Human Resource Management and Corporate Competitiveness

Monograph

Editor:
Csaba Bálint Illés

Gödöllő, 2012

Visegrad Fund

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Contents

Foreword

The book *"Human Resource Management and Corporate Competitiveness"* gives a selection of papers on the social aspects of management: the value of human capital, the human resource management in theory and in practice, the role of knowledge and its improvement and it also deals with the ethical and psychological aspects of HRM.

In our rapidly changing globalized world, new technologies and working methods require a specialized and up-to-date knowledge of human resource. Today's economy is a knowledge based economy, but one should not forget that knowledge means primarily the people themselves and knowledge may be supported by several tools, but does not exist without people.

Human resource is one of the most important resources in an organization, the role of human resource management is to lead, motivate and manage the individuals in such a way, where the interests of the organisations can be fulfilled without any damages of private motivations of the individuals working there. Different working culture mean another great problem in our globalized world, where frontiers and geographical distance are nearly disappearing, but the national culture, the traditions are still kept and they determine the attitudes of humans.

The issues mentioned above became the subjects of the studies of this book, which represent many fields of research from authors of three continents. The first chapter gives the social determinants of human resource management concentrating on the different cultural background and traditions, the problems of work arising from the perspective of society, culture and personality, the different values of work and the determinants of social capital. Second chapter is dedicated to the changes of HRM in theory and in practice, which are resulted by our continuously changing world, where both the society and organizations shall protect against the threats of economic crisis, demographic change and such personal challenges as work-life balance problems. One solution for the changing environment is to learn new methods, to improve our knowledge or to develop our organizations to be able to adapt to the new – sometimes unexpected – situations. In the third chapter, our authors give some selected examples for these problems. Fourth chapter deals with the specific tools that may improve the effectiveness of HR management instruments, while in the last chapter, authors introduce the regional aspects of human resource management.

The wide spectrum of topics raised in our book allows to show a full view of the contemporary problems of human resource management all over the world. The book is directed to professionals at different levels of hierarchy of different types of organizations, university students as future employees or managers, and of course, for professors and researchers to find answers and new fields of research in the future.

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December, 2012

CHAPTER 1

Social Determinants of *HRM*

Marcel Fredericks, Bill Kondellas, Janet Fredericks, Wojciech Wloch, Lam Hang, Michael W.V. Ross

1.1 TOWARD A SELECT CONCEPTUAL AND THEORETICAL EXAMINATION OF THE TEAM APPROACH TO ORGANIZATIONAL RELATIONSHIPS WITHIN THE SOCIETY-CULTURE-PERSONALITY (SCP) MODEL

Summary: The purpose of this article is to offer select concepts and theories in the team approach to management and organizational relationships. The Society-Culture-Personality (SCP) model is analyzed in relationship to the team approach which can be useful as an organizational tool for assisting management and other organizational professionals in applying the select concepts and theories to forge the interrelationships needed in the maintenance of a successful medical organization.

Keywords: team approach, social meaningful interaction, society-culture-personality, organizational relationships

1. INTRODUCTION

In the 21st century both the United States and the rest of the world at large face a variety of challenges in which innovative solutions will depend upon a creative, knowledgeable, and a highly skilled work force. The application of knowledge and skills to these challenges will certainly enhance the economic prosperity and growth of the United States and the global economy.

Given the fact that innovation can be a slow process in any society, we wish to assert that it can be accelerated through collaboration in the social sciences, in engineering, in the humanities, in law, in business, and indeed in medicine and in education. Innovation through collaboration is an important element for academic and professional pursuits irrespective of the environment under consideration especially since knowledge is never compartmentalized. A society, from one perspective, can be viewed as falling somewhere between 2 polar pure types, ideal types or mental constructs as either *gemeinschaft* (G_1) or *gesellschaft* (G_2) in orientation, or perhaps rural and urban (Fig 1).

We must keep in mind that institutions, ways of taking care of basic human needs, are crescive in nature and have a strain of consistency. Indeed, institutions build over time and that they are all interrelated. This idea was documented by William Graham Sumner (1907) in his book *Folkways: A Study of the Sociological Importance of Usages, Manners, Customs, Mores, and Moral.* If an organization lacks stability and homeostasis, along with communication and team work, and does not value or treat team members as equals it may lead to disorganization and restructuring which may impede the professionalization process and organizational relationships.

2. SOCIAL MEANINGFUL INTERACTION (SMI) AS A CATALYST IN THE TEAM APPROACH AND IN ORGANIZATIONAL RELATIONSHIPS

Society, culture, personality (SCP) forms an interlocking system. As a person internalizes the culture of a society into his or her own personality, the individual develops a personality that is at once unique and distinctive and more or less adjusted to the demands of a society. Before SCP can become functional, as an interlocking system, a catalyst or agent is necessary.

That catalyst is social meaningful interaction (SMI). Prerequisites for SMI are social contact and communication. These, in turn, presuppose the concepts of entre and rapport.

In the development of SMI, the actor enters society and establishes rapport. After this has been accomplished, social contact, the simplest unit of relationship between 2 or more persons, is possible. Communication, which is involved in social contact, is the basis of social meaningful interaction. In a sense, it is SMI. Communication is a thoroughly social activity which involves socialized persons as actors and reactors.

Social contact plus communication result in social interaction, which is a sustained, reciprocal, purposeful, meaningful, and (within limits) predictable series of relationships between 2 or more socialized human beings. In the SMI process, each actor takes the other(s) into account, is aware of the other(s), and appraises the other(s). However, SMI can occur on various levels. For example, interaction can take place between two individuals, between the individual and the group, between the individual and culture, and between the individual and mass communication (Fredericks et al., 1971). The SMI is linked to socialization, a learning process in a social environment where the value-attitude system (VAS) of a culture in internalized. (Fredericks et. al, 2009)

The SMI process is supported by Lev Vygotsky's sociocultural cognitive theory in that social interactions and culture are 2 main factors which give rise to relationships between 2 or more actors. Through the social interaction process, individuals with less knowledge and/or skill learn to use the cultural tools with the assistance of a more knowledgeable and/or skilled member of the group. An idea that is closely related to this is the concept of scaffolding which involves changing the level of support an individual is given. (Santrock, 2007) Through collaboration and guidance a more knowledgeable employee can assist another employee to master the necessary skill(s) within the organization creating positive employee relationships, enhancing job productivity, along with establishing homeostasis and a functional organization, which helps to forge management and professionalization skills. From this perspective, we get a clearer understanding that professionalization is generated as a result of our day to day interactions, from experiences with other individuals and from objects, and from the events that have cultural meaning and significance thereby enhancing the idea of a *team approach* to organizational productivity. During the socialization process, we learn the values, rules, and norms of a society or of a specific group and/or organization which are then incorporated into our own perception(s) of reality. (Henslin, 2000) Indeed, socialization is an influential medium in the professionalization process and in the team approach to management.

Concepts such as success and failure, then, can be viewed as behaviours that are learned and constructed through our social interaction with a group(s) within the organizational complex. Sociologists call this an ideal culture—patterns of behaviour that a group defines as having value. (Henslin, 2000, p. 50.) This is further supported by Bernard Weiner's attribution theory which asserts that it is the learners own perception of success and failure, during the professionalization process, that determines the amount of effort a person will put into a particular activity in the future. If an organization, for example, is not meeting the required outcomes the employee may assume that it is the result of mismanagement and poor leadership. If an organization is successful, on the other hand, the employee may attribute this success as a product of their own hard work. (Weiner, 1986) While SMI gives rise to social processes, it is important to keep in mind that an employee should also be held accountable in terms of relationships and productivity especially in their own perceptions of success and failure, during the professionalization process, as suggested by Weiner's attribution theory.

Bernard Weiner's attribution theory is closely related to other theoretical perspectives. According to the social comparison theory, Leon Festinger (1954) asserts that we often evaluate our own performance in comparison to others and not by a predetermined set of

occupational standards. Competition then can foster a stronger work ethic depending on the individual's level of interest and the specific social situation. Furthermore, Edward L. Deci (1972) asserts that this behaviour can also serve as a source of intrinsic motivation knowing that a lack of personal performance can lead to termination. While the social comparison and attribution theories give us a sociological and psychological explanation of success and failure it should be noted that community and communication are essential to enhance learning, to minimize uncertainty, and to move towards maturity in the sequence towards professionalization (Fig 1).

3. THE TEAM APPROACH WITHIN A MEDICAL ORGANIZATION

There are many health care teams with different purposes in a variety of cultures and societies across the *gemeinschaft* (G_1) and the *gesellschaft* (G_2) dichotomy. Each is transitory, functioning in concert to affect the well being of patients, families, and communities, as Pellegrino so well notes.

> There is no such thing as "the team" in health care, painful as this may be for our favourite combination of health professionals... Instead, there are [many] health teams dedicated to varying purposes. The team, therefore, is a transitory social system, consisting of a number of persons working together for a defined and mutually accepted goal and according to a mutually accepted program... [to satisfy the] specific needs of an individual patient, a family, or a whole community. (Pellegrino, 1972)

Pellegrino proceeds to distinguish between two organizing principles (closeness to the patient and functional intent) to document the interactional complexity and multiple reality of team activities. Based on closeness to the patient, he asserts, that there are the following teams: the patient care team, which is in direct personal and physical contact with the patient; the medical care team, which provides essential back-up services yet is not in close and continual contact with the patient; and the health care team, whose concerns are interdisciplinary, interprofessional, and extending to the entire community. The second principle relates to task, or function-oriented teams. For example, "the primary care team, the coronary care team, the open heart team, the psychiatric team, the nursing team, the pharmacy team, the dental team"(Fig 1). As mentioned previously, we must keep in mind that the various institutions of a society are crescive in nature and have a strain of consistency, which simply means that they develop over time and they are all interrelated.

A health care team, therefore, is operationally defined as a group of people with sets of highly developed skills who work together for the common goal of providing coordinated, continuous, comprehensive, correct, and compassionate health care for an individual patient. What is implied is that today's health care team is not simply an emergency room or intensive care unit response, but it is an integral and essential feature of generic health-serving activity in modern preventive, therapeutic, and after-care efforts. During the last several decades, health care in this country has developed to a degree of eclecticism and sophistication paralleled by few if any other human activities.

A typical physician, for example, is now a specialist in at least 1 of the many officially recognized specialties in medicine. The mastery of a specific field of knowledge and art enables one to offer treatment at the highest level of intentionally narrow expertise. Likewise, nurses have become more informed, discerning, skilful, and specialized in their various fields of competence. This is true of other occupational groups as well.

The recent explosion of intersecting statuses and roles—requiring intensive or episodic involvement with one another as team members—is indicated, but not limited, in such titles as these: medical social worker, anesthesiologist, inhalation therapist, medical technologist, cytotechnologist, histological technician, medical laboratory technician, certified laboratory

technician, dietician, dental hygienist, dental assistant, dental laboratory technician, physical therapist, occupational therapist, pharmacologist, pharmacist, bacteriologist, microbiologist, medical record administrator, radiation therapy technologist, nuclear medicine technologist, radiologic technologist, speech and hearing therapist, speech and hearing scientists, hospital and health services administrator, medical communication specialists, medical illustrator, environmental sanitarian, circulation technologist, and physician's assistant.

Figure 1: Social Meaningful Interaction (SMI) and the Team Approach
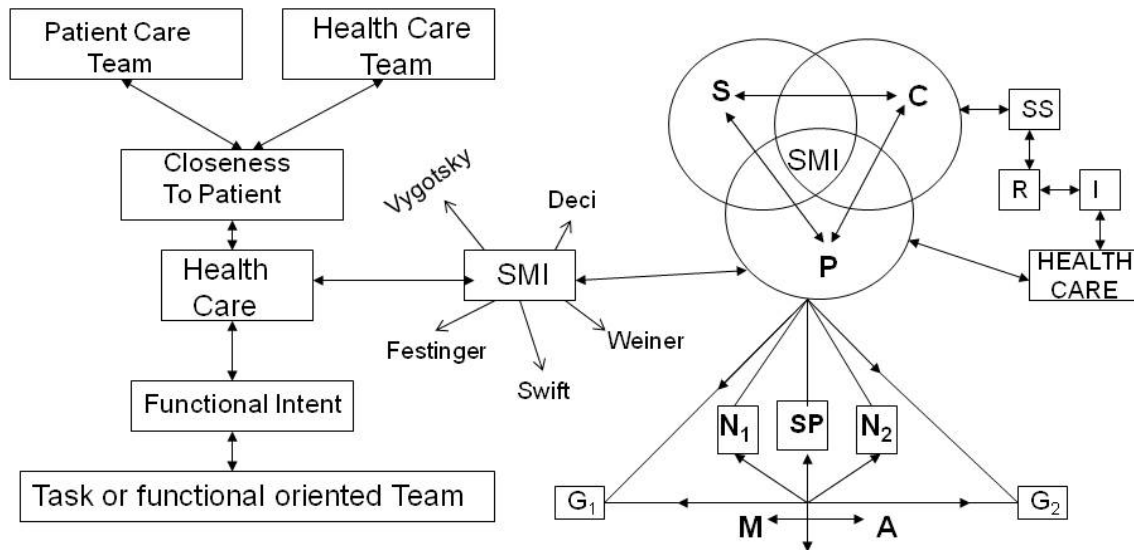
Legend: SCP: Global Village, S: Society, C: Culture, P: Personality, N$_1$: Nature or Heredity, N$_2$: Nurture or Environment, G$_1$: *Gemeinschaft*, SP: Socialization Process, G$_2$: *Gesellschaft*, M: Marginality,
A: Anomie, SS: Social Systems, R: Roles, I: Institutions, SMI: Social Meaningful Interaction
Source: own construction

Although these and many other health care workers are all functioning to provide a wide range of skilled services, there needs to be balance and communication among team participants. To enhance the integration and synthesis of collaboration, communication, innovation, and management the team approach is essential for an organization's success. The concepts of individual initiative, team work, along with authority are structural and functional factors that need to be taken into consideration within the medical organization. A. Earl Swift (2002) asserts that "all organizational behaviour is ultimately founded upon human nature." Human nature, according to Swift, allows for 3 distinct decision making systems, namely, individualism, collaboration, along with authority and power. Individual initiative, commonly known as *liberty*, is a crucial aspect for an effective and successful organization. Collaboration, also referred to as teamwork, is another significant factor in organizational relationships. Teamwork, does not allow any individual to manipulate and to dominate other employees since "the group provides a check against individuals with bad motives, denying them the power to tyrannically dominate or exploit other people." (Swift, 2002, p. 50.) When group decisions based upon consensus is established, a democratic approach to organizational relationships is forged. Authority and power are additional factors that should be taken into consideration if an organization is to continue to fulfil its mission and objectives. The board of trustees as the chief policy making group, of a medical organization, is there "to enforce the mission and culture to ensure a proper balance of individualism, community, and authority." (Swift, 2002, p. 54.) By establishing homeostasis, it allows for the proper

management of a diverse workforce in order to achieve the goals of the organization (Fig 1). "Under most circumstances, however, organizations work most effectively when all 3 types of decision making are balanced relatively equally, and it is the authoritarian aspect of the organization that controls this balance." (Swift, 2002, p. 51.)

4. THE TYPICAL CORE OF THE TEAM IN ACTION WITHIN A MEDICAL ORGANIZATION

The members of a health care team work toward a common goal which is better health care for all patients. The realization of such a goal, however, requires a conscious and respectful interdependence on the part of all team members as well as the utilization of individual skills. The "evolution" of a team witnesses the move from an impersonal definition of roles to a personal utilization of skills. Problems are no longer always assigned to rigid medical, nursing, or social work categories; they are more frequently handled in an interdisciplinary and cooperative manner. Treatment plans are the result of this process rather than the result of the decisions of 1 or 2 individual team members. The health care team must identify the entire range of patient needs whether these are physical, psychological, individual, or social. The goal, then, of all the members of the team is the practice of coordinated, continuous, complete, and compassionate care (Fig 2).

