's performance, others argue that the strategic success of a business depends on the ability of the top management team to build strong forms of trust within global networks, and then by being part of a network companies will have access to a wider variety of resources, to more knowledge, capabilities and technology. The challenge abides on showing how an organizational culture, trust and commitment in exchange relationships within a dynamic network can enhance or be a source of competitive advantage for organizations.*

Keywords: *top management teams; network; trust; commitment; organizational culture.*

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Introduction

The shifting patterns of international trade, the new forms of competition and the rapid technological changes have forced many firms to rethink their market approaches, and consequently their strategies, structures and management processes have been combined and resulted in a "dynamic network" (Miles & Snow, 1986).

A change can also be observed in the focus of organizational theory away from the internal processes of organizations towards the organization–environment interface (Häkansson & Snehota, 2006).

According to Hambrick and Quigley (2014) executive actions substantially shape the fate of enterprises and as Hambrick (1987) argues the strategic success of a firm depends not only on one person, but on the entire top management team, therefore the relevance of exploring the role and the importance of the top management team within organizations and even more importantly when relating to other firms and members of the same network.

In fact, Kiessling and Harvey (2004) defend the idea that the top management team (TMT) will be central in the development of networks between organizations, in particular the personal interactions that are of great importance for building strong forms of trust.

For all this, it is very important to analyze the available literature regarding top management teams, network and dynamic network, trust, commitment and organizational culture to be able to determine how TMT influence the creation of an organizational culture that promotes trust and commitment among individuals and other organizations.

This topic is particularly interesting as some researchers, like Bower (1970) have highlighted the role of CEOs in shaping organizational architecture through their decisions about structure, executive staffing, incentives and metrics. Others, such as Hambrick and Finkelstein (1990) focused their attention on establishing a relation between TMT tenure and organizational outcomes. Or, Hambrick and Quigley (2014) who have

studied for twenty years the influence of the CEO on a firm's performance. There appears to be a substantial lack of research in exploring the role of TMT in creating an organizational culture capable of promoting a strong form trust within dynamic networks.

Literature Review

Once the aim of this study is to understand the role and importance of top management teams in creating an organizational culture favorable to the establishment of dynamic networks, a review of the main contributions, approaches and theories related to the "role of top management teams in the organizations", "network", "organizational culture", "trust" and "commitment" will be carried out. The concepts of "trust" and "commitment" will also be reviewed as they are intimately connected to the definition of networks and as top management teams may have a huge influence in creating trustworthy relations within a network and therefore committing to the other members. In fact, Kiessling and Harvey (2004) argue that the top management team is instrumental in the development of trust between organizations, and that the personal interactions have an important contribution for building a strong form of trust. These authors also defend that strong form trust will open the network to more knowledge exchanges and therefore reduce any opportunistic behavior.

Top management team (TMT)

The concept of "Top Management Team" appeared in the academic literature around the eighties, with the Upper Echelons Theory (Hambrick & Mason, 1984) as a reference, and now it is widely used by both academics and practitioners representing an important advance since the management of a firm is commonly a team activity. In fact it usually refers to a small group of the most influential people within an organization. Sometimes this group can be named after "management committee" or "executive committee" (Hambrick, 1995).

Kiessling and Harvey (2004) defend that the Top Management Team (TMT) must be included in strategic decisions as they influence the attitudes within their firm and in their future relationships. Hambrick (1995) argue that the Top Management Team task is rather complex, once

they are bombarded with information, some are ambiguous and for this reason it is relevant to focus on the role of the TMTs. As a result the characteristics of the top team will largely influence the way they scan and interpret the environment and the decisions they make. To reinforce this aspect, Hambrick (2007) state that the executives' values and personalities have great influence on the way they interpret the situations they face, and how this can determine their decisions.

In fact, the Upper Echelons Theory (Hambrick, 1984) defends the idea that the organizational outcomes, in terms of strategic choices and firm's performance levels are partially influenced by the top management background characteristics, namely their values and cognitive bases. The central idea of this seminal paper is focused on how executives behave based on their personalized analysis of the strategic situations they face, and that these analysis are a product of the executive's experiences, values and personalities.

Bowman and Kakabadse (1997) argue that the Upper Echelons perspective appeared as opposition to the argument of Hall (as cited in Hambrick & Mason, 1984, p. 194) that "large organizations are swept along by events or somehow run themselves" and also to put into a more coherent framework a set of fragmented literature on the characteristics of top managers.

Later in 1987, Hambrick recognizes that it is possible to reconcile these two opposing views depending on how much managerial discretion exists. One implication of managerial discretion for the Upper Echelons approach is that this theory offers good predictions of organizational outcomes in a direct proportion to how much managerial discretion exists. Managerial discretion refers to the field of action available to top executives and discretion refers to the different levels of constrain that different TMTs face. When managerial discretion is low, the action of the top management is limited, when high top managers are allowed to "shape the organization", and leave their marks on the organization (Hambrick, 1990).

Hambrick and Finkelstein (1987) state that managerial discretion can be determined by three sets of forces. Firstly, the degree to which the environment allows change and variety; secondly, the extent to which an

organization allow the top executives to plan and implement the strategy; and lastly, the degree to which the top manager is capable of creating multiple paths.

However the resource availability and the presence of some inertial forces may limit or enhance managerial discretion. Large organizations and inertia tend to inhibit managerial flexibility in some critical domains. And the same happens when the firm offers a reduced number of options to managers (Hambrick & Finkelstein, 1987).

In 1981, Hambrick had already distinguished two main sources of relevant contingencies for organizations: strategy and environment and defended that executives who could cope with both would have relatively great power within their organizations. The author also noticed that there are four parts of the environment that managers can scan, following the classification of the three top management tasks introduced by Miles and Snow (1978): Entrepreneurial task - related to the identification of market/product trends; Engineering Task - focused on external developments that can contribute to the improvement of processes; Administrative environment - concerned with the impact of external developments on the roles and relationships in the organizations; Regulatory environment: related to taxes, government regulations, accreditations and sanctions.

TMT by performing the top management tasks identified by Miles and Snow (1978) and screening the environment will notice the rapid technological change, the shifts in competition modes and international trade and recognize the need for a new organizational design. In this case, the administrative task happens as a consequence of the entrepreneurial and of the engineering tasks.

According to Miles and Snow (1986) there is a new organizational form called "dynamic network", hence the importance of trying to fully understand what they represent, how do they work and what is their impact in an organization.

Network

The network approach developed by the Industrial and Marketing Purchasing Group (IMP Group) describe the industrial systems in terms of three basic variables; actors, activities and resources (Häkansson, 1987, as cited in Brito & Roseira, 2005). This is called the ARA (Actors, Resources and Activities) model (Häkansson, 1987, as cited in Brito & Roseira, 2005). The actors are those who perform activities and control resources according to their goals and they can be individuals, firms, and groups of individuals, groups of firms or even parts of firms. The activities can be either transformation or transfer (Häkansson & Snehota, 1995). The first ones are directly controlled by one actor and change or improve the resources, the transfer activities link transformation activities and transfer the direct control over a resource from one actor to another. The resources can be subdivided into three main categories: physical, like equipment and buildings, financial and human resources such as labor, knowledge and relationships. Resources can be accessed directly through ownership, or indirectly through relationships (Brito, 2006). And, it is the structure of the relationships established among these three elements that can be referred to as networks. This happens because activities can be linked in a great variety of ways, providing "the backbone of any organization or inter-organizational relationships" (Geoff and Leney, 2009, p. 553). Actor bonds, as they are social in nature and tend to create, nurture and sometimes destroy relationships through interaction with other actors. Resources can also tie in once they are in contact with different resource types both tangible, like equipment and intangible like knowledge and skills (Häkansson & Snehota, 1995).

The ARA model represented a major step forward in terms of conceptualizing B2B relationships and networks. Although each ARA element is different from the other, their close relationship offers an excellent overview of how both organizations relate within a network (Geoff & Leney, 2009).

However, according to Brito (2006), the dependence between the members and the possible complementary objectives may conduct to a division of tasks within the network that makes the coordination of all activities an important issue in industrial networks.

In fact, Davies, Leung, Luk and Wong (1995) argue that the management of a network constitutes an important element of strategic behavior and the networking paradigm is a way of understanding the totality of relationships. These authors also defend that networks may help a firm to enhance their competitive advantage once a network provides external access to tangible and intangible resources of other network members.

Furthermore, Scott and Laws (2010) present two approaches to the concept of a network: it may be a sensitizing metaphor (a purely descriptive label given to an activity such as a networking meeting); or it can be a conceptual representation of social structure and how it is manifested based on theorizing of social interactions. These two approaches cover a wide range of inter-organizational networks since formal structured alliances, joint-ventures and partnerships to informal information gathering and support networks, being in their opinion, the most relevant elements of the actors and the relationships.

A network can also be defined as an organizational form featured by repetitive exchanges among semi-autonomous organizations that rely on trust and embedded social relationships to protect transactions and reduce their costs (Borgatti & Foster, 2003).

Miles and Snow (1986) go further by introducing the concept of "dynamic network", as a way firms have to react to the new competitive environment. This new organizational form is "a unique combination of strategy, structure and management processes" (Miles & Snow, 1983, p. 62). The dynamic network suggests that its main elements may be easily assembled and reassembled so as to meet the changing competitive requirements. The characteristics of a dynamic network are: Vertical disaggregation (Business functions as product design, marketing and manufacturing.); Brokers (Business groups); Market mechanisms (contracts and payment for results are frequently used); Full-disclosure information systems (broad access to information systems).

The dynamic network can be viewed either from the perspective of each individual element or from the network as a whole. For a firm, the main advantage of being part of a network is the opportunity to gain access to

a particular resource, so each member should be seen as complementing rather than competing with the other members.

If the network is seen as a whole, then when a part is missing or performing poorly it means that the network may be performing below the desirable levels for a while, however as organizational relationships are a result of the relationships established among people working in the organizations, and not among organizations, the more people interact, the more they will be contributing to the success of the dynamic network.

The arrival of this concept forced managers, especially the ones in position to redesign their organizations, to change the way they viewed the future directions of their firms and also the approaches they used to manage the existing structures (Miles & Snow, 1986). So, the ability to develop trust and commitment and a strong organizational culture favorable and open to the outside world is most relevant to the success of networks.

Trust

The concept of trust has been used in a large number of research domains with various methods and measurement instruments, however it has seldom been explicitly examined (Geyskens, SteenKamp & Kumar, 1998).

Menkoff (1993, p. 44) comments: "To be trusted by others and to maintain one's trustworthiness are frequent explanations for success to business affairs and the continuation of commercial relations".

The trust building between businesses is rather difficult in particular when assumptions about anybody's goodwill are made. However, Kiessling and Harvey (2004) believe that trust within global relationships may result from two main sources: the context and the relationship. In the first case, trust comes naturally as a consequence of having adopted a relevant behavior or knowledge of how effective the interaction and/or communication is with the other members. When trust appears as a result of the relationship it is a product of the actors' interactions.

Trust is "the mutual confidence that no party to an exchange will exploit the other's vulnerabilities" (Sabel, 1993, p. 1133). This author refers to three different types of vulnerabilities: "Adverse Selection Vulnerability" – exists when parties find it difficult to evaluate the quality of resources or assets of the other member; "Moral Hazard Vulnerability" – appears when the elements find it costly to evaluate the quality of the resources; and "Hold-up Vulnerability" – is found when members make large or asymmetric transactions.

Despite being a precondition of social life and an attribute of relationship between exchange partners, if trust is missing, no one will be tempted to risk and move first.

Barney and Hansen (1994) found three types of trust in exchange relationships. The first - Weak form trust – happens when there are no vulnerabilities, so chances for opportunistic behavior are limited, and also when the quality of goods and services is not costly to evaluate; the second form - Semi-strong trust – is found when significant exchange vulnerabilities exist and so parties should be protected with some governance devices to limit opportunistic behaviors from other members; the third - Strong form trust - Emerges in the face of significant vulnerabilities, whether there are any governance mechanisms or not. Geyskens, SteenKamp and Kumar (1998) find that trust contributes to satisfaction and long-term orientation over and beyond the effects of economic outcomes of the relationship.

Berry and Parasuraman (1991) sustain the idea that relationships are developed on the basis of existing mutual commitment. Following the idea of Morgan and Hunt (1994) that commitment and trust encourage the existence of relationship investments through the cooperation between exchange partners, limit the attraction of short-term alternatives once higher long-term benefits are expected. So, commitment and trust lead to cooperative behaviors. Therefore, the need to find out what the concept of commitment means and what it implies becomes essential.

Commitment

The concept of "commitment" has been defined several times according to the area of research. The most common definition comes from the Human

Resources field and is related to the commitment of an employee to the organization, however this is not the definition that matters for this study, this research is more focused on the commitment among organizations.

Wilson (1995) defines commitment as being the desire to maintain a relationship and ensure that it lasts. For Ramasamy and Goh and Yeung (2006, p.134) a relationship commitment relates "to the desire to continue a business partner relationship and the willingness to put in the effort to ensure long-term relationship".

Lenney and Easton (2009, p. 553) define commitment as "agreements between two or more social actors to carry out future actions" and range from the specific and everyday actions to the general and strategic ones. According to these authors the concept of commitment happens among actors, as one may be fully committed to another and the other actor may not be committed at all. Additionally this term may be used to enrich the ARA (Actors, Resources and Activities) model, by showing why actors, resources and activities are linked and helps to explain interaction and network outcomes. Following these authors' idea, actors are usually driven by goals, which imply actions.

Goals are seldom reached in isolation. They are realized and achieved by continuously creating and maintaining business relationships.

Nevertheless, this study will focus on the commitment among organizations. Morgan and Hunt (1994) are of the opinion that if a committed partner believes that an ongoing relationship is working on and makes all the efforts to sustain and endure it indefinitely, then it is a relationship commitment. The definition of commitment of Morgan and Hunt (1994) was also applied to the organizational commitment scales they developed. These authors recognize that commitment among exchange partners are fundamental to achieving "valuable outcomes" for themselves, and so partners will make all the efforts to develop and maintain their relationships. So, they state that commitment is fundamental when relational exchanges occur between a firm and its partners.

Geoff and Leney (2009) argue that commitments can be considered a resource within the network, but a resource that orients the activities and reflects the goals of members (actors).

Commitment can be caused by tangible elements such as large and irreversible capital investments or intangible elements like wanting to seem consistent with their prior actions and pronouncements (Hambrick, Geletkanycz & Fredrickson, 1993). When it is caused by intangible elements, it requires a further research on what the firm values and beliefs are behind the actions taken or the behaviors adopted, therefore, it would be valuable to develop a research on the organizational culture.

Organizational Culture

There are many definitions of organizational culture, however organizational culture usually refers to the values and beliefs that provide norms about expected behavioral patterns that employees might follow (Schein, 1992). Those shared values work most of the times as guidelines to members' behavior. Mumford, Scott, Gaddis and Strange (2002) reinforce this idea by arguing that the senior management of a firm can exercise influence within the organization through values. In fact, by emphasizing certain values and by creating norms for expected behaviors, managers can build an organizational culture with a powerful influence on employee behavior. Values and norms can in turn manifest itself in artifacts (e.g., organizational rituals, language and stories, and physical configurations) and lead to desired or accepted behaviors.

Edgar Schein (1985) presents culture as a set of assumptions one makes about a group they belong to. The assumptions are grouped into three levels: artifacts, espoused beliefs and values, and basic underlying assumptions differentiating the levels at which organizational culture manifests. Organizational norms derive from values and manifest in artifacts, which represent the most visible layer of the organizational culture once they became evident in symbols, rituals, physical workspace evidence and type of language (Schein, 1992).

Although organizational culture is a largely invisible social force, it is very powerful within an organization. For this reason, Hogan and Coote

(2013, p. 1609) state that "organizational culture is a powerful means to elicit desired organizational outcomes".

Theoretical framework

Once this paper is of conceptual nature, the research started with a literature review to be able to develop some propositions, which can be tested in a following stage.

For now, this research paper intends to address the following propositions taking into account the general theoretical approach/framework applied:

First Proposition - Top Management Teams are able to create and promote the organizational culture

Second Proposition – Top Management Teams are crucial in the developing of trust and commitment

Third Proposition – The role of trust and commitment in the management of a firm's network

Anderson, Rungtusanatham and Schroeder (1994) defended that top management leadership is important to create and communicate a vision for continual improvement in order to enhance the viability of the organization. Finkelstein and Hambrick (1990) argue that it is important to understand the background, the experiences, and values of top managers to explain the choices they make. And, the Upper Echelons Theory (Hambrick & Mason, 1984) is based on the idea that top management teams highly influence a firm's outcomes, in fact it is expected that strategies and performance reflect the management characteristics. Furthermore, Finkelstein and Hambrick (1990) noticed that a management team tenure in an organization influence their commitment to status quo, their attitude to risk and its informational diversity, which will affect the organizational outcomes. So, firms with long tenure teams will tend to follow persistent and stable strategies due to long-term acculturation of the managers which

creates a common organizational vision and also because they are not willing to take unnecessary risks.

The values, behaviors and experiences of the Top Management Team, following Schein (1992) concept of culture will shape the culture of the organization, as organizational strategy, actions and decisions will reflect the visible layer of the organizational culture.

Culture represents a collective social construction over which Top Management Teams have a relevant influence on, in fact Schneider (1987) argues that the kinds of people in a place determine the organizational behavior, in other words, people define the way the places look, feel, and conduct's itself. Therefore, leaders define the culture of the organization.

Once trust within global relationships result mainly from context and/ relationship, then according to Kiessling and Harvey (2004), if managers adopt a relevant behavior or have knowledge on how to effectively interact and communicate (context), and/or are aware of the consequences of their interpersonal interactions (relationship), then a favorable atmosphere is created within which trust can be developed in an organization. In fact, these authors defend that the top management team is crucial in the development of trust among organizations, in particular because the personal interactions are highly important for building strong forms of trust.

Trust grows with repeated use over time so it is usually studied and observed in long-term relationships; therefore it is most likely to create commitment in turn (Kiessling & Harvey, 2004). According to Salancik (1977), commitment molds people's attitudes and maintain their behavior even when possible tangible rewards or positive feedback is absent, so there is commitment when one is bounded to his acts. Salancik (1977) recognizes commitment as being a "powerful and subtle form of coopting the individual to the point of view of the organization" (Salancik, 1977, p. 80).

Morgan and Hunt (1994) argue that when both commitment and trust are present, they produce outcomes that promote efficiency, productivity and effectiveness. In short, commitment and trust lead directly to cooperative behaviors, the kind of behaviors firms should have when they are members of a network.

A firm is nothing more than a complex network of internal and external relationships among people, functions, and departments that constitute the starting point to develop and implement strategies (Ritter, Wilkinson & Johnston, 2004). And, Davies, Leung, Luk and Wong (1995) argue that managing a network is an important aspect of any strategic behavior and networking which implies an understanding of the totality of the relationships.

Hence, two more propositions come up:

Fourth Proposition – Top Management Teams characteristics impact on network of business relationships

Fifth Proposition – The type of organizational culture may influence the management of networks.

Managers who can combine the two sources of critical contingencies: environment and strategy, are likely to have greater influence within their management teams (Hambrick, 1981). The dynamic process of adjusting to environmental change and uncertainty involves a wide range of decisions and behaviors (Miles & Snow, 1978). Usually, managers make their strategic decisions based on their views of the environment and of the resources of their organizations, which implies that if managers perceive the network approach as being a competitive advantage then they will make all the necessary efforts to configure the organizational structure and resources to meet the new environmental challenges (Miles & Snow, 1986).

If, according to Schneider (1987), top managers shape the culture of an organization through their beliefs, actions, values and behaviors

and if they understand the network approach as a possible competitive advantage, once the organization gains access to other members' resources (tangible and intangible), then when taking decisions and configuring the organizational structure, top managers will also consider the resources available in the network into their actions and behaviors (Miles & Snow, 1986). Actions and behaviors that help to influence the organizational culture are as follows.
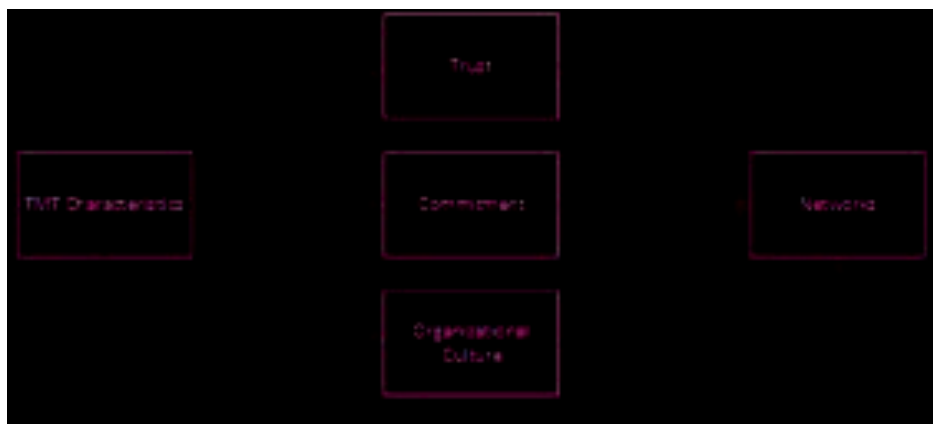
1.   **Figure 1. Design of the theoretical framework**

Therefore, if Top Management Teams' values, beliefs, actions and behaviors influence organizational culture, if the culture of an organization reflects the characteristics of their leaders according to Schein (1992), if their Top Managers manage to build trustworthy relationships and create commitment within the organization, then it is most likely that Top Management Team characteristics will have an important role to play in the management of dynamic networks, as shown in figure 1.

Conclusions

This conceptual paper uses the available literature to extract some prepositions for further research.

This paper is a first attempt at understanding all the complexities in relation to the impacts of Top Management Teams on creating and promoting organizational culture and on the management of business networks. It is

also expected to acquire an understanding of the role of trust, commitment and of the culture of an organization on a firm's network of business relationships.

So far, the literature has been used to extract and confirm the propositions, however this paper lacks some empirical confirmation. In any subsequent papers on this subject area, more research on the importance of culture as a mechanism of behavior control, on the role of commitment in the management of networks, on the process of building strong forms of trust and on the process of creating or shaping organizational culture by top management will have to be carried out. The idea of the subsequent second stage when conducting further research to collect some empirical data through semi-structured interviews, and then confront continuously the theoretical framework with some empirical work, until it reaches a theoretic saturation and the propositions are confirmed.

However, further theoretical framework may be necessary in order to frame the empirical data in the second stage of this research.

