

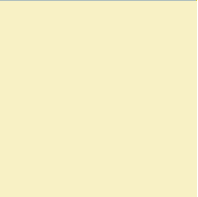
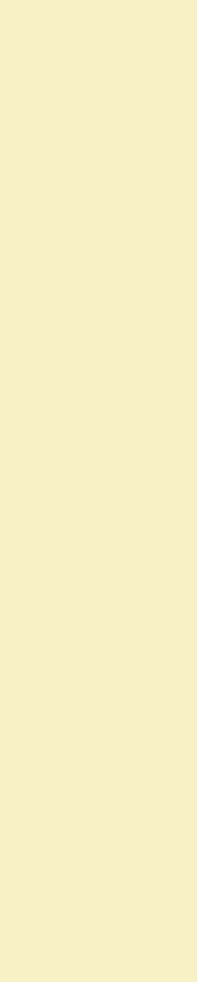
Strategic
Approaches to
Human Resources
Management
Practice

Edited by

VALERIJ DERMOL

ANNA RAKOWSKA

ToKnowPress





Strategic Approaches to Human Resources Management Practice

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Valerij Dermol
Anna Rakowska

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Strategic Approaches to Human Resources Management Practice
Edited by Dr. Valerij Dermol and Dr. Anna Rakowska

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Foreword

The book *Strategic Approaches to Human Resources Management Practice* is focused on the issue of diversity management. This concept fits well with the concept of HR strategy due to its ability to create long-term value for the organization. Nowadays, the diversity management is increasingly recognized by larger organizations, especially multinational corporations, however, most of the managers are of an opinion that diversity management is beneficial only as an element of strategic human resources management.

Diversity management can be viewed as a strategy for using best practices with proven results to find and create diverse and inclusive workplace. Successful strategies link diversity progress directly to the business results. Best practices may include the use of employee teams, diversity councils, mentoring and sponsorship, and supplier diversity. The hereby monograph has been inspired as a response to the looming changes and the thirst for discussion on the challenges of the contemporary HRM. The authors of the monograph are of different nationalities and have different research and practical experience in the field of HRM, which allowed for commencing the discussion from multifarious prisms and perspectives.

There are two main areas of discussion included in the monograph. The first area is related to the considerations regarding the context of strategic human resource management. The monograph initiates the discussion on opportunities and challenges of human resource management, the function of HR planning as the strategic drive of HR management performance, and the practices towards effective utilization of the human potential. It describes the idea of creative destruction, workplace diversity in the context of technological development, and the varied paths of human resource allocation and organizational schemes to furnish a firm's strategy through execution of projects.

The second area of discussion is related to the issue of organizational culture and values. The authors approached here, inter alia, the organizational values implication in HRM, ethics, morality and assertive behaviour in an organization. Due to the fact that the modern, highly competitive labour market contributes to the formation of the follow-



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ing dilemma: what is more important – work or the private life? One of the strategic theme presented in the book is therefore also work-life balance. This area – organizational culture and values – is concluded in the book with the reflection on cultural change processes among the public sector employees and the issue of the new public culture.

We hope that the discussions presented here make a valuable starting point for further analysis, especially in the light of the changes in the present-day HRM and the search for the new solutions for the champion utilization of the human potential in a business organization.

We look forward to the welcoming reception of this book and that readers will enjoy the work and will find it worth being recommended to friends and professionals.

Valerij Dermol and Anna Rakowska

Managing Diverse Human Potential: Challenges Or Benefits for Organizations?

Anna Rakowska

Maria Curie-Skłodowska University, Poland

Introduction

Globalization, demographic changes and lack of talented employees – they all contribute to the increase in interest in managing diversity of workers' potential. The concept of diversity management first appeared in the eighties, but nowadays it appears even more often, especially in the business, scientific and social and legal context. Diversity management (DM) is a part of the European strategy Europe 2020. Literature contains various views on DM and its practical use. Therefore, the goal of this article is to answer the question whether or not DM is beneficial for the organization and why there is such a variety of opinions in this regard. This publication includes conclusions from literature review, i.e. key approaches and concepts, examples of practical use of DM of human resources in European and non-European enterprises as well as implementation of DM practices in a company. The article attempts to establish whether the managers are convinced of the benefits that DM provides for the organization. This publication is strictly theoretical and demonstrative and consists of the following parts: review of definitions and models of DM, practical uses of the DM concept, conclusions from the research in the field of age management and summary. The literature review shows that there is a gap between the scientific research area and the evaluation of use of DM practices in enterprises. Companies sporadically measure the effects of these practices. Although employers declare positive assessment of these benefits, they tend to implement DM practices mainly to improve their image and due to legal reasons. The results of the research on factors affecting the diversity performance are ambiguous because of the great number of these factors with a big role played by situational ones.



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Diversity and Diversity Management

The definition of diversity management (DM) is inseparably connected with the concept of diversity, which has more than one commonly accepted definition. The interpretation of diversity is varied and related to economic, social and cultural conditions, as well as the views of a given author. In a broader view, diversity encompasses several areas. For example, Martin-Alcazar, Romero-Fernandez, and Sanchez-Gardey (2012, p. 74) claim that ‘the diversity of the workforce includes numerous factors that differentiate employees, such as age, gender, marital status, social status, level of disability, sexual orientation, religion, personality, moral values, culture (religion, outlook)’. A similar, broad definition is proposed by Robinson and Dechant, according to whom diversity includes ‘differences in gender, race, physical capabilities and features, sexual orientation and disparities between attitudes, perspectives and origins’ (Robinson & Dechant, 1997, p. 22). On the other hand, other authors have a narrow understanding of diversity, i.e. they include only three of its aspects and sometimes even two or one – such as, for example, age (especially in the research of the German authors). According to Kramar (2012, p. 247), diversity regards the following individual attributes of an employee: sexual orientation, physical and mental capabilities, functional diversity in an organization, diversity stemming from forms of contracts concluded with an employers, diversity of interests of stakeholders of an organization.

For some time the diversity management has been perceived as an opportunity to increase the competitiveness of enterprises. DM first appeared in management in the eighties and the concept of workforce diversity dates back to the sixties. The term ‘diversity’ appeared first in the context of natural systems theory where it regarded diversity of all living creatures and biodiversity (Kramar, 2012, p. 245). The concept of biodiversity and ecosystem diversity management was adapted in the seventies by the scientific society of environmentalists. Several years later DM appeared in theories of organization management as one of the possibilities ensuring company survival. It was connected with the publishing of The Workforce 2000 report (Bell, 2011, p. 9) which stated that after 2000 the workforce in the USA will become distinctively diverse, and organizations should take advantage of that as an opportunity for achieving success. Moreover, the increase in interest in DM was caused by social and legal changes and, in case of the USA, its multicultural character. Also in the EU DM has become more and more

popular. With every accession of a new member state the EU progressively becomes culturally varied market. However, the main drivers for DM are: workforce ageing (20 years from now the number of residents older than 65 years of age in Europe will have grown by 45%), lack of talents, socio-cultural changes (for example, women practice professions which used to be practiced exclusively by men), promoting DM in the EU policy, popularity of the CSR concept.

DM is perceived as an opportunity for surviving in difficult markets and achieving new competitive advantages. Social changes and growing market participation of wealthy women should be a driving impulse for implementing a DM policy. As the studies carried out by the Deloitte company show, in 2010 in the USA women's choice impact up to 85% of purchasing decisions, women account for \$4.3 trillion of total US consumer spending of \$5.9 trillion, what makes them the largest single economic force not only in the United States, but in the world (Kenney Paul, McElroy, & Leatherberry, 2010). It is estimated that yearly in the global scale in 2009 women accounted for about \$20 trillion consumer spending, and that data could climb even higher – till \$28 trillion in the next five years, 'Women represent a growth market bigger than China and India together, more than twice as big, in fact' (Silverstein & Sayre, 2009). These numbers cannot be ignored, the ongoing changes create opportunities for creating new products, well-adapted to women's needs. Some enterprises have already done so, the others stick to traditional stereotypes. They do not see the great purchasing power of this group of costumers and they assume that women only care about the pink colour of the car.

According to some businesswomen, cars are designed mainly for speed not utility, which is what really matters to women e.g. no SUV is ready to comfortably load two small children into it. A tablet released by Eurostar in 2013 turned out to be an utter failure – a 'first tablet for women' which was designed by men, with pink background and pre-loaded cooking, diet apps. Another example of ignoring the diversity is the Skinnygirl Margarita – a lower-calorie option for ladies who wanted to enjoy a taste of margarita without all the extra calories. Cocktails Bertelsmann resigned from buying Skinnygirl Margarita because the all-male team did not see why women might want a low-cal alcoholic beverage. Product was sold to Beam Global. In 2012, Skinnygirl Cocktails was the fastest-growing brand in the spirits industry.

On the other hand, if DM is understood in a narrow way it is then

associated with actions taken by an organization with an intent of abiding by the equality of rights (Equal Opportunity). In this case DM may be ‘the practice of addressing and supporting multiple lifestyles and personal characteristics within a defined group. Management activities includes educating the group and providing support for the acceptance of and respect for various racial, cultural, societal, geographic, economic and political backgrounds’ (www.businessdictionary.com). DM may also be defined in a wider way, as a HRM strategy, thanks to which it is possible to achieve business goals through optimal usage of employees’ potential. ‘Diversity management is the strategy of using best practices with proven results to find and create a diverse and inclusive workplace. Successful strategies link diversity progress directly to business results. Best practices include effective use of employee resource groups, diversity councils, mentoring and sponsorship, and supplier diversity’ (www.diversityinc.com). In recent years there has been a gradual transition from Equal Opportunity approach towards a more systematic, positive, organizational approach of diversity management, towards appreciation of diversity and the conscious striving toward a scientific as well as ethical and results-oriented approach (Armstrong et al., 2010, p. 978).

Approaches and Models towards Diversity Management

DM is different in the EU, USA, and RSA or in Asian states. Attitudes towards diversity and managing diversity of human resources in an organization are conditioned by historical, political, social and economic factors. For example, in the USA DM is based on economic, not moral premises, which is reflected in a strategic orientation aimed at searching for diversity of employees and searching for talented employees (Kramar, 2012, pp. 246–247).

Syed and Ozbilgin (2009) assume that DM models are conditioned by factors from three levels: macro (national), meso (organizational) and micro (individual). Authors underline the role and impact of the state structure, law-making institutions, social organizations, culture and religion. The first interpretations of DM in the USA referred only to the context of a competitive advantage. Thomas (1991) wrote that there will be times when DM will become important and corporations will see that diversity of employees is not a burden and it determines the strength of the organization when properly managed. Currently there are other, wider approaches. According to one of them, DM is a part

of CSR and organizations should serve the interests of organizations and increasing the wealth of a wide group of stakeholders (Freeman & Velamuri, 2006).

The changing perception of diversity itself and DM and changing expectations towards DM results have had impact on emergence of various models of DM. The respective models reflect organizational processes that are implemented to achieve goals that have been set. In this context there are three groups of the DM models: the models describing DM in the context of processes of adaptation of an organization to changes in the environment, such as demographic changes (for example, Cox, 1994); the models focused on processes of managing changes in the organization (Allen & Montgomery 2001); the models oriented to corporate social responsibility (CSR) (Porter & Kramer, 2011).

The first models present a reactive approach towards diversity in organization and the next ones evolved into a proactive direction, oriented to searching for the possibility of reacting to environmental challenges by organization and its resources. The reactive models were connected with the policy of equal rights of employees. However, there has been a gradually wider process of combining the diversity of resources with the management system in an organization, with the use of the diverse potential for organizational benefits. The first models of DM are a result of development of strategic management concepts, when an organization uses its resources in order to adapt to the environment – the so-called incrementalism (Quinn, 1978) – or to gain a competitive advantage through the use of its potential (Porter, 1985).

The DM models by Cox (1994) and Thomas (1996) refer to the concept of the competitive advantage. Cox underlined that workforce was becoming more diverse regarding gender, nationality and other dimensions of diversity giving impetus to the study of diversity (Cox, 1994, p. 3). They assume that organizations can gain a competitive advantage through the use of potential of diverse workforce, by implementing proper structures and processes. According to Cox's concept, managing diversity may be described as 'planning and implementing organizational systems and practices to manage people so that potential advantages of diversity are maximized while its potential disadvantages are minimized [...] with the goal of maximising the ability of all employees to contribute to organizational goals and to achieve their full potential unhindered by group identities such as gender, race, nationality, age and departmental affiliation' (Cox, 1994, p. 11).

Other models are related to the emergence of resource-based approach in the development of organizations which underlines the importance of the development of human resources and organizational culture (Boxall & Purcell, 2003). These models integrate processes of resource diversity management in connection with organizational processes. They are oriented to multi-cultural approach in decision-making processes and creating new culture which is supposed to lead to organization's greater openness to changes. The new culture should support learning processes of an organization thanks to the diversity of human resources (Dass & Parker, 1999). There are also more comprehensive models which refer to the concept of organization as an open system in which there is an exchange between the organization and its environment. Results achieved by the organization affect both its internal and external environment and therefore its stakeholders. What is important in this model is the participation of various groups of stakeholders at different levels of strategy. This model is embedded in the concept of corporate social responsibility (CSR) (Thomsen & Luring, 2008). It assumes that the environment of an organization takes over some responsibility for organising, among others, through educational programs or supporting the development of skills in minority groups. As a result, there are four approaches towards DM: an approach oriented to a specific problem, an approach integrating initiatives connected with the diversity and strategic plan of an organization, an approach oriented to the change in culture and an inclusive approach (included in CSR). The inclusive approach assumes that DM is affected by both internal and external factors (such as the economic situation or the democracy level).

Taking into consideration the external conditions, it can be assumed that there are different approaches towards DM in Europe than in the USA. Avery 2005 (pp. 14–33) emphasizes that in Europe, despite certain differences between the states, there is a common trend which promotes values of social equality and respect for personal freedom. On the other hand, according to Filler et al. (2006), in the USA, Great Britain or Australia there is a dominant economic approach. In his view, business should primarily serve interests of its owners. In the USA there is a clear impact of Friedman's (1977) ideas and the business matters on DM which is reflected by the DM strategies. In 2009 in Australia, despite implementing new regulations on equality, they were limited to big private organizations and government agencies.

In spite of rhetoric concerning the role of cultural diversity in Australia, not much has really changed (Syed & Kramar, 2009). As the research results show, in 2002 approximately 45% of organizations confirmed that they have formal procedures of managing the diversity and 12% implements informal DM (www.ahri.com.au). The diversity concerns primarily women-related issues (equality, harassment) and sporadically the religion or nationality of the employees. DM is used to the highest extent in international corporations. Factors that contributed to the fact that Australian managers decided to implement the DM in their organizations were as follows: 'it is consistent with personal values (95%), it results from managers' personal involvement (93%), it is an element of CSR (82%), it is consistent with the concept of social justice (72%), it is a reaction to feedback from employees (68%), it is beneficial for the business (65%)' (<http://www.eeona.org>). However, it is too soon to make an assumption that DM has become a part of integrated organizational processes or an element of organizational culture, as approx. two thirds of organizations have implemented DM policies exclusively due to legal requirements (<http://www.eeona.org>).

Depending on a situation, there are different approaches towards DM in a given state. It is because of the level of industrialization, economic, legal and cultural factors as well as religion, particularly in states where the religiousness level is high (for example in Pakistan). Cultural factors and religion have a big impact on the participation of men and women in social and professional life. In many Asian and African states there is a professional segregation of women. On the other hand, according to Klarsfeld (2009) in Europe, in countries like France, Germany, Sweden and the Great Britain, managing the diversity of human resources in an organization is connected with the policy of equality and non-discrimination. In Denmark there is a wider approach based both on CSR and the business rationality (Boxenbaum, 2006; Boxenbaum & Battilana, 2005).

There is a large interest in DM in the MNCs, particularly in the context of managing talents. In big, international corporations DM programmes are usually prepared in the parent head office. However, in case of Finnish corporations, although the philosophy of diversity comes from the head office – the implementation still considers local markets (Sippola & Smale 2007). The lack of understanding of local markets contributes to the fact that DM is hardly beneficial and in-

tensifies stereotypes. It sometimes happens to American corporations which ignore other cultures (Nishii & Ozbilgin, 2007; Poster, 2008).

Practices Connected with the Diversity Management

In Europe there is a large interest in the diversity of human resources, particularly in the context of gender, age and the level of disability of employees. A significant role is played by the equality of employees on the labour market. In German enterprises the age management is very important. The European Commission is a very prominent subject in the field of promotion of diversity in the organizations and it does so by allocating grants for research on securing equality on the labour market or research connected with implementation of DM practices in enterprises. One of the European initiatives was the Diversity Charter which was created in 2004 in France. Members (organizations) who signed the Charter make a declaration in writing that they will enforce the ban on discrimination in the workplace, promote diversity and be ready to involve every employee, business and social partners in these actions. In the years 2004–2013 the Charter was signed by organizations from, e.g. Poland, France, Spain, Italy, Austria, Germany, Sweden, Belgium, Ireland, Finland, Estonia, and Luxembourg. In the nearest future the Charter is to be signed by other European states.

Some grants are allocated by the European Commission for searching for connections between managing the diverse potential of human resources and benefits for companies, particularly the impact on innovation (among others in European Commission, 2005; *Diversity Management in 2008*, n. d.; European Commission, 2012). The research shows that European entrepreneurs declare that they are aware of benefits connected with DM in HR. The 2005 research (European Commission, 2005) indicated that about 26% of survey respondents identified great innovation as a key benefit of having corporate equality and diversity policies and practices. In 2008 (*Diversity Management in 2008*, n. d., p. 15) it was as many as 63% of the respondents. The most commonly indicated benefits were: better recruitment process due to greater supply market, greater possibilities of keeping highly qualified workers, improved image of the employer, more innovation, and bigger possibilities of entering new markets. Many years of research carried out by the EU agencies have shown that entrepreneurs see more and more benefits connected with the use of diverse potential of employees. Moreover, the European Commission encourages

employers to put diversity management more firmly on their strategic Europe 2020.

A good example of an organization that sees the benefits of HR diversity is McDonald Germany. Its employees come from 128 countries. The DM programmes encompass equal opportunities for everyone during the recruitment process and equal development opportunities. In 2007 the corporation concluded contracts with schools in order to implement the 'Crew College' programme. Through this programme it seeks the most talented employees and provides opportunities for their development. Other corporations that originate from the American economy and use DM practices are Shell or IBM. In both cases DM strategies were prepared. These strategies resulted from the general strategies of the corporations and were connected with shaping the organizational culture that promotes diversity. The DM practices were based on business premises. Shell operates in over 80 countries and employs approx. 90 thousand workers. The mission of Shell for the diversity strategy is as follows: 'To create value and maximize effectiveness locally, through aggressively identifying, engaging, and developing mutually beneficial relationships with small, minority and/or women - owned business enterprises positively impacting Shell's bottom line. Shell has the Group Diversity Framework with main components: Leadership Commitment and Accountability for Change; Standard Development and Governance, Strategic Plans and Objectives, Supporting Systems and Resources, HR System Integration, Monitoring Performance, Communicating Results and Continuous Learning. The other example of the strategic approach towards diversity is IBM. Ever since its foundation in 1914 it has always promoted diversity: it hired women, Afro-American workers and the disabled (Thomas & Kanji 2004). Nowadays IBM is a recipient of numerous awards for the DM programmes (e.g. 2013 DiversityInc named IBM on its Top 10 Companies for Global Diversity). A part of the strategy was to implement into the organizational structure, at the executive level, task forces that included, Asian, black, gay, lesbian, Hispanic, Native American, people with disabilities, white men and women. In this case the DM is comprehensive and it is a tool for shaping the organizational culture of IBM which contributes to creating innovative solutions.

The critical role of the organizational culture and leadership in positive implementation of DM practices was indicated by the research carried out on the American market in 2013 (<http://globenewswire.com>).

Based on information from 40 Fortune 500 case studies, and 100-plus innovators. The authors of the report came to a conclusion that the so-called two dimensional approach towards diversity is beneficial. They propose the two dimensional approach towards the diversity, i.e. the inherent diversity (gender, race, age, religious background, socioeconomic background, sexual orientation, disability, nationality) and acquired diversity (cultural fluency, generational savvy, gender smarts, social media skills, cross-functional knowledge, global mind-set, military). They underline that companies with multicultural workforces have the means at hand to grow and sustain innovation. The cornerstone is not a surfeit of creativity, or is not a lone genius, but rather, innovative capacity resides in an inherently diverse workforce where leaders prize difference, value every voice, and manage rather than suppress disruption. The report indicates that if leaders take this into consideration and simultaneously create culture in which they empower each team members, give supportive feedback, share credit for team success, then employees are 3.5 times more likely to contribute their full innovative potential. Organizations with two dimensional diversity in leadership are 70% more likely to capture a new market, and 45% percent more likely to improve market share (Hewlett, Marshall & Shrebin, 2013).

As the research on benefits for enterprises resulting from managing diverse resources indicate, the evaluation of employers is very positive. However, these are usually just opinions, not results that are actually monitored. American corporations, which have strategic business approach towards DM, look for measurable benefits and results. However, it is not a comprehensive system of standards but rather selected indexes, such as: profits from innovations, larger sales through entering new markets, greater workers' involvement and lower absenteeism. However, in case of European enterprises, the Euro Commission's reports show that in these companies there is the lack of systematic monitoring and evaluation of the progress and benefits of diversity among both good practice companies. Nearly 70% of companies that have or are implementing diversity policies fail to regularly monitor their impact. Employers say that this is because of the difficulty of measuring the results. That is why measuring of diversity is a major challenge to addressing workplace (European Commission, 2005). However one may find some companies which have introduced comprehensive monitoring. They put emphasis on internal and external

benchmarking, and on the value of effective monitoring systems to develop their demographic knowledge of local markets and communities. E.g. TNT's business in Austria adopted an integrated quality approach that includes effective diversity management and reduced employee turnover from 25% in 2000 to less than 7.5% in 2004, absenteeism went from eight days per employee in 2000 to five days in 2004. These results represent significant savings in employment and training costs (European Commission, 2005, p. 50). However, this concerns a relatively small group and the indexes used require a comprehensive, wider approach, connected with the organization's strategy.

In general there is little evidence of systematic monitoring or evaluation of the progress and benefits of diversity. This is why it is important to try to answer the question what the methods of measuring the results of diversity policies are and which processes play a key role. When measuring the costs and benefits of diversity it is essential to take into account both tangible and intangible factors. There are attempts of determining the methods of measuring the DM results, among others, via the Balanced Scorecard model by Kaplan & Norton (1996), but they have not been satisfactory yet. Creating and using such model would allow to eliminate they currently existing gap between the practice and research in this field.

Managing the Diverse Age: Research Conclusions

Numerous researchers try to find connections between DM and the organizational performance (Kunze, Boehm, & Bruch, 2011). Studies indicate that culture and climate of an organization, particularly executives' stereotypes related to age or gender of employees, have positive or negative impact on DM. Due to the problem of HR aging, a large group of researchers focus on this type of diversity. However, the review of research indicates that there are no unambiguous approaches in this case. On the basis of meta-analysis of research results in the field of work effects of teams of diverse age, Joshi & Roh (2009) came to a conclusion that the effects are often negative. On the other hand, there is research which indicates that managing employees' age gives positive results (Pekka & Seija, 2011). In an attempt to solve this problem, Kunze et al. (2011) in their research focused on two factors, i.e. negative stereotypes of executives towards employees' age and friendliness of the HR practices connected with managing age in relation to organizational performance, as it remains under the influence of cli-

mate in an organization. On the other hand, Swiss researchers Backes-Gellner & Veen (2013) analysed the age diversity in innovative organizations. They created and verified the model of interrelations between a diverse age of employees and the efficiency of an organization, taking into consideration such variables as: character of executed tasks, costs related to managing diversity and achieved benefits. They argue that first the balance between costs and benefits of diversity determines the effect of age diversity on company productivity and that second the type of task performed acts as a moderator. Results show that increasing age diversity has a positive effect on company productivity if and only if a company engages in creative rather than routine tasks.

A large group of research concerns the problem of interpersonal communication in diverse teams. They indicate that employees communicate best with workers from similar age group (Okoro & Washington, 2012). Other research point out that promotions and the course of carrier are related to the perception of employees' age which can be a barrier for certain groups of workers. The views of the executives on various group of workers play a major role here. If the executives have a negative view on e.g. older employees, then there is a problem of discrimination (Posthuma & Campion, 2009). What helps in creating positive climate for diversity are trainings and programmes for development of executives, which promote benefits from diversity of employees. The research carried out by Kunze et al. (2011) indicated that if the executives have positive attitude towards every age group, then the climate in an organization has a positive impact on the DM performance.

The search for interrelations between diverse resources and benefits for an organization is a very complex issue. Researchers express ambiguous views on these relations. Also, companies themselves rarely use measures of assessment of benefits from DM. As a result, it is difficult to compare the studies of researchers with opinions of experienced persons. According to Tatli (2011), the conclusions from the studies are too limited and they encompass only a limited number of factors that occur in an organization. Therefore, it is very hard to use them in practice. In particular this concerns taking into consideration social processes connected with perception of people and phenomena in an organization. On the other hand, the studies carried out by researchers that have wider range and include multiple factors rarely relate to practice (Tatli, 2011, p. 239). Moreover, researchers represent different

study approaches and perspectives which further hinders direct impact of research results on practice. In the critical approach they focus on anti-discrimination practices and in rational approach – on efficiency of an organization without encompassing the social results. Some researchers try to combine both approaches that encompass wide range of variables, including the equality of rights (Tomlinson & Schwabenland, 2010). However at the current stage it is difficult to assess the benefits on the basis of study results and opinions of employers and managers. The researchers do not share a common view and experienced persons do not carry out detailed measurements of effects of the DM practices. The issue of gap between management studies and business needs has been a subject of debate for years, which also concerns the area of diversity management.

Summary and Conclusions

Managing diversity is on the political and business agenda in many countries; therefore diversity management has become an area of knowledge and practice in its own right. As the European studies reveal, despite the fact that employers and managers declare seeing benefits from DM, in reality they occur mostly due to formal reasons, i.e. the need for obeying the law in the field of equal rights. Another reason is the willingness to improve the PR. The situation looks much better in case of multinational corporations which have adopted a strategic approach towards DM. In particular, they undertake actions concerning the search for talents, also in minority groups. They are aware, that using the potential of diverse workers is the best way to implement innovative solutions. Companies committed to diversity see many opportunities for expansion of their services and products. E.g. design products for visually impaired customers, such as the Internet Driver's License (IBM Germany) and voice texting (BT).

There is a need for comprehensive research the results of which could help in selecting only the most beneficial DM practices. New initiatives should be introduced but also new attitudes to age, sex, disability, nationality and religion should be promoted. Researchers and employers should work together and create methods and measures of assessment of efficiency of managing the diverse human potential in enterprises.

In the global, changing world, diversity management and the issues of diversity management must be treated as key element of Human

Resource Management in term of Strategic International Human Resource Management and International Human Resource Management.

Due to a great number of factors having impact on the diversity performance it is difficult to create a model that could be used in each and every organization. One way could be to identify a DM strategy in relation to a strategy of managing human resources in an organization and taking into consideration situational factors, particularly the impact of organizational culture.

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Strategic Human Resource Management: An HR Planning Toolkit

Karim Moustaghfir

Al Akhawayn University, Morocco

Introduction: Strategic Human Resource Management – Trends and Challenges

In today's business landscape, the basis of competitive advantage has shifted from tangible and physical resources to a more focus on intangible and knowledge assets. Knowledge has become the major driver of business performance and the process whereby such valuable assets are managed, developed, leveraged, and applied a key core capability. Since most of such resources are mainly embedded in our brains as human beings and because they are generated, enriched, and nurtured primarily through social interactions and collective dynamics, this has made the human resource management function a fundamental core competency in both private and public organizations. Unlike tangible assets, knowledge and intellectual resources are abundant but organizations need to have the right management tools and practices to identify and map them, to link them to organizational routines and processes, to bundle and convert them, and to leverage them into adding value products and services.

In a knowledge-based economy, different globalization forces and technological discontinuities are causing organizations to rethink the way they do business and how to be profitable. In their quest for competitiveness, organizations are making substantial investments to innovate their products and services mainly through research and development activities, to reengineer their processes and operations to achieve efficiency gains, and redesign their business models to build their responsiveness and develop agile and customer-driven structures. Such creative destruction dynamics have led to a systematic virtuous cycle of knowledge generation, innovation, and application. This accelerated pace of innovation has increased the importance of knowledge resources but has also made change the constant and uncertainty the only certainty in the marketplace. Innovation is no longer a choice, it has become clearly a necessity to grasp potential opportunities stem-



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 27-51). Lublin, Poland: ToKnowPress.

ming from market changes or sometime a condition to survive into the future.

These competitive dynamics have increased the expectations from the human resource management function that is called today to manage efficiently and effectively organizational knowledge resources and play a strategic role to create value for both internal and external stakeholders while contributing to business success. Instead of dealing with recordkeeping and administrative duties, advocating for employees' interests at the expense of organizational performance, and meeting basic operational needs, today human resource managers are expected to demonstrate a proactive attitude through their active participation in organizational strategic planning, their involvement in strategic decisions including for instance mergers and acquisitions, business process reengineering, outsourcing, and downsizing, and their ability to develop performance-oriented job structures to ensure a better alignment between the workforce, the organizational operations, and the strategic directions (Bohlander and Snell, 2012). For instance in the case of mergers and acquisitions, human resource managers must play a crucial role to prevent any cultural clash or incompatibility and to manage any subsequent rightsizing. Such new expectations require new competences that human resource managers should demonstrate. Human resource managers should indeed demonstrate clear knowledge and understanding of their business organizations and environment, they must exhibit and exemplify leadership and change management behaviors, and develop the ability to speak money to assess the return on their HR-driven investments and actions.

The human resource manager becomes hence a knowledge manager in charge of identifying human and intellectual abilities and putting in place the right instruments to leverage such valuable resources to support efficient and effective processes for the purpose of delivering innovative and valuable products and services. Such a shift in the role of human resource management stems from the different trends that are affecting business organizations nowadays. For instance, while organizations struggle to build and implement global strategies to have access to low cost raw materials and low wage labor and increase their customer base, specific HR-related challenges emerge. These include the importance of developing expatriates' competences, building cross-cultural teams committed to attain common goals regardless of their cultural differences, managing diversity and preventing dis-

criminy behaviors while enforcing equity, enhancing awareness of local labor legislation, promoting ethical conduct, and engaging in social responsibility to contribute to employees' well-being and to the development of their communities (McLean, 2006). Technology also has an impact on the way we manage human resources and organizational operations in general. Technology in this case refers to any method, approach, tool, or instrument that can help an organization enhance its overall performance. For instance, total quality management, lean manufacturing, process automation, just-in-time inventory, supply chain management, e-business and e-commerce tools etc. they all represent modern management practices that can add value to business performance. Such methods, approaches, and practices require human resource management efforts to redesign jobs, provide training, and promote a positive organizational climate conducive to both learning and performance (Waters et al., 1974). Information and communication technologies (ICTs) are also revolutionizing the way we work and we live. An example would be a software company having three different production sites respectively in the US, in Egypt, and in Japan. The three teams working on a new software release coordinate their tasks and activities mainly through an IT-based infrastructure in such a way that the team in the US will spend eight hours a day working on the new software application, and when finishing their working day they will hand it over to the other team in Egypt who will work on it for eight hours and then upload the resulting software application to make it accessible to the team in Japan and so on. At the end, because of time differences between the three time zones and with the support of efficient coordination mechanisms as facilitated by servers and internet-based communication tools, the company triples its daily productivity. ICTs present clear opportunities for organizations to reduce their transaction costs and cycle times while generating efficiency and productivity gains. For human resource management such technologies require new managerial practices. For instance, telecommuting, hoteling, and virtual offices are all new alternative work locations that lead to less supervision and less direct contact with employees, to increased trust and to more focus on deliverables instead of workplace behavior when appraising performance. Such flexible work arrangements represent effective managerial practices to address the increasing work-life balance. E-Learning is also an example of how ICT can help human resource management deliver self-paced and flexible training and de-

velopment programs worldwide while achieving substantial economies of scale and scope and enhancing the quality of such human resource management services.