The physician, the nurse, and the social worker comprise the typical core group of the conventional health care team (Fig 2). A variety of other professionals and technicians may also participate in the delivery of health care, depending on the identified needs of the patient. The different implications of leadership and coordination add to the increasing number of questions asked about health care teams. Some individuals feel that the physician is the logical and only leader of a health care team; but as the patient's needs change, it would seem inevitable that the needs for certain types of expertise also change. Consequently, the responsibility for team leadership rests with the individual having the most competence in a particular area of care.

Ordinarily, the physician establishes a diagnosis, proposes a treatment program, and provides initial leadership, coordination, and management for the health care team. In many instances, the involvement of other team members is based on the physician's initial determination of a demand for their services. The responsibilities of the nurse as a part of the health care team are sometimes ill-defined due to an inability to pinpoint the expected nursing role. Many tasks previously carried out by nurses are now delegated to other health care workers in the United States or similar countries. Nurses working in health care teams, in developing nations, find themselves carrying out tasks which are elsewhere delegated to physicians; ironically, nurses in highly specialized units are faced with similar expectations. Inadequate role definitions may lead to a feeling of insecurity and defensiveness toward other team members, who are thought to view nursing tasks as a residual category—"what no one else does." There is a clear need, say some nurses, for more positive and objective task assessment by nurses themselves. (Bendall, 1973)

The social worker is usually the third member of the typical core group of the health care team. Although commonly lacking detailed medical training, the social worker has expertise in the socioeconomic, cultural, and psychological aspects of illness. In addition, contact with community agencies and knowledge of referral systems enables the social worker to "smooth" the patient's transition from the hospital to the home (or to any facility which might be better able to care for the patient). Social work training in supportive as well as insight therapy can enable the patient to cope with the illness.
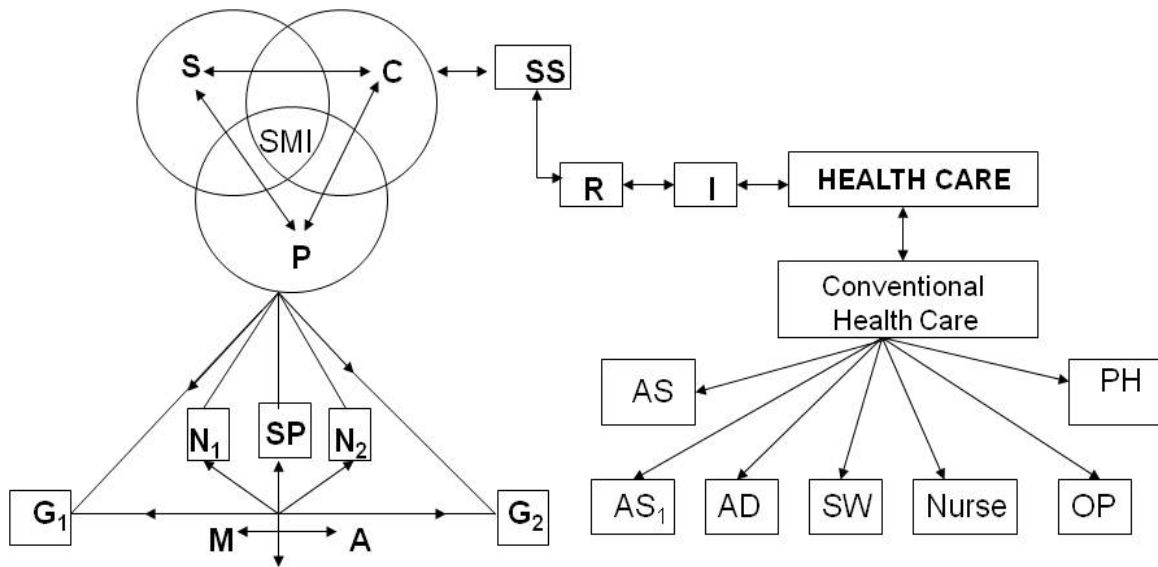
Legend: SCP: Global Village, S: Society, C: Culture, P: Personality, N_1: Nature or Heredity, N_2: Nurture or Environment, G_1: *Gemeinschaft*, SP: Socialization Process, G_2: *Gesellschaft*, M: Marginality,
A: Anomie, SS: Social Systems, R: Roles, I: Institutions, SMI: Social Meaningful Interaction, PH: Physician, OP: Osteopathic Physician, SW: Social Worker, AD: Advocates, AS: Associates, AS_1: Assistants

Source: Own construction

Other professional and allied health care personnel may, of course, participate on any given health care team: dentists, psychologists, psychiatrists, physical therapists, speech therapists, occupational therapists, dieticians, pharmacists, and members of the clergy are just a few. Participants are added or subtracted according to the patient's health care needs; each need is dealt with through the utilization of the expertise of each team member as well as the combined efforts of the team. Consequently, the composition of a team is not static, but is based on the particular needs of the patient; as the patient's needs change, the make-up of the team must also change.

It is important to note that all team members involved should become familiar to the patient, as well as the patient's family, and not simply with the case details. The team member responsible for the coordination of the particular health care team should consider this task of "patient awareness" to be one of his or her primary responsibilities. This need for improving the communication and management of the health care team with the patients and their families has created a new position, which has become the family health care worker. Such a team member is becoming more valued in neighborhood health care centers.

5. THE GROWING AWARENESS OF THE VALUE OF NEW TEAM MEMBERS WITHIN THE MEDICAL ORGANIZATION

The family health care worker's expertise (i.e. involvement with the local community) is uniquely advantageous to the "typical" health care team in that differences in social class and cultural orientations frequently impede understanding and acceptance between the community and the team. Since the family health care worker is usually indigenous to the community, these barriers, however, are frequently lessoned. Even so, a team characterized by rigid task

definitions might unduly restrict the family health care worker's role and consequently the effectiveness of the entire team. Overly rigid role definitions might lead to role strain for all members of the team. For example, it is unrealistic to expect such workers to remain aloof from community issues, whether relating to health care or some other topic. Participation – even advocacy – will sometimes be a community expectation for such health care workers (Fig 3).

Figure 3: A Synthesis of Society, Culture, Personality (SCP), Health Care Team Activities and the Conventional Health Care Team Professional
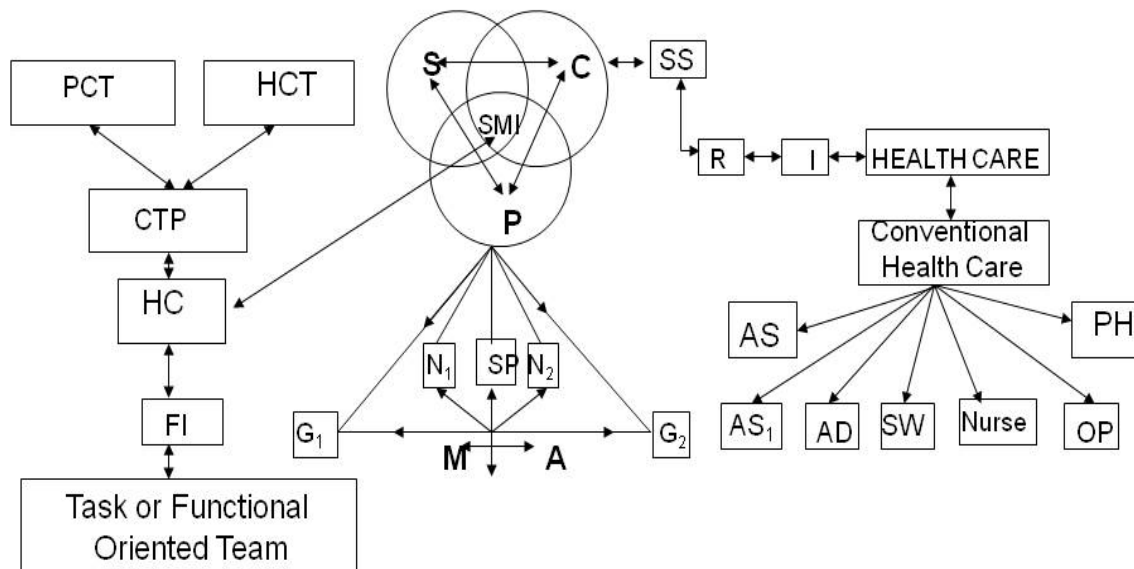
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A: Anomie, SS: Social Systems, R: Roles, I: Institutions, SMI: Social Meaningful Interaction, PH: Physician, OP: Osteopathic Physician, SW: Social Worker, AD: Advocates, AS: Associates, AS_1: Assistants, PCT: Patient Care Team, HCT: Health Care Team, CTP: Closeness to Patient, HC: Health Care, FI: Functional Intent
Source: Own construction

According to W. Edwards Deming, *Out of the Crisis (1982)* principles such as efficiency and effectiveness need to be aligned so that the members of the health care organization take part in shared decision making. If a health care organization lacks these principles it may lead to identity and role confusion at work (in a hospital or a clinic) creating additional stress and strain which may affect the proper management and functioning of the organization. (Deming, 1982) The patient, who is the customer in the health care organization, can be affected positively or negatively if such issues within the health care organization remain unresolved.

If stress, strain, and anxiety are created from occupational relationships (and remain unresolved) this could result in what Gregory Bateson et al. (1956) refer to as the *double bind theory*. Given this theory, the recipient of double bind is given contradictory messages causing confusion in self-concept which may lead to an element of uncertainty within the personality of the individual. For example, a medical organization may instill in their employees the importance of teamwork and shared decision making, but when an employee actually voices their concern they are greeted with resistance and disapproval. This element of uncertainty along with identity and role confusion can lead to what Emile Durkheim (1951) called *anomie* (commonly known as a *lack of norms*). This type of behaviour within a medical organization can increase the level of stress and strain leading to neurosis and if it remains

untreated it can result in psychosis which affects the functioning and management of the organization. (Fredericks and Kondellas, 2012)

In a hospital setting, chaplains have often been viewed as extraneous to the team concept. This estimate is also undergoing change as the notion of total patient care spreads. There is a growing appreciation of the fact that the hospital chaplain can also provide unique services in dealing with the spiritual and mental aspects of the patient's recovery. Fears and doubts associated with incapacitation and illness often revolve around the patient and the family members. Again and again, health care team members have come to know that the man or woman serving in the chaplaincy role often proves to be the most effective "bridge" in the interpretation of the needs and in the reduction of trauma among family members. (Morris and Forrester, 1972) A close working relationship enables team members to appreciate and to utilize the abilities of one another and, in turn, to apply this expertise to the total care plan for the patient. Expertise which has long been underutilized is moving into a new realm of service, as indicated by the family community health care worker and by the chaplain (Fig 3).

The pharmacist is also another potential contributor. In some patient settings, a pharmacist can be involved with physicians, nurses, social workers, allied health care workers, community representatives, patients, and with the families of the patients. With such strategic placement, pharmacists are often asked for advice, guidance, and about medications; they often are critical contact points between physicians and the wider public. Additionally, pharmacists often detect health problems very early, and they can help to educate communities on proper health care or illness prevention. (Slining and Emmanuel, 1973) This suggests a markedly expanded conception of the pharmacist's role – one that has been described as the practice of clinical pharmacy.

Since a patient's perceptions of illness are conveyed in different ways at different times to those in attendance, every team member is a potentially valuable source of information. If the patient's needs are to be effectively met, they must be known and understood. At times, the best observations will come from those who spend the most time with the patients, often licensed practical nurses or nurse's aides. They must be encouraged to participate in the exchange of observations and fully recognized for the helpful insights that they provide. (Shepardson, 1972) Additionally, licensed practical nurses, orderlies, and aides are coming to be recognized more and more as important sources of information—if their input is regularly solicited by others on the team.

Regardless of the setting, services rendered by the health care team must be carefully coordinated and managed in order for the patients and their families to receive the needed comprehensive care. Coordination is especially important, since medical care is being moved from highly structured (and expensive) hospital in-patient care to less structured (and less expensive) ambulatory or out-patient care. Health Maintenance Organizations (HMO's) are being offered as local area team-based systems of comprehensive health care which rely on prepaid group plans for financing. Although programs vary, the goal of comprehensive care for a defined population is the same: sustained preventive and therapeutic care by generalists and specialists working together.

6. CONCLUSION

It is the basic contention of this paper that the team approach to health care is an inevitable and universal consequence of specialization and comprehensive care patterns. Yet problems endure because that fact is sometimes unrecognized, because the team contributions of some health care workers are unappreciated, or because there are failures in communication among team members.

While the training of health care teams must focus on practical role delineations, provisions must also be made for the changes in attitudes necessary for the formation, management, and performance of a team. Guidelines have been offered for the purpose of making this transition more manageable, for there must be a sophisticated awareness of current trends in the field of management:

a. a continuation of the classical and neo-classical theories; the concepts of authority, responsibility, delegation, communication and coordination; the basic managerial functions (planning, organizing, direction, and control), management information systems, problem-solving techniques, organizational change, and evaluation of organizational effectiveness;

b. an increasing emphasis on the behavioural sciences, drawing from sociology, economics, social psychology and cultural anthropology, and including analysis of individual behaviour (motivation, personality and learning theories), group behaviour (social structure of a group, informal leadership, norms, standards, and status), intergroup behaviour (problems of collaboration and conflict between groups and among supervisors), and total organization behaviour (beliefs and behaviour of top management, organizational norms, and system interdependence); and

c. an increasing use of quantitative methods, including statistical decision theory, data processing, operating research and systems analysis. (DeGeyndt and Hallstrom, 1971)

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1.

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József Poór, Zsuzsa Karoliny

1.2 HUMAN RESOURCE MANAGEMENT UNDER CHANGES IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Summary: It is important to note that many publications on HRM in and outside the CEE region have studied this important management function rather superficially. Very few research attempts such as Cranet were conducted in the region. It could also be said that this is a single longitudinal HR research in the region. The primary aim of this article is to draw attention to the similarities in the historical background and transitional period of 9 post-socialist CEE countries, making this region a distinctive cluster in Europe in light of the Cranet[1] survey conducted round 2008/2009. The lack of space, here only the importance and location of personnel functions are analyzed.[2]

Key words: Human Resource Management, CEE region, socio-environment, national culture and labour environment

1. INTRODUCTION

Before the political changes at the end of the 80s, the HR practice in most Central and Eastern European (CEE) countries was under a very strict state control. Personnel – meaning: HR – issues were closely supervised by the Communist Party and the government. Certainly, there were significant differences among the countries of the region in this respect, but Western like Personnel Management could only be found in traces in these countries under the socialist regimes.

One of the first big challenges the HR departments of transition countries had to face after the fall of the Soviet regime was to cope with the massive layoffs after privatization. According to the research conducted, local managers and HR professionals followed more humane dismissal practices (e.g. offering early pension or retraining) than those coming from the Western world (Koubek and Brewster, 1995 and Elbert and Karoliny, 2005). International companies have redrawn the characteristics of the labour market and the HR practice in the former socialist countries. Empirical research unequivocally confirms that HR has become obviously strategic in CEE subsidiaries at international companies. First time ever in history of Personal Management in CEE region, HR managers were promoted as board members at foreign owned subsidiaries or local big firms as well (Farkas et al., 2008).

The Eastern European transition has created a rather special situation in the development of the HR function, despite the fact that local SMEs, or traditionally managed local large companies, have substantially neglected this activity vital to development of HRM. Nevertheless, a gradual change in the approach to employee management can be particularly observed in the case of the foreign owned local subsidiaries and modern way managed local big firms. In his book about the role of international companies in Eastern Europe. Lewis (2005) states that multinational companies have *redrawn* the labour market map of the former socialist countries in many respects. Among other things, they have finished egalitarianism

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[1] Cranet (www.cranet.org) is now the largest HRM network in the world and the only one that has been collecting comparative data on HRM in different countries for more than two decades (www.cranet.org). All authors of this contribution are members of Cranet HR network.
[2] This contribution is based on the following research paper: Poór, J., Karoliny, Zs. and Szlávicz, Á. (2011). Transformation of Human Resource Management in Central and Eastern European Region. (unpublished manuscript)

and introduced basic salary system based on the importance of the type of job. Excessively high performances were rewarded with excessively high salaries. Besides technical knowledge, the importance of speaking foreign languages was emphasized.

