

Management and Leadership

THE IMPORTANCE OF CORPORATE GOVERNANCE IN BANKING. EVIDENCE FROM THE BANKS LISTED AT BUCHAREST STOCK EXCHANGE

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Abstract: *In the context of the financial market volatility and economic competitiveness, corporate governance has become an imperative for improving organizational performance and a strategic instrument for enhancing credibility of stakeholders in companies and institutions. Evidence show that at present, banks continue to have a governance problem, which poses significant risks not just to them, but potentially to the entire economy (Forth, 2012). Corporate governance is essentially important for banks, because such institutions: (a) deal with funds raised from the public; (b) are likely to encounter greater risks including frauds and failure; and (c) if such frauds or failures occur in such institutions, it may pose issues relating to public confidence in the financial system stability itself (Cabral, 2007, p.3). The purpose of our empirical study is to analyze the corporate governance framework of the banks listed at Bucharest Stock Exchange, in terms of: principles and practices of corporate governance, ownership and board structure, financial reporting, disclosure and transparency of information, business ethics and corporate social responsibility. In this regard, we will use a quantitative approach, based upon the Annual Reports from the banks listed at Bucharest Stock Exchange indexed BET-XT. Results of the data regression analysis indicate that efficient corporate governance mechanisms have a positive impact on the financial performance and stock market valuation of the banks listed at Bucharest Stock Exchange. The analysis on financial performance on banks in terms of ROA, ROE and PER, indicates that the price share of Transilvania Bank is the most attractive for investors, with great potential of profit on a long term.*

Keywords: *corporate governance; organisational performance; market valuation; banking; Romania.*

Introduction

For the banking system, in order to obtain competitive advantage in the context of the global financial market volatility, the legal and economic instability, corporate governance represents an imperative and a strategic instrument for a sustainable financial growth. This paper aims to analyze, through a quantitative approach, the key corporate governance mechanisms implemented by the banks listed at Bucharest Stock Exchange (in terms of financial disclosures, non-financial disclosures, annual general meetings, timing and means of disclosure, and best practices for compliance with corporate disclosure) and the relationship between corporate governance and the financial performance of banks. Our grid of analysis comprises 44 items and is based upon the financial, corporate governance and disclosure indicators elaborated by Uwugbe (2011). The results of our study are in line with other studies concerning the features of corporate governance, the need for a mandatory legal framework in Romania on this topic and a better disclosure of the information regarding the financial situation and the remuneration of management (Albu, Durica, Grigore, Grigoraș, Mateescu, & Ichim, 2013; Firescu & Brânză, 2013; Tofan, Bercu & Cigu, 2015; Țarțavulea, 2014). The data regression analysis results indicates that efficient corporate governance mechanisms have a positive impact on the financial performance and stock market valuation of the banks listed at Bucharest Stock Exchange. Also, the analysis on financial performance on banks in terms of ROA, ROE and PER, indicates that the price share of Transilvania Bank is the most attractive for investors, with great potential of profit on a long term.

Corporate Governance: An overview

Corporate governance represents a topic of interest not only for the corporations from the public and private sector, but for policy makers, the civil society and academicians alike. The financial scandals that corporations are facing, but also the volatility of the global market and economic uncertainty, indicate the fact that it is necessary to reconsider the importance of corporate governance: first, as an imperative to increase organizational performance; second, as a strategic instrument to increase corporate credibility to the shareholders and stakeholders. Corporate governance is concerned with: on the one hand, with the aspects of the internal administration of a company, namely, a set of norms, principles and rules for controlling and monitoring the organizational activities; on the other hand, is focused on issues related to the development of a partnership relationship based on trust between the organisation and its stakeholders, in response to the societal norms and pressures in regard to the adoption of ethical, accountability and transparency on behalf of the corporations (Vagneur, 2011, p.2).

Corporate governance is correlated with the responsibility of the board of directors to enhance corporate performance through strategic decisions in order to obtain competitive advantage: „Corporate governance is the system by which companies are directed and controlled” (Cadbury Committee, 1992, p.10). The role of the board of directors is to establish strategic objectives and supervising the executive board activity, by taking into account the financial interests of the shareholders. At this point, in the context of the increasing economic competitiveness in different markets and industries, in terms of meeting the board of directors responsibilities, there have been imposed new standards for organisational performance evaluation. Thus, corporate governance involves not only accountability, but also different mechanisms to create shareholder value through strategic decisions (Clarke & Branson, 2012). Nevertheless, the behaviour and responsibilities of the board of directors should not be limited only to the maximization of the shareholders interests and adoption of effective mechanisms for controlling and administration of the corporation, in order to achieve the strategic objectives. Van Ees and Gabriellson (2009) point out to the fact that corporate governance employs not only strategy, evaluation and control, but it also ensures the continuous flow of information and know how within the organisation (between the board of directors and employees) and it also facilitates the cooperation between management and stakeholder, in order to solve the organisational problems.

According to the Organization for Economic Cooperation and Development (2004), „corporate governance involves the distribution of rights and responsibilities among the different participants in the organisation such as the board, managers, shareholders and other stakeholders and lays down the rules and procedures for decision-making. From this perspective, corporate governance is regarded primarily as a strategic instrument for increasing organizational performance and gaining the trust of investors, creditors, suppliers, distributors and, at the same time, it represents an important link between the corporation and other stakeholders (employees, civil society, customers/consumers etc.). This implies on behalf of the corporation to pursue a policy of transparency and ethical behaviour in business correlated with the adoption of a formalized set of procedures and processes that will ultimately increase the financial value of the company.

In accordance with Fahi, Weiner & Roche (2005), corporate governance comprises three distinct dimensions: performance, conformance and corporate responsibility. The performance dimension is concerned with the processes and managerial procedures adopted at an organisational level, used as means for creating value for the shareholders. In the long term, performance management represents an important instrument for obtaining competitive advantage and implies planning, strategy and business intelligence. In the first place, this entails that the strategic decisions adopted by management to be translated into operational and measurable objectives so that the optimization of the processes to be achieved at all levels of the corporation. Corporate performance management entails: 1) new systems of management, such as Balance Scorecard – tool used in strategic planning, focused on the following indicators of organizational performance: financial, customers, internal processes, people, innovation and learning (Kaplan & Norton, 2001); market segmentation; customer satisfaction analysis; Supply Chain Management (SCM); strategic decisions for establishing pricing for products and services; creating the budget (Fahi et al., 2005, p.61).

The second dimension of corporate governance – Conformance – defines the legal framework, principles and standards adopted by management for minimizing the risks concerning organisational activities of monitoring and evaluation. As a result of the technological development, economic pressures, increasing economic competitiveness and shareholders requirements, the financial function of corporations plays a crucial role in implementing change management at the level of transactional processes, shareholder relationship management and business process outsourcing. Thus, corporate governance addresses the following issues: risk management and internal control; management and accountability; the framework of the board of directors; monitoring and evaluation of organisational activities (Fahi et al., 2005, pp.5-6).

Corporate responsibility dimension of corporate governance refers to the practices and policies employed by corporations to promote ethical and responsible behaviour in relation to civil society, in order to obtain a positive reputation. In the current context, implementing corporate social responsibility programs representss a necessity for achieving business objectivess. Corporate social responsibility programs have a major impact, not only on the capital image in terms of consolidating the relationship with the society, but primarily in terms of attracting capital from investors. Corporations have understood the fact that for achieving competitive advantage in the global market and for creating financial value, it is imperative to adopt an ethical behaviour, based on transparency and sustainable development. Moreover, recent research in the field indicates that investors choose to provide capital to companies that enjoy credibility at the societal level that implement corporate social responsibility programs (Fahi et al., 2005, pp.7-9).

The importance of corporate governance resides in the fact that: 1) ensures the implementation of performance management systems, managerial control and monitoring systems that protect the capital and assets of the company; 2) it prevents the concentration of power and influence in the hand of a single individual or different groups of influence; 3) ensures the development of relations and effective cooperation between management, board of directors, shareholders and other stakeholders; 4) the company is directed and controlled by taking into account not only the shareholders interests, but also those of the other stakeholders (cusstomers, employees, government, society etc.); 5) it encourages transparency and accountability, given the high interest of investors in providing capital to companies that adopt policies, processes, specific management systems and corporate performance management (Mallin, 2013, p.8).

Corporate governance mechanisms in the banking system

The bank corporate governance framework is very complex and encompasses the banks stakeholders, its managers and other employees, the board of directors, but, unlike non-financial companies, banks further operate under a unique system of public oversight in the form of bank supervisors and a comprehensive body of banking law and regulations (Spong & Sullivan, 2007). Corporate governance involves the manner in which the business and affairs of banks are governed by their boards of directors and senior management, which affects how they: set corporate objectives; operate the bank's business on a day-to-day basis; meet the obligation of accountability to their shareholders and take into account the interests of other recognised stakeholders; align corporate activities and behaviour with the expectation that banks will operate in a safe and sound manner, and in compliance with applicable laws and regulations; and protect the interests of depositors (Bank for International Settlements, 2006).

Monika Marcinkowska (2012, p.48) states that corporate governance in banks differs from the standard (typical for other companies) due to the following issues: 1) banks are subject to special regulations and supervision by state agencies (monitoring activities of the bank are therefore mirrored); supervision of banks is also exercised by the purchasers of securities issued by banks and depositors ("market discipline", "private monitoring"); 2) the bankruptcy of a bank raises social costs, which does not happen in the case of other kinds of entities' collapse; this affects the behavior of other banks and regulators; 3) regulations and measures of safety net substantially change the behavior of owners, managers and customers of the banks; rules can be counterproductive, leading to undesirable behaviour management

(take increased risk) which expose well-being of stakeholders of the bank (in particular the depositors and owners); 4) between the bank and its clients there are fiduciary relationships raising additional relationships and agency costs; 5) problem principal-agent is more complex in banks, among others due to the asymmetry of information not only between owners and managers, but also between owners, borrowers, depositors, managers and supervisors; 6) the number of parties with a stake in an institution's activity complicates the governance of financial institutions.

The World Bank (2014) indicates that the most relevant governance issues for the financial institutions are: 1) charging with upholding the public's trust and protecting depositors. Balance sheets are more opaque, leading to less transparency and greater ability to conceal problems. Good governance requires boards and senior management to fulfill their fiduciary responsibilities by effectively communicating strategic business direction and risk appetite while assuring transparent and effective organization, risk assessment and mitigation, and sufficient capital support; 2) Good governance complements traditional supervision of financial institutions, protects the interests of depositors and other investors in commercial banks, builds and maintains public confidence in the financial sector, and ultimately contributes to its integrity and credibility; 3) Financial institutions are uniquely vulnerable to liquidity shocks which can result in institutional, and potentially, financial instability. Sound governance supports prudential supervision and regulation, enhancing the role and the effectiveness of the financial institution supervisor.

When addressing the issue of corporate governance in the banking system, we must take into consideration the following features: risk management, compensation and rewarding policies and stakeholder control. Luc Laeven and Lev Ratnovski (2014) point out to the fact that the traditional Anglo – Saxon corporate governance mechanisms make banks more efficient, but not necessarily safer. In this case, higher bank capital, better risk management and pay regulation, and some stakeholder control may help steer corporate governance towards financial stability objectives. Hence, corporate governance represents a strategic instrument to ensure strong supervision, risk control in banks improving financial stability. Banks which better implement risk management procedures for internal control may have some advantages: (i) It is in line with obedience function toward the rule; (ii) It increases their reputation and opportunity to attract more wide customers in building their portfolio of fund resources; (iii) It increases their efficiency and profitability (Tandelilin & Kaaro, 2007, p.21). According to Monika Marcinkowska (2012, p.54), weak and ineffective corporate governance mechanisms in banks related to risk management are the main factors that have generated the financial crisis. This is due to the fact that risk management in banking is influenced by the economic status of other players on the market (other banks or financial institutions). When it comes to effective risk management, the supervisory board has a major role in: 1) monitoring of implementation and adequacy of the operation of the system of risk management; 2) the establishment of strategic objectives, including an acceptable level of risk (Marcinkowska, 2012, p.55). The issue of risk management in the banking system is also strongly correlated with the problem of ownership and control. For example, in the United Kingdom, institutional shareholders have a major influence on the management and board the directors and this type of shareholders do not oppose risk-taking at banks, in contrast with the United States where banks are frequently controlled by blockholders, their attitude to risk-taking being ambiguous (Becht, Bolton & Roell, 2012, p.453).

When it comes to the remuneration and compensation of bank managers we must approach this aspect from a two-fold perspective: on the one hand, the boards of the banks and the shareholders pressure management to generate a high return on equity (which requires banks to generate high profits) and to take excessive risks; and, on the other hand, the fear of loss of human capital or reputation might make managers rewarded with stock grants, less inclined to take risks than ordinary shareholders (Becht et al., 2012, p.446). Studies confirm that high remuneration incentives have determined banks to take more risks during the financial crisis started in 2008 (Cheng, Hong & Scheinkman, 2010; Laeven & Ratnovski, 2014; Mehran & Rosenberg, 2007). In many cases, the correlation between performance and remuneration is difficult to be established by the CEO. For example, the majority of banks use generic indicators to measure the price of the shares detrimental to specific indicators to determine the relative financial performance of the company. Monika Marcinkowska (2014, p.63) outlines the following risk

measures that could serve as key performance indicators in banking remuneration systems: non-performing loans amount, growth or ratio (non-performing loans as a percentage of total gross loans); value at risk (amount or number of times the bank exceeded the limit); liquidity ratios (asset-liability adequacy); leverage ratio (assets to equity or assets and off-balance sheet items to equity); risk-weighted assets and off-balance-sheet liabilities; capital adequacy (capital ratios: total, tier 1, common equity tier 1); it can also be useful to use risk-adjusted performance measures such as economic capital, economic profit (risk included in the calculation of beta coefficient), risk adjusted profit, return on risk-weighted assets, risk-adjusted return on capital (RAROC) or risk on risk-adjusted capital (RORAC).

The study elaborated by Vitali, Glattfelder & Battiston (2011), in relation to the implications of economic globalization and the financial crisis that began in 2008, revealed the fact that control of the global financial market is owned by the financial institutions. Thus, a total of 147 corporations from banking and financial investment represent the core of the economic global order: Barclays, Goldman Sachs, JPMorgan Chase & Co, Vanguard Group, UBS, Deutsche Bank, Bank of New York Mellon Corp, Morgan Stanley, Bank of America Corp, Société Générale. Currently, the expansion of banks towards conglomerates and the extension of their activities to other economic sectors contribute to the volatility of the financial market, reiterating the idea that are too important for the world economy to be sustained by governments (Mehran, Morrison & Shapiro, 2011).