Other trends also include cost containment and a change in customer habits, preferences, and expectations. For instance, customers today also provide input and meaningful insights that are used by companies to develop products and services that fit their needs. Such *prosumption* and personalization trends are themselves a direct consequence to increasing expenditures in research and development activities, to globalization and technological advances. For the human resource management function, efforts should be made to contribute to developing customer-driven strategies, to building agile organizational structures, to reinforcing individual and team capabilities that enhance organizational responsiveness, and to aligning hiring, training, appraisal, career planning, and compensation processes with such strategic and structural directions. The shift from the industrial age of capitalism to the information society, has also shaped the structure of industry and led to the emergence of highly innovative and knowledge intensive sectors that are more focused on producing services than physical goods. In the automotive industry, for instance, companies adopt new clustering and network-based structures to reduce costs, but, at the same time, they differentiate their offerings based mainly on the value adding services and the information technologies that are embedded in cars. This *servitization* of physical products and the economy has also generated specific competitive dynamics that made knowledge and intangibles in general at the heart of any organizational strategy and human resource management the major performance driver to create value for customers and to compete effectively in an ever-changing marketplace (Griffin, 2012).

While facing such competitive dynamics, organizations struggle to attract talented knowledge workers having the ability to bring in new ideas, lead and champion change, take moderate risks to innovate, and drive high-performing operational systems (French, Bell, & Zawacki 2005). Human resource managers have hard time to find and retain such valuable competences. A growing alternative managerial practice is shown in the increasing reliance on contingent workforce, namely leased workers, temporary workers, and part-timers. Besides the cost savings that an organization could achieve through the use of such flexible employment mechanisms, this has also become an interest-

ing tool to get highly qualified workforce when needed since some of such talented workers are not interested to have full-time employment contracts and they would rather prefer to work as consultants or independent workers for different organizations simultaneously. Another challenge that human resource managers face when trying to hire talented workforce is linked to the inadequacy of the profiles that universities develop to meet industry needs. There is a clear gap between what universities produce as skills and business expectations to have market-oriented and distinctive and intrapreneurial competences. To address this gap, large companies invest in their professional and continuing education institutes to systematically bring up their workforce to the required competitive levels following their strategic and operational orientations. Some organizations have developed their corporate universities to produce the right talents that they need in a timely fashion to support their innovation and change strategies. Unfortunately, such structures are not easily accessible for small and medium businesses in the absence of adequate publicly subsidized continuing education instruments. However, clustering remains an alternative strategy to share the costs and risks associated with the training and development of workforce for small and medium enterprises operating in the same industry sector. In such a scenario, businesses can compete and cooperate at the same time which leads to a new coepetition phenomenon. This strategy also applies when sharing research and development costs and when producing complementary goods and services. For human resource managers, such a strategy will require efficient job structures, reliable joint coordination mechanisms, and effective information flows.

Strategic Human Resource Management: Definitions, Perspectives, and Expectations

To face such competitive challenges and turn them into business opportunities, the human resource management function is expected to design, tailor, and implement efficient systems to help internal customers operationalize strategic actions. In this perspective, the function of human resource management acts as a service provider having an effective toolbox to support other managers and help them achieve their objectives in line with the organizational strategic goals and orientations. Since human resource management is a supporting activity in the organizational value chain, HR managers should work collab-

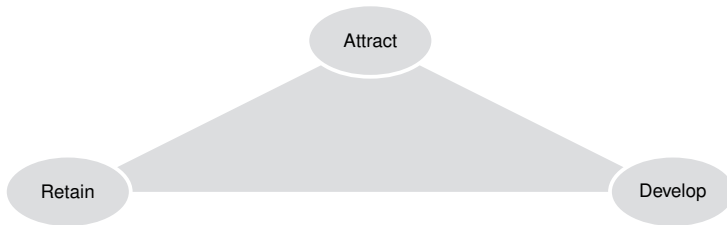


FIGURE 1 A Strategic Definition of Human Resource Management

oratively, in partnership, and in conjunction with other managers at various levels to make sure they have the most important resources they need, namely knowledge and human capabilities, to achieve what is expected of them. HR managers become hence accountable for the achievement of organizational goals and operational objectives. Their performance is appraised based on added value, quality standards, productivity ratios, customer satisfaction, cost reduction, profitability, among other performance-oriented indicators (Cascio, 2012).

The strategic objective of human resource management is then translated into the capacity of such an organizational function to attract, retain, and develop human resources to ensure the efficient and effective materialization of the organizational vision and goals (Figure 1). Whatever decision is made in human resource management becomes then strictly linked to these three major perspectives. Managing human resources shifts therefore from managing human beings as resources to a management of the resources that human beings own, namely knowledge, skills, attitudes, and competences and the mobilization of such valuable, rare, inimitable, and distinctive assets in the framework of the organization's strategic priorities. This evolution in the mission of the human resource management function is reflected in the new titles that some organizations give today to the head of such a department, these include for instance intellectual capital manager, knowledge manager, human capital manager etc.

The top priority for human resource managers is henceforth to put in place the necessary instruments to enhance individual and team performance and ensure employees' contribution to the organizational success (Bernardin, 2012). Performance in this case becomes a function of three major factors that are strictly interrelated, including competence, efforts, and support (Figure 2).

Competence is defined as a knowledge that can be translated into



FIGURE 2 Performance Determinants

behavior or action in a specific context. Competence is actually valuable when it drives appropriate and relevant actions. We generally emphasize the relationship between knowledge and psychomotor (DuBrin, 2004). When perceiving a signal or an event, a person organizes and interprets sensory impressions to attribute a favorable or unfavorable judgment. First, the person tries to understand the signal and through a cognition process he/she will interpret it based on stable/unstable personality traits and the personal value system. This will lead to the development of the affective part of an individual attitude towards the signal whereby the person generates emotions and feelings about the perceived object. The emotional states will consequently drive individual behavior and the way the person will decide to act with regard to the perceived signal. In this perspective, attitudes are composed of cognitive, affective, and behavioral parts. Individual action is then a consequence to stimuli-response processes that occur dynamically, systematically, and regularly. In some cases, people may witness potential cognitive dissonance or a discrepancy between their thinking and behavior (Fishbein and Ajzen, 1975). This means that individual feelings and emotional states are not consistent with their actions. This situation causes individual workers possible discomfort that will hinder their performance particularly if they do not have control over the elements or the reasons behind such a cognitive dissonance. The context also remains crucial when defining a competence or interpreting behaviors. For instance, leadership can have different meanings in different contexts. In an organization, leadership can be demonstrated through the ability to issue orders and monitor actions, whereas in a different setting leadership may refer to the capacity to inspire, coach, facilitate, and nurture initiative taking. In a similar vein, sales techniques in the real estate industry for instance are not easily transferable to the retail industry, and sales representatives should receive the adequate training to adapt and adjust to their new context and function properly.

Effort is the second factor in the performance equation. In line with perceptual causes and attitudinal consequences, individual workers

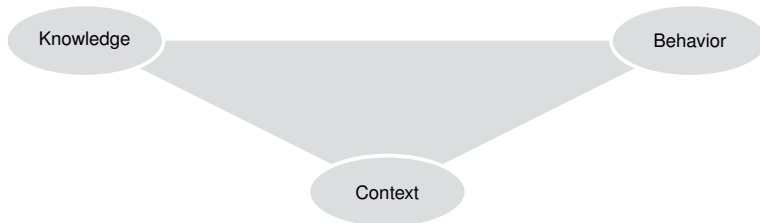


FIGURE 3 Competence Definition

having the required competences may not show the necessary interest to use such valuable assets to add value. Effort is therefore a function of motivation that can be defined as the internal desire and energy spurring someone to act in a certain way to achieve both individual and organization objectives. Motivation is different from satisfaction. While satisfaction is an emotional state resulting from the positive evaluation of individual's job experience and can be consequently assessed through organizational climate indicators, motivation on the other hand reflects in individual dedication and productivity (Johnston, 1976). People can be happy because of the satisfactory working conditions, high fixed salaries and lifestyle etc. but probably they are not willing to put in additional effort or exhibit consistent behaviors that contribute to performance. Motivation becomes hence a determinant of individual commitment that represents the process whereby employees believe in the organization's strategy, culture, and structure, and demonstrate the willingness to contribute to its success. Besides meeting individual needs that might lead to potential workforce satisfaction but not necessarily motivation, the human resource management function is expected to provide a working environment that promotes the sense of equity. Employees are rational and tend to compare what they receive from the organization as a counterpart to their contributions and efforts to what others get as a consequence to their performance and if they feel any unfair treatment they will change their behaviors accordingly. HR managers are called to develop and implement managerial tools and practices based on objective criteria, namely competences and performance, to emphasize equity and not equality. In a similar vein, due to the increasing employees' rationality, when assigned a performance objective, people will first question whether they have the necessary skills and competences to achieve such an objective or not and in case they show a low self-efficacy this

will affect negatively their motivation to pursue this objective. Similarly, people will also link the performance of a specific task and the attainment of an objective to subsequent individual outcomes and in the absence of rewards as a consequence to task accomplishment, individual workers will show no commitment to their jobs. Finally, individual workers will tend to assess the value of the rewards that they will receive when achieving an objective but in case rewards do not fit individual needs and expectations this will also hinder their performance. These three factors, namely expectancy, instrumentality, and valence represent major determinants when motivating employees (Vroom, 1964). HR managers must therefore deliver the right training to enhance self-efficacy, develop a management by objectives and link it to performance-oriented and variable compensation plans. Moreover, they should design efficient performance appraisal instruments to adequately assess individual performance levels, and consider rewards that are valued by employees based on their interests, needs, and expectations.

To nurture the adequate stimuli that will help employees exhibit the expected behaviors and actions, HR managers should also focus on the third performance determinant, namely support. Support can involve different organizational facets and dimensions, including, for instance, training and development, job design, internal relationships, working conditions among others. From a holistic perspective, different retention determinants might be considered. These range from organizational characteristics (e.g., vision, strategy, culture, leadership and management styles, policies and procedures etc.), to job characteristics (e.g., job description and specification, task identify and significance, skill variety, autonomy and responsibility, feedback etc.), to rewards (e.g., performance-based rewards, variable pay, fair compensation, attractive benefits etc.), to career planning and development (e.g., talent management, succession planning, coaching and mentoring etc.), to relationships with supervisors, co-workers, teammates, and subordinates. All these factors can enhance job meaningfulness, sense of ownership, learning, self-fulfillment, and consequently motivation and performance (Goldman, 1970).

Building on both the strategic and performance-based perspectives of human resource management, we can operationally describe this function as a system aiming to ensure that an organization has the right people, filling the right jobs, at the right time and when needed.

This is the foundation of any human resource management process to achieve systematically and regularly the alignment between the workforce, the organizational structure and operations, and the strategic directions and goals while providing the necessary ingredients to ensure organizational continuance, growth, and survival into the future. Such an operational definition of human resource management is the very essence of human resource planning and subsequent HR strategies and actions. For instance, when a strategic employee decides suddenly to quit and we cannot find a replacement, the effectiveness of most of human resource management instruments become questionable. This denotes serious dysfunctioning at the levels of hiring, performance appraisal, succession planning, career development etc.

The three perspectives of human resource management i.e., strategic, performance-based, and operational, represent the pillars of any HR marketing strategy to build the employer's brand in the job market, which will facilitate the organization's capacity to attract and retain high potential and highly performing employees. In the next section, we will provide a toolkit on how HR planning can be implemented efficiently and effectively in an organizational setting.

Human Resources Planning: Building a Toolkit for Strategic Human Resource Management

HR planning is the process whereby we identify the needs for human resources to achieve organizational goals and operational objectives. The intent is to determine the quantity and quality of the required human resources and to identify the potential internal and external supply sources to meet efficiently and effectively such needs and requirements (Figure 4).

When an organization develops a new strategy to cope with market change and seize potential opportunities emerging from various trends, it should first ensure that such a strategy is consistent with its culture and fits with the increasing customer needs. When strategy meets culture, culture always wins. A major challenge for HR managers is to make sure that organizational culture is ready to absorb, assimilate, and support the new strategic orientations of the organization. Culture encompasses values, beliefs, procedures, management and leadership styles, communication and coordination processes, and all the mechanisms whereby people interact and work together in an organizational setting. Culture represents an organization's personal-

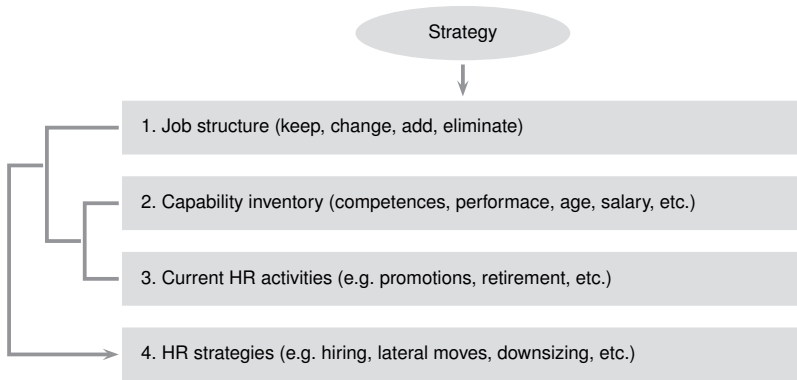


FIGURE 4 The Process of Strategic Human Resource Management

ity or the set of characteristics and traits that describes it and that reflects its management, political, human resources, information, financial, and production systems. There is always an interplay between strategy, structure, and culture. Structural variables influence culture and both of them support the organizational strategy (Daft, 2007).

An understanding of the strategic implications for the organizational structure is a first step towards an efficient planning for future job requirements and needs. HR managers must determine the impact of new strategic goals and tactics on the existing structure and identify the potential adaptations and adjustments to make at the level of various primary and supporting activities, organizational processes, and business operations. Workflow analysis and process mapping can help HR managers quantify the structural impact of the new strategy and seek efficiency and productivity gains through a reengineering of organizational processes in light of the new strategic directions. A reduction of inputs (e.g., human resources, information, material, financial), a maximization of the value of outputs (e.g., quality enhancement, reduction of scrap/rework, reduction of errors etc.), or a redesign of processes (e.g., task sequence, task automation, removing overlaps and redundancies, better coordination and communication etc.) constitute major interventions to achieve the objectives of business process reengineering.

HR managers can also rely on other techniques while redesigning the job structure. These include, for instance, alternative work arrangements in terms of time (e.g., flextime, compressed workweeks, etc.) or location (e.g., telecommuting, hoteling, virtual offices etc.). Such flex-

ible arrangements can help the organization improve job productivity and achieve significant cost savings besides the motivation effect stemming from an efficient balance between work duties and job responsibilities. However, such flexible work arrangements are not applicable to all organizational jobs based on their nature and their functioning requirements. Other examples comprise job enrichment, job enlargement, and teamwork. On one hand job enrichment occurs when other tasks are added to a specific job, on the other hand job enrichment means that new responsibilities (e.g., decision making, supervision, coordination, monitoring, etc.) are assigned to a job. Both techniques can be implemented when delayering and flattening an organizational structure, disintermediating, and removing unnecessary middle management functions to create flexible coordination and communication and reinforce consequently organizational responsiveness. Teamwork has also emerged as a structural design to boost synergy, performance, and motivation. Working in teams presents clear advantages in terms of learning, productivity, and sense of ownership. However, such a structural change can also generate new challenges for the human resource management function. First, this form of organizing cannot apply to all organizational units and departments. It requires clear task complementarities, cultural readiness, and employee preparedness to ensure its smooth adoption (Robbins, 2005). Second, while working in teams it is quite challenging to appraise individual contributions to team performance which makes it difficult to evaluate individual performance and inform individually-based compensation decisions. Building highly cohesive teams may also lead to counter performance effects including groupthink and social loafing as demonstrated through destructive team attitudes to act against the interest of the organization or the tendency to dilute roles and responsibilities within a team. Efforts should regularly be put in to reinvigorate and rejuvenate teams through refresher and advanced training and the alignment between team objectives and organizational goals.

The workflow analysis, process mapping, business process reengineering, and job redesign efforts should result in a future organizational chart based on the new strategic goals and actions (Robbins, DeCenzo, & Coulter, 2012). Four major scenarios are generally considered as a consequence to the implications of the new strategy on the organizational structure and processes. Following the process-based analysis, HR managers should be able to identify (1) jobs that will be

maintained without any change; (2) jobs that require modifications; (3) jobs that must be created and added; and (4) jobs that will be eliminated. In each scenario, a clear description of jobs with their respective specifications should be provided. On the one hand, job descriptions include a detailed list of tasks, duties, and responsibilities, on the other hand job specifications detail the knowledge, skills, and competences required to perform the job. A task is an identifiable productive unit of work with defined starting and ending times and a visible outcome. A duty is a regrouping of similar tasks and responsibilities are obligations that facilitate the execution of tasks. Tasks have a technical nature whereas responsibilities are mainly managerial obligations. For this purpose, skills are needed to perform tasks, however, competences are mainly linked to responsibilities. For instance, to write a document an employee should demonstrate writing and typing skills, but when a manager must influence positively his/her subordinates this becomes a function of a set of competences, namely leadership, emotional intelligence, interpersonal competences etc. When redesigning jobs, HR managers must quantify the impact of the new strategy and structural variables in terms of job descriptions and requirements (tasks, duties, and responsibilities), and come up with a future configuration of the organizational chart.

HR managers should also conduct a capability inventory to assess the knowledge, skills, and competences that are available to meet future job requirements following the four major job restructuring scenarios. Capability inventory can become an easy task when the human resource management function is supported by an information system that allows access to employees' demographic data, their performance records and competences, and career planning paths. This analysis should focus on the quantity and quality of available skills and competences in different jobs, individual performance indicators, and descriptive data including age, seniority, type of employment contracts, fixed salaries, etc. The inventory of existing skills and competences must also anticipate the effects of current and previous HR decisions and demographic data. For instance, age is used as a predictor for retirement to determine the competences that will leave the organization and the potential vacancies that such an involuntary turnover will generate. Another example is succession planning and promotional decisions. The organization because of its current talent management actions and decisions, will promote some employees to upper ranks or

move them laterally to other functions. This internal mobility and the chain effects will generate also potential vacancies that the organization must fill in from within or through external hiring.

When conducting the capability inventory HR managers should also rely on competence assessment tools to make effective decisions. We must first develop a dictionary for technical and transversal competences. Each competence should be defined based on the job requirements and its meaning in the context of the organization. Definitions should also be given to specific competence levels as required in each job. For instance, the level of leadership competence in a line manager job is not the same as the leadership competence required to fill a middle manager job. Organizations when building their competence dictionary must also choose the number of levels to be considered for competences. In some cases for instance, organizations can have three levels (e.g., beginner, competent, proficient) or five levels. Some other organizations can even adopt seven or nine levels. A high number of competence levels increases accuracy but at the same time will require substantial investments for training and development to upgrade competences and move from one level to another. To build the dictionary of their competences, organizations can use *Lominger* taxonomy that offers sixty-seven competences with their respective definitions, but it still requires customization and contextualization following the organization's needs and the nature of its job requirements. Besides the dictionary, HR managers must link competences to their job characteristics and develop a repository of jobs and their corresponding competences, a fundamental tool for HR planning. In this repository, we can also display jobs and competences for each professional function (e.g., finance, marketing, production, etc.), and for each area of expertise (e.g., accounting, treasury, budgeting etc. for finance), and detail the number of positions needed for each job. This latter depends on the necessary production workload and can be determined based on demand and output expectations as related to each job and following input from experts (e.g., Delphi technique, nominal groups etc.) or staffing ratios.

The matching between capability inventory and future job structures will help HR managers identify potential competence gaps. This needs assessment is the process whereby HR demand is identified and quantified. Besides internal supply sources through promotion, lateral moves, and termination, HR managers will also consider exter-

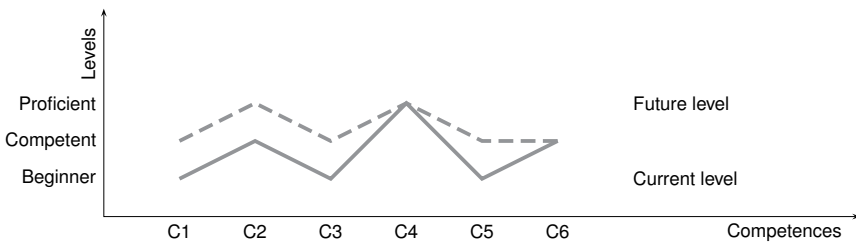


FIGURE 5 Competence Assessment

nal supply sources (e.g., hiring, recalls after downsizing etc.). However, external supply sources and the composition of external workforce can be affected by environmental factors that HR managers must take into consideration when elaborating their HR plans and strategies. Examples include economic, political, social, demographic, educational, technological, and legal determinants that can have implications in terms of profile availability, the cost of hiring, workforce diversity to meet equal employment opportunity requirements among others. While identifying HR demand and supply sources, the identification of all potential inflows (e.g., promotion, recalls, hiring, lateral moves etc.) and outflows (e.g., promotion, demotion, retirement, turnover, termination etc.) will help HR managers determine the future composition of the organization's workforce.

To address the needs for human resources HR managers will develop specific strategies, actions, and plans including hiring, training, lateral shifts, and downsizing. While deciding on such strategies and tactics to provide the necessary human resources needed to achieve operational objectives and organizational goals, the human resource management function must consider budgetary constraints and the availability of financial resources. Following possible economic restrictions, the human resource management function must identify what are the priorities and the level of urgency based on operational needs. Besides cost limitations, such a prioritization exercise must also take into account other factors encompassing the required level of expertise and the time it takes to implement an HR action.

Scenario building is the most efficient process that HR managers can perform to come up with specific HR strategies to meet future organizational needs for human resources. For instance, for the jobs that we need to create in the future and for which we cannot find internally the required competences, hiring will become the HR action to take to

meet such a need. In the case of a job that we will change or modify, training is the best HR action to upgrade the existing competences or acquire new skills. When eliminating jobs, which is the case for instance of future outsourcing strategies, we can first assess the feasibility to deploy their corresponding competences for the jobs to be added instead of hiring from outside and deliver the necessary training and development to bring them up to the level required by the new jobs. Here again a cost/benefit analysis must be computed to choose the less expensive and the most effective action based on organizational needs and the urgency to get the adequate human resources. Instead of lateral shifts and developmental actions, HR managers might rely on ready external workforce and operate a downsizing to deal with internal workforce surplus. Downsizing is usually considered as the last option to meet organizational needs. Most of the time the costs associated with any downsizing action exceed its benefits in the long run. In the short term, downsizing can help an organization achieve substantial cost savings, but, in the long term, empirical evidence shows negative effects in terms of employment brand, employee turnover, and the overall performance. Private organizations are usually entitled to downsize when facing economic recession or in the case of technological restructuring. However, such a harmful workforce reduction process involves also legal constraints, painful negotiation procedures with employees, their representatives, and labor unions, and a critical work atmosphere that affects satisfaction, motivation, and performance (Weiner, 1985).

Other criteria must also be considered for cost optimization while building planning scenarios, including the types of employment contract and fixed salaries. When downsizing, for instance, HR managers can plan separations for flexible and contingent workforce instead of laying off regular and permanent employees. However, besides the ethical concerns that such a decision might involve, competence and performance remain priorities and lay-offs based on the type of employment contract to reduce downsizing costs cannot be operated at the expense of competence requirements. HR managers based on future needs and human resource demands can retain for example interim and temporary workers and recommend their conversion into regular workforce and put unnecessary permanent workforce on a leave plan. Similarly, fixed salaries represent a potential venue to reduce downsizing costs but at the same time such an optimization effort cannot take place while sacrificing needed skills and competences.

Developing Human Resources Strategies and Action Plans: A Roadmap for Successful Planning and Implementation

In line with the HR planning outcomes and in light of the major scenarios resulting from the comparison between capability inventory and future job needs and requirements, the four major strategies that HR managers can develop to close skill and competence gaps include hiring, training, lateral moves, and downsizing. In this section, we provide a roadmap with the critical success factors to enable the efficient development and execution of such strategies.

Internal and External Hiring

Hiring is the process whereby organizations attract the human resources required to fill vacant job positions. Hiring can be internal or external. Efficient internal hiring is a consequence to talent management, succession planning, and development efforts. Other traditional internal hiring procedures follow similar principles of external hiring and include employee referrals, job postings, re-hiring retired employees through contingent employment mechanisms etc.

Efficient internal hiring requires effective, valid, and reliable performance appraisal systems (Mathis & Jackson, 2010). To identify potential backup candidates for specific job positions in the future, organizations must have the instruments to assess performance and competences. An effective performance appraisal system must consider different evaluation sources and should adopt the procedures of 360° feedback, allowing for diversified input from employees themselves through self-assessment tools, from supervisors, subordinates, co-workers and teammates, and external stakeholders in case the employee deals with customer service, coordination with suppliers, or relationships with investors and the external community. Performance appraisal must focus on both achievements, based on well-defined performance standards assigned to employees following a management by objective, and competences. Different appraisal methods can be used. These encompass rating scales, ranking methods and other comparative tools, narrative methods such as essays and critical incidents, and behavioral instruments like BARS (behavioral anchored rating scales).

Efficient performance appraisal must help HR managers determine five major employee categories. These include, high-potential, emerging talents, high professionals, well-placed, and issues. Potential is a factor of competences and not just performance. High-potential are employees who demonstrate distinctive managerial competences

and also outstanding performance. These represent backup candidates ready to take over upper positions. Emerging talents are employees who demonstrate distinctive competences but still need to enhance their performance and exceed expectations. Organizations must invest in the development of such potential employees to prepare them for future managerial endeavors. High professionals demonstrate outstanding technical skills that help them exceed performance expectations. High professionals are not usually considered for succession planning but they must be rewarded adequately through variable pay plans. Well-placed are employees who meet expectations and demonstrate the necessary skills to perform what is expected of them. Such employees are rewarded based on fixed compensation mechanisms and salaries corresponding to the work effort. Finally, issues are those employees who have hard time to achieve objectives, they have low performance levels and at the same time they do not master all the skills required to function properly in their positions. Organizations must understand the reasons behind the low performance and develop a plan to invest in the training of such employees in case they lack the necessary skills to meet expectations, or try other practices if the problem stems from lack of satisfaction and motivation before considering termination. These include for instance job clarity, adequate working conditions, job rotation, and fair fixed compensation. This is in line with the major purpose of human resource management to demonstrate a positive attitude towards performance appraisal. The intent is to help and support others to enhance their performance instead of using evaluation as a punishment tool. Organizations must invest in different retention determinants to keep high potential, emerging talents, and high professionals. Such categories usually represent less than thirty percent of the overall headcount and constitute the crown jewels of any organization. Internal hiring becomes hence a consequence to efficient performance appraisal, succession planning, talent management and development giving the opportunity to mainly high potential and emerging talents to move upward or laterally based on their competences, performance, and interests.

External hiring occurs when an organization cannot recruit from within to meet specific job requirements. The organization should build its external hiring strategy through analyzing job needs and focusing on the target skills and competences, identifying available financial resources, consolidating presence and image in the workplace

through HR marketing actions, training recruiters, deciding on hiring flexible or regular workforce, and selecting the appropriate hiring methodologies (e.g., internet recruiting, traditional hiring sources, or competitive and creative sources). The purpose is to generate a large pool of applicants and ensure high selectivity and hiring success rates. To select the appropriate candidates from the pool of applicants, efficient selection and placement procedures must be adopted. Besides the assessment centers, interviews and testing mechanisms that must rely on specific predictors and assessment tools stemming from the job characteristics, HR managers can also use creative selection and placement methods to enhance the efficiency of selection. This is the case for instance of realistic job preview to address any unrealistic expectations that potential applicants might have since the beginning which will help the organization reduce the hiring costs, prevent dissatisfaction, disenchantment, and high turnover rates at the entry level. Another example is the background investigation to verify the validity and reliability of the information provided by applicants before offering the job or formalizing the employment contract. The objective of any selection and placement process is to ensure effective person-job fit and person-organization fit. This makes hiring a strategic function to prevent accept and reject errors and provide the organization with the relevant human resources having both the required competences and the right mindsets to accommodate job and organizational needs.

Both internal and external hiring represent valid strategies to meet organizational needs for human resources, however, they can present specific advantages and disadvantages. For instance, while internal hiring increases employee morale and motivation, and help an organization reduce potential turnover at the entry level, this can nurture possible inbreeding and politics and create internal supporters for future managers. External hiring also contributes to bringing in new blood to support differentiation strategies but can be operated at the expense of internal employee satisfaction while requiring additional orientation costs.

Training, Development, and Lateral Moves

Training is defined as the process of acquiring the skills and competences necessary to perform the tasks and assume the responsibilities of a given job position. We must distinguish between training and development. Training focuses on the current job positions, while de-

velopment deals with future job requirements. Besides the focus and the time perspective, training effectiveness is measured through satisfaction, learning, and productivity indicators whereas development is mainly assessed through the ability of an organization to hire from within since development is strictly linked to succession planning and talent management processes.

Strategic training must follow strict instructional design principles and procedures. First, HR managers should conduct a needs assessment based on the gaps detected between current skills and competences and future job requirements. Training can focus on knowledge acquisition, competence development, or attitude and behavior change. For each skill, ability, or attitude HR managers should identify the target competence levels and regroup similar gaps into potential training programs. This will help also determine the intended learning objectives for each training program. In this perspective, HR managers will come up with homogenous training programs focused on specific and quantifiable competence gaps and levels. Based on skill and competence importance as related to task and responsibility significance and frequency, HR managers can also determine priorities, decide on the training sequence, and optimize hence the allocation of financial resources to meet training needs. Second, HR managers must design the content of different training programs and decide on the methods to deliver efficiently the training material. The design phase must take into consideration three major factors encompassing learner's readiness, learning styles, and learning transfer. Learner's readiness depends on the initial knowledge and competence level considered as prerequisites to attain the target learning outcomes, but also on the learner's motivation to attend and benefit from the training. Learning styles can also enhance attention span and maximize hence the benefits of the learning experience (Bandura, 1977). For adult learning we must, for instance, follow the principles of andragogy. Actually adults are motivated to learn, to acquire new competences, and to reshape their behaviors but they need both intrinsic and extrinsic motivational factors. Adults like self-paced training experiences and active practice methods. Learning transfer should also be given enough attention while designing learning content and material. When attaining the intended learning outcomes and developing the necessary competences, learners should also receive the required support to transfer such learning back to their jobs. Support is emphasized through dif-

ferent practices including job design, working conditions, equipment and technologies, rewards and compensation among others. If transfer does not occur, training remains ineffective and performance unchanged. Following the purpose of training or development, different methods can be selected. These can range from classroom teaching, to on-the-job training, to coaching and mentoring, and outdoor training. HR managers can also adopt information and communication technologies to deliver training content. The proliferation of e-Learning and distance education systems made it possible for training specialists to deliver interactive and customized learning experiences while achieving substantial cost savings and economies of scale. To make e-learning effective, effort must be made to design content that responds to specific needs and motivate learners to benefit from such self-paced training programs. Third, HR managers must make specific delivery decisions to enhance buy-in and facilitate learners' engagement and commitment. In general three major delivery determinants should be selected. These include time, location, and trainers. For the time and location, efforts must be made to prevent potential distractions and motivate learners to pay attention and acquire the target competences. The selection of trainers must also take into account the intended learning objectives, the nature of content, and the used methods. Delivery is a critical phase whereby HR managers ensure learners' motivation and commitment and consequently the training effectiveness. Finally, a training program that does not create any value for the organization is not strategic and is judged as being not valuable. At the end HR managers must demonstrate the benefits that the organization has reaped from training expenditures. Four levels can be considered following Kirkpatrick's model (1987). These encompass reaction, learning, behavior, and results. Reaction focuses on learners' satisfaction with regard to the training experience. Despite the importance of such feedback from learners, such an evaluation might suffer subjectivity and personal bias. Learning however intends to assess the acquisition of the learning material and whether the target competences have been developed or not. Behavioral evaluation aims to appraise any change in employees' attitudes with regards to an object, a person, or an event. The most significant evaluation deals with the results generated through training actions. Results can be assessed at the individual, process, or organizational levels. For individual workers and processes, evaluation can focus for instance on

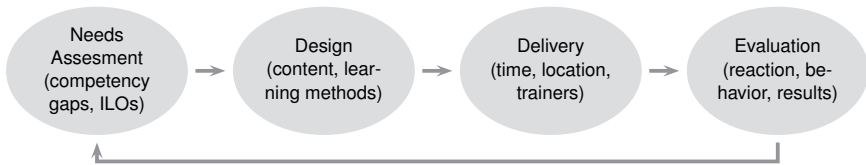


FIGURE 6 Process of Instructional Design

productivity and other efficiency indicators. For organizational results, HR managers must compute cost/benefit analysis, calculate the return on training investments, and demonstrate the added value of training programs in terms of profitability, customer satisfaction, and other market-oriented indicators. The intent is to show to what extent HR management is a revenue enhancer instead of being a cost consumer and hence the strategic contribution of HR programs to organizational success.