Therefore, it is considered a milestone in the long-standing collaboration between scholars, which Cranet framework has realized. Within this global HR network many publications have been produced by Eastern and Western colleagues to reveal the colourful transformation that takes places in the field of HR in the CEE region. Last three Cranet surveys (2000, 2004-2005 and 2008-2009) covered six and lately nine countries of CEE region.

There are several ways (e.g. size of the firm, ownership and management approaches etc.) of reviewing the development of human resource management (Brewster et al., 2004). . As a result of internationalization and globalization was created , and one of the characteristic - and most frequently used - methods of illustrating this in Europe describes the development of HRM in relation to the most important *management cultures (American, Asian and European)* (Brewster et al., 2004). We also take this approach throughout the article.

2. GENERAL CHARACTERISTICS OF COUNTRIES EXAMINED

2.1. SOCIO-ECONOMIC DEVELOPMENT

There are many opinions can be found in the literature on the closer history of this region. The outside world was of the opinion that the whole region was similar in the shadow of communism. It is the fact that the Soviet system existed in this region nearly 80 years. The communism was implemented in Russia in 1917. Very simplistically other nations, which HR practices are analyzed in this article met with this system after the Second World War.

After the collapse of the socialist system, democracy is similar but separate ways began to build in these countries. These special tours wholly or partly related to the specific endowments of these peoples. Finally, all countries except Russia – sooner or later – an EU member or candidate (Serbia) members became. NATO membership is realized - except for Russia and Serbia - in case of seven countries discussed in this paper.

The EU countries studied, but also Serbia, not to mention Russia, as a result of the rapid progress achieved in 2008 half the EU average regarding GDP per capita.

Not convince to emphasize that the rich and long history of these nations contradict to the eloquent opinion in Western media on homogeneous treatment of the region (Berend, 1996).

Recent global economic and financial crisis has drastically impacted all countries in the region. GDP decrease and high unemployment, with the exception of Poland, has been a typical trend in the region. Thanks to the powder train of the strong German economy, GDP in all CEE countries has started growing again.

In the analyzed nine CEE countries the unemployment was about 10-12 % during the period of 2008-2010, while the inflation in average decreased from 18,2% to 2,7%. The GDP of these countries is about 60-66% of EU-27 states' average. The data show that these countries – even now – face serious economic problems (e.g. high unemployment, high inflation etc.).

Table 1 summarizes the main economic indicators of the CEE countries under the survey.

Table 1: Key economic indicators of CEE countries under survey

Bulgaria	GDP (%)	6,2	-5,5	0,2
	Unemployment (%)	5,6	6,8	10,2
	Inflation (%)	12,0	2,5	3,0
	GDP per capita in PPS EU-27=100%	44,0	44,0	43,0
Czech Republic.	GDP (%)	2,5	-4,1	2,3
	Unemployment (%)	4,4	6,7	7,3
	Inflation (%)	6,3	0,6	1,2
	GDP per capita in PPS EU-27=100%	81,0	82,0	80,0
Estonia	GDP (%)	-5,1	-13,9	3,1
	Unemployment (%)	55,5	13,8	17,8
	Inflation (%)	10,6	0,2	2,7
	GDP per capita in PPS EU-27=100%	68,0	64,0	65,0
Hungary	GDP (%)	0,8	-6,7	1,2
	Unemployment (%)	7,8	10,0	11,2
	Inflation (%)	6,0	4,0	4,7
	GDP per capita in PPS EU-27=100%	65,0	65,0	64,0
Lithuania	GDP (%)	2,9	-14,7	1,3
	Unemployment (%)	5,8	13,7	17,8
	Inflation (%)	11,1	4,2	1,2
	GDP per capita in PPS EU-27=100%	61,0	55,0	58,0
Russia	GDP (%)	5,2	-7,8	4,0
	Unemployment (%)	7,2	8,4	7,6
	Inflation (%)	10,0	11,7	6,7
	GDP per capita in PPS EU-27=100%	50,0	49,0	49,0
Serbia	GDP (%)	3,8	-3,5	1,8
	Unemployment (%)	13,6	16,1	19,2
	Inflation (%)	10,8	3,6	8,6
	GDP per capita in PPS EU-27=100%	52,0	53,0	54,0
Slovakia	GDP (%)	5,8	-4,8	4,0
	Unemployment (%)	9,5	12,0	14,4
	Inflation (%)	3,9	0,9	0,7
	GDP per capita in PPS EU-27=100%	72,0	73,0	74,0
Slovenia	GDP (%)	3,7	-8,1	1,2
	Unemployment (%)	4,4	5,9	7,3
	Inflation (%)	5,5	0,9	2,1
	GDP per capita in PPS EU-27=100%	91,0	98,0	87,0
Analysed 9 countries	GDP (%)	2,9	-6,0	1,7
	Unemployment (%)	11,9	9,7	11,7
	Inflation (%)	18,2	11,5	2,7
	GDP per capita in PPS EU-27=100%	58,7	66,8	65,6
EU-27	GDP (%)	0,5	-4,3	1,8
	Unemployment (%)	7,1	9,0	9,7
	Inflation (%)	3,7	1,0	2,1
	GDP per capita in PPS EU-27=100%	100,0	100,0	100,0
	GDP per capita in PPS EU-27 in Euro	25000,0	23500	24500,0

Sources: www.stat.ee/29958; www.stat.ee/29980; www.stat.ee/29956; IMF World Economic Outlook and www.nbs.rs

2.2. CULTURAL CHARACTERISTICS

For some time, the Western public treated and considered the former socialist countries as a homogeneous block. The Czech-Slovak peaceful split, the secession of the Baltic States from the former Soviet Union and last but not least the disintegration of the former Yugoslavia after the Balkan civil wars all show that such an assumption is not appropriate.

Table 2 gives an insight into CEE countries on how this region is culturally diversified. In light of the data, the CEE region should not be considered as a culturally homogenous region. Even more, it can be observed as a heterogeneous region, where in some cases cultural co-movements, as well as divergent tendencies can be observed (Jarjabka, 2010).

Table 2: Cultural dimensions of countries surveyed

No	Countries	Dimensions				
		PDI	*IDV*	*MAS*	*UAI*	*LTO*
1	Bulgaria	70	30	40	85	n.a.
2	Czech Republic	57	58	57	74	13
3	Estonia	40	60	30	60	n.a.
4	Hungary	46	80	88	82	50
5	Lithuania*	42	60	19	65	30
6	Russia	93	39	36	95	n.a.
7	Serbia	86	92	43	25	n.a.
8	Slovakia	104	52	110	51	38
9	Slovenia	71	88	19	27	n.a.

Legend: PDI = Power distance; IDV = Individualism/Collectivism; MAS = Masculin/Feminin; UAI = Uncertainty Avoidance; LTO = Long term Orientation
  Sources: www.geert-hofstede.com and www.itim.org, Hüttinger, M. (2008). Cultural dimensions in business life: Hofstede's indices for Latvia and Lithuania. *Baltic Journal of Management*, Vol. 3 No. 3, pp. 359-376.

The above findings show similarities between the Bulgarian, and Russian cultures, which are based on the cultural ties of these countries, their geographic proximity and Greek Orthodox religious roots.

The similarities between Estonian and Finnish cultures and the differences between the Estonian and Russian cultures also indicate a relationship to the Scandinavian value system, which replaces the centuries-old assimilation aspirations of the Swedish state.

The Czech and Slovak cultural differences are surprising due to living together in a common state and speaking almost the same language. Hofstede s` data (2001) clearly shows that Czech culture is more similar to the German or the Austrian culture rather than Slovak. This cultural co-movement demonstrates that the constituent nations of Yugoslavia created not an imposed and artificial state but rather a relative cultural melting-pot. These examples very well ground that this region is not homogeneous.

2.3 LABOUR MARKET ENVIRONMENT

Behind the scenes of the former socialist full employment system, it is possible to distinguish between at least three separate traditions of the labour market in countries:
- An ex-Yugoslav tradition, with the legacy of a self-management system and relatively high incidence of open unemployment, a unique feature among socialist countries (Slovenia and Serbia) (Arandarenko, 2004), "The important decisions, however,

including those relating to personnel matters, were to be made by workers' councils" Svetlik et al., 2010.

▪ Orthodox types of the Soviet system (Bulgaria, Estonia, Lithuania and Russia), in this system, the Central Planning Office could see everything. In principle, from there was managed the economic circulation. (Ericson, 1991 and Kornai, 1994).;

▪ Moderate forms of the Soviet system (Czech Republic, Slovakia, Poland and Hungary with a new economic reform), where local economic freedom allowed greater space. (Brada and Dobozi, 1989 and Kolodko, 1989).

In the years of the socialism, the trade unions (TU) in respective countries played a role in the fulfillment of the Communist parties and state performance goals of the one and five-year plans on national, sectoral and company levels (Alas, 2004). Main activities of trade unions included distribution of welfare benefits, overseeing employee housing, social event organization, and provision of catering services (Kazlauskaite & Buciuniene, 2010). There were many cases where the trade union officials played key roles in the ruling communist parties.

Looking it from the other part of the extreme, it is worth to mention here, that the practice of the former Socialist countries, with one-time quasi 100% unionization level, have altered so much (Dimitrova, 2005), that in the total sample even the average proportion of organizations (with over 76 per cent unionization) is more than two times higher than in CEE organizations. Several empirical studies confirm that in CEE countries FDI and privatization (Toth, 1997) weakened trade unionism and contributed to the enforcement of management authority at the firm level. For instance, the low respect, political role and over centralized structures of trade unions (TU) during the socialism, with a few excepts (e.g. Polish Solidarnosc), contributed to the erudition of position of TUs in these countries (Dimitrova and Petkov, 2005).

Therefore, the unions were not prepared for the new political and economic situation which occurred after the fall of regime. Trade union representatives lacked experience in modern industrial employee relations . The majority of workers and employees wanted to escape from the constraints of the union membership and the payment of union membership fees. Therefore, the level of the unionization started eroding in many industries, except for the traditional industries and public sector. The trade union movement was unprepared to be involved effectively into the different forms of privatizations implemented in different countries of the CEE region (Zupan and Kase, 2005).

The position of trade unions was also hampered by the fact that the employee relations (ER) were driven by the company management (Aguilera and Dabu, 2003). For instance, the emergence of high unemployment (15-20%) is explained in the literature as follows: (1) a decline in labour intensive activity; (2) new market demand and inadequate job skills; (3) the unpreparedness and rigidity of the transition countries` labour market (Svejnar, 2002; and Arandarenko, 2004).

In the meantime, especially with the external influences (e.g. European Union, International Monetary Fund, World Bank and International Labour Organization) evolution of labour market institutions began, initially mainly as passive tools (for instances employment protection, new Labour Code, Unemployment Law etc.) and later on as active devices (e.g. Teleworking, part-time employment).

Horowitz (2011) points out that the multinational firms and their local managers in many cases have been overlooked in view of various contextual factors. They underestimated unique characteristics of local labour markets and limited the influence of trade unions.

Later the new forms of ER began to emerge in different CEE countries (Toth, 1997).Today, the nine countries use some kind of a tripartite collective bargaining (employer, employee and government) system.

2.4. FDI AND EMPLOYMENT

Foreign direct investment was very important for economic development, employment, and economic growth of Central and Eastern European countries on their way to the market economy. Especially in the case of Slovakia, this has recorded a very rapid economic growth in the few past years, thanks its economic reform and relatively high level of FDI inflow.

From a global point of view, international companies employ more than 80 million people in their subsidiaries all over the world (UNCTAD, 2010). The proportion of people employed at subsidiaries of international companies varies significantly among countries. 35% of employees in MNCs were the highest in Slovakia at the end of the last decade in this region (SARIO, 2010). The same indicator in Hungary was 22.4% according to same report.

3. RESEARCH QUESTION AND SAMPLE

What follows is a comparison of the characteristic features of the investigated area in the samples of the Cranet 2008/9 survey round. Consequently, our analyses will be based on the information gleaned from the data - comparable due to the uniformity of questionnaires - of organizations from 30 Cranet-network countries of the world .

Figure 1. shows the proportions the 6 039 organizations and institutions from 30 countries, which constitute the total sample, are represented in the analysis.

- *Subsample I. of the CEE countries* in the focus of our investigation represents 9 countries (20% of total sample) (Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Russia, Serbia, Slovakia and Slovenia)
- We classified those 16 European countries – including some others close to the geographical Europe – into our *Western European II. subsample* which are not former socialist countries. These are: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Israel, Norway, Sweden, Switzerland, Turkish Cyprus, and United Kingdom. The total number of organizations in this subsample, called European Non Central and Eastern European (EU nonce). It represents 47% of the total sample.
- The countries in the *Anglo-Saxon III. subsample* is Australia, South Africa and the USA which represents 22% of the total sample and it is called Non-European Anglo-Saxon (None AS).
- *Asian subsample IV.* contains the answers given by 11% of organizations from the three South-East-Asian (SEA) countries (Japan, Philippines, and Taiwan).

The standardized Cranet questionnaire, which served as the basis of our research project, includes seven sections with nearly sixty questions exploring the key HR areas. The section I-VII examining *on* Importance of the HR function, Staffing, Employee development, Compensation and benefit, Employee Relations and Communication. To be able to describe and understand the supposedly varying importance and outcomes of it, the analysis builds on several answers from Section VI. and VII. too, where the questions are designed to obtain information about *the organization* completing the questionnaire.

Our current article focuses on the answers of Section I-V. examining the key items of Importance of the HR function, The research data were processed using SPSS software.

Before we analyze the characteristics of the role and importance of HR function in the five different samples, let us highlight the similarities and differences between the subsets in terms of the main contextual factors – economic activity, size, and ownership – of the responding organizations.

Figure 1: Proportions of the organizations in the four examined management cultures in the 2008/9 Cranet survey
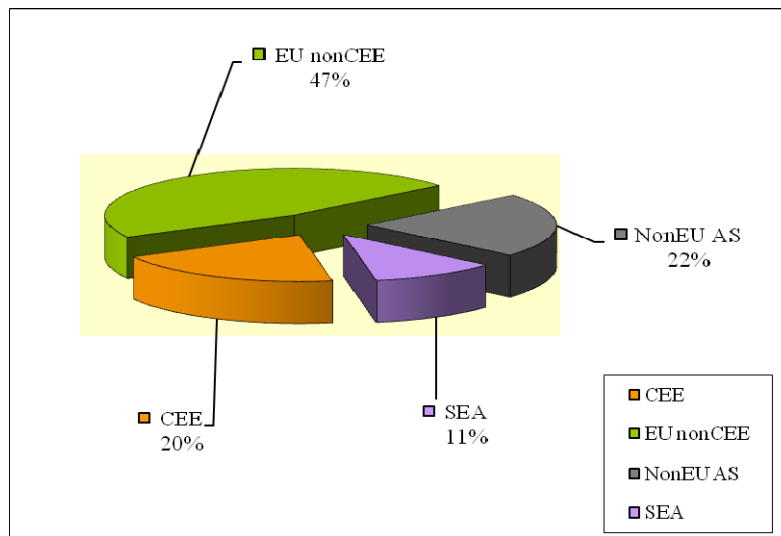
Source: Poór, J., Karoliny, Zs. and Szlávicz, Á. (2011). *Transformation of Human Resource Management in Central and Eastern European Region.* (unpublished manuscript) Gödöllő-Pécs.

The *sectorial distribution* of the total sample (Table 3) shows almost balanced position between manufacturing and service sectors. While the proportion of service provider companies is dominant (47-52%) in the samples of the EU nonCEE and the NonEU AS countries, the organizations of the CEE and SEA countries are rather representatives of the industry (49-60%).