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Strategy development of public organizations

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Abstract. *Nowadays, a number of studies are published on how organizational strategy is developed, what management tools and methods top managers use for formulating organizational strategy. However, these studies have focus mainly on the companies of the private sector. In many cases, even the representatives of the public sector emphasize that the approaches, tools and methods used in the private sector cannot be applied in the public sector. In this paper, using the example of a university faculty, we present that the methods used in strategy development can successfully be transferred from the private sector to the public sector.*

Keywords: *strategy development; tools and methods; vision and mission statement; balanced scorecard; benchmarking; customer relationship management; Hungary.*

University of Pannonia, Faculty of Business and Economics

The University of Pannonia is a significant university in Hungary. The educational and research activities are carried out in several cities in a unique matrix organization structure. The university was founded in 1949. In the beginning its operation was characterized by engineering, primarily chemical engineering education and research. After the transition, first the teacher education, then the business and economics, and information technology became important. With the integration of the Georgikon in Keszthely, as an independent agricultural faculty, the University has become a University with five faculties.

The University of Pannonia began its business and economic programs in the 1970's with the Engineering in Industrial Chemistry program and it continued with the Engineering and Management program from 1993 - the latter was the first of its kind in the country.

The university founded the Institute of Economics in 2000, which became the Independent Institute of Economics in 2001. The Institute was

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responsible for the economic programs within the Faculty of Engineering until September 2003, when the Faculty of Economics was established. In 2012, in accordance with the double profile the name has been officially altered to Faculty of Business and Economics.

The primary objective of the Faculty of Business and Economics is the education of businessman, economists, engineering managers and the further education and retraining of executives. The aim is to produce professionals who are capable of creating, managing and leading systems of enterprise and national importance.

The Faculty of Business and Economics of the University of Pannonia is recognized as a constantly growing and important intellectual center in the Transdanubia region and contributes to the functioning and improvement of the public and civil society with its high quality education, research and development. In cooperation with the companies of the Central Transdanubian and Western Pannonian regions, the Faculty promotes the realization of regional and cross-border education research and development programs.

Organizations of the private and the public sectors

These days the leaders of public sector organizations often ask the following question: How are their organizations different from the private sector organizations? The difference, of course, is that the primary goal of private sector companies is to operate for profit maximization, while public sector organizations serve the public good. However, today these differences appear rather in terms of the philosophy of organizations and the purpose of their foundation. Using the example of the Faculty of Business and Economics, University of Pannonia we present that a public organization has the same basic characteristic as a private sector organization has.

Competition

Organizations are competing with products and services they offer in a given market. A higher education institution in the educational market competes with the products and services of the other higher education institutions. The products and services in this case are certain academic programs, courses, trainings and research results, i.e. publications, research

reports, innovations, patents. As in many fields of business, in Hungary as well, the trend shows that the government decreasingly finances academic programs, which thus has to be financed through private sources. The same is true for academic and applied research. The competition of business schools thus is not only symbolic, but it is also a real competition the same way as it is among the organizations of the business sector.

Profit maximization

Based on the previously discussed topic it follows that to operate successfully on the long-term the higher education institutions have to reduce their costs and increase their income. The cost savings can be achieved by internal rationalization, structural and other changes. Attracting new students, the acquisition of corporate research, sponsor involvement and increasing tender projects can increase the income.

Customer orientation

It is important for a higher education institution to identify its customers. From the primary customers the students, the companies and organizations employing graduate students, and the high schools educating prospective students should be highlighted. Besides the traditional educational programs, talent management platforms provide an opportunity for these two stakeholders to build close collaboration with the involvement of the business school.

Willingness to change

One of the greatest challenges of the Faculty is to adapt quickly to the changes of market conditions. The introduction of the Bologna system, the changes in the financing system, in the higher education law, and in the technical progress are changes that the Faculty needs to respond to. This can only be achieved by flexible and adaptive structure.

Improvement of internal processes

The improvement of the efficiency of internal operations is a key point for the success of every organization. In recent years the Faculty has developed the basis of distance learning and e-learning. In order to increase the internal cohesion the organizational structure of the Faculty has been reformed, and the separated departments have been integrated into institutes. The

Centre of Marketing and International Relations has been established to communicate better with the external stakeholders.

Quality awareness

In 2008, the Faculty of Business and Economics, University of Pannonia was the first to win the Hungarian Higher Education Quality Award in the country, and since then only one Faculty in the country has been able to reach such a high level of performance. A professional jury of national experts based on strict valuation criteria awards this prize. This means that the Faculty was found the best in the country in the complex evaluation of education, research performance, value creating processes, as well as the services provided for the customers such as students, partner organizations and companies. The Faculty also decided to achieve more challenging goals instead of trying to win this award again. By introducing the AACSB standards the leadership of the Faculty is working on acquiring an international accreditation being among the first faculties in Central and Eastern Europe.

Strategy development: vision – mission – strategic goals

There are several approaches to create a strategy (Hunger and Wheelen, 2011, p. 3). However, they all share a common feature that the foundation of a successful strategy is the analysis of internal conditions and the external environment. During the analysis of internal conditions the strengths are collected and the weaknesses are faced, then an attempt is made to adjust these to the market opportunities and threats. The best solution in analyzing the external environment is to have an integrated approach to analyze the different environmental segments (legal, economic, political, cultural, and geographical). As the result of these analyses a decision can be made upon those business areas on which the operation has to focus in the future (Luthans and Doh, 2012, p. 280).

The next step is the formulation of the vision and the mission statement. The vision describes the desired future state of the organization. The vision does not contain numerical values to be obtained, however it outlines those conditions the organization will endeavor to achieve in the coming period. The mission is the formation of the guideline of the core

of the organizational strategy and values which is a guiding principle for managers and employees.

The statement of the vision and mission is essential because during the development of the strategic goals, the determination of the operational and action plans, the development of the control system, and the future management decisions the achievement of the goals and objective defined in the vision and mission has to be taken into consideration.

The organizational goals, compared to the mission, are more specifically defined. They are the core elements of the organizational management system (Luthans and Doh, 2012, pp. 283-284). The quantitative determination should be kept in mind when they are formed. The path toward the goals is built up as a series of strategic programs which are divided into specific, short-term operational plans.

The mission statement of the Faculty of Business and Economics is formulated as follows:

MISSION OF THE FACULTY OF BUSINESS AND ECONOMICS

The Faculty of Business and Economics is to contribute to the socio-economic development of the Central and Western Transdanubian Region as well as Hungary through state-of-the-art education, research and services based on the stakeholders' demand.

The Faculty of Business and Economics improves and develops its operation according to the following stakeholders' expectations: current and future students, alumni, employers of its graduates, the University community, the public and private sectors including regional businesses and non-profit organizations, and the Hungarian and international academic community. The Faculty of Business and Economics aims to provide its current and future students with high-quality, up-to-date portfolio of educational programs that includes business skills and ethical and value-based competencies for undergraduate students. It strives to ensure distinctive professional development for Master's degree students to enable them to meet the requirements of competitive and challenging economic development, guide and prepare doctoral students for an academic career, and provide iterative professional development, corporate network and services for the alumni. The Faculty of Business

and Economics has a major stake in contributing to the enhancement of the international academic prestige of the University and to finding solutions to the complex economic problems affecting the University. The Faculty of Business and Economics meets the requirements of the public and private sectors through the availability of competent undergraduate and graduate students and through direct access to the research-based know-how residing with the members of the Faculty of Business and Economics. As one of the most significant higher educational and research institutions of the Central Western Transdanubian Region, the Faculty aims to strengthen its social responsibility.

The vision of the Faculty contains the following:

VISION OF THE FACULTY OF BUSINESS AND ECONOMICS

1. The Faculty is a recognized and defining participant in the higher education for business and economics in the Central and Western Transdanubian Region.

2. Its role and position are based on its educational programs in compliance with the international norms.

3. The Faculty's scientific research centers, furthermore the research and innovation achievements exceptionally serve the community and the development of the economy.

4. Its organizational culture supports the increase of the colleagues' and the students' willingness to improve and the international competitiveness.

By fulfilling the vision, the Faculty of Business and Economics, University of Pannonia will strengthen its position amongst the leading Hungarian higher educational institutions.

Management methods and tools

Several management methods and tools can be used during the process presented in the previous chapter.

Since 1993, Bain and Company has surveyed executives around the world about the management tools they use and how effectively those tools have performed. They focus on 25 tools and refine the list each year. The tools included in the survey must be topical and measurable, and they need to

be relevant to senior management. With the Bain and Company 14th Management Tools and Trends survey, they have now compiled a database of more than 12,000 respondents, which enables us to systematically track the effectiveness of management tools over any given time period (Bain and Company, 2013, p. 12).

Based on the survey the following table contains the ranking of the 25 most important tools.

Table 1. Top 10 most used management tools (Management Tools and Trends, Bain and Company, 2013, p. 9)

	Global	North America	EMEA	APAC	Latin America
Strategic Planning	1 (t)	2 (t)	5 (t)	9	2
Customer Relationship Management	1 (t)	4 (t)	2 (t)	1	7 (t)
Employee Engagement Surveys	1 (t)	1	7	6	10 (t)
Benchmarking	4	2 (t)	2 (t)	13 (t)	19
Balanced Scorecard	5	6 (t)	1	7 (t)	16 (t)
Core Competencies	6 (t)	10	9	3	5
Outsourcing	6 (t)	6 (t)	5 (t)	4 (t)	22
Change Management Programs	8	8 (t)	4	20	7 (t)
Supply Chain Management	9	8 (t)	14 (t)	4 (t)	13 (t)
Mission and Vision Statements	10	14 (t)	10	16	20
Customer Segmentation	11 (t)	-	8	-	4
Total Quality Management	13	-	-	2	-
Satisfaction and Loyalty Management	16	-	-	7 (t)	10 (t)
Business Process Reengineering	11 (t)	-	-	10	1
Strategic Alliances	14 (t)	-	-	-	3
Big Data Analytics	17	-	-	-	7 (t)
Open Innovation	22	-	-	-	6
Note: (t)=tied					

Balanced Scorecard

A Balanced Scorecard defines what management means by "performance" and measures whether management is achieving desired results. The Balanced Scorecard translates Mission and Vision Statements into a comprehensive set of objectives and performance measures that can be quantified and appraised (www.bain.com).

The balanced scorecard supplemented traditional financial measures with criteria that measured performance from three additional perspectives—those of customers, internal business processes, and learning and growth. It therefore enabled companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth. The scorecard wasn't a replacement for financial measures; it was their complement (Kaplan and Norton, 2007, p. 2).
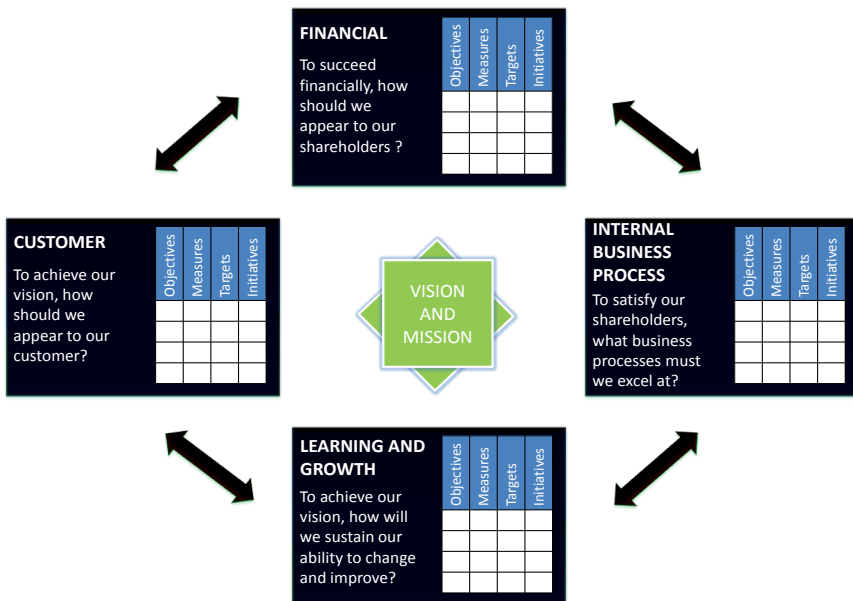

Figure 1. Balanced Scorecard: the four perspectives (Kaplan and Norton, 2007, p. 4)

The Faculty of Business and Economics used the Balanced Scorecard to determine its strategic goals. The original scorecard has been re-interpreted, taking into consideration the most important features of the Faculty's operation. The four key perspectives received new interpretations as well, and were determined from the Faculty's mission and vision.

Education

Education belongs to the fundamental issues of the Faculty. On undergraduate level higher-level vocational trainings, on the graduate level bachelor and master programs are offered to our students. With the aim of knowledge renewal, extension and deepening we recommend our short-time programs, trainings and 1-2 year-long postgraduate specialist training courses adjusted to the market needs providing a wide range of possibilities of lifelong learning. The Doctoral School in Management Sciences and Business Administration opens up dimensions to become immersed in sciences to those who are interested in academic career.

Research – Development – Innovation

The research – development – innovation defines the scientific potential of our Faculty. The researches cover the fields of economics, business and management. In the matter of development and innovation, the process, organization and marketing innovations are the key factors in our Faculty's life. Besides the academic and research R+D+I, student talent management plays a defining role in our Faculty's life.

Brand building

We are extending our reputation, national and international recognition on the basis of accumulated knowledge, operational model, external affairs and especially graduate students at our Faculty. The way we do it enhances the prestige and the reputation of the Faculty of Business and Economics, University of Pannonia.

Learning organization

As a learning organization, the Faculty improves its problem-solving and renewal skills. Making the organizational processes more effective and establishing and operating knowledge transfer platforms are the tools of that.

At our Faculty, organizational learning is a process in which our colleagues manage the culture of the organization and not the organizational culture manages the people. It definitely relies on the awareness of all the levels of the organization, especially the awareness and the guide of the faculty leadership.
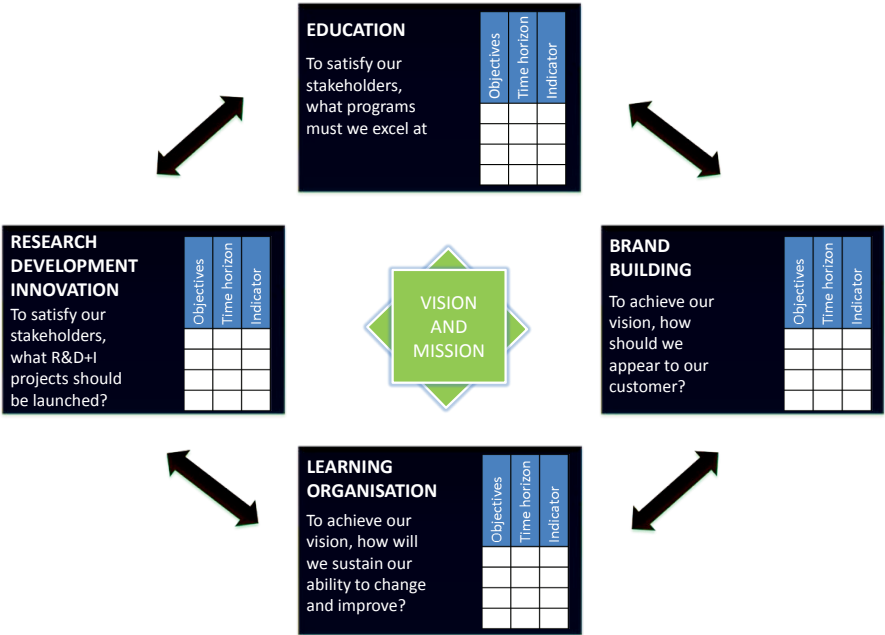
Figure 2. FBE Scorecard

Education

OBJECTIVE	TIME HORIZON	INDICATOR
✓ **Programs and subjects in foreign languages**	5 years – continuous	The number of subjects in a foreign language must exceed 50
	3 years	To launch a new program in English
✓ **Hosting foreign students**	5 years - continuous	10 foreign students / term
✓ **Hosting native academics**	5 years – continuous	At least 3 native guest lecturers must declare a subject yearly
	feasible within 5 years	A Fulbright Scholarship lecturer within 5 years
✓ **Supply of national and international open courses and trainings**	2 years	To deliver the first open training
	2-5 years - continuous	To deliver at least 1 open training yearly
✓ **To launch consulting activity**	1 year	To sign the first consulting order
	1-5 years - continuous	To sign an order every two years
✓ **To clean the educational portfolio, curriculum development (competence-based curricula, more powerful market orientation, internal rationalization)**	1 year	Competence-based BA program curricula
	2 years	Competence-based MA program curricula
	1 year	Request a permission to launch BA in Commerce and Marketing
	3 years	Request a permission to launch MA in Marketing
✓ **Academic training development**	5 years – continuous	Support trainings (professional, methodological, pedagogical, linguistic)

Research-Development-Innovation

OBJECTIVE	TIME HORIZON	INDICATOR
✓ **Nationally and internationally recognized researches and research centers**	3 years	Research centre • At least 1 professor • At least 3 staff members of Doctoral School • At least 2 research projects • At least 3 national and 1 international A-D categorized publication every year
✓ **To publish in national and international peer-reviewed journals**	5 years	Each qualified colleague must publish 1 national and 1 international A-D categorized publication within 5 years
✓ **Support of scientific progress**	5 years - continuous	Support (financial and professional)
✓ **Talent management**	5 years	PhD students (The ratio of obtained degree/admitted, obtained final certificate/admitted must grow to 20%)
	5 years	Scientific Student Research Projects belonging to at least group 2 on the grounds of participants and place winners
	5 years	Harsányi Youth Hostel (accreditation, János Harsányi Conference, bridge-role, secondary school talent management)
	5 years	Case Study Club and competitions
	5 years	Business Lab
	5 years	Hungarian Economic Association Veszprém County Organization Youth Committee
	5 years	PENGE (Genius Club, University of Pannonia, Nagykanizsa)

Brand building

OBJECTIVE	TIME HORIZON	INDICATOR
✓ **To earn faculty accreditation**	2 years	Full-time student quota/ full-time qualified lecturers' quota
✓ **To earn international accreditation**	1 year	AACSB membership
	2 years	Successful AACSB monitoring
	3 years	AACSB accreditation
✓ **To organize international conferences**	5 years - continuous	To organize 1 international conference annually
✓ **International peer-reviewed faculty journals**	5 years - continuous	Regular publication of Pannon Management Review
✓ **To participate in national and international professional organizations**	5 years - continuous	Each qualified faculty member must be a participant of at least 1 national or international organization
✓ **Client-centered marketing**	1 year	New faculty website (in Hungarian and English)
	1 year	Faculty brochures • Introduction of the Faculty (PR brochure in Hungarian and English) • Brochure for companies in Hungarian (education, trainings, courses, studies, competences, references) • Introduction of BA, MA and postgraduate specialist training courses (in Hungarian and – in case of programs in English – in English) • Brochure to school foreign students (in English)
	1 year	Style Guide
	2 years	Short film presenting the Faculty (in Hungarian and English)
	5 years - continuous	Cooperation agreements – at least 2 agreements every year
	5 years - continuous	BA and MA schooling (at least 2 BA Open Days, at least 2 MA Open Days at the Faculty, reaching at least 30 secondary schools yearly)

✓ **ALUMNI**	5 years - continuous	Our stakeholder
		Gold – Silver – Bronze (criteria system)
		  - referee's report
		  - controlling internship
		  - consultant
		  - chairman of final exam committee
		  - financial support

	5 years - continuous	To inform the alumni about the opportunities at the Faculty (professional development and networking possibilities, advisory services) via the website (making an extra subpage).
	5 years - continuous	At least 1 event involving alumni every year

Learning organization

OBJECTIVE	TIME HORIZON	INDICATOR
✓ **To balance education – research – project work**	5 years-continuous	Each lecturer • To fulfill educational instructions • To meet research requirements • To participate in at least 1 project
✓ **To launch benchmarking system serving strategy realization**	1 year	To approve the new benchmark by the Faculty Board
	1-5 years	Executive review of benchmarks, feedback
✓ **Rewarding prominent achievements**	1-5 years – continuous	To reward the top employees working in the new benchmarking system (in each category)
✓ **Student support (mentor program)**	1 year	At least 1 lecturer and at least (student quota/10) student per program
	5 years - continuous	To run the teaching assistant program
✓ **Transparent and sustainable function and guidance**	5 years - continuous	To increase own revenue: The pace of the own-revenue increase must exceed the degree of state revenue reduction
	1 year	To work out policies meeting the AACSB standard requirements
	1-5 years - continuous	To announce the evaluation results based on strategic index system (1 evaluation day yearly)
	1 year	To set up Faculty Advisory Board
	5 years - continuous	To evaluate faculty leadership (once a year)
✓ **Effective working of Doctoral School in Management Sciences and Business Administration**	5 years - continuous	To increase the number of staff members with 1 person
✓ **To strengthen internal communication**	5 years - continuous	FBE circular e-mail (monthly in term-time) FBE staff member meeting (1 meeting/term) on-line internal access of submissions and resolutions

Benchmarking

Benchmarking is the measurement of the quality of an organization's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of its peers.

The objectives of benchmarking are:

- to determine what and where improvements are called for;

- to analyze how other organizations achieve their high performance levels;

- to use this information to improve performance. (http://www. businessdictionary.com).

Benchmarking improves performance by identifying and applying best demonstrated practices to operations and sales. Managers compare the performance of their products or processes externally with those of competitors and best-in-class companies and internally with other operations within their own firms that perform similar activities. The objective of Benchmarking is to find examples of superior performance and to understand the processes and practices driving that performance. Companies then improve their performance by tailoring and incorporating these best practices into their own operations—not by imitating, but by innovating (www.bain.com).

Benchmarking plays a significant role in the practice of the Faculty. In the following few examples are listed:

BCG matrix. This matrix is a simple 2x2 matrix that crosses market share (relative to competitors) and market growth to yield four quadrants. Each of the firm's products is plotted into one of the cells of the matrix identified as stars (high share/high growth), question marks (low share/ high growth), cash cows (high share/low growth), and dogs (low share/low growth). Different strategies are designated for each quadrant based on the combination of market share and market growth. It is a strategic allocation model that shows how money can be transferred from areas of strategic weakness to opportunity. Based on these classifications, the firm then assesses the health of its portfolio. The goal is to continuously generate

future cash cows. Money earned from cash cows is invested into question marks with the intent of turning them into stars. As the market matures, stars will degenerate into cash cows and the process is repeated. New cash cows give the firm a steady source of funds to pursue future avenues of growth. The path to success is not foolproof as the firm can also follow paths to failure. The matrix can also be used to project the firm's trajectory. The Faculty of Business and Economics regularly perform analyzes using BCG matrix to develop the Faculty's educational programs. With the BCG matrix the market position of the educational programs compared to the most significant competitors' academic education programs are examined.

Workshops on business topics. The Faculty often organizes workshops with the participation of national and international experts. The workshops are designed to present best practices, mainly focusing on subjects as business communication, project management, supply chain management, tourism and hospitality management.

International and national conferences. The Faculty organizes national and international conferences to present the achieved results and best practices of research, development and innovation, to support the exchange of knowledge, experience. The main topics are strategic management, production management, maintenance management, human resource management, knowledge management, tourism management, regional development.