Besides focusing on current jobs, training programs can also be administered to employees who will shift laterally and cross-functionally from their current job to another job requiring different skill sets as a consequence to new strategic directions and restructuring. This represents also an alternative scenario to downsizing and hiring from outside. However, cost/benefit analysis must be conducted to understand what would be the best option: lateral shifts supported by training and development or hiring ready workforce from the external job market. Cost/benefit in this case must incorporate the urgency, immediacy, and the importance of having specific competences to function adequately.

Downsizing

Downsizing, rightsizing, and restructuring all refer to workforce reduction to meet strategic and operational requirements. Downsizing is a painful process requiring both technical and interpersonal competences to meet organizational needs and handle social challenges stemming from conflicts and human interests. In the case of workforce surplus, downsizing becomes inevitable to create efficiencies and develop organizational responsiveness. To prevent the negative long term effects of downsizing, HR managers must get employees involved in decision making through participative management practices and transparent, open, and accurate communication (Noe et al., 2013). This will help employees understand the reasons behind downsizing and reduce consequently resistance to this change. Other services can be adminis-

tered to help laid off employees and nurture survivors. These can range from helping employees to find another job (e.g., resume preparation, interviewing techniques, retraining, referrals etc.), to severance payment whereby organizations will keep paying employees a part of their salaries till they find another job, to the payment of benefits which is the case of older employees who will need social security and health-care assistance till they reach the age of retirement. Such outplacement services pay off and add value to the organization's employment brand and HR marketing efforts while reducing employee turnover in the long run.

Conclusion

In this chapter we have reviewed the major changes that the HR function undertakes in line with the opportunities and challenges emerging from the trends that affect business environment and cause organizations to rethink how they grow and how to be profitable. HR management is expected to play a strategic role and provide the most important resources an organization needs, namely knowledge assets, at the right time following specific requirements and efficient practices. Four evolutionary patterns characterize this new HR strategic orientation. First, HR management must act in conjunction and in collaboration with other functions to help them achieve operational objectives and support them through HR methods and tools. This makes HR management a shared function based on its transversal nature. Second, HR management must mobilize human resources, motivate them, and ensure their commitment to make sure they will put in the necessary efforts to exceed expectations. All of the HR practices must converge towards such a mobilization aim. Third, when carrying out different HR activities, the human resource management function must ensure systematically, regularly, and efficiently the alignment between the workforce, the operations, and the organizational strategy. Such an adaptation orientation represents the essence of HR operations and actions. Finally, when designing, tailoring, and implementing different HR services and tools, HR managers must recognize differences among people, their competences, and their respective performances to meet their personal interests and expectations. Personalization becomes hence a driver of human resource management processes and a source of future challenges for HR managers to accommodate different needs instead of doing the same thing for everyone. This calls for ma-

for agility, flexibility, and anticipation from the side of human resource management.

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Creative Destruction and Music Streaming in the Age of Diversity

Toyoko Sato

Copenhagen Business School, Denmark

Introduction

Information and Communication Technologies (ICT) became ubiquitous over the last decade, starting with business and managerial practice to spread throughout almost all aspects of our daily life, with many uses and benefits. ICT have, for instance, extended human communication options through email, teleconferencing, social networks, and image sharing services, while also allowing us to follow and be followed by other people and organizations. ICT is the area where immense *creative destruction* has been happening. Creative destruction is a term named by Joseph Schumpeter (1883–1950) over 80 years ago. It most often signifies the relentless mechanism of innovation by which new products and production processes replace old and outdated ones (Schumpeter, 1934, 1942; Carayannis, Ziemnowicz, & Spillan, 2007). Such a discontinuous and radical innovation is also called *disruptive innovation* (Christensen, 1997; Christensen, Baumann, Ruggles, & Sadtler, 2006). Society has changed substantially over the ICT age. Creativity and innovation may bring us speed and convenience, and solve problems in our workplace. But human life, including organizational and corporate life, cannot escape from the consequences of technological innovation.

Creativity and innovation diversify the workplace, and successful innovation further brings creative destruction as an outcome of such changes. I am interested in the characteristics of such innovative workplaces and the people who inhabit them. My question is twofold: What is the nexus between creative destruction and workplace diversity, and what does technological innovation bring to diversity?

We can begin with this simple observation: the workplace is the place where *work* occurs. This obvious and somewhat redundant statement expresses a complex concept. According to Arendt, '[W]ork is the activity which corresponds to the unnaturalness of human existence'



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 53–69). Lublin, Poland: ToKnowPress.

(1998, p. 7) and it ‘provides an “artificial” world of things, distinctly different from all natural surroundings’ (p. 7). Such artifices made by human activities condition managerial tasks, societal agendas, and humanity’s very existence. Diversity is often described as an inclusion policy or strategy to make professional treatment fair, regardless of race, gender, and culture. As globalization progresses, it encourages a culturally diverse workplace environment to promote employees’ creativity (Cox, Lobel, & McLeod, 1991; Giambattista & Bhappu, 2010; Remke & Risberg, 2012). Diversity, however, has a formally broad definition, ‘(1) the quality or state of having different forms, types, ideas, etc.; (2) the state of having people who are different races or who have different cultures in a group or organization’ (www.merriam-webster.com/dictionary/diversity). This paper focuses on the first definition, not on personnel issues, but on innovation as the creation and impact of different forms, methods, and ideas.

Diversity appears in knowledge as an outcome of invention, innovation, and differentiation (Doz, Santos, & Williamson, 2004), which makes creative destruction an integral element of diversity. Creative destruction, as it happens, forces an innovative product to replace an existing one, and may push an old business model to transform radically. Yet, because innovative processes and creative destruction are causally intertwined, complex temporal activities, they produce diverse new outcomes in the beginning, while eventually wiping the old out with the new. Creative destruction creates new economic values and power balances within an industry and beyond. More generally, as Harvey (1995) points out, it refers to duo-cyclical economic process. On the one hand, capitalism creates, destroys, and rebuilds existing economic orders. But it also devalues wealth previously accumulated through warfare or older economic crises for the sake of a new social order and a re-arrangement of wealth. Investigating the nexus of creative destruction and diversity in the workplace, thus, is an inquiry on values in socio-historical dynamism.

Methodologically, this is an exploratory paper. It revolves around Steve Jobs and Apple Inc. with regard to recorded music, particularly digital music streaming. For a study of creative destruction, digital music streaming is an exemplar, because digital music and its streaming have become an extremely visible example of ICT, which has come to dominate the music industry and penetrate the daily life of young people who have grown up along with this ICT development. In this connection, focusing on Steve Jobs and Apple is appropriate, because

Jobs initiated one of the most important digital music streaming services, and Apple has been the front runner of music streaming since introducing the iPod and iTunes in 2002. But I do not wish to offer a singularly focused case study (Yin, 2009). Rather, Jobs and Apple are seen through networks of technological innovation as well as human resources because a single person or firm does not create technological products and all its diffusions such as music streaming today. Rather, technological innovations develop with their applications to daily life as reflexive joint efforts, human resources entwined with technology in a dynamic vector. This paper endeavors to trace such knots, capturing characteristics of creative destruction in continuity with its historical conception and its modern influence on *diversity* in the *workplace*.

I proceed in four steps. First, I revisit the concepts of creative destruction and disruptive innovation. Second, I use existing research to describe the role of Apple Inc. and Steve Jobs in the technological development of the music and recording industry. Third, I describe and analyze the history of disruptive innovation in this industry. I conclude by discussing the significance of music streaming as a part of ICT and suggest how the historical continuity of the nexus of creative destruction and workplace diversity.

Creative Destruction

For Schumpeter, the process of creative destruction is the essence of capitalism that ‘incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one’ (Schumpeter, 1942, p. 82). Schumpeter argued that there are five types of innovation: (1) new production processes, (2) new products, (3) new materials or resources, (4) new markets, (5) new forms of organization. He believed innovation and entrepreneurship were derived from complementary internal and external forces to constitute a cycle of change. The internal can be a development of a new product, new method of production, or new process within a corporeal body. The external can be commercially or industrially new markets, new supply sources, or new forms of organization (Schumpeter, 1954; Dahms, 1995). As such cycles begin, people with wild enthusiasms to craft the future most often support entrepreneurship and innovation (Schumpeter, 1934). Such enthusiasm may develop a start-up into an established firm or incorporate with a large organization (Kamien & Schwartz, 1982; Nelson, 1982; Breschi, Malerba, & Orsenigo, 2000).

Schumpeter’s creative destruction is grounded in a theory of general

equilibrium, which studies the behavioral mechanism of demand, supply, and pricing in a market economy. Probably the term equilibrium connotes 'static' and Schumpeter believed stationary equilibrium to be theoretically possible, although he considered it unfeasible because a real economy is dynamic and especially relentless due to innovation and entrepreneurship (Schumpeter, 1954). The question, then, is not how to administer existing structures but how to generate and administer innovations (Screpanti & Zamagni, 1993; McKnight, Vaaler, & Katz, 2002; Carayannis et al., 2007; Kirchhoff, Linton, & Walsh, 2013). Therefore, Schumpeterian equilibrium is, paradoxically, the perpetual disruption of equilibrium. This proceeds for the sake of both creativity, as part of autonomous and intrinsic human nature, and profit (Kozbelt, Beghetto, & Runco, 2010). Schumpeter called this unstable transition that destroys the equilibrium through innovation, *dynamic disequilibrium*.

Growth in developed countries does not come from well-established firms or technologies but from the creation and growth of small enterprises (Carayannis et al. 2007). While innovation can theoretically take place anywhere and anytime, some innovations emerge in the disequilibrium to sweep away existing technology. This discontinuous and radical innovation has also been called *disruptive innovation* (Christensen, 1997; Christensen et al., 2007). In contrast to *sustaining innovation*, a continuous innovation which preserves existing values, disruptive innovation changes a market structure and value network: a creative destruction.

Creative destruction, however, is a concept that is not itself immune from criticism. A Marxist revisionist critique is that industrial profits are controlled by a small cadre of wealthy elites and creative destruction only enriches those elites. Employee layoffs and dismissals as a result of new technology are serious social problems (e.g. Harvey, 1995; Castells, 1996). According to David Harvey, '[T]he Schumpeterians have all along gloried in capitalism's endless creativity while treating the destructiveness as mostly a matter of the normal costs of doing business' (1995, p. 106). Wealth is flexibly accumulated through newly invented economic systems, such as subsidiaries and temporary employment, while exploiting capital investments without missing any opportunities. Schumpeter himself was aware of the negative aspects of creative destruction. Toward the end of his life, Schumpeter advocated a mandatory insurance system to help the socially vulnerable

(Schumpeter, 1954). What is important in innovation process is that it can add diversity to our existing knowledge (Doz et al., 2004) and new economy. Then, how does such an innovation which is a seed to creative destruction occur and develop? Focusing on Apple and Steve Jobs, the next section attempts to answer this question.

Music Streaming Development

Apple Inc. is a California-based global corporation, which designs, develops, and merchandises personal computers, and IT-related electronics and appliances. The company started as a cottage industry business to sell a personal computer kit by mail-order from Steve Jobs' parents' garage, with Steve Wozniak as chief computer developer. Riding the growing popularity of personal computers, Apple's first decade was defined by entrepreneurial aspirations and successes in the midst of difficulties. The company marketed its products to a young generation and grew up right alongside them. In 1985, chairman Jobs left Apple among conflicts with the board of directors, particularly CEO John Scully, whom Jobs himself had recruited from Pepsi Co. Still, by the end of the 1980s Apple was competing with the established IBM and entered its first golden age (Young, 1986; Rose, 1989; Deutschman, 2001; Young & Simon, 2005; Isaacson, 2011; Sato, 2011; Sutherland, 2012).

Steve Jobs was only thirty years old when he left Apple, establishing NEXT six months later along with five core IT engineers. NEXT specialized in higher education and business, first developing both computer software and hardware, while today producing only software. Apple acquired NEXT in 1996 to overcome serious difficulties with its software system Copland. But its CEO Gil Amelio had failed to restore Apple's profitability. After acquiring NEXT, Steve Jobs became a consultant for Apple and replaced unsuccessful CEO Gil Amelio in an interim role six months later, formally becoming CEO in 2000 (Young & Simon, 2005; Isaacson, 2011).

While Steve Jobs ran NEXT, e-commerce emerged as a viable choice for consumers and showed evidence of diffusion. CompuServe launched the first electronic mall in 1984, becoming the first online commercial service in the United States. The 1995 launches of Amazon.com by Jeff Bezos and eBay by Pierre Omidyar saw e-commerce become vast and ubiquitous. Most pivotal was the 1999 launch of Napster, the peer-to-peer file sharing software co-founded by Shawn

Fanning, John Fanning, and Sean Parker. Napster soon became popular for exchanging music files encoded in MP3 format. However, it also made existing problems with copyright and intellectual property laws more apparent (Saroju, Gummadi, & Gribble, 2003; Sterne, 2003, Liebowitz, 2004; Alderman, 2008, 2014; David, 2009). Napster was sued for the first time in 2000 by Metallica, a heavy metal band, and soon other bands and music labels followed. Unable to combat those lawsuits Napster went bankrupt in 2001, the same year Amazon achieved its first profit.

As a designer, marketer, and visionary Steve Jobs showed great interest in the development of online business (Young & Simon, 2005). Apple launched iTunes, a media player/ library/ mobile device management application, in early 2001 and the portable media player iPod was released in autumn 2001. According to Knopper (2009), originally iTunes was developed as SoundJam MP, a digital jukebox, by Bill Kincaid, Dave Heller, and Jeff Robinson. Kincaid heard news about MP3s through National Public Radio in 1999 and soon found an opportunity, for there was lack of compatibility with Macintosh system. It was marketed by Casady & Greene in 1999 and was soon acquired by Apple. The SoundJam MP creators actually worked with Apple on the Copland software system in the early 1990s, but left after its failure. They developed SoundJam MP as entrepreneurs, and returned to Apple, where their program was renamed iTunes and paired with the iPod. These were groundbreaking, successful gadgets, and the later iPhone and iPad cemented Apple's and Steve Jobs' legacy. Jobs told the audience at the October 2001 iPod launch that 'With iPod, Apple has invented a whole new category of digital music player that lets you put your entire music collection in your pocket and listen to it wherever you go' and 'With iPod, listening to music will never be the same again' (Apple Inc., 2001). In connection to this remark it is said that Jobs' Apple not only changed our habit of listening to music but also the very nature of music industry (Young & Simon, 2005; Griggs & Leopold, 2013).

To be sure, the hyperbolic remarks are not always on the mark. While we may agree with these views to an extent, the focus is not on the success of one particular product or the particular traits of one leader. The parallels between Steve Jobs/Apple and technological innovation of a field/relevant people are of particular interest for two reasons.

First, a successful new product or technological innovation often

emerges in a field where competition is intense and imitation is inevitable. Before the release of iTunes, many otherwise unrelated people and firms were developing MP3 players and related software. Yet, there was an atmosphere, especially in Silicon Valley, where innovations were part and parcel of their mission (Lee, 2000; Breschi & Malerba, 2005). As long as a sufficient number of people and organizations strive for an innovation in some field, the innovation breaks out as an outcome of concentrated energy and passion among a multiplicity of endeavors. For some IT design engineers, one such endeavor was finding solutions to streaming music. Competition and emulation exist because of ostensible or latent demands. The demands are expected to be profitable, so businesses pursue developing and innovating the product or service. However, the demands are not just from consumers but also often from designers, developers, and marketers who work with an entrepreneurial mind-set and autonomous agency. Steve Jobs exemplifies this. In an October 14, 2006 *Newsweek* interview, Jobs commented on the design of the iPod (italics added):

Look at the design of a lot of consumer products – they’re really complicated surfaces. We tried to make something much more holistic and simple. When you first start off trying to solve a problem, the first solutions you come up with are very complex, and most people stop there. But if you keep going, and live with the problem and peel more layers of the onion off, you can often times arrive at *some very elegant and simple solutions*. Most people just don’t put in the time or energy to get there. We believe that customers are smart, and want objects which are well thought through.

What Jobs demanded was not just technological upgrading but holistic and simple refinements of the first solutions. These first solutions could have happened in Apple or elsewhere like Napster or SoundJam. Yet, Jobs’ demand led to ‘some very elegant and simple solutions’ – we may call this aesthetics. In fact, from the beginning, Jobs always wished his products to be aesthetically simple, which often conflicted with corporate efficiency, a major reason for his 1985 departure from Apple (Young, 1986). When strategic capital and markets support a demand and a vision, however, they prevail – at least that happened in Jobs’ second tenure at Apple.

Music Streaming As a Disruptive Innovation

The fundamental difference between iTunes and the original Napster appears to be Apple's orientation toward business, which requires compliance, accountability, and management of liability. With iTunes, people could legally purchase music item by item and did not need to buy an entire album, as with CDs or vinyl. The iPod then made it possible to carry music anywhere (Jobs, 2007). When iPhone was released in 2007, it integrated use of the internet, listening to music, telephone conversation, and a camera – a long way from the Sony Walkman of 1979 Japan. The Walkman, a personal portable stereo, was the first device that changed music listening from a place-specific to a place-free experience. It revolutionized music portability, dominated the commercial market, and changed young people's lifestyle (du Gay, Hall, Janes, & MacKay, 1996).

To be precise, the Walkman emerged as the last logical step of shifting vinyl to cassette tapes. The cassette tape had been invented in Germany in the 1930s and adapted by broadcasters in the early 1950s. According to Brian Winston (1998, p. 266),

The delay was attributable to their well-founded fears about home duplication. On the other hand, a market was opened up, significantly by an outsider, the aircraft manufacturer Lear, for portable systems to play pre-recorded material in cars – the eight-track cassette. This eventually broke through these solid objections to tape and Sony and Philips agreed a format for the audiocassette, thereby wiping out the intensive eight-track. Sony then encouraged this liking for mobile recorded music in cars with the Walkman, which could be used anywhere; but it did not need to use industry pre-recorded cassettes. Because of this, the industry saw its worst fears of tape being realized. Audiocassette recorders were being manufactured which not only recorded vinyl on to tape but had a second head for copying cassettes.

According to Anon (1984), the audio disk peaked in 1978. While sales of singles had fallen by 13 percent and LPs by 27 percent in 1983 Britain, pre-recorded cassette sales increased by 75 percent. Yet, this increase could not compensate for the loss of almost 32 million LPs and 15 million singles. As a result, British record companies lost some 12,000 jobs and the distribution and retail lost about 1000 people each year through the first half of the 1980s (Anon, 1984, p. 7). When cas-

sette sales peaked at the end of the 1980s, it gradually declined in the shadow of compact discs. The music industry itself grew throughout the 1990s, until the release of the MP3 download system, Napster, in 1999 (David, 2009). Hereafter, copying sounds became much easier and faster as endless battles between the music industry and piracy began, sped with the introduction of YouTube in 2005 (Burgess & Green, 2013).

According to the Recording Industry Association of America (RIAA), the revenue of 'digital' format music continues to grow. However, total music sales in the U.S. have fallen from 14.6 billion dollars in 1999 to 7 billion dollars in 2011. The RIAA claims that 30 billion songs between 2004 and 2009 were illegally downloaded through file-sharing networks. Only 37 percent of music is purchased legally in 2009 (Recording Industry Association of America, 2014). On the other hand, in addition to iTunes, subscription services such as Spotify, Rhapsody, and Muve Music became popular. Music listening has become especially ubiquitous since the 2007 launch of Apple's iPhone, and its following competitors in smart phones. However, it is tremendously difficult to sell digital music and simultaneously prevent its theft. Raymond Ku already in 2002 argued that 'the argument for copyright is primarily an argument for protecting content distributors in a world in which middlemen are obsolete' (2002, p. 263). Steve Jobs (2007) stood against the notion that music streaming damaged recording industry revenues, writing an open letter advocating the abolishment digital rights management (DRM), which is a system to restrict the use of purchased and downloaded music.¹

The RIAA and IFPI, however, are influential stakeholders in establishing the Anti-Counterfeiting Trade Agreement (ACTA), against which many young people worldwide protested, which peaked in February 2011. According to the International Federation of the Phonographic Industry (IFPI) that represents record industry interests worldwide, the first revenue growth in the music industry since 1999 was a mere 0.3 percent in 2012 against the previous year, due to revenues from con-

1. The DRM system was developed to protect music against piracy. Through this system 'music purchased from iTunes can be played on digital devices purchased from other companies, and protected music purchased from other online music stores can play on iPods' (Jobs, 2007). However, some internet music stores, such as eMusic and Amazon, have been selling DRM-free music since 2007. This growing trend put pressure on iTunes and similarly-managed digital music stores.

certs and sales from artist-related goods (International Federation of the Phonographic Industry, 2013).

For innovators, innovation, including disruptive innovation, does not come out of the blue, and the same goes for creative destruction. Creative destruction and disruptive innovation are intertwined and entangled in multiple processes, in which countless layers of discussion and negotiations take place over time. There are stakeholders within an innovating organization. There are negotiations about capital and human resources. Outside stakeholders include business partners, consumers, media, local communities, economic and professional organizations, regional and cross-border interest groups, and often foreign governments and governmental federations such as the European Union (EU) and the North American Free Trade Agreement (NAFTA).

The speed of cross-organizational and cross-cultural movement has increased, especially in ICT industries. Innovations today are more involved with mergers and acquisitions (M&A). The norm for large companies does not appear to be in starting new research and development from scratch, but buying and adding new groups of talent and its possible licenses as a unit, such as the merger between Apple and Next or Apple's acquisition of SoundJam. This approach can be faster and often more efficient.

For instance, when Napster lost its copyright infringement lawsuit in 2001, it was sold to Private Media Group, then resold to Best Buy. Negotiating with Best Buy, Napster then merged with the streaming service Rhapsody in 2011 (Rhapsody, 2012). Across music-related ICT industries, the trend toward M&A is apparent. For example, in addition to its acquisition of YouTube in 2006, Google acquired more than 140 companies between 2001 and early 2013 (Stunt, 2014). Between 1994 and 2010, Microsoft acquired 110 companies: 51 from 1994 to 2000, 59 from 2001 to 2010. In addition to these, 23 companies were acquired from 2011 to September 2014 (Microsoft, 2014). Facebook has acquired 41 relevant firms between 2005 and 2013 (Stone, 2014; Teitelman, 2014).

Discussion

Thinking through the case presented above, I wish to make several points regarding the development of technological innovations in digital music and streaming, in the context of the nexus of creative destruction and workplace diversity.

First, we observed the Schumpeterian characteristics of entrepreneurship. People such as Steve Jobs (the earlier Apple and *next*), Shawn Fanning (Napster), and Bill Kincaid (SoundJam) emerged as enthusiastic, innovative entrepreneurs thanks to their wild curiosity, passion, and vision. In the early stage of innovation, they were new entrants who diversified the knowledge economy. They are simultaneously actors and living vectors of workplace diversity as their leadership generated different forms, types, ideas, etc. However, as the steady diffusion of innovation takes place and steadily grows the company, new innovations emerge within the corporation's research and development (R&D) strategies. This marks another Schumpeterian trait, that innovations continue and diffuse in large corporations, and creative destruction stands as the outcome of incessant knowledge-seeking and value-adding activities.

Second, as we saw, disruptive innovation does not happen in a vacuum but is a product of explicit or implicit joint actions within economic shifts. Although the reasons for an acquisition vary by case, one driving force of the acquisitions can be R&D efficiency. Yet, there may be more reasons, the most Machiavellian being a containment strategy – to hold emerging trends within the aegis of existing economic domination. In this way competitive advantage can be within the reach of an acquirer's arm. Thus, M&A is a strategy for creative destruction – the market may drastically change but market dominance may be sustained.

Third, what matters for workplace diversity regarding music streaming are changes in supply chains. Before the development of digital music suppliers, the record music business model was uniform in its flow. Artists and producers made new music, record labels financed the whole process, manufacturers made vinyls, cassettes, and CDs, then distributors and retailers brought the product to the end users (Graham, Burnes, Lewis, & Langer, 2004). But consumers can skip several chains (Figure 1). The fastest link for digital music is directly from artists to consumers. Artists may also use digital servers and omit their logistical dependence on record labels and retailers. Record labels may skip the links between manufacturers and retailers. These options can be understood as supply chain diversities. On the other hand, they can also result in the closing of CD retail shops. Tower Records, the iconic California-based music chain store went bankrupt in 2004 for the first time, as did London-based Our Price. Michigan-based Bor-

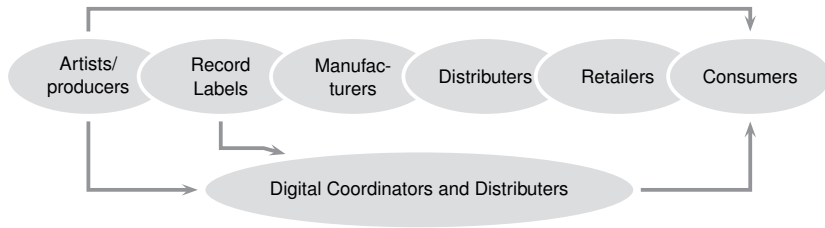


FIGURE 1 Music Supply Chain Today

ders went bankrupt in 2011. According to Galloway (2012), there were about 2200 record shops in Britain in the 1980s at the industry's peak; in 2012 there are 280. So technological diversity, a part of knowledge in diversity, and creative destruction are essentially entangled. As the economy changes, some workplaces will spread new trends, while this new knowledge and its practices will exclude others.

Fourth, the case of music streaming exemplifies that diversity in general and diversity of knowledge in particular challenges vested rights and existing economic structures. Although diversity is often considered equal to the plurality constitutive of democratic principle, challenging established economic power relations and structures involves not only market power struggles but also society's acceptance of specific knowledge and its artifacts. Steve Jobs' open letter calling for DRM-free music was an example. Also, young people's anti-ACTA movement constitutes their own challenge to the established music recording industry. At the same time, the industry desires to protect its own interests: revenues from music sales, royalties, and intellectual copyrights. Thus, diversity is always in negotiation, a contest between knowledge in diversity and creative destruction.

Concluding Remarks

To summarize, I maintain that successful new products and technological innovations often emerge in a field where competition is intense and emulation is inevitable. The demands that produce such an environment are not just consumer demands, but often reside in designers, developers, and marketers who work with an entrepreneurial mind-set and autonomous agency. Disruptive innovation and creative destruction sometimes take place in these circumstances, intertwined and entangled with multiple processes, in which multiple layers of negotiations, extending over indeterminate time frames, take place. I also

noted that with regard to technological innovation, large firms tend to merge or acquire small or medium firms in the same field to defend their market domination and competitive advantage, containing new technologies or ideas under the aegis of their domination. The tendencies of M&A are especially apparent after our timeline hit the millennium. Furthermore, talent moves more from one firm to another, one region to another, sometimes cross borders more than once.

Creative destruction occurs as a result of these flux states. Once a new technology gains momentum, it is difficult to stop. Its diffusion is merely a matter of time. Yet, the technology will likely not dominate forever, because new technology and subsequent profits are always sought. This may also induce mobility of industry or region and transition between new and old generation. Thus, creative destruction is a hope and dilemma of a company or industry and the market in the name of consumers.

This paper identified digital music and music streaming as a representation of disruptive innovation and creative destruction in the larger development of Internet and Communications Technology (ICT). In the history of ICT development, there are many similarities of music streaming and social networking services in their developmental stages. But the particular notion of peer-to-peer evokes reflexivity. Reflexivity is a factor in the complication and evolution of technology, and prevents a totally comprehensive knowledge of reality, and is inherent in any human practice. A social phenomenon is reflexive when group members shape their actions in relation to a context that the interactions of those members continually redefine (Giddens, 1991; Collier, 1994). Multiple stimuli constantly shape and transform our practice and behavior, and these stimuli are entangled with existing values and knowledge along with novel values and knowledge that arrives from outside. Vested interests and new interests often collide with each other. This is why change can be a painful process at the societal level. For instance, while social media and its supporting technology made a significant difference in the 2011 Arab Spring (Khondker, 2011; ALSayyad & Guvenc, 2013), political turmoil continues. Social media or technological innovation alone may not be sufficient to ensure social change. Yet, new media's reflexive influence on selfhood, especially for young people, appears to be extremely significant. How this influence makes demographic changes in workplace diversity is beyond the aim of this paper, but suggests a path for future research.

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Project Resource and Performance Management in Project Oriented Organisations

Anna Mazur

Warsaw School of Economics, Poland

Introduction

In the business reality these days innovations and projects are tightly related. The former cannot be achieved without carrying out the latter. And it is somehow unimaginable to create an innovation as a product in a regular course of business process that has not been a part of a project. The fundamentals of any entrepreneurial theory dividing a business activity into a process and a project is that the second's distinctive features are that it is unique and, whatever the so-called operational goals, the first and undeniable trigger for a project is an initial need of a business to press forward, push out from between its mundane frontiers either by some form of expansion or venturing on an innovation.

While the global innovation stream has been gradually drying out and there may not be as many leading edge betterments as we believe (Stiglitz, 2013), a business expansion by a project execution is probably the most common way of a firm's development. On these grounds a number of project-oriented companies (as an opposition to non-project ones) has been rapidly growing in the course of time. This increase is particularly visible in Poland, an example of an economy which does not have long (more than 30 years) open project market experience and for which the project market opened with a launch of project management methodologies as fully developed business products to be installed in firms under an organisational transition. With rise of their project management awareness such firms have been dealing with the question of how exactly they will carry out their project-type investments and which ready-to-be-launched management products (methodologies, tools, techniques, software, organisational strategies etc.) they will use.

Organisational schemes in relation to project arrangement form the



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background for the hereby discussion. The main area of concern here is aspects of project management that are to a great extent shaped by the way an organisation is patterned outside the project team and the very initial decisions taken by the senior management (sponsors of a project) concerning the creation of the project reality within the organisation. Organisational schemes and resource allocation in general is mainly social engineering, especially when it comes to project managing teams, for the fact that 'projects are social activities in that they usually have crossfunctional involvement' and that they are 'not an individual activity but one in which groups of people interact either in harmony or in conflict' (Cuellar, 2010).

The issue is to delineate two alternatives of project resource and performance management at the organisational level, way beyond and before a certain project is initiated. The determination is to prepare ground for the delivery of such project managerial outcome that would be in line with the firm's strategic decision whether to enhance its project profile by either creating or advancing an internal project management office or whether such an enterprise would be counterproductive in particular circumstances. In either case, both, resource allocation and performance assessment might take a different form. On the two extremes there are the notions of rigidity and flexibility applied to a management style or to project progress criteria.

This is a conceptual paper that is based on published analyses of project management experience and uses a selected group of research studies into the matter in question to support the two main theses. Namely, the first notion is that there are three aspects of project management that a project oriented organisation needs to address before commencing a project execution: related to a structure, performance assessment and task governance. The specific questions that might be asked to clarify the three aspects are: (1) What kind of structure is the project going to be managed by: an internal PMO or a temporary task group? (2) How is the project performance going to be assessed: binary total value mile stones or a gradual piecemeal evaluation. (3) How are project tasks going to be undertaken by a team: in a top-bottom manner or authority dripping or a bottom-up self-initiative? The second notion is a suggestion that from a number of interrelations between the three levels of project reality there might be distinguished two particular paths that might be recommended to follow in order to enhance the efficiency of project execution. To specify, one tread

is a link between an internal PMO, phase project progress evaluation and self-arranged teams, while the other tread is a relation between the so-called temporary project structure within a linear organisation, rigid progress assessment and a top-bottom task governance. The two streams are examples of two comprehensive perspectives on a few key facets within project management and its adjacent corporate environment.

A Stable Project Station vs. a Temporary Task Structure

It needs a considerable level of awareness of corporate project sponsors to decide on an exact shape of an interior project arrangement in advance. Such awareness emerges as ‘the response to new challenges and as part of the movement to increase both the number and the strategic importance of projects’ in the form of implementation of a Project Management Office as a new organisational entity (Hobbs & Aubry, 2007). It takes a lot more than business awareness for a company’s top authority to launch a project management office within and not take advantage of an outsourced one for the fixed period of time. It takes much project knowledge, employees’ real experience of an investment management, a record of best-practices, just to list a few. There is a way to forming a permanent division in a company that will be delivering projects on a regular basis from a temporary working group composed of the existing human resources that will dissolve in their fixed linear roles after a project completion. Furthermore, a decision between creating either of the two extremes is usually taken at some point in a company’s project experience, it is not very common for an organisation to consider launching a PMO right with starting the very first project since it, in fact, means adding to a company organisational scheme or even reorganising it thoroughly and such far-fetched changes need to be well-grounded in the previous project experience and knowledge.