Table 3: Sectorial distribution of the samples (%)

Sectors	Samples				
	I. Central- Eastern European	II. European Non-CEE	III. Non-European Anglo-Saxon	IV. South-East Asian	V. All surveyed
Agriculture	4	2	2	0	2
Manufacturing	49	40	28	60	42
Services	38	47	52	17	44
Other	9	11	19	23	12
Total	100	100	100	100	100

Source: Poór, J., Karoliny, Zs. and Szlávicz, Á. (2011). Transformation of Human Resource Management in Central and Eastern European Region. (unpublished manuscript) Gödöllő-Pécs.

With regard to the composition of the analyzed samples by *organizational size* (Table 4), the EU nonCEE and the SEA samples show similarities to the total sample in which smaller organizations (fewer than 250 people) account for only a little more than one third of the respondents. The typical size within these samples is 251-1000 people but we can also find here a considerable proportion (~40%) of companies bigger than that size among the respondents. While two thirds of the respondents from the NonEU AS countries employ more than 250 people, about 60% of the CEE sample represents companies smaller than these.

Table 4: Distribution of the samples by organizational size (number of employees) (%)

Size category (Number of employees)	Samples				
	I. Central-Eastern European	**II. European Non-CEE**	**III. Non-European Anglo-Saxon**	**IV. South-East Asian**	**V. All surveyed**
1. - 250	60	33	25	34	35
2. 251 – 1000	27	39	54	36	41
3. 1001 – 5000	10	19	12	22	17
4. 5001 -	3	9	9	7	8
Total	100	100	100	100	100

Source: Poór, J., Karoliny, Zs. and Szlávicz, Á. (2011). *Transformation of Human Resource Management in Central and Eastern European Region.* (unpublished manuscript) Gödöllő-Pécs.

4. HR EVOLUTION IN LIGHT OF CRANET RESEARCH

4.1. IMPORTANCE OF THE HR FUNCTION

Two factors that supposed to be noticeably indicating the importance and role of the HR professionals or department in the organization are related to the position of the *people responsible for HR matters in the organizational hierarchy*. Whether he/she is:
- a member of the Board of Directors or the top management team,
- involved, and in which stages in developing the business strategy.

As the data in Table 5, show, the role and importance of person in charge of HR in organizational life is substantial. Although the average numbers of the CEE region are slightly below the others, but the evolution of its figures can be considered remarkable. Different studies not only from mid 90s (Koubek and Brewster, 1995; Tung Havlovic, 1996), but also from the new century (Zupan and Kase, 2005; Svetlik at al., 2010) reported from Czech Republic, Poland and Slovenia much powerless position of HRM.

Table 5: The position and role of the HR function and the HR department

Country(ies)	HR gender division male: female%	Labour cost ratio (%)	Head of HR* in Board of Directors (%)	Involvement of head of HR* in strategy development (%)	Existence of strategies (%)	
					Business w+unw	**HR w+unw**
I.CEE	13:87	36	62	88	91	77
II. European Non-CEE	28:72	47	69	91	94	84
III. Non-European Anglo Saxon	25:75	49	66	87	83	83
IV. South-East Asian	28:72	25	67	94	95	86
V. All surveyed	28:72	44	67	90	91	81

* or person responsible for HR , ** w+unw=written and unwritten strategies

It is evident from the first column in Table 5 those female employees *are prevalent in HR jobs* in all subsets of the sample. However, just like in the total sample, both in EU non-CEE, and SEA samples their dominance reaches 72 per cent while in the NonEU AS it reaches 75 and it almost reaches 90 per cent in the CEE sample. According to several research findings (Zupan and Kase 2005, Poór et al. 2007) this feature here seems to be stable in this region.

4.2. STAFFING

As far as the most popular selection methods concerns, the one-to-one interviews are the most frequently used in all samples. In the CEE samples the references checks are used mainly in the selection of management and professional staff. In the European Non-CEE sample the interview panel is also an important tool, mainly for selecting the management and professional staff. In the Non-European Anglo Saxon sample the interview panel, one-to-one interviews, application forms, and references are the most fashionable. It is interesting that only in the South-East Asian sample that technical test is an important tool for selecting the professional staff.

In all samples, workforce reduction most frequently took the form of recruitment freeze (above 74 per cent), internal transfer (72 per cent), redundancies and not renewing fixed term contracts. The one exception is the CEE sample, where voluntary redundancies (68 per cent), compulsory redundancies (66 per cent) and internal transfer (64 per cent) were the most often used methods of workforce reduction. The least preferred tool for this purpose is the outsourcing, since the proportion of organizations applying this method was below fifty per cent in all samples.

Table 6.: Method of workforce reduction used (%)

Methods	Samples				
	I. Central- Eastern European	II. European Non-CEE	III. Non-European Anglo-Saxon	IV. South-East Asian	V. All surveyed
Recruitment Freeze	56	81	81	82	74
Early Retirement	50	61	49	51	56
Voluntary Redundancies	68	71	45	81	65
Compulsory Redundancies	66	62	66	60	61
Internal Transfer	65	79	72	85	73
No Renewal of Contracts	63	79	65	74	71
Outsourcing	42	44	39	48	42
Other	17	29	62	3	24

According to the obtained data it can be concluded that traditional forms of employment with matching work schedules and working arrangements still prevail in the organizations in the total sample. The actual use of the various forms, show some similarities and some significant differences, too. In the European Non-CEE and Non-European Anglo Saxon samples, shift work and temporary work are also popular forms. While in the CEE sample, further popular form of work is shift work (64 per cent). In the companies in South-East Asian sample the overtime is the most frequently (94 per cent) used solution.

4.3. EMPLOYEE DEVELOPMENT

The formal performance appraisal is in use all over the world, but the frequency of its application differs not only by staff category, but also by regions. As the Table 7 shows, its usage is most preferred among the management and professional staff, and exceeds the total average both in the Non-European Anglo Saxon and in the South-East Asian sample.

Seemingly the lower than average rate of implementation in CEE sample indicates less importance for this HR practice. Considering the fact that - except the manual staff – this tool

was absolutely missing from the HR practice of the organizations during the socialist regime the development on this field can be looked upon as tremendous.

Table 7: Assessment applied via formal appraisal systems (%)

Country(ies)	Percentage of use of formal appraisal systems			
	Management	Professional staff	Clerical staff	Manual staff
I. CEE	57	61	55	48
II. European Non-CEE	67	63	61	45
III. Non-European Anglo Saxon	90	90	88	68
IV. South-East Asian	91	92	91	24
V. All surveyed	71	70	68	54

Another investigated aspect of the appraisal process is who is expected to provide input data for the appraisal system, that is who is expected to evaluate employees. The typical appraisers in each sample (above 90 per cent) are the immediate supervisors. While in the Non-European Anglo Saxon and the South-East Asian samples also high levels of appraisal input comes from the employee's supervisor's superior (73 and 82 per cent respectively) and from the empoyee themselves (85 and 64 per cent, respectively), in CEE countries the companies are more often following the European Non-CEE trend of placing more emphasis on input from the supervisor's superior. Both the self- and the bottom up evaluations are comparably rare in the CEE sample.

One further aspect of performance appraisal systems was investigated: *what other HR fields rely on and use information originating from appraisals*. The answers provided in the questionnaire simply had to be marked (yes - no) if appropriate.

Table 8: The usage of appraisal results

	Samples				
	I. Central- Eastern European	II. European Non-CEE	III. Non-European Anglo-Saxon	IV. South-East Asian	V. All surveyed
Inform Pay Determination	77	78	70	85	92
Training and Development Needs	77	68	82	85	82
Career	74	66	77	79	57
Workforce Planning	56	53	51	64	69

- Performance appraisal systems can – and, as we can see in Table 8, they do – have an important role in determining training and human resource development needs.
- In summary the indicated characteristics of the performance appraisal in the surveyed CEE countries are also encouraging, while at the beginning of the 90s` the researches showed a total lack of modern performance evaluation (Pierce, 1991).

The importance of training and development in the life of the surveyed organizations can be presented through the analysis of what proportion of the organizations' annual payroll costs is spent on training. As Table 9 shows us, the proportion of the respondents with relatively low (0-2 per cent) ratio is above 50 percent in each samples, with the highest (58) in CEE. The share of the rest, spending more than 2 per cent is not worst in CEE than in the other regions. We can therefore conclude that there are a rather high proportion of organizations that spend relatively little on employee development worldwide.

Table 9: Proportion of annual payroll costs spent on training

Training cost ratio (%)	Samples				
	I. Central Eastern European	II. European Non-CEE	III. Non-European Anglo Saxon	IV. South-East Asian	V. All surveyed
0 - 2	58	55	52	55	54
2.01- 4	11	18	11	14	15
4.01- 6	12	14	17	9	13
6.01- 10	11	8	9	12	10
10.01 -	8	5	10	8	8

The *time spent in training* is an indicator that can reflect the importance of training very well. When we examine the *number of days spent with training* by staff categories (see Table 10), there is a notable difference between the practice of Central and Eastern European organizations and that of the total sample. In CEE, the training provided for managers and professional employees is longer than what is given for these staff categories in the other subsets. In all the samples except the Non-European Anglo Saxon sample the management and professional staff receive the most training. However, in the Non-European Anglo Saxon sample the professional staff and the manual staff received the most training.

Table 10: Number of training days/year

Country(ies)	Number of training days/year			
	Management	Professional staff	Clerical staff	Manual staff
I. CEE	8.9	9.3	5.6	5.6
II. European Non-CEE	6.4	9.4	4.2	3.3
III. Non-European Anglo Saxon	7.9	8.8	7.0	8.4
IV.South-East Asian	7.7	8.9	6.5	5.7
V. All surveyed	7.7	9.1	5.9	5.8

4.4. COMPENSATION AND BENEFITS

The survey explores three of the crucial areas of this HR function. The first question is designed to find out *the level at which basic pay is determined*, the second is concerned with to what extent and on what basis *variable pay* is offered, finally, the third explores the forms and beneficiaries of *financial participation*.

The following distinct characteristic features and differences may be identified in the *four staff categories* with reference to the special levels of basic pay determination:

The basic pay offered to *managers* is determined primarily at the *individual* level, secondly at the company or division level. The results of the survey in all samples show negligible differences in this area.

In the total sample, the basic pay of *manual workers* is predominantly determined on the basis of *national or industry-wide collective bargaining*, with the next most important level being *company level* pay determination. The data above reveal *significant differences* between the practice adopted by organizations in the total sample and that of the Central-Eastern European, This is due to the fact that the trade unions and the agreements they reach have a rather limited effect on the regional, industry-wide and national levels. In the European Non-CEE sample as in the total sample for manual workers national/industry wide collective bargaining is important

The above-mentioned three levels or forms of *pay determination - individual, company and national/industry-wide bargaining* - take an almost equal share in the case of *clerical employees* in the total sample. In the European Non-CEE sample organizations are nearly evenly split between national/industry-wide bargaining and the individual level followed by a lesser amount by the company/division level. The weakness of Central-Eastern European, in the Central-Eastern European sample it is 31 per cent. As a result, typical levels of pay determination and their order of ranking – individual and establishment, - are different from the above outlined trends prevalent in the total sample, but in line with trends customary in the Non-European Anglo Saxon and South-East Asian samples.

It can thus be concluded that basic pay determination at the level of *local establishments is most significant in the CEE sample*, next to it in the total sample and than in the European Non-CEE sample.

The regional collective bargaining - as a level or form of pay determination - is the least often used in all sub-categories of all surveyed samples. In the case of manual staff its relevance is its share of over 26% in the Non-European Anglo Saxon sample should not be overlooked.

Based on the responses given to the questions inquiring about *variable pay*, the basis on which it is paid, and the adopted forms of financial participation, it can be established that *managers i*n all the samples enjoy various privileges. The *frequency* of use of the forms of financial participation is the highest in the management staff category. On the basis of the data it can also be presumed that managers can benefit from more than one of the listed *forms of variable pay or financial participation at the same time*.

The following can be established in connection with the forms under investigation:

The usual *level* of *determining variable pay* is firstly *the individual performance*, and, secondly, the *team/dept. performance*. It is only in the case of professional employees in the total sample that it is the other way around. In the Non-European Anglo Saxon sample and in the South-East Asian sample for managers and professional staff significant importance is placed on team/department performance (47 and 50 per cent respectively).

Performance related pay is the most commonly offered form of financial participation in every staff category. This is followed by *flexible benefits* except in the case of the South-East Asian sample where *profit sharing* is more important than *flexible benefits* in all employee categories.

Significant use of *profit sharing* (above 21 per cent in all staff categories except manual staff) by European Non-CEE and Non-European Anglo Saxon samples. In the total sample it is mostly *managers* that receive a share of the profits, next come professional employees followed by clerical employees and manual workers.

4.5. EMPLOYEE RELATIONS AND COMMUNICATION

Among the investigated samples there are no similar distributions. The grand average of the total sample is generated by two extremes of its different subsamples. Namely the European NonCEE organizations are the main creators of the highly unionized segments, while all the other samples are representing the non-unionized part of the investigated countries of the world. The generally known anti-unionism attitude of the Anglo-Saxon countries is confirmed by their higher than average proportion (49 per cent) of non-unionized organization (Table 10).

Table 10: Levels of unionization (%)

Proportion of trade union members	Samples				
	I. Central- Eastern European	II. European Non-CEE	III. Non-European Anglo-Saxon	IV. South-East Asian	V. All surveyed
0	50	14	49	75	32
1 – 10	10	21	14	3	16
11 – 25	7	9	7	2	7
26 – 50	13	11	10	2	11
51 – 75	11	16	9	5	13
76 – 100	9	29	11	13	21
Total	100	100	100	100	100

5. CONCLUSIONS

The aim of this study was to reveal the specifics of HRM in the CEE region. As mentioned previously, HRM developments in the CEE in the XX and XXI centuries differed from other countries due to significant transformations in the political and economic situation. In the Soviet system, with nearly 100 per cent employment and absence of unemployment, Personnel Management played a different role. Respectively, after the fall of the Soviet regime the function started developing anew.

Findings of Cranet survey show those twenty years after the fall of the Soviet regime differences in HRM between CEE and other European countries have started to decrease. The following is a summary of that article, we describe how the analysis of this contribution underpinning previously mentioned statement.

As to the strategic role of HRM, it is noteworthy that women still make a bigger part of HR employees in organizations in the CEE region in comparison to other countries, despite the fact gender still has a significant influence on status, education and experience that (Reichel, Brandl and Mayrhofer 2009). In most cases a higher proportion of women are associated with lower status of this occupation. This could also be accounted for by a bigger proportion of small and medium-sized (under 250 employees) in the CEE sample of the survey. Other indicators of HRM strategic role and HRM practices in the CEE region are rapidly approaching those of the remaining European countries. CEE companies invest more in training and development than in other countries, especially at the managerial and professional level.

Taking into consideration that the modern methods of performance appraisal did not exist in the old system at all, their current levels of application also demonstrate a rapid growth. The level of unionization remains pretty low level. Besides union developments in the CEE are radically different to those taking place in the West. In the CEE region trade unions had to transform their role at large thus taking on a classic role of trade unions, while in the remaining countries " a general decline in membership density is observed" (Scheuer, 2011).

SPECIAL THANKS

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Urszula Swadźba

1.3 FROM MATERIALISTIC TO POST-MATERIALISTIC VALUES OF WORK? THE SPECIFICITY OF POLAND

Summary: This paper shows the changes that has occurred in the values of work (ethos) of the Polish society. Theoretical context is outlined, presenting work as a value. Ronald Inglehart's theory on value is used, in which the increase in welfare leads to a shift from materialistic to post-materialistic values (also the value of work).Then an outline of the historical conditions which shaped the polish and Silesian work ethos, considering the interwar period and real socialism. Conclusions on Silesian values are based on studies of 2010. Silesia is a former industrial region, which used to be characterized by a high work ethos. The features of work are mainly analyzed as part of the value of work. Their division, verification and importance according to respondents are presented. In conclusion, the author describes whether, in Poland there is already an occurrence of post-materialistic work values and what influence it has on the modernizing labour market.