Customer Relationship Management

Customer Relationship Management (CRM) is a process companies use to understand their customer groups and respond quickly—and at times, instantly—to shifting customer desires. CRM technology allows firms to collect and manage large amounts of customer data and then carry out strategies based on that information. Data collected through focused CRM initiatives help firms solve specific problems throughout their customer relationship cycle—the chain of activities from the initial targeting of customers to efforts to win them back for more. CRM data also provide companies with important new insights into customers' needs and behaviors, allowing them to tailor products to targeted customer segments. Information gathered through CRM programs often generates

solutions to problems outside a company's marketing functions, such as supply chain management and new product development (www.bain. com).

The Faculty of Business and Economics places great emphasis on regular contact with clients, on the recognition of customer needs and on the effective responds to these. Key clients are the students, the companies and organizations employing graduate students, and the high schools educating prospective students. Accordingly, the most important CRM platforms are as follows.

Student evaluation on teacher's performance. The opinion and needs of the student as the most important client is of high priority. A survey is carried out among the students of the Faculty for all courses at the end of every semester with a questionnaire developed with the help of the Student Union. In this questionnaire the students can share their opinion on the course and the instructor (teacher) of the course. After evaluating all the results the experiences are integrated into the teaching-methodology as well as into the curriculum development programs.

Consultation with the Chamber. The Faculty regularly consults with the regional leaders of the Chamber of Commerce and Industry. The participants review the key labor market trends and demands, which are also integrated into the Faculty's training development program.

Consultation with CEOs and CFOs. Every business program ends with a final exam. During the final exam the students demonstrate what knowledge and competencies they have acquired during their studies. The chairs of the final exams are the CEOs and the CFOs. The chairs share their experience with the program directors after the final exam through oral interviews and questionnaires. These experiences are also integrated into the development plans of the programs.

Consultation with high school directors. Regular connection with high schools from where the most students and the students with the highest

points are admitted to the Faculty is of high importance in the life of the Faculty. Thus the Faculty signs a corporation agreement with these high schools with the principals of which there are regular consultations and the students of which are offered to participate in academic programs.

Survey of HR Managers. The Faculty regularly conducts surveys among the HR managers of those companies and organizations that employ graduate students of the Faculty. The purpose of the survey is to learn about the expectations and needs of the companies, organizations regarding the graduate students' skills and competences. The results are integrated into the development plans of the programs.

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Developing relevant MBA curriculum: a case study of business community perspective

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Abstract. *Developing relevant curriculum for MBA programs has become increasingly more challenged. At issue is the need to address multiple stakeholder perspectives from varied levels of student preparedness, to institutional pressure to be more efficient in the delivery of course content, to the demands of complex business interest. Thus, effectively identifying specific knowledge and skills in an MBA program that are of value is of importance. Based on an approach which recognizes the contribution of higher education in the development of strong economic industry clusters (Porter & Kramer, 2011), this paper provides a case study of a regional college of business in a large urban area in the southwest United States. Local business community members (n=48) responded to a survey which identifies their perspective of who in an organization would benefit from holding an MBA degree, as well as which course topic categories are of most importance. The result was that the MBA degree becomes significantly more important as one advances in an organization. Secondly, while a significant difference was not found between analytical, functional and soft-skill course topic categories, soft-skills are significantly more important than ethical or global course topics. Finally, when testing for a difference amongst respondent types there was a significant difference between human resource recruiter and manager responses; of note, is that managers placed a significantly higher importance on the soft-skill course categories. The results are compared with the current curriculum offered at the college of business of interest. Recommendations and implications of these results provide a basis for suggesting revisions to the MBA curriculum so as to be more relevant.*

Keywords: *MBA curriculum; business community stakeholders; economic development.*

Introduction

Developing relevant curriculum for MBA programs has become increasingly more challenging. Not only is there concern for the provision of course

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content which meets the demands of increasingly complex business interests, but also a pronounced advocacy to address concerns related to the cost/ benefit of a higher education. The challenge is compounded further with expectations such as incoming students' need for flexibility and interest in programs which are shorter than a traditional 2 year programs (Crisp, 2012; Damast, 2009). Yet, there is concern that students may not be adequately prepared to enroll in an MBA program noting that in the United States MBA applicants undergraduate degrees range vastly with approximately half holding non-business degrees (GMAC, 2012). In short, addressing today's goals from multiple constituents stresses a need to be both effective and efficient in developing relevant MBA programs.

Research and debate in the academic community has long questioned the usefulness of MBA programs addressing a wide range of concerns from courses offered in MBA curriculum to relevant learning outcomes (Rubin andDierdorff, 2013). Divergence exists between what would be offered in an 'ideal' MBA curriculum and what is currently offered. An overweighed focus on functional and analytical course topics offered by top-ranked MBA programs (Navarro, 2008) compliments previously voiced concerns that MBA programs focus too heavily on the development of specialized skills, as opposed to the more essential interpersonal and soft-skills necessary to manage others (Mintzberg, 2004; Porter and McKibbin, 1988). The result is a misalignment between what the business community expects and what is typically taught in a MBA programs (Rubin & Dierdorff, 2011). Further, debate ensues that providing a narrow specialized MBA curriculum as opposed to a more general MBA curriculum dampens the ability for one to transfer amongst various industry segments (Rubin & Dierdorff, 2009). In all, the ability to develop a relevant standardized approach to the development of MBA curriculum is questionable.

Yet, despite these concerns, formal training programs such as found in MBA programs is considered to provide an efficient path to gaining business knowledge and skills (Pfeffer & Fong, 2002). And, research has found that there is a positive relationship between holding an MBA degree and performance outcomes at both the individual and organizational level (e.g. Connolly, 2003). In the end analysis, business schools are perceived by stakeholders to be a legitimate provider of such training (Rubin & Dierdorff, 2013). At a societal level, educational institutions are viewed

as viable contributors in creating value for economic clusters. However, the demographic profile of economic clusters varies from region to region (Porter & Kramer, 2011). For example, one economic cluster region may have a concentration of high tech service organizations, while another may be oriented toward the oil and gas organizations.

In all, a well-founded approach in the development of relevant MBA curriculum may be to consider a more nuanced approach which incorporates the influence of specific career contexts on relevant MBA curriculum options (Rubin & Dierdorff, 2013). That is, the study of how best to develop relevant MBA curriculum may be best focused at the local university level (Hammond & Moser, 2009). The orientation of a localized view complements Porter and Kramer's recognition that educational institutions play a vital role in creating value by enhancing cluster business environments (2011). Further, the approach may of a particular value for those MBA programs which do not enjoy automatic legitimacy from being a top tier ranked program (Rubin & Dierdorff, 2013). Further, the approach aligns with AACSB accreditation standards, which have evolved from a universal application of appropriate standards to a more customized mission driven focus (AACSB, 2012).

A more localized approach in MBA curriculum development suggests input from relevant stakeholder groups; namely, internally from faculty at the local university, and externally from local business community members. While faculty has a long-term view based on expertise in the fields in which they teach, and are the gate keeps of curriculum development, external groups have a nearer view of knowledge and skills needed for the current business environment (Hammond & Moser, 2009; Kleinman & Kass, 2007). The above noted misalignment between the two constituencies (Rubin & Dierdorff, 2011), and limitations from both groups with regard to a comprehensive understanding of relevant MBA curriculum suggests that a collaborative approach to facilitate a common understanding of relevant MBA curriculum content would be beneficial. I propose that seeking input from local business community members to identify the importance of holding an MBA degree and the importance of specific MBA courses to their organizations would generate a suitable foundation from which faculty can develop relevant MBA curriculum content. Thus, generating answers to research questions 1) who in the local business

community would be best served by holding an MBA degree, 2) which course topics are most important to include in the MBA curriculum, and 3) what are the differences in assessment between various local business community group would be of interest.

The purpose of this paper is to present a case study which provides the results from the administration of a survey intended to generate information related to the above listed research questions from members of a local business community in a large U.S. metroplex. In the first section, I present a discussion of brief background used to develop support for items included in the survey, as well as testable hypotheses statements to allow for analysis of the survey responses. In the second section, I present a case study application of the survey including a description of the contextual setting and research methodology. I conclude with a discussion of the findings including limitations, as well as recommendation for future research.

Background

Presented in next few pages is a brief discussion of previous research and background related to each of the three research questions posed. Following the discussion of each research question a hypothesis statement is presented to be tested. The intended outcome is to provide objective information from the external stakeholder group, local business community members to be used as a basis for faculty to critique the current MBA curriculum.

Question 1: Who in the local business community would be best served by holding an MBA degree?

The MBA degree was developed to provide knowledge and skills related to managing people for those whose previous training was technically skilled in domains outside of the field of management (Kleiman & Kass, 2007). In a classic sense as one advances within an organization from a doer to a coordinator, the focus on skill set shifts from technical (front-line management level) to human (mid management level) to conceptual (executive management level) (Katz, 1974). The pursuit of an MBA degree

is viewed as a path which allows for one to facilitate career progress; that is, 'climb the corporate ladder" (Rubin & Dierdorff, 2013) with "…between 68% and 91% (depending upon the industry) [to] be placed into "midlevel" or "senior-level" positions (GMAC, 2007 in Rubin & Dierdorff, 2009)." Thus, the research question in this paper considers, "who in the local business community would be best served by holding an MBA degree", which is examined by asking local business community members about the relationship between management levels in their organizations and the necessity of holding an MBA degree. The first hypothesis statement to be tested is offered to examine this relationship.

Hypothesis 1: Employers in the local business community place a higher importance on holding an MBA degree as one advances to higher management levels in an organization.

Question 2: Which course topics are most important to include in the MBA degree curriculum?

The determination of which course topics should be included in a general MBA curriculum remains a central issue. Original curriculum focused on the provision of functional skill training (e.g. marketing, corporate finance) for those without a business background. Criticism ensued that these programs were more vocational than academic which prompted revisions to include analytical training (e.g. quantitative analysis, decision analysis). Recent trends have infused the addition of contemporary topics such as globalization, ethics and MIS. A study by Navarro (2008) identified 26 course topics offered at the top 40 MBA programs which included a predominance of specific function and analytic course topics, and minimal exposure to soft-skill, socially responsible and global course topics. The resulting institutionalized profile is that MBA programs are relatively similar (Kleiman & Kass, 2007).

Given the overarching similarity in course topics across MBA programs, the use of these as items in a survey is thought to provide insight to address two concerns in developing effective MBA curriculum. The first address is that use of the 26 MBA course topics would facilitate mapping between the two key stakeholder groups allowing for a more successful collaborative

approach. That is, members of the business community are assumed to be able to adequately convey their assessment of the importance of generally recognized course topic labels. In turn, faculty is provided with commonly understood information to assess differences between current and stakeholder-focused MBA curriculum emphasis.

The second address would allow for consideration of the local business community's assessment of the extent to which there is a difference in importance between five course topic categories. The five course topic categories (Specific function, Analytic, Soft-skill, Socially Responsible and Global) are based on a consolidation of the list of the 26 MBA course topics in the Navarro study (2008). The interest at the course topic category level is to bring to the forefront consideration of long debated issue with centers on the extent to which soft-skills (i.e. leadership, communication, and organizational behavior) are more important that other MBA course topic categories. Research findings reveal that the overall MBA programs emphasis of course offerings continues to be dominated by the functional and analytical course topics (Navarro, 2008). However, studies and discussion suggest that employer interest lies in its managers possessing soft-skill capability and in the ability to manage human capital over the need to manage its task environment, such as logistics and technology (Navarro, 2008; Rubin & Dierdorff, 2011; Shuayto, 2013). However, there is also evidence that some employers are interested in the "T" professional who possesses both skill sets; variation in an interest in balanced capabilities may be in part, based on variations in an organization's demographic such as size or industry type (CERI, 2012).

Recognizing that industry clusters are varied in their demographic profiles, a localized view of MBA curriculum development would logically assume that there may be distinct needs in the local business community with regard to the importance of soft-skill ability. Thus, the second hypothesis statement to be test is offered to examine the importance placed on each of the five MBA course topic categories with an emphasis on the soft-skill course topic category.

Hypothesis 2: Employers in the local business community place a higher importance on the soft skill topic category offered in an MBA program as compared to other MBA course topic categories.

Question 3: What are the differences in assessment between various local business community groups?

As previously discussed, some of the confusion in the determination of which MBA course topic categories are of greatest importance may rest in the variant demographics of the stakeholder groups surveyed. This assumption prompts not only taking an overall approach of assessing local business community member needs, but also of recognizing that there may be divergence of need within the local business community. Divergence may be especially evident if there are multiple economic clusters within the same geographic region. The Collegiate Employment Research Institute (CERI) which studies U.S. national employment trends has found that although there is a tendency for employers to seek balanced recruits, there is evidence of differences based on industry type, regional location and organization size (2012). For example, hospitality and non-profit organizations tend toward a balance of specific and soft skill ability, while oil and mining, and construction organizations tend toward more specific skill ability. Further, recruiters have been found to offer confusing directive by indicating a higher importance on soft-skills but hiring based on analytic ability (Rynes, Trank, Lawson and Ilies, 2003). Understanding this finer grain view of local community need can be useful in consideration of the extent to which a general MBA curriculum approach is suitable versus a need for the ability to offer specific industry clustered tracks. Thus, the third hypothesis set to be tested is offered to examine differences in assessment of MBA course topic categories by employer demographic in the local business community.

Hypothesis 3: Employers in the local business community with responses differentiated by (3a) size, (3b) type, (3c) location (3d) position are different in the importance placed on specific functional /analytical /soft-skill/ socially responsible, global skill categories offered in a general MBA curriculum.

Application of the survey instrument: a case study

Contextual Setting

Business School Profile. The MBA program of interest is associated with a public university which is part of a large well known state university system. Its campus is located in a large urban metropolitan area in the southwest region of the United States. The focus of the MBA program is noted as "preparing students for executive level career positions". The general MBA program curriculum requires 36 semester credit hours of coursework (i.e. 12 courses) with 24 semester credit hours classified as core (i.e. eight courses). Core courses are similar to those offered at top ranked MBA programs (Navarro, 2008) with a managerial focus on specific functional course topics of Accounting, Finance, Economics, Marketing, IT Applications, Management and Policy; one analytical course, Management Science, and one soft-skill course, Organizational Behavior. The program also offers students the option of participating in various concentrations including international business, international economics, international finance, health administration, project management and supply chain; suggested course sequences are provided for each concentration area. The program which began enrollment in 2008 has grown rapidly with a current enrollment of approximately 400 students. In parallel with the university mission, the college of business attracts first generation and non-traditional student groups; a majority of the students reside and work in the metropolitan area.

Business Community Profile. Information obtained from county and city economic development sources provides a relevant business community profile. The information is based on 2012 to 2013 data; specific reference to sources has been omitted to retain appropriate anonymity of the study. The metropolitan profile reflects a significantly higher level of management, technical and professional employment than both the state and national level at 31.3% of total employment vs. 25.63% and 26.21% respectively. This employment segment typically requires advanced degrees of education. The associated industry clusters include architecture and engineering, lawyers and actuaries, and the physical and life sciences. Overall, employment is led by the industry segments of manufacturing, education and health services, as well as leisure and hospitality. There is a higher employment percentage in the industry segments of health care, and accommodation and food services as compared to both the state

and national levels. The military is recognized as an important industry segment, while the mining/lodging segments are recognized as the fastest growing. Further, the Brookings Institute as 'globally fluent' has recently recognized the metropolitan region.

Research methodology

Sample and sampling procedures. The study reflects responses to a web-based survey instrument to determine the necessity of holding an MBA degree, as well as to identify which general MBA course topics were essential to businesses with a presence in the metropolitan region. The sampling design and procedures included pre-testing the survey by a member of the college's advisory board to determine the clarity of the questions and the extent to which a respondent would be willing to provide the requested information. An email alert provided the potential respondent with a survey link to Surveymonkey, an overview of the purpose of the study, a statement as to why the potential respondent had been selected to participate, and a request to forward the survey to another colleague in his/her organization if the potential respondent did not feel qualified to answer the survey questions. The survey instrument contained an agreement with university contact information to participate in the on-line study, and background for answering the survey questions. Specifically, the background information provided the respondents with an overview of the knowledge and skills typically developed in an MBA program according to AACSB standards (Standard 18, AACSB, 2012). It stated: "A general Master's level degree develops in an integrative, interdisciplinary fashion capacities to 1) lead in organizational situations, 2) apply knowledge in new and unfamiliar circumstances based on a conceptual understanding of relevant disciplines, 3) adapt and innovate to solve problems, and 4) understand management issues from a global perspective".

The email alert was distributed to individuals who were members of three groups associated with the university. Although the three groups are associated in different ways with the university, the overarching demographic of interest is that all individuals are members of the local business community; the primary focus of the research conducted. The first group list was derived from the College of Business' Advisory Board

(n= 14), the second group list was derived from the university's career services contacts (n= 144), and the third group list was derived from a local human resource management association that a business faculty member was associated with (n=633). The association membership consisted of employed and retired members (indistinguishable) and student representatives. Given that the survey was intended to assess desirable MBA skills for an organization, it was assumed that students would not be viable potential respondents and thus were deleted from the list (revised n = 572). The email alert was distributed to potential respondents one time during the month of July, 2013. Approximately, 125 contact email messages were returned because of errors in contact information and/or blocked access. Survey responses submitted were reviewed for completion and those with missing information related to the four demographic questions were eliminated. The number of usable surveys was 48 (6.6% of net potential respondents, 730).

The low response rate may be attributed to a number of reasons. First, the email alert was only sent one time to avoid possible duplicate responses. Second, a majority of potential respondents were in the community at large and did not have a direct association with the university. Despite an introductory message identifying the purpose of the survey, the potential respondent may not have had an interest in participating and/or may have considered the email as junk or spam. Third, those who received the email alert may not have felt comfortable or were unable to provide responses relevant to an organizational level preference. For example, the list from the professional organization contained retirees whose status was not identifiable from the demographic information provided.

Survey and measures. In addition to the consent and background information presented above, the survey contained the following questions used for analysis in this study. The first question set was designed to identify the necessity of holding an MBA degree by management level with choices of (1) Required, (2) Not required by highly desirable, (3) Not required but preferred and (4) Not required; skills not needed. The lower the response, the more important holding an MBA degree becomes. The second question set was designed to identify the importance of 26 MBA course topics and the five MBA course topic categories derived from the study conducted by Navarro (2008) of MBA curriculum. Respondents were asked to select

from three options the extent to which the course topic/category was (1) Essential, (2) Desirable or (3) Little Value. Each option was specifically defined: 1) Essential: "Managers in our organization will not be able to succeed without having the knowledge, skills and abilities (KSAs) covered in this topic, 2) Desirable: "Although not essential, managers in our organization would benefit having the KSAs covered in this topic, and 3) Little Value: The performance of a manager in our organization would not be enhanced with having the KSAs covered in this topic (Kleiman & Kass, 2007). The lower the response, the more essential the topic category is for those who are managers in the respondent's organization.

As with the design of any survey instrument there was interest to prompt a high response rate while collecting relevant data for the purpose of the research agenda. Given the use of a web-based medium to administer the survey, of particular interest was to design the two question sets to be as clear and convenient to complete as possible (Baatard, 2012). When surveying members of the business community the use of questions presented that allow for a quickly decided response is best. Historically, there has been considerable debate regarding the optimal number of response categories. Research results are mixed ranging in recognition of the ability to use a minimal number of two choices (e.g. agree-disagree) to extremes such as 21-points. The end result is that the selection of scalar granularity becomes a trade-off with low granularity consideration of quickness to answer versus availability of suitable response options, and high granularity inclusiveness of all response options versus respondent impatience. In all, the defining characteristics of a Likert scale is that there is a distinct cut-off points with an assumption of linearity and equal intervals between responses (Pearse, 2011). Thus, use of an instrument with a few response choices or low scale granularity was considered suitable (i.e. a four point scale for the MBA degree necessity question set and a three point scale for the course topic and category question set).

In the third question set, respondents were asked for self-report demographic information to allow for study of differences between industry sector, organization size, organization location and respondent job title. The industry sector question presented a list of 22 industry segments and one option for 'other' based on the state's industry profile list used for economic and public reporting systems. Results were coded to differentiate responses

as either 1) manufacturing/retail, or 2) service/education/government. The organization size question presented a list of six employee levels ranging from less than 20 to greater than 1,000. The results were coded to differentiate responses as either 1) small (less than 500), or 2) medium/large (more than 500). The organization location question presented five options to indicate where the respondent's organization operates distinguishing metropolitan region, state, national and international options. The responses were coded to differentiate responses as either 1) domestic, or 2) global. Finally, the respondents were asked to choose from a list of four options the job title which best reflected employment status at the organization. The responses were coded to differentiate responses as either 1) recruiter/non-manager, or 2) general/ executive manager titles. The coding schemes complement approaches in previous studies and allows for comparison of results to be discussed in the later portion of this paper.

Results

Descriptive Results

Of the 48 usable responses, the frequency of response by the respondent demographics, industry sector was 13 (27%) manufacturing/retail responses, and 35 (73%) service/ education/government responses. For the respondent demographic, organization size, there were 24 (50%) small-sized organizations with less than 500 employees, and 24 (50%) medium/large-sized organizations with more than 500 employees. For the respondent demographic, organization location(s) there were 34 (71%) domestic location only organizations, and 14 (29%) globally located organizations. Finally, for the respondent demographic, job title there were 24 (50%) recruiter/non-manager, and 24 (50%) general/executive manager responses.

Descriptive results of the survey responses to the three question sets are found in Figures 1, 2 and4. In Figure 1, Expectation for MBA Degree by Management Level, responses for the front line/operational management level indicated zero (0%) responded MBA degree required, seven (14.6%) responded MBA degree not required but highly desirable, five (10.4%) responded MBA degree not required but preferred, and 35 (72.9%) responded MBA degree not required; skills not needed; one respondent

(2.1%) did not answer. For the mid-management level three (6.3%) responded MBA degree required, 14 (29.2%) responded MBA degree not required, but highly desirable, 22(45.8%) responded MBA degree not required but preferred, and seven (14.6%) responded MBA degree not required; skills not needed; two respondents (4.2%) did not answer. Finally, for the executive management level 12 (25.0%) responded MBA degree required, 22 (45.8%) responded MBA degree not required but highly desirable, 10(20.8%) responded MBA degree not required but preferred, and zero (0%) responded MBA degree not required; skills not needed; four respondents (8.3%) did not answer.

Figure 2, MBA Course Topic Category Ratings presents descriptive information for the five course topic categories (specific function, analytical, soft-skill, socially responsible and global) which were assessed by the respondents for the importance the organization placed on the KSAs associated with each course topic category. For brevity, only the results which reflect the respondent selection of the 'Essential" response (Managers in our organization would not be able to succeed without having the KSAs associated with this course topic category) are discussed in this section. For the Specific Functional course topic category 19 (39.5%) responded that the category was essential. For the Analytical course topic category 13 (27.1%) responded that the category was essential. For the Soft-Skill course topic category 20 (41.7%) responded that the category was essential. For the Social Responsibility course topic category 13 (27.1%) responded that the category was essential. Finally, for the Global course topic category six (12.5%) responded that the course topic category was essential.