Although the area of knowledge sharing and experience digging has now become unlimited to any aspect of the business reality, such as time, space or the adjacent competition, there are project management issues that have not been provided answers to and regardless of the technological advancement are still valid (Kaplan, 2004). Specifically, ‘it still fails to take a strategic interest in how projects can better achieve the objectives of those promoting, undertaking or being affected by them’ (Morris & Jamieson, 2004). There is potentially a

number of suggestions to this query, but there is also a concept that for each particular project an answer might be different. Moreover, it appears that the question of how a business process can bring better results should be the first utterance of a project manager's motivational speech toward the team. Finally, it can also be a question about how project execution is organised in a company, by a PMO or stamped on a permanent linear work scheme. Normally, and quite often present in project management literature, there are three options of how a project proceedings can fit in an organisation, namely, there is a PMO, a functional scheme and a matrix in between the two.

However, the conventional conception is that while a PMO has its distinct and undoubted organisational boundaries and is of a binary nature (either you have a fully operating PMO or it is not a PMO then), the other two forms do not so obviously differ from one another. What is more, there might be a gradual transition from one to the other management pattern and a clear line between the two is not in fact possible. For the very reason this article discusses only two direct extremes, assuming that it is only a matter of interpretation whether a project structure within a firm that is not a PMO is more of a matrix or a functional type. So, getting to the point, what do the options (a PMO or a functional team) really convey?

An permanent internal project management office is an organisational structure, whose main aim is to deliver the project programme or portfolio goals. Since 'the time required to complete an activity is seldom known in advance with certainty', which is 'particularly the case for typically non-repetitive once-in-a-lifetime' enterprises (Burt, 1977), and because the primary characteristics of a project is its uniqueness, temporality and uncertainty, a PMO requires a constant flow of new deliverables. Having provided that, it becomes possible to have a distant look into various investment progress levels and results and to perform a comparative analysis of different project key performance indicators. Furthermore, in the idealised picture (a normative approach that represents all the PMO opportunities taken advantage of), a stable corporate project station creates an environment which to some extent encompasses the general business model of the company and its development strategy. At the same time it fertilises knowledge management greatly by the fact that it keeps a continual focus on the project part of the corporate activity and treat knowledge as one of the major post project deliverables. In other words, a permanent project division

is generally deemed as more advantageous in respect of specialisation and integration of knowledge management as it ‘moves the capabilities of a firm forward and consequently it is more difficult for competitors to imitate this particular company’s practices/management ideas/problem solutions etc.’ (Project Management Institute, 2014).

Nevertheless, the above PMO traits as such are referred to by numerous theoretical sources, while the recent and thorough research done by representatives of the Project Management Institute, *inter alia*, Monique Aubry and Brian Hobbs, provide quite the contrary evidence. In project management there are two divergent approaches visible: the conventional one is the requirement to keep the level of standardisation high and the tools as specifically-defined and rigid as possible within the chosen standard methodology, and the more contemporary one is a total free flow of project management styles and in the global perspective the inability to form any specific benchmark for a project management office. The number of research done by Aubry and Hobbs into project management structures (mostly PMOs, but also other, temporary patterns) that revealed that regardless of specificity of particular licensed methodologies, there are no two identical means by which PMOs are patterned. To put it more directly, standardization and specification of project programme or portfolio managing structures is either not possible, or it does not simply occur although it theoretically might (Hobbs & Aubry, 2007).

A temporary task structure being the element of the hereby comparison is virtually assigning a project task to a team or linear employees for the time of executing the given enterprise. Upon such execution, the structure may be resolved, however, the project team’s character is either inferior or provisional in reference to the employees’ job contract functions. Drawing on the idea that ‘the organization of resources is equally important as the resources themselves’ (Söderlund, 2011) it might be concluded that along with the employment of professionals, the employment of their work pattern is of a comparative weight.

Binary Performance Criteria vs. Gradual Progress Assessment

Project progress is a level to which deliverables are produced against a fixed timeline. Progress assessment refers to various aspects, such as: the state of the continuous activity, the achievement of milestones and the completion of tangible and intangible deliverables. The key feature

of project progress evaluation is that the basis for it is pre-programmed data, which makes the context of the assessment. Thus, the estimated value emerges only from the given context, which might be concluded that expectations influence the outcome. Not only do predictions shape the further estimation of the results, but they also drive the actual outcomes and form the foundation of the progress rationalisation. It is the model's normative character that results from having a fixed prediction towards project products. Therefore, it is crucial to be aware of the fact that managing a project's development starts with drawing the outline of the project reality in a schedule, a structure of paths on how the investment is planned to be fulfilled.

In the field of project management there are many general approaches that might be applied in the aspect of measuring an investment's fulfilment. Within the general scope there are particular media for defined intermediary purposes and more generalised styles of conduct that do not calibrate on halfway deliverables. It also needs to be emphasized that whatever the scope of a management approach, there are global trends that influence various faces of management, whether it is corporate governance or a project temporary structure or any other fragment of the management reality. And such a trend that is visible in both, the general interpretation of management and project management, is indulgence, that is being more lenient when it comes executing a standard pattern or diverging from the requirement of adhering to a predominant convention.

There are many various ways to evaluate project progress and there is no obvious or conventional hierarchy of the progress assessment methods. Having a vast variety of means to choose from is of a dubious nature: it gives a handler freedom to adjust the tools to a particular approach, project goals, time and budget, but, at the same time, it gives way to miscalculations or overlooking of some data. The basic instruments of dividing the whole project time into distinguishable bits is milestones. A milestone is a point in the process that gets special attention either because a key decision has to be taken at this point or because of the fact that a considerable phase of a project is then reached. Now, there are those two aspects of a project execution that have to be decided on: progress markers (where, what kind of and how many) and the relation between milestones and the overall progress, which simply means how the whole project development is calculated. The two aspects give rise to a great number of options on the axis

between the two extremes: rigid binary values of zero or one and a gradual movement of creeping values between zero and one hundred percent.

Binary means of assessing advancement require organising project management activities around milestones and being more indulgent toward interval performance. As described by Freeman and Moisen: ‘modelling techniques used in binary classification problems often result in a predicted probability surface, which is then translated into a presence – absence classification map. However, this translation requires a (possibly subjective) choice of threshold above which the variable of interest is predicted to be present’ (Freeman & Moisen, 2008). On the one hand it is this very need to draw an accurate model of the anticipated binary values that hampers flexibility of predictions. On the other hand, binary value system of assessment, through the very limited scope of grading performance, influences management decisions by presenting project progress values as definite alternatives that call for a decisive action (Hülsmann & Wycisk, 2008).

Among the many approaches to performance assessment and to setting success criteria, and between the two extremes, one of rigid, binary values and the other of a gradual flow, there are the three defined by Lavagnon A. Ika as a result from delving into the field of the literature on project success, namely: adherence to planning, contingency and subjectivist (Ika, 2009). The first one represents application of such measures that will eventually enable objectivity in progress assessment and in order to keep an undisturbed perspective in the matter there must be a fixed, sanctioned and conclusive reference established, such as a schedule or a task scheme with binary and absolute values.

The second approach welcomes contingencies or context dependence of progress evaluation. Its ‘conceptualizations have abandoned the attempt to find one set of success criteria that will fit all projects’ (Cuellar, 2013) The approach ‘is based on traditional arguments from classic organizational contingency theory, which contends that context and structure must somehow fit together if the organization is to perform well and that performance measures are influenced by various contingency variables, such as the technology employed and the external environment’ (Shenhar, Dvir, Levy, & Maltz, 2001).

The third proposition of subjectivity centres on a number of potential perspectives on one project, having taken into account that one investment may have a number of unrelated stakeholders for whom

benefits resulting from a project execution are usually dissimilar. In other words, 'project success is a socially constructed concept reached by a political interaction among the stakeholders' (Cuellar, 2013). The approach is in compliance with the contemporary behavioural psychology – inspired trends in economics and management by giving the prior meaning to the social agents before the indiscriminatory measures based on mathematical foundations, such as critical paths, schedules, time intervals or progress curve trends.

Taking into account the above planning approaches and performance evaluation means, there has to be distinction made between planning and estimating the management activities only and the ultimate project outcomes. While 'is often assumed that project management success can be measured in terms of adherence to planning' (Joosten & Werner, 2011), project success is the degree to which the defined project objectives are fulfilled' (Ika, 2009). In this context, scheduling management tasks, when compared to planning a project's goals, seems 'an internal and rather short term perspective' (Joosten & Werner, 2011), while the strategic objectives of an investment may only be seen in perspective and also in a particular context. For this reason, when deciding on applying either fixed, binary performance criteria or assessing a project's progress in a gradual manner, it should be considered whether the certain approach will be directed only at the management activities that terminate with the last deliverable or at the whole process of rendering a company's strategic target for which a project is only a medium. It seems that with the former it might be more beneficial to exercise stricter and more standardised and aggregated patterns since the evaluation of operational goals of a project are less context dependant. With the latter, however, it may be recommended to have a broader and more complex picture of the issue, because the values emerging from a project completion obviously vary when viewed from the lenses of different stakeholders.

In an attempt to present a critical overview of the three above described means of analysing a project's level of completion and how successful it is, it first needs to be underlined that however success is defined, either by precise stipulations in a signed off project charter or by alleged benefits that feed a company's business model long after the project has been completed, the outcome depends on the initial set of measures. And thus, in the one-way-or-another approach it might seem easier to determine the factual stage of a project based on objec-

tive data. Nevertheless, objectivity by itself is a matter of convention so it all melts down to simplification actually. Indeed, most risk management and work progress criteria are based on aggregate numeric values, which, by their nature, adapt the law of large numbers and in consequence neglect the long tails, for instance. In such circumstances all project schedule requirements might be met in all the three fundamental dimensions: time, scope and budget, and still there might be other elements of the particular environment that signify quite the opposite, namely that regardless of the objective success achieved on the basis of binary values, the particular success may appear not successful at all.

One of the possible reasons for that might be that binary criteria and fixed models refer to a project's lifecycle mainly if not only, while according to such fundamental methodologies as MPBOK, the ultimate project success lies in its subsequent benefits whose realisation starts only after all deliverables are completed. Therefore, despite the instinctive and habituated step to create abundant backlogs that provide the feeling of comfort to a project manager by being a formal protection and by being more calculable, it appears tactical to apply a more flexible and context dependent analysis. On these grounds, the crowning conclusion might be that in order to avoid the burden of managing tools and not managing the subject of the tools – ‘managing risk is managing discourse not tools’ (Budzier, 2011) – a project's deliverables and eventually a project's benefits – human power allocation cannot be cinched with guarding the level of satisfying the rigidity requirement.

Task Commissioning vs. Task Pulling as Sources of Incentive

Allocating human resources is a pivotal task for a project manager, as it is not only task determined management, but it is also maintaining manpower flexibility in compliance with a project's stages of development. In this very type of business process, the manner in which job tasks are divided and distributed among the project team may impact the team's performance. There are two basic and divergent approaches to empowering resources with a particular responsibility, either by charging them with the assignment from the position of authority or by creating conditions for the project team members to take up tasks themselves. While the former requires more engagement of the controlling role of a project manager or a team leader, especially

in the beginning, the latter requires a better knit team cooperation. However, those are just the first and somewhat obvious characteristics between the two, while there are more of them delineated below.

When it comes to appointing the responsible ones in a project team, human resource management in this respect is tightly bracketed with a project lifecycle, when at various points, either milestones or interfaces, the so-called work balance sheet needs to be revised and confronted with how the elementary tasks are correlated. So, if a project manager's general approach to resource allocation is a lockstep, a rigidly inflexible arrangement, then it in fact means a stringent necessity to regulate the task commencement, sequencing and development.

A great advantage for a team leader of exerting authority in human resource management in a project team is that it provides them with a source of comfort of being in a genuine charge of progress. What this approach of assigning project tasks lacks, though, is adaptability throughout the development process. In comparison to self-regulating bottom-up responsibility undertaking, top-down authoritative governance of a business process resembles a formal procurement order when once agreed and signed off, it is extremely difficult to moderate the object of the contract. While allocating human resources in a project execution takes a form of a contract with all the potential transaction costs. On the basis of agile project methodology research it has been proven that since going through change requests is painful for all sides to the project 'it has always been a challenge with these large documents which have been signed, sealed and delivered' at the beginning of a project initiation stage (CMC Media, 2011). Geoffrey Bourne (technology executive and strategic leader at major financial institutions, agile project team expert) admits that with agile a new media was found that has allowed its users to be more adaptive to things such as change requests (CMC Media, 2011).

Regardless of the advantages of the surveillance of a lockstep, the common trends in management in general and in project management in particular are to angle away from rigidity and highly detailed formats. There is a number of arguments supporting this divergence and one of the most telling is that with very complicated tools and tightly restricted conditions a project manager has to manage the tools and schemes to a great extent and strays away from the actual matter of the project.

Since ‘decision making is not a static concept’ (Burt, 1977), especially when it comes to human force allocation in an environment which resolves around such temporary task structure as a project. For this reason ‘over the duration of a project, the project manager sequentially reallocates resources in light of new information on the status of the project and resource allocation in projects is seldom executed in the immutable manner of a budgeting process’ (Burt, 1977).

Another concept being a counterargument to authoritative resource allocation is that self-regulation is the best form of regulation mainly for psychological reasons. This very idea has been prevalent in management theories concerning, for instance, human resource handling (the intrinsic motivation factor or the empowering) or production chain governing. In Christophe Midler’s book, the great contribution to the project management research and literature, there is considerable argumentation for giving project teams much autonomy. ‘Discussions of the organisation of work within semi-autonomous teams were viewed as a social occurrence, not as real work. Midler showed in his thesis that, not only should unknown factors be considered as part of real work, but that new, more flexible forms of organisations were more effective in coping with the vagaries of a project’ (Aubry & Lenfe, 2012).

Temporariness and individualisation of the modern management styles show not only in applying more lenient performance assessment devices or resource allocation patterns, but also in the more qualitative approaches to project management that eventually aims at enhancing customer value. One of the means of such enhancement is through the so-called narrations or, in the aspect of agile project methodologies, user stories. Following the above notion, it needs to be uttered that among the current HR management styles, there is this particular task allocation manner referred to, *inter aliae*, as dynamic task assignment or workflow self-management. Qualitative insight into project deliverables’ end value focuses on the realistic benefits of a project’s completion. The motivation underpinning the qualitative approach is to limit waste in the very general sense, which might refer to time, money, labour, human or material resources. With such an attitude, allowing a project team members to decide on taking up particular tasks and to pull assignments by themselves, they identify with the area of responsibility more and tend to limit the misuse or waste of the resources within this area. And at this point of corporate awareness agile

project methodologies are implemented, among which there is Kanban method.

It is a style of resource allocation that derived from production line management in the 40s and has been accustomed in other management areas, such as project management, is the Japanese Kanban lean scheduling manner. It focuses on the flow of production (or a project's execution) in the first place, it does not define roles nor does it give much importance to the formal aspects of providing deliverables, such as exercising authority of a project team leader before commencing a job or restricting workflow to the only accepted rigid path. On the contrary, the key objectives are monitoring the work progress (commonly having three main stages: to be done, in progress and done) in quite an uncontrolled way and allocating the resources in such a way that the flow is undisturbed. At the same time, the basic view on the work progress is how various deliverables migrate from the first to the last phase. Kanban, being a lean method of management,¹ allows for pulling tasks by team members in real time and in the sequence they actually appear. Thus, the major advantage is that there is no waste (time, cost, resources in general) due to modelling the workflow and the expected results in advance (Ries, 2011).

Agile methods allow for some flexibility by disobeying the authoritative requirements and letting the real business value tasks take over the priority in the work balance sheet in a project schedule or in Kanban chart. In IT software projects this process is enabled by the so-called backlog (a detailed record of the process flow and its iterations), while in a broadly interpreted project resource management, this might be realised by a liberal allocation of human force. That is, changing the focus of the authority from the point at which a single project team member is assigned a task to the point where the final delivery of the task occurs. In other words, the whole ceremony of commissioning an assignment has no real value to the project if it is not followed by burdening an individual with the intrinsic motivation, which is apparently a natural outcome of pulling a job, not being given it from an authority. Finally, according to a research on the so-called PRDS (product require-

1. Lean management is a sub-method of agile management, while agile is a cumulative (gradual), multi-functional, self-organising team work; and lean means self-adjusting and minimum authority, maximum flexibility workflow (Poppendieck & Poppendieck, 2003).

ments documentation) done by СМС MediaInc, too much stipulation in the first place (characteristic to exerting authority while allocating HR) hampers the performance in such a way that an overload of requirements curtail an employee's confidence in both the certain task itself and its quality description.

The comparison between authoritative resource allocation and self-assignment of team members bears a resemblance to the division between mass production and craft production. The first one is organised around strict and premeditated methods and fixed specialisations with the workflow highly formalised and human resources as agents in the process, not the decisive stakeholders. Yet, the second is based on creativity and flexibility of particular highly flexible individuals and maximum simplicity and minimum formality production line (Womack, 2007). On the basis of this distinction it may be concluded that there is a strong correlation between the manner of task assignment and the character of performance. Moreover, to the utmost of the opportunities offered by various approaches, it is of a considerable value to, first, adjust the workflow pattern to the nature of a process taking account of the influence of the decision of the expected or potential outcomes; and second, the greater diversity in the source of incentives (either top-down or bottom-up), the wider range of workflow opportunities.

In general, being jurisdictional in allocating resources to project assignments has a predictive manner, which is focusing of the completeness of the assumptions in advance and not making much room for adjustments later in the ongoing process. It is common that the more formalised a process, the more resistance toward changes to the process. Therefore, a decision of a project manager concerning human resource allocation to tasks, whether it will either be a team's self-regulatory individual job pulling or authority regulated assignment, is in consequence related to the level of leanness of change management. For this very reason, the awareness of such correlations should be the basis for arranging project team working schemes by a project team leader or a project manager in order to adjust the style of task execution to the outcome of the given approach.

A PMO Track vs. a Corporate Function Track

As both the practice of project management and the academic theory and research on the subject have become abundant and project man-

agement itself has grown to a kind of industry within or at the inner lever of other industries, ‘the body of knowledge on project management is now extensively documented through formalised associations, with increasing dissemination among organisations in many countries and industries’ (Aubry & Lenfe, 2012). In such a brimful and multifarious field there cannot be a unified code of conduct or a single tract of actions of a widely accepted highest value. As the research of Hobbs and Aubry for the Project Management Institute have proved, there does not exist a common unification of project methodologies or project structure patters. For this very reason, project executors are not offered any default complex solutions, but they rather need to override the existing solutions with their own specific and highly customised unfolding. Against such background of multitudinous directions into which project execution may go, the hereby paper differentiates three levels at which decisions should be taken regarding the structure of responsibilities, resource allocation and work progress assessment patterns. The perspective may function as a recommendation of two main pathways intertwining the three aspects of project execution arrangement within an organisation, however, it may also be only one of the many alternative reference frames that will subsequently undergo its own customisation.

The paper moves along the three drafted above key facets shaping the project reality in a corporation. First, it refers to a choice between building an internal PMO versus a temporary task structure on top of or along with a linear human resource allocation. Second, it touches on flexibility and rigidity of measuring the work progress. Third, there is a query whether or not the chosen project team will be able to work independently from a direct supervision of their linear superior and what benefits or perils that may cause. The fourth angle in this dispute is the type of leadership in a project team and if there are premises to ingrain self-assignation of tasks by the team or there is the wait-for-orders attitude in the team. Finally, the last part of the paper is a daring recommendation of two divergent pathways with relation to the figure drawn here. The conceptions and the advocacy of project management tools are both supported by precise instances of selected project management research. The whole content of the paper as well as the flow or arguments here are represented in Figure 1.

Such prisms might be a basis for possible solutions to a number of

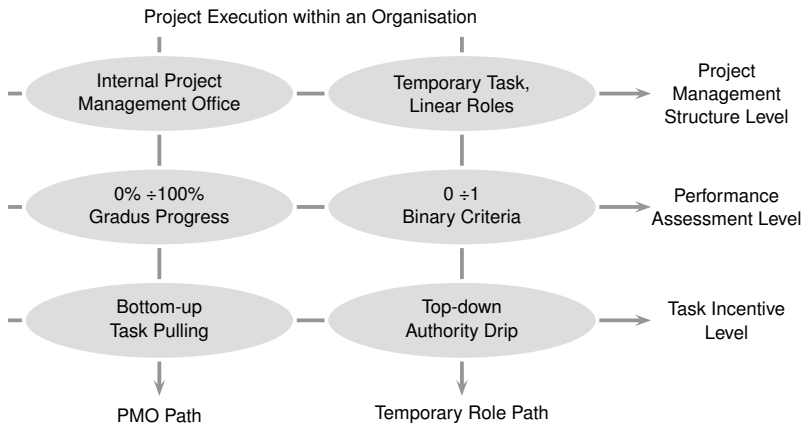


FIGURE 1 Project Management Aspects in an Organisational Scheme and Possible Codes of Managerial Conduct

specific project execution problems, such as creeping scopes or lack of responsibility tracks, however, this paper is not an attempt to form a unified methodology. Quite the contrary, one of its goals is to emphasise that benchmarks in project management are as mercurial as possible and the only conventions that exist in the global scale are so general that they need to be appropriated in line with the very unique project requirements. Nevertheless, it is now clear that there is ‘expansion of the field of project management beyond a focus on the management of projects to embrace the management of programs, portfolios and organisations that achieve their strategic objectives through projects, programs, and portfolios or organisational project management’ (Hobbs & Aubry, 2007).

And thus, the illustration above represents various angles of the issue of arranging project execution in a corporate environment. The three suggested levels result from a considerable generalisation of more complex aspects, however, thanks to such generalisation, it became possible to exemplify at least a fragment of the heterogeneity of the given context. Having the above image in mind while allocating resources and arranging task incentive patterns will allow for a broader horizon of performance assessment and eventually provide more valuable feedback on project management styles and on whether there is a realistic need to create an inner project management office or if it is advantageous to resort to a temporary project structure (Floriciel, Piperca, & Banik, 2011).

Conclusion

The whole line of argumentation above aimed at merging the reality of project oriented corporations with a few specific issues within project management itself, regardless of its environment, and with a few pivotal problems in the field of human resource allocation and performance success criteria. There have already been a few conclusions suggested above in the four outlooks on:

1. The inner corporate organisation of a project team
2. Progress evaluation criteria
3. The scheme of commencing task execution
4. The two discernible paths against the complex background

The conclusions form a cascade of the following concepts and assumptions. Projects protrude from regular business processes as their crown target is to remodel a process into a more innovative track. Project-focused companies may include project management in their strategic business models. And thus, through a constant flow of project deliverables it becomes possible to feed a corporate strategy. However, project management tools do not suffice here in order to fulfil all required benefits of an investment completion. It has been determined that the indiscriminative binary means of performance evaluation play their optimum role as devices inside a project's life cycle. Upon a project's completion, when the cycle is formally terminated, it is of a greater value to maintain a broader picture and analyse the context outside the project life cycle through the prism of a lean and contingent picture.

The product of the hereby theoretical outcomes is the composite of the levels of project management decisions and the organisational alternatives plus the way they might influence progress appraisal. The primary idea was that each investment, project portfolio or a project management office is a unique composition of managerial steps and schemes. Therefore, the superior manifest drawn upon various methodologies, theories and also research is that a project manager (and preferably major project stakeholders) should be aware of the strategic facets and the correlations between them. The culmination of such knowledge is that orchestrating a complex enterprise having the project nature and being immersed in corporate circumstances is more of adopting diverse elements of mainstream methodologies and criteria applications to the very individual context and requirements.

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Applying Social Network Analysis to Strategic Human Resources Management

Kristijan Breznik

International School for Social and Business Studies,
Slovenia

Introduction

A social network provides a methodological perspective to bear on topics of leadership, decision making, turnover, organizational crises, organizational culture, and other major organizational behaviour topics (Kilduff & Krackhardt, 2008). It arguably offers a new direction for organizational behaviour theory and research by drawing from social network ideas. To improve the interactivity between individuals that leads to increased performance and effectiveness, it is necessary to identify techniques that measure the relations between actors within given environment. Social network theory includes a combination of methods and techniques that provide several concepts for measurement of social structure (Borgatti & Foster, 2003). In addition, social network analysis maintains a tool to study dynamics between individuals (or actors in general) and to examine the relations among them. As reported in Hatala (2006), social network analysis promises to add significantly to theory building in the field of human resource management by providing a methodological approach for conducting quantitative research in such areas as organisational development, organisational learning, leadership development and organisational change.

The main purpose of this subchapter is to review the specific features of social network analysis that can be applied to human resource management context. All analysed networks in the study are classified as complete networks and no ego-centred network was introduced. Specifically, we have presented a dual typology of social network research in two cases taken from Slovenian research area. In the first case, a method for identifying the innovation clusters inside Slovenian research centres was proposed. Finding denser parts of a social network is not a new task, yet it is never trivial. Initial two-mode network



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 89–103). Lublin, Poland: ToKnowPress.

of organisations and centres was subsequently replaced by one-mode network of organisations collaborating in centres. Using advanced network approaches such as an S-core method, the most important organisations in the network were extracted. Organisations were further classified in innovation clusters using Ward's method of hierarchical clustering. In addition, by shrinking all organisations in respective Slovenian statistical regions we offered a more general overview on the national level. In the second case, the content of mission statements occurring in Slovenian organisations was explored. Previously, researches on the topic were typically focused on word frequencies (see Scandura, Gitlow, Yau, & Greengarten-Jackson, 1996, for illustrative example) and not on relations between them. The PathFinder algorithm (Schvaneveldt, Dearholt, & Durso, 1988) was applied as a network analytic approach to reduce mission statement network to its skeleton.

The subchapter is divided into three main sections. In the first section, an overview of social network theory and social network analysis is provided. The first part also includes a brief review of relevant literature on the main topic. Second, two applications of social network analysis are presented. Both cases were conducted in Slovenia. First example demonstrates how social network analysis can help to find the most innovative organisations with the collaboration tendency. In the second example, social network analysis methodology in order to find clusters of keywords in mission statements of Slovenian organisations is described. The subchapter ends with the limitations of the social network analysis approach and concluding remarks.

Nowadays, it is impossible to analyse social networks without proper software. Many programme tools are available for this purpose. In our study, descriptive analysis and algorithms for the preparation of networks were implemented using the R package (CRAN) software. Network analysis and visualisation of networks was carried out by Pajek (Slovenian word for Spider) (Batagelj & Mrvar, 2014). Pajek is a program for analysing and visualising large networks (Wasserman & Faust, 1994). Both programs are an open source programs and freely available, for non-commercial use.

Social Network Theory

The concepts of social network analysis were developed already in 1930s with Moreno (1934). He proposed the notion of *sociograms*, the

graphical representations of relations between individuals. Individual units were displayed by points and relations by lines. With the help of sociograms he was able to identify group leaders, isolates members of a group, strongly affiliated society and even friendship circles. Two decades later mathematical approach was applied by Cartwright and Harrary (1956). Their contribution and the development of graph theory formalised the initial insight created by Moreno's sociograms. However, the formal definition of a (social) network was set almost half a century later (Wasserman & Faust, 1994, p. 20): *A social network consists of a finite set or sets of actors and the relation or relations defined on them.* Nowadays, the social network analysis can be handled as a specific application of graph theory in which individual units such as social actors, groups and organisations are represented by points and their social relations are represented by lines (Hanneman & Riddle, 2011).

In contrast to the standard statistical methods the social network analysis is not only concerned with quantitative results but also with the identification and the process of emerging and/or disappearing of linkage between actors. Wasserman and Faust (1994) argued that social network analysis employs a unique measurement approach, distinctive from other perspectives, by providing formal definitions of the structural elements that exists within networks. They further explained that network concepts are quantified by considering the relations measured among actors. Therefore, the mission of social network analysis is to closely examine the structure among actors and/or organisations and try to explain the variations in outcomes, beliefs and similar relations. The typical way to understand the network structure is by providing the visualization of a network. Basic representations of social network are commonly made by graphical display. Graphical display uses points for representation of actors and lines or/and arrows for representation of relations between actors. If no arrow is used the network is classified as undirected. Otherwise we talk about directed networks. To obtain the best placement for nodes in graphical display spring embedded algorithms are used. Spring embedders position the nodes linked by springs in such a place that they are in a state of equilibrium. They are based on local optimization procedures and therefore we must not rely on just one run of these procedures, but repeat them until we obtain a satisfying solution. Additionally, some manual editing to improve readability should be considered. The most popular in the social network

analysis are Kamada-Kawai algorithm (Kamada & Kawai, 1989) and Fruchterman Reingold algorithm (Fructerman & Reingold, 1991).

Beside graphs social network analysts use matrices to represent information about patterns of ties among social actors (Hanneman & Riddle, 2011). Matrices are extremely helpful when larger and denser networks are being explored. Moreover, to gain an insight into a dense network at the level of the individual entity a matrix representation is preferable. Applied clustering methods enable us to uncover the patterns inside a matrix, which are almost impossible to see using a graphic display. Similar to computing the layout for the node-link diagram, rows and columns in an adjacency matrix should be ordered carefully. If nodes are placed in an arbitrary order in the matrix it could happen that the matrix does not reveal the network structure. A reordering or sorting of nodes in the matrix, described by a permutation, is therefore an important issue. The aim is to find groups of similar actors and define their roles. Blockmodeling (Doreian, Batagelj, & Ferligoj, 2005) is a type of positional analysis which decomposes a matrix into blocks of different shapes. It uses one of many clustering methods or equivalence relations defined in a graph.

Cohesive subgroups in social network theory contain dense pockets of actors who ‘stick together’ (De Nooy, Mrvar, & Batagelj, 2012). The phenomenon that similar people interact a lot is called homophily: Birds of feather flocks together (Yamaguchi, 1990; McPherson, Smith-Lovin, & Cook, 2001). Several methods can be applied measure this process in a network. On the level of a whole network, a density is a proportion between the number of lines in the network and the maximum possible number of lines. On the level of nodes, a degree of a node is the number of lines incident (incoming or outgoing links) with the node. Advanced methods as components and cores will be described later where needed.

A two-mode network consists of two sets of nodes with the property that nodes from each of these two sets can only be related to nodes in the other set. Whereas sets are usually called actors and events, this type of network is known also as an affiliation network. Affiliation data in the literature include many examples, e.g. corporate board memberships, attendance at events, memberships of clubs, participation in online groups, authorship of articles, and others (Borgatti & Halgin, 2011). ‘Two-mode network’ is a more general term than ‘affiliation,’ since the latter is reserved for some kind of membership network.

Therefore, we will use the term two-mode network from now on. A classic approach to display two-mode data is with a bipartite graph, i.e. a graph with vertices divided into two disjoint sets and links only between nodes of different sets.

The approach with social network analysis has proved fruitful in a wide range of social and behavioural sciences. Some of the topics that have been studied by network analysts and are closed to our study are (Wasserman & Faust, 1994):

- Community elite decision making
- Diffusion and adopting innovations
- Corporate interlocking
- Group problem solving
- Exchange and power
- Performance
- Markets
- Consensus and social influence

In the past couple of years, social network analysis has made considerable progress in the field of computer support applications. A researcher interested in social network analysis can apply described social network techniques with several software packages. The most frequently used packages are Pajek (Batagelj & Mrvar, 2014), UCINET (Borgatti, Everett, & Freeman, 2002) and NetMiner (Cyram, 2009). More on this interesting topic can be found in Huisman & van Duijn (2011).

Social Network Analysis in Human Resources Management Practise

In the empirical phase of the subchapter two cases will be studied with the help of the social network analysis.

Slovenian Innovation Clusters

In developed society, a strategic partnership between industry and academia is indispensable. Within the framework of scientific-technological policy of the Republic of Slovenia three mechanisms were created (Competence Centres, Centres of Excellence and Development Centres) to promote the concentration of knowledge in priority areas of technology and horizontal integration across the supply chain knowledge development. We will hereafter called these three mechanisms as

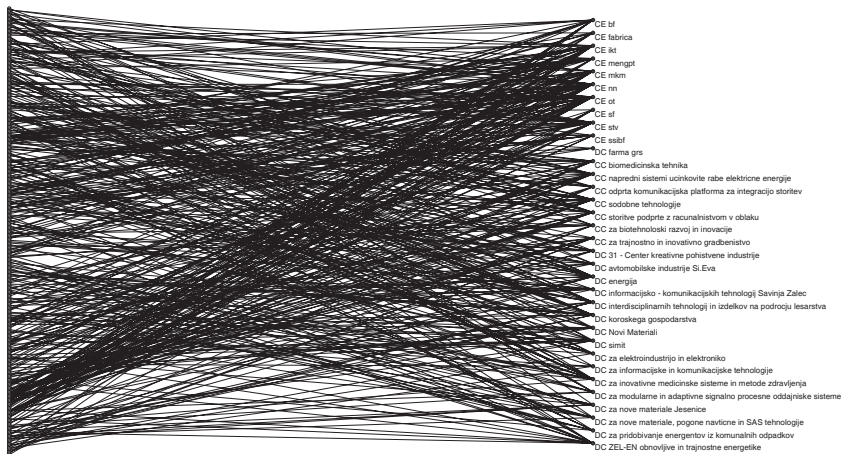


FIGURE 1 Two-Mode Network of Organisations and Research Centres

research centres. Their purpose is to support projects that include both development work and the necessary equipment and other infrastructure, which allows the development of enterprises, their competencies and long-term foundations for growth and economic development and will allow technological breakthroughs in the areas where Slovenia has a critical mass of knowledge (Ministry of Economic Development and Technology, 2010).