Keywords: value, work, materialistic, post-materialistic

1. INTRODUCTION

The value of work in human consciousness plays a significant role in the socio-economic development of countries and societies. This is one of the elements of the socio-cultural capital and employee competence.

Modern times accept mostly economic value of human work, and ignore more or less consciously the advantages of sociological and anthropological aspects. Thus, we see that man's work is regarded mainly as the value of production (performance aspects) and psychological (an aspect of job satisfaction linked with its performance). The anthropological aspect, emphasizing the factor of human labour and the structure of human labour as well as the sociological aspect, pointing to the empirical fact that labour is an integrating factor of human personality in the work process and the main reason for integrating or disintegrating the individual in a social group (Jacher 2005), are less often mentioned. The article aims to focus on these values of work that are relevant to humans. Therefore, the analysis of the socio-historical value of work in Poland, with particular emphasis on Silesia will be presented first. Then, on the basis of empirical studies carried out in 2010, some of the elements of work – work characteristics - will be presented. The following research questions were asked for the purposes of empirical analysis: What place does work have in the system of values?, What work characteristics play the most important role?, Is there any change in importance of the work characteristics?, Are we dealing with the intergenerational transmission of values in work characteristics?, Is the young generation characterized by a different work ethos? The analysis of empirical material is based on the theory of changes in value by Ronald Inglehart, which is the transition from materialistic to post-materialistic values.

2. THE THEORY OF CHANGE IN VALUES BY INGLEHART AS THE THEORETICAL CONTEXT OF THE ANALYSIS

Inglehart based his research on Maslow's theory of needs (Inglehart 1977). According to this theory, human needs are hierarchical. The most important are the physiological needs, particularly in conditions of limited opportunities. Next in turn is the need for physical

security, which is almost as important as the previous one. After addressing the basic needs the individual will seek to achieve other intangible needs. According to the thesis developed by Inglehart, the conclusion was as follows. Along with the ongoing economic prosperity is a transition from materialistic values (to ensure the safety and survival) to the post-materialistic values (emphasizing the need for self-expression and quality of life). From these two conditions, large differences in value systems of young and older generations of Europeans can be implicated. Inglehart's concept carries much theoretical weight and explains the change of the contemporary value systems. It also underwent much criticism and additions to its concept (Flanagan 1987, Fukuyama 2000). One of them was established on Polish soil (Ziółkowski 2000). M. Ziółkowski supplemented Inglehart's concept, useful for analysis in post-communist countries, by differentiating between two orders in post-materialistic values. One is related to the existential values (e.g. work), the second to the cultural (religion, family).

The first European Values Study survey was conducted between 1970 and 1971 in six European countries, and further extended to selected non-European countries (Inglehart 1990, Inglehart 1997, Inglehart, Basanez, Moreno 1998, Inglehart, Norris 2003, Human 2004, Siemieńska, Inglehart 1988, Siemieńska 1988). These studies have generally confirmed the assumptions of his theory. Even in the 70s in all these countries, proponents of the materialistic values of the population outnumbered post-materialistic oriented values. Twenty years later the situation was definitely opposite with a clear move in the direction of post-materialistic values (Siemieńska 2004). Since 1990, studies have also been conducted in the former communist countries, including Poland. The author conducted her own research, using some of the questions from EVS. Research is related to the value of work, family and religion. The article presents some of the analyzed material concerning the value of work.

3. HISTORICAL CONDITIONS IN THE FORMATION OF THE VALUE OF WORK IN POLAND AND SILESIA

The value of work in Poland has been affected by economic, political, social and cultural conditions. First, work ethos was built by the peasant ethos, which mainly sanctioned working on your own. Work around the land and farm was treated with respect. It was a condition for the survival of families and entire local communities (Styk 1988). Such an attitude towards work affected the perception of a different kind of work - work in the enterprise. Sons of peasants taking up work in socialist enterprises at the beginning of real socialism did not feel obliged to work. Second, research on the Polish mentality indicates that the Polish value of work was influenced by noble heritage. In noble mentality, the pattern of a knight and a conqueror dominated (Siciński 1984). Work was not highly valued, and physical labour in particular (Tazbir 1976). This was especially true of work for a foreign occupying power. Sabotage at work was highly valued. This did not have a positive effect on the creation of value of work in industrial society. Work was left to the emerging middle class. Because it was a weak layer, its attitudes had no influence on the attitudes of society. Third, the value of the work by Poles was influenced by the Catholic ethics, where work is of an existential dimension. According to the Christian vision of a human, work is for man, and man is not for work. The primary factor of these ethics is a value of a person and the nature of work in relation to man is instrumental.

A different situation in the way of value of work existed in Silesia. In order to understand the changes that have occurred in the current values of work in Silesia, one needs to look at when this ethos was shaped. Silesian work ethos connects primarily with the process of industrialization in the nineteenth century. The most significant impact on its shape was a German Protestant work ethics (Swadźba, 2002). The German population migrating to Silesia

occupied senior positions in industrial plants. The workers were recruited from the native population of peasant origin. Through the means of coercive force of both economic- and non-economic nature, labourers were adapted to work in industry. This was an existential dimension, and it was a necessity, especially in the mines. Those who could not cope with hard work and discipline were removed from it. In the early twentieth century in Silesia, over 70% of the population was working population (Michałkiewicz, 1985), which meant that the vast majority of the population of Silesia was implemented to work hard. The interwar period contributed to the strengthening of the specificity of work in Silesia. The Great Depression of the 30s, the prevailing unemployment and a huge deficit of work, resulted in the transmission of work and the associated ethos within the family and local community. Lack of promotion opportunities and movement beyond their own cultural circle meant that boys socialized in order to work in industry (mining, metallurgy).

After World War II, during the period of real socialism, the previously formed value of work was gradually fragmented. The disintegration of the ethos of the work was not just a specificity of Silesia, as sociologists have written (Walczak-Duraj 1988, Tarkowska, Tarkowski 1990, Poleszczuk 1991, Gliński 1992, Klepajczuk 1995, Mariański 1996). However, in Silesia the effects of this disintegration are more clearly seen. General factors, such as communist ideology, for which plans and indicators counted, not the real possibility of achieving production in certain circumstances, partly contributed to this disintegration (Swadźba, 2001b). Another factor contributing to the breakdown of the work ethos was a significant influx of people from outside of Silesia to work, especially in the mines (Szpor, 1983). Inexperienced workers, not accustomed to this kind of work, caused high turnover of crews of smelters and mines (Więcek 1965). In such an atmosphere of work, the young Silesian generation were brought up and socialized. The connection with the development of education also aspired people to other professional roles than working as a miner. (Swadźba 2001b, 2008b).

The period of systemic transformation exposed the weaknesses of the Polish economy, especially the high amount of staff in the industry. This situation particularly concerned the Voivodeship of Katowice (Swadźba 2001a). The reform of mining in 1993 significantly contributed to the decline in employment (Study 1998). The unknown phenomenon of unemployment since the Great Depression, started emerging. This situation caused a different approach to work, the fact of its ownership and firm performance. Sociological studies on the value of work in Silesia show an increase in its importance in the generation who worked in the period of real socialism, as well as in the young generation who entered the labour market in the 90s and later (Swadźba 2001, 2006, 2007, 2008a).

4. VALUES OF WORK IN SILESIA - AN EMPIRICAL ANALYSIS

4.1. WORK IN THE SYSTEM OF VALUES

The empirical analysis will address two issues, firstly the place that work takes in the system of values of the respondents, and secondly the characteristics of work, which play a major role in the person's career. The study was conducted in 2010 in three Silesian towns, on the three values, work, family and religion.[3]

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[3] Research was carried out within the grant of the Ministry of Science and Higher Education, given to the author in 2009 , No. N N116 230 036 Fri: 'Values - continuity and change. Sociological study of the Silesian communities.' For the study three locations were selected: Bogucice - a district of Katowice, Rydułtowy near Rybnik and the suburban municipality Wyry (23 km from Katowice). The study included people aged 19 to 75 years of age. Quota selection was used to select respondents for the research (age, sex, education). A total of 540 categorized interviews were conducted, 180 interviews in location.

The value system is one of the important features shaping our consciousness. It organizes the world around us. The value system is a set of values, ordered according to their importance. Work is also a part of this system. The system of value and place of work in it indicate an identity of the group and its behaviour. Determining the value system is always a difficult task not only for the researcher, who must select the specific values, but also for the test subject, because they are not always able to choose correctly. Therefore, as in the EVS studies, the author of the article asked the test question: 'To what extent do you think the following issues are important in life?'[4] The following values were listed, work, family, religion, free time, friends, and politics. This method of analysis will show the place of work in the value system, and refer them to the research conducted within the framework of EVS will allow for a comparison.

Table :. Issues important in life in the value system of respondents (Poland) (%) N = 540

	Very important	Fairly important	Moderately important	Of little importance	Unimportant
Work	56,0	31,0	8,2	2,8	2,1
Family	90,9	6,7	1,5	0,6	0,4
Religion	35,6	28,3	20,2	9,8	6,2
Free time	24,6	42,0	23,7	7,6	2,1
Friends	24,6	44,1	20,7	7,0	3,5
Politics	3,5	9,3	19,8	28,9	38,6

Source: own research and calculation
The table does not include the lack of data nor the cases were there were only single answers

The results indicate that the head of a value system is family. In Poland for 90.9% of respondents, the family is a very important value. A small percentage of respondents considered it as a value of moderate, of little and of no importance. Therefore, the family is the foundation of values. The comparison also does not deviate from the above-mentioned data. The family is in Polish society the axis of the system of values, although recently its value has slightly decreased (Human 2004, Boguszewski 2005, Boguszewski 2010, Zygmunt 2008).

In second place in the possibilities of a 'very important' is work (56.0%). As many as 31.0% of respondents also considered it 'fairly important'. Work is second to the family as important value in our society. The results are consistent with studies of EVS, as well as with studies nationwide, and compared to research of a few years earlier the value of work slightly lost its importance as a 'very important'. Respondents often refer to it as fairly important (Human 2004, Boguszewski 2005, Boguszewski 2010, Zygmunt 2008, Jezior 2005). Further places are occupied by the values of religion, friends, free time and politics.

4.2. CHARACTERISTICS OF WORK

Work can be considered as a whole, but you can also consider how certain qualities are essential to its making. People undertake work due to material and existential reasons, but also because of personal fulfilment, social and creative features. The preformed work places an individual within society and expresses his/her humanity.

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[4] In studies of EVS respondents could select options: very important, fairly important, not very important or not important. In studies of the author: very important, fairly important, moderately important, of little importance or unimportant.

Therefore, the respondents were asked to evaluate the following characteristics of work (listed in the table below).[5]

Table 2: Characteristics of work (%)   N = 540

	Very important	**Fairly important**	**Fairly unimportant**	**Entirely unimportant**	**Hard to say**
1. Good earnings	58,7	39,6	0,6	0,4	0,6
2. Certainty of work	69,6	25,9	3,3	3,3	0,9
3. Lack of tension at work	49,4	39,8	6,9	1,7	2,0
4. Friendly people with whom you work	52,2	41,5	5,2	0,4	0,7
5. Meeting with people	30,6	46,5	16,5	3,9	2,2
6. Work treated with respect	34,1	48,7	12,8	2,0	2,0
7. Community service	17,6	43,0	26,5	5,6	6,7
8. Interesting work	49,1	44,6	4,3	0,2	1,1
9. Work corresponding with skills	47,8	42,8	5,4	0,9	1,5
10. Work in which you feel that you can achieve something	38,7	50,4	7,4	1,1	1,9
11. Major opportunities for promotion	23,9	48,5	22,4	2,2	2,8
12. Opportunity to show initiative	25,6	56,2	12,2	2,8	2,6
13. Responsible work	32,5	46,9	13,2	2,0	5,0
14. Convenient hours	29,1	46,5	19,1	3,1	2,0
15. Long leaves	17,6	41,1	29,6	7,2	4,1

Source: own research and calculation

The table does not include the lack of data nor the cases were there were only single answers

The above mentioned features of the work were divided into four groups, existential (1, 2), social (3,4,5,6,7), self-realization (8,9,10), creativity (11, 12, 13) and ludic (14.15).

Because respondents could assign each of them a specific value, and not have to make a choice, first of all, the answer 'very important' will be analyzed as the best indicator for a particular trait.

The largest percentages indicated the existential qualities of work, above all to be 'very important' – certainty of work and good wages. Similar results were also obtained in studies of EVS and in other studies on the features of work. Often, however, high earnings are placed in the first place, or there is a small difference to others (Human 2004, Sikorska 2002, Lewandowska, Wenzel 2004, Zarzecki 2010). In their study, respondents placed a greater emphasis on certainty of work, almost 70% of respondents believe that this is the most important feature of work, the next 26%, rather important (so a total of 96%). Only a small proportion of respondents consider 'certainty of work' to be a trivial feature. Such a high rank of certainty of work appear in countries where work is a rare commodity. Another important feature of work is 'high wages' (Boguszewski 2011, Bera, 2008). This is understandable, because work is being done for existential reasons. High earnings are not as

[5] Work characteristics are similar to the EVS questionnaire, but respondents had more choices of answers. The EVS question had only two: important, not important.

43

important as the certainty of work. Most people think that the more favorable is the situation of lower earnings for the higher certainty of work. These results concerning the essential character of work already obtained in studies in Silesia (Swadźba 2001a, Swadźba 2007). It follows that the people of Silesia value the stability of employment more than the rest of the Polish population.

The third important feature of work is 'friendly people with whom we work'. The importance of this feature of work and placing it in third place, was also indicated in other studies (Human 2004, Sikorska 2002, Lewandowska, Wenzel 2010, Swadźba 2007). This is a social feature of work, providing that the human factor at work is very important. It is also indicated by the selection of the next item 'lack of tension at work'. The choice of these two features indicates that the respondents appreciate a good atmosphere at work and lack of conflict, which contribute to effective work. At work you spend many hours doing different activities and appropriate colleagues are very important for work to be well done.

Self-realization factors of work such as 'interesting work' and 'work corresponding with skills', and followed by 'work in which you feel that you can achieve something', are also very important. The EVS nationwide study shows that 'interesting work' is a feature of work, which also occupies an important place (Human 2004, Sikorska 2002, Lewandowska, Wenzel 2004, Swadźba 2001a, Swadźba 2007). In their study, almost half of respondents placed the first two features of work as very important, and above 40% as rather important. Nearly 40% of respondents appreciate as 'very important' work in which you can achieve something. In working, respondents want to pursue and develop, not just make money. Therefore, in addition to existential and social factors, self-realization is very important.

Other features of work such as meeting with people and work treated with respect (social), major opportunities for promotion, the ability to show initiative and responsible work (creative), and convenient hours (ludic) did not play such a large role in the minds of the respondents. They are usually secondary. The least important features of work are 'community service' and 'long leaves'. For 7.2% of respondents long leaves do not play any role as an essential feature of work.

The choice of features of work depends on the socio-demographic characteristics of the respondents. The most important are age and education, which modify the selection of features of work without affecting its order. The detailed results are shown in Table 3.