Figure 3, MBA Course Topic Ratings presents descriptive information for the 26 course topics which were assessed by the respondents for the importance the organization placed on the KSAs associated with each course topic category. For brevity, only the results which reflect the respondent selection of "Essential" response (Managers in our organization would not be able to succeed without having the KSAs associated with this course topic category) are discussed in this section. Under the Specific Function course topic category eight courses were presented. For Marketing, seven (14.6%) responded that the course topic was essential. For Finance, 13 (27.1%) responded that the course topic was essential. For Financial Accounting, 15 (31.2%) responded that the course topic

was essential. For Supply Chain, 11 (22.9%) responded that the course topic was essential. For Strategy, 24 (50%) responded that the course topic was essential. For Cost Accounting, 19 (39.5%) responded that the course topic was essential. For MIS, 14 (29.2%) responded that the course topic was essential. For Operations Research, four (8.3%) responded that the course topic was essential.

Under the Analytical course topic category, three courses were presented. For Managerial Economics, 12 (25.0%) responded that the course topic was essential. For Quantitative Analysis, 14 (29.2%) responded that the course topic was essential. For Decision Analysis, 25 (52.1%) responded that the course topic was essential.

Under the Soft-Skill course topic category, nine courses were presented. For Communication, 33 (68.8%) responded that the course topic was essential. For Organization behavior, 22 (45.8%) responded that the course topic was essential. For General Management, 35 (72.9%) responded that the course topic was essential. For Leadership, 38 (79.2%) responded that the course topic was essential. For Human Resources Management, 17 (35.4%) responded that the course topic was essential. For Organization Design, five (10.4%) responded that the course topic was essential. For Negotiations, 14 (29.2%) responded that the course topic was essential. For Career Planning, eight (16.7%) responded that the course topic was essential. Finally for Entrepreneurship, five (10.4%) responded that the course topic was essential.

Under the Socially Responsible course topic category, three courses were presented. For Ethics and Socially Responsible 23 (47.9%) responded that the course topic was essential. For Business and Government Relationships, 14 (29.2%) responded that the course topic was essential. For Business Law, 12 (25%) responded that the course topic was essential.

Under the Global course topic category, three courses were presented. For Macro Economics, five (10.4%) responded that the course topic was essential. For Global Strategy Management, eight (16.7%) responded that the course topic was essential. For International Business, four (8.3%) responded that the course topic was essential.

Table 1, Rank Order of Course Topics presents in rank order the 26 courses considered by the respondents. The course topics of Leadership, General Management, Communication, Decision Analysis and Strategy assumed the top five places. Of note is that three of the courses are Soft-Skill courses (Leadership, General Management and Communication), while Decision Analysis is an Analysis course and Strategy is a Specific Function course. Additional discussion comparing this list with the course offerings by the business college of interest in this case study will be presented in the next section.
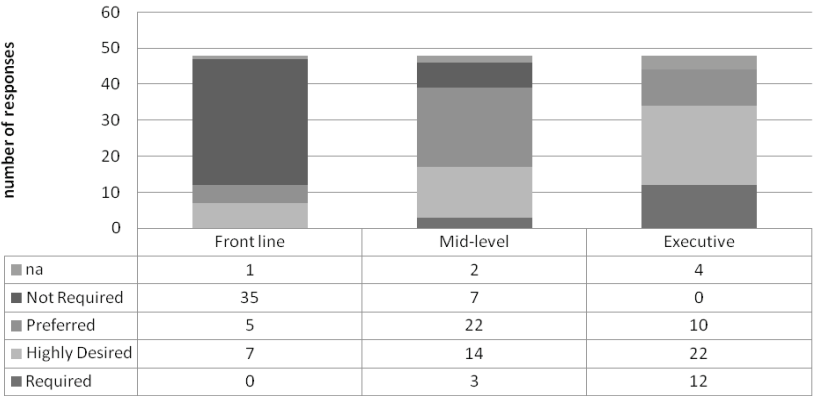
	Front line	Mid-level	Executive
■ na	1	2	4
■ Not Required	35	7	0
■ Preferred	5	22	10
■ Highly Desired	7	14	22
■ Required	0	3	12

Figure 1. Expectation for MBA degree by Management level (N=48)

	Functional	Analytical	Soft-skill	Social Responsible	Global
■ na	4	0	0	0	3
■ Little Value	2	4	4	9	16
■ Desirable	23	13	24	26	23
■ Essential	19	13	20	13	6
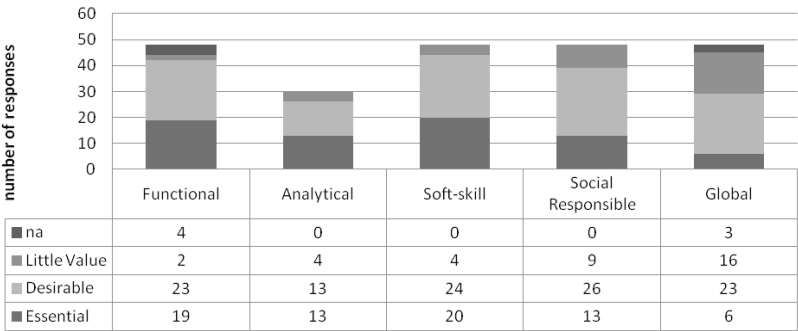
Figure 2. MBA course topic category ratings (N=48)
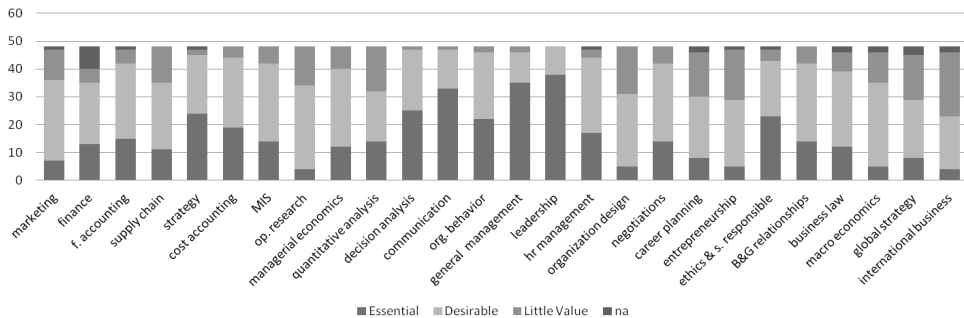
Figure 3. MBA course topic ratings all courses (N=48)

Table 1. MBA course topics by rank order

Rank	Course Topic	Category	Rated Essential
1	Leadership	Soft-skill	38
2	General Management	Soft-skill	35
3	Communication	Soft-skill	33
4	Decision Analysis	Analytic	25
5	Strategy	Specific Function	24
6	Ethics and S. Responsible	Socially Responsible	23
7	Organization Behavior	Soft-skill	22
8	Cost Accounting	Specific Function	19
9	HR Management	Soft-skill	17
10	Financial Accounting	Specific Function	15
11	MIS	Specific Function	14
11	Quantitative Analysis	Analytic	14
11	Negotiations	Soft-skill	14
11	Business and Government Relationships	Socially Responsible	14
12	Finance	Specific Function	13
13	Managerial Economics	Analytic	12
13	Business Law	Socially Responsible	12

14	Supply Chain	Specific Function	11
15	Career Planning	Soft-skill	8
15	Global Strategy	Global	8
16	Marketing	Specific Function	7
17	Organization Design	Soft-skill	5
17	Entrepreneurship	Soft-skill	5
17	Macro Economics	Global	5
18	Operations Research	Specific Function	4
18	International Business	Global	4

Hypothesis test results

When testing each of the hypotheses, in cases where there was missing data, the assumption is that the data was missing completely at random (MCAR); a listwise deletion of cases with missing data was elected. Although this approach results in the reduction of the sample size and a loss of power it is the most accurate regardless of the source of data loss (Switzer, Roth and Switzer, 1998). The number of usable respondents will be identified during the presentation of results for each of the three hypotheses.

Hypothesis 1 was tested to examine the necessity of holding an MBA degree at higher managerial levels in an organization. Analysis results are presented in Table 2. The data contained four missing data points for this question (n= 44). The mean responses for executive level managers was 1.98 (range from 1.74 to 2.17 at 95% CI), for mid-level managers was 2.75 (range from 2.50 to 3.00 at 95% CI) and for front line managers was 3.64 (range from 3.42 to 3.85 at 95% CI). Thus, at the executive management level respondents indicated that holding an MBA degree was not required but highly desirable, at the mid-level management level the requirement was relaxed to preferred but not required, and at the front line management level the expectation relaxed to slightly indicate MBA skills were slightly more than needed but not required. Given the assumption of equal variance, a paired t-test was conducted to determine if there was a significant difference between the three managerial levels. The results of the t-test indicate that there is a significant difference between

all three managerial levels. Overall, the requirement to hold an MBA degree becomes more important as one progress up the managerial career ladder; further there is a significant difference in expectation to hold the degree or associated skills associated with the degree. Thus, Hypothesis 1 is supported, a difference in the value of holding an MBA degree was found in the three managerial levels.

Table 2. MBA degree necessity, paired sample t-test (n= 44)

	Mean	s.d.	t	Df	sign.	
Front Line- Midlevel	0.886	0.618	9.511	43	0.00	**
Midlevel-Executive	0.795	0.701	7.522	43	0.00	**
Executive-Front Line	1.682	0.771	14.474	43	0.00	**

Hypothesis 2 was tested to specifically examine if employers place a different value on the course topic category of soft skills as compared to other course topic categories typically covered in a general MBA course curriculum. Analysis results which compare the Soft-Skill course topic category with the other four course topic categories are presented in Table 3. The data contained six missing data points for this question (n= 42). Results indicate the mean response for each of the five course topic categories; specific function, topic category (1.62), analytical topic category (1.76), soft-skill topic category (1.62), socially responsible topic category (1.88), global topic category (2.17). In order of mean response, the most essential or desirable course topic categories are both the soft-skills and specific function topic categories followed by analytic topics and social responsible topics with the global topic category being viewed as the least important. The mean response is below the mid-point (2) for four of the five categories suggesting that these topic categories are essential or desirable for management success. Given an assumption of equal variance, a paired t-test was conducted to determine if there was a significant difference between the soft-skill topic category and the other four categories. A significant difference was found between the soft-skill and social responsible topic category (p = .047) and the soft-skill and global topic category (p = .002). Further, there was a significant difference between the specific function topic category and these two topic categories (p = .032 and .009 respectively). The results suggest that there is not a significant difference in the extent to which employers consider specific

function topics, soft-skills and analytic topics to be essential or desirable. However, there is a significantly different and higher importance placed on the knowledge and skills related to the soft-skill topics as compared to socially responsible or global topics. Thus, Hypothesis 2 is partially supported. That is, employers place a higher importance on soft-skill topics as compared to socially responsible and global topics but not as compared to specific function and analytic course topic categories.

Table 3. MBA skill categories, soft-skill paired sample t-test (n=42)

	Mean	s.d.	t	df	sign.	
Soft-Skill - Specific Function	0.00	0.671	0.00	41	1.00	
Soft-Skill -Analytical	0.146	0.823	0.14	41	0.26	
Soft-Skill - Social Responsible	-0.268	0.837	-2.05	41	0.05	*
Soft-Skill – Global	-0.512	0.978	-3.35	41	0.00	**

Hypotheses set 3 was tested to examine if differences in responses for the importance of the five course topic categories are evident based on respondent demographics of industry type, organization size, organization location and respondent job title. Given the low response rate to the survey, for examination of this hypotheses set the responses used to determine the extent to which MBA skills/topics were pooled to reflect the difference between 'essential' and 'other' (i.e., desirable or little value). Further, given that some response cells were still below the threshold frequency of five, a Fisher's Exact test was conducted to detect significant differences from expected results. No significant differences were found for industry type, organization size or organization location (range of p-value from .466 to 1.0 for industry type, from .193 to 1.0 for organization size, and from .211 to .750 for organization location). Significant differences were found based on respondent job title (p-value ranged from .039 to 1.0). In the interest of brevity only the results for the respondent job title are presented in Table 4. Significant differences were found between job title groups in responses for the analytical topic category with a frequency of 12.5% by recruiters/non-managers vs. a frequency of 41.7% for general/executive managers (p= .049). That is, recruiters and non-managers rated the analytical topic category as being significantly less essential as compared to managers. Significant differences were also found for the soft-sill topic category with a frequency of 25% by recruiters/non-managers vs. a frequency of 58.3%

for general/executive managers. Again, recruiters/non-mangers rated soft-skill topics as being significantly less essential as compared to managers. Figure 3 presents a graphical illustration accentuating the differences in the responses between the two groups. While there is agreement in the extent to which the specific functional course topic and global topic categories are essential and a somewhat consistent pattern for the social responsible topic category, there is noted divergence for the analytic and soft-skill topic categories. Based on the results of the Fisher Exact Test, Hypotheses set 3 is partially supported. That is, there is a difference in essential rating responses for the MBA course topic categories of analytical and soft-skills by a respondent's job title.

Table 4. MBA skill categories rated essential by job title (n=44 function/48 others)

Category	Job Title		Fisher's	
	Recruiter/non (percent)	Manager (percent)	Exact p-value	
Functional	0.45	0.42	1.000	
Analytic	0.13	0.42	0.049	*
Soft-skill	0.25	0.58	0.039	*
Social Responsible	0.17	0.38	0.193	
Global	0.10	0.17	0.670	

Figure 4. MBA skill categories rated essential by job title

Discussion

The development of relevant MBA programs given the multitude of issues related to both the diversity of student educational background and the needs of the business community creates challenges for those responsible for relevant curriculum development. As suggested by Rubin and Dierdorff (2013) approaching the task in a more nuanced fashion with a focus on career development can lead to effective contemporary programs. The presentation of this case study is intended to illustrate how a local level view approach can facilitate the development of a more meaningful approach. The approach complements expectations from accreditation bodies such as AACSB, as well as an orientation of creating value for economic clusters on a local scale (Porter & Kramer, 2011).

The significant results found in testing for Hypothesis 1 implies that for the local business community of interest those in lower levels of the organization do not need to hold the MBA degree. However, as one advances in an organization the expectation shifts notably to the need to have the advanced degree. Thus, the timeliness of pursuing the degree may be to seek it as one becomes ready to advance rather than immediately following the achievement of an undergraduate degree. From a recruitment perspective, the business school may do well to recruit those already in the workplace as opposed to its recent graduates. This stance also displays sound community stewardship in the guidance of its primary constituency who has predominantly first-generation and non-traditional backgrounds. Although not hypothesized for this study of note is the finding of a significant difference for mid-level management by industry type. The service, education, government respondents placed a higher value on holding an MBA degree (mean 2.68) as compared to the manufacturing, retail segment (mean 2.92). Thus, given that the metropolitan region has a higher than average presence of the later industry type holding an MBA degree may be more important than what is needed on average in the national business community. In all, the research findings contribute from local level insight into the question posed by Rubin and Dierdorff (2013, p. 136), "For whom and under what circumstances should an MBA be pursued?"

The results found in testing Hypothesis 2 is that the importance of the soft-skill topic category was not found to be significantly different than functional skill or analytical course topic categories, but is significantly more important than the socially responsible and global course topic categories. While the small sample size may explain the inability to find a significant difference between soft-skill and functional and analytic topic categories, it is possible that there may truly be a similar level of importance for MBA skill ability between the three course topic categories. This interpretation would complement the CERI study results for a balanced or "T" type professional (2012). However, the result as presented in Table 1 that three of the five course topics are soft-skills (i.e. leadership, general management, communication) lends that a definitive conclusion of course content mix is not readily apparent. Nevertheless, when comparing survey results to the course topic category profile offered at the local business school of interest there is enough information to begin a fruitful dialogue to address the gap between research results and what is currently offered.

The predominant focus of the discussion rests in assessing the profile of the core course topics offered in the MBA program. At the very least, there is notable misalignment between the local business community members' assessment of the importance of the functional, analytic and soft-skill course topic categories with the profile of the currently offered core MBA courses. Broadly, of the eight required courses offered, five are from the specific functional course topic category (62.5%), two are from the analytical topic category (25%) and only one is from the soft-skill topic category (12.5%). Not evident from course titles and in need of additional input from MBA faculty is a deliberate and more refined understanding of specific course content. Further, although the socially responsible and global course topic categories were not found to be as important as the other three course topic categories, the recent emphasis by AACSB suggests that course content should be evaluated for inclusion of these topics as well. A suggested approach would be for MBA faculty who teach core courses to calculate a weighted allocation of current content delivery for each of the course topic categories. These proportions can then be compared with the local business community responses to generate a deeper level of discussion.

Finally, the results found in testing Hypotheses set 3 were that a significant difference was not found in responses between organization type, organization size, and organization location. It is assumed that this result is related to the small sample size and that future research efforts to attract a higher response rate would be beneficial. Given the noted differences in skill capability found in the CERI study, it is anticipated that significant differences exist. Of more important consideration with this hypotheses set is that a significant difference was found in the response patterns between recruiter/non-managers, and general/executive managers. The finding suggests that specific respondent agenda may play a role in the assessment of which MBA topic categories are of greatest importance. Of specific interest is in the divergence in responses pertaining to the importance of the soft-skill topic category. Those in managerial positions clearly place higher importance on soft-skills than any other topic category; further, they place a significantly higher importance on this category as compared to those who are not managers. It is possible that recruiter's role to provide an organization with suitable employees is easier to demonstrate with evidence of specific functional capabilities as defined by MBA course topic titles found on formal documents such as transcripts compared with the less easily defined soft-skill capabilities which may be embedded in MBA course content. Managers on the other hand, who are challenged with performing job duties that by definition are oriented to 'getting things done through and with people' (Daft, 2012) are more aware of the importance of having capabilities which afford an ability to lead and communicate. For MBA faculty, bringing attention to this discord in the discussion of developing relevant and effective MBA curriculum would be beneficial.

As with any study there are limitations which need to be noted. At the onset it is duly noted that given the small sample size there is reduced power in establishing significant results. However, generating a suitable sample size at a local level can be a challenging task. Similar studies have been faced with noted limitations (e.g. Shuayto, 2013); even large scale national studies have low response rates by local contribution (e.g. CERI studies). Future research efforts of local stakeholder views which devote specific attention to the generation of larger survey sample responses would help to improve an understanding of specific populations (e.g. industry clusters) of interest. Second, while the list of course topics and course topic categories are commonly found in most MBA curriculum, and the survey instrument

was pre tested for ease of completion and understanding, it is possible that the respondents may have different expectations of specific content contained in each course topic category. The integration of qualitative study methodology such as focus groups and semi-structured interviews to allow for dialogue to more clearly identify course topic content would generate a richer understanding of the local business community's interests (Yin, 2003). Finally, with regard to the overall development of effective MBA curriculum there are a number of additional issues, which were not considered in the study. For example, understanding the role of course delivery methods and the use of experiential learning experiences also play an integral part in the development of MBA programs (Rubin & Dierdorff, 2013). Consideration of these issues would likewise benefit from a local view with inclusion of other key stakeholder groups such as currently enrolled MBA students and alum.

Conclusion

Attention to the development of relevant MBA programs will continue to be a challenge as the business world rapidly evolves with advances in technology and global reach. The inclusion of relevant stakeholder groups such as employers in the discussion of how best to address issues related to the development of effective MBA curriculum is vital. A call for the construction of MBA curriculum which complements career development of its constituents is seen as a way to address this challenge (Rubin & Dierdorff, 2013). In this regard, the focus of this paper was intended to convey that there is value for business schools to view at the local level the effectiveness of their MBA curriculum. The results presented from the case study illustrate that input from the key stakeholder group; the local business community can be used to prompt an objectively based faculty discussion to critique current curriculum. The localized approach complements not only AACSB guidelines for business schools to be mission driven but also encourages the economic development of local industry clusters. The results clearly indicate that holding an MBA degree in the local business community of interest is recognized as a requirement as one advances in his/her career. On a broader scale, the research results contribute support to the debate position that the MBA degree is an important mechanism from which to secure KSAs to be an effective manager. Further, the results suggest that the continued debate as to which courses would be most

effective depends in part on the perspective of the respondent, but in all, effort to provide more emphasis on soft-skill development is beneficial. The presence of misalignment between the local business community and what is offered in the local MBA curriculum accentuates broader findings and emphasizes the need for continued efforts actively seek key external stakeholder perspective. It is from this approach that the understanding of how best to develop relevant MBA curriculum will advance.

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The impact of transformational leadership on team performance and satisfaction: the mediating role of trust

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Abstract. *Much of the research in leadership focuses on investigating the types of leader behaviors that determine positive follower outcomes. Due to the increasing global dimensions of today's business practice and the growing collaboration between employees based in branches from companies around the world, it has become more important than ever to understand which leadership styles are most appropriate in determining positive follower outcomes. In the search for potential determinants of positive team outcomes, transformational leadership and trust have emerged as two important factors. According to Bass (1985), transformational leadership motivates followers by making them more aware of the importance of task outcomes, determining followers to transcend their own self-interest for the sake of the organization or team, and through activating follower higher order needs. Leaders with transformational leadership style characteristics are supportive, encouraging, and able to provide the necessary help in the face of obstacles and hardships. In addition, when employees trust their leaders, they are likely to perform better and be more satisfied. Drawing on previous research of transformational leadership, trust in the leadership, team performance, and satisfaction, the present endeavor develops a model, which proposes that transformational leadership positively influences team performance and satisfaction, both directly and indirectly, being partially mediated by trust in the leader. The paper tested the impact of transformational leadership on team performance and satisfaction, while considering the role of trust, among employees (N=121) of face-to-face and virtual teams from various industries mainly in Romania and USA. The results indicated that transformational leadership had only a direct influence on team performance, and a direct and indirect positive influence on team satisfaction. The impact of transformational leadership on team satisfaction was partially mediated by follower's trust in the leader. Based on the results*

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of the present research, implications for leadership theory and practice of leadership are discussed.

Keywords: *transformational leadership; performance; satisfaction; trust.*

Introduction

After more than 20 years of research, transformational leadership behavior has been associated with a variety of positive outcomes (Bommer, Rubin, & Baldwin, 2004) such as employee satisfaction (Podsakoff, MacKenzie, Moorman & Fetter, 1990), organizational commitment (Bycio, Hackett & Allen, 1995), extra effort (Seltzer & Bass, 1990), turnover intention (Bycio et al., 1995), and organizational citizenship and employee performance (Podsakoff, MacKenzie, Paine & Bachrach, 2000; MacKenzie, Podsakoff & Rich, 2001). At the same time, there have been rapid developments in communication technology, which changed the dynamic of current organizations and enabled the development of virtual teams. The need to study leadership styles appropriate for both face-to-face and virtual environments soon emerged and led to new conceptualizations such as e-leadership (Avolio, Kahai & Dodge, 2000). Avolio and Kahai (2003) supported e-leadership must be set in the context of defining leadership in general. Previous studies associated transformational leadership with positive outcomes and follower perceptions in virtual teams as well (Kahai, Sosik & Avolio, 2003; Ruggieri, 2009; Purvanova & Bono, 2009). Trust in the leadership is considered one of the key elements, necessary in determining whether the leader will manage to bring about organizational effectiveness at all levels (individual, team, and unit) (Burke, Sims, Lazzara & Salas, 2007). The present endeavor builds on previous research, which links transformational leadership to positive team outcomes, while considering the mediating role of trust. More specifically, the study investigates the direct and indirect impact of transformational leadership on two outcomes, team performance and satisfaction.