Participation of organisations in the research centres can be considered as two-mode network – the first mode consists of organizations and the research centres form the second mode. Individual organisation is not restricted to a specific research centre, but may rather participate in many others as well. The basic network consists of 336 organisations (first mode) which are grouped in 34 research centres (second mode). In Figure 1 a bipartite graph of organisations and research centres is displayed. Research centres are positioned on the right part of the figure and each research centre is labelled by an original name. Due to an excessive number of organisations (positioned on the left side of the figure) their names are omitted.

As we can observe from Figure 1, obtained two-mode network of organisations and research centres is fairly dense; (two-mode) network degree is 0.0419 and therefore approximately 4% of all possible links are implemented. A research institute ‘Jozef Stefan’ (IJS) is involved in the most research centres. It is collaborating with other organisations in no less than 13 of all 34 research centres. On the other

hand, the highest number of organisations in one research centre is 33.

In the theory of social network analysis several ideas can be found how to study very dense two-mode network. Our approach includes transposition of the two-mode network into one-mode network in the following way. Actors in obtained one-mode network are organisations. A relation between organisations is defined as the number of times they participated in the same research centre. In this way, basic one-mode undirected network can be obtained from the two-mode network. Resulting one-mode network consists of 336 organisations and 3697 edges (undirected links) among them. The vast majority of edges (3527 or 95.4%) has the value of 1, the remaining 170 edges are higher valued.

The main aim of the study was to find organisations included in the highest number of research centres. More specifically, we were not interested only in the number of research centres in which each organisation is participating but rather in detecting the group(s) of organisations which are collaborating in many common research centres. To identify the organisations with an increased tendency of collaboration the generalized core method was used (Batagelj & Zaveršnik, 2011). The (sub) network of all 31 organisations which participate with other organisations from this (sub) network in at least 10 common research centres was extracted. In other words, sum of the values of links for each organisation in the (sub) network is at least 10. Organisations in the (sub) network were further divided into four groups using Ward's method of hierarchical clustering and generalized Euclidean distance. Clustering is the task of segmenting a heterogeneous population into a number of more homogeneous groups or clusters. The dendrogram of clustering is displayed in Figure 2. We decided to cluster organisations in four clusters.

As reported by Wasserman & Faust (1994) and Doreian et al. (2005), a matrix presentation of a dense network is preferred over basic graphic display. Hence, a matrix presentation of collaboration of 31 organisations in Slovenian research centres is presented in Figure 3. Each organisation in the matrix has its own row and its own column. Collaboration of each pair of organisations is displayed by the greyscale colour of the cell in the row of the first organisation and the column of the second organisation. Darker colour indicates more collaboration. The matrix is obviously symmetrical since the network is undirected.

Three organisations in cluster 1 are most strongly connected as cells

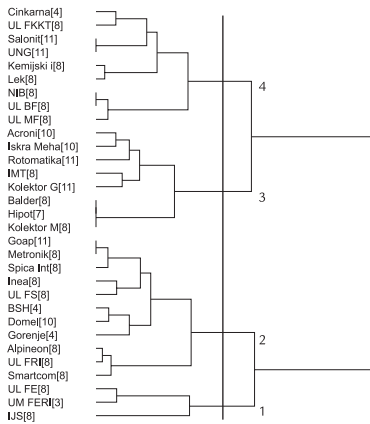


FIGURE 2 Clustering Dendrogram of Basic One-Mode Network

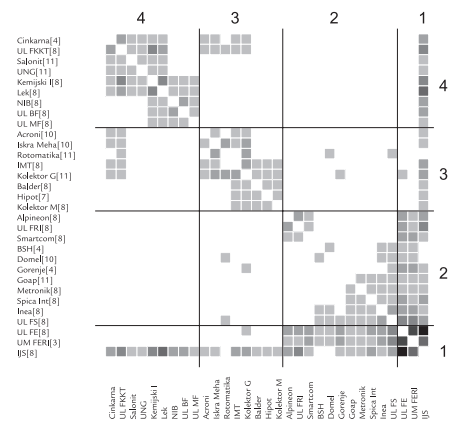


FIGURE 3 Matrix Presentation of Collaboration of 31 Organisations in Slovenian Centres

indicating collaboration among them are darkened. Cluster 1 consists of two high education institutions (Faculty of Electrical Engineering (UL FE) from University of Ljubljana and Faculty of Electrical Engineering and Computer Science (UM FER) from University of Maribor) and a research institute (Institut ‘Jozef Stefan’ (IJS) in Ljubljana). Furthermore, IJS is connected with almost all organisations in matrix in Figure 3 and therefore recognized as the leading organisation in the area of research and development in Slovenia. As reported by Dermal, Trunk Širca, Babnik, and Breznik (2013) the organisations in cluster 1 are the most innovative regarding the number patents and research work. Organisations in the cluster 2 are closely connected to organisations in cluster 1. Their background is computer engineering electronic communications and speech technology. Clusters 3 and 4 are more self-oriented. Organisations of cluster 3 are involved in electronic technologies and organisations in cluster 4 in pharmacy. Precise analysis of organisations in each of four clusters can reveal further interesting insights but it is beyond the scope of this section.

Slovenia consists of 12 statistical regions. By shrinking all organisations in basic one-mode network into a region of origin we obtained undirected network of innovative collaboration between Slovenian regions. Some regions are represented with more organisations than others. To relativize the impact of regions’ size we divide weights on links by the square root of a product between the numbers of organisations

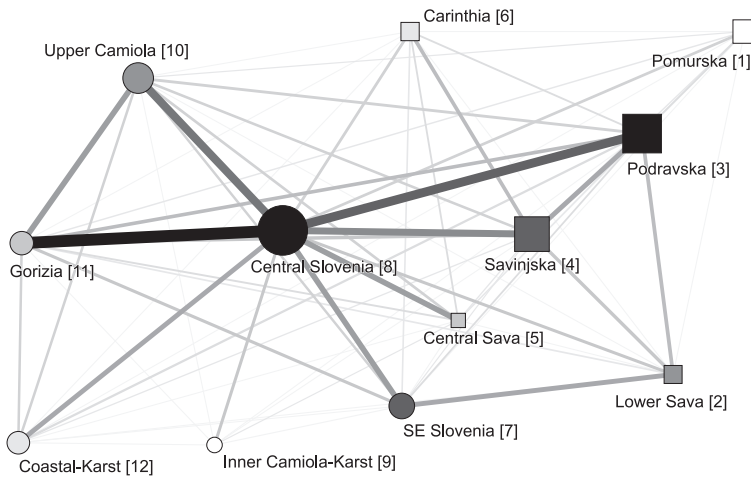


FIGURE 4 Regions of Slovenia

in both incidence regions. Graphical display of compressed network where nodes are representing regions and links relative collaboration between them is presented in Figure 4.

Circle shape nodes are used for regions from western Slovenia and box shape is used for eastern part. The size of each node (representing the region) is proportional to the number of organisations in the region. Nodes representing Central Slovenia region and Podravska region are the largest as the highest number of organisations in Slovenia are concentrated in two largest Slovenian cities, Ljubljana (Central Slovenia region) and Maribor (Podravska region).

The (normalised) strength of links between nodes is indicated by its size and colour on the greyscale. The most important link is connecting nodes representing Central Slovenian region and Gorizia region. Graphic display of regions' network in Figure 4 clearly demonstrates the leading role of Central Slovenian region.

The Contents of Mission Statements in Slovenian Organisations

Mission statement is typically written as a fairly short text containing only one or two paragraphs and it describes what the firm is about to all stakeholders (David, 2005). Drucker (1974) argued that it is the mission statement which distinguishes one organization from another. The context of mission statement has been studied mainly on the level

of word frequencies (Scandura et al. 1996; Bart 2001; Satari, Pitt, & Caruana 2010). This kind of analysis does not consider the relation between words as the smallest but mainly vital part of mission statements. Network analytic tools offer a fine opportunity to extend the scope of previous researches orientated on frequency level.

The sample studied in this section consisted of 222 Slovenian organisations. For each organisation, the word content of mission statement was searched on the internet and examined applying quantitative content analysis (Krippendorff, 2004). Afterwards the redundant words were deleted and the list of 39 keywords in Slovenian mission statements was established. In the network analytic language, the resulting keywords can be understood as actors in the network. Two keywords are linked with each other if they can be found in at least one common mission statement. The network obtained in described manner is undirected and weighted by the number of mission statements the two incidence keywords appear together.

With the help of exploratory factor analysis keywords were initially clustered into five components (concern for stockholders, orientation towards stability, cooperation and innovation, development and growth and customer orientation). The frequencies of keywords and weights on each component are presented in Table 1.

Network of keywords is fairly dense and consequently its graphical display is not clear. Weights on links were normalised using the cosine dissimilarity (Schneider & Borlund, 2007). The PathFinder algorithm with parameters $r = \infty$ in $q = 38$ was applied to remove less important links from the initial network. Final network is displayed in Figure 5 and it clearly confirms the separation of five dimensions (or clusters) obtained with exploratory factor analysis.

Summary and Conclusions

Network theories emerge in several traditional areas of organisational scholarship, including leadership, power, turnover, job satisfaction, job performance, entrepreneurship, stake holder relations, knowledge utilization, innovation, profit maximization, vertical integration etc. (Borgatti & Foster, 2003). In methodological sense, this study confirms that social network analysis can be a powerful analytical tool to examine complex social processes in human resource management context. We believe that the present study has some methodological and practical implications for researches and practitioners in this field. More specif-

TABLE 1 Keywords Frequency of Mission Statements in Slovenian Organisations

Keyword	Frequency	Component				
		1	2	3	4	5
Environment	227	0.892	-0.044	-0.085	-0.084	0.104
Health	68	0.824	-0.153	-0.065	-0.004	-0.055
Concern	99	0.744	-0.044	-0.159	-0.110	0.191
People	269	0.656	-0.030	0.144	0.060	0.231
Safety	161	0.601	0.298	-0.268	0.036	-0.076
Responsibility	66	0.562	-0.079	0.122	-0.184	0.095
Work	89	0.560	0.103	0.199	0.168	-0.241
Stakeholders	66	0.316	-0.151	0.242	0.084	0.212
Training	70	0.146	0.728	0.007	-0.171	-0.055
Adjustment	55	-0.247	0.652	0.033	0.047	0.146
Needs	94	-0.059	0.564	0.042	0.166	0.105
Services	226	-0.032	0.560	-0.102	0.092	0.193
Provide	188	0.204	0.494	0.020	0.233	-0.006
Professionalism	103	-0.071	0.477	0.157	-0.086	-0.037
Performance	75	-0.184	0.360	0.265	0.082	0.055
Reliability	72	0.114	0.317	-0.060	0.002	0.156
Efficiency	82	0.262	0.288	0.030	-0.030	0.162
Creativity	92	0.218	-0.043	0.686	-0.120	-0.183
Innovation	85	0.051	-0.243	0.614	0.156	-0.070
Trusted	52	-0.137	0.267	0.560	-0.175	-0.041
Partner	129	-0.273	0.110	0.527	-0.105	0.217
Value	72	-0.014	0.144	0.496	0.020	0.058
Relations	80	0.227	0.041	0.494	-0.204	0.315
Knowledge	136	-0.133	0.437	0.493	-0.039	-0.103
World	53	-0.083	0.006	0.468	0.172	-0.147
Cooperation	100	-0.040	0.061	0.434	0.037	0.134
Europe	99	-0.267	0.009	-0.130	0.707	0.096
Future	63	0.215	0.032	0.073	0.606	-0.092
The largest	50	-0.141	0.184	-0.185	0.573	0.049
Growth	144	-0.004	-0.179	0.177	0.566	0.188
Development	222	0.218	0.182	0.211	0.556	-0.144
Strategy	93	0.095	0.289	0.183	0.297	-0.052
Sale	67	0.264	0.003	0.005	0.296	-0.094
Customer	312	-0.021	0.058	0.245	0.068	0.625
Satisfaction	150	0.181	0.223	0.039	-0.203	0.620
Quality	338	0.100	0.235	-0.259	0.245	0.567

Continued on the next page

TABLE 1 Continued from the previous page

Keyword	Frequency	Component				
		1	2	3	4	5
Products	238	-0.089	-0.274	0.063	0.469	0.545
Company	344	0.260	0.058	-0.063	0.041	0.455
Ambition	132	-0.003	0.066	-0.096	-0.029	0.391

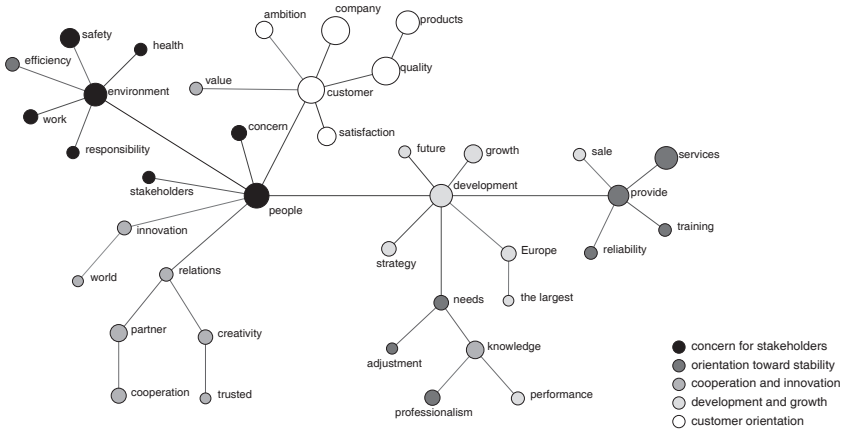


FIGURE 5 Network of Keywords in Mission Statements of Slovenian Organisations

ically, the study demonstrates how social network analysis can be applied to find innovation clusters among large number of collaborative institutions. We were able to recognize and extract the most important innovation institutions in Slovenian research area. Social analytic methods as S-core method, hierarchical clustering and matrix presentation were used for this purpose. We were also able to identify the most important keywords in mission statements of Slovenian institutions. Keywords were further combine into clusters using exploratory factor analysis. An illustrative display of keywords network was presented using Pathfinder algorithm. It produces the skeleton of the undirected network.

As illustrated in this study, social network analysis offers a various range of statistical methods applicable in many social contexts also in human resource management. However, there are some limitations which can be divided into two main lines: as social network limitations in general and limitations arisen from the type of our research. Social network approach with only complete network was used in this study. It is different to other statistical analyses since it requires complete

response rates. Moreover, the social network analysis process is data intensive and requires long and extensive interviews (Hatala, 2006). Social network data is also time sensitive, relations inside network can change rapidly. Researches should be very cautious on time component when analysis is conducted. Our study was limited on Slovenian organisations and keywords appearing in mission statements of Slovenian institutions. Relatively small sample size restricts the researcher from generalising findings to broader settings. Therefore, in many cases of social network analysis, a caution is advised in attempts to generalise findings to other social environments.

Suggestions for future work can be to a great extent drawn from work limitations. In our study we did not deal with ego-centred networks. We suggest researches who are particularly interested in one institution or organisation to bite in this part of social network analysis. Comparison of mission statement contents between countries should be an interesting and also challenging topic. In this sense we believe that further analysis with a longitudinal approach to the effects of time on social networks would be possible.

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The Application of Organizational Values in Human Resources Management

Mitja Gorenak

International School for Social and Business Studies,
Slovenia

Introduction

In this chapter we will focus on organizational values as an important part of organizational culture that is in so many ways connected to various areas of human resources management. The aim of this chapter is to expose how useful it can be to apply the knowledge about organizational values in managing human resources. It was around the mid-20th century when Jaques (1952) defined in a way organizational culture as a traditional way of thinking and doing certain things, that is more or less shared among everyone in a company (in his case factory) and the way of thinking and doing certain things that is accepted by people who have joined the company (factory). It is true that much later organizational culture was more widely accepted by management and academics. Allaire and Frisirotu (1985) see organizational culture as a connection of three interlinked components, socio-structural system, cultural system, and members of the organization. Socio-cultural system thus represents a component consisting of the effects of formal structures, strategies, policies and management processes of the organization. Cultural system reflects a system of symbols expressed in myths, values, symbols and other artefacts of the organization. Members of the organization are passive players who contribute also their personal qualities, knowledge, skills and experience. All further work in this field was more or less related to these definitions, Mintzberg (1997, pp. 14–16) sees organizational culture as a soul of organization and acknowledges values to be the essential of it, same author also compares organizational structure to a body of organization to which organizational culture gives life. Also we can emphasize the work of Robbins & Langton (2003, pp. 333) where they define organizational culture as a pattern of shared beliefs, values and assumptions and in this regard, what is the correct mode of operation of the organization. As the main feature same authors have highlighted that culture is com-



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 105–124). Lublin, Poland: ToKnowPress.

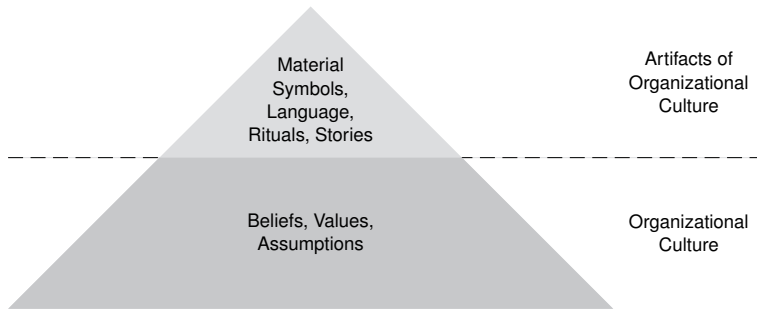


FIGURE 1 Organizational Culture As an Iceberg (adapted from Robbins & Langton, 2003, p. 333)

mon to the members of the organization, that culture helps members of the organization to solve problems internally and externally, due to shared beliefs, values and assumptions, what is the proper way of functioning of the organization, employees perceive these as informal rules instructions and identify with them, to common beliefs, values and assumptions in this regard, what is the proper way of functioning of the organization, strongly influence the thinking, feelings and behaviour of employees in the organization. Haedicke (2012) also emphasizes the importance of values in organizational culture context, thus studying non-profit organizations same author has determined that organizational values are more explicitly shown in non-profit organizations compared to profit organizations.

When we are talking about the elements of organizational culture, many authors (Deal & Kennedy, 1982; Schein 1992; Brown 1998; Robbins & Langton 2003) agree that the elements can be seen in two parts, the first part are so called artefacts of organizational culture such as material symbols (seals, flag, coat of arms), language (way of using language), rituals (daily, weekly or monthly events, such as drinking coffee in the morning) and stories (commonly known stories, usually about the beginnings of the company or of its charismatic leaders). The second part of the organizational culture is, according to the same authors much bigger, but remains invisible (system of the iceberg), this section consists of beliefs (what is true), values (what is appreciated) and expectations (what is desirable). That is why we can talk about elements of organizational culture in a shape of iceberg as shown in Figure 1.

However not everyone shares this view, Hofstede (1991, pp. 8) shares

similar view at the distribution of elements of organizational culture with the difference that it is not seen as an iceberg, but says that the essence of organizational culture and its most profound level represent the values in concentric circles them against the surface surrounding the rituals, heroes and symbols.

As we have already indicated, the main focus of this chapter is going to be organizational values and their application in various aspects of human resources management. The main idea of this chapter goes hand in hand with idea elaborated by Dolan and Garcia (2002, pp. 101–116) of transforming management style from previously known Management by objectives (MBO) as presented by Drucker (1954) to Management by Values (MBV). However Management by values was already previously discussed by others (see, for example, Blanchard & O'Connor, 1996) but it was the contribution made by Dolan and Garcia (2002, pp. 101–116) and their further work (Dolan, Shimon, & Garcia, 2006), which evolved the theory to the extent that we know it today. The suggestion in the theory of Management by values (MBV) is that nowadays employees want to be empowered, they also want to have above all more autonomy in decision making as well as more freedom in creativity and also more flexibility. All of this for sure presents somewhat of a problem for management, especially in the part where it is management's responsibility to oversee employees' work, since it is hard to oversee employees but still let them have a large portion of autonomy with their work. All this gives us possibility for further work in the area of human resources management, since we can see that this new paradigm may be then next era in managing human resources. It is for all of these reasons, that we have decided to write about this and also make a research looking into the differences between gender, age groups and level of education compared to perceived importance of values.

Values and Organizational Values

Values

Values were in the past mostly studied by psychologists. There quite some definitions of values that we can see but one of the most recognized is definition made by Allport (1961) who says: 'Values are beliefs upon which individuals perform their tasks on the basis of their preferences.' England (1967) added that values are on the other hand, are relatively permanent perceptual frames that shape and influence the

nature of individuals' behaviour. Much work in the area of values was also done by Rokeach (1968) who defined values as: 'types of beliefs, that are centrally located in individuals system of beliefs and they represent Individual's attitudes towards how someone should or should not behave.' Next to Rokeach's works extensive research on values was also done by Schwartz & Bilsky (1987) they have given us the definition of values from the social-psychological perspective saying that values are:

- beliefs or conceptualizations,
- about wanted end states or behaviours,
- that exceed specific situations,
- direct the evaluation of behaviour, and
- rated regarding the relative importance.

With this definition we have, to some extent, moved away from, at that point, well-established model proposed before Rokeach (1973).

As we can see, the values can be defined as perception of people what is right or what is the right mode of conduct that changes relatively little over time, but have different intensity of importance to people. Values influence modes of conduct of individuals on subconscious level and are affected by circumstances that a person is in certain moment in time. However values are not the main focus of this chapter that is why we are focusing on organizational values from here onwards.

Organizational Values

When discussing the problem of defining organizational values it was Pfeffer, Goodstein, and Nolan (1985) concluded that organizational values evolve from organizational culture; they believe that this is generally the philosophy which an organization follows. This goes hand in hand with the view of Simerly (1987) that sees organizational values as something written within organizational culture, given that organizational culture defines expectations regarding behaviour, modes of conduct, and modes of decision-making and communication styles. Kenny (1994) has presented its own vision of organizational values where he argues that just as any human community has its own value system the same is true for any organization.

Taking into account what is written above, we can say that we are facing somewhat of a dilemma, which is nicely discussed by Collins and Porras (2002) who are trying to determine whether organizational

values are something that emerges from an organization or are they simply transferred from an individual level to the organizational level by its employees? It is most likely that organizational values develop through a mixture of both Collins and Porras (2002), but there is no doubt that at the beginning organizational values are very similar to personal values of the founder or founders of an organization. But that is only the beginning, when organization grows values adapt, incorporating values of new members and more specifically incorporating new experiences that are gained by the organization, thus making an entirely new set of organizational values that are specific to that very organization. At this point we have to stress the view of Edmondson and Cha (2002, 18) that warned that when an organization is young and growing miss defined organizational values can hinder its growth and potentially endanger its development.

In this very context it is also interesting to see how organizational values affect long-term performance of the company and this was in detail discussed by Collins and Porras (2002). They concluded that organizations with clearly stated organizational values, which are internalized by employees, reach significantly higher performance results compared to values which are less clearly stated or not stated at all.

Based on what we have seen so far we can define organizational values as an essential part of organizational culture. Organizational values shape form very beginning of life of every organization, at first they are closely connected to values of founder or founders, but they do change with newcomers to the organization and experience that organization gets when operating on the open market. Similar to personal values, organizational values influence how things are done, just on an organizational level. In further text we will focus on fit between people and organization, better said personal and organizational values.

Personal Organizational Fit Theories

There is no doubt that personal and organizational values are connected with each other, when looking into how organizational values fit personal values we can identify five prominent theories that have developed through time, although some have occurred even before academics and managers have even started to talk about organizational values. Very first theory that we can see in this aspect is Lewin's (1951) theory of fit between personal values and environmental values (so called personality-environment theory) that has evolved from so called interactional theory. Lewin (1951) proposed that personal val-

ues have to be in line with values of what he called environment but can also be seen as organization as we look at it now. Second is Holland's (1977) theory of fit between a person and one's vocation (personal-vocational fit), where Holland (1977) proposes a search for a fit between personal values and values of certain vocations. There is the third theory developed by Hoerr (1989) and later evolved by Guzzo and Salas (1995) which discusses the fit between a person and a group (personality-group fit). But mostly there are the last two theories that are most interesting, since the idea for this chapter somewhat evolved from them, we are talking about Holland's (1985) theory that focused on fit between a person and a job (personality-job fit theory), where author suggests to find a fit between person (his or her values) and certain jobs and Judge and Cable's theory (1997) which focused on a fit between a person and an organization (personality-organizational fit) where authors suggest looking for a fit between personal values and organizational values, thus there is a problem where we have a new-born organization that has not yet developed her values.

Fit between values of people or so called personal values and organizational values is interesting also in the context of findings made by Posner, Kouzes, and Schmid (1985) where they found out that the higher level of fit between organizational and personal values is clearly shown in individuals' positive approach to work as employees are more satisfied when they are performing their tasks. Enz and Schwenk (1989) also confirmed the argument above and added that a good fit between personal and organizational values also increases efficiency of certain groups of people within organization or organization as a whole.

We can conclude that there is a high level of importance for personal values to match as much as possible organizational values, since this will most likely help organization improve its performance, however we can say that achieving this kind of fit is by no means easy, but in context of management by values that we are focusing on in the next part it is highly important.

Management by Values in Several Aspects of Human Resources Management Practices

Through time we have seen several different paradigms in managing work attitude of employees. In the 1920s the main focus was on management by instructions, people were given instructions on how to

perform certain task; everything was as much as possible optimized in order for people to be able to work efficiently. This management style was highly influenced by the era of industrialization and first companies that started to produce products on a production line. We could say that in this time people were viewed only as support to machinery that was doing most of the work and no one was interested in how people feel about their work, how satisfied are they and so on. In the 1950s and even more 1960s the new era came, so called era of management by objectives (Drucker, 1954), this is the time where skills of the people were recognized, management saw the need to step somewhat aside from the old paradigm and decided to give people the tools, the knowledge to perform work efficiently but let people decide on their own to some extent how they will use their knowledge combined with the tools they had to perform their work, the only interest that management had was getting to the objectives that were set. There are still many companies in the world today that work on this principle. But the work done by Blanchard and O'Connor (1996) has pointed out that we might be getting slowly into a new era of management by values. Further work done by Dolan and Garcia (2002, pp. 101–116) and even more Dolan et al. (2006) had brought this theory to where it is today. We can say that some companies already use this principle of management, but for now it has not set into minds of most management of companies or organizations around the world.

Management by values theory assumes that the management objectives in today's world is no longer enough. There is no doubt that today's workers want empowerment, more responsibility, more freedom for creativity, more flexibility and autonomy for their decisions. All this is certainly a challenge for management, particularly in the application, which has management responsibility to supervise the work of employees, but in this case as they are supervising their work on one hand, they also need surrender all or almost all autonomy to employees, creating jobs where there is no clear limit to where you can still interfere in the management of employees, that they are not limited in this too.

Someone might think after reading the last couple of lines, that all of this has nothing to do with human resources management but all to do with management in general, but there are several aspects of human resources management that need to be focused on this kind of management in order for it to work when it is put into place.

We will start with the more common or in some cases known as more administrative functions of human resources management that's based on management by values system and later focus on more strategic aspects of human resources management in the aspect of management by values. When we are talking about administrative functions of human resources management we are mainly focusing on staffing, promotions, training, and so on. In this segment the use of personal-organizational fit theory seems like an obvious path of choice, however there is the burning question of what to do or how to proceed when we have a newly established organization that has no defined organizational values at this point, but for now let's focus on what we can do when we already have defined organizational values and in this case personal-organizational fit theory is the way to go. But what would happen if we already have several people employed in the organization and they were not selected according to this theory? It is a situation about which Collins (2001) talks about in his book *Good to great*, and the same topic is somewhat discussed in further book called *Build to last* by Collins and Porras (2002), these two books talk about how some companies succeeded and some failed, but the main point given in both books is that the right people are the key to success. It is all presented with a bus ride, authors suggests that first we need to get the 'wrong' people off the bus to make space for 'right' people, then we need to rearrange the sitting so that the right people sit in the right places, and only then the company will know where this bus is going, where everyone on board will have the same view of where to go. But with this we are already moving away from the administrative function of human resources management and getting into the area of strategic human resources management.

Discussing the dangers of management by values will be done in the conclusion part of this chapter, but before we reach that we would like to see if there are any differences between gender, education, and work experience and so on when we analyse perception of organizational values.

Research

Data that we are using in this chapter was gathered in a much wider survey, the following in this chapter is presented for explanatory purposes so that readers are able to fully understand the survey that was conducted.

The aim of this chapter is to show the importance of knowledge about organizational values for better understanding of certain human resource practices and also how we can use the knowledge about organizational values to improve human resource management practices within organizations. A basic research question that we are focusing on is whether there are differences in perception of organizational values between different groups of people, in other words, is there any difference between men and women and also differences between groups of different levels of education.

Research Instrument

The research was done using a questionnaire with a paper-and-pencil survey. The whole population of the employees in the selected sector (travel and leisure) represents 9117 people. We have been given consent from several organizations within the sector that altogether employ 2762 people, 1100 questionnaires were distributed on a random sample. Out of 1100 questionnaires, 388 were returned, what represents 35.27% of all questionnaires sent out, or 4.26% of the entire population in the selected sector.

The choice of sector was based on the fact that this sector has been significantly growing in Slovenia and it has a substantial impact on the national GDP, estimates show that by 2020 the chosen sector could present as much as 20% of the whole GDP of the country. The questionnaires that were sent out were given to employees that had at least one level of management above them, in other words, everyone except for the top management could participate since the research was intended to evaluate how organizational values reflect in competencies of managers directly above employees.

The questionnaire comprised 75 questions relating to (1) organizational values (20 questions), (2) competencies (48 questions – not used in this chapter) and (3) respondent's details (age, gender, and number of working years and level of education – 7 questions).

In the questionnaire we used a five-point scale, grade one meant a total disagreement with the statement, grade five meant a total agreement with the statement and the other values in between. The questionnaire was self-developed, in the first stage we discussed the questionnaire with two individuals that work in the chosen sector. After incorporating their suggestions and considerations we distributed the questionnaire among 50 employees. Based on their answers we made

TABLE 1 Age Groups of Respondents

Age group	Responses	Percentage
Up to 24 years (inclusive)	31	8.9
From 25 to 29 years	49	14.0
From 30 to 34 years	53	15.2
From 35 to 39 years	51	14.6
From 40 to 44 years	60	17.2
From 45 to 49 years	50	14.3
From 50 to 54 years	38	10.9
55 years or more	17	4.9
Total	349	100.0

some minor corrections and created the final version of the questionnaire that was used for the research that we are presenting in this chapter.

Sample

We evaluated the validity of the sample within the selected sector. The test chi-square test (χ^2) of significance was employed on the following demographic information of respondents: gender, education and age. For the variable sex, chi-square was 0.598 and significance level at $p = 0.434$, for the variable education, the chi-square test was 9.296 with significance level at $p = 0.054$, the final variable age provided a value of 13.971, and the level of significance was at $p = 0.052$.

The value of chi-square (χ^2) distribution at significance 0.05 or 5% are for variables with single degree of freedom (variable gender) 3.8415, for variables with four degrees of freedom (variable education) 9.4877 and for variables with seven degrees of freedom (variable age) 14.0671 (see Košmelj & Rován, 1997, p. 290).

Based on the findings we can conclude that the research sample could be generalized to the whole population.

The sample which has been used for the purpose of this paper contained 133 (38.4%) male respondents and 213 (61.6%) female respondents. The data on age groups are presented in Table 1, while the data on education are shown in Table 2.

Descriptive Statistics of Variables

As mentioned above in this research we have operated with 20 statements that indicate various organizational values, in this part we are

TABLE 2 Education of Respondents

Education	Responses	Percentage
Elementary school or less	34	9.6
Vocational high school	83	23.5
High school	121	34.3
Colleague degree	80	22.7
University degree or more	35	9.9
Total	353	100.0

TABLE 3 Organizational Values Statements, Their Mean Values and Standard Deviations

Variable	(1)	(2)	(3)
v1 We plan the needs and wishes of our customers in advance in our organization.	335	3.84	1.02
v2 To achieve the objectives within our organization we are working persistently.	385	4.17	0.98
v3 Quality of work is important in our organization.	387	4.32	0.97
v4 Within our organization we are focused on successfully completing our tasks.	384	4.31	0.93
v5 At work in our organization we behave responsibly towards others around us.	386	4.02	1.02
v6 We are open-minded to different opinions in our organization.	382	3.62	1.12
v7 In our organization we respect each other.	386	3.57	1.07
v8 Practices in our organization are focused on our costumers/guests.	379	4.08	0.93
v9 Within our organization we work according to accepted rules.	387	3.88	0.96
v10 Immoral behaviour at work is acceptable in our organization.	378	3.81	1.27

Continued on the next page

presenting mean values and standard deviations of these 20 statements. Some of the statements are written in negative meaning, this was pointed out to the interviewees and for furthers research we have recoded them into positive meaning. Results are shown in Table 3.