Methodology

In our research we used content analysis, focusing on identifying the key corporate governance mechanisms implemented by the banks listed at Bucharest Stock Exchange as means for gaining the credibility of individual and institutional investors: Transilvania Bank, BRD Groupe Societe Generale and Carpathian Commercial Bank. Our approach is based upon the Annual Reports in 2015 of the banks listed at Bucharest Stock Exchange indexed BET-XT. BET-XT index reflects the evolution of the prices of the most listed companies on the regulated market of Bucharest Stock Exchange. The methodology of the BET-XT index allows it to be used as an active support for derivative financial instruments (futures, options) and structured products (warrants, certificates, etc.). The content analysis is divided into two basic sections covering both financial performance aspects and the corporate governance aspects. Content analysis is basically used to assess the level of compliance with corporate governance code of conduct in prior studies. Our grid of analysis comprises 44 items and is based upon the financial, corporate governance and disclosure indicators elaborated by Uwuigbe (2011) upon the corporate governance mechanisms and financial performance of the listed firms in Nigeria (see table 1):

Table 1: Indicators of the grid analysis (Adaptation after Uwuigbe, 2011)

CGV1	CGV2	CGV3	CGV4	CGV5	CGV6	CGV7	CGV8	CGV9	CGV10
Financial and operating result	Related party transaction	Critical accounting policies	Corporate reporting framework	Statement of directors' responsibilities with financial	Risk and Estimate in preparing and presenting financial statements	Segment reporting	Information regarding future plan	Dividend	Information about company objectives
CGV11	CGV12	CGV13	CGV14	CGV15	CGV16	CGV17	CGV18	CGV19	CGV20
Ownership Structure	Shareholders rights	Size of the board	Composition of the board	Division between Chairman and CEO	Chairman's statement	Information about Independent directors	Roles and Function of the Board	Organisational Hierarchy	Changes in Board Structure
CGV21	CGV22	CGV23	CGV24	CGV25	CGV26	CGV27	CGV28	CGV29	CGV30
Compliance with different legal rules	Audit Committee	Remuneration Committee	Statement of CEO	Composition of the Committees	Functioning of the Committees	Organisational code of ethics	Biography of board members	Number of directorship held by individual	Number of board meetings
CGV31	CGV32	CGV33	CGV34	CGV35	CGV36	CGV37	CGV38	CGV39	CGV40

Attendance in Board Meetings	Directors' stock ownership	Director's remuneration	Employee relation/Industrial	CSR	Risk Assessment and Management	Internal Control System	Auditor's Appointment and Rotation	Auditors fees	Notice of the annual general meeting
CGV41	CGV42	CGV43	CGV44						
Agenda of the annual general meeting	Separate section for corporate	Annual Report through Internet	Compliance with BVV Code of CG						

A dichotomous procedure was followed to score each of the disclosure items. Each bank was awarded a score of „1” if it appears to have disclosed the concerned issue and „0” otherwise. For the analysis on the relationship between corporate governance and the financial performance of banks we used data regression analysis. In this regard, we took into consideration the most relevant indicators of financial performance of banks, as they are highlighted by Peters and Bagshaw (2014): ROA (the return on assets), ROE (return on equity) and PER (price earning ratio). In order to achieve the objectives of the study, we tested the following hypothesis:

H1: There is a positive relationship between the quality of corporate governance disclosure and stock market valuation of the banks listed at Bucharest Stock Exchange.

Results and discussion

As earlier mentioned in the methodology section, with the help of the list of disclosure items, we examined the corporate annual reports of the banks. Using a dichotomous procedure, we scored each of the disclosure items as it follows: „1” if it appears to have disclosed the concerned issue and „0” otherwise (Table 2) .

Table 2. Level of Corporate Governance Disclosure of the Listed Banks at Bucharest Stock Exchange

CGD items	CGD1	CGD2	CGD3	CGD4	CGD5	CGD6	CGD7	CGD8	CGD9	CGD 10	CGD 11	CGD 12
Average no of compliant banks	3	2	3	3	3	3	2	3	1	3	3	3
%of compliant banks	100%	66%	100%	100%	100%	100%	66%	100%	33%	100%	100%	100%
CGD items	CGD1 3	CGD1 4	CGD1 5	CGD1 6	CGD1 7	CGD1 8	CGD1 9	CGD2 0	CGD2 1	CGD 22	CGD 23	CGD 24
Average no of compliant banks	3	3	2	2	3	3	3	3	3	3	3	2
%of compliant banks	100%	100%	66%	66%	100%	100%	100%	100%	100%	100%	100%	66%
CGD items	CGD 25	CGD 26	CGD 27	CGD 28	CGD 29	CGD 30	CGD 31	CGD 32	CGD 33	CGD 34	CGD 35	CGD 36
Average no of compliant banks	2	3	3	3	2	3	3	1	0	0	3	0
%of compliant banks	66%	100%	100%	100%	66%	100%	100%	33%	0%	0%	100%	0
CGD items	CGD 37	CGD 38	CGD 39	CGD 40	CGD 41	CGD 42	CGD 43	CGD 44				
Average no of compliant banks	3	2	3	3	3	3	3	3				

%of compliant banks	100%	66%	100%	100%	100%	100%	100%	100%				
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The three banks included in our research obtained the following disclosure scores: a) Transilvania Bank resgistered the highest score (88%), being closely followed by BRD Groupe Societe Generale (84%); b) Carpathian Bank registered the lowest score - 79%. Banks with disclosure score 100% provided detailed information on items 1, 3,4, 5,6,8, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 30, 31, 35, 37, 39, 40, 41, 42, 43 and 44. Disclosure items 33, 34 and 36 were the least reported items by all of the three banks included in our research.

Transilvania Bank, BRD group Societe Generale and Carpathian Bank offered detailed information in regard to their: anual and semestrial financial and operating results, accounting policies, corporate framework (number of board members and their responsibilities, ownership structure, shareholders rights, division between Chairman and CEO, information about independent directors, composition and functioning of the committees), audit reporting and environmental and social responsibility policies/ programs. Also, all the banks provided detailed information concerning compliance with banking regulation.

All of the three banks don't make a clear statement concerning: 1) *item 33 – Director's remuneration* – despite the fact that the banks employed Compensation and Remuneration Committee as an important component of corporate governance framework, don't present information concerning the salaries of the members of the Council of Administration and the Executive Board; 2) *item 34 - Employee relation/ Industrial relation* – The only information disclosed on this item can be found in financial reports and it concerns the number of employees and the grossed corresponding costs, without any clear policies in regard to employee relations; 3) *item 36 - Risk Assessment and Management* – All of the three banks have a Risk Management Committee – responsible on behalf on the Board with the exposure drive risk exposure and supervisory process monitor capital adequacy. Despite this fact, the banks don't discloses the risk profile of the credit performance.

Items 2,7,15, 16, 24, 25, 29 and 38 were partially disclosed by the banks listed banks at Bucharest Stock Exchange. In this regard, only two banks disclosed full information concerning their party transaction correlated with their future plan of expansion – the expansion of Transilvania Bank in the retail field through the aquisition of Volksbank Romania and the future joint-venture between Carpathian Bank and Nextebank (presentation of the procedures and regulations). Also, only Transilvania Bank and Carpathian Bank have a clear division between Chairman and CEO, offer the members name and proffesional background of the Committees and disclose the number individual directorship.

In order to determine if corporate governance mechanisms can be associated with better financial results, we compared the corporate governance index obtained by the banks listed at BVB (CGV) with the following indicators: EPS (earnings per share), ROE (return on equity) and ROA (return on assets).

Table 3. Corporate Governance Performance Index from Highest to Lowest

Name	CGV	EPS (%)	ROE (%)	ROA (%)	PER (%)
Transilvania Bank (TLV)	88	0.14	16,92%	0,3%	15,22%
BRD Group Societe Generale (BRD)	84	0.06	8,8%	0.06%	166,65%
Carpathian Bank (BCC)	79	-0,05%	-0,1%	-0,05%	23%

Source: Authors' Calculation based on Content Analysis and the financial information provided by Bucharest Stock Exchange (www.bvb.ro).

The results indicate that there is a significant difference between the financial performance of the banks that make the object of our analysis. Transilvania Bank and BRD Group Societe Generale that had the highest CGV (88% and 84%) recorded the highest ROE and ROA scores (Table 3). Detrimental to this results, Carpathian Bank that also scored high on CGV (79%) recorded the lowest ROA and ROE scores:

-0,05%, respectively -0,1%. In terms of price earning ratio (PER), the analysis indicates that the price share of Transilvania Bank is the most attractive for investors, with great potential of profit on a long term. On the other hand, the PER indicator for Carpathian Bank is discouraging, taking into consideration the ROA indicators also, given the fact that it has confronted with state of insolvency, despite the positive signals for investors in regard to joint-venture with Nextebank.

The Pearson Correlation Coefficient analysis indicates a positive relationship between the measures of corporate governance and ROE variable (Table 4). Hence, a comprehensive corporate governance framework and a high level of disclosure on financial reporting, influences the credibility of potential investors/ shareholders and the financial performance in terms of return on equity.

Table 4. Pearson's Correlation Coefficient Analysis

		CGV	ROA	EPS	ROE
CGV	Pearson Correlation	1	,748	1,000*	,999*
	Sig. (2-tailed)		,462	,017	,023
	N	3	3	3	3
ROA	Pearson Correlation	,748	1	,765	,722
	Sig. (2-tailed)	,462		,445	,486
	N	3	3	3	3
EPS	Pearson Correlation	1,000*	,765	1	,998*
	Sig. (2-tailed)	,017	,445		,041
	N	3	3	3	3
ROE	Pearson Correlation	,999*	,722	,998*	1
	Sig. (2-tailed)	,023	,486	,041	
	N	3	3	3	3

Based on the most significant correlation between the corporate governance variables and ROE than ROA, we can conclude that ROE is a better performance proxy and ROA. Our decision to test our hypothesis concerning the correlation between corporate governance and financial performance based on ROE is in accordance with Westman (2009) and that sustained in their studies the fact that ROE is a preferred measure of bank profitability to ROA, because ROA is a component of ROE (Uwuigbe, 2011, p.146).

Table 5. Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	79,144	,215		367,743	,002	76,410	81,879			
	ROE	,053	,002	,999	27,088	,023	,028	,078	,999	,999	,999
2	(Constant)	79,263	,000		.	.	79,263	79,263			
	ROE	,051	,000	,961	.	.	,051	,051	,999	1,000	,664
	ROA	,042	,000	,053	.	.	,042	,042	,748	1,000	,037

a. Dependent Variable: CGV

From the hypothesis tested through data regression analysis, a positive correlation of .961 is observed between the level of corporate governance items disclosed by the banks listed at Bucharest Stock exchange and ROE as a proxy for financial performance. This result indicates the fact that the banks that disclose more information on corporate governance mechanisms and framework are more likely to have a better financial performance than the banks that disclose less. Our results are in line with the studies of Uwuigbe (2011) and Peters and Bagshaw (2014).

Conclusions and implications

The study reveals that the banks listed at Bucharest Stock Exchange have registered high disclosure scores in regard to corporate governance issues and offered detailed information in regard to their: anual and semestrial financial and operating results, accounting policies, corporate framework (number of board members and their responsibilities, ownership structure, shareholders rights, division between Chairman and CEO, information about independent directors, composition and functioning of the committees), audit reporting and environmental and social responsibility policies/ programs; compliance with banking regulation. Despite this positive results, all of the three banks included in our analysis don't make a clear statement concerning the salaries of the members of the Council of Administration and the Executive Board or the risk profile of the credit performance.

Our study indicates the fact that there is a positive relationship between corporate governance disclosure issues and the financial performance of banks listed at Bucharest Stock Exchange. From the regression result for the relationship between corporate governance and ROE, the coefficient of .961 is positive, indicating the fact that stock market valuation is dependent of the disclosure of banks on corporate governance issues – especially, financial reporting. The analysis on financial performance on banks in terms of ROA, ROE and PER, indicates that the price share of Transilvania Bank is the most attractive for investors, with great potential of profit on a long term.

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ENTREPRENURIAL INTENTIONS AMONG UNIVERSITY STUDENTS IN THE BALKANS

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Abstract. *This study has undertaken an empirical analysis on the entrepreneurial intentions among students in the Balkans. The purpose is to identify the personal, contextual and psychometrics factors, drawn by Theory of Planned Behavior, that affect entrepreneurial intentions of students and analyze the role of different cultural and economic contexts on them. The analysis compares five different countries (Albania, Cyprus, Greece, Kosovo and Romania) drawing on an overall sample of 441 students. The results indicate that attitude towards entrepreneurial behavior affects the entrepreneurial intentions of students in all Balkan countries. Differences are evidenced in Albania, Cyprus and Kosovo where gender is significant in determining the entrepreneurial intentions; Romania, where perceived entrepreneurial behavior control does not contribute to shaping the entrepreneurial intentions; and Cyprus, where work experience relates negatively with the intentions of pursuing an entrepreneurial career. Results highlight the role of cultural and economic context on the predictors of entrepreneurial intentions and have beneficial implications for policy makers and educators.*

Keywords: *entrepreneurship; intention; students; cross-national comparison; Balkan.*

Introduction

Entrepreneurship is seen as a catalyst for economic development worldwide. It has gained popularity due to the reduced barriers to entry and increased accessibility of resources, which allows individuals to engage in potential and actual entrepreneurial behavior (Morris, Kurtako & Schindehutte, 2001). Entrepreneurs are the innovators of contemporary societies as they turn knowledge into tangible and intangible yields and by doing so they ensure economic growth and can alleviate unemployment (Chen, 2014). However, entrepreneurship cannot be discussed without considering the risk factor, which, according to Zhang, Dongyuan and Owen (2015), is embedded in the entrepreneurial intention, as previous studies revealed that individuals who are not risk-averse are more likely to exhibit entrepreneurial intention.