Theoretical background and hypotheses

Transformational leadership

According to Bass (1985), transformational leadership motivates followers by making them more aware of the importance of task outcomes, determining followers to transcend their own self-interest for the sake of the organization or team, and through activating follower higher order needs. Leaders who present transformational leadership style characteristics are supportive, encouraging, and able to provide the necessary help in the face of obstacles and hardships. Yukl (2006) emphasized the influence of such leadership determines followers to feel trust and exceed expectations. Transformational leadership includes four types of behavior: idealized influence, individualized consideration, inspirational motivation, and intellectual stimulation. Idealized influence appeals to follower emotions and determines identification with the leader. Individualized consideration refers to the provision of support, encouragement, and coaching to followers. Inspirational motivation involves the transmittal of vision by using symbols to channel follower effort and model behaviors. Lastly, intellectual stimulation is a behavior that appeals to follower awareness of problems and influences the follower to "view problems from a new perspective" (Yukl, p. 262).

When discussing the influence process, Yukl underlined that transformational leadership behaviours like inspirational motivation and individualized consideration are likely to increase the self-efficacy of individuals and the collective efficacy of teams (the confidence of team members in the ability to achieve the set objectives). Thus, self-efficacy closely relates to team performance, but is not identical to it. Yukl also noted that leaders could improve the performance of their team through motivating team members to commit to attaining shared common objectives, clarifying tasks, team organization, support mutual trust, and cooperation within the team. According to Yukl, trust and cooperation play an important role since "even a talented, well-organized team may fail in carrying out its mission unless there is a high level of cooperation and mutual trust among its members" (p. 327). Bass (1999) argued that unlike transactional leadership, which practices contingent reinforcement of followers, the transformational leader inspires, intellectually stimulates, and is considerate of them. Bass and Avolio (1998) supported that transformational leaders are role models for followers and "can be counted

on to do the right thing, demonstrating high standards of ethical and moral conduct" (p. 136). According to Avolio, Zhu, Koh, and Bhatia (2004), transformational leaders may use individualized consideration and intellectual stimulation to empower followers by challenging their beliefs, mindsets, and values.

Transformational leadership and follower performance

Previous research associated transformational leadership with follower performance in various domains. In a study of the influence of transformational and transactional leadership on the performance of sales people, MacKenzie et al. (2001) found that transformational leadership influenced the sales people in the sample to perform above their normal duty and had a stronger direct and indirect effect with sales performance as compared to transactional leadership. Kahai et al. (2000) showed that transformational leadership is likely to contribute to group performance by overcoming social loafing among group members.

Dionne, Yammarino, Atwater, and Spangler (2004) discussed the specific link between transformational leadership and team performance. In their conceptual model, Dionne et al. posited that idealized influence/inspirational motivation, intellectual stimulation and individualized consideration could produce intermediate outcomes such as shared vision, team commitment, and empowered team environment, and functional team conflict. The researchers argued these intermediate outcomes might positively affect team communication, cohesion and conflict management. Pillai and Williams (2004) found that transformational leadership was related to perceptions of unit performance and commitment thorough self-efficacy and cohesiveness. In addition, transformational leadership also influenced commitment and perceptions of unit performance directly. Menges, Walter, Vogel, and Bruch (2011) showed that transformational leadership climate positively influences the organization's affective climate and its workforce performance.

Transformational leadership and follower satisfaction

Bono and Judge (2003) found a positive relationship between transformational leadership and job satisfaction. Their research indicated that when external factors (such as transformational leadership) can

influence the extent to which individuals perceive their work activities to be important and self-congruent, and when individuals have such perceptions, they experience job satisfaction and are more willing to work harder on a simple task. Medley and Larochelle (1995) found that transformational leadership style was positively related to nurse satisfaction. Nielsen, Yarker, Randall, and Munir (2009) went further into researching the mechanisms that link transformational leadership to follower satisfaction and considered the mediating role of team efficacy. They found that team efficacy partially mediated the relationship between transformational leadership and job satisfaction.

Trust in leadership

The present endeavor is mainly concerned with trust in the leader, which has been considered one of the most important variables that mediates the effectiveness of transformational leadership (Podsakoff et al., 1990; Yukl, 2006). Kirkpatrick and Locke (1996) supported transformational leadership increased follower trust by leader demonstrating concern for followers' needs, capability and persistence in achieving the vision and possibly through showing that he/she is able to sacrifice for the sake of the group. The process of building trust in the leader also involves empowerment of the followers to make their own decisions (Avolio & Bass, 1995) and leadership role modeling (Bass & Avolio, 1990). Arnold, Barling, and Kelloway (2001) found that transformational leadership increased trust, commitment and team efficacy, recommending that transformational leadership style is a better way to engender trust.

In virtual teams, the development and maintenance of an appropriate level of trust is associated with an exchange of both verbal and non-verbal cues, which involves the use of both emailing and video conferencing (Zaccaro & Bader, 2003). According to Zaccaro and Bader (2003), effective teams gradually develop high degree of cohesion and trust. Previous studies underlined that in the specific virtual team context, the role of the leader consists of making sure that the team has the cognitive, social, and material resources to achieve tasks and goals, and that leaders play a critical role in creating an environment of trust where people can open and share their thoughts and feelings (Zaccaro & Bader, 2003; Zeffane, 2010). Acknowledging the importance of trust in virtual teams, Jarvenpaa

and Shaw (1998) argued that trust is the only thing that prevents "geographical and organizational distances of team members from turning into unmanageable psychological distances" (p. 47).

A direct link between transformational leadership and trust was found by Gillespie and Mann (2004), who showed that transformational leadership behaviors were positively correlated with team members' trust in the leader. The leader builds trust in the team members through providing rewards contingent upon achievement of objectives, consulting team members when making important decisions, and by communicating a collective value-driven vision. Connell, Ferres, and Travaglione (2003) found that transformational leadership was a significant predictor of trust in leadership and that turnover intent and commitment were significant outcomes. Thus, the process of building trust represents an important step for the leaders to obtain positive work-related outcomes from their followers. Regarding the mediation, previous research indicated that trust appeared as an important mediator in the relationship between transformational leadership and some measures of performance, including satisfaction, in traditional teams (Jung & Avolio, 2000). Jung and Avolio (2000) found that transformational leadership had both a direct and indirect influence on follower performance. Trust in leadership had a mediating effect on the relationship between transformational leadership and follower performance (measured in terms of quality of outcomes and satisfaction with the leader). When employees trust their leaders they are likely to perform better and be more satisfied. As seen above, previous research indicated that transformational leadership is positively related to trust (Yukl, 2006) and various positive team outcomes. Yukl (2006) highlighted that trust in the leader helps followers exceed expectations in their performance. The influence is direct and indirect, mediate by follower's trust in leadership (Jung & Avolio, 2000). The present research proposes the mediating effect of trust extends from satisfaction with the leader to team satisfaction as well. To sum up, the present model proposes that transformational leadership is positively related to both team performance and satisfaction (as perceived by the team members). The positive influence of transformational leadership is both direct and indirect, mediated by trust in leadership. Considering the above-described relationships, the present model proposes to test both the direct and

indirect effect of transformational leadership on team performance and satisfaction as follows:

H1: Transformational leadership positively influences team performance.

H2: Transformational leadership positively influences team satisfaction.

H3: Trust will partially mediate the positive effect of transformational leadership on team performance and satisfaction.

Method

Participants

Part of the participants in the present study come from a convenience sample in a large company based in Romania (N=28). The greater part of the surveys (N=93) was gathered with the help of snowball sampling. The sample consisted of 121 respondents (44.6% male and 55.4 female) mainly from Romania (63.6%) and the USA (30.6%), with one additional respondent from each of the following countries: Italy, Mexico, UK, Mexico, Norway, Spain, Rwanda, and Brazil. In what the typology of the team is concerned, most individuals worked in face-to-face teams (65.3%), followed by individuals who were part of a mixed type of team (32.2%), and virtual team members (2.5%). The other demographic characteristics are presented in Tables 1-3 below.

Table 1. Demographic information (Age)	
Age	Employee %
18-24	15.7%
25-30	39.7%
31-40	31.4%
41-60	13.2%
Over 60 years old	-

Table 2. Demographic information (tenure with leader)	
Tenure	Employee %
Less than 2 years	50.4%
2-5 years	33.9%

5-10 years	12.4%
Over 10 years	3.3%
Table 3. Demographic information (industry type)	
Industry type	Employee %
Aerospace/Aviation/ Automotive	23.1%
Agriculture / Forestry / Fishing	.8%
Business / Professional Services	9.1%
Communications	.8%
Education	14.9%
Finance / Banking / Insurance	7.4%
Food service	1.7%
Government/Military	6.6%
Healthcare / Medical	5.0%
Legal	.8%
Manufacturing	.8%
Marketing / Market Research / Public Relations	2.5%
Media / Printing / Publishing	6.6%
Retail	-
Telecommunications	1.7%
Other	18.2%

Measures

The questionnaire includes questions on all the variables under study, as follows. The Global Transformational Leadership Scale (Carless, Wearing & Mann, 2000) was employed to measure transformational leadership. Carless et al. developed a questionnaire that covers the following leadership aspects: vision, staff development, supportive leadership, empowerment, innovative thinking, and lead by example, and charisma. The response format is a 5-point Likert scale ranging from "Rarely or never" to "Very frequently, if not always". The employees were asked how frequently the leader engaged in the described behavior. Support for convergent and discriminant validity was found in the study that validated Global Transformational Leadership Scale. The seven items that make up the scale

measure a single construct. Cronbach's alpha indicated a value of .93. One sample item is "My team leader fosters trust, involvement and cooperation among team members." The performance and satisfaction of team members were assessed through the nine items from Lurey and Raisinghani (2001). The items were used to assess performance and satisfaction in virtual teams, and they are considered appropriate for the context of the present study as well. The virtual team phrase in the following item "In the future I would be interested in participating in another virtual team" was replaced with "In the future I would be interested in participating in another similar team" to better reflect the context of the present research. The items are part of an extensive virtual team survey, which aimed to find information about how virtual teams were designed, the systems used to support teams, and these have/have not helped the team succeed in achieving business objectives. The response format is a 5-point Likert scale ranging from "Strongly agree" to "Not applicable." One sample item is "In the past, the team has been effective in reaching its goals." The reliability measures indicated a value of .82 for both of the dimensions. Lastly, the twelve perceived trustworthiness items developed by Mayer and Davis (1999) were employed to assess trust in leadership. The instrument was developed to measure perceived trustworthiness along its three main dimensions: benevolence, integrity, and competence. The items are designed from the trustor's point of view with regard to the trustee. The response format is a 7-point Likert scale from "Strongly disagree" to "Strongly agree." As in previous research, the items will be aggregated to compute an overall measure of trustworthiness. A sample item is "This manager has a strong sense of justice." Cronbach's alpha indicated a .94 value. The word "manager" has been replaced with "team leader" to better fit the purpose of the present research. . The reliability scores for the present sample are presented in Table 4.

Table 4. Reliability of the Scales

Scale	Number of items	Cronbach's Alpha
The Global Transformational Leadership Scale	7	.921
Performance	4	.756
Satisfaction	5	.803
Perceived trustworthiness	12	.961

In addition, the study included the following control variables: team typology, tenure with the leader, frequency of communication, culture (country), industry type, and team size. Team typology refers to whether the individual works in a face-to-face, virtual or mixed team. Because of the global context in which teams operate, national culture was also found to influence team dynamics and trust. Data on culture will be obtained by asking participants to fill in the country of origin and will be coded according to Hofstede's (1980) classification of countries as having individualistic or collectivistic cultures.

A small-scale pilot study was conducted with 10 respondents who gave feedback on the questionnaire. The sample consisted of respondents from Romania, Sweden, and the USA. The respondents reported they understood the questions. Cabanda, Fields, and Winston (2011) noted that a pilot study would help ensure items in the questionnaire are valid and reliable. The scales that will be used are developed and have been validated by previous studies, thus ensuring content validity.

Procedure

The research was conducted via online Google Docs Forms survey system through the administration of questionnaires. In order to have a better view of how transformational leadership influences team performance and satisfaction of team members, the present endeavor used team members from a large company in Romania and from various other industries with the help of snowball technique. The survey contained 36 questions and based on pilot testing, took approximately 7 minutes to complete. The questionnaire was administered in English. In the pilot test phase, the Romanian respondents reported a good understanding of all the items in the questionnaire. In many companies in Romania, employees use English on a daily basis. The respondents from the large company were recruited with the help of a contact from inside the company. Upon signing a confidentiality agreement, the HR Department agreed for the author's contact inside the company to send the link to the survey. The other participants were recruited through Facebook. The author sent personal messages to contacts in Facebook, asking them to fill out the survey and to forward it to their contacts as well. Each questionnaire had an opening statement regarding the purpose of the research and an informed consent

making the participants aware that the completion of the survey represents the agreement to participate in the study.

Results

The survey results were entered into SPSS (version 18.0). Descriptive statistics revealed the characteristics of the sample. Apart from the demographic characteristics, a few other features of the sample are worth noting. Regarding the frequency of communication, 54.5% respondents reported communicating with their leader more several times a day, 10.7% once a day, 22.3% several times a week, and 12.4% every other week. In what the size of the team is concerned, 24% participants reported being part of a team with less than 5 members, 37.2% respondents reported being part of teams with 5-10 members, 20.7% indicated being part of teams with 10-15 members, while 18.2% reported working in teams with over 15 members.

The reliability analysis indicated acceptable values, with Cronbach alpha values over the .7 (Kerlinger and Lee). Following the reliability analysis, the items that comprised each scale were computed and the aggregated variables for transformational leadership, performance, satisfaction, and perceived trustworthiness were further employed for testing the hypotheses. Correlation analysis was employed to see whether there were any significant correlations between the dependent, independent and control variables. Pearson's Product Moment Correlations Matrix (Table 5), indicated a few significant correlations. Team performance was significantly correlated with team satisfaction ($r=.43$, $p<.01$), transformational leadership ($.44$, $p<.01$), trust ($r=.36$, $p<.01$) and significantly and negatively correlated with the age of the respondents ($r=-.23$, $p<.05$). Team satisfaction was significantly correlated with transformational leadership ($r=.68$, $p<.01$) trust ($r=.70$, $p<.01$) and gender ($r=.20$, $p<.05$). Transformational leadership was significantly correlated with trust ($r=.84$, $p<.01$). The results indicated other significant correlations between trust and gender ($r=-.18$, $p<.05$), age and tenure with the leader ($r=.27$, $p<.01$), country and tenure ($r=.29$, $p<.01$), age and communication frequency ($r=.29$, $p<.01$), industry type and communication frequency ($r=.26$, $p<.01$), country and age ($r=.21$, $p<.05$), and industry type and country ($r=.19$, $p<.05$). The means and

standard deviations for the criterion, predictor, and control variables are shown in Table 6.

Table 5. Pearson's Product Moment Correlations Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11	12
Team performance	-	.432**	.443**	.360**	.046	.105	-.065	.095	.030	-.229*	-.040	-.088
Team satisfaction		-	.677**	.708**	.027	-.024	.083	.094	-.196*	-.136	.047	.106
Transformational leadership			-	.841**	.062	.060	-.084	.170	-.177	-.080	.027	.152
Trust				-	.013	-.026	-.052	.163	-.180*	-.100	.013	.096
Team typology					-	-.083	.032	.157	-.176	.028	-.106	.011
Tenure						-	.047	.065	.123	.269**	.291**	.119
Communication frequency							-	.000	-.045	.291**	.094	.260**
Team size								-	-.083	-.025	-.087	-.025
Gender									-	-.151	-.063	.056
Age										-	.212*	.174
Country											-	.194*
Industry type												-

**. Correlation is significant at the 0.01 level (2-tailed).*

. Correlation is significant at the 0.05 level (2-tailed).

Table 6. Descriptive Statistics (N=121)

Variable	M	SD
Team performance	3.8760	.58641
Team satisfaction	3.9669	.61174
Transformational leadership	3.5348	.86002
Trust	5.2073	1.31441
Team typology	1.6694	.93442
Tenure	1.6860	.81683
Communication frequency	1.9256	1.12669
Team size	2.3306	1.03592
Gender	1.5537	.49917
Age	2.4215	.91060
Country	1.5950	1.28179
Industry type	7.3223	5.48971

Multiple linear regression was employed to investigate the ability of transformational leadership to predict team performance and satisfaction as perceived by the team members, and the mediating effect of trust in the team leader. To test the first hypothesis, the control variables of team typology, tenure with the leader, communication frequency, country, industry type, team size, and age were entered in the first step, while the predictor, transformational leadership, was entered in the second step. Age was included because of the significant correlation with team performance. Hair, Black, Babin, Anderson, and Tatham (2006) mentioned that 15-20 observations per independent variable are required with multiple regression in order to make generalizations. The present model follows the minimum of 15 observations per independent variable guideline. The first model did not significantly contribute to explaining the variance in the dependent variable (p=.11). The second model was significant, indicating that transformational leadership explains 18% of the variance in team performance (R^2=.28, $F(8,112)$= 5.349, p<.001). Transformational leadership significantly predicted team performance (β=.44, p<.001) in support for the first hypothesis. In addition, age significantly and negatively predicted team performance (β=-.23, p<.05).

To test the second hypothesis, the control variables of team typology, tenure with the leader, communication frequency, country, industry type, team size and gender were entered in the first step, while the predictor, transformational leadership, was entered in the second step. Gender was added to the control variables due to its significant correlation with team satisfaction. The first model with the control variables was not significant (p=.42). The second model was significant and transformational leadership explained 44% of the variance in team satisfaction (R^2=.50, $F(8,112)$=13.953, p<.001). Transformational leadership significantly predicted team satisfaction (β=.69, p<.001) and thus supporting the second hypothesis. In addition, communication frequency significantly predicted team satisfaction (β=.18, p<.05).

The mediation hypothesis was tested through regression analysis following Baron and Kenny's (1986) guidelines. In investigating whether trust mediates the relationship between transformational leadership and team performance a series of linear regressions were performed. The first part of the mediational hypothesis was not supported (Figure 1). Transformational

leadership was significantly related to both the proposed mediator – trust (R^2=.70, F(1,119)=288.608, p<.001) and the outcome variable – team performance (R^2=.20, F(1,119)=29.051, p<.001). When controlling for the independent variable, the mediator did not have a significant relationship with team performance (p=78), thus rejecting the mediation hypothesis.

The second part of the mediational hypothesis was supported (Figure 2). Transformational leadership was significantly related to both the proposed mediator – trust (R^2=.70, F(1,119)=288.608, p<.001) and the outcome variable – team satisfaction (R^2=.46, F(1,119)=100.424, p<.001). When controlling for the independent variable, the mediator continued to have a significant relationship with team satisfaction, thus confirming the mediation hypothesis. Finally, when testing for the direct effect of the independent variable on the dependent variable and controlled for the mediator, the relation remained significant indicating a partial correlation. The beta value for the moderator (.48) is greater than the beta value for the independent variable (.27), indicating a considerable mediating impact. According to Preacher and Hayes (2004) there are several ways to calculate the indirect effect of transformational leadership on team satisfaction. One way is represented by c-c'=.402 in Figure 2.

Discussion

The first two hypotheses were supported, while the third hypothesis was only partially supported. First of all, the results indicate a positive and significant direct relationship between transformational leadership and team performance. The result is in line with the work of Pillai and Williams (2004), who showed that transformational leadership influenced perceptions of performance directly, and Jung and Avolio (2000), who showed the direct effect of transformational leadership on follower performance. An unexpected negative significant relationship between age and team member performance was also found, indicating that the younger the respondents, the greater the level of perceived team performance. A significant relationship was also found between transformational leadership and team satisfaction. This finding supports previous research by Bono and Judge (2003), who also found a positive
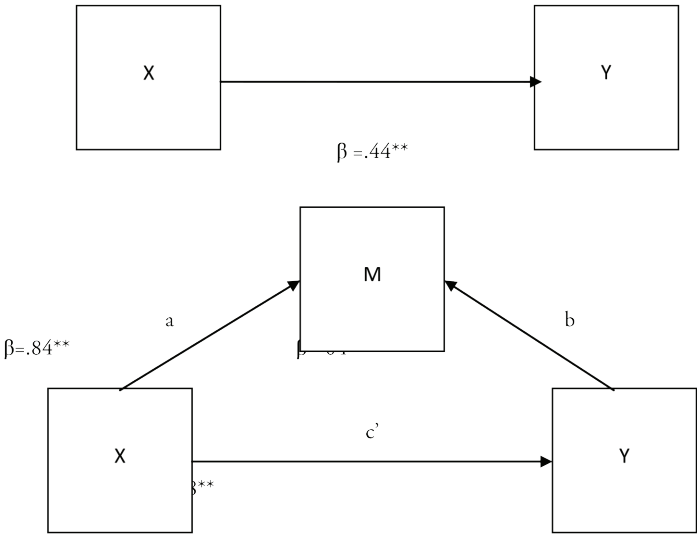
Figure 1. Model testing hypothesis that trust mediates the relationship between transformational leadership and team performance. * p <.05. ** p<.01. ** p<.001.

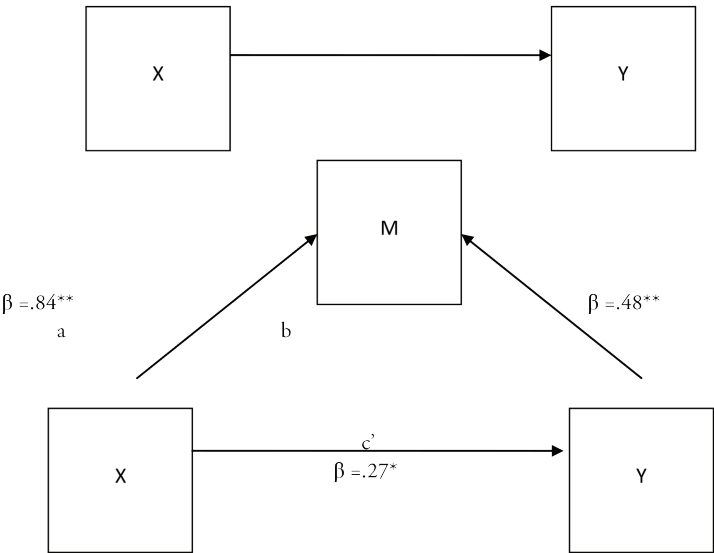**Figure 2. Model testing hypothesis that trust mediates the relationship between transformational leadership and team satisfaction. * p <.05. ** p<.01. ** p<.001.**

direct relationship between transformational leadership and satisfaction. While Bono and Judge measured job satisfaction, the present study was more specific in testing satisfaction within the team. The indirect effect of transformational leadership on team performance and satisfaction was also tested. The result of the multiple linear regressions indicated that trust only mediates the relationship between transformational leadership and team satisfaction. The lack of mediation for team performance is contrary to the findings of Jung and Avolio, who found that trust had mediating effects on the relationship between transformational leadership and various measures of performance. This may be due to the fact that Jung and Avolio measured performance with the help of external evaluators, who evaluated performance in terms of quality. Further analysis is required to explore the mediating effect of trust on follower performance within the context of teams. Taking further the work of Jung and Avolio who evaluated the mediating effects of trust on the relationship between transformational leadership and satisfaction (with the leader), the above analysis also confirmed a mediation effect when satisfaction was measured by assessing the satisfaction of the respondents with their respective teams.