Education has an impact on the choice of work characteristics. For all categories, the existential feature of work is of high importance. People with primary and middle school education more often chose the existential qualities such as high wages and certainty of work. This category of people is very diverse, because among them are older people, but also very young ones as the students aged 18 years. Also, the preferences regarding the characteristics of work were given by people with basic vocational education (Jezior 2005). The highest importance to them is the certainty of work (72.4%). This is the highest acceptance of this work characteristic. Correlating 'certainty of work' with the question of the previous point, 'work as a very important value', it appears that almost all the same people chose work as an important value with the certainty of work. These are very often respondents with vocational education (76%). It turns out that the placement of 'certainty of work' and 'work as very important value' are affected by answers of people working in industry (mines). Still a relatively large share of this category of people in the communities in Silesia shows its specificity, different from the rest of Poland. 'High earnings' is also significant for this category. Therefore, existential factors are very important to this category of people. Of great importance are the social characteristics of work such as 'meeting people' and 'work treated with respect'. Such results were shown in studies conducted in 1999 on the Silesian ethos of work (Swadźba 2001a). Less important for this group of respondents are, in turn, self-

realization and creative features, such as 'major opportunities for promotion'. This is understandable because such respondents are not qualified to obtain higher positions at work.

Table 3: Characteristics of work and education of respondents (response-very important) (%) N=540

	Primary / Middle school	Vocational Educational	Secondary / Post-secondary education	Higher education
1. Good earnings	64,3	65,7	56,4	54,8
2. Certainty of work	62,5	72,4	70,8	67,6
3. Lack of tension at work	33,9	46,6	55,4	52,8
4. Friendly people with whom you work	43,6	48,3	52,8	62,3
5. Meeting with people	44,6	31,6	26,7	29,6
6. Work treated with respect	37,5	43,1	27,2	29,6
7. Community service	16,1	19,7	16,4	17,6
8. Interesting work	44,5	48,3	43,1	59,3
9. Work corresponding with skills	42,8	46,6	45,6	53,7
10. Work in which you feel that you can achieve something	37,5	35,1	36,4	50,9
11. Major opportunities for promotion	22,6	16,7	20,0	36,1
12. Opportunity to show initiative	19,6	19,7	29,2	32,4
13. Responsible work	33,9	32,8	28,4	45,7
14. Convenient hours	25,0	28,7	28,7	32,4
15. Long leaves	14,3	19,0	15,9	21,3

Source: own research and calculation
The table does not include the lack of data nor the cases were there were only single answers.

For people with secondary and post-secondary education existential features of work such as 'certainty of work' and "good earnings' are important. No less important, however, are the social characteristics of work such as 'lack of tension at work' and 'nice people with whom you work' and self-realization features such as 'interesting work' and 'work corresponding with skills'. Such variation influences the responses in this category of education. On the one hand there are people who have had experience, middle-aged men working in industry, women working in services. On the other hand, there are also young people, students who want to pursue in future work.

Slightly different features of work from the previous categories are preferred by people with higher education. For them, the most important is certainty of work and social characteristics of work ('nice people with whom you work') and self-realization features ('interesting work', 'work corresponding with skills' and 'work in which you feel you can achieve something'). Among them is 'good earnings'. They do not occupy such an important place in the system of values as in the previous categories of people. Respondents with higher education attach much more importance to the creative features of work such as 'responsible work', 'major opportunities for promotion' and 'opportunity to show initiative.' The same trend was shown by nationwide studies, studies on migrants, studies in central eastern Poland, as well as the author's previous research (Boguszewski, 2011; Bera, 2008; Jezior, 2005; Swadźba, 2008a). This category of respondents also attaches greater importance to the ludic

features of work, convenient working hours and long leaves. On the other hand, such features of work as 'community service' does not play an important role in any category of education, which is also shown in other research (Bera, 2008).

After analyzing the various features of work, it can be seen which ones are dependent on education. With the increase in education, there is an increases in the importance of such features as:

- Social (lack of tension at work, friendly people with whom you work),
- Self-realization (interesting work, work corresponding with skills, work in which something can be achieved),
- Creative (responsible work, with the possibility to show initiative and opportunities for promotion),
- Ludic (convenient working hours and long leaves).

Decreasing importance of work characteristics such as:

- Existential (certainty of work, high earnings),
- Social (meeting people and work treated with respect).

The choice of the validity of work characteristics is also dependent on the age of the respondents. This is indicated by sociological research, both nationwide and that of the author (Lewandowska and Wenzel, 2004; Swadźba, 2007; Swadźba, 2001a; Sikorska, 2002).

Within the age group, very interesting differences in acceptance of the particular features of work can be noticed (Table 4).

Table 4: Work characteristics and the age of the respondents (response-very important) (%) N=540

	Age of respondents (years)					
	Up to 30	**31-40**	**41-50**	**51-60**	**61-70**	**70 +**
1. Good earnings	64,1	54,9	56,8	63,2	61,5	47,1
2. Certainty of work	62.1	70,6	72,1	76,8	73,1	58,8
3. Lack of tension at work	50,5	49,0	54,1	51,6	53,8	27,5
4. Friendly people with whom you work	53,4	51,0	50,5	51,6	55,1	52,9
5. Meeting with people	33,0	31,4	22,5	30,5	37,2	31,4
6. Work treated with respect	32,0	35,3	25,2	35,8	38,5	45,1
7. Community service	11,7	26,5	9,0	17,0	25,6	19,6
8. Interesting work	65,0	49,0	43,2	40,0	51,3	43,1
9. Work corresponding with skills	46,6	47,1	45,0	49,5	59,0	37,3
10. Work in which you feel that you can achieve something	54,4	37,3	26,1	38,9	46,2	25,5
11. Major opportunities for promotion	35,9	23,5	14,4	18,9	32,1	17,6
12. Opportunity to show initiative	34,0	23,5	21,6	26,3	28,6	15,7
13. Responsible work	32,0	27,5	32,4	31,6	42,9	29,4
14. Convenient hours	35,0	31,4	23,4	28,4	32,1	21,6
15. Long leaves	25,2	17,6	17,1	12,6	16,7	13,7

Source: own research and calculation

For example, for the middle age group (41-50, 51-60 years) the most important feature is the certainty of work. Over 70% of respondents indicated this feature of work. This is not surprising, because the middle-aged people have the most difficulty in finding new work after losing one. Certainty of work is more important than high earnings. This age group puts high earnings in second place. Existential work characteristics are particularly important for the middle-aged group with vocational education. The certainty of work and high earnings are the basis of existence for themselves and their families. This is due to the increasingly unstable labour market in Poland (Swadźba, 2001a). The next feature of work, which plays a large role in this age category, is 'friendly people with whom you work.' Only then do people of this age group choose self-realizing values such as, 'interesting work' and 'work corresponding with skills.' This sequence of choices for the features of work is understandable, because in this age category labourers are in the majority. They are focused towards maintaining professional positions, and the existential values. Only a small percentage of people in this age category with vocational education indicated the creative characteristics of work.

People over 60 years of age value the features of work in a very diverse way. All the features of work had fewer indications. This is a group of pensioners whose lives set a different pace and do not attach importance to certain features of work. However, the slightly younger category of older respondents (61-70 years) are surprising in their choices. For them, existential features of work are important, but also those of self-realization and creative (e.g. 'work corresponding with skills' 59.0%, 'major opportunities for promotion' 32.1%). After a detailed analysis of the interviews, it became clear that in this category, respondents were people with higher education, who are near retirement. They appreciate the work they perform, and particularly its developmental aspects.

The category of young respondents up to 30 years of age is the most interesting in their opinions. The highest percentages of 'very important' were the three characteristics of work, 'interesting work' (65.0%), 'good earnings' (64.1%) and 'certainty of work' (62.1%). This is slightly different in order in the EVS study and research of the author of the article (Human 2004, Swadźba, 2007). The tendency to pose post-materialistic values such as 'interesting work' before the existential is shown. For young people certainty of work is important, but not as important as for the middle generation. This is still a period of life when work can be changed to look for more corresponding and interesting ones. A relatively large importance in this age category is played by the self-realization features of work such as 'work corresponding with skills' or 'work in which you can achieve something' and creative 'major opportunities for promotion' and 'opportunity to show initiative.' These features of work from all age categories, in the youngest one have the highest percentages of indications. Relatively high percentages in this age category indicated ludic features of work such as 'convenient hours' and 'long leaves'. Correlation to another question indicated that 73.3% of respondents who value free time as an important value in life also chose 'long leaves' as an important feature of work. These are usually young people. 'Convenient hours' is also a feature that reaches the highest indications among the younger generation. Mainly young women, who combine work and bringing up young children, indicated this as 'very important'. For them, convenient working hours are important for the possibilities of combining work and family roles.

After analyzing the various characteristics of work that are dependent on age, we can conclude that:
  ▪ There is an increase of importance in existential and social characteristics of work in the category of the middle generation,
  ▪ There is an increase of importance in self-realization and creative characteristics of work in pre-retirement age,
  ▪ There is a decrease of importance in all features work in the retirement age,

- There is an increase of importance in all features of work in the young age, but especially the self-realization and creative features,
- For the young generation, ludic features of work are very important.

In addition to age and education, other characteristics of respondents did not play an essential role in the selection of work characteristics. Religious self-declaration does not affect the choice of work characteristics (Jezior, 2005). Some importance is due to the gender of respondents. Women more often chose as more important, self-realization and creative features work than existential features. The differences in responses between women and men were not as significant as in previous studies in Rybnik (Swadźba, 2007). This demonstrates the views between men and women in attributing importance of work characteristics are becoming similar. The difference only applies in assigning particular importance to social features of work (e.g. meeting people: M-27.5%, F - 33.8%). The choice of the social work characteristics was also indicated in other studies (Lewandowska and Wenzel, 2004; Jezior, 2005). This follows from the fact that men more often have the burden of maintaining the family and they focus on the existential features. For women, in turn, convenient hours of work are also more important (M - 26.8%, F - 31.6%). Good earnings, in turn, are important for poor people who often lack money. This situation is understandable that for people with low incomes, this feature of work is very important.

5. CONCLUSION

To generalize the above analysis, several conclusions can be drawn concerning work in the system of values as well as appropriateness of the choice of work features and factors in determining their choice.

- At the head of the value system, there are three core values: family, work and religion. Work plays a major role, mainly for reasons of human existence. There is an increase in the importance of free time as an alternative to work.
- In Silesian communities, as in the whole of Poland, the most important features of work are existential. In second place, there are self-realization and creative work characteristics.
- The choice of work characteristics is affected by age and education. The lower educated categories of respondents are focused on the existential, instrumental and some social characteristics of work. The younger and higher educated groups are focused on some existential, some social, creative and self-realization and ludic work characteristics. It is very interesting that the importance of high earnings decreased, which could show that respondents are satisfied to a certain degree by this feature of work.
- Free time plays an important role in the young generation. They realize their interests, hobbies, personality, or indulge in consumption.

Referring to the theory of Inglehart, we see that the categories of people with higher education, particularly young people, are getting closer to the post-materialistic values of work. But this is not so easy in a situation of the Polish labour market, where there is high unemployment, difficulties in obtaining work, and particularly well-paid one, even for people with higher education. Therefore, one of the important existential features of work (materialistic value) – the certainty of work – is still of great importance.

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Felicjan Bylok

1.4 SOCIAL CAPITAL AND PERSONNEL STRATEGY IN ENTERPRISES

Summary: This paper describes the significance of social capital in building the personnel strategy of a medium-sized enterprise. Social capital has a measureable pragmatic value, which is a factor that streamlines the functioning of the social system of an enterprise. The author in question presents various approaches to defining social capital in an organization, as well as briefly describing its structure. It subsequently concentrates on the models of personnel strategy as determinants of the direction of the development of social capital. It indicates the necessity of selecting a personnel strategy, which includes elements of social capital that are applied to the situation on the market. There is also emphasis on such factors as the following: sharing a common vision that is expressed in collectivist values, creating entrepreneurship and activity, cooperation and building of a network of common ties both within and outside the organization at hand. Subsequent to this, there is a description of the main determinants of the personnel strategy including elements of social capital in a medium-sized enterprise. It puts forward the conclusion that a personnel strategy based on the model of human capital including elements of social capital may become the basis of market success, but this requires specific financial outlays on the part of the managers for its realization, which in the case of the majority of medium-sized companies is sometimes difficult to realize.

Keywords: social capital, personnel strategy, medium-sized enterprise

1. INTRODUCTION

It has been maintained for a long time that success on the market was decided to a large extent by the general strategy of the company at hand, in which attention was first and foremost paid to production and distribution, whereas human resources were treated as a less significant factor in terms of an impact on the ultimate market success. Only recently have practitioners on the market acknowledged that success on a constantly changing market is decided to a significant extent by employees who are equipped with the relevant competences. The competences of managers and employees constitute human capital, which is an increasingly important factor in determining the development of an enterprise. Knowledge, skills, motivation, behaviour and attitudes with regard to the work of employees is more and more frequently decisive in whether an enterprise is competitive or not (Król 2000, p. 240). Another equally significant form of capital associated with employees is social capital. The characteristic feature of social capital is the fact that by connecting people in social networks, it leads to the case whereby they gain benefits from belonging there. People, who are connected with each other by a network of ties by trusting each other, oblige themselves to grant support and thanks to this, they have access to common resources and achieve success more rapidly.

The development of human and social capital to a large extent depends on the accepted model of human resources. It would seem that the most appropriate model is that of sustainable development of human resources, in which the important elements are as follows: development of an enterprise, development of an individual employee and social justice. The assumptions of this model are based on adhering to the specified proportions between shaping the pace of development and the pace of development of employee resources. The principle of sustainability may be realized in the personnel strategy, which is integrally associated with the general strategy of a company. The function of managing human resources is then realized during the course of formulating and realizing the general strategy of a company. The mutual

ties of a general strategy with a personnel strategy facilitates the application of a model of strategic management of human resources, encompassing the decisions with relation to the employees that direct activities in the area of work over the long term.

The aim of this paper is to illustrate the role of social capital in personnel strategy in medium-sized enterprises.

2. SOCIAL CAPITAL IN AN ENTERPRISE – DEFINITION CONTEXT

In the case whereby enterprises have similar technology of production at their disposal, as well as access to markets, there is a search for factors that would facilitate the achievement of a competitive advantage on the market. Since the late 1990s, researchers have indicated social capital as one of the determinants of success on the market. Analysis of numerous works relating to social capital in an organization indicates that it is difficult to formulate this notion in an unequivocal manner. Some authors concentrate on its social functions. For instance, Coleman refers to social capital as the social function of an organization, such as trust, norms and the network, which may improve the effectiveness of society and the organization itself by facilitating the coordination of activities (quoted from Burt, 2000, p. 4). Other authors indicate its internal or external dimension, namely by perceiving it either as a form of ties of an organization with its interested parties, partners, competitors (external notion of capital), or as a form and nature of ties between the members of an organization (internal notion of capital) (Leana and Frits, 2006).

It is worth discussing this approach in a broader sense, namely in the external notion of capital, attention in the form of research, which is directed towards the network of connections that a given enterprise maintains with its environs, e.g. with clients, suppliers, competitors and other entities. This network has an impact on its competitive potential. In the theory of a network, it is indicated that the value of an enterprise is the derivative ability to create a network organization and the right to avail of the knowledge capital created by the participants of the network (Burt, 2000:24). In this notion, attention is sometimes drawn to the network of ties between the managers of the highest level. For instance, Collins and Clark in analysing the strategic practices of managing human resources in the sphere of creating a competitive advantage for enterprises, stated that the strength and scope of external connections between the managers of the highest level of high technology companies are significant indicators of the growth of sales of companies (Collins, Clark, 2003, pp. 740-751).

In the internal dimension of social capital, there is an emphasis on the social ties connecting the employees of an enterprise that have an impact on the creation of the vibe of cooperation, as well as enabling the achievement of the common goals of the employees and the enterprise. The fundamental assumption of this approach is the conviction that involvement and participation in an organization may bring benefits to both the organization, as well as to the participants. Coleman in analysing the internal dimension of social capital in an organization stated that the skill of interpersonal cooperation within a group and organization facilitates the realization of common goals on the one hand, while on the other hand, facilitates the individual creation of value (Coleman, 1998, pp.108-109). This skill co-creates such dimensions of social capital as the following: duties and expectations, information channels and social norms.