Thus, entrepreneurial intention is key in understanding the functionality of the entire concept (Zhang et al., 2015). Self-employment is considered by scholars to be contingent on the attitudes and the intentions that are generated by individuals' abilities, experiences and network within the business environment (Kristiansen & Indarti, 2004). Throughout the literature on the matter (Krueger, Reilly & Carsrud, 2000; Liñán & Chen, 2009; Siu & Lo, 2013), two main theoretical frameworks are widely employed in order to determine and understand entrepreneurial intention: Ajzen's (1991, 2011) Theory of Planned Behavior (TPB) and Shapero's model (1982).

First, in its broad sense TPB demonstrates the fact that attitudes anticipate intentions, while intentions can create the expectation of a certain type of behavior (Ajzen, 1987, 1991). On the other hand, a narrower view towards Ajzen's (1991, 2011). Theory of Planned Behavior will prove that intentions are an outcome of attitudes towards an activity, subjective norms and behavioral control. The first two, as argued by Krueger et al. (2000) show the desirability in assuming a behavior, while the third one refers to the perceived control over that particular behavior, thus self-efficacy (Astuti & Martdianty, 2012). Next, Ajzen and Madden (1986) present two different approaches to the determination of a behavior. On one hand, intentions facilitate the perceived behavioral control (PBC) to result in a certain actual behavior. On the other hand, it can also be assumed a direct relationship between PBC and the actual behavior, hence, PBC becomes equally important along with intentions in materializing an action.

Thus, as Souitaris, Zerbinati and Al-Laham (2007) stressed, intentions are the most suitable indicator of planned behavior, especially when this is characterized by unpredictability and (or) is difficult to determine. Regardless of the fact that the TPB has a broader scope, it was transposed in entrepreneurial literature, as entrepreneurship is a classic example of planned behavior.

Shapero and Sokol (1982) devised another model, also known as Shapero's Entrepreneurial Event (SEE); this was specifically developed in order to measure intentions relative to launching businesses. Broadly, the model regards the entrepreneurial act as an event triggered by a combination of favorable circumstances, amongst which intent, capabilities or self-sufficiency could be mentioned (Paço, Ferreira, Raposo, Rodrigues & Dinis, 2011). From a narrower perspective, in order to explain the entrepreneurial intention among individuals, the SEE considers the perceived desirability and feasibility of becoming self-employed as well as the willingness to comply with a particular behavior (Zapkau, Schwens, Steinmetz & Kabst, 2015). Shook, Priem and McGee (2003) define desirability as being the degree of attractiveness of both the intrinsic and extrinsic factors of launching a venture, while feasibility translates into the individual's entrepreneurial abilities. As further elaborated by Ayob, Yap, Sapuan and Rashid (2013), the model is assumed to have one more element regarded to as displacement. This can be either positive or negative, and it is the one that will activate individuals' alertness in order to examine the environment within which one operates to determine opportunities what will be weighed based on their feasibility and desirability.

As the majority of existing studies have been presenting the EI within an isolated national example or in a comparative manner between countries, the current research tries to fill in a gap in the literature. Henceforth, our study aims at offering a holistic approach to students' entrepreneurial intention within the Balkan geographical context, analyzing a sample consisting of respondents from Albania, Cyprus, Greece, Kosovo and Romania.

Literature review

In order to determine the actual implications of the previously stated theoretical frameworks, various research studies have been conducted on different students-consisting samples. They aimed at evaluating entrepreneurial intention based on demographic characteristics such as age, gender and personal background, referring to education and work experience, and psychometric determinants, such as the attitude towards entrepreneurial behavior (ATEB), subjective norm (SN) and perceived entrepreneurial behavioral control (PEBC) in an attempt to measure entrepreneurial intention (EI) among university students from the selected countries.

Firstly, previous studies have drawn varying conclusions on demographic determinants. Autio, Keeley, Klofsten, Parker and Hay (2001) found out that prior work experience in an SME does not shape students' EI, while Veciana, Aponte and Urbano (2005) highlights the impact of gender on entrepreneurial intention, as Spanish male students are more inclined than women to become self-employed. In addition, role models are examined as an independent variable, and respondents, who were previously exposed to positive interaction with entrepreneurs according to the study conducted by van Auken, Fry and Stephens (2006), indicate a positive relationship between role models and intent.

Moreover, entrepreneurial education was also of interest to other researchers as Souitaris et al. (2007) who concluded that entrepreneurial programs highly influence EI; however, this may not be a long-lasting result as it may be a byproduct of enthusiasm rather than genuine interest. This finding is supported by the fact that only small fractions of respondents become entrepreneurs once they graduate.

Next, moving to the psychometric variables are those that received considerable attention from all the researchers in the field, as a great majority of EI studies discuss them extensively. In what the subjective norm (SN) is concerned, the studies showed contradictory findings. Boissin, Brancheta and Emin (2009) argues that US students do not put much emphasis on SN mainly due to their highly entrepreneurial environment, and Autio et al. (2001) highlight the same relatively low influence of SN for a British sample. Conversely, Zhang et al. (2015) found a positive relationship between SN and EI among their American sample, as well as Astuti and Martdianty (2012) for Indonesia. The subjective norm (SN) is an important independent construct that influences EI. It is the perceived peer pressure, the favorable or unfavorable attitude towards self-employment of the relevant-others (Liñán & Chen, 2009; Shook et al., 2003; Souitaris et al., 2007). Yet, it is worth noting that social norms may not be a sufficiently strong indicator of EI in individualistic societies (Kristiansen & Indarti, 2004).

Next, perceived entrepreneurial behavioral control (PEBC) appeared to have an important magnitude on EI among American students in the study conducted by Zhang et al. (2015). Perceived behavioral control refers to both the actual and the perceived control over a certain type of behavior (Autio et al., 2001). In what PEBC is concerned, there are scholars arguing that it is the only major construct, which can directly influence EI, because ATEB and SN are themselves explained through PEBC (Liñán & Chen, 2009).

The third variable, as described by Veciana et al. (2005) is referred to as the attitude towards entrepreneurial behavior (ATEB) which can be either the positive or the negative assessment of that specific behavior, in our case the entrepreneurial act. Moreover, attitudes are shaped by behavioral beliefs. These beliefs create a behavior-outcome association, and based on whether the outcome is favorable or not, an attitude is formed (Veciana et al., 2005). The more favorable the ATEB, the higher the chances for an individual to exhibit entrepreneurial intentions are (Krueger et al., 2000). Lüthje and Franke (2003) support the same finding with the American sample they have used. Moreover, the latter study revealed the fact that attitudes may or may not lead to intentions based on whether the environmental factors are favorable or not. Additionally, Lüthje and Franke (2003) stressed the importance of personality traits in shaping attitudes, with an emphasis on risk perception, thus there is causality between traits and attitudes.

All these provide an insightful depiction of entrepreneurial intention and its triggers at a global level. As previously stated, the aim of the current research is to portray EI among the Balkan students. Thus, a summary of studies conducted on similar samples revealed the following. In Albania, Kume, Kume and Shahini (2013) proved that entrepreneurial education, prior self-employment, SN, ATEB and PBC are positively related to entrepreneurial intention. Furthermore, Shook and Bratianu (2010) analyzed a Romanian sample and concluded that SN is negatively related to EI, while ATEB proved to be strongly related to EI. Similarly, a study conducted on a sample from FYROM revealed that EI is mainly supported by ATEB, while SN, entrepreneurial training and self-employment experience were low (Vadnjal & Mishe, 2013). Next, interestingly enough, in Bulgaria SN was positively related to EI especially in women's perspective (Engle, Schlaegel & Delanoe, 2011).

Data and methodology

The sample of the study comprised of 441 undergraduates enrolled in the higher learning institutions in the Balkans. A combination of purposive and random sampling procedures was used to select the respondents. The average age of respondents was approximately 22 years old. 41% of them were male, while the rest 59% were females. The study used Entrepreneurial Profile Questionnaire (EPQ) as a data collection instrument, which was adopted from studies of Kristiansen and Indarti (2004) and Liñán and

Chen (2009). The questionnaire was divided into two parts and covered the various variables identified in the literature.

The first part analyzed the profile of respondents, through demographic and contextual variables, such as age, gender, education subject, work experience in a small firm, work experience being self-employed, entrepreneurship course, and entrepreneurial role models. These variables were dummy coded as 1 for yes and 0 for no. The second part elicited the psychometric variables, which triggered students to start and expand an enterprise, in the form of four major constructs, namely attitude towards entrepreneurial behavior (ATEB), subjective norm (SN), perceived entrepreneurial behavioral control (PEBC) and entrepreneurial intention (EI). Based on the assumptions that entrepreneurial intention is not explicitly observable, but rather conclusive through a complex number of observations, a series of items were developed within the construct to capture the overall EI. The same technique was undertaken for the remaining three constructs, which also developed a series of items to contribute in examining the inferable factors which predict the entrepreneurial intentions amongst respondents. A seven-point Likert scale, ranging from total agreement (7) to total disagreement (1), appeared next to statements to measure the information in the underlying construct.

The dependent variable in the study is the entrepreneurial intention, which evaluates the focus and commitment of students towards possible entrepreneurial activities. The multiple regressions is used to find the influence of the explanatory variables on the dependent variable. Prior to that, the survey constructs were subjected to an application of Cronbach's Alpha test to check their reliability, and variance inflation factor was employed as diagnostic test for collinearity.

Results

Preliminary alphas of scale reliability performed through Cronbach's Alpha technique range from 70s to above 90s as shown in Table 1. This ensures that items of each construct estimate the same underlying construct and have good internal consistency. Thus, the individual items within the construct do not need to be modified or re-examined (Santos, 1999). The variables which are developed from summated scales of the interrelated items in the underlying constructs, namely entrepreneurial intention (EI), attitude towards entrepreneurial behavior (ATEB), subjective norm (SN), and perceived entrepreneurial behavioral control (PEBC) are declared to be reliable variables.

Table 1. Reliability rate

Construct	Nr of Items	Cronbach's Alpha
Entrepreneurial Intention (EI)	7	0.937
Attitude towards entrepreneurial behavior (ATEB)	5	0.868
Subjective Norm (SN)	4	0.774
Perceived Entrepreneurial Behavioral Control (PEBC)	7	0.927

Table 2 and 3 report descriptive statistics and correlations between variables. Table 2 provides simple summaries about sample and variables. Half of the respondents, specifically 51% of them have working experience in a small firm and more than 40% of them have attended an entrepreneurship course, record work experience of being self-employed and have an entrepreneurial role model. The attitude towards entrepreneurial behavior (ATEB) and subjective norm (SN) scored high overall means. This implies that respondents own a strong desirability to pursue an entrepreneurial career and highly perceive that family and personal network would approve this decision. Entrepreneurial intention (EI) and perceived entrepreneurial behavioral control (PEBC) tallied also high overall means, indicating that respondents have significant entrepreneurial intentions and high perceptions about their ability to execute these intentions.

Table 2. Descriptive statistics

Nr of Observations = 441	Mean	Std. Deviation	Min	Max
EI	3.968	1.608	1	7
ATEB	4.995	1.254	1	7
SN	5.049	1.115	1.50	7
PEBC	3.961	1.321	1	7
Age	22.23	2.746	18	32
Gender	0.410	0.493	0	1
EducSubject	3.580	2.049	0	6
ExpSmallFirm	0.510	0.501	0	1
ExpSelfEmpl	0.410	0.492	0	1
EntreprCourse	0.440	0.497	0	1
EntreprRoleModel	0.470	0.499	0	1

Table 3 reveals on average low correlations between variables, except in the case of attitude towards entrepreneurial behavior (ATEB) and perceived entrepreneurial behavioral control (PEBC). This can be an indication of multicollinearity, which can overinflate the standard errors, yield higher R^2 , result in coefficient with flipped signs and implausible magnitudes and cause some variables to be statistically insignificant, when they should be significant (Greene, 1990). To assess whether the correlations detected by the regressor correlation matrix are indeed problematic, we employ variance inflation factor (VIF), as the hegemonic test for diagnosing multicollinearity.

Table 3. Correlation matrix

Variables	1	2	3	4	5	6	7	8	9	10	11
1. EI	1										
2. ATEB	0.69**	1									
3. SN	0.25**	0.28**	1								
4. PEBC	0.69**	0.56**	0.32**	1							
5. Age	0.07	-0.02	0.07	0.14**	1						
6. Gender	-0.14**	-0.03	-0.002	-0.06	-0.13**	1					
7. EducSubject	-0.25**	-0.20**	0.01	-0.25**	-0.04	0.12*	1				
8. ExpSmallFirm	0.03	0.01	-0.08	0.01	0.04	-0.05	0.06	1			
9. ExpSelfEmpl	0.08	0.05	-0.07	0.03	-0.04	0.04	0.06	0.27**	1		
10. EntreprCourse	0.08	0.04	-0.10*	0.01	0.03	0.08	-0.12**	0.19**	0.25**	1	
11. EntreprRoleModel	0.04	0.07	0.03	-0.02	-0.03	0.06	0.14**	0.14**	0.08	0.20**	1

** Correlation is significant at the 0.01 level

*Correlation is significant at the 0.05 level

Variance inflation factors (VIF) shown in Table 4 fall within the accepted range (1-10). According to the standard of statistical test, variance inflation factor (VIF) less than 10 indicates that collinearity problem is inconsequential and the robustness of the regression model is ensured (Hair, Anderson, Tatham & Black, 1995). It is analytically explicit that the intercorrelation between explanatory variables does not affect the relation of independent variable with explanatory variables.

Table 4. VIF statistics

Variables	Albania	Cyprus	Greece	Kosovo	Romania
ATEB	1.436	2.980	1.511	3.112	1.766
SN	1.139	1.857	1.338	1.599	1.336
PEBC	1.471	2.155	1.572	2.969	2.547
Age	1.229	1.766	1.122	1.165	1.196
Gender	1.195	1.251	1.094	1.142	1.425
EducSubject	1.083	1.784	1.280	1.459	1.316
ExpSmallFirm	1.372	2.059	1.061	1.723	1.778
ExpSelfEmpl	1.400	1.940	1.114	1.606	1.696
EntreprCourse	1.107	2.355	1.166	1.671	1.437
EntreprRoleModel	1.297	2.431	1.080	1.722	1.431

Table 5 shows that the explanatory variables explain 75.3% (R-squared = 0.753) variation of independent variable in case of Albania, 81.5% (R-squared=0.815) variation of independent variable in case of Cyprus, 65.4% (R-squared=0.654) variation of independent variable in case of Greece, 80.2% (R-squared=0.802) variation of independent variable in case of Kosovo, and 68.5% (R-squared=0.685) variation of independent variable in case of Romania. The tabulated data indicate that the attitude towards entrepreneurial behavior (ATEB) is the variable that significantly affects the entrepreneurial intentions among students across all Balkan countries in the study. The perceived entrepreneurial behavioral control (PEBC) is statistically significant in all countries, except Romania. Contrary to the rest, Romanian students demonstrate that their entrepreneurial intentions do not relate with the perceived ability to start and expand an enterprise. In Albania, Cyprus and Kosovo is noticed a statistically significant impact of gender on entrepreneurial intentions, with males having higher entrepreneurial intentions than females. Students in Cyprus demonstrate also lower entrepreneurial intentions when they have work experience in a small firm. The F-value is found to be significant at 5% level of significance (F=0.000). This concludes that the regression models generated for each country are adequate, or in other words, the models are fit.