In Table 3 we can see that the statement with the highest mean value is v3 – Quality of work is important in our organization, this statement clearly indicates organizational value quality. The second is v4 – Within our organization we are focused on successfully completing our tasks; this statement indicates organizational value success.

TABLE 3 *Continued from the previous page*

Variable	(1)	(2)	(3)
v11 We are committed to work with our hearts and souls within our organization.	386	3.74	1.04
v12 Employees in our organization interact.	384	3.71	0.96
v13 We always try to listen to requests and wishes of our customers.	336	4.15	0.93
v14 We nurture the feeling of loyalty to our organization by all the employees.	385	3.58	1.08
v15 Inhibition of innovative ideas is frequent in our organization.	385	3.34	1.24
v16 We respect the tradition of our organization.	381	3.83	0.99
v17 We encourage people to take decisions based on arguments within our organization.	378	3.67	0.92
v18 Adaptation to different business situations presents a problem for our organization.	384	3.21	1.22
v19 In our organization we try to satisfy the needs of our customers.	336	4.11	0.85
v20 Encouragement of positive examples is rare in our organization.	385	3.46	1.23
Average	376.45	3.82	1.04

Notes Column headings are as follows: (1) number, (2) mean, (3) standard deviation.

The third is v2 – To achieve the objectives within our organization we are working persistently; this statement indicates organizational value achievements. We can see in general that organizational values in general have relatively high mean value but some do have also relatively high standard deviation, that means that not everyone agrees completely with the high value of certain organizational values, in the next part we are going to focus on differences among gender, level of education and age regarding perception of these values.

Research Results

At first we decided to see if there is and difference in perception of organizational values regarding gender. Only statistically significant differences are shown in Table 4.

As we can see from Table 4 in all four cases women have rated the importance of various organizational values higher than men, only in these four cases we have seen statistically significant difference among genders, but even looking at the others, we can see that generally women rate the importance of organizational values higher than men,

TABLE 4 Statistically Significant Differences in Perception of Organizational Values by Gender

Variable	<i>t</i>	<i>p</i>	Mean value	
			Male	Female
v2 To achieve the objectives within our organization we are working persistently.	-2,639	0,009	4,0152	4,2958
v3 Quality of work is important in our organization.	-3,225	0,001	4,1128	4,4695
v4 Within our organization we are focused on successfully completing our tasks.	-2,494	0,013	4,1579	4,4171
v13 We always try to listen to requests and wishes of our customers.	-2,309	0,022	3,9915	4,2416

this indicates that women are more aware of organizational values and their importance for the organization.

Further we decided to see if there is any difference between age groups, we have found out that there are no statistically significant differences among age groups so we further decided to see if there are any statistically significant differences among level of education. Only statistically significant results are shown in Table 5.

As we can see from Table 5 in all the cases interviewees from the group that has a level of education elementary school or less have evaluated the importance of organizational values the lowest. The highest rate of importance is always given by those interviewees that fall into the group with the highest level of education that is university degree or more. It is very interesting to observe that people in the educational group vocational high school in most cases evaluate the importance of organizational values relatively high, we can presume that the reason for this is the fact that these interviewees in our research sector (travel & leisure industry) are in most cases the ones that are in direct contact with the costumers, thus making them realize how important it is to nurture the needs of the costumers and take care of their requirements, after all they do work in service sector that is predominantly influenced by costumer care.

Discussion

Organizational values are by all means important for every organization, that has been well established in the past and there is no point

TABLE 5 Statistically Significant Differences in Perception of Organizational Values by Level of Education

Variable	<i>F</i>	<i>p</i>	Mean value		
			Average	Level of education	Average
v2 To achieve the objectives within our organization we are working persistently.	4,418	0,002	4,18	Elementary school or less	3,62
				Vocational high school	4,34
				General high school	4,17
				College degree	4,14
				University degree or more	4,46
v3 Quality of work is important in our organization.	4,330	0,002	4,32	Elementary school or less	3,79
				Vocational high school	4,51
				General high school	4,23
				College degree	4,41
				University degree or more	4,51
v4 Within our organization we are focused on successfully completing our tasks.	6,507	0,000	4,31	Elementary school or less	3,59
				Vocational high school	4,40
				General high school	4,32
				College degree	4,44
				University degree or more	4,49
v8 Practices in our organization are focused on our costumers/guests.	3,534	0,008	4,07	Elementary school or less	3,59
				Vocational high school	4,24
				General high school	4,02
				College degree	4,19
				University degree or more	4,09
v10 Immoral behaviour at work is acceptable in our organization.	4,193	0,003	3,88	Elementary school or less	3,28
				Vocational high school	3,67
				General high school	3,92
				College degree	4,08
				University degree or more	4,32

Continued on the next page

in discussing this here. However it is very interesting to discuss how organizational values are going to shape the future development of management and within human resources management. Through the theoretical part we have established how organizational values have evolved, and indicated the way where organizational values are going right now. But the main question that has really appeared to me when discussing this with some of my fellow colleagues, one in particularly is to what extent can we manage values on organizational as well a personal level? Theory suggests that on personal level we do not have

TABLE 5 *Continued from the previous page*

Variable	<i>F</i>	<i>p</i>	Mean value		
			Average	Level of education	Average
v13 We always try to listen to requests and wishes of our customers.	2,933	0,021	4,15	Elementary school or less	3,79
				Vocational high school	4,36
				General high school	4,05
				College degree	4,26
				University degree or more	4,13
v14 We nurture the feeling of loyalty to our organization by all the employees.	2,855	0,024	3,60	Elementary school or less	3,24
				Vocational high school	3,87
				General high school	3,51
				College degree	3,67
				University degree or more	3,46
v18 Adaptation to different business situations presents a problem for our organization.	4,501	0,001	3,27	Elementary school or less	3,21
				Vocational high school	3,07
				General high school	3,22
				College degree	3,25
				University degree or more	4,06
v19 In our organization we try to satisfy the needs of our customers.	2,739	0,029	4,10	Elementary school or less	3,69
				Vocational high school	4,21
				General high school	4,07
				College degree	4,16
				University degree or more	4,29

much influence only through experience we give to people and this is where we come to an important breaking point, how do we know that we are just giving people the experience and letting them shape their own values and not trying to 'brainwash' people in order to have the values that we or our organizations want them to have? If we discuss this in the perception of Collins (2001) how do we come to the point where we are getting the right people on the bus by their own choice and not making them think like us just so that they get on the same bus that is maybe already successful? The idea that I personally support is that in administrative function of human resources management we can follow the principle of personal-organizational fit theory, where we are trying to attract and select people that are the right fit for the organization, since it is already proven that they are going to perform better if they feel better within organization. However when we come to strategic part of human resources management, I do believe

that just managing by values as a concept cannot fully work, at least not in majority of the organizations. Managing by values as a concept is a concept that will definitely work in small, modern, agile organizations, that can adapt to change quickly, but the truth is that we cannot expect all the organizations to work in this manner. For example let's take a look at some of traditional hierarchical organizations such as army, police, or similar. We cannot expect that management by values could work in these kinds of organization, it is hard to imagine how an army in combat could work if decision making procedures are transferred to individuals based on believes that their values will keep them performing as we would like. Soldiers on a field must follow a chain of command, because transferring the power of decision to an individual level would be impossible, since not everyone can have all the information's to decide correctly, and let's say a group of soldiers needs to invade a building, but there would be no pre-set plan, just the idea that they can perform according to management by values, simply impossible. Some may argue that management by values is not meant in this extreme situation as shown above, true, but with this very example I have tried to show that a total transfer of decision making is not possible, not possible in complex hierarchical organizations at all, but only to some extent.

My vision of the management as well as human resources management for the future is probably a mixture of all the good things from most common current system and the new management by values system. If we can follow the idea of management by values in the administrative part, for the strategic part the best way seems to be the combination of both, management by objectives (old but tested theory) combined with management by values (new era theory). All the people in the organization want to have more freedom in choice of how the perform tasks, how they do their work, and so on, but the reality is that not all of these people are capable to work fully autonomy and that is why they still need leadership from above, it seems that pragmatic leaders will be even more important in the future, just in the past decades we have seen how pragmatic leaders have led their companies to great success, and this is most likely to be the best way forward, however these pragmatic leaders are made through time, some may argue that they are even born, but the truth is that there is a part of their characteristics that they are born with and also a part of experiences and knowledge that they gain through time.

At this point it is correct to comment on the research results also, as seen women are more perceptive to organizational values or so to say their importance, this to some extent indicates that women would perform better in human resources functions, maybe even in management functions though they were generally viewed by men to be less capable but this was already dismissed in the past. Seeing that there is no statistically significant difference between age groups can be generally viewed as expected, since this supports the theory that perception about values changes very little if any at all through time. This is also good news for management by values theory in the concept of administrative function since it supports the fact that if we attract and select people with similar values it is unlikely for these values to change through time. The part of research that focuses on perception of organizational values compared to different levels of education we have to view with some caution, this survey though the sample shows that information gathered can be generalized is still done in service sector, that is why we would not like to generalize data as a whole, however, we can see that people with higher levels of education are more likely to understand that organizational values are important, with the fact that general population is getting more and more educated and we are slowly but surely becoming a knowledge society that is for sure good.

Summary and Conclusions

To sum up, organizational values are shaping our society, some may argue that the past years with financial and economic turmoil that we were facing showed that many of the companies have or have had 'wrong' organizational values. But rather than focusing on those that have 'fallen' we must focus on the ones that are performing well even in this times. Some of the ideas shown in this chapter are most likely already in place in some of these well performing companies. Future most likely holds a far greater use of management by values concepts in correlation with personal-organizational field theory in administrative part of human resources management, but on strategic part we will most likely see the evolution of some kind of a new system that combines management by objectives with management by values and creates a new management paradigm.

In the practical sense we are delineating in this article that (a) organizational values are important, (b) there are some significant differences between different groups of people that need to be taken into

consideration when implementing the management-by-values concept and (c) the management-by-values concept can be used especially in the administrative part of human resource management, much less in the strategic part of the area of human resource management.

This chapter is only a beginning some initial thoughts about the possibilities and possible traps of this kind of system, future research could go into the direction of studying good practices, combined with analysis of hard data that show companies performance. With small but firm steps we have to go in to this new direction, because knowledge society demands this from us.

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Role of Ethics, Morality and Assertive Behavior in Interpersonal Communication in the Organization

Suzana Košir

International School of Social and Business Studies,
Slovenia

Introduction

Nowadays, talking about the crisis of values and consequently about the crisis of ethical decision-making and about moral behaviour in business is more loud than ever. Our main question is, whether we are ethical society? Are the values really changed because of the change of the social system? The concepts of ethics and morality are very abstract and indefinable, that is why they need to be well and clearly explained and implemented into the business reality. Ethics is very important to business decision-making because it affects the effective and efficient cooperation between organizations.¹

Scott and Marshall (2009) say ethics is a branch of philosophy concerned with morality, principles and values, with what ought to be the case and how people ought to live their lives. Ethical philosophers are concerned with the ideas of 'good' and 'bad' as they apply to human affairs. Ethics is contrasted with science, which is concerned with describing reality as it actually exists. Morality means conforming to a standard of what is right and good of the human character. It also means behaving in ways considered by most people to be correct and honest. Justin (1997b, p. 79) thinks 'the important role in the development of a moral judgment has also a social environment or society that provides the individual with the moral content.' Moral and ethical development means to understand social norms, rules and regulations of the society.

Corruption, dishonesty, lack of solidarity and many other negative events have affected the increasing rate of conflict among employees as well as growing tensions among society. Interpersonal relationships

1. Hereinafter we will use the word organization for an organization, company, institution, firm and other similar terms.



in an organization have an important role for success of the organization. They are present at all time and they affect the work process, the lives of employees and the life of an organization. Interpersonal relationships originate from the personal characteristics of each individual. How an individual responds to another person's act depends on their judgment. Judgement is based on comparison between personal beliefs and the beliefs of a person he is in a contact. Judgment is opinion or evaluation (Fowler & Fowler, 1990) about someone else. They depend on considerations or beliefs, they can also be based on values and ethical or moral principles of the individual. Interpersonal relationships should be reciprocal, based on the equality, justice² and freedom. The person is righteous when it respects the rights of the other people as his own rights. Sruk (1999) says that justice defines the behaviour of individuals regarding their acceptability of the moral system, of norms and values or of codes of ethics. The general function of codes of ethics is to increase ethical expectations, to justify dialogue on ethical issues, to promote ethical decision-making, to prevent mistreatment and to establish a basis for reliability.

The organization ought to be aware that the establishment of the fundamental values of the organization and the individual values are the base to establish an ethical judgment and moral behaviour of individuals. Both ethical judgement and moral behaviour are reflected not only through a written and accepted code of ethics in an organization, but they are also implemented in the mode of operation of the organization.

Ethical judgement and moral behaviour are an important basis for the promotion of assertive behaviour in the organization. Be assertive (Chalvin, 2004, p. 83) means that we dare to enforce, to respect and honour ourselves and others, to strive to its truth its perception and its reactions. It also means to defend our rights and to respect the rights of others without regret in the positive way. At the same time we are the masters of our own personal space, expressed by ourselves and to be capable to set boundaries to increase the autonomy and independence in this space. Assertive behaviour has a positive impact on interpersonal relationships and interpersonal communication. For successful and effective interpersonal cooperation, all employees of the

2. Rawls says that justice is a rule of a game, which among other things, provides equality between individuals (Štrajn & Justin, 1997).

organization ought to implement the main values of the organization and values of the other involved stakeholders. Otherwise it could lead the employees to alienation from work, to confront various conflicts and consequently to unethical behaviour.

Understanding the content of a research problem it is necessary to explain and to define the concept of ethics and morals and to point out differentiation between those terms. The concept of business ethics, which we will hereafter presented in details, is increasingly evolving into the business world. Establishing an ethical or moral organization is based not only on the recorded values of the organization but also on a code of ethics as rules for ethical processes of the organization. All this has prompted us for further research into significance of ethics and morality for successful business operation, what is their impact on interpersonal communication and why is it important that management encourage employees to behave assertively.

Understanding Ethics and Morals

Ethics and Ethical Decision-Making

There are many authors who are occupied with the interpretation of the concepts of ethics and morals. Knežević (2005, p. 269) says that ethics are moral principles, the norms of conduct. Ethics is the philosophical discipline that deals with the criteria of human desires and behaviour in relation to good and bad, moral and immoral (Sruk, 1999, p. 136). Jelovac (1998, p. 14) says ethics is a part of philosophy, which is primarily concerned with explaining the theoretical and critical evaluation of the phenomenon ethical, therefore it's exploring the origins of human morality, the critical evaluation and understanding of the objectives and aims, the sense of moral character, the behavioural functioning of both individuals as well as the wider social community, for example: families, organizations, nations, etc. Ethics (Knežević, 2005) looks for and also provides answers to the meaning of life, satisfaction, internal richness of the man, on the mutual giving and receiving values that lead to the moral function, harmony and human development. Stres (1999, p. 16) notes that ethics is a normative science that justifies the norms and rules of life. They are justified on the basis of terms of good and evil and they must be respected, regardless of whether other agrees so or not. Ethical norms allow judging and evaluating everything that can be defined as moral or immoral.

Sociologist Emile Durkheim conceived that moral ideals start from

the nature of society itself. In class societies, some ethical norms (and the values and ideals) are closer to some social groups the other more to other social group. Anyway, ethical norms are the rules that regulate human moral life and behaviour (Sruk, 1999, p. 135). Ethics can be defined as a set of standards of acceptable conduct and moral judgment. Ethics provides cultural guidelines – organizational or societal – that help us decide between a proper and improper conduct (Snell & Bohlander, 2010).

How to evaluate human behaviours, whether it is ethical or not, or how an individual or an organization should deal with behaviour to be ethical? All these questions have led to several different views and opinions. Among them the most commonly mentioned are: utilitarianism,³ deontology,⁴ virtue ethics, fundamental human rights and postmodern ethics (Kavčič, 2008, p. 155), lawyerly ethics, business ethics, etc. Therefore, ethics, like the legal aspects of human resource, permeates all aspects of the employment relationship. What is of a critical interest to employees is the consistent and credible communication of information about the organization's ethical standards and its values, the organization's mission, and the workplace policies. Managerial ethics in employee relations requires honesty in all dealing between employees and their managers, including mutual respect throughout the performance of workplace duties (Snell & Bohlander, 2010).

As you can see the ethics is of something that is generally known or something that we can learn, but it's very difficult or not clear to define it in the global extent. What is ethical in one society, it can be horrific interference towards ethnicity of some other society or culture. This is the essential problem of ethics. Globalization has made the diversity of cultures and values, what makes the confusion even greater. In this sense, we agree with Sruk (1999, p. 305), who says that morality keeps changing. Similarly, we can say for ethics. In the definition of the concept of ethics is seen that the concepts ethics and morals are

3. Utilitarianism is a theory in normative ethics holding that the proper course of action is the one that maximizes utility, usually defined as maximizing happiness and reducing suffering. It's the doctrine that action are right if they are useful or for the benefit of a majority (Javornik, 1998).

4. Deontology is the normative ethical position that judges morality of an action based on the action's adherence to a rule or rules. It is sometimes described as 'duty,' 'obligation' or 'rule' based ethics, because rules 'bind you to your duty.'

intertwined. Further on we present various definitions of the concept of morality and moral judgment.

Morality and Moral Judgment/Moral Reasoning

Morality (Sruk, 1995; Gasar, 2004) is a set of rules, norms, values, habits and ideals of a group or culture. It exists in the form of written laws, regulations, in commonly known traditions and rules of behaviour that are sanctioned by an internal, subjective sanction. Internal sanction is 'used' by individual to prevent a possible violation of rules. Zupančič says (1997) morality is a part of a cultural value system, which has evolved into anthropogenesis – development of humans. Moral (Sruk, 1995) is effective if it is adopted by individual and if individual implements it in his behaviour. Internalizing the moral is selective, some individuals constructed their own perspective of thinking and experiencing the rules, some rules are accepted, some rules are modified and adapted, but some rules are refused. Moral is mainly autonomous.

A bad conscience⁵ of a person is controlling and managing human behaviour much better than specified external sanction (legal, political) or criteria for the evaluation of human action. Moral (Sruk, 1999) is changing, but it is also based on the values and norms that are internally connected and implemented by individual for a long time (e.g. the Decalogue or Ten Commandments, the golden rule is: 'One should treat others as one would like others to treat oneself,' etc...). Individual indicates moral (Gasar, 2004) in his values, self-assessment and self-evaluation and evaluation of others in different social situations. Jelovac (1998) says that moral is as a main research subject of ethics and as a human phenomenon, as only a human being from the perspective of good and evil shall establish and maintain a critical attitude towards the value-behaviour, actions of other people to their characters, and also to oneself.

Knežević (2005, p. 273) describes morality as a set of rules and regulations of the behaviour of a group or a culture. Morality is a human

5. Conscience is an aptitude, faculty, intuition or judgment that assists in distinguishing right from wrong. Moral judgment may derive from values or norms (principles and rules). In psychological terms conscience is often described as leading to feelings of remorse when a human commits actions that go against his/her moral values and to feelings of rectitude or integrity when actions conform to such norms.

consciousness of their duties and responsibilities⁶ because it is effective if it is internalized. Morality is autonomous, but bad conscience controls and directs an individual. According to an individual's conscience, the person will unconditionally act morally, which means right and properly, regardless the circumstances, consequences or benefits.

Morality is still an expression of freedom of a person or a society. Freedom is important for morality, especially in the aspect of a great choice of route, direction and methods of function. Desire or will is the important element of morale. If the autonomy of the will of individuals and groups is not guaranteed, then it is not possible to talk about the phenomenon of morality. It's should occur only with the option of right to arbitrary choice of aims, the means and methods of operation and their own personality (Jelovac, 1998, p. 31). Goodpaster (1985) says that morale is not a scientific discipline, but it's a pattern of thought and action of individuals, groups or society. Morality is a subject of the scientific discipline of ethics.

Moral usually is not written, but it lives in the consciousness of the members of the society or a social group. Nevertheless moral is written as law and moral protect the same values. The law should be a minimum of moral. German theorist Jellinek believes that the law measures what is necessary for the existence of society and moral measures for what is required (Flere, 1998).

One of the best known theories of moral development was developed by psychologist Lawrence Kohlberg⁷ who modified and expanded upon Jean Piaget's work to form a theory that explained the development of moral reasoning. Kohlberg wrote what are now known as Kohlberg's stages of moral development. He shows his fascination with children's reactions to moral dilemmas.⁸ The theory holds

6. Responsibility in the ethics means to conduct accord to the general or personal moral determination, with moral values and norms. Responsibility is also the freedom of action of the individual. Being responsible means being able, ready and willing to response (Sruk, 1999).

7. Lawrence Kohlberg (1927-1987) was an American psychologist best known for his theory of stages of moral development. Kohlberg's approach begins with the assumption that humans are intrinsically motivated to explore, and become competent at functioning in, their environments. In social development, this leads us to imitate role models we perceive as competent and to look to them for validation.

8. Ethical dilemma involves choosing among alternatives that aren't clear-cut. Perhaps two conflicting alternatives are both ethical and valid, or perhaps the alternatives lie somewhere in the grey area between clearly right and clearly wrong. In contrast,

that moral reasoning, the basis for ethical behaviour, has three identifiable developmental stages, each more adequate at responding to moral dilemmas than its predecessor (Papalia, Olds, & Feldman, 2003; Justin, 1997a): (1) Pre-conventional morality – Individual at this level judge the morality of an action by its direct consequences. The pre-conventional level consists of the first and second stages of moral development, and is solely concerned with the self in an egocentric manner. Kroflič (1997) says that this is a stage of heteronomous morality, because the individual does not care for the interests of others. At this stage, people are guided by external command or they respect them to avoid penalties of convenience. (2) Conventional morality is a level of moral reasoning and it is typical of adolescents and adults. To reason in a conventional way is to judge the morality of actions by comparing them to society's views and expectations. At this level an individual obeys rules and follows society's norms even when there are no consequences for obedience or disobedience. Kroflič (1997) says that this is a level of mutual interpersonal expectations, relationships and adaptation. The focus is to another or to the mutual communication. Many people never reach this level. For this stage it is typical that people internalize the criteria, laid down by the authority. All efforts are invested in being good because they want to satisfy others and thereby maintain social order. So they stress the need for social order and respect for the rules. (3) Post-conventional morality is a level, also known as the principled level, is marked by a growing realization that individuals are separate entities from society, and that the individual's own perspective may take precedence over society's view. Individuals may disobey rules inconsistent with their own principles. Post-conventional moralists live by their own ethical principles-principles that typically include such basic human rights as life, liberty, and justice. People who exhibit post-conventional morality view rules as useful but changeable mechanisms-ideally rules can maintain the general social order and protect human rights. A person as individuals do what he thinks is right, regardless of legal restrictions or opinions of others. He acts in accordance with internalized norms (Kroflič, 1997).

ethical lapse is a clearly unethical choice. With both internal and external communication efforts, the pressure to produce results or justify decisions can make unethical communication a tempting choice (Bovee & Thill, 2014, p. 60).

The Distinction between the Concepts of Ethics and Morality

It is evident from the literature that there is a unifying concept of ethics and morality, and it is difficult to establish a clear boundary between their perceptions.

Grawert-May says that ethics and morality mean etymologically the same, but in the German-speaking area they separate them (Tavčar, 2008, p. 58). There is only one ethics in philosophy and it follows general rules, while there can be more moralities and they can follow an inclination of an individual, group, organization or company.

The difference between the concepts of ethics and morals Šter specifies that ethics deals with good, which means with the values (Rus, 1997). On the other hand, morality is dealing with what is righteous. Kovačič Peršin (1997) says that the ethnicity of man is when he accepts world and all activities responsible and when he accepts his fellow human beings with the same responsibility as he does it to himself.

The ethical or moral sense (Sruk, 1999, p. 136) is a fundamental moral human feeling. Everyone has the moral sense, but it is developed stronger and differentiates by individuals who would like to access the truth and morality and who fight for their humanity and who would like to be protected against evil, corruption or immorality. An individual who is accustomed to improper, who accepts the immoral practices and relationships with himself and with other people, his moral sense starts to fade and it starts to wither away (we say that the war demoralizes the mass of people or that prison corrupts inmates).

As we have found out, some authors equate definitions of morality and ethics, but the majority considered ethics as a philosophical speculation and gave morality the meaning.

Values and Ethics

Values are both spiritual and material goods, which means a lot to the individual and they are associated with their perception and judgment. Values are general categories of phenomena assessed as good and desirable. They can be defined as beliefs about what is right and what is wrong, what is good and what is bad, what is worthwhile and necessary to appreciate and what is not. The values are designing and changing during the development of individual. Individual values are associated with areas of basic needs (Musek & Pečjak, 1997). Value (Sruk, 1999) is a human relation which has a greater validity than something else.

Each society through the generation formed their value system that

guides and makes sense to the development of society. Obtained values shape behaviour and they form attitudes of a society. A good value system indicates a stable society with a high ethical culture. A value system directs social and cultural aspects and institutions. An individual develops their individual value system which directs them in their relation to the environment (Meško, 2011). Musek (1995) says that in the life of an adult individual, at the beginning when they are young, hedonistic values (pleasure, satisfaction) and power values (status, power, property, enforcement, achievement, success) are relatively important. Then moral values (values of duties and responsibilities) and the values of fulfilment (creative, cognitive, spiritual, cultural, self-actualisation values) became more important.

Tavcar (2008, p. 49) says it should be stressed that all stakeholders in the organization should evaluate functioning of the organization according to their interests that arise from their necessities⁹ and values. If functioning of the organization is consistent with the interests of the organization that arise from its needs everyone is satisfied, if it is not, they are unsatisfied. If functioning of the organization is not related to its interests that arise from the values, then they feel resistance, they are reluctant to the organization, they may even hate it or they are alienated from work, which can be reflected in effectiveness of the organization. A manager can control the gap in the needs by encouraging and rewarding his employees, but it's difficult to control the gap in values because people can hardly deny the values that are part of their lives.

A manager meets the values of all participants involved in the business process. This is very stressful for the manager when they have to decide how to manage the organization if there are conflicts based on values of the organization or, what is worse, if there are conflicts based on values of the participants. Ethical decisions are those decisions which take into account the interests of the participants and are based on moral values and moral functioning. When a manager has to decide between different and conflicting values they have to face an ethical distress and ethical dilemma. Dilemmas arise from the gap between the values and behaviour, lead to dissatisfaction and poor performance of manager and consequently also to poor managing of

9. Necessity is the state of imbalance in the body caused by a certain lack or deficit. An individual exhibits a tendency to satisfying the needs (Musek & Pečjak, 1997).

the organization (Tavčar, 2002). Tavčar (2009) has pointed out some fundamental ethical duties, based on the values: (1) credibility, the individual is obliged to fulfil both explicit and implicit promises, he tells the truth, which is the implicit promise at the beginning of communicating with another person; (2) correcting injustices, an individual has to correct injustice, which he committed by the unjust act; (3) gratitude, an individual's gratitude for the service that was received; (4) justice, an individual is responsible for a fair distribution of goods; (5) charity, an individual should try to help people in need; (6) training in quality and in knowledge; (7) harmless, an individual does not harm others.

Trstenjak says that man is a responsible being, thus defining ethical awareness or responsibility¹⁰ as one of the essential human qualities (Rus, 1997). Man is a being with an ethical consciousness and ability of ethical behaviour. Human exceptionality is that he can create a world of values and that he can also realize them.

Ethical and moral decisions have a significant impact on assertive behaviour and functioning of an organization. They also have a positive impact on interpersonal relationships and interpersonal communication in an organization.

Business Ethics and Morality

Business ethics is a relatively young science that has developed in the 20th century, mainly for the needs of the economy. Conflict of interest is the part which dictates unethical decision-making in the business. In the business, individuals are often faced with various ethical dilemmas and their resolution is often difficult because it requires making decisions that are not based on laws, regulations or statutes. The individuals who are most often the weakest link in society are prejudiced and personally affected at resolving of ethical dilemmas. Based on this kind of managerial action the organization loses its good name and the trust of other stakeholders. Loss of trust is difficult to recover from

10. Corporate social responsibility is primarily based on individual responsibility, so it is right that social responsibility becomes a personal value. Responsibility defines the relationship of the individual to himself, to others, to the public and to communicate with others. Human is the only one who consciously develops himself and he is formulating his society through thoughts, feelings and relationships. Consistent relationship to ourselves, to work and to other forms sense of social responsibility and directs us to the ethical decision (Meško, 2011).

and good name depends on an organization's business environment. Good or bad name of an organization does not affect only external stakeholders, but it has a greater impact on creativity, productivity, motivation and relations within the organization (Meško, 2011).

Ethics or business ethics¹¹ should play a key role in management and business of an organization. In the internal environment of the company business ethics concerns the ethics of management, i.e. the ratio between managers and all employees (Tavčar, 2002, p. 36). If a company is organized and operates according to some ethical norms and standards, it raises its status and reputation, which ultimately contributes to better business results. Glas (2003) says that various stakeholders expect management's ethical behaviour, particularly the owners who do care whether their name is associated with the companies whose conduct or behaviour is unfair, questionable and socially disruptively. Ethical behaviour of business today is expected in a range of social framework, because the company operates in a given social context and must meet the expectations of the society, which includes compliance with the laws and moral norms. If an organization that does not act like a society expects it to, it can easily get into conflict with the society and it is not supported by it in case of problems.

Business ethics answer such questions as: who we are, what we do, what our results are and why we do it. There is a great power in an individual's decision to act ethically or unethically, they can act responsibly or they can damage the organization and its public image by their negligence (Meško, 2011).

Ethical behaviour is a companywide concern, but because communication efforts are the public face of a company, they are subject to particularly rigorous scrutiny of regulators, legislators, investors, consumer groups, environmental groups, labor organizations, and anyone else affected by business activities (Bovee & Thill, 2014, pp 55-60).

11. The levels of business ethics are (Kalacun, 2001): (1) Micro-level, values dependents on an influential individual, usually the manager. This is about the behavior of an individual and his responsibility to ethical business. He also deals with the individual and his relationship to ethics in the concept of individual responsibility. (2) Meso-level, where the company is composed, established and maintained by individuals. This is the so-called social responsibility of the company, where the organization becomes a moral or legal entity. (3) Macro-level is a general framework of economic conditions that create equitable economic policy. (4) The level of political ethics guides operators in prosperity, justice, protection of human rights, environmental protection, and generally serve the interests of society as a whole.

Mutual trust is crucial for efficient and effective business relationships. We operate in an environment characterized by lower ethical standards. Such an environment requires considerably more caution, checking business partners, additional insurance payments, which results in increased costs and reduced efficiency. Ethical behaviour is essential in order to create and maintain trust. A low ethical standard in a society creates huge economic inefficiencies. An organization is a community of people and at the same time one of the most important institutions that we have, that we create (Glas, 2003). A high level of ethics in business is important: for better mutual relationships between employees, between employees and the management, a high level of trust and mutual respect, pride of employees which increases loyalty to the organization.

Ethical communication includes all relevant information and is not deceptive in any way. In contrast, unethical communication can distort the truth or manipulate audience in a variety of ways, such as: plagiarizing, omitting essential information, selective misquoting, misrepresenting numbers, distorting visuals and failing to respect privacy or information security needs (Bovee & Thill, 2014, pp. 60).

Možina, Tavčar, Zupan, and Knežević (2004, p. 390) list four common arguments of individuals who explain why it is acceptable for the management to occasionally act unethically and immorally:

- *The interests of a business organization are before ethics.* The goal is to increase the unethical means to achieve these goals. Most often, these are short-term interests and contrary to long-term objectives and goals of managers, organizations and owners.
- *An unethical act will remain hidden.* Such decisions are not in accordance with trust of the management and the consequences of the discovery of unethical decisions can be fatal.
- *Organization will protect individuals' unethical decisions.* It is naive to expect that the organization will protect the individuals' unethical decisions against interests of the organization.
- *What is not prohibited by law is permitted.* These way unethical managers are representing the management of the organization. Between expressly forbidden and expressly authorized decisions there is a gap of unethical decisions.