The present descriptive cross-sectional study gathered data from respondents coming from a variety of industries in nine different countries. Considering the topic of the research and the measures involved, self-reports were considered appropriate to evaluate the leadership of the team leader, perceived team performance and satisfaction, and follower's trust in the leader. The questionnaire assembles different scales and appropriate reliability evidence was displayed in support for the inclusion of the scales. According to Conway and Lance (2010), this constitutes an important step in ruling out substantial method effects. The limitation of the study refers to the fact that much of the variance in team performance remained unexplained. As seen above, transformational leadership accounts for 18% of the variance in team performance. Future research should take into consideration other variables that influence team performance, such as type of communication used by teams, trust climate (Curşeu, 2006; Lin et al., 2008) or other leadership styles. To strengthen the internal validity of the study, an experimental approach to studying the proposed hypotheses could be adopted.

The present research links transformational leadership to team performance and satisfaction, while considering the mediating role of trust in the leadership. Prior studies indicated that transformational leaders positively influence follower's trust, which in turn leads followers to exceed expectations in their performance (Yukl, 2006). The model tested the positive influence of transformational leadership on both team performance and satisfaction and the mediating role of trust in a sample with members of teams from nine countries and various industries. As teams, both face-to-face and virtual, become increasingly frequent in large companies, understanding the impact of leadership team performance and team satisfaction is critical. Unlike previous studies, which have employed teams from various universities (Jung & Avolio, 2000; Jarvenpaa & Leidner, 1999; Arnold et al., 2001), the present research studied the proposed relationships in face-to-face and virtual teams working from various industries, thus making possible the generalization of results to various domains. The results revealed that transformational leadership has a positive and significant relationship with team performance and team satisfaction. In addition, trust was found to partially mediate the relationship between transformational leadership and team satisfaction. The results are relevant for programs developing leadership in teams, which should consider including aspects of transformational leadership because of their positive influence on team performance and satisfaction in employees from diverse cultural backgrounds. In addition, due to the large sample of Romanian employees included in the study, the results indicate transformational leadership is effective to maintain the satisfaction of Romanian followers.

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Are through-timers striving more for results than in-timers? Time perspective, achievement motivation and self-regulation: an empirical study

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Abstract. *The ways in which individuals develop temporal orientations that divide the flow of personal experience into the time zones of past, present or future influence decision making and action taking, in terms of dominant temporal orientation. Research so far has already highlighted the link between specific time orientations (mainly future) and a series of behaviors associated with health, risk taking or academic achievement. Although time perspective was investigated as a cognitive-motivational concept with important implications on learning outcomes and behavior, there is little or no evidence concerning the effects of time perspective on work related achievement motivation. Similarly, albeit time perspective was studied in relation with other individual variables that might provide insights for a better understanding of its volitional nature (such as, locus of control, optimism/pessimism or self-determination), self-regulation was not yet considered. Based on these assumptions, the present study investigates the possible associations between different time perspectives, self-regulation and achievement motivation. It was conducted using a survey method on a convenience sample of 67 MA students. Results show positive associations between future time perspective and self-regulation, and negative associations between present fatalist and self-regulation, respectively past negative and self-regulation. Likewise, achievement motivation seems to be positively related to future time perspective and negatively related to past negative and present fatalistic. Moreover, these correlations are supported at subscale level. The present findings advice for taking into account the way in which individuals assign the personal and social experiences to time frames, that help them give order, coherence and meaning in work settings. Since career, as well as schooling is by definition future-oriented, identifying the dominant time perspective and its relation to behaviors associated with planning and achieving one's goals might help better understand career choices. Concurrently, since time perspective is associated*

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with problematic behaviors, it could be included in the study of work related behaviors (counterproductive or organizational citizenship behaviors) along with self-regulation.

Keywords: time perspective; achievement motivation; self-regulation; goals; behavior.

Introduction

Time perspective, time attitude, time orientation or time perception, they all point out that individuals are aware of the passing of time and therefore try to make sense of it, either by exerting different affective responses towards the past, the present or the future (time attitude) (Nuttin, 1985) or by establishing which of these frames one tends to favor (temporal orientation) (De Volder, 1979).

However, in the attempt to determine the sense of time, which lately "has become the most precious commodity and the ultimate scarcity" (Robinson & Godbey, 1997, p. 25), the term time perspective was coined as the most representative concept in investigating the association between time frames and personal experiences.

Time perspective was initially referred to as "the totality of the individual's views of his psychological future and psychological past existing at a given time" (Lewin, 1951, p. 75 cited in Boniwell, Osin, Linley & Ivanchenko, 2010). Subsequently, definitions focused on the cognitive, affective and volitional aspects of the construct: "a cognitive operation that implies both an emotional reaction to imagined time zones (such as future, present or past) and a preference for locating action in some temporal zone" (Lennings, 1996, p. 72).

Whilst the notion was measured and operationally defined in a variety of ways, currently, the most widespread conceptualization of time perspective is that proposed by Zimbardo and Boyd (1999, p. 1271), as "a nonconscious process whereby the continual flow of personal and social experiences are assigned to temporal categories, or time frames, that help to give order, coherence and meaning to those events". Further, as stressed by Hall (1983), these are cognitive frames that vary in terms of cyclicity,

since they can reflect either repetitive temporal patterns or unique events in one's life.

Moving forward, the formation of specific time perspectives is based on both contextual and dispositional factors. Specifically, such processes as socializing, modeling and education, as well as cultural and environmental factors influence whether one focuses on past, present or future when making decisions and taking actions (Seginer, 2003). Similarly, even situational factors like going on vacation, status change or being exposed to stressful events can favor a certain time perspective (Zimbardo & Boyd, 1999).

All the same, despite all these environmental and contextual aspects, "when a tendency develops to overemphasize one of these three temporal frames when making decisions, it serves as a cognitive temporal bias toward being past, present or future oriented" (Zimbardo & Boyd, 1999, p. 1272). That is, when a particular temporal bias mostly influences one's views and behavior, the respective time perspective becomes characteristic and predictive of preferred reactions in daily life choices. Still, in order to avoid the overuse, respectively the underuse of different time perspectives, a balanced time perspective (BTP) has been proposed (Boniwell & Zimbardo, 2004; Boyd & Zimbardo, 2005). This approach provides a more positive alternative to making sens of time, since "in an optimally balanced time perspective, the past, present and future components blend and flexibly engage, depending on a situation's demands and our needs and values" (Zimbardo, 2002, p. 62).

Another important contribution of Zimbardo and his colleagues in the study of time perspective refers to elaborating a reliable measure of multiple time frames/temporal profiles, assessing broader dimensions of time perspective, based on motivational, emotional, cognitive and social processes that are interrelated to time perspective (the *Zimbardo Time Perspective Inventory*). By identifying such factors as Past Negative and Past Positive, along with Present Hedonistic, Present Fatalistic and Future, the scale addresses the lack of empirical evidence regarding the influence of past on one's decisional behavior.

Existing research has already shown that one's perception of time plays an integral role in the selection and pursuit of social goals, with important implications for emotion, cognition and motivation (Carstensen, Isaacowitz & Charles, 1999), since the past, present, and future temporal frames affect the encoding, storing and recalling of experienced events, as well as the forming expectations, goals, and possible scenarios. For instance, a Past Negative orientation was associated with problems with interpersonal relationships, lack of physical exercise, and an affinity towards gambling, even with a general dissatisfaction of present life circumstances (Zimbardo & Boyd, 1999).

Equally, those who live in the here and now (Present oriented) report higher scores on risky driving, frequent smoking, and consumption of alcohol and drug use (Keogh, Zimbardo & Boyd, 1999). Concerning the specific present time orientations, Present Fatalistic was associated with aggression, anxiety, depression (Zimbardo & Boyd, 1999), and with avoidant procrastination, while Present Hedonistic was associated with arousal procrastination (Ferrari & Diaz-Morales, 2007).

Moreover, prevalence in both Present Fatalistic and Past Negative frames was shown to discriminate between severe suicidal ideators and nonideators among high school students (Laghi, Baiocco, D'Alessio, & Gurrieri, 2009). The same time frames were also indicated as predictors of problematic internet use (Chittaro & Vianello, 2013).

As for the future oriented, negative associations with behaviors that might jeopardize future goals, such as aggression, ego under control, impulsivity, and risk taking were identified. Further, the future time perspective factor also correlated significantly with conscientiousness, consideration of future consequences, and preference to consistency, whereas negative correlations were reported in the case of sensation seeking, anxiety and depression (Zimbardo & Boyd, 1999).

In another study (Epel, Bandura & Zimbardo, 1999), findings suggest that time perspectives can even predict the behavior of unemployed people, who either use their time constructively to seek jobs (future-oriented), or

waste time watching TV and engaging in other avoidant coping strategies (present-oriented).

The temporal perspective was also examined in relation to aspects of self-concept. Markus and Nurius (1986, *cit. in* Boniwell, 2005) found that a general locus of control is related to time perspective. Specifically, if past or present life events were associated with a sense of helplessness and frustration, one would be more prone to feel out of control over future events, hence the focus on the past or the present. Further, these results can be interpreted with the lens of the "uncertainty orientation" (Sorrentino & Short, 1986, cited in Trommsdorff, 1994). Thus, in order to satisfy the need for security, individuals want to "know" what the future will be like. Expectations, evaluations, and beliefs about the future and about ways of controlling outcomes include beliefs about the self and about the relation between the self and the environment in the future. And these form the future time perspective and the control orientation.

Based on this, expectations influence behavior when they are connected to certain control beliefs. For instance, in achievement situations, people who expect success and with an internal rather than external locus of control attribute their success to themselves; in turn, this leads to a positive self-concept regarding achievement, in terms of goal setting, and behavior (Weiner, 1992). Apart from the relation between expectations and control beliefs (which are affected by the preferred temporal orientation), individual differences in achievement were as well explained by differences in self-regulation (Magar, Phillips & Hosie, 2008).

Defined as the ability to develop, implement, and flexibly maintain planned behavior in order to achieve one's goals (Brown, Miller, & Lawendowski, 1999), self-regulation has been shown to be related to general adjustment (Kuhl, 2001), emotional states (Fröhlich & Kuhl, 2003; Schneider, Bös, & Rieder, 1993), health-related habits (Mezo & Heiby 2004), and sport performance (Barkhoff, 2000; Beckmann, 2001; Beckmann & Kazén, 1994; Kane, Baltes, & Moss, 2001; Singer, 2002).

Being essential to planned behavior, low generalized self-regulatory capacity was proved to lead to poor capacity to develop adaptive goals and

monitor current status toward those goals. Furthermore, individuals with lower self-regulatory capacities were more prone to engaging in activities that provide immediate gratification (Neal & Carey, 2005).

Miller and Brown (1991) designed a seven-step model of behavioral self-regulation. Initially aimed at specifically studying addictive behaviors, it comprises general principles of behavioral self-control which can be applied irrespective of context, namely: receiving relevant information, evaluating the information and comparing it to norms, triggering change, searching for options, formulating a plan, assessing the plan's effectiveness.

When considering goals, the temporal distance towards them is a key factor and previous research took into account the role of time perspective on self-regulated learning, while considering the self-determination theory (de Bilde, Vansteenkiste & Lens, 2011). Results show that being future oriented seems to contribute to a stronger personal endorsement of one's present study activities, being consistent with other findings (Simons, Vansteenkiste, Lens & Lacante, 2004) pointing out that future time perspective increases the individual amount of motivation and effort-expenditure, but might also be associated with a qualitatively different type of engagement in the activity at hand.

Other investigations focused on the time perceptions associated with regulatory activities (Vohs & Schmeichel, 2003). The findings suggest that time influences the extent to which self-regulatory endeavors will continue to be pursued, since perceptions that a regulatory task lasted overly long seem to reduce subsequent self-regulatory capacity. Further, these results may have implications for achievement and performance, since temporal perceptions on managing the planned behavior can determine avoidance or approach behaviors.

Achievement motivation was already identified as the second best predictor (along with cognitive abilities) of high levels of performance (Eckardt & Schuler, 1992). Atkinson (1964, as cited in Singh, 2011) states: "the theory of achievement motivation attempts to account for the determinants of the direction, magnitude and persistence of behavior, unlimited but very important domains of human activities." Being a composite construct,

achievement motivation reunites a series of aspects that drive individuals to meet both personal and professional goals, such as: persistence, confidence in success, internality, engagement, competitiveness, eagerness to learn, self-control, goal setting etc.

Despite the fact that research so far has explored mostly the associations between future time perspective and academic achievement (Harber, Zimbardo & Boyd, 2003), the interest in how people imagine upcoming events (Johnson & Sherman, 1990; Ross & Buehler, 2001) is not new. In fact, there is considerable evidence that generating mental images of future success can sometimes increase achievement motivation, effort, and performance (Johnson & Sherman, 1990; Karniol & Ross, 1996; Taylor, Pham, Rivkin & Armor, 1998). Moving forward, research examining possible selves (Markus & Nurius, 1986; Oyserman, Bybee & Terry, 2006; Ruvolo & Markus, 1992) has already been associated with future time perspective (Greene & Wheatley, 1992).

Methodology
Objective
The present study aims to determine the relations between time perspective, self-regulation and achievement motivation.

Research questions
Given the complexity of the time perspective construct and the previous empirical findings which stated that time perspective has an important influence on behavior, the following research questions emerged:

RQ1: Is self-regulation associated with different time perspectives?
RQ2: Is there a relation between time perspective and achievement motivation?

Instruments
The *Zimbardo Time Perspective Inventory* (ZTPI, Zimbardo & Boyd, 1999) was utilized for this study. The ZTPI assesses individual differences in

terms of attitudes believed to identify persons of past, present or future orientation. According to Zimbardo, this inventory identifies tendencies towards a Hedonistic Present (living present life in enjoyment), a Fatalistic Present (perceiving own life under the control of external events), a Positive Past (an orientation towards pleasant past memories), a Negative Past (living a past of unpleasant and painful events), and Future Orientation (the tendency to planning and anticipating events). Items of this inventory are assessed on a 5–point Likert scale, according to how characteristic each statement is to the respondent. Reported reliabilities for the validation of the measure ranged from .70 to .80. (Zimbardo & Boyd, 1999).

The *Achievement Motivation Inventory* (AMI, Schuler, Thornton III, Frintrup & Mueller-Hanson, 2002) was used to measure a broad construct of work related achievement motivation. It enables us to measure 17 different facets of achievement motivation - Compensatory Effort, Competitiveness, Confidence in Success, Dominance, Eagerness to Learn, Engagement, Fearlessness, Flexibility, Flow, Goal Setting, Independence, Internality, Persistence, Preference for Difficult Tasks, Pride in Productivity, Self-Control and Status Orientation. The AMI consists of 170 items to be responded on a 7-point-Likert format. Reliability reported for the total score is α = .96 and ranges from α = .66 to α = .83 for single scales.

The *Self-Regulation Questionnaire* (SRQ, Brown, Miller & Lawendowski, 1999) was developed as a first attempt to assess the self-regulatory processes through self-report. Items were designed to mark each of the seven sub–processes of the Miller and Brown (1991) model, forming seven rationally-derived subscales of the SRQ. Reliability of the SRQ appears to be excellent .91 (Aubrey, Brown, & Miller, 1994). All 63 items are answered on a 5-point Likert scale, starting from strongly disagree to strongly agree.

Participants

Sixty seven individuals (8 males and 59 females) participated in this study. All participants were students enrolled in a Human Resources master program. The age ranges from 21 to 43 years (M=25,32, AS=4,52).

Results

In order to answer to our previously stated research questions, correlations between all of the time perspective variables and the composite score of self-regulation were used. As shown in Table 1, no significant correlations were obtained between self-regulation and present hedonistic and past positive time orientations. This suggests that being present hedonistic or past positive oriented, although reflects a hedonistic, risk-taking attitude toward time and life and an orientation toward present pleasure with little concern for future consequences, is not necessarily related with a low level of self-regulation.

Additionally, similar to previous research (Zimbardo & Boyd, 1999), past negative orientation is negatively associated with self-regulation (r=-,359, p<0,01) and with present fatalistic orientation (r=-,520, p<0,01). Future orientation correlated positively with self-regulation (r=,546, p<0,01), mirroring the results obtained by de Bilde, Vansteenkiste and Lens (2011).

Table 1. Correlations between Time perspective and Self-regulation

		Past negative	Present hedonistic	Future	Past positive	Present fatalistic
Self-Regulation	Pearson Correlation	-,359**	-,065	,546**	-,068	-,520**
	Sig. (2-tailed)	,003	,602	,000	,582	,000

By conceptualizing future time perspective as having a dynamic and a cognitive aspect, we are more able to understand its relation with both self-regulation and achievement motivation. The dynamic aspect of future time perspective is formed by the disposition to ascribe high valence to goals in the distant future. On the other hand, the cognitive aspect of it is formed by the disposition to grasp the long-term consequences of actual behavior, as reflected in the concept of instrumental value of a behavioral act (De Volder & Lens, 1982).

Starting from the second research question, firstly the Pearson correlations between all of the time perspective scales and the composite score of achievement motivation were calculated. The results presented in Table

2 show negative associations between achievement motivation and past negative (r=-,440, p<0,01), respectively present fatalistic time orientation (r=-,517, p<0,01). It seems that those two time orientation perspectives might influence the level of the achievement motivation. By having a generally negative, aversive view of the past, one can bring this attitude in present situations due to the reconstructive nature of the past. As for the present fatalistic orientation, which reveals a helpless and a hopeless attitude towards present and future in life, projecting future goals through these lens might be further associated with avoidant procrastination (Ferrari & Diaz-Morales, 2007) or anxiety and depression (Zimbardo & Boyd, 1999).

Similarly with the previous analysis, achievement motivation positively correlated with future time orientation (r=,487, p<0,01), meaning that, while being future oriented one's behavior is dominated by a strive for future goals and rewards (Zimbardo & Boyd, 1999) and therefore having an implicit motivation to achieve those goals.

Table 2. Correlations between Time perspective and Achievement motivation

		Past negative	Present hedonistic	Future	Past positive	Present fatalistic
Achievement motivation	Pearson Correlation	-,440**	-,016	,487**	-,073	-,517**
	Sig. (2-tailed)	,000	,899	,000	,559	,000

Following the same pattern identified for self-regulation, no significant correlations were obtained between achievement motivation and present hedonistic and past positive time orientations.

Moving forward in the analysis, an exploratory analysis was undergone at subscale level (Table 3), in order to better understand the higher order correlations already identified. As expected, a series of AMI subscales correlated negatively with past negative and with present fatalistic time perspective and positive with future orientation, namely: persistence, confidence in success, internality, preference for difficult tasks, self-control and objective setting.

Persistence is described as the willingness to exert large amounts of effort over long periods in order to reach a goal. Individuals who score high on this dimension are able to concentrate fully on the task at hand without being distracted. These individuals could be described as tenacious or energetic in striving to complete a task. Of course that goals are placed in near or extended future and therefore, a positive correlation (r=.321, p<.01) with future orientation makes sense.

Confidence in achieving success even when there are obstacles to overcome is positively related with future orientation (r=.378, p<.01). People who score high on this dimension anticipate that their efforts will lead to success. These individuals are confident in achieving their goals even when facing new and difficult tasks. Their confidence stems from a faith in their knowledge, skills, and abilities as opposed to a belief in luck or fate which explain the negative correlation (r=-367, p<.01) with present fatalistic time perspective.

Table 3. Correlations between Time perspective and Achievement motivation domains

		Past negative	Future	Present fatalistic
Persistence	Pearson Correlation	-,510**	,321**	-,536**
	Sig. (2-tailed)	,000	,008	,000
Confidence in Success	Pearson Correlation	-,460**	,378**	-,367**
	Sig. (2-tailed)	,000	,002	,002
Internality	Pearson Correlation	-,453**	,365**	-,627**
	Sig. (2-tailed)	,000	,002	,000
Preference for Difficult Tasks	Pearson Correlation	-,341**	,278*	-,391**
	Sig. (2-tailed)	,005	,023	,001
Self-control	Pearson Correlation	-,433**	,501**	-,480**
	Sig. (2-tailed)	,000	,000	,000
Goal Setting	Pearson Correlation	-,241*	,430**	-,399**
	Sig. (2-tailed)	,050	,000	,001

Regarding *Internality,* which is defined as the belief that one's successes are due to internal causes rather than to situational variables, the negative correlation (r=-.627, p<.01) with present fatalistic is clear, having in mind the fact that present fatalistic time perspective is an external locus of control type of perspective (e.g. item: *My life path is controlled by forces I cannot influence*).

Another AMI scale which correlated with future orientation was *Preference for difficult tasks*. The tendency to seek out challenging rather than easy tasks, and the desire to seek greater challenges once one has already completed a difficult task is positively related with future orientation (r=.278, p<.05). People who score high on this dimension prefer to take on difficult tasks with a high risk of failure to easy tasks with a low risk of failure. This tendency is negatively correlated (r=-.341, p<.01) with past negative time perspective which is based on a negative reconstruction of past and reactualization of failures or traumatic events.

In the present research context, *Self-control* is operationalized as the ability to delay gratification and to organize oneself and one's work. People who score high on this dimension are able to make long term-plans. They do not procrastinate and concentrate on their work with a great deal of self-discipline. Therefore, a strong positive correlation with future time perspective (r=.501, p<.01) is explained by the fact that future time perspective necessitates the belief that a behavior performed in the present increases the probability that a desired future goal will be attained, and thus leads to a higher valuation of goals having future attainment possibilities (Jones, 1988).

The last AMI scale analized is *Goal Setting*, respectively the tendency to set goals and to make long term plans for achieving these goals. People who score high on this dimension are future-oriented (r=.430, p<.01) and have high standards for what they want to achieve.

Conclusions

Although the importance of how people make sense of time has already been investigated in relation to one's thoughts, emotions and behavior (Zimbardo & Boyd, 1999; Zimbardo, Boyd & Keogh, 1999), there are still a lot of underexplored areas regarding the attempt to put time into perspective. For instance, albeit time perspective was associated with health, risk taking or academic achievement, research is scarce with regards to the possible implications of different time biases in work settings. This direction is advisable even more, since career, as well as learning is by definition future oriented and such behaviors as goal setting and planning are key factors to success.

Therefore, the current research addressed the need to place time perspective in occupational context, by examining the possible associations between temporal orientations and achievement motivation. Additionally, self-regulation was included, since it refers to the ability to develop, implement, and flexibly maintain planned behavior in order to achieve one's goals.