Table 5. Results for regression models for dependent variable EI

Dependent variable EI	Albania	Cyprus	Greece	Kosovo	Romania
ATEB	0.344 (0.155)**	0.608 (0.146)***	0.536 (0.066)***	0.432 (0.120)***	0.867 (0.144)***
SN	0.283 (0.146)*	0.000 (0.139)	-0.011 (0.064)	0.092 (0.121)	0.031 (0.154)
PEBC	0.380 (0.134)***	0.522 (0.130)***	0.576 (0.060)***	0.548 (0.130)***	0.066 (0.175)
Age	-0.008 (0.093)	-0.077 (0.051)	-0.016 (0.017)	0.083 (0.052)	0.040 (0.077)
Gender	-0.656 (0.300)**	-0.479 (0.226)**	0.066 (0.136)	-0.536 (0.238)**	-0.168 (0.349)
EducSubject	0.047 (0.091)	-0.014 (0.069)	-0.028 (0.033)	-0.104 (0.064)	-0.081 (0.082)
ExpSmallFirm	0.250 (0.328)	-0.641 (0.272)**	-0.014 (0.132)	-0.276 (0.289)	-0.011 (0.391)
ExpSelfEmpl	0.663 (0.350)*	0.446 (0.341)	-0.023 (0.134)	0.239 (0.280)	0.738 (0.393)*
EntreprCourse	0.165 (0.375)	0.056 (0.322)	0.041 (0.137)	-0.155 (0.301)	0.080 (0.380)
EntreprRoleModel	0.362 (0.342)	0.408 (0.327)	0.104 (0.132)	0.350 (0.290)	0.385 (0.351)
Constant	-1.602 (1.939)	1.401 (1.668)	-0.469 (0.503)	-2.036 (1.429)	-2.020 (2.094)
Observations	61	49	210	61	60
R-squared	0.753	0.815	0.654	0.802	0.685
Sig-F	0.000	0.000	0.000	0.000	0.000

Standard errors in parentheses

***p<0.01, **p<0.05, *p<0.1

Discussions

The intention of entrepreneurship is stimulated by complex factors. This study recognizes the role of personal, contextual and psychometric factors and undertakes an empirical research to reveal the factors that cause university students in the Balkans to pursue entrepreneurship. The factors that predict entrepreneurial intention broaden the current conceptualization of entrepreneurial intention and shed light to the cultural and economic differences that influence students' perceptions of the appropriateness, efficacy and self-consistency of an entrepreneurial career.

The empirical evidence shows that attitude towards entrepreneurial behavior (ATEB) is an important determinant when it comes to its relationship with entrepreneurial intention in the Balkan countries involved in the study. This result is consistent with the findings obtained by Lüthje and Franke (2003), Shook and Bratianu (2010) and Kume et al. (2013) who argued that the desirability to pursue an entrepreneurial career is a strong prediction of intentions to become an entrepreneur in American, Romanian and Albanian students. In a capitalist system, where entrepreneurship materializes into profits, the desirability to engage into such activity is constantly increasing in a global level. Overall, this indicates a positive attitude towards the independence perceived through self-employment that is translated into a utility gain as it is defined by Douglas and Shepherd (2002).

Secondly, the results indicate the perceived entrepreneurial behavior control (PEBC) does not contribute to shaping the entrepreneurial intentions of students in Romania. This substantial difference with other countries in the study stems from cultural differences. Romanian culture has a high degree of anxiety regarding the future. As Hofstede (2001) demonstrates in a study about culture's consequences across nations, Romania has a low score at long-term orientation. This deteriorates the entrepreneurial investment in the uncertain future. Accordingly, Romanian students cannot perceive in themselves the ability to make strategic planning for starting an enterprise, because future thinking initiates defensive mechanism. The findings of the study are consistent with the findings of Veciana et al. (2005), which indicate a weak relationship between the two facets of the attitude towards entrepreneurial behavior, feasibility and desirability. In their study, the perceived feasibility of launching a new venture supports entrepreneurial intent at a limited level.

The results also suggest that students in Albania, Cyprus and Kosovo perceive a higher congruence between masculinity and entrepreneurial intention. This result confirms the findings obtained by Veciana et al. (2005), where male students in Spain were more inclined towards entrepreneurship. Stereotyping (Díaz-García & Jiménez-Moreno, 2010) and specific institution environment (Shinnar, Giacomini & Janssen, 2012) lead to a lower EI for females. Problematic economies have fewer support mechanisms to assist aspiring female entrepreneurs, starting with the lack or weakness of formal and informal institutions, which support a market-based economy (Peng & Heath, 1996). A situation of this kind results in shaping students' perceptions of available support mechanism.

Worth noting is an intriguing characteristic of Cypriot case, where past work experience in a small firm is negatively related to entrepreneurial intentions. Freytag and Thurik (2006) conducted a study on Europe-25 and proved that a hostile business environment would deter people from undertaking entrepreneurial activities. This comes and supports the finding according to which Cypriot students show reluctance towards entrepreneurship once exposed to the actual pressing economic conditions.

Finally, the results have some implications for policy makers and educators, related to the development of formative and development programs. The relevant institutions, which aim to promote entrepreneurship in general and female entrepreneurship in particular, should design socially-oriented programs in order to confront business stereotyping and create support mechanism aimed at business integration and equality, such as agencies and academic bodies which offer mentorship and coaching, as well as institutions which provide access to lenders and networks. As Romanians scored low on PEBC, policies that could ensure the actual control over entrepreneurial activities could help young entrepreneurs increase their perceived control. In order to control the factors which work against budding entrepreneurs, as it happens with Cypriot students, academic institutions should target their educational efforts towards reinforcing students' perceptions of entrepreneurial efficacy.

Limitations of the study

One of the limitations of the current study could be the fact that the multi-national sample consists of students that are both in the public and private educational sector, and the potential differences this may cause in EI were not accounted for. Moreover, the family background was not considered. There were studies that have shown that more than three quarters of the respondents answered positively to desirability-related questions. This was assumed to have been a consequence of them belonging to

families, which had members involved in entrepreneurial activities (Veciana et al., 2005). Once the sample was exposed to the business environment, the study showed that their positive or negative experiences affect their feasibility-related answers accordingly. This is one of the aspects that has not been addressed by the current study and opens the opportunity for further research topics. Moreover, Lüthje and Franke (2003) found out that personality traits directly influence attitudes, thus they are an indirect trigger of intent. This can be regarded to yet another limitation of the current study, which can be turned into an opportunity of future working papers. Lastly, the respondents were asked to evaluate their general intention of entrepreneurship as an issue separate and unrelated to their timing to initiate this action. Questions addressing their time frame for taking such an action may alter the entrepreneurial intentions among respondents (Borgia, 2005).

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THE DARK TRIAD OF PERSONALITY IN ORGANIZATIONAL LIFE – A CORRELATIONAL STUDY WITH COUNTERPRODUCTIVE WORK BEHAVIOUR AND WORK LOCUS OF CONTROL

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Abstract. *Despite the recent flurry of scientific interest in the Dark Triad – narcissism, psychopathy, and Machiavellianism – the research has been mostly descriptive in nature. Relatively ignored by researchers, darker personality variables may prove valuable in understanding counterproductive work behaviors. In the present study, we attempt to integrate the Dark Triad personality traits into organizational life by correlating them with the level of counterproductive work behavior and with work locus of control. Although those three facets have different origins, the personalities described as dark personalities share a number of features. In different degrees, all of them entail a socially malevolent character with behavior tendencies toward self-promotion, emotional coldness, duplicity, and aggressiveness. A narcissistic person is described in terms of a high vanity, constantly seeking for attention and admiration, with a sense of superiority or authority. Most often he or she manifests manipulative and exhibitionist behaviors. Machiavellianism is a tendency to be cynical, pragmatic, emotionally detached in interpersonal relations but, at the same time a good organizer and having long-term strategically thinking. Psychopathy presents as cardinal features: impulsiveness, emotional detachment, manipulative antisocial behavior. The recently published meta-analysis by O'Boyle, Forsyth, Banks and McDaniel (2011), showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad. In the current study 122 participants (36 males and 86 females) were invited to fill in the following measures: Work Locus of Control Scale (Spector, 1988), MACH IV (Christie & Geis, 1970), Narcissistic Personality Inventory (Raskin & Hall, 1979), Self-Report Psychopathy scale – version III (Paulhus, Neumann, & Hare, in press) and Counterproductive Work Behavior Checklist (Spector & Fox, 2002). Results did not showed positive correlations between Machiavellianism and counterproductive work behaviour, or between narcissism and counterproductive work behaviour. Nevertheless, one strong positive correlation was found between psychopathy and counterproductive work behaviour ($r = .438, p < .01$), mirroring Patrick's results (2007, as cited in Paulhus and Williams, 2002). Regarding the work locus of control, it was identified a positive significant correlation with Machiavellianism ($r = .204, p < .05$), meaning that the higher the score on work locus of control – internal, the higher the tendency to act in a machiavellic way.*

Keywords: *dark triad; CWB; work locus of control.*

Introduction

Despite their diverse origins, the personalities composing this Dark Triad share a number of features. To varying degrees, all three entail a socially malevolent character with behavior tendencies toward self-promotion, emotional coldness, duplicity, and aggressiveness (Paulhus & Williams, 2002). Subclinical narcissism, Machiavellianism, and psychopathy are referred to as the Dark Triad due to their socially undesirable nature, similar phenotypical behaviors (e.g., manipulation), positive intercorrelations of their scales, and conceptual similarities (e.g., ego-centricity) (Rauthmann, 2012).

Psychopathy is the tendency to impulsive thrill-seeking, cold affect, manipulation, and antisocial behaviors (Williams, Nathanson & Paulhus, 2003), often falling into a primary factor, characterized by callous affect, affective shallowness, lack of empathy and remorse, superficial charm, and interpersonal

manipulation, and a secondary factor, expressed through erratic lifestyles and anti-social behaviors, social deviance, low socialization, impulsivity, irresponsibility, aggression, sensation seeking, delinquency (Hare, 2003). Psychopathy is now recognized as a subclinical variable, exhibiting meaningful variation within “normal” populations (Hare, 1991). Psychopathy is also described by cold and rigid affectivity, a superficial interaction style, manipulative in interpersonal relations (Kring & Bachorowski, 1999). Benning, Patrick, Hicks, Blonigen, and Krueger (2003) showed that psychopathy is defined by impulsive behaviours and emotional and interpersonal detachment.

Machiavellianism is the tendency to cynical, misanthropic, cold, pragmatic, and immoral beliefs; detached affect; pursuit of self-beneficial goals (e.g., power, money); strategic long-term planning; and manipulation tactics (Christie & Geis, 1970; Fehr, Samsom & Paulhus, 1992; Rauthmann & Will, 2011). Machiavellianism is also characterized by the manipulation and exploitation of others, cunning, cold affect, and a lack of sincerity or ethical concern (Christie & Geis, 1970).

High Mach scorers exhibit manipulative behaviours towards others in order to promote their own interests and are found to be emotionally detached in their interactions with others, with an interpersonal orientation, which is described as cognitive as opposed to emotional, and with little tendency to focus on individual differences (Christie & Geis, 1970). They tend to exhibit a cool and detached attitude, an opportunist approach to norms, regulations and social values. They are able to make use of other people in order to fulfill their own wishes, and often disappoint others (Mudrack & Mason, 1995). Hunter, Boster and Gerbing (1982, as cited in Reimers, 2004) mentioned four essential components extracted from factorial analysis: flattery, honesty rejection, rejection of the belief that humans are moral, and the conviction that they are corrupt and unreliable.

Related to psychopathy and Machiavellianism, narcissism represents an exaggeration of self-worth and importance, superiority over others (i.e., grandiosity), and attention-seeking (Raskin & Terry, 1988). Put simply, narcissism is an “excessive love for one’s self” (Vernon, Villani, Vickers & Harris, 2008, p.445), is the tendency to harbor grandiose and inflated self-views while devaluing others (Morf & Rhodewalt, 2001).

Narcissists are shown to exhibit extreme vanity; attention and admiration seeking; feelings of superiority, authority, and entitlement; exhibitionism and bragging; and manipulation (Raskin & Terry, 1988). They have a high need of achievement and a low one for affiliation. That is why they easily accept challenges, they show a high degree of competitiveness (Raskin & Terry, 1988). Narcissists are interested in success, power, beauty and glamour. They live as they are on a stage showing off and asking for others attention and admiration. They might be perceived as being arrogant, dominant and even hostile (Rosenthal & Pittinsky, 2006).

Regarding the relationship between the dark triad facets and counterproductive work behavior (CWB) defined as volitional acts that can be aimed at the organization itself or people in the organization (e.g., supervisor, coworker, subordinates) and either harm or is carried out with the explicit intention to harm (Spector & Fox, 2005), Patrick (2007, as cited in Paulhus & Williams, 2002) highlighted the role of psychopathy as one of the most consistent predictor of antisocial behavior, including aggression. Counterproductive behavior involves deliberate actions by individuals to violate central organizational policies, rules, and procedures. By doing so, these actions harm both the organization and its members (Robinson & Bernet, 1995).