When designing business ethics it is necessary to use criteria of

litigation, justice, personal human rights, and the rights of workers, women and children. Business ethics helps develop democratic relations in business and contributes to adoption of criticism, emphasizes fairness, and reasonableness, in which an individual can develop a creative spirit (Ivanjko, 2008, p. 37).

Business morality (Jelovac, 1998, p. 76) is a voluntarily chosen obedience to good business habits, which, together with the traditional socio-cultural environment, act as a perfect way of viewing and validating assessment, procedures, character and behaviour in the business environment.

Ethical Communication and Code of Ethics

Employers have a responsibility to establish clear guidelines for ethical behaviour, including ethical communication. Many companies establish an explicit ethics policy by using a written code of ethics to help employees determine what is acceptable and what is not (Bovee & Thill, 2014, p 61).

Law is a legal matter. Law is governed by heteronomy. If there is violation of legal norms, there are appropriate sanctions. Corpus iuris include the rights and obligations that form a legal set only when they are adopted and implemented by a sovereign state. In contrast, morality is based on role models and unwritten rules, steady or desired behaviour that is prevalent within a particular group, the community or in a particular period (Jelovac, 1997).

Laws – and the derived from them bylaws (regulations, decrees, orders, etc....) are records of compulsory and universal norms; on the basis of laws, therefore, it is possible to pass judgments on what is right and what is not. Therefore, laws also lead to ethical aspects of decision-making in general, and particularly in management. Law helps a manager in ethical decision making and moral behaviour, but this is not enough (Tavčar, 2008).

In order to avoid unethical behaviour many organizations or associations establish a code of ethics from which both external and internal stakeholders will benefit. The code of ethics is a basis for justice, acceptability and sustainability, a foundation of ethical decisions and a respect towards fundamental human rights, as indicated by the universal declaration of human rights (Meško, 2011). Among other things code of ethics is a catalogue of norms, which are applicable standards. It talks about business principles, ethical norms, values and rules for

internal and external participants. The code of ethics operates on a voluntary basis.

In general, the function of codes is to sort out the grey fields that arise in the performance of activities that build trust, loyalty and commitment to the profession. Codes of ethics are based on the values: professionalism, honesty, democracy, accuracy, accountability, equality (Kohont, 2011).

Recently, there is a high number of codes of ethics. The reasons for this can be sought in the self-regulation of business, where the state regulation is more general and less adapted to various professions or businesses. Codes also serve to improve the public image. This is particularly true for the profession, class, and not so much for the organization, although recently various organizations have established codes of organizational ethics. A code unifies the rules for how individuals as members of an organization act ethically. Codes of ethics are promotion of values and standards of an organization. Codes of ethics in an organization set principles for ethical decision-making and represent a guide for decision-making. When designing codes the key findings is to primarily find joint values of all users, since the code must include as many common values as possible, because they are often a prerequisite for practicality. However, for all stakeholders in the business process it is certainly important that codes of ethics are based on cooperative arrangements. They present instructions on how to handle delicate situations in which the laws are too rigid and inappropriate. Codes protect managers, employees and other service users. A code of ethics is similar to a law, but it non-binding, so there are no legal sanctions. Sanctions can only be moral (Kavčič, 2008). If an organization itself act ethically, it can be expected that others will act ethically too.

Many organizations have their own code of ethics that governs relations with employees and public. This written code focuses on ethical values and provides a basis for the organization and individual managers to evaluate their plans and actions (Snell & Bohlander, 2010).

Society for Human Resource Management (Snell & Bohlander, 2010) has a code of ethical and professional standards in human resource management. Code provisions in this document are: professional responsibility, professional development, ethical leadership, fairness and justice, conflicts of interest and use of information. They have pointed out core principles of ethical leadership in which human resource management professionals are expected to exhibit individual

leadership as a role model for maintaining the highest standards of an ethical conduct. Their intent is to set a standard and be an example of it and to earn individuals' respect and increase their credibility with those they serve. They also have guidelines to achieve those intent, which are: (1) be ethical in every professional interaction; (2) question pending individual and group actions when necessary to ensure that decisions are ethical and are implemented in an ethical manner; (3) seek expert guidance if ever in doubt the ethical propriety of a situation, (4) through teaching and mentoring, champion the development of others as ethical leaders in the profession and in organizations.

Bovee and Thill (2014, p. 61) say that to ensure ongoing compliance with their code of ethics, many companies also conduct ethics audits to monitor ethical progress and to point out any weaknesses that need to be addressed.

Ethics and morals are based on good positive interpersonal relations. For good interpersonal relationships, it is important assertive behaviour of individuals. For ease of understanding, below shows the importance of interpersonal relationships and communication within the organization as an important element for the ethical operation or decision making of all stakeholders in the organization.

Interpersonal Relations and Communication in Organizations *Interpersonal Relations and Interpersonal Communication*

All cooperation does not lead to the development of the relationship between people. Communication and cooperation are essential for the process of creating and maintaining interpersonal relationship.

Interpersonal communication takes place between two individuals. It can be either directly or through an intermediary. Participants who want to communicate effectively with others, has to communicate with themselves first, which means that they have to develop personal communication – intrapersonal communication. Personal and interpersonal levels of communication are developed when one person talks to another. The most important consequences of interpersonal communication are interpersonal relationships which are fundamental to the organization. It is true that already developed interpersonal relationships affect the way we communicate within the organization (Mumel, 2008).

Interpersonal relationships are the result of a more sustainable, recurring cooperation between two or more people. Interpersonal rela-

tionships that begin with the awareness of it and are developed by coordinating cooperation between the parties involved in the relation (Ule, 2005). Interpersonal relationships are very important for the development of the human personality in the social, emotional and intellectual sense. Based on a relationship with another human beings they create their own identity. Based on the response of others they can help them to develop the most clear and accurate picture of themselves. Effective and satisfying interpersonal relationships are a prerequisite for the personal and professional satisfaction of employees (Lamovec, 1993, p. 9).

Characteristics and Factors That Affect Interpersonal Relationships

Basic characteristics of interpersonal relationships (Možina et al., 2002, p. 597–599) are: (1) recognition of diversity, where employees must realize that people are different from one another, and each has the right to express their own opinion; (2) reciprocity of relations – when it comes to relations between subordinates and superiors, relations mainly depend on the understanding of such relationships on both sides. They should be achieved through dialogue; (3) to facilitate personal expression – which means that every individual has the right to free expression, to create new relationships and individuality; (4) to give and receive feedback – it allows to obtain opinions on what others feel, how the behaviour of others affects them and vice versa; (5) recognition of contradictions; (6) the recognition of similarities and differences in the relationship – both sides are adapted to be able to develop good interpersonal relationships; (7) prevention of double target situations – what we say we think, observations are consistent with actions; (8) absence of any forcing – it is important that business and work assignments are determined by mutual agreement, it is essential to get an agreement; (9) absence of unintended or neurotic abuse of a person – a person (instead of doing the thing themselves) instructs a co-worker to do something, what they, for some reason, do not want to do.

Various factors have different effects on interpersonal relationships, at it depends on the nature of the working environment to what extent they are affected. Interpersonal relationships depend on the working and cultural level of employees, the degree of expertise, of general and personal knowledge. An information system affects the development of relations between employees; increased awareness also means better

quality relationships. Other factors that affect interpersonal relationships are associated with work and a business and family environment. These are: how workers are associated with the entire organization in which they work, the standard and employment status, the role of individuals in a society, what an employee's family situation is (Možina, 1991, pp. 286–287).

To trust each other is also crucial to have good interpersonal relationships among employees. Trust between them brings a successful cooperation, adaptation to work faster, better communication, but it also reduces a potential conflict.

Successful Interpersonal Relationships and Interpersonal Communication

Successful and good interpersonal relationships are a prerequisite for personal happiness and success in many professions. Successful interpersonal relationships are possible only if we mastered certain skills that are social or interpersonal skills. We start to learn them immediately after birth and we perfected them the whole life. If we want to relate, maintain and develop good interpersonal relationships, we need to know the basic skills (Možina et al., 2002), such as: (1) interpersonal understanding and trust – self-revelation, self-awareness and acceptance of oneself; (2) communication – refers to the precise and unambiguous transmission of thoughts and emotions, it is important to be able to receive and express affection for another person; (3) mutual acceptance and validation; (4) constructive conflict resolution regard the relationship.

Smooth communication is key for efficient and effective communication among employees. Effectiveness of communication significantly influence: employee relations, motivation and autonomy, flexibility in communication, trust between employees and the culture of communication among employees (Mumel, 2008).

For the successful establishment of interpersonal relationships within the organization, it is also important to establish assertive behaviour among employees. Assertive behaviour is based on ethical and moral values of the individual.

Assertive Behavior in Interpersonal Communication

Assertiveness is a way to deal with people who realize their objectives in an open and honest way. Assertiveness is based on the philosophy of personal responsibility and respect for the rights of others.

In business it is important to be honest to yourself and to the other participants. Assertiveness is related to self-confidence and positive attitude and to understand the views of others, as well as a forcefulness, self-confidence, honesty and respect (Možina et al., 2004). We are assertive when we are socially accepted, we don't behave hostile, we clearly express our needs, desires, disagreement, we are taking into consideration the differences between human beings and we are willing to compromise and negotiate, we can evaluate ourselves, we have to be open and honest with ourselves, we accept others emotions, understand the tendencies that are restrained by fears and anxieties, we admit mistakes, not to feel like the ultimate defeat or insurmountable obstacle.

Assertiveness is as a way to communicate, a good solution to maintain the integrity of the individual, which is manifested as equality and equivalence in communication. Assertive communication expresses verbal and nonverbal communication. In the case of verbal communication assertiveness is reflected in the tendency to intelligibility, for example: to express with simple words and short phrases in a simple way and with a clear purpose.

At assertiveness it is important to integrate calming and listening, spontaneity and liveliness as well as skills and diplomacy. Assertiveness is not humility, it is not aggression, but it is a middle path between these two terms. Is the ability to be able to stand up, defend your own opinion, aim for something to compete for your own rights, but without violence, with a respectful attitude to different views of others and their freedom (Ščuka, n. d.)?

Assertive communication means that our reaction is adapted to a particular situation; we respect our needs and the needs of others. In fact, we are more flexible in communication with others.

Dragoš et al. (2005, p. 67) says that assertiveness is personal-behavioural characteristic that you can obtain, strengthen it or lose it. It can be defined as interpersonal awareness and the ability to exercise personal interests or as an effective exchange of thoughts and feelings in social situations in a way that takes into account views and feelings of others. Assertive individuals who are in appropriate interactions with others reinforce confidence and satisfaction, while non-assertive individuals are experiencing a lack of confidence in their own thoughts, feelings, beliefs and opinions, and they do not expose themselves in unpleasant interpersonal situations.

From the psychological point of view assertiveness is a personality trait, in social terms it is a set of skills of maintenance of autonomy in mutual relations. It is a personality characteristic that shapes the perception of ourselves as persons, we are able to cope with our lives and we can solve problems. Thus we are strengthening the sense of values and self-confidence, increasing the ability to take advantage of existing social networks and social support as an autonomous experience in disposing of ourselves. In human relationships – we establish interactions with other social systems – we often lack respect for others and perceive other people using congruent communication (communication of real experience, communication of who I am, what I want and what I need). This can be a starting point for a conversation, and a change in social support networks. Assertiveness is definitely a skill that can enhance the power of social networks and the impact of the design, define and control our own lives, but by itself it is not a solution (Dragoš et al. 2005, p. 67). Anyone who wants to learn assertiveness must follow the rules of creative communications. For manipulative and dishonest individuals assertiveness is not appropriate because it is exploited.

Summary and Conclusions

Ensuring ethical business communication requires three elements: ethical individuals, ethical company leadership, and the appropriate policies and structure to support employees' efforts to make ethical choice (Bovee & Thill, 2014, p. 61). All these three elements need to work in harmony.

A condition to change interpersonal relationships within an organization is the need to change values which are the basis of consciousness or values and consequently the moral consciousness of both individuals and groups. Moral rules are rules that an individual takes from an authority in a particular environment. These concern the rights of other people (Batistič Zorec, 2011), which are internalized by individuals and reflected as the importance of the value of life, as damage or other disposal of property, as trust and responsibility towards others.

In the business environment it often happens that we have to reconcile the interests that are related to values and these decisions are not easy, while they are related to very important values of people who are involved. It is an ethical responsibility to people to whom good and

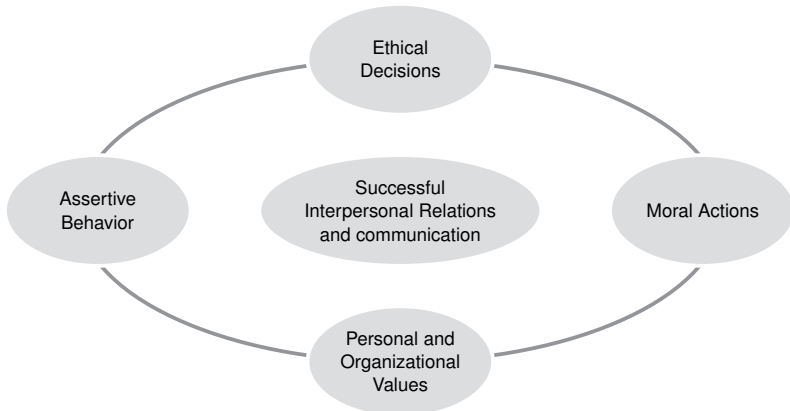


FIGURE 1 Successful Interpersonal Relations and Communication

equitable means the most. Often, an individual that accepts values of authority may come into conflict with their own values, and in such an environment it is difficult to work. A change in the function and operation in an organization is reflected in affinities to the organization with which they participate, they can be disinterested and alienated and they have conflicts between employees.

For successful interpersonal relationships and interpersonal communication in an organization, it is important that the organization establishes rules of ethical decision-making, encourage moral behaviour both based on personal as well as organizational values and it is important to encourage assertive behaviour among employees and other stakeholders in the business (Figure 1).

If an organization's management recognizes that there is a collision of values, they must act immediately. An important step is to identify values of the organization, which are presented transparently and to identify the values of individuals. With the establishment of mutually shared values, employees can actively participate and solve different tasks and problems within the organization. Consequently all of this establishes good interpersonal relationships and successful interpersonal communication.

Honesty and mutual trust is a prerequisite for creative interpersonal communication. Honesty and mutual trust are enabled only by altruism, empathy and mutual understanding. Altruism is the foundation of creative communication, because it rejects distrust, manipulation and

dishonesty. It is hard to imagine communication if there are dishonest intentions in the background. There is a lot of hypocrisy in the world, especially among people who do not trust each other (Ščuka, n.d.).

By all this we must not forget that the management, not only establish the ethics and morality of the organization, it must also live and encourage assertiveness in the organization. In many European and American countries assertive behaviour training is a popular and widely used method of learning skills in communication and building successful interpersonal relationships, especially among businessmen, executives and public servants.

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Work-Life Balance

Adina Barbulescu

West University of Timisoara, Romania

Introduction

We live in an ultra – modern era, in which the sense of ‘no time,’ of frenetic agitation is felt everywhere. As principles, values and social norms are in a constant change, the impact is felt in all aspects of our lives and we notice reorganization of the traditional roles in both the family and business environment. While in our grandparents’ ‘glory’ period, masculinity was associated with competitiveness, independence and autonomy, and the woman had the central role of the parent in charge of the proper growth of children, nowadays we talk about gender equality, exacerbated desires of professional achievement, and the propensity to maximize the time spent in the office. As a result, spending time with family gradually loses ground.

The traditional family model, in which the man is the breadwinner of the family and the woman is a housewife and takes care of children, has become increasingly less common in the European countries. The decline in the real wages demanding a second income in the household, the increase in the number of jobs in the service sector, which is rather suitable for women, the demographic aging because of which the activation on the labour market of other social categories is imperative, all these destabilize the traditional model (Charles & Harris, 2007). But women’s massive entry into the labour market has produced ‘a care deficit’ (Knijn & Kremer, 1997), which enhances the feeling of pressure over time, especially for women, but for their partners, as well. The postfordist work organization removes the traditional barriers between work and personal life which existed in the industrial period, both in the spatial and the temporal dimension. This fact has important consequences, mostly negative, on the perception of the existence of a balance between the two areas.

The Importance of the Work-Life Balance in the 21st Century

‘The role of increasing employment for poverty reduction is highlighted [...] by Heintz (2006) who shows that the current global em-



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 149-166). Lublin, Poland: ToKnowPress.

ployment situation poses enormous challenges to achieving sustainable poverty reduction, growth with equity and decent work for all people' (Herman & Georgescu, 2012, pp. 406).

There is evidence that contemporary organizations have become 'greedy' (Coser, 1974) for employees' time, particularly of those who are highly specialized, working in the knowledge economy. Therefore, the remaining time to perform their other activities is considered to be insufficient by them. In the recent literature, the initial concept of balance between work and family has been amended to include those without family responsibilities, as it has also been found that they face difficulties to cope with the increasing demands of their work in this context.

A question that often arises is related to *the balance between the hours spent at work and elsewhere*. There is commonly a great amount of time devoted to career and personal life in the contemporary society. And the amount which seems to work best is not necessarily the one that we might expect.

A first observation that might be made is that when an employee hurries home from work, although nothing extraordinary is anticipated, it is, probably, a sign that they do not like what they do professionally. These people often invoke work-life balance, but they do it exactly for this reason.

People who are passionate about what they do at work often tend to violate the rule of 40 hours per week.

What Is Work-Life Balance?

Balance between work and personal life is defined as a situation which is characterized by satisfaction, minimum role conflict, optimum employee functioning, both in the tasks and roles at work and in the personal life ones (Byron, 2005).

Work-life balance is characterized by three aspects:

- time invested in work tasks and in family tasks;
- emotional involvement in the work and family issues;
- satisfaction at work and in the family.

Fortunately, aging changes employers' behaviour. The labour market is strongly influenced by the demographic structure, which is currently still aging in parallel with a very low birth-rate. Consequently, companies tend to rely on older employees as long as possible.

Proactive management of human resources is beneficial on many levels, among which the most important ones have been identified as:

- *Hiring and keeping the workforce*: it is more difficult and more costly to recruit and replace employees if there is no balance in the work place, given that employees leave due to problems related to culture and organizational environment;
- *Decreased absenteeism*: when a flexible schedule is offered, and, at the same time, presence is monitored, absenteeism and delays are reduced;
- *Decreased stress*: most often, stress and discomfort at work are caused by employees' personal problems or by the feeling that their work is not appreciated enough, and their contribution to the overall success is highlighted;
- *Attitude*: employees who feel they are valued properly based on their results, who can maintain balance between their personal interests and their professional activities have a higher degree of satisfaction and are more loyal.

As it results from all the arguments presented so far, work-life balance represents a major challenge for both employees and managers, who need to assure their employees the conditions for benefiting from good work-life balance, in order to get them hired, because, as described in the previous paragraph: it is more difficult and more costly to recruit and replace employees if there is no balance at the work place, given that employees leave due to problems related to culture and organizational environment.

The other four sections address the issues of ethics and culture at workplace. This section naturally fits in the framework and structure of this chapter, because work-life balance is closely connected to ethics and organizational culture, all three issues representing key factors which generate mutual benefits for both employees and employers. Ethics, organizational culture, and work-life balance are all connected to various areas of human resource management.

This section addresses the issue of work-life balance. Its aim is to provide an overall picture about the challenges that employees' work-life balance poses for both employees and employers. *In compiling this section, we have used as information sources the Romanian and foreign literature. To reach the purpose of this section, we have used as research methods the document analysis and research synthesis.*

The section begins with a description of the forms in which the conflict between work and the private life manifests itself. It then argues about the reasons for the difficulties to achieve balance between the professional life and the private life, continuing with the presentation of *the consequences of the conflict between work and family life on the employee and the company*. In the end of the section, *the ways to get a balance between professional and personal life* are presented. After the necessity of getting a balance between the professional and the personal life is underlined, it focuses on *proposed solutions for achieving the work – life balance* and *the programs of maintaining this balance*.

We have structured the section as it follows:

1. How does the conflict between work and the private life manifest itself?
2. Why is it so difficult to achieve balance between the professional life and the private life?
3. What are the consequences of the conflict between work and family life to employees and a company?
4. How to get balance between the professional and the personal life?
 - The necessity of getting balance between the professional and the personal life
 - Proposed solutions for achieving a balance between professional and personal life
 - The programs of maintaining work-life balance.

How Does the Conflict Between Work and the Private Life Manifest Itself?

The conflict between work and the private life is one of the issues carefully analysed by organizational psychology, as it affects employee's work performance.

The conflict between work and the private life occurs when the participation in work activities interferes with the participation in family activities or when stress at work has negative effects on behaviour within family.

The conflict between the private life and work occurs when the participation in family activities interferes with the participation in work activities or when family stress has negative effects on work performance.

Work-life balance refers to the ‘combination of work and personal life, so that both can be successfully met’ (Pichler, 2008, p. 401), and may vary by individual, family, organizational and societal features.

Achieving this balance is beneficial to the employees’ health and welfare, and for the organizational performance, as well, leading to:

- improved keeping rate of employees,
- increased productivity, and
- reduced absenteeism.

At the societal level, the most important benefits are:

- increased employment rates of women and
- increased fertility rates.

Both are very important objectives in the context of demographic aging.

For both indicators, Romania has some of the lowest values from the European Union member states, in the context of serious concerns due to the demographic future of the country.

Increasingly more people say they feel stressed and feel the pressure of time, having the impression that it is never enough to accomplish all they have to do. People may feel increased pressure from both the professional and the personal role, but also because of growing insecurity within families and job insecurity (Perrons, Fagan, McDowell, Ray, & Ward, 2006).

Therefore, the concept of balance between work and personal life (work-life balance) has become important on the public agenda, as a result of the structural changes occurring in the contemporary society, since the seventh decade of the last century.

Although it is very important at the European level, in Romania, work-life balance topic entered the public agenda relatively recently, especially with regard to organizational size, but it is not used in the political discourse. Also, references on this subject are not very many in the Romanian academia, especially on the analysis of the factors that may influence the balancing between work and life.

Most studies have focused on factors related to rather objective conditions: socio-demographic, organizational and institutional characteristics that may have an impact on the individuals’ ability to reconcile the two areas of existence.

There are also studies which focus on the influence of personal values on balance between work and personal life. The results of those

studies show that personal values have a significant effect on perceived balance between work and personal life, which differs to some extent between countries, but it is rather similar for men and women. They show that value orientation towards success and power, representing a high work ethics, has a significantly negative impact on the perceived balance of time, for both men and women.

In Romania, as in the other communist countries, the entry of women into the labour market has been encouraged, and even constrained, to some extent, by the official ideology and by the policies consistent with it. On the other hand, the domestic labour division was not its target, as the complete outsourcing of it was initially assumed, which was not possible, however, partly because of outdated technology.

The discourse on gender equality was duplicitous, encouraging women to both have traditionally male jobs on the labour market, and to exert their roles of good mother and housewife, while their involvement in management and political functions was not agreed (Saxonberg & Kamplicher, 2011). As a result, gender roles have remained rather traditional, women really working in the second shift.

After the regime change, the participation on the labour market has decreased for men, but especially for women, reaching one of the lowest proportions in the European Union. But the average number of hours worked both in paid and unpaid work in Romania is one of the highest in Europe, working conditions being also unfavourable. State's support for families with caring responsibilities for children or dependent adults is reduced. In this context, there is a high potential for the existence of imbalances.

In the context of today's reality, when most people juggle with a number of different roles (employee, manager, parent, husband/wife), organizational psychology researchers have focused more and more on this topic.

Research in the field of work-life balance has led to several models of interaction between the professional life and the family life. Thus, we speak of social and professional phenomena as: spillover, compensation, segmentation and depletion of resources.

Spillover is the process by which the experiences of a role affect the experiences of the other role, making the two roles more similar. There are four specific forms of spillover: spillover of mood, spillover of values, spillover of skills and spillover of behaviour, categories that

can take positive shapes (e.g., the joy of a family event transfers itself in the context of business, too) or, on the contrary, negative shapes (when frustrations at work are consequential on the family).

Compensation refers to the situation in which people are trying to make up the deficiencies of a role by a more intense involvement in the other role (for instance, a father who does not have satisfaction on the professional level, looks for excessive refuge in the family life).

Segmentation explains the total delimitation between the professional life and the private life (e.g., there are people who can suppress any thoughts, feelings and behaviour related to work outside the office hours). We all have at least one workaholic colleague, some of them evolving slowly, but surely, to the fourth socio-professional phenomenon – depletion of resources. It appears when finite resources, such as time and attention, are being transferred from one field to the other, creating an imbalance between the resources allocated to the private life and those allocated to their career (Halbesleben & Wheeler, 2008).

These four professional phenomena affect us all (to a different extent), at one point of our career, leading to a conflict between our roles in the private life and those in the professional life.

The work-family conflict is a bidirectional (Carlson & Frone, 2003), mutual or asymmetric process - a manager feels that work interferes with their private life, but that their personal life does not affect their career. The conflict is mutual for a mother who works long hours and cannot spend more time with her family, but, at the same time, feels that she cannot devote to her career because of the intense involvement in her family life.

Why Is It So Difficult to Achieve a Balance between the Professional Life and the Private Life?

In most cases, this conflict results from, among other things, mismanagement of time. Many times it happens that an employee is forced to choose between participating in a business meeting or going to a meeting with parents. In some cases, rewarded behaviour at work may be incompatible with family experience. For instance, an authoritarian manager who knows how to draw clear tasks and benefits from the respect of his subordinates, is not as appreciated by his family if at home has a similar behaviour with his children.

The difficulties in maintaining balance between work and personal

life occur for various reasons, four of the most common ones being described below.

- The first common reason is represented by poor facilities for care and education of children. In Romania, the system of care for children aged up to 3 years and that of after-school education services for school aged children have started to develop only some years ago.
- A second common reason is the long working hours, the extended work schedule, and the inflexible working time. Studies show that one can operate within normal parameters within ten hours per day, after which it becomes ineffective. A study conducted in several European countries shows that, for most Estonian and Portuguese women, the fact that they have a rigid work schedule does not allow them to achieve balance between work and personal life.
- The third common reason is represented by the unequal distribution of family responsibilities between a husband and a wife. A study conducted in the Czech Republic shows that a higher percentage of the female employees with children than of the male employees with children believe that family responsibilities interfere with their career development.
- The fourth common reason is given by the difficulty in terms of costs for parents.

What Are the Consequences of the Conflict Between Work and Family Life on the Employee and the Company?

The consequences of the conflict between work and the family life affect both the employee and the employer. The employee may eventually develop health problems/depression/anxiety/low satisfaction at the workplace, which may cause the employer to confront with an increase in the staff fluctuation and absenteeism.

The consequences of the conflict between work and the family life can be grouped according to the level where they manifest themselves.

1. The following consequences might occur on the employee:
 - increased levels of stress,
 - physical and emotional health problems,
 - risk behaviour (alcohol),
 - increased marital stress,

- low job satisfaction,
 - career dissatisfaction and underperformed labour.
2. The following consequences could manifest on the employee's child:
- behavioural problems
 - emotional problems.
3. The bellow-mentioned consequences might exert *themselves on the company*:
- low fidelity to the company,
 - increasing interest in changing jobs as a method to resolve conflicts,
 - increased staff turnover,
 - absenteeism and high cost of employee health problems/ medical leave.

How to Get a Balance Between Professional and Personal Life?

The Necessity of Getting a Balance between Professional and Personal Life

The good news is that there are real and viable organizational solutions, so that both the employee and the employer can be content. Companies count on the development of a family friendly type of organizational culture, which promotes and encourages employees to reach both their professional and personal goals.

The companies which aim at implementing such organizational policies must be well grounded in their reality and know the employees' needs, maintaining an optimum *balance* between the responsibilities of the job and those outside the office hours.

This balance can only be achieved if there is partnership and of mutual support between an employer and employees.

An organization can support its employees, for instance, by providing them the opportunity:

- to have a flexible work schedule,
- to facilitate the care of children by building nurseries, kindergartens in the proximity of the company or
- to work from home and to settle their work program themselves.

On the other hand, family must show understanding by providing support at the emotional level.

Therefore, in order to have efficient employee performance, with an increased emotional balance, modern companies need to focus on strategies for maintaining work-life balance. Such an approach will generate mutual benefits on the assumption that the employees will be transparent and honest in arguing their needs and the company – the employer will constantly provide integration and support solutions.

To revolve our whole life around work is not a positive sign, either, because of two reasons. On the one hand, it may reflect the fact that we do not have activities which give us pleasure beyond the scope of our work. If our work makes us feel accomplished in many ways: socially, personally, professionally, this is not a problem. But, if not, and this is usually the case, you inevitably get the feeling that something is missing in your life and frustration may emerge.

On the other hand, no matter how much you love what you do professionally, when you spend 60–70 or more hours a week working, a phenomenon of psychological exhaustion occurs, called burnout, which seems to be the disease of the century.

The burnout phenomenon occurs because our physical and mental energy, our mental functions are squeezed to the last drop. With not enough time to rest, unwind and relax, this strain shows its negative effects on us and our body, affecting both our mental and health state.

Balance between work and personal life does not mean eight hours at work, eight hours at ease and eight hours of sleep. Clearly, it is not a mathematical division, which distributes the time of a day in equal amounts: eight hours at work, eight hours of sleep, because work and life overlap and interact continuously.

It is not about a rigid, fixed once and for all, balance, considering that life is changing and what is right today, may not be right tomorrow.

And it is not about an ideal, generally valid, recipe for balance, either, because people's perception of balance is extremely subjective, being strongly influenced by personality, education, needs and interests, which explains, moreover, why some people easily find this balance and succeed in maintaining it, while others do not.

Viewed from the individual point of view, balance between work and personal life is the personal and optimum way to harmonize the requirements of both areas, with the purpose of acquiring a sense of accomplishment and personal satisfaction, which, at its turn, improves

the quality of life and work alike. And even if at first glance it seems a matter of time management, for most researchers, the essence of balance between work and the personal life is not how much time we allocate to the two fields, but rather how we make this allocation.

The feeling of accomplishment and satisfaction given by the harmony between work and relaxation comes not only from an effective time management, but also from the attitude towards work, towards life and towards self, from understanding that everything is done on one side supplies power to the other side.

As long as, consciously or unconsciously, work is seen as an area outside of the personal life, as an obligation or as a chore, which causes the feeling of unhappiness, failure and health problems, the opportunities to create balance between them are thinned considerably, generating the conflict between work and life, which affects not only the employee's physical and mental health, but also the health of the organization in which they operate.

Thus, if at the individual level, we speak of physical and psychological effects, such as: fatigue, anxiety, tension, irritability, acute frustration, insecurity, vulnerability, the organization-wide imbalance translates into: absenteeism, labour migration, low productivity, much higher costs. This explains why balance between work and personal life is of as much interest for companies as the employees themselves.

Being passionate about our work is very good. But that does not make us super-human. It is important to take care of all our needs and recharge our batteries constantly. When we manage to balance our professional and personal life and to enjoy all the aspects of our life, we are at a point where we can say that we live life to its fullest potential.

In other words, from my perspective, *work-life balance has its place in the twenty-first century*, even if it becomes relative. Here are some solutions that will assist us in getting it and keeping it:

- deciding to have a balanced life, to do everything that is necessary for achieving this;
- listening to our body and accept it when we feel tired, stressed or unfulfilled;
- learning to not tolerate others to abuse our time and resources;
- using an effective time management system.

When we manage to balance our professional and personal life and

to enjoy all the aspects of our life, we are at a point where we can say that we live life to its fullest potential.

Investing in implementing and sustaining such programs of keeping work-life balance, companies actually invest in the success of their business.

Proposed Solutions for Achieving a Balance between Professional and Personal Life

The balance between work and personal life does not mean: eight hours at work, eight hours at ease and eight hours of sleep.

Clearly, it is not a mathematical division, which distributes the time of a day in equal amounts: eight hours at work, eight hours of sleep, because work and life overlap and interact continuously.

It is not about a rigid, fixed once and for all, balance, considering that life is changing and what is right today, may not be right tomorrow.

And it is not about an ideal, generally valid, ideal recipe for balance, either, because people's perception of balance is extremely subjective, being strongly influenced by personality, education, needs and interests, which explains, moreover, why some people easily find this balance and succeed in maintaining it, while others do not.

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As long as, consciously or unconsciously, *work* is seen as an area outside of *life*, as an obligation, as a chore, which is guilty of unhappiness, failures, health problems, the opportunities *to make a balance between them* are thinned considerably, generating *the conflict between work and life*, with effects not only on *the employee's* physical and

mental health, but also on the health of *the organization* in which it operates.