Results are consistent with previous studies, showing positive associations between future time perspective and self-regulation (Bilde, Vansteenkiste & Lens, 2011) and negative associations between present fatalistic and self-regulation, respectively past negative and self-regulation (Zimbardo & Boyd, 1999). The findings thus suggest that individuals who are concerned with future goals and rewards also prove to be better at managing their behavior towards achieving those goals. Concurrently, those who often feel out of control in the situations that they find themselves in and those who ruminate over past unpleasant experiences seem more likely not to be able to manage planned behavior.

Likewise, achievement motivation seems to be positively related to future time perspective and negatively related to past negative and present fatalistic. Temporal perceptions on managing the planned behavior can determine avoidance or approach behaviors, meaning that the direction, magnitude and persistence of behavior in meeting goals are either enhanced or, on the contrary, suppressed depending on the dominant time perspective. Moreover, these correlations are supported at subscale

level, namely: persistence, confidence in success, internality, preference for difficult tasks, self-control and objective setting.

Of course, the present results must be discussed in terms of the strengths and limitations of the study. The first limitation is that the study employed a convenience sample, making it impossible to generalize the results. Further research should focus domain-specific filters, since achievement motivation in the workplace can be influenced by domain features. Similarly, the sample size was reduced - future research should consider a larger sample. Finally, the measures employed are self-report, participants being thus more prone to engage in self-deception by offering socially desirable responses. However, giving the subjective nature of the variables investigated, the use of self-reports is advisable. This limitation can further be addressed either by replicating the study in a longitudinal design, or by using mix methods.

The present investigation confirms that a greater attention must be given to the way in which individuals assign the personal and social experiences to time frames, that help them give order, coherence and meaning in work settings. In this respect, future endeavors could consider the impact of time perspective on career choices (both in the case of young people, as well as in the case of those who are experiencing transitions). Similarly, since time perspective has already been associated with a wide array of behaviors (health, risk taking), taking it into account in the study of specific organizational behaviors might bring valuable insights.

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The Five *Cs Model of Business Internationalization (CMBI) – a preliminary theoretical insight into today's business internationalization challenges*

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Abstract. *Nowadays, the forces of the global market reach every corner of the world, every industry and every organization. Staying or thinking locally in a globalized world stands for an imminent menace for the organizational development and even for the organizational survival. The exigency for being or becoming competitive is mandatory and management has to deal promptly and professionally with the new market conditions. Most of the times, opportunities come and go and a late managerial or entrepreneurial reaction may generate high losses for the organization. With a view to discuss these issues, the present work relies on personal theoretical contributions at several levels. Firstly, it proposes a synopsis of the extant studies on the business internationalization flows by underlining the main research directions. Secondly, it advances a new theoretical model for interpreting and analyzing the process of business internationalization, a multidimensional and interdisciplinary approach on the psychological, social, cultural, professional and business interaction and communication at an international scale. As a signally theoretical endeavor, the* Five **Cs Model of Business Internationalization (CMBI), as we have named it,** *is yet to be developed, extended or improved.*

Keywords: *business internationalization; SMEs; Five* **Cs Model of Business Internationalization.**

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Introduction

Many times, the topics addressed by the Romanian and foreign literature regard the dynamics of large corporations whose multinational or transnational dimensions have triggered the public attention more than the small and medium enterprises (SMEs). Nevertheless, the small and medium enterprises should not be ignored as they stand for important organizational actors, especially for the developing countries. In fact, they are liable to be seen as relevant indicators of the national economy strategy towards the necessity of taking part to the international and global market flows and rhythm.

By considering the market challenges and imperatives, the present work brings to the fore a conceptual framework for a new business internationalization model. Its scope covers multiple facets and is focused on the advancement of new ways of thinking and approaching businesses nowadays. The great challenge is to step forward to the global market, to move on in order to achieve and maintain the organizational competitiveness independent of the local or regional constraints.

Free trade, multiculturalism, open mentalities and cross-border business networks are several cues of the international environment. These are reliable incentives for the managerial decision to explore fruitful business opportunities and to try the internationalization options. Still, organizations should experience the closer marketplaces and establish reference frames for their progress on the international arena. This is the point where CMBI objectivizes its importance as a gradual approach towards business internationalization at all the process levels – socio-economic, professional, cultural and psychological. Moreover, this is the point where the competitiveness challenge is mediated by commonality, compatibility, credibility and connectivity of or between international business partners.

An insight into the main models of business internationalization

When discussing the businesses internationalization, one milestone to be considered focuses on three different patterns – the progressive, the contingency and the interactive internationalization models which are summarized in the table below.

Table 1. The main coordinates of the internationalization models (Sorensen, 1997, pp. 4-5)

Groups of models / Scientific dimensions	Progressive models	Contingency models	Interactive models
Objective vision vs. subjective vision	Objective	Objective	Subjective
Static perspective vs. dynamic perspective	Comparative static	Static	Dynamic
Planned orientation vs. action	Planned	Planned	Interaction

The first type of the presented models – the progressive models of the business internationalization – assumes internationalization as a progressive process which unfolds during several stages. In this category lies the Uppsala model which relies on learning and knowledge, stressing that the companies' lack of knowledge is a decisive barrier for the emergence and growth of international actions. The adherence to knowledge and to learning programs is a key factor for going international (Lakomaa, 2009, p. 14).

An insight on the Uppsala model requires the mentioning of its three main scopes. Firstly, it is indicative of how companies manage to learn and share knowledge during the internationalization actions. The knowledge involved is both objective and market specific knowledge which is earned through experience and generates business opportunities at a global scale. Secondly, the model shows that knowledge limits the risks of approaching new markets and strengthens the access to the new market opportunities. Thirdly, the model accounts for the relevant points of selecting target markets (Lin, 2010; Laghzaoui, 2009; Khayat, 2004). As practice reveals, the internationalization of businesses is gradual, starting with the investigation of similar psychological and geographical countries before testing unknown markets, a fact which is illustrated in the figure below.
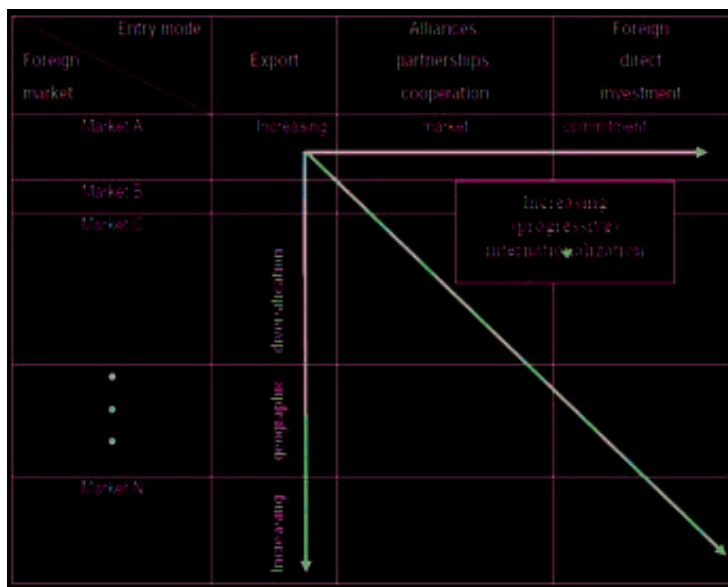
Figure 1. The progressive internationalization (adapted from Hollensen, 2008, p. 57)

The second model of the progressive internationalization is the model of the product lifecycle. The basis of this theoretic perspective is the association between the successive phases of internationalization and the product lifecycle. In Sorensen's (1997) opinion, the lifecycle model has three different stages – the stage of the new product, the stage of the major product and the stage of the standardized product. Passing through a certain stage triggers knowledge and cost reduction. This is why by accomplishing the entire process, SMEs can gain valuable experience and major capabilities for extending on new markets.

The second category of the business internationalization models addresses the contingency models which comprise two main directions – the transaction cost model (Hollensen, 2008) and the eclectic model (Dunning cited in Buckley and Hashai, 2009). These models posit that the internationalization process of businesses relies on the environment forces of the foreign market. The dynamics of these factors makes it difficult for the company to embrace a static manner of going international (Sorensen, 1997). This is why the imperative implied by the contingency models is that

business people should treat their companies as open systems and should have multiple choices at their disposal. In other words, the management has the crucial role of venturing into new markets by potentiating the strength of their business. Being capable of analyzing thoroughly the environment configuration and the best way to internationalization becomes a managerial exigency and a prerequisite for making optimal decisions.

The third category refers to the interactive models of the internationalization of businesses or companies. The main hypothesis of this model is that anonymous actors who have a sustained interaction and long-term business relationships are the ones who form the real market. At this level, the model of business network attaches great importance to commercial and personal bonds between businessmen. Furthermore, the organizational network stands for a fundamental impulse towards internationalization while the resources produced by businesses are a result of partners' interaction. The place occupied by a certain organization inside a network has a major impact on the network model as it defines its actual control and access to the network resources (Rubaeva cited in Danciu, 2012).

The internationalization process according to the business network approach follows three main strategies: extension, penetration and coordination. The first one refers to the fact that the organization establishes bonds with enterprises and networks in new markets, the second one focuses on the relationships' development as an inherent component of an international network, while the third one refers to the improvement of relationships in the context of distinctive networks and in different markets (Rubaeva cited in Danciu, 2012). Practically, the internationalization of a specific business or organization is determined by its position inside the network and on the overall context – the degree of internationalization of the industry or market, as the figure below shows.
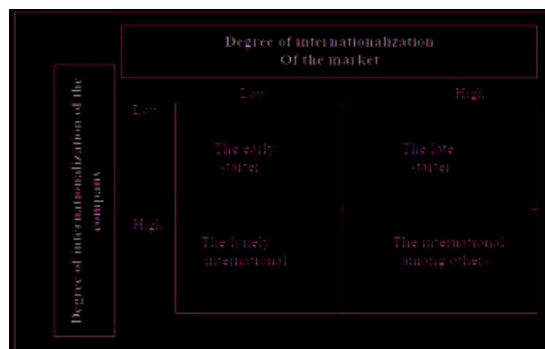
Figure 2. The company's position according to the internationalization degree (Hollensen, 2004, p. 62)

As an early starter, the organization has not established any business ties with foreign organizations. It is likely that the company may resort to a gradual exploratory action in the foreign markets using an agent or creating a subsidiary. The lonely international is the phase where the organization has already gathered a relationship experience in foreign countries, but its competition and clients have a lower level of internationalization. At this point, the company's mission would be to develop new bonds and strengthen the existing ones. The late starter defines the organizations or businesses which are still locally concentrated while other industry enterprises have already joined teams with foreign partners. The shortcoming for the late starter is the difficulty to identify the non-approached partners and to settle new positions in a thoroughly configured market.

The international among others describes the organizations and businesses which have the opportunity to take advantage of the position held in one network in order to venture into new networks and to establish new partnerships. As the international business networks are evolving with a rapid rhythm, businesses should be flexible enough in order to adapt to the market transformations. Therefore, the good coordination of members within target network should be seen as an added value for the company's revenues.

By embracing a critical approach, Hampton and Rowell contend that the classic models of the business internationalization process are liable to be

challenged by the contemporary international context (Hampton and Rowell, 2013). This aspect was discussed by the prior research of Malhotra et al. (2003) who proposed a collective approach on the explanatory factors of the process in discussion. The international business ties and partnerships should be treated within an overall updated and ongoing perspective which uses the traditional theories of internationalization as premises, but lays emphasis on strategic and networking character of internationalization.

Towards a new approach of business internationalization

A rapid increasing number of organizations with an international vocation surpass boundaries and follow their own logic and dynamics, bringing together people from all over the world. The prevalence and evolution of international businesses as an expanding organizational actor is liable to alter the interpretative perspectives on intercultural human interaction. By creating the organizational framework of communication between different nationalities, traditions and histories, rituals and values, norms and actions etc, international managers settle the parameters of a symbolic domain where different cultures interact and interfere on a daily basis. Although it has been proven in time that similarity has a positive impact on social interaction and cooperation (Morry, 2007), the future opens its gates to diversity at all levels.

As promoters of international businesses, managers are prone to face diversity in their current collaborations – their partners may be of a different nationality, culture, religion, way of thinking and of expressing feelings and so on. Subsequently, the transformative action of individuals (nationally and culturally speaking) brings about the emergence of a specific reaction toward "the others", a cultural disposition of overprotecting our own identity – the fear of being afflicted by another business model acts as a restraining factor against the others. It is most likely that the cultural collision produces not only remote disruptions, but overall consequences, at the international level.

Malhotra et al. (2003) made attempts to elaborate on a multi-theoretical model for analyzing international businesses. Being aware of the fact that

a single perspective approach is a limited one, the authors underlined the necessity of developing new frameworks for understanding the processes and interactions taking place at international levels. They shed light on the fact that the use of one-sided factors in describing and explaining international businesses is counter-productive. The only way of having pertinent perspectives on the internationalization process is to consider the convergence of multiple factors which provides of holistic and viable framework for the internationalization of businesses. This is consistent with Danciu's (2012) view who believes that none of the existing internationalization business models manages to cover and clarify the specificity of the phenomenon.

More recently, Hampton and Rowell (2013) suggested that a holistic view of the challenges characterizing the international business relationships is yet to be approached. Moreover, they believe that the existing literature has clarified only a shallow range of factors which lack interdependencies. The elaboration of linear models does not fully uncover the dynamics and the broad context of the cross-border business arena.

This is why the success of international businesses firmly requires pertinent business models driven by proactive managers who do not wait for positive outcomes to come naturally, but instead totally assume the international business environment and focus their efforts and interests on the cross-cultural arena. These efforts must become a key point on every manager's agenda, starting from the moment when competitiveness becomes a condition for organizational survival and development. All these facts involve different people who must integrate as well as possible in the new global social system as a condition for achieving their goals. Moreover, the international manager prototype will set himself up as a milestone and driving force of mobilizing the inner organizational cleavages toward an effective framework for the well-being of the business.

The framework of a new business internationalization model

The premises of a new approach rely on a whole new repertoire of intercultural and international issues which spring off in the varied kinds of competitive organizations within today's global environment. Business

interactions between several national cultures have a major problem of developing reliable communication, although managers may speak the same basic language. It is likely that different meanings are attributed to words, different rationales, and different approaches on what is formally relevant or not. At this level, only by creating active intercultural negotiation is there a chance to overcome inevitable defensiveness and the illusion of similarity. Once the mutual interests are brought to light, culture becomes the main hidden component to deal with.

The adjustment and accommodation processes should be orchestrated by a new managerial prototype – the "5 Cs international businessman" - who assumes a crucial position in coping with the present-day and near future challenges. He stands for a proactive and farsighted frontman within an organization who deeply understands facts, foresees tendencies and acts effectively in managing the international climate and its inherent forces. The international businessman approaches intercultural negotiation as a decisive factor for the emerging of the international-open culture and as a key point for the organization's well-being.

In fact, the concept of "5 Cs international businessman" reflects the future status of leaders who are liable to face stronger cross-cultural realms and pressures and the only viable solution would be managing diversity and harmonizing cultures within a global adjustment process. The 5 Cs international businessman cannot be traced and defined unilaterally through sociology, social psychology, economics, human resources management, social responsibility and so on. He is an intricate dynamic actor who possesses knowledge and competences in all these fields and he succeeds in applying them within the leadership process. He is a multivalent figure who makes the best of his abilities when dealing with the international organizational social system.

The "5 Cs international businessman" is defined within the framework of a personal conceptualization called *The 5 Cs Model of Business Internationalization* which is meant to readjust the manager's position in the near future. From an international and cross-cultural standpoint, the crucial hypostasis of the businessman lies in his international vocation as he manages the background and unseen negotiations between values and

social systems and operates on five different levels. This perspective on leadership is consistent with the Global Leadership and Organizational Effectiveness Program (GLOBE) which focuses on leadership in an intercultural context (Festing & Maletzky, 2011).

The idea of the model and the definition of the "5 Cs international businessman" came from learning, seeing and observing the emergent realities and challenges met by managers, leaders, owners in an open economy where going international becomes mandatory regardless of the organization's scope or size. Almost always, the functionality and efficiency of these for-profit entities lie in the human relations system, in personal and interpersonal factors and social networks. The core of their driving force comprises people, cultures and interactions. Facing "the others" (different from a national or organizational standpoint) involves a process of accommodation, of managing differences, which is difficult to apply at a personal level, through an isolated effort. This is why this kind of endeavors should be addressed and carried out by the "5 Cs international businessman" who has a pertinent intercultural perspective on the organizational mechanisms.

As different organizational cultures interact within global market, the most important imperative for businessmen is to assure the appropriate frameworks for interaction, communication and cooperation. These three processes require interpersonal and inter-organizational adjustments, which can be achieved through coherent strategic projects.

At this level, the five elements of the model were summarized as gradual levels, after going through a consistent body of literature, which approached varied factors and variables of the businesses internationalization processes, but embraced one-sided directions of investigation. The first element of the model describes a present condition for the survival and development of companies – becoming competitive in a highly competitive environment. This very moment engages all the following steps to be taken in order to acquire efficiency and sustainability on a specialized market.

Once finished, the first level is closely followed by natural interaction between organizations and businessmen within the interest framework.

At the second level, the international businessman observes the new international context, gathering information about its characteristics and possible outcomes by joining international thematic events, conferences, fairs, exhibitions, seminars, workshops and so on. It is now when managers assess the opportunity of designing new interaction patterns in order to establish profitable connections in their area of interest. Therefore, commonality stands for a decisive context for similar or subsidiary organizations to interact and approach common interests.

After the first contacts and agreements are settled, the main catalyzer of the international partnership is gaining credibility through win-win transactions and operations, through long-term cooperation and trust. The 5 Cs international businessman possesses the art and the science to develop consistent and complex strategies to catalyze the cross-cultural and cross-border accommodation of businesses. Although credibility plays an important role in maintaining international business relationships, only the success of long-term partnership relies on reaching compatibility between the business models.

Compatibility is a consequence of adjusting organizational systems created and developed within different cultural, social and economic backgrounds. In this light, the 5 Cs international businessman understands that international relationships may generate win-lose facts at the beginning, but in time, the realoutcome will be a win-win achievement for the organization as a whole. Furthermore, he shares with his partners a fair perspective on concession and he embraces the role of a mediator between people and between cultures. Thus, he becomes the driving force of the organizational collaboration. Through coherent endeavors and strategies, the international manager prescribes the ce-existence of specificity as a process of continuous adjustments and consistent harmonization. He plays the role of a creator, building his strategies in the human being nature of seeking order, understanding and partnership in dealing with common goals. Compatibility is the outcome of a gradual process and not the immediate result of an agreement settlement.

Finally, the 5 Cs international businessman is liable to generate strong business networks in time, through direct or mediated connections:

he sees his business as an inherent component of a larger network on which he depends and whose well-being has a substantial influence on his organization; he truly believes in the cardinal role of interconnected businesses, in strong ties and nodes; he provides solutions, strategies and plans to deal properly with the network contingencies and maintenance, even more when it comes to the challenges of a globalized world. In this world, the 5 Cs international businessman places himself in the core of both wired and wireless networks, ranging from business people and organizations to the permanent bonding through new media.
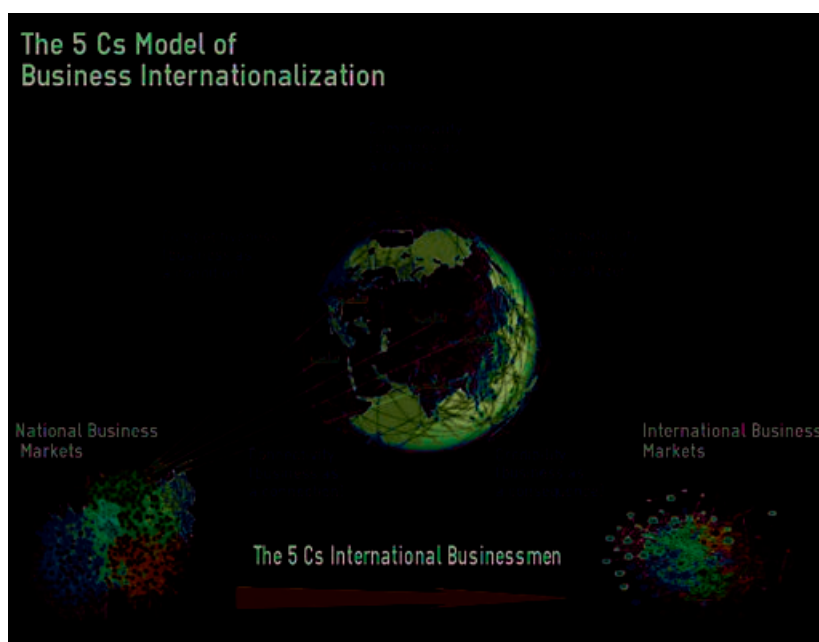

Figure 3. Graphical representation of the model

The *Five Cs Model of Business Internationalization* has a circular character as the emergence of and support for business networks reiterate the imperative of being competitive in order to preserve and develop the position in the international business network.

The Five Cs Model of Business Internationalization

Competitiveness (business as a condition)

The business internationalization is one of the main projects which define the growth and the development of the organization. The international business development has to be seen as a condition for the organization progress independent of its field of interest or size. In this respect, the global economy has consistently encouraged the internationalization of economic relations through cross-border cooperation – decrease of custom tariffs, the increase of operational and financial flows, the reduction of the cost of transport, the numerous and rapid communication channels, the international vocation of the global citizens etc.

Thus, going international is a condition of existence and adaptive exigency for businesses in a global settlement. In order to have better economic results, to become more competitive, to adapt wisely to the conditions of the market, to be proactive and dynamic in an active organizational environment, the imperative is to approach new markets, new targets and new business networks.

In V. Danciu's (2012) opinion, the internationalization of businesses has a strategic nature and has to conform to three main conditions with a view to have a promising beginning and a sustainable growth (as shown in the following figure).
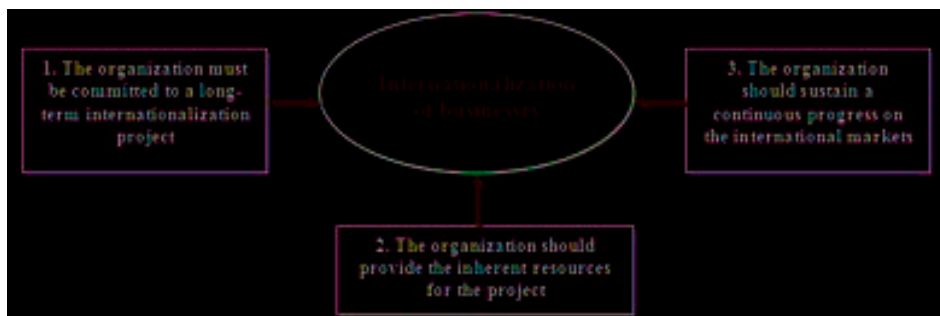

Figure 4. The main conditions for business internationalization (adapted from Danciu, 2012, p. 20)

As the internationalization of business is an organizational project, management is attributed a crucial role in handling the drivers of the foreign markets of cross-cultural interactions, of cross-border challenges.