Researchers (O’Boyle, Forsyth & O’Boyle, 2011) have identified certain factors that might explain why do individuals engage in counterproductive work behavior. These factors include “individuals’ personal qualities, the press of the environment, and the moral ambiguity in some business situations” (O’Boyle et al., 2011, p.2). Previous empirical research suggests that several personality constructs are related to CWB. Several authors (Salgado, 2002; Mount, Ilies & Johnson, 2006) examined the relations between the big five-factor model and CWB. They found that the largest negative relationships were with conscientiousness and agreeableness. Moreover, Bennett and Robinson (2000) have found that narcissism, Machiavellianism, and psychopathy explain different proportions of CWB variance.

Fox and Spector (1999, as cited in Dahling, Whitaker & Levy, 2009) showed that the persons with high scores on Machiavellianism have the tendency to get more frequently involved in counterproductive work behaviors. Fehr, Samson and Paulhus (1992) also found that those persons are more likely to be involved in stealing acts than those having lower scores. Furthermore, the recently published meta-analysis by O'Boyle, Forsyth, Banks and McDaniel (2011), showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad.

Regarding the relationship between the dark triad and locus of control, Gable and Dangello (1994, as cited in Corral & Calvete, 2000), highlighted a moderate association between Machiavellianism and locus of control, defined as a generalized expectancy that rewards, reinforcements or outcomes in life are controlled either by one's actions (internally) or by other factors and forces (externally). Internals tend to be more satisfied with their jobs than externals, report less role stress, perceive more autonomy and control, and enjoy longer job tenure (Spector, 1988).

Individuals high on Machiavellianism tend to demonstrate more aggressive behaviors (Repacholi, Slaughter, Pritchard & Gibbs, 2003). Similarly, McHoskey (1999) found that Machiavellianism was associated with self-reported antisocial behavior in a sample of undergraduate students. Giacalone and Knouse (1990) examined employees' justification for organizational sabotage and found that individuals high on Machiavellianism and hostility showed greater justification for sabotage methods related to information manipulation and control. Examples of behaviors endorsed are spreading rumors, altering or deleting data, and placing false orders. Other research on workplace aggression has found that Machiavellianism was associated with both interpersonal ($r = .39$) and organizational ($r = .26$) deviance (Bennett & Robinson, 2000). Furthermore, previous research has shown that high Machiavellians tend to endorse organizational sabotage more than those low on Machiavellianism (Giacalone & Knouse, 1990).

Participants

One hundred and twenty-two employees (36 men, 86 women), aged 21-51 years ($M = 27.5$; $AS = 0.64$) coming from both private and public organizations were invited to participate in the study. Participants were given the complete packets, including informed consent and measures to complete.

Measures

Dark Triad was measured using the NPI (Raskin & Hall, 1979), the Self-Report Psychopathy Scale-III (Paulhus et al., in press), and the MACH-IV (Christie & Geis, 1970).

Subclinical narcissism was assessed with the 40-item Narcissistic Personality Inventory (Raskin & Hall, 1979) which assesses four distinct factors: exploitativeness/entitlement, leadership/authority, superiority/arrogance, and self-absorption/self-admiration. For each item, participants have to choose one of two statements (forced choice) they felt applied to them more. One of the two statements reflected a narcissistic attitude (e.g., "I have a natural talent for influencing people."), whereas the other one did not (e.g., "I am not good at influencing people.").

The 31-item Self-Report Psychopathy Scale-III (Paulhus et al., in press) was used to assess nonclinical psychopathy. Participants rated how much they agreed (1 = strongly disagree, 5 = strongly agree) with statements such as, "I purposely flatter people to get them on my side" (IPM); "I never feel guilty for hurting others" (CA); "I've often done something dangerous just for the thrill of it" (ELS); and "I have tricked someone into giving me money" (CT). These items reflect psychopathic characteristics modeled in four dimensions: interpersonal manipulation (IPM), callous affect (CA), erratic life style (ELS), and criminal tendencies (CT). Good alpha were reported both for the total score (.81) and for the scales (between .74 and .82).

Machiavellianism was measured with the 20-item MACH-IV (Christie & Geis, 1970). Those items cover the use of deceit in interpersonal relationships, and a cynical attitude to human nature. Participants respond by indicating the extent to which they agree with each statement on a 5-point Likert scale. In this questionnaire, higher scores represent higher levels of Machiavellianism, as defined by manipulative interpersonal strategies and a skeptical view of others. An example item is 'The best way to handle people is to tell them what they want to hear.'

The Counterproductive Work Behavior Checklist (CWB-C) was developed to measure a wide range of counterproductive work behaviours (Fox & Spector, 2002). Participants were presented with 32 items describing behavioral reactions and were asked to indicate how often they performed each behavior. The response choices were presented in a five-point scale ranging from 'never' to 'every day.' Higher scores indicate higher levels of counterproductive work behaviour. The CWB-C demonstrated good internal consistency (.89) in previous studies (Penney & Spector, 2005). In addition to an overall score, the CWB-C also provides sub-scores for abuse, production deviance, sabotage, theft and withdrawal.

Work locus of control was measured using Work Locus of Control Scale (WLCS) (Spector, 1988). The scale has half of its items written in each direction--external and internal. Scores on the scale can range from 16 to 96. Each item can have a score from 1 to 6 (1 disagree very much, 6 agree very much), where a score of 6 representing strongest possible agreement on an externally worded item which is equivalent to a score of 1 representing strongest possible disagreement on an internally worded item.

Objective and research questions

In the present study, we attempt to integrate the Dark Triad personality traits into organizational life by correlating them with the level of counterproductive work behavior and with work locus of control. At the same time we aim at studying the moderating role of the WLC in the relation between Dark Triad and counterproductive work behaviour.

Starting from those aims the following research questions were developed:

RQ1: What kind of relations could be identified between Dark Triad and counterproductive work behaviour?

RQ2: Is there any relation between Dark Triad and work locus of control?

RQ3: Does work locus of control moderate the relation between Dark Triad and counterproductive work behaviour?

Results

Although the scores from the Dark Triad three scales could be combined to create a composite Dark Triad index as has been previously done (Jonason, Li, Webster, & Schmitt, 2009), we have decided to treat them as separate constructs, due to the fact that on a single factor they accounted for 49.03% of the variance (Jonason et al., 2009).

The descriptive statistics for all variables are presented in Table 1.

Table.1 Descriptive statistics

	Mean	SD
Machiavellianism	59.58	6.96
Narcissism	15.11	7.55
Psychopathy	143.75	25.75
WLC	49.67	6.96
CWB	43.63	9.71

In order to answer to our first research question (RQ1: What kind of relations could be identified between Dark Triad and counterproductive work behaviour?) we have computed the correlations

between all three domains of Dark Triad and CWB (Table 2).

Mirroring the findings of Patrick (2007, as cited in Paulhus and Williams, 2002) who mentioned psychopathy as the most consistent predictor of antisocial behavior, the current results showed a significant positive correlation between psychopathy and CWB ($r=.438, p<.05$). Opposite to the findings coming from O'Boyle et al. (2011) meta-analysis, who showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad, in our sample machiavellianism and narcissism did not significantly correlate with CWB, psychopathy being the only domain of the Dark Triad being related with CWB.

Table 2. Correlations between Dark Triad, WLC and CWB

	Machiavellianism	Narcissism	Psychopathy
CWB	-.005	.065	.438**
WLC	.204*	-.147	-.040

Related to our second research question (RQ2: Is there any relation between Dark Triad and work locus of control?), the same bivariate correlation was computed, results showing that the only domain of the Dark Triad who correlated with work locus of control was Machiavellianism ($r=.204, p<.05$), replicating the Gable and Dangello (1994, as cited in Corral & Calvete, 2000) findings who highlighted a moderate association between Machiavellianism and locus of control.

Related to the third research question (RQ3: Does work locus of control moderate the relation between Dark Triad and counterproductive work behaviour?), we employed a moderation analysis (using multiple regression).

Table 3. Multiple regression analysis

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	ΔR^2	F change	df1	df2	Sig. F Ch.
1	.463 ^a	.214	.201	.721	.214	16.335	2	120	.000
2	.631 ^b	.399	.383	.633	.185	36.543	1	119	.000

a. Predictors: (Constant), Psychopathy, WLC

b. Predictors: (Constant), Psychopathy, WLC, Psychopathy X WLC

c. Dependent variable: CWB

The moderation analysis (Table 3), show that work locus of control does moderate the relation between Psychopathy (being the only Dark Triad domain who significantly correlated with counterproductive work behaviour) and counterproductive work behavior, $\Delta R^2=.185, F(1, 119) = 36.543, p < .000$.

Conclusions

The fact that Machiavellianism and Narcissism was not correlated with counterproductive work behaviours deserves further attention. On one hand, the current study demonstrated that dark personalities do not uniformly entail similar negative organizational outcomes such as counterproductive work behaviours. On the other hand, there are some limitations that future studies should address. First, neither subfacets nor different “forms” of each Dark Triad trait were investigated (Jonason, Kavanagh, Webster & Fitzgerald, 2011). For example, grandiose versus vulnerable narcissism (Miller, Hoffman, Gaughan, Gentile, Maples & Campbell, 2011) and primary versus secondary psychopathy (Hare, 2003) can be distinguished. Also, Machiavellianism likely has subfacets (tactics, morality, and views) despite being often unidimensionally conceptualized (Rauthmann & Will, 2011). Second, all instruments are self-reported and therefore different type of biases might occur.

To sum up, findings of the current study should be extended in more diverse samples (e.g., better female–male ratio, different age ranges etc.), with different or more complex Dark Triad measures, and with different research designs (e.g., mixed methods).

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THE IMPORTANCE OF THE RIGHT CHOICE OF COMMUNICATION FLOW

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Abstract. *To make sure team members know the targets, to act in terms of the enterprise, the communication flow is essential. Which is the right choice of the communication flow to achieve the ultimate efficiency, effectivity and agility? What kind of information is to be transported to support these goals? Who is integrated in the communication flow? Is it enough to separate in material flow, cash flow, control flow, information flow as usually used within workflow management systems? Do we have to take specialised communication flows? If so, what is the reason? To find an answer we have to address the targets systems from the perspective of all involved players like management, agent and principal, team members, clients and service provider. All of those targets need to find one common denominator. The next question: Where does the communication flow influence these targets systems? So we address organisational structures to enhance and encourage the members self-organising abilities and to increase the speed of transactions. In conclusion we will demonstrate different organisational forms by an example and we will show a table of the characteristics of the underlying communication flow. Using this table the management will be able to choose the right organisational forms for the existing players - within or outside the enterprise. The right choice means to generate new advantages in competition and this is only possible if the enterprise is able to quickly implement solutions of identified problems of clients into products or to create new products or to offer new services and sell these solutions to customers. A company has to fulfil these requirements – also called innovation process - while in actual operations. In conclusion, not only the learning organization will be addressed, but also the strategy of optimizing process management with the help of planning improvement, direction of performance, error and problem prevention, improvement of competences as well as all agile values. In doing this all, players will accept that changes happened. The changing environment is taken standard and will be content with work on adaption to changes or creating new solutions. They will have an identification with their enterprise, they will be invested to do a good job and they will recognize the necessity of double-loop learning and sharing their knowledge. All of these will lead to a higher intellectual capital and to a longer staying within the enterprise.*

Keywords: *business communications; research of acceptance; research of happiness; change; agility.*

Introduction

The main objective of the management of an enterprise is to sell products or services to customers. To ensure a company is able to exist and act on markets for a long time, it is necessary to know the risks like new wishes of clients, technical possibilities, the political influences or the needed-based public opinion. In order to transfer the recent piece of information to all players involved in the workflow, it is necessary to ascertain an excellent communication flow. The prospect of this article is to discuss several ways to ensure an efficient and socially agreeable manner of communication flow. Especially the frictions of global and local economic strategies will receive extensive attention.

Methodology

To find out the right manner of communication flow, we have to consider the underlying organisational form of the specific enterprise. That is important because, with the help of an organisational form, the leadership defines structures like work-groups, teams, processes, responsibilities and person in charge, subagent, and scope of action, authority (Schreyögg, 1999) or others to coordinate multiple people.

On the basis of information about the different organisational forms and their special communication flow, we are able to separate the different aspects of the discussion into efficiency aspect, social aspect, local and global aspect. Under the efficiency aspect we will address the correctness of information, the actual information, the rapidness and the information symmetry as a condition, in which all relevant information is known to all parties involved. The social aspect is discussing the acceptance and happiness factors as well as the environment of the workplace in the context of human engineering. The local aspect describes the knowledge about the region and culture, the involvement and individuality of the customers and others factors like competition, public opinion or financial market. The influence of this knowledge on the communication flow is to be discussed. With the global aspect we will learn to anticipate the increasing competition and unknown influences and a fast changing environment. That's why it is important to have high capacity team members. Every step depends on the communication flow.

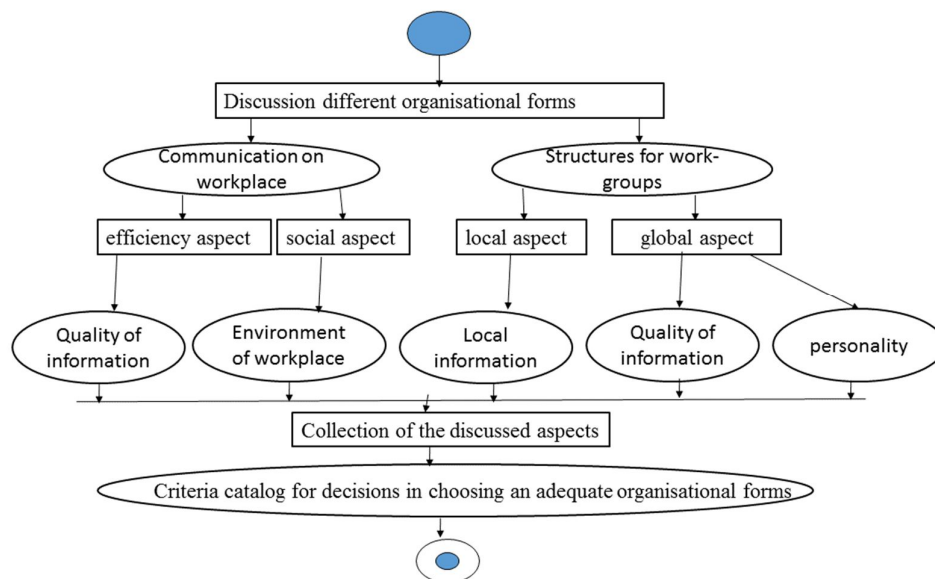


Figure 1. Methodology to find the best communication flow within given organisational forms

As you can see in Figure 1, with the help of our methodology we are able to find needed criteria for having the best communication flow within a given organisational form. As a result we will offer a helpful table to support management decisions in choosing an adequate organisational form which can fulfil all desired criteria.