In turn, the research of Nahapiet and Ghostal indicates that thanks to the development of internal social capital, the ability of an organization to adopt and produce knowledge increases (Nahapiet and Ghostal, 1998, pp. 242-266). Social capital thus determines the growth of intellectual capital. Researchers (Nahapiet and Ghostal, 1998, pp. 252-256) on the basis of empirical studies and conceptual work on the ties between social capital and intellectual capital explain the following three dimensions of social capital:

1. structural dimension, i.e. the ties between the members of an organization,
2. cognitive dimension, i.e. common language (signs, symbols)
3. relational dimension, which appears in obligations, norms and trust.

The structural dimension of social capital is a network structure of ties between the members of an organization and its configuration. In the analysis of the structure of the network in question, a range of factors are taken into consideration such as the following: the existence of direct ties between the central player and the other members of the network, or their lacking, the density of the network, its size, the centralization of the network, heterogeneity and variety of ties which facilitates the observation and precise gauging of these networks.

As a cognitive dimension, social capital assumes the elements of organizational culture, namely symbols, codes and common language, non-verbal artefacts that constitute the significance of a network. Their importance stems from the fact that the common codes and codification as an element of the common language support the diffusion of knowledge. They are in their own way, a type of mental pattern for individual or collective ways of perceiving and understanding the surrounding world.

However, the relational dimension of social capital refers to the nature of personal ties between the network participants. This contains the aims, norms, trust, as well as obligations that fulfill an important function in social ties. They are elements of the mechanism of social control in steering the ties between the network participants. The relational dimension of social capital enables the definition of the strength of ties between people.

Analysis of these dimensions facilitates the definition of the attributes of social capital in an enterprise. The first of them is a structural element, which encompasses social network and information channels. This may be termed as the capital of social networks. The second is of a normative nature, which includes social norms regulating the social ties of membership that is designated in an organizational way. These ties are bilateral, mutual and regulated by an organizational structure, thus due to this fact they have the nature of regulated and normative ties. The degree of sharing the common vision of an organization also has an impact on their shape (collectivist values, subordination of the aims of units to the aims of the organization). The capital of culture is created. The third one is of a moral nature, which includes the norms of trust and mutuality. This may be termed as trust capital. B. Badura also distinguishes leadership capital (Badura, 2008, p. 33). In analysing the significance of the particular elements in creating social capital, it is worth indicating network capital first of all. For many researchers, social networks are the most significant element of social capital, e.g. Nahapiet and Ghostal are of the view that networks are of great importance in creating and distributing the resources of an organization to its particular members. They indicate that the sum total of the actual and potential resources within an organization is accessible through the medium of a network of ties for both the employees and the organization itself. Social capital thus, encompasses both networks, as well as assets which may be initiated with the aid of this network (Nahapiet, Ghostal, 1998, pp. 243). A network participant not only participates in the social capital of this network, but also makes a contribution to its development. Such a participant invests in maintaining these ties by providing his abilities, talents, as well as tangible and intangible resources at the disposal of the other members of this network. Thanks to this fact, he may also avail of the abilities, talents and resources of the other members of the network. This mutuality is the basis for the development of the capital of the network.

Participation in the network facilitates the acquisition of various benefits in the case of the employees, however only when they are consistent and focused on mutual cooperation. Social contacts are not public goods that a unit can acquire automatically, but are resources for which in a case whereby it is actively involved in the social networks. Participation is a semi-private type of goods, as on the one hand, it is dependent on the initiative of the unit, whilst

on the other hand, it is the resource of the organization. Units participate in social networks as they bring them specific benefits. Attention is drawn to this fact by Portes, who is of the view that the feature of social capital is the ability of entities to ensure benefits from the membership of social networks or other social structures (Portes, 1998, p. 6).

In the theory of networks, the main assumption is the claim that the players involved are not independent units of an organization, but are rather dependent on the other participants of the network (Fuchs, 2006, p.125). In accordance with this approach, the unit is not an isolated individual whose foundation is merely his biologicality, but his thinking and activity are influenced by culture. The scope of this influence is dependent on the quality of ties between the network participants and their cultural institutions, e.g. the system of characteristic norms and values for a given network (Kilduff and Tsai, 2003, p. 5).

Another attribute of social capital is leadership. This has an impact on the development of social capital in a twofold fashion, through the medium of designating the aims, structures and processes, as well as the means of taking the everyday personnel decisions and communicating with understudies. Personnel decisions are conditioned in a particular way that is characteristic for the organization of values that favours the creation of a good or bad vibe in an organization. Such communication between the management and the employees has an impact on the quality of social ties in an organization. Good communication between the manager and a team of employees results in positive ties. Elements of good communication are a fast and efficient flow of information with regard to important organizational issues, effective feedback, as well as the so-called "open ear" for co-workers. An indicator of leadership capital is the orientation towards the employees. A high orientation towards understudies among managers results in the creation of positive emotions among employees, which gives rise to consequences in increasing the efficiency of employees. Badura indicates that the orientation towards employees is displayed by interest in the personal matters of employees and acknowledgement of the achievements of individual employees (Badura, 2008, p. 35).

Another element of the social capital of an organization is its culture which consists of common values, convictions and norms, identical forms of perception, thinking, evaluating and activity. Its resources exist in the common thinking, emotions and values, which reduce the probability of the occurrence of misunderstandings, controversies and conflicts, as well as having an impact on the restriction of costs associated with the monitoring of employees. Cultural capital fulfills various functions in an enterprise, namely serving the development of positive approaches of employees to their enterprise and the management (Kostera, 1994, p. 18). Subsequently, it influences the shape of social ties in an enterprise, by creating emotional ties between the personnel, tasks and the vision of the organization at hand.

An equally important element of social capital is that of trust, as previously mentioned. By availing of the approach of R. Putman, it is possible to state that trust in an organization as displayed to other employees is based on the principle of mutuality, with the notion that it is necessary to do something for a co-worker without expecting immediate gratification, but with the hope that in the future the same co-worker, or another co-worker will return the favour (Putman, 1995). This constitutes the system which complements organizational control. In an enterprise, the indicators of trust are as follows: co-participation, the values of cooperation, motivation and structures, identity and involvement, as well as the culture of trust.

Hence, social capital in an organization is perceived as a component of the skills of teamwork and cooperation between individuals within the framework of social groups and organizations, which is a significant factor in determining the efficiency of an enterprise in achieving the goals set out. Its composite elements, e.g. the so-called social networks created within the organization, building trust between the management and the employees,

leadership, as well as a cohesive system of norms and values all aid the activities on behalf of the realization of the aims. The skillful use of social capital both external, in the form of ties with the external environment, as well as internal, which occurs in the form of teamwork and cooperation between individuals within the framework of social groups, will favour the increase in value of this organization on the market. Hence, an enterprise through the means of ties with the external environment, as well as through the structure and nature of internal ties expands its ability to compete with other organizations, which is a function of both types of ties (Adler and Kwon, 2002, p. 21).

3. SOCIAL CAPITAL AS AN ELEMENT OF PERSONNEL STRATEGY

In enterprises operating in conditions of uncertainty and relatively high level of variability, a significant role is played by personnel strategy. Its significance comes down to the activities encompassing the designation of long term aims directed towards the constant improvement of the particular elements of human potential with the aim of adjusting them to the changes occurring within the enterprise and its environs (Pocztowski, 2007, p. 53). Personnel strategy is usually of an intricate nature that occurs during the course of searching for answers to the following questions: What is the state of an enterprise with relation to human resources? How may we assume to acquire a state of employment over a specifically long-term period of time? With what methods do we intend to achieve this state? Will social capital be helpful and to what extent in the development of human resources? Responses to these questions constitute a fundamental sub-strategy built for the particular personnel functions such as recruitment of employees, improvement of employees, or even development of social capital. The creation and scope of realization of these personnel sub-strategies depend on the degree of integration with the personnel strategy with the remaining elements of the strategy of an enterprise. The function of personnel strategy is to aid the organization in its strife towards achieving its established goals. Thus, the appropriate matching of the strategies of an enterprise with the personnel strategy is essential for the company in question to achieve success on the market. Nevertheless, integrating these two types of strategy is not always the optimal solution. With relation to this fact, managers should identify the mutual ties between the strategy of the company and the personnel strategy as early as at the stage of preparation and implementation. The analysis of the ties between the quantitative indicators those are characteristic for business strategies, i.e. the dynamics of production, the development of a new product, the application of new technologies, while also elements of the personnel function, the recruitment and improvement of employees, evaluation of personnel and their motivation.

It is also worth analysing the ties between the afore-mentioned quantitative indicators and the attributes of social capital, e.g. the effectiveness of social networks, the level of social trust and the resource of value. Focusing on this analysis facilitates the indication of the importance of creating social capital as one of the determinants for the development of the enterprise. With this aim in mind, it is worth considering the dependency between personnel strategy and the social capital of an organization.

Mutual dependency between the personnel strategy and the social capital of an organization may be followed by analysing the following types of strategies: development, stabilization (defending the current position) and defensive action (reduction of costs) (Janowska, 2002, pp. 23-25). The strategies of development, which are characterized by innovative activity and analytical-research activities undertaken with the aim of launching new products or gaining new markets, require employees of the highest meritorical and creative qualifications. Employees are required to have work qualifications, constantly increase skills and focus on innovation and a constant analysis of the environment. The

personnel plan assumes that in the case of recruiting new personnel with a high level of competences or constant improvement of the employees already employed through the means of organizing training at a high level. An important function is fulfilled by trust, which facilitates a rapid adaptation of the newly recruited employees and has an impact on the creation of the orientation towards teamwork.

In a situation of the strategy of stabilization, which is focused on the maintenance of the position on the market that was gained thanks to the high quality of the goods or services offered and perfectionism in activities, employees with relatively high qualifications are necessary. The personnel plan assumes the maintenance of the squad of workers, as well as the constant improvement of employees guaranteeing the maintenance of the market position. In this type of strategy, it is worth developing social networks whose participants would be the employees. A network participant not only participates in the social capital of the said network, but also has a contribution in its development. Such a participant invests in the maintenance of these ties by placing his abilities, talents, while also tangible and intable resources at the disposal of the other members of the network. Thanks to this fact, it may also avail of the abilities, talents and resources of the other network participants. This mutuality is the basis of developing the capital of a network and guaranteeing the development of an enterprise without the necessity of investing additional financial means. Networks are therefore, not only a social space within which we may only analyse the practices of operations and behaviour of the network participants, but are also the result of social interaction, whose social capital constantly reproduces and creates a new image (Fuchs, 2006, p. 26). The characteristic feature is its creation of knowledge, as well as its exchange between the participants, which enables it to improve constantly.

The defensive strategy in assuming the reduction of costs is adopted in situations of unfavourable economic conditions, excessively strong competition, low level of competences among employees etc. These are featured by internal restructuring and maintain or change the profile of operations. The consequence of this strategy is on the one hand, the reduction of employment figures, while on the other hand keeping the best employees and their constant improvement. The factor supporting the reparation work and reducing situations of conflict aroused by the reparation process may become that of social capital. In particular, it is worth developing one of its elements, namely, the capital of partnership culture. The significance of this for an organization results from the values of the so-called teamwork, openness in communicating, ability to run dialogue and subjectivization of employees. The building of trust between the management and the employees is equally important. In an enterprise in times of crisis, it is possible to first of all strive towards the creation of conditions for the development of rational trust, or in other words, the creation of a transparent structural arrangement of an organization in which transparent conditions of cooperation would be binding. The following step may be to build moral trust based on adherence to moral standards in ties between employees and managers.

Another interesting division of personnel strategy is presented by Rostkowski, who divided personnel strategy into quantitative strategy, qualitative strategy, orientation towards "entering", "development and activation" and "exiting" (Rostowski, 2004, pp. 28-29). In the quantitative strategy, indicators based on statistical data dominate, which are decisive in specific activities undertaken in the field of human resources e.g. reducing labour costs by means of reducing personnel with relation to the purchase of of new technologies. Planning personnel is strongly connected with the business plan. However, in qualitative strategies, the main emphasis is placed on creating soft competences of employees via their appropriate motivation. The fundamental feature of this type of strategy is directed towards the increase in quality of employees perceived as the development of the qualifications and competences of the employees. In turn, strategies oriented towards "entering" encompass activities geared

towards acquiring employees with the appropriate qualifications and competences from the environs of the organization.

In the case of this strategy, a large role is played by personnel marketing directed outside the company. The strategy of "development and activation" encompasses activities aimed at achieving two goals, namely, the individual development of employees and the maximum integration of employees around the aims of the organization. An important element of this strategy is the construction of such social networks of employees who would support innovativeness and exchange of information, thus improving the efficiency of the employees. Matiaske is of the view that the importance of a network first and foremost, depends on its significance for the employees and the organization itself. When a unit is connected by the "appropriate" ties with other people, then these ties are the gateway to acquiring important goods from the point of view of the unit at hand (Matiaske, 1999, p. 182).

Table 1: Creation of integrated strategy of an enterprise, personnel and social capital

Strategy of enterprise	Strategy of acquiring employees	Strategy of development of employees	Strategy of development of social capital
Achieving a competitive position via innovation	Recruiting and keeping people in possession of innovative skills	Ensuring opportunities of learning and developing a career, running team training	Building social networks of an egalitarian structure, carrying out change in organizational structure in the direction of collective values stimulating team work
Achieving a competitive advantage via quality and constant improvement	Awareness of issues relating to quality as criteria for selecting employees	Working out programmes that emphasize quality	Building social networks with external interested parties with the aim of identifying their needs in the sphere of quality of products
Achieving a competitive advantage thanks to employees ensuring high level of quality	Acquiring employees in possession of the appropriate competences and qualifications guaranteeing high quality in production	Working out programmes of constant development fulfilling the criteria of a learning organization.	Building social networks based on exchange of information and resources of an organization. Building trust based on moral criteria.
Achieving a competitive advantage via developing the firm with a high level of efficiency of operations	Employing people that ensure high efficiency and taking steps aimed at keeping them	Applying management through the means of effects with the aim of defining the development needs	Creating a culture oriented towards effects. Building trust of a rational nature that is achieved on the basis of an effectively functioning enterprise that achieves the goals set out.

Source: Self-analysis on the basis of Listwan, (2006) Modele i składniki strategicznego zarządzania kadrami in: T. Listwan (ed.) *Zarządzanie kadrami*, Warszawa: Wyd. C.H. BECK, p.46 and F. Bylok, (2011) Rozwój kapitału społecznego jako czynnik wspomagający wyjście przedsiębiorstwa z kryzysu, *Problemy zarządzania,* vol.9, nr 1(3), pp.134-154

The participation of an employee in social networks with other members of organizations creates the situation whereby cooperative ties are formed based on mutual trust and

cooperation. The factors determining these ties are consistency and predictability of a partner in the network. Thanks to this, long-term cooperative ties are formed. Employees participating in this type of arrangement frequently resign from the immediate economic benefits on behalf of maintaining long-term cooperative ties. For instance, Opp states the theory that the stronger the cooperative ties are, the greater the opportunities for benefits accruing from this form of cooperation are for the partners in question. Thus, this constitutes a prerequisite for the building of networks of employees associated by a strong cooperative tie which is a significant resource facilitating the achievement of social and economic benefits (Opp, 1997, pp. 208-299).

A separate type of strategy is the strategy oriented towards exiting. This first and foremost, refers to the restriction of employment numbers in the enterprise in question with the lowest social and economic costs. With this aim in mind, employees who are leaving are supported in the search for another job (advisory services, retraining, aid in establishing their own firm etc.). The vacancies are filled by people hired in the form of worker leasing, or are hired for a defined period of time. This strategy is applied during the course of frequent organizational change.

The personnel strategies described above do not occur in the shape of a „clear form" in enterprises, but are rather a set of elements of several strategies. Building a strategy is to a large degree dependent on the market situation of a given enterprise.

In analysing the ties of personnel strategy with social capital, it is possible to undertake an attempt to build an integrated strategy.