Thus, if *at the individual level*, we speak of physical and psychological effects, such as: fatigue, anxiety, tension, irritability, acute frustration, insecurity, vulnerability, *the organization-wide imbalance* translates into: absenteeism, labour migration, low productivity, much higher costs. This explains why *the balance between work and personal life* is of as much interest *for companies*, as *for the employees themselves*.

Being passionate about our work is very good. But that does not make us super-human. It is important to take care of all our needs and recharge our batteries constantly. When we manage to balance our professional and personal life and to enjoy all the aspects of our life, we are at a point where we can say that we live life to its fullest potential.

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Investing in implementing and sustaining such programs of keeping the work-life balance, companies actually invest in the success of their business.

The Programs of Maintaining Work-Life Balance

The programs for changing the unhealthy behaviours and maintaining healthy behaviours include a special type of programs, *the programs of maintaining work-life balance*.

Many traditional companies perceive work and life as two competitive areas, the gain from one area generating a consequent loss in the other area.

The managers with a contemporary thinking, however, have an attitude of collaboration between them and the employees in achieving work and personal goals, with benefits for both the business, and the employees and managers' lives.

This kind of managers is guided by the three main objectives (Tjan, 2013):

1. clear information of employees on business priorities and encouraging employees to settle their own priorities, too;
2. the recognition and support of the employees for both their roles and responsibilities at their work place and those outside it;
3. the continuous improvement of the employees' and the company's performances, together with the achievement of the employees' personal goals.

The organizational policies for the promotion of the balance between work and personal life are not limited to:

1. Actions of compulsory reduction of the employees' work schedule;
2. Actions or programs intended only for the employees who have children;
3. Actions or programs that appeal to women after maternity leave;
4. Other measures aim at facilitating employees' access to services for child and elderly care;
5. Employees' assistance services for optimizing the professional and personal life:
 - Employee's access to personal assistance services in career management or private life (divorce, periods of emotional difficulties);
 - Access to information through an intranet system or workshops on: the conflict between work and personal life, optimizing relationships with colleagues, optimizing the couple relationship, relationship with children, methods of husbandry and care of the new-born, disciplinary and effective communication with the child methods, emotions' control, lifestyle improvement;
 - Access to workshops on work-life balance.

A new concept which is used in the organizational psychology is that of *'family-friendly' organizational culture*. This is a culture which provides programs and policies that contribute to achieving *balance between the employees' work and personal life*.

Fortunately, *aging changes employers' behaviour*. The labour market is strongly influenced by the demographic structure, which is currently still aging in parallel with a very low birth-rate. Consequently, *companies are looking to value on older employees as long as possible*.

Therefore, *increasing the statutory period of activity* is doubled in many countries by *policies and strategies of the companies to attract and keep the necessary employees*, and *these strategies have as target*, in addition to many other facilities, *the balance between work and personal life*, too, as an indirect condition of personal satisfaction and, hence, of the motivation for performance, competitiveness and loyalty.

Summary and Conclusions

The work-life balance refers to the 'combination of work and personal life, so that both can be successfully met' (Pichler, 2008, pp. 401), and may vary by individual, family, organizational and societal features.

The concept of balance between work and personal life (work-life balance) has become important on the public agenda, as a result of the structural changes occurring in the contemporary society, since the seventh decade of the last century.

The conflict between work and private life is one of the issues carefully analysed by organizational psychology, as it affects the employees' work performance. In the context of today's reality, when most people juggle with a number of different roles: employee, manager, parent, husband/wife, organizational psychology researchers have focused more and more on this topic.

As it results from all the arguments presented in this section, *work-life balance* represents a major challenge for both *employees and managers*, who need to assure their employees the conditions for benefiting from a good *work-life balance*, in order to get them hired, because *it is more difficult and more costly to recruit and replace employees if there is no balance at the work place, given that employees leave due to problems related to culture and organizational environment*.

Research in the field of *work-life balance* has led to several models of interaction between *professional life* and *family life*. Thus, we speak of social and professional phenomena as: *spillover, compensation, seg-*

mentation and depletion of resources. The difficulties in maintaining a balance between work and personal life occur for various reasons, four of the most common ones being:

- the poor facilities for care and education of children;
- the long working hours, the extended work schedule, the inflexible working time;
- the unequal distribution of family responsibilities between husband and wife;
- the difficulty in terms of costs for parents.

The consequences of the conflict between work and family life affect both the employee and the employer. Thus, if at the individual level, we speak of physical and psychological effects, such as: fatigue, anxiety, tension, irritability, acute frustration, insecurity, vulnerability, the organization-wide imbalance translates into: absenteeism, labour migration, low productivity, much higher costs. This explains why the balance between work and personal life is of as much interest for companies, as for the employees themselves.

Being passionate makes our work very good, but that does not make us a superhuman. It is important to take care of all our needs and recharge our batteries constantly. When we manage to balance our professional and personal life and to enjoy all the aspects of our life, we are at a point where we can say that we live life to its fullest potential. In other words, from a particular perspective, *work-life balance has its place in the twenty-first century*, even if it becomes relative. Here are some solutions that will be of assistance in getting it and keeping it:

- deciding to have a balanced life, to do everything that is necessary for achieving this;
- listening to our body and accept it when we feel tired, stressed or unfulfilled;
- learning to not tolerate others to abuse our time and resources;
- using an effective time management system.

Investing in implementing and sustaining such programs of keeping the work-life balance, companies actually invest in the success of their business.

Therefore, in order to have *efficient employees, with an increased emotional balance, modern companies need to focus on strategies for*

maintaining work-life balance. Such an approach will generate mutual benefits, on the assumption that the employees will be transparent and honest in arguing their needs and the company-employer will constantly provide integration and support solutions.

The managers with a contemporary thinking have an attitude of collaboration between them and the employees in achieving work and personal goals, with benefits for both the business, and the employees and managers' lives.

In the same time, at macroeconomic level, increasing the statutory period of activity is doubled in many countries by policies and strategies of the companies to attract and keep the necessary employees.

These strategies have as target, in addition to many other facilities, the balance between work and personal life, too, as an indirect condition of personal satisfaction and, hence, of the motivation for performance, competitiveness and loyalty.

Note

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A Reflection on Cultural Change Processes for Public Sector Employees

Enrique Claver-Cortés

University of Alicante, Spain

Susana de Juana-Espinosa

University of Alicante, Spain

Jorge Valdés-Conca

University of Alicante, Spain

Introduction

Since Internet invaded our everyday environment in the 1990s, public sector organizations have been pressed to adapt their management policies in order to develop a new conception of their relationships with other public and private institutions, with the citizens, and even with their own employees; as maintaining the traditional standards of bureaucratic behaviour is certainly anachronistic in today's information society. In this respect, the implementation of a public culture that facilitates and promotes the acceptance of these new tools within the municipal organizations plays a crucial role in the subsequent quality of public services provided to the citizens. This new culture refers to the change in the organizational culture of the public sector toward a customer oriented approach, reinforcing values that provide effectiveness, orientation toward results and needs, receptivity and connectivity, openness and proactivity.

The organizational culture is a powerful unifying force, which limits political conflict and promotes mutual understanding, agreements in the procedures and common practices. It ensures cohesion among the members of the organization, especially when working in collaboration with other organizations, either public or private, because that is strongly linked to the decision-making process. However, it is also a powerful limiter of change: any threat to the established organizational culture will face strong resistance. Organizational inertia that limits bureaucratic transformations can only be overcome by appropriate training programs, which not only provide civil servants with the necessary technical skills, but also with an attitude of commitment



Dermol, V., & Rakowska, A. (Eds.). (2014). *Strategic approaches to human resources management practice* (pp. 167-184). Lublin, Poland: ToKnowPress.

and understanding of the new values that must prevail in the organization. And they must be aimed not only for base technicians, but also for those having political and managerial responsibilities. This is not a matter of learning techniques, but of integrating in a new culture that governs society and reaches the public sector but does not seem to materialize.

The role of public sector employees is therefore crucial, as they will be the ones that defend and promote a particular organizational culture with their everyday acts and the way in which they carry out their work. In short, the transition to a modern administration geared to the citizens will inexorably involve the acceptance and defence of the cultural values specific to this model by the civil servants, to the extent that these values will boost the acceptance and development, both at individual and collective level, of the underlying techniques and philosophies in a management model that is more in line with current requirements.

To foster this change, it is necessary to work both at organizational level as well as at individual level. Civil servants, both collectively and individually, have to accept, in the first place, and divulge and defend, in the second place, the new procedures that derive from the development project of the NPM. In this respect, we found some recent papers that analyse the behaviour, both individually and collectively, of this type of employees within a cultural change of this size. Seijts and Roberts (2011) studied the correlation between different attitudinal and organizational variables that can contribute to generate a climate that is suitable for the acceptance of change in municipal governments. These variables are: the degree of professional competence that the workers perceive about themselves, their degree of emotional commitment to the organization, the opportunities for the development and growth that the town or city council offers them, the satisfaction in their relations with their superiors, the opportunity to participate in the decision-making process, and the respect that they receive in their positions.

The aim of this chapter is to review the works that, from both theoretical and empirical points of view, deal with the actions taken to manage the change from a traditional bureaucratic culture to the new public culture, especially specifying the role that civil servants play in this movement when it comes to accepting and disseminating cultural values that promote such organizational change.

To fulfil this purpose, first we will highlight the importance of flexibility in the organizational structure of any organization for the achievement of its objectives in terms of efficiency, since such flexibility is heavily influenced by cultural values that foster constant change in the organization. Particularly, we will discuss the necessary transit from a bureaucratic culture that is characteristic of public sector organizations to another one, of a more organic character, that boosts the shift toward an administration that is more in line with the needs of the citizenry. Subsequently, the dominant role played by the employee of this type of organizations, both individually and collectively, when it comes to driving cultural change within the organizations, will be highlighted.

Next, we will focus on the necessary changes to promote the required cultural values that foster the adoption and development of a model of government and management that meets the expectations of the citizens. In this regard, it is advisable to adopt an analytical methodology of study, demonstrating that these organizational changes originate in both certainly broad areas such as the specific national cultures of each country for this purpose we will use one of the cultural tools that is most commonly used at the international level: Hofstede's model of cultural dimensions. We will finish the chapter with a presentation of final thoughts on the organizational shift to a more modern management adapted to the new times, instruments and demands of the citizens.

The Role of the Employee before the Challenge of Flexibility and Efficiency of Public Sector Organizations

The German sociologist Max Weber (1979) was the first author that identified and grouped the characteristics of organizations with the objective of streamlining organizations' processes in order to make them as efficient as possible, naming it bureaucracy. The original definition of bureaucracy is 'formal institution with a clear and obvious division of labor, abstract rules, fair procedures and decision-making, taking technical qualifications and professionalism as the basis for the promotion of employees' (Weber, 1979). Thus, in accordance with this definition, in any organization there is a division of labor and specialization organized under a hierarchical system and a set of abstract rules called standard operating procedures. Decision-making is rational, fair and universal, based on technical and professional qualifications.

In spite of its original meaning, currently, the concept of bureaucracy is assimilated to that of public administration, which still follows the formalized parameters of hierarchy and centralized decision-making, to the detriment of more flexibility, but with the purpose to be as efficient, socially equitable, and transparent as possible, given that it is funded by the public purse. The search for stability in the provision of public service, and the political independence of its executors are some other goals that justify the conformism and the resistance to change and innovation found in public agencies. All this hampers the dynamic management of its resources and capabilities, which will result in redundant and growing costs that generate allocative inefficiency (excessive or insufficient production) of any type (production at excessive cost).

The acknowledgment of these inefficiencies is the seed of change for public sector organizations in response to the needs of the new society, better informed and more aware, and the new economy. As a result, public services must face a review of their organizational practices to comply with these requirements and demands. In this way, an area that is so traditionally bureaucratic and formal, such as the public sector in both past and present times, must develop new approaches that allow for the implementation of the modernization processes listed above, and, for this, it sets its eyes on private management, exploiting their similarities with this sector, giving rise to localized versions of some of the models specific to the private sector (Ferlie, Ashburner, Fitzgerald, & Pettigrew, 1996). To this end, the New Public Management (NPM) movement emerges.

The first manifestations of this movement were detected in the early 1990s at international level (Hood, 1991, 1995; Dunleavy and Hood, 1994). The NPM implies abandoning the traditional bureaucratic conception, based on patronage, on which public organization and management are based in some cases, as well as the adherence to the legal-rational perspective of Weber, which is insufficient to confront the challenges of state-level management in an unsettled and uncertain context. In this way, the NPM is geared toward organizational flexibility, seeking to create organizations that are more organic in order to expedite public service.

In line with this last consideration, and before dealing with the study of culture as promoter of the organizational change for the modernization of public administration, it is necessary and desirable to describe

the role that the civil servant plays in this change process, both as a productive resource of the organization and as its internal customer. Indeed, the required organizational flexibility specific of the NPM necessarily involves the acceptance and assimilation, on the part of the employees of these public sector organizations, of the skills and values that promote, first and foremost, flexibility of the processes and structures of the organization, and ultimately the increase in the efficiency of these bodies in their public service to the citizenry.

In this sense, there are already some basic cultural differences among civil servants with regard to those of the private sector that can lead to greater incidence when dealing with certain cultural values that are more suitable for the adoption of organic and non-bureaucratic management models. In this way, the work of Hoogervorts, van der Flier and Koopman (2004), notes that there are significant differences between both sectors in the cultural field in favour of the private sector, such as goals, outcome-orientation or the ability to adapt. That is to say, in the private sector, a more clear aim, and a determination of objectives leads to a greater cultural orientation toward them on the part of the employees, as well as a greater capacity to adapt to changes, as these are more frequent in this sector. Thus, taking as base an organizational culture that is less prone to changes and less focused on results, it is obvious that civil servants have to make a greater cultural change effort to gear toward a new management model.

Regarding this, the transit to the NPM from the point of view of the civil servant not only means a change to be dealt with by the organization, but also by the worker of the body at individual level. Like any change, the management of this change is crucial for the subsequent success or failure of the project to be developed. Poor management of these changes may generate a set of negative feelings in the civil servant, such as anxiety, confusion, frustration, fatigue, cynicism, and sense of loss or resistance (Bordia et. al, 2004; Kiefer, 2005; Wanberg & Banes, 2000). Therefore, within the scope of the corporate culture it is essential to foster those values that encourage the shift toward the project in question.

Thus, the seed of cultural change in the organization must germinate in the values, principles, behaviours, attitudes, and so on, of civil servants, individually and collectively, within a single entity. Therefore, it is now time to fully enter into the analysis of the literature on the role that cultural change (feeding off the values of the civil servant) plays as

a driver of organizational change processes toward a more up-to-date management: toward the NPM.

The New Public Culture

As is the case with companies in the private sector, generalizations on the matter of organizational culture cannot be established; that is to say, each public body is a unique organization. Even within the same country or system, public services behave differently from each other, and the same thing is true for their multiple agents and independent bodies within them, as the local police, firefighters, etc., that are part of each public subsector. Each agency, therefore, will face their own problems in a personal and different way, according to their unique and independent nature (Claver et al., 1999).

However, going from a global to a more specific approach, it is true that there are certain cultural patterns in large geographical areas, such as nationwide, that will constrain the culture of their public administration due to certain behaviours, procedures, values, ideals, patterns of behaviour, etc., that have taken roots in the daily life of their citizens, and, therefore, in the performance of their public sector organizations. In this sense, although there are some models that studied and described the cultural differences among several societies extensively (Douglas, 1978; Trompenaars & Hampden-Turner, 2000; Dickson, Den Hartog, & Mitchelson 2003; House, Javidan, Dorfman, & Gupta 2004; Inglehart & Welzel, 2005), without doubt, the one that has achieved a greater recognition and popularity at international level is that of Hofstede (2001) which identifies 5 defining dimensions of a society's culture:

1. *Distance to power*: it expresses the degree to which the less powerful members of a society accept and expect that the power is distributed unequally.
2. *Risk aversion*: it expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.
3. *Individualism vs. Collectivism*: Individualism can be defined as the preference for a social framework without greater cohesion in which people are concerned almost exclusively about themselves and their immediate families. On the contrary, in collectivism, there is a concern for the collective good and collaborative work.

TABLE 1 Comparison of Cultural Values between Spain, Poland and UK

Country	(1)	(2)	(3)	(4)	(5)
Spain	57	86	51	42	44
Poland	68	93	60	64	38
UK	35	35	89	66	51

Notes Column headings are as follows: (1) distance to power, (2) risk aversion, (3) individualism vs. collectivism, (4) masculinity vs. femininity, (5) pragmatism vs. normativity. Adapted from <http://geert-hofstede.com/countries.html>

4. *Masculinity vs. Femininity*: Masculinity represents a preference in society toward achievements, heroism, assertiveness and material rewards as recognition of success. Its opposite, femininity, represents a preference for cooperation, modesty, care of the weak and quality of life.
5. *Pragmatism vs. normativity*: In pragmatic societies, people believe that the truth depends greatly on the situation, context and time. They show ability to adapt to the new conditions and traditions, a strong tendency to save and invest, and frugality and perseverance predominate when it comes to achieving results. Societies that are more based on regulations generally show a strong concern about the establishment of the absolute truth. They are normative in their way of thinking. They show great respect for traditions, a low tendency to save for the future, and are focused on achieving quick results.

With regard to individualism, Willem, Janvier and Henderickx (2005) point out the need for a greater degree of individualization and decentralization of the practices of human resources management for the development of the so-called New Public Management. However, in his study of six European countries, only one of them (Sweden) shows evidence of this flexibilization of human resources regarding individualization (Horton, 2006).

On the other hand, according to this study, the relationship between the degree of risk aversion and the feature of ‘masculinity’ of a society’s culture does not show significant relation with the development of new management processes.

Therefore, taking into account these results, in Table 1 we can see a comparison between the cultural values of Spain and Poland, also taking as comparative reference an especially prevalent culture within the European context as is the English culture.

The first remarkable fact that we can observe from these data is the cultural similarity between Spain and Poland. Both cultures have similar values in almost all the cultural dimensions, of which we can particularly highlight their extremely high degree of risk aversion and tendency to normativity (relatively low rates of pragmatism), being these two aspects still slightly more notable in the Polish culture than in the Spanish culture. On the other hand, the most differentiating element between the cultures of these two countries appears to be the greatest tendency to the values identified as ‘male’ of Poland against Spain. However, as we have already mentioned, according to the literature, the nature of ‘masculinity’ of a culture does not seem to have a clear meaningful relationship with the process of NPM.

Therefore, understanding these two cultures as similar and comparing them with a culture of reference as the British culture, we do observe significant differences. On the one hand, distance to power is significantly lower in the British culture with regard to the Polish or Spanish cultures. This difference is even more intense in the case of risk aversion, so that the English culture seems to be more prone to the implantation of new procedures. It is also a more individualistic and pragmatic culture.

We shall remember that, according to the literature, the cultures that are most prone to the development of NPM processes would be those characterized by low levels of distance to power, low risk aversion, high individualism and high pragmatic awareness. In this sense, among the practices catalogued as NPM, the so-called e-government seems to gain special relevance, since this model meets the challenges of flexibility and efficiency raised above, although it requires, of course, of a cultural change in accordance with the specific values that promote its implementation.

To illustrate these arguments, we can use some works which conclusions are revealing in the field of e-culture and e-government. One of them is the one developed by Zhao (2011) which deals with the impact of national culture (using Hofstede’s cultural dimensions tool, explained before) in the development of e-government. The work of Zhao starts from a survey conducted by the United Nations (United Nations, 2010) on e-government, in which it is concluded that the web pages of public agencies have played an important role as means of information and interaction about the current situation of economic crisis with regard to both citizens and businesses. From this point on-

wards, Zhao proposes the study of how cultural values that are characteristic of a society influence the implementation processes of the e-government models. Even though there are other works that have dealt with the study of e-government and the parameters of national culture, among which we wish to underscore those of Aykut (2009) and Kovačić (2005), one of the main contributions of the work of Zhao is that, in addition to having a global scope, it focuses not only on the cultural dimensions from the point of view of the citizen as an external customer of the e-government process, but also in the influence that these cultural values have in the acceptance of the model by the civil servants of the organization (internal customers).

According to Zhao's study, a lack of high levels of pragmatism would be counterproductive for a correct acceptance and development of e-government, and, although for Zhao the relationship between the dimension of the aversion to risk and e-government is not meaningful, there are other works, such as those of Erumban and De Jong (2006) or Aykut (2009) that do find a negative relationship between this dimension and the development of e-government processes. Thus, the two cultural dimensions in which Spain and Poland stand out (high risk aversion and not very high pragmatism) would be cultural barriers to the development of e-government, not only from the perspective of the citizen as external customer, but also from that of the civil servant of the city council as internal customer. In all these dimensions the British culture presents some values that are more favourable to the development of e-culture than those of Spain and Poland.

Therefore, there are cultural differences that account for facilitators or barriers to the implementation of organizational changes in public sector organizations, especially in the context of electronic models where, in addition, it is necessary to overcome certain obstacles that are specific and characteristic of the nature of these organizational changes in particular. In this regard, in a work developed by Harris and Ogbonna (2007), the importance of the organizational culture is stressed, not only in the implementation of the tools specific to the e-administration itself but also in the design of the web pages of both companies in the private sector as well as other organizations. Thus, these authors distinguish in their study up to 6 discrepancies or cultural gaps to cover in order to promote success in this new form of administration:

- Cultural gap between employees and Internet operations management. The first discrepancy emerges from the different concept that employees and the managers of the web may have about the symbols, values, behaviours, and so on, specific to the organizational culture.
- Cultural gap between the organizational culture and Internet operations management. While the top management has an interpretation of the culture of the organization, Internet operation managers may have another interpretation that, although being slightly different, may constitute a significant subculture.
- Cultural gap between Internet operations management and the design parameters of the web. This discrepancy arises when communication errors are generated between cultural values interpreted by Internet operations managers and the drafting of documents with the specifications of the future website that reflects these cultural parameters.
- Cultural gap between the design parameters of the website and their interpretation by its designers.
- Cultural gap between the interpretation of the designers and the final design of the site. This gap arises from the possible discrepancy between the intention of the designers at the time of translating certain values in the website and its final result.
- Cultural gap between the final design of the website and internal (employees) and external (citizens/users) customers. The last difference is the one that best represents cultural incompatibility concerning the contact of the organization with its users in two ways: on the one hand due to the discrepancy between the cultural values of the employees who have to use the web as a working tool and as a tool to be in contact with citizens and, on the other hand, due to the inconsistency of this website with the conception that the latter have about the organization.

The research work carried out by Pina, Torres and Royo (2009) follows this line of thought, in which a comparative analysis about the development of e-government in 75 European cities, including 5 of the largest cities of Spain, is carried out. The study performs a comparative analysis at 3 levels: on the one hand, the ranking of the cities, on the other hand, grouping by countries, and, finally, grouping by European

areas, distinguishing between the Anglo-Saxon, northern, central Europe and Mediterranean (which includes Spain and its 5 represented municipalities: Madrid, Barcelona, Valencia, Sevilla and Zaragoza) areas. In this regard, some interesting conclusions that we can highlight from this work are that while the styles of public administration in the Anglo-Saxon and Nordic countries presented a greater orientation to citizen participation and greater focus on the needs of their users, the central European and Mediterranean styles are geared more toward the compliance of the legislation imbued in a bureaucratic type of culture. In fact, other works such as those of Pollitt and Bouckaert (2000) or Torres (2004) conclude that the Germanic and Mediterranean countries were opposed to the precepts of the New Public services as they do not fit in the legislative framework of their organizational structures.

In addition, Carter and Weerakkody (2008) carry out a comparative analysis, at cultural level, of the process of implementing e-government in agencies from two Anglo-Saxon cultures: the British culture and that of the United States. These authors conclude that both the confidence in the new management model as the relative advantage that supposedly this new model (e-government) has on the previous (traditional management), are two significant variables for the development of e-government in both cultures (British and American). However, other factors that are more related to the accessibility of the Internet and the capacity to use this tool seem to be an important barrier to the development of the model in American organizations, but do not have a significant impact on the British ones. In this regard, and according to this study, it appears that the ethnic origin of the citizens can be an important factor for the development of e-government in the fields of accessibility and skills for the use of the Internet, whereas ethnicity is not a relevant cultural factor in the case of the organizations from the United Kingdom.

Furthermore, entering into a higher level of detail, these differences in the degree of development of e-government are not only clear at national level, but even, as has been pointed out above, among various municipalities in the same country, being the size of the municipality and the style of the public administration two of the main constraints in this respect (Pina et al., 2009). In this same line of argument de Jong and Lentz (2006) note that, although the problems faced by the various municipalities in the design of their web pages may seem sim-

ilar, the solutions with which these public services face them tend to be substantially different.

Certainly, within the e-government, not only the websites of the public services gain special relevance, but also all kinds of information and communication technologies (ICT) whose implementation allows to increase the efficiency of public sector organizations, as they reduce costs and time (Cortés, 2001; del Águila, 2000; Johnson and Mullen, 2000). However, the adoption of these ICT represents a new paradigm shift, becoming tools for all employees and permeating through all the layers of the public structure. It is clear that, by its very nature, the public sector is a sector that is 'intensive in terms of information,' so that, to a greater or lesser degree, ICT are needed to process, distribute and make accessible, quickly and effectively, the information on which the service to be provided to the citizens is based. Therefore, tools such as web sites or databases, specific to knowledge management, allow to provide and channel information and relevant documentation for the development of internal governmental activity and the provision of public services (Prokopiadou, Papatheodorou, & Moschopoulos, 2004). At the same time, civil servants are required to develop new knowledge-related competences, which will force a review of the entrusted and required duties, as well as recycling and continuous training (Galindo, 2004).

Despite this, the majority of the literature concerning the development of e-government, is articulated around aspects such as information technology, infrastructure and resources, policies and strategies, social-economic effects and so on (Aldrich, Bertot, & McClure 2002; Carter and Belanger, 2005; Criado and Ramilo, 2003; Dewan and Riggins, 2005; Kaylor, 2005; Barzilai-Nahon, 2005; Heeks, 2006; Heeks and Bailur, 2006; Gouscos, Kalikakis, Legal, & Papadopoulou, 2007; Boateng, Heeks, Molla, & Hinson, 2008; Sang, Lee, & Lee 2009; Organization for Economic Co-Operation and Development, 2009) but few addressed it from a cultural perspective, and even less through the dissemination and acceptance on the part of civil servants.

In this sense, the evolution of e-culture has to go in parallel with that of the development of e-government. As Sandoval and Gil (2012) point out, a further development of the model allows and requires greater collaboration and participation in it, both from the external client (citizen) and the internal client (civil servant), and therefore certain cultural values that foster the use of these electronic services and

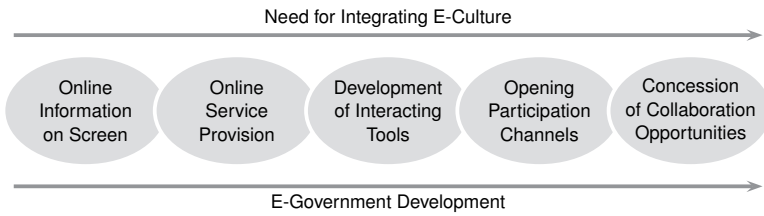


FIGURE 1 E-Government Development Stages (adapted from Sandoval & Gil, 2012, p. 574)

tools. Specifically, these authors note, in order of smallest to largest collaboration and participation (and thus, greater integration of the e-culture), the steps or functions in the development of e-government that are shown in Figure 1.

The fact that culture can have remarkable influence on the degree and style of development of the practices not only specific to those of the e-government, but to those of any organizational change within public bodies is documented, giving special relevance to the role that the employee has in these organizations, acting as a catalyst for these changes aimed at the modernization of the public sector.

Final Reflections

Traditionally, administration in public bodies has been characterized by its high level of both internal and external bureaucratization, that is to say, both in internal processes as well as in the provision of services to the citizens. The shift from this bureaucratic management to another one that is more flexible, more organic, oriented toward modernization and toward increasing the parameters of effectiveness and efficiency in the provision of its services necessarily passes through the adoption of quality and knowledge management, customer orientation, and many other aspects that have already been or are being developed by the private sector, which incidence in the public sector is rather incipient though. In this regard, the role of the civil servant as knowledgeable, defender and diffuser of the values of this more open and flexible public culture is crucial.

Although organizational cultures can be discerned from one body to another, it is true that certain cultural patterns can be perceived in accordance with the geographical area or country where these organizations are located. Hence, although the managers of these organizations should put special emphasis on the development of the cultures

according to the differentiating and identifying features of these cultures, it could be very helpful for them to know the cultural patterns of the geographical areas where they are located since, besides the specific idiosyncrasy of each organization, both civil servants and citizens (as members of the same community and culture) share certain values that influence their behaviour, attitudes and philosophy. Thus, in those countries (such as for example in the UK), where the national culture seems to be more conducive to the implementation of these processes of modernization in the administration of public bodies, it is noted that, indeed, this model is better established in this type of organizations.

Within this cultural analysis, special regard should be paid to Hofstede's study of cultural dimensions (due to its extension and recognition at global level), by which the consideration of the values that a given culture holds on the various dimensions of this model can be of important aid for managers of public agencies. The cultural parameters that are more appropriate for the implementation of a culture would be: low distance to power and risk aversion, high rates of individualism and pragmatism, not being conclusive if the values defined by Hofstede as 'male' hold a significant relationship with this purpose. In this sense, cultures such as the Spanish and Polish ones should pay special attention to their high rates of risk aversion and promote long-term guidance practices with more pragmatic content, since these seem to be the main barriers against organizational change.

As we have been able to see, the styles of public services of the Anglo-Saxon and Nordic countries have a greater orientation toward citizen participation and to the satisfaction of the needs of the citizens, while central European and Mediterranean styles are more geared toward the compliance of the legislation within the framework of a bureaucratic type of culture. These two facts could be an important cultural barrier to the development of the new public culture both from the point of view of the citizen and from that of the civil servant. Even within Anglo-Saxon countries we can find important cultural differences: for example, we have seen that, while in the USA the ethnic origin of the user seems to affect the process of modernization of its public sector, this is not the case in the United Kingdom.

In this way, observing the processes carried out by other organizations, culturally more prone to these changes (as for example those of the UK), values and procedures that reduce the different cultural gaps

that they will encounter in the process of shifting to the e-government could be developed through benchmarking techniques. Among the latter, the cultural gap between employees and Internet operations management as well as the cultural gap between the design of the web and both internal (employees), and external (citizens) customers gain special importance.

Finally, the introduction of ICT, especially those based on the Internet, allows and supports the development of competencies and behaviours specific of this culture, which has been renamed as e-culture. At the same time, this e-culture is a fundamental part of the implementation of strategies of e-government that introduce public administration into the digital economy, in a loop of cultural, technological and strategic modernization.

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Inclusive Human Resources Management Practices for Older Workers

Aging Workforce and the Role of HR Managers

The aging of both population and workforce is a global issue that has created concern about labour and skill shortages. In Europe, if nothing is done, there could be only one person employed for every retiree by 2050, at the same time that labour market could shrink by nearly 15%. This would come with heavy costs for companies' competitiveness and the social security systems and the social cohesion would be affected.

Human Resource managers are in a key position to help organisation's deal with the challenges of an ageing workforce, and they need tools that help them to act according to the new and future needs of the organisations.

The project aims to:

- Develop an innovative training programme for Human Resource Managers on inclusive HRM practices for Older Workers, based in research and using mobile technology
- To provide the knowledge and competences needed for these professionals to deal effectively with the challenges of an aging workforce

The project will give a clear contribution to the Europe's 2020 and Employment strategies and to minimize the problems resulting of the aging workforce. It contributes to:

- Raise of the Older Worker's employment rate
- A healthier European society, where elderly people keep active for a longer period of time, escaping poverty and reducing the burden over the younger generations
- Increase in European businesses' and other organisations' competitiveness

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The book *Strategic Approaches to Human Resources Management Practice* is focused on the issue of diversity management. This concept fits well with the concept of HR strategy due to its ability to create long-term value for the organization. Nowadays, the diversity management is increasingly recognized by larger organizations, especially multinational corporations, however, most of the managers are of an opinion that diversity management is beneficial only as an element of strategic human resources management.

Diversity management can be viewed as a strategy for using best practices with proven results to find and create diverse and inclusive workplace. Successful strategies link diversity progress directly to the business results. Best practices may include the use of employee teams, diversity councils, mentoring and sponsorship, and supplier diversity. The hereby monograph has been inspired as a response to the looming changes and the thirst for discussion on the challenges of the contemporary HR. The authors of the monograph are of different nationalities and have different research and practical experience in the field of HR, which allowed for commencing the discussion from multifarious prisms and perspectives.

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