Communication flow within different organisational forms

The main task of top management is to establish general rules for allocation of tasks, for coordination, guidelines for processing, providing a handling of complaints and suggestions, define areas of competence, define rights to issue directives, define signature authorization. The forming of these rules is very different, depending of the underlying business organisational form. Below we will focus our discussion on the support of communication flow as it is usually the case. The business organisation forms are divided in classical, neo-classical, modern as seen in (Schreyögg, 1999) and postmodern organisation forms (Kuhn, 2015).

Classical organisational forms

Bureaucracy approach (Weber, 1976, cited in Schreyögg 1999), administrative approach (Fayol, 1841-1925, cited in Schreyögg, 1999) and human engineering approach (Taylor, 1856-1915, cited in Schreyögg, 1999) belongs to the classical organisational forms. These types of organisational forms are characterized by multilevel hierarchy, a high degree of functional work division and specialisation, as

well as a distinct formalisation and bondage to rules. The top management as well as all participants are bound to stick to the rules. Authority and those responsible have to communicate the plans and rules as well as the fixed conditions like quality of materials, use of methods, technics and machines. All activities will be administrated within (e)-document. Decisions are made by specific deciders, so if changes will happen, only the new orders need to be communicated, the receptor has only to execute the orders without changes, without discussions, without their own initiatives or ideas. The leader is like an omnipotent patriarch. He is the direct boss, the communication way is short. Everybody knows what to do, in order to catch the internal goals the boss set. It is based on the idea that companies know best what is good for the customers. Figure 2 shows all of this.

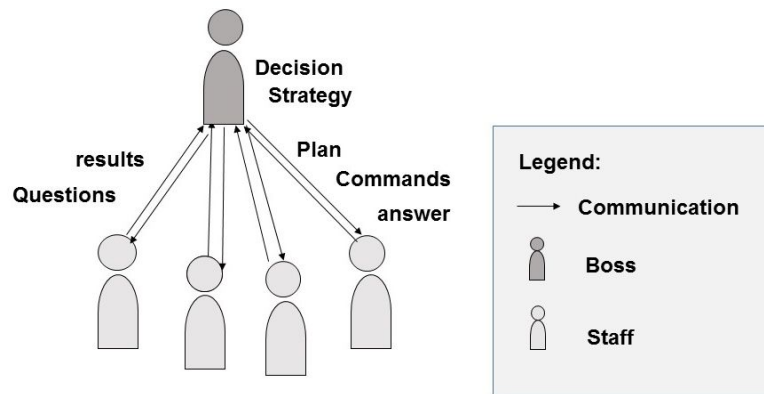


Figure 2. Communication flow within Classical organisational forms (local)

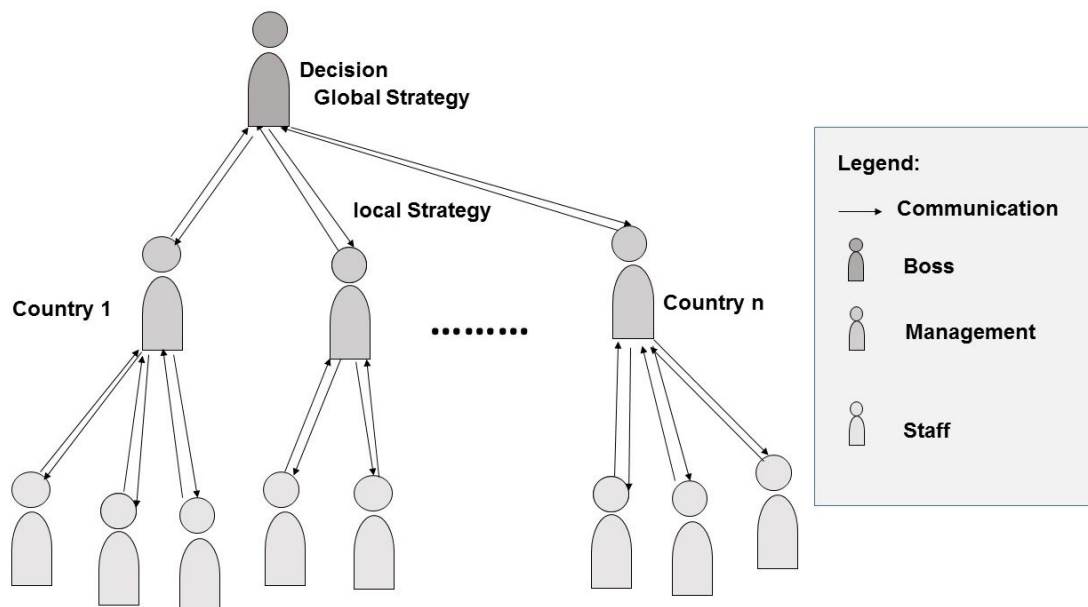


Figure 3. Communication flow within Classical organisational forms (global)

From the point of view of the communication flow it is important to separate the line of command from planning. This line will be standardized to activate if necessary. This form is only fit for local use because “in a local company the employees identify with the boss or the unit or the internal goals in which they work. They are internally focused and there is a strong social control to be like everybody else”, as seen in Hofstede, Hofstede and Minkov (2010). Based on this consideration in a globally acting company you can only act this way, if you have people in local management who are able to understand the specific country and its people. This is shown in Figure 3 Neo-Classical organisational forms.

The human-relation approach (Hawthorne-Experiments, 1924-1932, cited in Schreyögg, 1999) with the idea that emotions are a crucial factor of productivity is one of the two neo-classical organisational

forms. In this approach the behavioural perspective is very important and the communication is changed from a task related management to a personal related management, from command and obedience to the principle of supportive relationships. In the second neo-classical organisational form, called the incentive-contribution-theory (Chester, 1886-1961, cited in Schreyögg, 1999), a company is understood as a cooperation between workers, customers, clients and capital providers. Incentives secure the willingness to cooperate to provide a good performance. The organization is interlinked with wishes and expectations of the participants as you see in Figure 4.

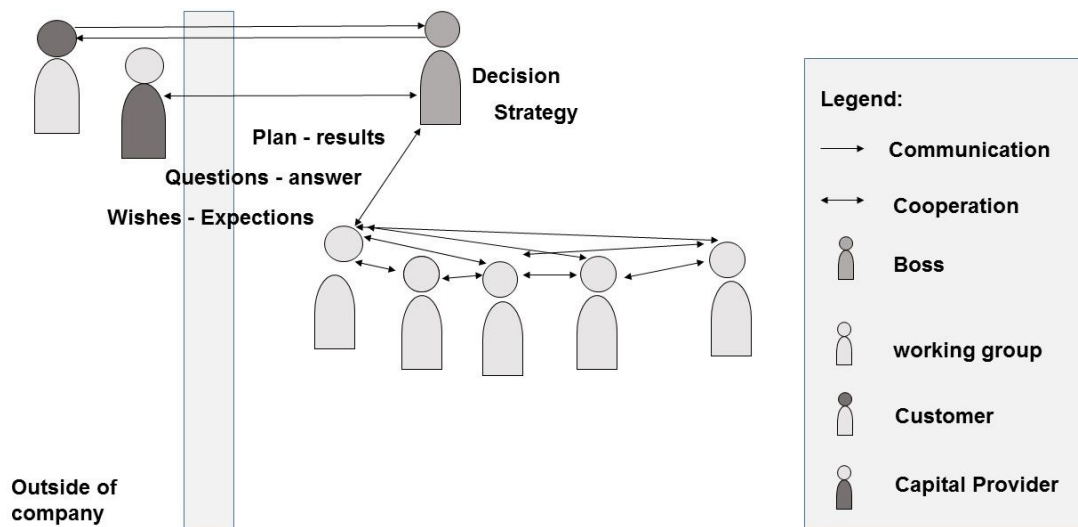


Figure 4. Communication flow within Neo-Classical organisational forms

Measurements are needed to introduce to meet the goals of the participants in efficient and effective way. To have a say in tasks (methods, materials, guideline optimizing), in working time, or sometimes to offer on the job training the communication flow has more feedback and discussion loops as before. For a global acting company the organisation is the same as before shown in Figure 3.

Modern organisational forms

In modern organisational forms a long term strategy as well as human resources are very important. These are based on the knowledge that traditional structures detain people from capture initiative. People want to be responsible and therefore should be responsible for their goals. There are existing a lot of modern organisational forms like human-resource-approach, cognitive-symbolic approach, system-theory approach, structural approach, empiric analyses, micro-economic approach or mathematic approach with different characteristics in details, but there are some equal characteristics concerning the information flow like this: Self-fulfilment at the job, the idea of personal "growth" (mature personality), communication, cooperation and trust, common goals with the emphasis on meeting the customer's requirements and a pragmatic attitude are important to enrich the desired results, mutual acceptance, mutual responsibility, set method, talented persons and skills, so that in case of crises the problems can be solved within a team. The distribution of tasks addressed the solution of problems is according to interests, acquirements and aptitudes. Within teams people have to understand one another and respect each other (the social aspect is very important). So it is possible to act in an unknown situation very quickly because the most competent person will be responsible in a crisis and all other team members follow this person. If this is not as effective, as expected, a reaction and cogitation can follow and a new interpretation, patterns for orientation and initiatives can be developed.

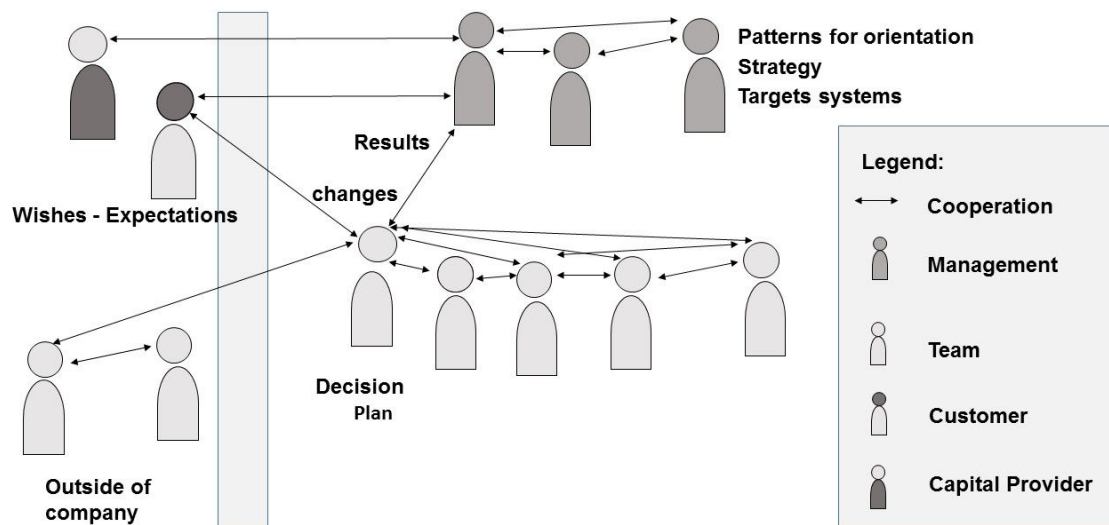


Figure 5. Communication flow within modern organisational forms

Every time the participants can have a small talk or discussion about their work, every time they can have an interruption and a proposed better way of work. To solve problems on different perspectives, mixed work groups think about and the relations between effects can be seen. A communication flow between the different departments also in case of problems has to be established. The assessment of alternatives has to be supported. A Stakeholder analysis can generate and make visible the different influences on enterprise, product, processes or projects. This leads to a better understanding of the changing environment and a better change management for transformation processes. The customer's feedback is to be integrated in the innovation process, acceptance factors need to be analysed and the decision makers. To solve problems, the person within the team with the best skills fit in the specific situation is taking responsibility. You see this network of information flow in figure 5.

Postmodern organisational forms

Postmodern organizational forms like highest performance organization, systemic management, agile approach, high reliability organization or virtual organizations are characterized as working within an instable environment (awakening and upheaval). This means the company is of interactional nature to manage the changes: it can receive input from outside and react in short time, but it can also have a creative effect on environment and influence the market i.e. by creating initiatives, the meanings of citizens by using modern media, technology by supporting universities. So a company can act instead of the concentration of reaction. In highest performance organization the cooperation between team members is very important. The team works together on a common goal, as written in modern organisational forms. It is possible to communicate also the problems in an open way, without anxiety, having a trusted and familiar workplace. That's why it is not necessary to document all discussions. The team is mutual responsible. Each team member knows, what it has to do and what the others want to do and can do, if necessary. The distribution of tasks is according to interests, acquirements and aptitudes, so in case of crises the problems can be solved within the team (Haug, 2003). In systemic management the focus is laying on the social aspect: people need to understand one another and respect each other. Organisations can also be regarded as evolutionary systems, one should analyse what is developing, what can be done and what could be done but also what we cannot do" (Weick & Sutcliffe, 2007). Because of the directly reaction on problems grave errors can be avoided. Collective regard fullness protect an early detection of crises. Another postmodern organisational form is a virtual organisation: A virtual organisation is a set of independent enterprises that rely on multiparty co-operative relationships between people across structural, temporal and geographic boundaries. Flexibility is brought in by reconfigurable networks of computer based communications that allow organisations to co-ordinate their activities and by a management philosophy, based on collaboration and innovation. You can find this information in Figure 6.