Commonality (business as a context)

The second element – Commonality (business as a context) – refers to the fact that international business relationships can only take place within a well-defined context,characterized by different sets of available alternatives. The international businessman observes the new international context, gathering information about its characteristics and possible outcomes by joining international thematic events, conferences, fairs, exhibitions, seminars, workshops and so on. It is now when managers assess the opportunity of designing new interaction patterns in order to establish profitable connections in their area of interest. Therefore, commonality stands for a decisive context for similar or subsidiary organizations to interact and approach common interests.

In other words, the international structuring of activities tends to bring different people into frequent contact with one another, and thereby a new relational and intercultural pressure determines the imperative of negotiation. The *foci of activity* as S. L. Feld defines thecontext, organize the constraints and choices of individuals and stands for "social, psychological, legal or physical objects around which joint activities are organized" (Feld, 1981, p. 1016). Additionally, in the opinion of Festing and Maletzky (2011, p. 191), "social structures enable and restrict interaction at the same time. Rules guide the agents' behaviour within the social system and provide insights into what is right and what is wrong. They give meaning (signification) to the interaction and provide certain information on what is legitimate in a certain social system (legitimation)". Therefore, in international realm, new interaction patterns must be designed with a view to overcome differences and guarantee the coordination of the organizational systems. In the cross - cultural settings, the context of common interests catalyzed by common places offers one reason to potentiate the degree of mutual understanding and support (Schein, 2009).

Another important aspect related to business as a context refers to businessmen's choices when approaching a target market. Due to the

fact that every managerial action should reduce risk and uncertainty, commonality understood as both psychological and geographical proximity is taken into account. Before sounding out a far market, the 5 Cs international businessmen explore the nearer markets and business environments which have several things in common with the origin market. Although nowadays the "born global" organization is no longer tied by physical distances, a progressive geographical venture into close markets would be a wiser choice of doing international businesses. At this level, Etemat and Ala-Mukta (2009) believe that after gaining knowledge on similar markets, the organization may step to the next level and enter further different markets.

Compatibility (business as a catalyzer)

As previously described, the 5 Cs international businessman is a realistic figure who strives for winning the war, but at the same time accepts minor defeats. He is aware of the fact that concessions are necessary in order to benefit from successful common results. Whenever a potential partner has a different way of doing things, managers are likely to persuade others, sometimes challenging their rationales or visions (Schein, 2009).

In line with Schein, Festing and Maletzky (2011, p. 193) underline "the process of structuration and adjustment is imbedded in structures of meaning. It takes place on the basis of intercultural communication and is influenced by interpretative schemes. The decision to change depends on the signification and interpretation of the situation, the personalities of the leader or follower, the self-concepts of both as well as the interpretation of the other; they may also depend on interpretations of the situation of cultural overlap in general, drawing upon stereotypes etc.". This is the point where the new businessman prototype is ready to get past the differences and to lay emphasis on similarities. The dialogic and negotiation approach is the key for creating a setting in which partners suspend their need to win arguments and to focus on the win-win achievements and rewards.

Approaching the issue of intercultural interaction, Rodriguez and Wilson (2002) insisted on the fact that the lack of similarity has a considerable impact on the objectives, strategies, management and operations. At this level, they believe that one of the best answers to international contact

is finding a way to potentiate compatibility. A similar study conducted by Hampton and Rowell (2010) underlined the same conclusions as the existence of compatibility is a key concept of going international. A long-term business relationship relies on the compatibility imperative although this variable is not always easy to measure. Leonidou (2004) had also embraced this vision as he believed that a source of competitive advantage lay on getting along with your international partners, on creating added value which is mutually beneficial.

In this respect, the manager performs a specific function because he has to become a negotiator in a multicultural environment. In pursuing the business goals and in order to fulfill the profit expectations, managers have to negotiate every aspect of the business life and this is why the emergence of compatibility derives from the negotiation skills. International businesses and managers meet whenever mutual interests occur. Given the increase in globalization and diversity over the past years, varied beliefs, attitudes and cultural backgrounds may face each other but the superior purpose of a successful business places diversity in a similar situation and therefore managers seek to build international relationships for their companies' sake (Testa, 2009).

In view to acquire compatibility, initial concessions may be necessary. As an example, Schein believes that each culture has opinions and biases about "the other", starting with the premises that our own way is always the "right" one (Schein, 2009). Also, House and Javidan (as cited in Festing & Maletzky, 2011, p. 194) posit that there is a practice in intercultural or international contexts to rely on interpretations and assumptions of the partners' background. When international businesses and partners meet the main obstacle is to find resources for compatibility, to align values, behaviors, opinions with the economic interests (Caliguri & Tarique, 2012). As Rodriguez and Wilson (2002) also posited, perceived structural interdependency is a premises to preserve and grow social dynamics and compatibility in a business relationship.

At this point, the international businessman has to perform a catalyzing action, to stimulate through both formal and informal interactions the meeting and acceptance of different cultures, the discovery of their

affinities and divergences, the establishment of a common strategy for achieving the same goal. Understanding the stereotypes and overcoming the cultural barriers describe the prototype of an actual international figure. Approaching this perspective, Barnes et al. (2012) lay emphasis on avoiding the opportunistic behavior. They insist on the fact that a merely self-centered approach, without taking into account the other party's interests is a menace for the well-being of a partnership and a disruptive factor for consistent cooperation.

A synopsis of the 5 Cs international businessman through the lens of compatibility would reveal his communication and negotiation skills, his predisposition to seeking effectiveness in his partnerships and in assuming cultural learning. This perspective is consistent with Pettigrew and Tropp's (2006) contact theory that experiences provide meaningful peer-level interactions and stimulate opportunities to work together towards a common goal, and an environment that supports the interactions.

Credibility (business as a consequence)

After establishing the incentives of compatibility, international businesses should pay attention to earning credibility. In this way, Rodriguez and Wilson (2002) deem that international managers are prone to develop partnerships where trust and professionalism are core values. They speak about the mixture of structural and social components in developing a strong relationship while structural ties relate to economic exchanges and to negotiation, the social ties refer to friendship resources. In other words, the researchers posit that the power of a relationship is linked to the settlement of a wide range of inputs from business factors to personal bonds. Analyzing the lifecycle of relationships, Hampton and Rowell (2013) stress on the graduation of accountability from uncertainty to ultimate confidence and commitment. After the "uncertain" business contact is made, the international partners have certain hold-backs concerning the viability and the professionalism of the new partnership. Still, after several successful operations and transactions, the level of credibility increases as a natural consequence and it becomes the driving force for long lasting commitments.

Rodriguez et al. consider that both the economic and the social dimensions are sources for the overall satisfaction which enhances the chances for maintaining and developing international businesses. At this level, a successful transaction stands for a credibility milestone and for a future promise of continuing the partnership (Rodriguez del Bosque Rodriquez et al., 2005). Other researchers take the analysis to the next level. They study the phases of partnerships and they establish that communication and compatibility are the prerequisites of cooperation in the initial phase. Getting along during the first business agreement is a sign for keeping the relationship alive and a proof of initial credibility. The unfolding of successive businesses settles new drivers for long-run relationships, a second phase of substantial credibility (Hampton and Rowell, 2013).

Connectivity (business as a connection)

The fifth element of the model – connectivity (business as a connection) – starts from D`Andrea, Ferri and Grifoni's (2010) perspective which addresses the concept of social networks. These are characterized by nodes (actors) and ties (connections) with different degrees of interdependency and influence. As Scott (2000) also deems, the positions and connections between nodes may provide the importance and the function of an actor in a social network (system). Focusing on international businesses, the role of the network seems to be crucial for the organization development. Danciu (2012) emphasizes the importance of personal and professional relationships between businessmen in their international endeavors.

Social exchange through international business networks stands for a prerequisite of the growth strategies of organizations. With a view to achieving competitive advantages, the 5 Cs international businessmen should be open both to its internal resources and to the network's resources and to act accordingly. Creating a capital of trust and support reinforces the position of the business within the network framework and generates incentives for the system development. According to Möhring's (2002) theory of business internationalization, organizations have different paths of going international starting with becoming a key component of a value-added chain, of providing raw material or even final products for foreign industries, of exploiting business opportunities through different

international collaborations or of generating innovation and information exchange in order to consolidate the position on the international markets.

At this point, the creation of the network is strongly related to the commonality element of the model as business contacts are made by attending specific thematic events defining the organization's area of interest. In addition, the connectivity perspective adds up D. Held et al.'s (2004) consideration on globalization – the escalade of the global interconnectivity – through multiple and varied channels and connections. These vary from the international institutionalized social relationships and from the cross-border flows of goods, information, individuals and social and cultural practices to the new technological opportunities provided by new media, and even social media. For example, the emergence and development of online professional social networks as LinkedIn or the growth of professional virtual communities focused on specific businesses or industries create viable parameters for stimulating business networks through mediated contacts and constant open channels.

Conclusions and future perspectives

On the path of becoming reliable international businessmen, managers will have to face cross-cultural and cross-border experiences, to build relationships, to create and extract value, to listen and observe, to manage others etc., in order to be able to survive and succeed within the competitive turbulent environments. Any type of activity they will have to lead should impose through creativity, innovation, quality, strong, but flexible strategies and projects that will assure the long-term success and survival of their organization.

*The Five **Cs Model of Business Internationalization (CMBI) was created as a theoretical framework liable to propose a multidimensional and multidisciplinary approach on the logic and dynamics of today's business internationalization. The elaboration of the model relied on the study of the existing literature which addressed different models for the internationalization of businesses and intended to mark a step forward to the present and future challenges of going international.***

Still, in spite of its multidimensionality, the proposed model is first of all focused on the socio-economic, professional, cultural and psychological components of the international business interactions. The financial and technical components are marginal within the framework analysis. Although mentioned in several variables, the aforesaid components are left aside as the purpose of this research is to explore the latent drivers of the internationalization endeavor and not the obvious facts and figures related to gaining profit or seizing one-time opportunities which cannot be maintained in the long run.

Also, it is very important to mention that the current businessman prototype and business internationalization model do not exclude the relevance of other components as the informational, interpersonal and decisional functions of the leader, but these aspects are not related to the core of the present investigation. The model has its own logic and follows the main coordinates which encompass the facades of international business practices and relationships, assuming the importance and relevance of the business internationalization models presented in the first chapter. Obviously, a more elaborate version of the model and businessman prototype would be more than recommended for the future theoretical foundation.

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The political strategic decision-making: towards an inferential model

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Abstract: *In this paper I design a comprehensive strategic decision-making model for conceiving the process of political strategic decision, from its emergence as an idea to its final evaluation from the point of view of its general estimated utility, passing through ten phases that include formulating strategic purpose(s), estimating time limitations and evaluating utility. The objectives of the paper are to discuss on the issue of strategic decision in the particular area of politics and the state, rather than in private companies, then to propose a logical-mathematical cumulative model of political strategic decision-making, one that could be applied either for deconstructing and analyzing decisions taken by politicians and/or state officials, or for conducting the process of taking decisions.*

Keywords: *inferential model of strategic decision-making; strategic decision; public administration.*

Introduction

Strategic decision is particularly important in politics. The politicians are a social group which, besides members of Parliament, also includes high-ranking officials and public servants from the executive branch of the Government, both at the central level of administration, and at the regional (local) one. These people can determine the fate of a country, region or city, simply by using the power with which their constituencies invest them once in a given number of years. Some long-term decisions that politicians assume are crucial for the development, stability and even peace in a country or in the world. The importance of strategic decisions of politicians, therefore, surpasses by far that of strategic decisions of firm directors or CEOs of corporations. This happens because the rational economic aspect covered by business cannot replace or exclude, by

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itself, the social aspect which comprises a great amount of irrationality manifested in forms of social and/or political affiliation, frequent taking parts and switching sides on occasions such as trending public subjects and the "breaking news" topics from the news. By the other hand, politicians are directly interested *both* in the rational economic aspect, in order to obtain funding for their elections, and in the irrational social aspect, in order to obtain: 1. votes from their constituencies and 2. the popularity needed both in order to win the elections and to keep their offices after they begin serving their terms. This would make the social component of the politicians' motivation far more important, in a democracy, than the economic component. Also, it would imply that an efficient model of political strategic decision cannot be conceived otherwise than by taking into account all incentives that determine that motivation. In this paper, I will try to design such a model.

Models of strategic decision-making.

In their paper, *Strategic decision models: integrating different perspectives*, Hitt and Tyler (1991, p. 327) introduce three models and perspectives of strategic decision-making:

- The normative model, whereas *"executives examine the firm's external environment and internal conditions and, using the set of objective criteria derived from these analyses, decide on the strategy"*

- The strategic choice model developed from the normative model, which focuses on strategic change and "*emphasizes the effects that executives can have on strategic decisions.*"

- The external control perspective views strategic decisions as being *"largely constrained by the external environment"* (external towards the internal environment of the organization).

One can see that these models and approaches focus on firms and organizations and are, therefore, methods of describing facts that happen mainly in economy. They make an analogy that some of their authors (Eisenhardt & Zbaracki, 1992) believe should be taken for granted, namely the one that organizations are also political systems, or can be viewed as such for reasons of commodity, allowing to draw scientific conclusions

about a *society* by describing relations between a few people and linking those relations to a more general given context.

Also, it should be noted that the rational choice theory with its methodological individualism views institutions as *sets of rules applied to individuals who conduct rational actions*. This approach has its roots in economic thought and economic analysis, thus allowing finding common characteristics and relevant similarities between collective action in private institutions such as firms, corporations, other business companies, and state/public companies, such as government departments, ministries, and agencies. This is what allows to import methods of analysis of the private sphere into the public one. I ellaborate on the strategic decision in the public sector starting from these theoretical grounds.

I will further argue the capacity of these models of comprehending political strategic decision-making. One important aspect of the way strategic decision is perceived in politics is the fact that scholars and authors have treated it mainly from the point of view of *deliberation*, not of *administration.* The mainstream political perspective on strategic decision-making comes from observing and analyzing the legislative process. Instead, the political executive branch with its administrative sphere was researched using, mainly, the incomplete tools of institutional analysis and pretending this would be, somehow, "rational". The results were a rigid, cold and often unreadable literature that practices scientific irrationality exactly by claiming rationality, because it fails to conjoin the bureaucratic, institutional analysis (the hierarchic orders and regulations that compose it – for example, the so-called "emergency ordinances" that determine many actions the central executive power in Romania) and the analysis of the so-called "political arena", or "political échiquier", which is the dominant approach in the mass-media and focuses mainly on *representatives,* not on *executives*. *"The roots of the political perspective on strategic decision-making lie in the political science literature of the 1950s. Various authors of that era developed a view of decision making in government which emphasized the conflictual nature of the legislative process. That view held that decisions were the result of a process in which decision makers have different goals; they come together through coalitions, and the preferences of the most powerful triumph. This paradigm was obviously well-suited to the legislative branch of government where there are competing interests, sharply*

defined coalitions, and clear winners." (Eisenhardt & Zbaracki, 1992, p. 22). Eisenhardt and Zbaracki further affirm that *"the heart of the political perspective is the process by which conflict is resolved among individuals with competing preferences."* (Eisenhardt & Zbaracki, 1992, p. 23). When they turn to methodology, they find that *"there are two streams of research within the political perspective. […] One consists of vivid case studies illustrating the political perspective in a variety of contexts. The other contains a series of deductive studies, many of which were conducted by Pfeffer and his colleagues in the 1970s, that demonstrate the power of the political model."* (Eisenhardt & Zbaracki, 1992, p. 23).

At the organizational level and inside the organizations, however, *environmental interaction* seems to be the primary factor in determining departmental influence on strategic decisions at the expense of *internal organizational activities*, namely the ones that the mainstream rational choice theory claims as basis for the rational collective action, due to their high potential of creating interpersonal ties. Such are the results of a field study conducted in 1981 in 15 organizations (Jemison, 1981). One can easily see the prevalence of internal organizational activities in corporations even today (at an even higher degree than in 1981), where executives use *team-buildings* and recreational activities provided for free or at a reduced price in order to keep their employees in a pro-active condition for as long as possible and enhance their working capacity.

An inferential model of political strategic decision-making

In a political context, where the act of governing a state through administrating decision making in institutions with different levels of subordination and/or collaboration both at the central and at the local levels of administration has to coexist with party interests considered as *modus operandi* for gaining political power in order to perform the act of public affairs administration, strategic decision making may be regarded on holistic grounds. Decision makers that we call "politicians" at a common knowledge level are, generally, required to take into account a large number of facts and to judge over a certain amount of personal and group interests in order to attain the capability of taking a good strategic decision, that is, one that would please as many as possible and

generate as little losses as possible in terms of image, money, freedom, etc. When regarding strategic decision making as being projected and taken by a personal agent (as in strategic choice perspective), the whole process from beginning to end can be conceived in the light of following steps that compose an inferential model of strategic decision making to be formulated here in a summary manner as a coherent structural ensemble of ten logical sentences comprising ten steps to be further developed, expressed and explained in II.1, II.2 and II.3. The ultimate goal of my model is to reach both the strategic decision making level and the strategic decision making evaluation level and to be useful for political decision making in any political context. My model is best fit for the analytic work of advisers, counselors and other employees whose job is to provide guidance for a sole decision maker from the executive branch of political power, either president, prime minister, minister or mayor of a big city. It can be used also by think tank experts in order to analyze and evaluate strategic decisions taken by some of the same officials.

The inferential model of strategic decision has been inspired by the work of David A. Kenny *Correlation and Causality*, a "general introduction to the topic of structural analysis" (Kenny, 2004, p. i). I use correlation because "first, *correlational* means a statistical relationship between a set of variables, none of which have been experimentally manipulated." (Kenny, 2004, p. 1). In the field of political strategic decision it is fairly essential to anticipate in time potential flaws and to bypass obstacles in order to maximize outcomes, this is why it seemed to me that neither the normative rational model with its upgraded variant of strategic change approach, nor the external control model fully cover the need for theorizing upon political strategic decision. That's because all three strategic decision models mentioned above cover the institutional, bureaucratic type of activity alone. Introducing the political aspect into a comprehensive, holistic approach of the strategic decision is the stake of this paper, and I shall leave this scientific subject open for further contributions that would succeed in developing the topic of my modest endeavor to the extent of its true importance.

The inferential model of strategic decision-making

1. Giving a certain initial idea, collect as much information as possible in a particular *context of interest* in which there is a scarcity of information (variables i and y, i inferred from y, or $y \vdash i$);

2. Using analyzed information I to define the purpose (variable p);

3. Estimating available resources and their limits (variables r and $l \vdash r = R$);

4. Rethinking the purpose into strategic purpose according to usable resources R (variable $R \vdash$ variable P);

5. Taking into account the former steps to define a set of tactical actions that are purpose oriented (set $A = \{a_p, b_p, c_p \ldots n_p\}$; $P \vdash S$);

6. Taking into account time limits (variables t and $l \vdash t = T$);

7. Implementing each tactical action in a given moment in time (set $T = \{t_1, t_2, t_{3 \ldots} t_n\}$, $f: A \rightarrow T$ result set $A(T) = \{a_p t_1, b_p t_2, c_p t_3 \ldots n_p t_n\}$;

8. Estimating utility according to $P - P \vdash U$; set $u = \{u_1, u_2, u_{3 \ldots} u_n\}$

9. Evaluating utility function for each step: set $U = f: A(T) \rightarrow$ set u $\{ a_p t_1 u_1, b_p t_2 u_2, c_p t_3 u_{3 \ldots} n_p t_n u_n\}$;

10. Estimating general purpose utility $U(P)$.

Explanation of the mathematical and logical apparatus used for the inferential model of strategic decision-making

The logical-mathematic methodology allows clarity and strengthens the capability of designing a neutral, detached, based-on-facts-only analysis. I use inference ($\vdash$) as an operation taken from the field of logics in order to explain strategic decision according to its subsequent tactical steps that, especially in a political context, depend in a high degree on irrational aspects such as behaviour of large groups of people. Inference is a logical operation that provides a greater power of theorizing than the plain implication.

From the algebra field, I use the theory of sets and the theory of functions (functions with two variables – grade II functions, and functions with three variables – grade III functions). I correlate a set of actions (A), a set of correspondent points in time (T), and a set of corresponding values of utility (U) in order to obtain a *proper tool of analysis of strategic decision*. If one gives particular values to each variable and resolves the correspondent

equations, these functions could be represented on bi-dimensional tables (f(x) and f(y) scale) and at a three-dimensional level using space geometry.

Textual explanation of the 10 steps composing the inferential model of strategic decision-making

1. By collecting information from a particular context of interest, one gathers useful data to serve in the estimation of goals to achieve. It is, in my opinion, the most important part, the basis of any decision of strategic importance. One cannot hope to maximize the rate of success of any endeavor, regardless of its nature, in the absence of data the fidelity of which is hard to contest using only common knowledge.

2. Defining the purpose as logic, causal collection of goals, is a stepping-stone towards the achievement of a strategic outcome. It is important to know exactly what is there to do, as, perhaps any important decision grounded in the public sphere and the political world is, in fact, a sum of simpler actions. Each of these actions has its own ends and employs its own means to achieve those ends.

3. Resources are vital in any strategic decision. Evaluating resources and knowing exactly how are they to make ends meet the proposed purpose is a step that cannot be avoided, because any flaw at this level would cause a further, graver flow in the end, and would endanger the finality of any endeavor.

4. Only after the correct evaluation of resources and the defining of a resource frame, the sum of particular goals can, as well, become a single, logical sentence that we would call purpose.

5. Knowing the purpose, one can start defining particular steps headed at its achievement, with the necessary condition of not deviating from the purpose. These requirements being fulfilled, any action will lead its agent towards the achievement of the proposed purpose.

6. Taking into account time limits is a fundamental prerequisite for a strategic decision. It would allow any strategist to plan effectively. Strategic decision depends on planning in a decisive manner.

7. Putting actions on a timetable is the next necessary condition to be able to implement strategic decisions. It requires taking each particular step headed at the achievement of each particular goal at its particular time.

8. Implementation phase is followed by an estimation of usefulness (utility), depending on the general purpose (P) and in the context of the general strategic decision.

9. The next phase assumes an estimation of the utility of each and every tactic decision taken in order to achieve the ultimate goal, defined by the general strategic decision.

10. A final evaluation of the way in which the strategic decision was implemented is needed for being able to see, at a last glance, how necessary it is, how well would it be brought into life and what would be its consequences on a long run.

Conclusions

Political strategic decision-making is dependent, primarily, on the long-term strategic purpose that its agent foresees, and, secondarily, on his/her capacity to maintain the desirable course of action. Strategic decision-making in politics and state administration can be conceived as a set of actions that start with observing a necessity, collecting information, formulating a general purpose and intermediate operational purposes, and start implementing by coming up with actions taking into account time and other limitations, followed by estimating general utility of the decision, and particular utility at each phase of implementation. The inferential model of the strategic decision-making comprises, in a logical deterministic order, the steps needed to take in the process of strategic decision-making in the public sphere and the field of public policies.

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