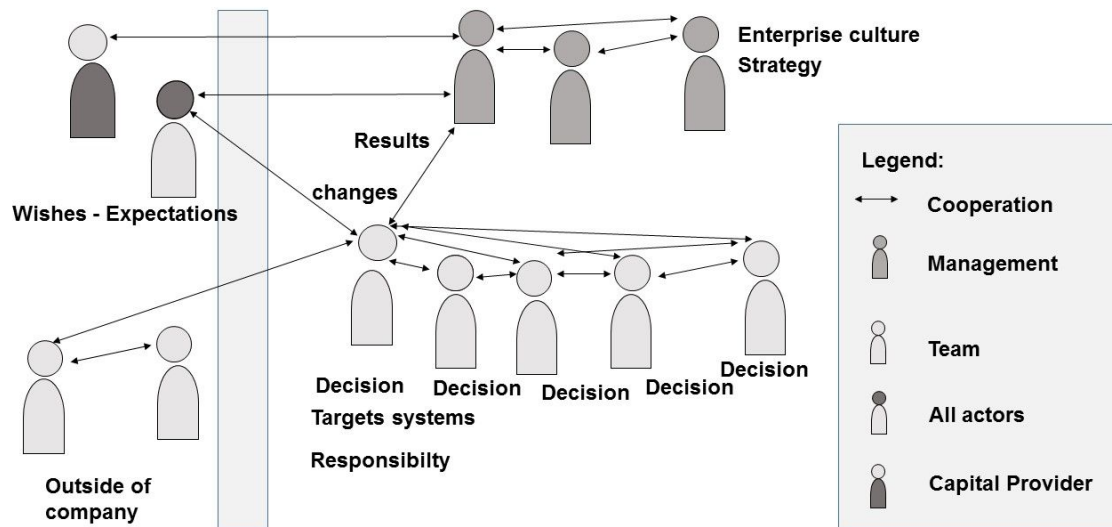


Figure 6. Communication flow within postmodern organisational forms

The information, which is necessary to act, is extended by the aspect of understanding. People want to know why it was decided in this way! This leads to the fact that basic conditions and procedures, which have led to the decision must be held, in addition, transparent. The well-being, life balance and factors of acceptance and happiness will be addressed by using one of the postmodern organisational forms. All workers know themselves what is to do, they are responsible for their work.

Discussion

Now we come to the 2-nd level of our methodology: the correlation between the problem areas of the different organisational forms and the communication flows. In order to be able to plan, prepare, and perform and to analyse operations, the support of information is relevant for decision and analyses. To the fastened political, social, economic and technological changes, suitable education and simulation models should guarantee the ability to the management of linked operations (Zandboer, Kuhn & Voigt, 2011). Based on the cognition we analyse the problem areas and in result we can define our criteria for the right choice of organisational form or communication flow.

Problem areas

Strategy: To decide about the right way of communication flow, we need the understanding of the strategic direction of an enterprise. The definition of a strategy is “the art and science of planning and marshalling resources for their most efficient and effective use”. We can also understand a strategy as “a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.” In Business Dictionary (2015a) we have found both definitions. To support the strategy, we have to understand what kind of information is needed and how the information is transported and who is the receptor.

As we have described above in a classical organisational form the goals are communicated directly to the employers and the strategy is hidden in the command line of the boss. The kind of information is divided in plan and command information. The description of the work is written in document (nearly almost integrated in a contract, in the case of changes, a new contract will be closed). In a neo-classical organisational form the target systems of the company has to be communicated, watched and developed. The participation of the employees is possible. The way to communicate and to cooperate is more complicated as before, discussions are possible, the understanding of the social human being is focused. Therefor the receptors are not only the leaders but also the staff as a whole, or even one employee if

necessary. In the modern organisational forms a high performance of the communication flow is necessary because, not only the flow is introverted but also all actors – inside or outside of the company are involved in the communication flow and participate in collaboration. No more only commands are addressed to an existing product or production, but also wishes and visions are welcome. A worldwide network is supported by a communication flow, in different languages with different understandings, in different times for different needs.

Expected labour turnover rate: To reduce the labour turnover rate you take into account for the choice of the organisational form, the distinguish between talented, pragmatic, creative and innovative persons, and the persons who are proud to be the best in their profession, and the persons who will create new incomes and the persons, who wants to be controlled and told what is to do (Scott-Morgan, Hoving, Smit & Slot, 2001). Every personality is different and if every person is on the right workplace, the labour turnover rate will be reduced. You cannot have a person, who needs to have some peace and a quiet, isolated workplace, if you know that on this specific workplace a lot of changes will happen in a short amount of time. On the other side you need a person with this character in the administration office.

Adapted for changing environment: we distinguish between the frequency and the deepness of changes on workplaces as seen in Scott-Morgan et al. (2001). In following we use the agile values (Business Dictionary, 2015b; Ward Cunningham, 2001; Wissen für Unternehmer und Manager, 2015) to show the problem areas in a high changing environment as we find always in a global oriented enterprise and sometimes a few of these values in a local oriented enterprise.

The fear of doing mistakes: In a global oriented enterprise you have different bosses and so the trust on your profession is needed. If somebody made a mistake, the person need to have the possibility to talk about the problem just in time without anxiety, because the problem needs to be solved in short time, before something worse will happen. Helpers are needed, so the organisational form with self-organisation within teams is the best. Skills as well as qualification are needed. In a local oriented enterprise, the staffs have the possibility of having a response of their direct boss.

No room for creativity: if there exist decision makers as positions and there is no possibility of the employees to participate in company decisions, then a manager takes away a lot of energy of their staff. In (Schreyögg, 1999) we read that no company can exist anymore without the initiative and ideas of their own employees.

No freedom of decision: In a global oriented enterprise, decisions are made where the best information is available. So the time of making decisions will be reduced and the reaction time is quicker.

Following a plan: If there is a plan, managers follow this plan in a strictly manner, then they have the problem of making needed adaption if changes arrive. New contracts need to be made as well as new discussions, new documentation – and the needed changes in the services or product have to wait: This is impossible for a global enterprise. Therefor an agile organisation is needed. As result of this discussion we obtain the table shown in Table 1.

Table 1 Table of criteria and the values addressed to the different organisational forms

Criteria:	Classical	Neo-classical	Modern	Post-modern
what kind of information	See Figure 2-6			
Strategy: how the information is to transport.	Direct from boss to staff	Direct in cooperation with management and staff	in collaboration management with team and actors	in collaboration with management, team and actors
Strategy: who is the receptor	staff	staff	All participants	All participants and management
Reduce labour turnover rate	like plans	builder for new incomes	best in his profession	talented, pragmatic, creative and innovative

Adapted for changing environment:	Not in consideration of staff	Not in consideration of staff	Speed is necessary, team is introduced	Agility – every team member can decide himself
Employee: Fear to make something wrong:	Yes	More or less	no	no
Room for creativity:	no	no	Yes	Yes
freedom of decision:	no	no	Yes	Yes
Following a plan	Yes (boss)	Yes (boss)	Yes (team)	No (only target oriented)

For the evaluation the correlation between the founded criteria describing the problem areas of the different organisational forms and the communication flows we use the factors of acceptance research (Schröter & Balfanz, 2010) and of happiness research (Kleist & Maetz, 2003). Acceptance research is the research to analyse the acceptance of innovations (to find out the reasons of accepting/ denegation of the potential customers. With the help of happiness research the comparability for pay will be given. There is a fiction in the sense of total target compensation: components of pay as a kind of currency for the personal management for a better comparability and used in law court.

The acceptance factors are:

- Relative Advantage: The user has to recognize a benefit in the new product.
- Compatibility: The innovation has to be consistent on the base with experience, values and needs.
- Complexity: The innovation has to be easy to use and to understand.
- Trial ability: Prototyping and adaption on the needs of users. So not only experts but everyday users should test the innovation.
- Observability: The Benefit of an innovation is easy to recognize. In this case the user is ready to adopt the innovation.

The happiness factors are:

- Family relationships: In Company the relationship to the close colleagues is very important. A poor privacy, thinking concurrency and no cooperation are counterproductive.
- Financial situation: The financial position is of significance, disturbances are dumping pay or unfair paying.
- Work: There is important the chance to career and employability, so only performance orientation, only training for the company's benefit or a rigid job ladder are not good values.
- Community and friends: If there is egoism and no team spirit then people have no good feeling. But if people operate in groups then we are able to feel happy.
- Health: If people feel stressed, i.e. overloaded with work or being permanent contactable, health will be reduced.
- Personal freedom: Staff feels happy if they have the freedom of decision making within their work and being responsible for the results. Interdictions and regulations are counterproductive.
- Attitude towards life: for the employee team-orientation is much better then egoism or injustice.

Table 2. Table of the criteria and organisational forms

Criteria:	classical	Neo-classical	modern	Post-modern
Relative Advantage:	no	no	yes	yes
Compatibility:	no	no	yes	yes
Complexity:	no	no	yes	yes
Trial ability:	no	no	More or less	yes
Observability	No recognition	No recognition	recognition	recognition
Family relationships:	no	yes	yes	yes
Financial situation:	More or less	fair	fair	fair
Work:	More or less	yes	yes	yes
Community and friends:	Not in consideration	in consideration	in consideration	in consideration
Health:	Not in consideration	in consideration	in consideration	in consideration
Personal freedom:	no	no	yes	yes
Attitude towards life:	egoism	egoism	Team-orientation	Happiness factors

Local and global aspects: A global oriented enterprise will share projects across all teams for changing company processes. The need to be able to see market trends as well as the capability of rapid response to unexpected challenges are given. So the participative change management within the company is taken into account as discussed above. In addition it is necessary to find a balance between a lifelong and permanent learning, as well as working with pleasure and a familiar atmosphere. Psychological and sociological knowledge are necessary for the leadership to realize this.

Summary and outlook

Traditional structures detain people from developing initiative and take over responsibility – this fact is in correlation with the effort of communication and a high performance communication network is necessary. As we have shown, there are many possibilities to augment the performance of team members. The right communication flow can help. To answer the questions asked at the beginning of this paper, we have shown that the acting in terms of the enterprise is essential within all organisational forms. But the way to enrich this goal is very different. While in hierarchical and neo-classical organisational forms the management knows the targets and strategies only by themselves and therefore they communicate and command the work packages to their staff, whereas in modern and in post-modern organisational forms the building of targets systems is established and the staffs are involved in advancement of the strategy. In addition within post-modern organisational forms the teams can also make their own decisions if necessary. Based on this cognition we have to add on the usually used communication flows the information about acutely, correctness to targets systems (or if not the reasons) as well as the degree of importance. In conclusion the right choice of the communication flow to achieve the ultimate efficiency, effectivity and agility, is dependent on the trust to the staff and the degree of responsibility to the work. And at least the staff will stay in company, will work self-contained and will feel happy. Team members are a matter of valuable capital. Through falling labour turnover rates the enterprise saves cash and period of vocational adjustment. Think global act local is no more a dictum only for the ecologist but also for economist.

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CRISIS MANAGEMENT AND CONFLICT MANAGEMENT IN PUBLIC ADMINISTRATION AND PRIVATE ORGANIZATIONS

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Abstract. *The article is addressing conflicts from a new perspective, from the dualism of mind, separation and comparing, which are the root causes of any conflict type. The resulting conflict can be seen as a problem of the way of thinking. For a more thorough analysis of the notions of conflict and crisis, the article presents a comparative analysis of them, showing similarities and differences between the two concepts, as well as similarities and differences in terms of conflict management and crisis management. An analysis of the causes and effects of conflict on the basis of overlapping effects and causes duplication is a new interdisciplinary, technical and managerial approach. The principle of engineering sciences is transferred in the economic and managerial sciences. The four possible situations are presented and analyzed in the paper. This paper proposes efficient solutions for managing conflicts and crises, such as the image of a public organization. The key to the conflict lies in the mind, because it works according to its functional preferences: logical - rational or emotional - affective. To overcome the dualism of mind a new education is needed, based on a new type of intelligence, quantum intelligence or spiritual intelligence as it is known in the USA scientific literature.*

Keywords: *conflict; crisis; crisis management; conflict management; quantum intelligence; the new education.*

Introduction

Ever since is born, the man is part of a group and develops within the group. The man lives among people, interacting with individuals every day, makes decisions both personally and professionally and apply them accordingly. Interaction between members of an organization is important for planning, coordinating and carrying out activities of an organization.

The dynamics of organizations, as well as group dynamics, also involves besides consensus and dialogue, the existence of conflicts, as "conflict is an inherent organizational process" (Hall & Tolbert, 1996).

As regards the role of conflicts in organizational life, there are several points of view. On the one hand, conflicts are abnormal in operation, having a profoundly dysfunctional. On the other hand, conflicts are normal aspects of life and business development, having a positive functional result.

In conflict management, the ability to resolve conflicts is put on the same level, sometimes considered more important than to plan, communicate, motivate, make decisions, managers confronted daily with both internal conflicts and external ones.

The conflict in organization

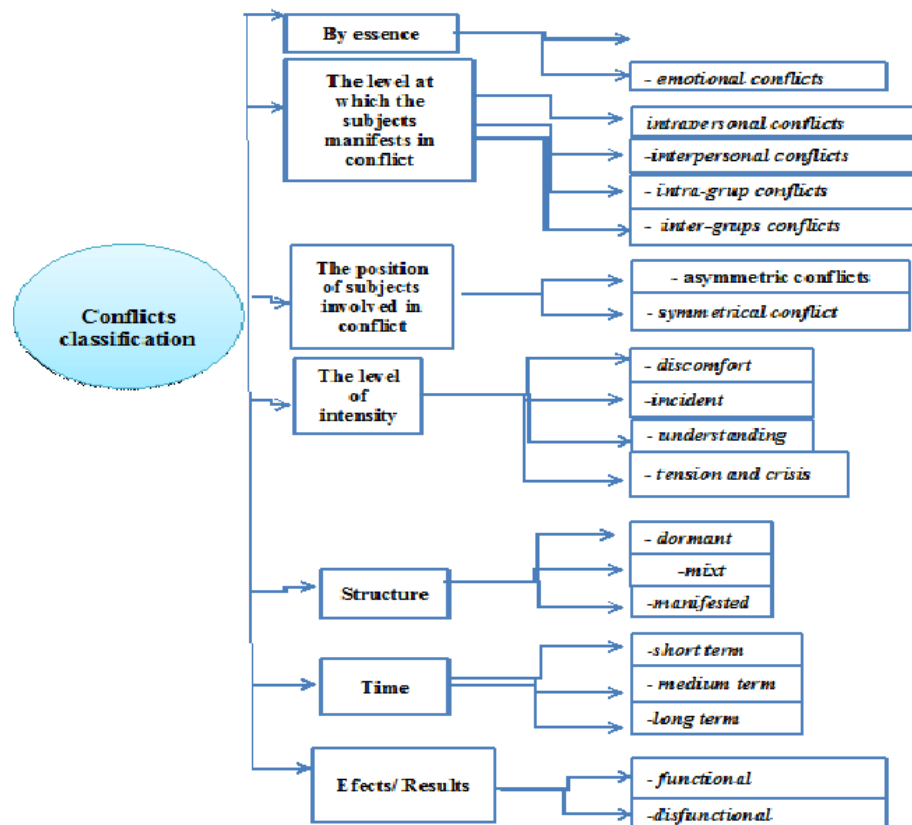
The term "conflict" has its origin in the Latin *confligo* signifying to fight. The meaning of "conflict" is often encounter in most dictionaries and encyclopedias defined by identical terms as: *dispute, scandal, fight*. Taking example with regard to students, they do not realize that there is a conflict until it turns into battle (Neculau, 1998). Over time managerial practice has developed two visions of conflict, presented in the Table 1.

Table 1. The vision of conflict (Petelean, 2006)

Defining conflict - blockage of normal decision-making mechanisms, like the one in which an individual or group tries its difficulties in choosing the ways of action	
Visions of conflict	
The old vision	<ul style="list-style-type: none"> • the conflict may be avoided; • the conflict is caused by managerial errors in the design and management of the organization; • conflicts divide organisation and prevent from achieving optimum performance; • the management objective is to eliminate conflict; • optimal performance requires removing the conflict.
The new vision	<ul style="list-style-type: none"> • conflict is inevitable; • conflict is caused by organizational structure, differences in uses, perceptions, evaluating human resources, etc. ; • conflicts contribute to defamations of organisations performance in different degrees; • management objective is to lead the conflict to achieve optimum performance in the organization; • optimal performance requires reducing the level of conflict.
The conflict task – is the exact identification of the conflict affecting, in achieving levels of performance or when the conflict stimulation can have beneficial effects on the organization.	

Classification of conflicts

Analysis of the main theoretical approaches of conflict leads to one of the most important conclusions of this work, namely that a conflict can have not only negative effects, but also positive effects. The type of conflict that in certain conditions is destructive to highly dysfunctional, in other conditions may create favorable conditions for organizational development. The only criteria that can distinguish the two forms of conflict is the organization performance.

**Figure 1. Classification of conflicts**

Depending on the criteria analyzed, the organizational conflicts can be classified in terms of the essence, regarding the subjects, the position that they occupy within the organization, after the intensity of the conflict, after its manifestation, depending on duration, effects etc.. For example, the functional conflicts are those supporting objectives and improve performance while blocking dysfunctional conflicts activities. Although in the early phase they are difficult to identify, functional conflicts prevent stagnation, causing new barriers and encourage their resolution.

While functional conflicts are motivating and generating ideas, favorable to renewal and change, dysfunctional conflicts lead to a waste of energy, time and money, it is rarely possible to measure precisely and, especially, it is rarely recognized as a waste of protagonist. Such a classification can be seen in the Figure 1.

Crisis and Crisis Management

Through the presence of many historical conjuncture, the Greek word "krisis" - "judgment" or "decision" has evolved and so we find in Latin, several centuries later the word "chrysin", in the sixteenth century - "crisis" and now "the crisis ". The definitions of crisis are diverse, depending on the methodology and tools of analysis approached. Crisis, generally speaking, designate a threat to the existence of organizational dynamics and produce a rupture of previous balances, involve the disintegration of that system with unpredictable consequences.

In parallel, the concept of crisis from a sociological approach, defines crisis as "a period in the dynamics of a system characterized by increased accumulation of difficulties, tensions outbreak of the conflict, making it difficult for normal operation, possibly triggering strong pressure for change" (Zamfir & Vlăsceanu, 1993).

Because the phenomenon of crisis is universal, and crises manifest forms are complex and diverse, for a specialized approach is required a classification of the crisis. Making a typology of crisis, it is possible and this requires significant criteria to identify which can be defined and assessed the main features of the crisis.

At an organizational level, the crisis may manifest in various forms: the crisis of authority, raw materials, capital, technology, market share crisis, the crisis of bankruptcy, the human resources crisis, catastrophe, etc. The vast majority of experts believes that the realization of a typology as realistic for crisis could be used the following criteria in the Table 2.

Table 2. Crisis typology. Classification

Criteria	Types
Based on the type of solutions and solving mode	<ul style="list-style-type: none"> - Development crisis - Crisis of legitimacy - Honesty crisis - Crisis of competence
Based on the type of environment:	<ul style="list-style-type: none"> - Internal crises - External crisis
Based on the field of which crisis occurs:	<ul style="list-style-type: none"> - Political crisis - Ideological crisis - Crisis regime - Crisis of authority - Economic crisis - Cultural crisis - Crisis communication - Image crisis - Energy crisis
Based on the level at which crisis appears:	<ul style="list-style-type: none"> - Individual crisis - Organizational crisis - Local crisis

	<ul style="list-style-type: none"> - National crisis - Regional crises - Continental crisis - Global crises
Based on the urgent need to settle:	<ul style="list-style-type: none"> - Immediate crises - Urgent crises - Sustained crisis

As a result of countless studies conducted on crisis management and disaster there was made different classifications to items on their management by social actors. From this perspective, there are common views on crisis management phases and stages.

In most cases, a crisis management process consists of five stages:

- Signaling (detection);
- Preparation (prevention);
- Crisis management;
- Reduction (limiting damage);
- Recovery.

After the mode of action, crisis management can be analyzed and interpreted in the following patterns: reactive management; proactive management; interactive management.

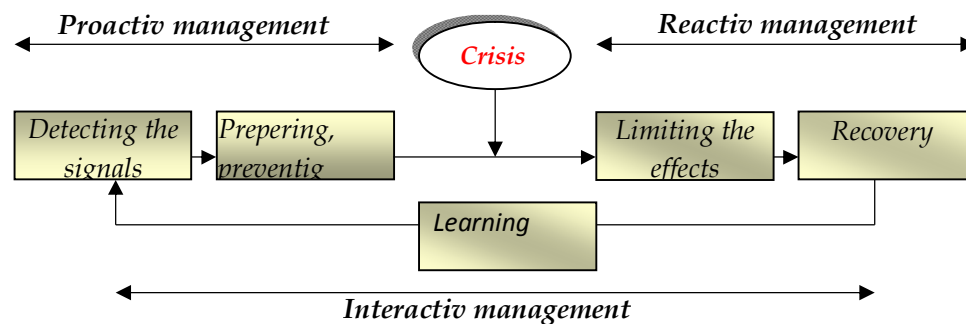


Figure 2. Types of management used in crisis management

Conflicts and crises management, on the basis of motivational theories (NADA) - Needs, Desires, Expectations and Aspirations

Communication is the key to resolving conflicts and to approach all stages mentioned above. As the conflict situation, the communication has an important role to influence the final results of the situations of this type. "Crisis Communication is part of the process of crisis management and includes management strategy, message, time and the distribution channels for effective communication [...] facility should focus on defusing the crisis through efficient and quickly communication methods" (Mandu, 2007).

In its most general definition of motivation it is "a law" of organization and development of a physical system; the behavioral and any particular psychological process (perception, thought, memory, emotion, etc.), is taking place amid a mediated and facilitating internal state and is a subject to a finality, a task adjustment / balancing (Nita, 2003).

In other words, any action (cognitive, affective, and behavioral) is based, ultimately on a reason - internal momentum resulting from the dialectical interaction of individual coordinates definition of indicators steady oscillations. Therefore, the reason is defined as internal cell activity as an ordered set of signals about a certain state of necessity, which "binds" the subject first act (the mere impulse to action), and

then to act in a certain way. The action is motivated even when the reason is not identified, acknowledged the subject.

STATEMENT	WAY OF SATISFYING
5. Needs to selfaccomplishment (recovery and realization of individual potential, generating rewarding results) NEED FOR GROWTH	- Participation in decision- making process, training opportunities, improvement and advancement
4. Needs to appreciation (status, esteem) NEED FOR ESTEEM	- Management by delegation of powers, material and moral stimulations, rewards and titles
3. Social Needs (association, group belonging, communication) NEED FOR AFFILIATION	- Communication in the workplace, issues groups debate
2. Security and Safety Requirements NEED FOR ROOF	- Job and income security, sickness assistance
1. Physiological Needs (food, clothing, sex, shelter) BASIC NEEDS	- Salaries, holidays, social assistance, housing etc.

Figure 2. The pyramid of needs (Nita, 2003)

The dualism of the mind and the reaction to conflict

Silence can mean agreement or disagreement in dualism. Silence helps minds to focus but can generate some form of corruption or cowardice. Consideration should be both physiological silence, but also the silence of the mind. Silence have communicative functions: it can strengthens or tightened a relationship, it may offend or reconcile, it can hide or highlight information, it express agreement or disagreement, it communicate an attitude; It allows and organize thoughts.

There are positive aspects of silence. From a management perspective, as a keyword attached, signified and signifier they represent the philological light of a dual approach, or actually it is desired the integration of dualism, the dualism of object and subject, between signifier and signified. We can exit the dualism through Trinity (Nita, 2011)!

Since Descartes (1985), it was considered self-evident that reason is separated from emotion. To think about it, they say, you must think at 'cold'. Emotions darkens the mind and it judgment. Is what Antonio Damasio (2008), a renowned neurophysiologist, called "Descartes' Error", for example the mistake of rationalism considered completely separate from the emotions or feelings. On the contrary, says Damasio (2008), emotions have a positive influence on rational decisions. In the anatomical and functional sense, there is a direct connection between reason and feelings.

Descartes (1985), a convinced rationalist traced the precise border in the past between thought and emotion, separating feelings from the body. Consistently researcher, Damasio (2008) shows that behind human emotions and feelings there is a set of biological mechanisms that do not diminishes anything of its beauty.

Dualism argues that the mind exists independently of the brain, materialism argues that the phenomenon is identical to neuronal phenomena and idealism refers only to the mental. The relationship between

brain and mind involves many scientific questions, including understanding the relationship between mental activity and brain mechanisms that influence cognition. The brain only works in "clean environment" and logical one, even if it was created to work in dualism. At the moment when the brain perceives a phrase, an illogical action, he begins to stir, seeking a logical way to escape from the shackles of mental confusion.

Even if the brain can perceive and can work in duality and in reality, he does so, on the basis of unwritten law and, for reasons known only by it. The mind and the brain are not scheduled to work in a false duality: lie- truth, right - wrong, because when you tell a lie, you cannot tell the truth and vice versa. The mind was created to operate at maximum level, which is perfectible, where every gesture, feeling, stimulus, response, is coordinated by a specialized department and that works automatically while others are coordinated by person. Mind is not only the brain, but it identifies with the brain.

Neuroscience studies the relationship between mind and brain. The importance of thinking and how it influences the perception has been studied since antiquity. An important hypothesis on the issues of the human mind has been developed by the Greek philosopher Plato. This suggested that the mind is a nonphysical entity and describes this invisible entity using the Greek word "psyche" which means "soul" (Borg, 2012).

The mind is an energetic and informational structure, separate from the physical structure of the brain. We could understand this structure as an invisible, subtle, extremely fine "matter", undetected by physical measuring equipment. So the mind would be a finer material than that of the brain, in an analogous manner to the state of vapor and liquid water (the same substance but in a different density). The mind uses brain to express itself in the physical plane. People were used to observe the functioning of the mind only through brain activity. However, the paranormal, the mind can manifest itself independently of the brain, directly in the invisible subtle plane, of the mind itself (Nita, 2013). The role of the brain is to materialize in the physical activity the info-subtle energy of the mind. The brain reproduce partially the structure of the mind, building a physical replica of a very complex subtle mechanism. According to this model, the brain causes the mind (Nita, 2011).

The quality of mental activity (emotions, thoughts) depends on the brain, but it is not its source. The brain influences the mental to the physical expression, but subtle psychic plane could operate relatively independently. More specifically, some people with alleged mental problems could possibly prove a perfect activity of the mind in the invisible plane. For them the circuits which realize the connection between mind and brain might be defective, which causes failure to adapt to the physical. We could define brain to adapt as interface to the physical mind.

The mind can be disrupted undoubtedly by the brain problems, because there is continuous interaction between these two. Mind calls for a permanent feedback from the physical, in his absence or if he is wrong, and the mind activity will suffer. The mind is somewhat "blind" to the sensations and physical realities. It is therefore dependent on the chemical or even electrical signals flowing in the brain as a carrier of information. But when these two floors separate, the mind is free from defects induced brain and can work perfectly in the subtle plane (while the brain is resting, the mind is temporarily breaking the physical contact). We cannot judge anyone's dreams (either mentally ill) after physical world standards. Perhaps dreams of a "sick" are brighter and more consistent than the other "normal" man.

Difference is good, having different points of view is also good, but we are in dualism, in a world where minds are full of contradictions. And when I say dualism, I refer to bipolarity or to divergent points of view, or to contradictory points of view. Contradiction is good, it is beneficial, with one condition: it should be controllable and it should not produce, at a certain time, crises that can get out of social control. Some crises are beneficial, others are not. Some individuals produce crises. Some managers use conflict to develop their business; they take advantage of a conflict, lead the conflict to a state of crisis, and take advantage of the crisis and say: "There is a crisis. I fire people. They are employed- but there is a crisis. I pay them less- but there is a crisis." Others, on the other hand, care about the human beings (Nita, 2011).

Conflict's approach style, used by parties involved in the conflict, determines the outcome of the conflict. The results of a conflict can be one of the types below:

- 1) Win – Loss; only one part achieves its aims through physical or verbal confrontation, or through domination.
- 2) Loss-Loss; both sides lose by avoiding conflict, postponing the settlement or waiver of goals.
- 3) Loss- Winn; both sides give up something and at the same time earn something.
- 4) Win-Win; they win more than they lose, by redefining the goals and explore new possibilities.

Conclusions

The role of management is to minimize the rift between individual and organizational interests, with enormous responsibility to "push" from chaos to organization performance, to lead the "whole" by objectives and organizational values (Rentrop & Straton, 1999).

In a structure any crisis that occurs is amplified by a number of relational factors, fueled by conflictual interests that can guide evolution of the organization for hazardous areas (dramatic changes, disasters, loss of life, property damage, or even war). The crisis can be an amount of opportunities that lead to the abandonment of unfavorable elements change (performance efficiency) and re-launched after a pattern, the structure ability to continue normal operations.

Conflicts and crises are a major interest precisely because they demonstrate the ambiguity. Their classification is a necessary mechanism for resolving issues arising from unpleasant situations in question. By identifying typology will know how to act, what steps to take, just the idea of facilitating the resolution and end all suspicions.

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