The concept of the creation of integrated strategy of an enterprise is summarized and illustrated by Table 1.

4. MODELS OF MANAGING HUMAN RESOURCES AND PERSONNEL STRATEGY IN A MEDIUM-SIZED ENTERPRISE

In medium-sized enterprises – due to the fact that they have functioned longer on the market – professional management of human resources have formed. It is possible to distinguish three models of personnel management among these firms as follows: the model of the status quo, the expansive model (Oleksyn, 2000, pp. 120-123) and the model of human capital, which have consequences for personnel strategy.

The model of the status quo is adopted by firms that do not want to continue development, but only want to maintain their existing position on the market. These enterprises during the course of their activities focus on good quality of goods and services and building of ties with their clients. This building of ties appears in the form of reliability and honesty in contacts with clients, as well as with cooperating firms. The consequence of the model of the status quo is that of personnel strategy, in which a specific type of employee is preferred for employment in the enterprise. Such an employee is featured by high quality of work executed, culture in contacts with clients, dependability and honesty. In the market reality, it is difficult to find such an employee as the necessity of applying low profit margins and restriction of labour costs forces in turn, restrictions in the sphere of remuneration. With relation to this, employees employed in these enterprises may not count on high salaries, which in the case of highly qualified employees results in the search for other more attractive workplaces. Thus, the aim of the activities of managers should be to retain the specialists of high class in the enterprise at hand. Social capital may be helpful in this area, particularly its element that is known as the capital of organizational culture, which may take on the form of partnership culture of the organization based on the partnership ties of employer–employee (Bylok, 2008, pp. 139-155). These ties between on the one hand, the employer, while on the other hand

employees require the building of trust, cooperation and common interests (the aspects of trust and cooperative ties have been described earlier in the second point of this paper). Employees are expected to devote their creativity and personal involvement to the development of the enterprise. Simultaneously, the employer makes his contribution to the building of partnership ties by allowing employees to participate in the information, communication and decision-making processes. The employer decides to delegate part of his authority on behalf of the employees when he is certain that this is the best solution for the enterprise. Hence, employees are expected to display a sense of involvement and responsibility. However, an employee will participate in the decision-making processes when he receives benefits from this, e.g. by receiving the opportunity of individual development. In both cases, activities are determined by mutual trust and obligations. If these conditions are fulfilled, a mutuality of interests appears and the partnership organizational culture is formed.

The expansive model is based on a pro-development and pro-market orientation. The pro-market orientation in an enterprise is the focus on production and the client. The enterprise becomes familiarized with the needs of the consumer and organizes the activities to serve them. This orientation first and foremost occurs during the course of drawing attention to the economic assessment, innovativeness, effectiveness, personalization of the economic aims of the enterprise that are identifiable with the aims in life of the employees, functionality – maximum usefulness of all the values participating in management aimed at maximizing financial values, marketing and market awareness of the enterprise (Strużycki, 1993). The impact of market orientation thus encompasses the process of production, distribution and promotion. Pro-market orientation is associated with the pro-development orientation. The essence of this orientation is that of activities on behalf of improving the market position via expansion. With this aim in mind, new markets and new forms of activities are sought after, which in turn are connected with the risk of suffering failure on the market. With relation to this, the personnel strategy is directed towards acquiring managerial staff on the one hand, which is featured by openness, activity, imagination and skills of taking risky decisions, as well as first and foremost, entrepreneurship. On the other hand, employees who are active, flexible and at the disposal of the company are the preferred choices. Due to the increased risk of activities, the loyalty of employees and the skill of cooperation are highly valued. In this model, it is worth building social capital based on the network of connections of the enterprise with its environs, e.g. with its clients, suppliers, competitors and other entities. The network of ties, which a given organization participates in, is created by relational capital. A. Pietruszka-Ortyl enumerates the ties of an enterprise with its clients and interested parties, as well as its ties with other organizations in the composition of relational capital (Pietruszka-Ortyl, 2007, pp. 80-81). The pro-market orientation frequently requires medium-sized companies to apply advanced technologies. Then, aside from managers and employees with the afore-mentioned features, experts and high-class technical specialists, as well as design and research specialists are required.

From the perspective of social capital, it is worth describing the model of human capital which assumes that the fundamental mechanism for the functioning of human resources is not rotation, but professional development of the employees. It is assumed that a human being is a person that is capable of learning throughout his life and by ensuring the development of a company's employees, this "attaches" them to the company at hand. In personnel strategy, attention is paid to employees as the most important resource of the enterprise. People are accepted for work in the company who are susceptible to self-improvement and effective cooperation. Employees are made redundant very rarely and if someone is not working effectively, then he/she is transferred to another position rather than being made redundant (Kostera 1994, pp. 27-28).

The following characteristic features of this model may be distinguished:

- recruitment ceases to be very significant in acquiring employees, as ambitious people with a positive outlook on the environment are sought after
- high ranking of the function of training, systematic investment in human capital
- building organizational culture based on the cooperation of employees and on strengthening ties with the workplace
- stabilization of personnel, redundancies are treated as the last resort
- the basis of promotion is the increase in qualifications of an employee
- investment in leaders, preference for integrated leadership
- full range of means of motivation

The feature of this model is the fact that it generates an element of social capital known as the capital of organizational culture based on ethical values, namely, loyalty, sense of involvement and cooperation, thus, it creates collectivist attitudes. The capital of organizational culture in creating a team of identical patterns of perception, thinking, evaluation and activity has an impact on the ability of employees to carry out specific work tasks, as well as initiating and creating the specific tangible and intangible means to do so. Hence, it possible to concur with the statement of B. Badura, that the culture of an enterprise is a collective phenomenon „w głowach i sercach" (which lies in the heads and hearts) of the employees of an enterprise (Badura, 2008, p. 16).

As results from the the afore-mentioned deliberations, regardless of the accepted orientation in terms of personnel management in a medium-sized enterprise, the model of the ideal employee is extremely important. This includes a set of personal features and their adjustment to the conditions of work and cooperation, as well as the competences held. The selection of qualified employees according to the accepted model of an employee facilitates the employment of the appropriate people for the realization of the specified strategy of a company in a situation whereby it first of all takes account of the market requirements, or in other words, when employees will have the skills to satisfy the needs of clients.

5. CONCLUSIONS

The analysis of the Polish economic reality indicates that the majority of companies do not possess a personnel strategy. The research of Janowska concludes that almost half of the enterprises analysed do not possess a personnel strategy (Janowska, 2002, p. 40). In as much as small enterprises numbering just several or umpteen employees may function on the market without such a strategy, the medium-sized enterprises should not operate without one. Building a general strategy of a company and the associated strategy of managing human resources is now becoming essential. Such a strategy in the sphere of personnel should include aspects determining the development of social capital in the organization. The advantages of social capital are among others, the creation of mutually beneficial collective activities by establishing the roles and social networks that are complemented by regulations and procedures that facilitate the functioning of the organization. Social capital creates the social features of an organization such as trust, norms and ties, which improve the efficiency of an organization. This creates the tendency of employees to move towards undertaking mutually beneficial collective activities (i.e. trust, solidarity, cooperation, justice, democratic management).

A model of personnel policy worth recommending to managers which includes elements of social capital is that of the model of human capital. It places emphasis on the factors, which are also essential in building social capital, namely in terms of sharing a common vision that exists in collectivist values. Thus, it is possible to conclude that managers of medium-sized

enterprises should build a personnel strategy on the basis of the model of human capital in striving towards the development of the social capital of an organization.

The strategy of personnel management should create entrepreneurship and activity, as well as build a network of mutual ties both within and outside the organization. With the aim of increasing the market position, medium-sized enterprises should move away from the model of management based on employee qualifications in the direction of shaping the competences of employees and cooperation. It is becoming necessary to inspire the personnel to undertake constant education and development, regardless of the level of education, age and position. However, this requires such an orientation of the specific financial outlays for building an enterprise based on social capital, which in the case of the majority of medium-sized enterprises is difficult to realize.

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1.5 REFLECTIONS ON CULTURE AND EDUCATION IN AN INTEGRATED EUROPE

Summary: The process of European integration is a unique phenomenon in the history of mankind which embraces almost all walks of life within the participating countries. During its course it carries with it numerous consequences that constitute among other things, the subject of diverse research programs by specialists in the area of *social policy and education*.

An eventual failure in this area could be interpreted as the lack of efficiency in EU activities, which would increase the level of aversion to the notion of integration.

Due to this reason the elimination of the largest number of eventual areas of tension and the creation of peaceful conditions of coexistence and cooperation between nations that live on this continent constitutes an essential part of the activities of EU structures.

In the case of educational tasks a significant role is played by striving to make the topics of learning more compatible in different countries of the EU- mutual acknowledgement of diplomas and professional qualifications as well as exchange of pupils, students and employees on various levels of the educational system. An important undertaking is also the stimulation of cooperation between science and research, which allows for both the reduction of costs through greater efficiency as well as creating the atmosphere of cooperation and feeling of a community with aims shared between particular academic centres in Europe.

Keywords: integration, ethnic minorities, science, cultural wealth, social organizations, comparability, cooperation

1. INTRODUCTION

Culture and education are playing a very important role in the contemporary world. Terms like *knowledge society* and *life-long learning* force to regard these issues in a serious way. Among others, they have an enormous impact on the cooperation between countries in the unified Europe and give them vital impulses.

The process of European integration is a unique phenomenon in the history of mankind which embraces almost all walks of life within the participating countries. During its course it carries with it numerous consequences that constitute among other things, the subject of diverse research programmes by specialists in the area of cultural phenomena. They devote an increasing amount of attention to the reactions of particular citizens to the processes at hand. Meanwhile, various surveys of public opinion have stated that the formation of positive or negative attitudes to European integration is also influenced by elements of everyday life as the possibility to acquire foreign goods without the necessity of paying customs duty, the right to move freely on EU territory or the significant reductions in prices for goods coming from EU member states. Thanks to these „tangible" benefits there is a growth in support within EU societies for further expansion – in this context a successful solution to social problems is essential. It is particularly important to level off the drastic inequalities in the sharing of the national income. The construction of a common market with a single currency brings forward the significance of various socio-economic problems from the national level to that of the EU level. The eventual failure in this area could be interpreted as the lack of efficiency in EU activities, which would increase the level of aversion to the notion of integration. As much as it seems too early to talk about the formation of a unified European public opinion it is possible to observe the increase in thinking in terms of continental categories both among the so-called "elite" as well as among "normal people". This does not mean however, that there is

a lack of critical assessment in specific cases with regard to particular EU structures as well as the undertaking of various types of protest against what are deemed to be negative aspects of the EU. Simultaneously, it is possible to notice the increase in interpersonal ties, which constitute a significant opportunity to strengthen the processes coming "from above" and make them more "tangible". It is important not to forget that the notion of the European community is not at a level of units nor is it greater abstract groups – they belong to individual experiences to a large degree. More detailed analysis enables us to understand that culture plays an active role by creating the "spiritual" foundations of the process of the European integration. (Toffler, 1995, p. 31)

2. DISCUSSION

In analysing the implications of the European integration, it is difficult to refrain from reflection with regard to the analogies emerging between the modern civilizational and cultural processes and the period of the industrial revolution which started in the developed world at the end of the 18th century in Europe. In this time the basis of the "international market" was formed, which is bearing fruit in modern times. The industrial revolution turned out to be a particular breakthrough in civilization where the first signs of the "rat race" were clearly visible, as an integral element of the modern life of mankind. Particularly the change in the way of life for a wide range of people in western Europe is worth mentioning as they moved away from the extensive agricultural market to work in the emerging industries. The process of urbanization, which was associated with this inevitably, led to a transformation in the area of awareness whereby the old ways of behaviour, systems of values and beliefs lost their significance. Rapid economic and social changes which commenced in the period of the industrial revolution over a period of time not only led to the development and spread of the model of parliamentary democracy, but also the emergence of totalitarian trends – from both left wing and right wing, as well as a whole range of greater or less dictatorial structures.

Much points to the fact that the political movements of those days, which in fact provide an analogy to modern times – emerged against the background of social and political tensions, as well as the effect of creating its own form of defensive reaction to the transformation in the areas of world opinion, lifestyle and the feeling of alienation and uncertainty.

An interesting aspect would seem to be the similarity in connecting the industrial revolution and modern times in the scope of the "technological breakthrough in production". Subsequent to the revolutionary changes in techniques – as in the case of the economy, various concepts, doctrines and ideological programmes are provided, with which we are confronted in an aggressive way. The technical progress not only changes the ways of functioning in terms of economic mechanisms, while also having an impact on the forms of behaviour of particular people, as well as larger human communities. However, it also forces through far-reaching changes in the mentality and opinions of the representatives of the species of homo sapiens living in the 21st century.

In the 19th century the previously unknown techniques of production based on steam engines started to become widespread. The combination of the forms of work in manufacturing with steam powered engines gave fruit to the process of industrialization. In the modern world we also live in the era of the "technological breakthrough", associated with the great role of the IT sector and communication techniques. It is simultaneously felt in the economy in the form of the services sector, although the trend towards glorifying it and referring to it as the "sector of the future" – the driving force of the economy, would seem to have lost its impetus in recent years. The significance of agriculture in most countries

(with the exception of areas of Africa) is decreasing, while the role of industry is rising.

As a rule, the significant share of capital can be deemed to be highly mobile capital from the developed countries availing of the opportunities of saving on the social security of their employees and protection of the natural environment. It is worth mentioning that in this period the "post-industrial era" has been proclaimed in the developed world, which is characterized by the domination of IT and the services sector.

The great demographic explosion in Europe during the period of the industrial revolution remains in close association with the discoveries made in science. As much as the growth in birth rates was relatively low in the middle ages – where a serious impact was noted among the following factors: a significant death rate of infants and children, frequent military conflicts and natural disasters, i.e. famine or outbreak of infectious diseases (e.g. an epidemic in around 1350 wiped out 1/3 of the population of the continent of Europe) – it is the clear progress in medical practices, spread of regulations of hygiene in the 19th and 20th centuries, as well as the increased agricultural production all led to the situation of a rapid growth in the number of inhabitants of Europe. It is calculated that the population of Europe increased from 187m in 1800 to 406 m in 1900; in which in the case of Germany in the analogical period in question, the number of inhabitants grew from 24.5m to 56.4 m.

The dynamic growth in the population not only occurred in Europe – this trend has been of a worldwide nature. By comparison, in 1800 approximately 900m people inhabited the world while there were around 1600m about 100 years later. The growth in the number of the inhabitants caused by the increased food resources and progress in medical procedures, as well as the significant reduction in death rates initially occurred in countries with a certain industrial potential (such as for instance Great Britain) – but subsequently expanded to other areas. This phenomenon also led to substantial social problems at the same time. Such a state of affairs gave rise to migration mainly from the over-populated Europe to America. It is estimated that 50m people emigrated from the Old Continent between the years 1880 – 1930. It is difficult to ignore the consequences of this phenomenon, particularly the intensification of the processes of creating national awareness and identity in many countries of the Americas – with the USA heading this list together with Australia and New Zealand. It is also necessary to add that in this period a dynamic process in the formation of national states emerged in most European countries and in some of these the awareness of the social concept of "civil rights" became commonplace. The demographic explosion and the process of industrialization were possible in Europe thanks to the transformation of the rural areas which were associated with the modernization of agricultural production and changes to its structure, as well as the revisioning of the transformation of social and political order , which was reflected by the exemption in the case of peasants from economic and legal dependence on the nobility. The process of industrialization in Europe was caused by the abolition of the subordination of peasants and their enfranchisement – e.g. in 1850, agricultural reforms were introduced in Prussia, thanks to which almost all fedal obligations in the case of peasants were abolished. There was a move away from the three-field system to the rotation of crops, while the latest agricultural machines and artificial fertilizers started to be used, as well as the fact that the cultivation of the most efficient vegetables was implemented and the methods of breeding were improved.

Thanks to the development of techniques, the agricultural sector became more efficient than before. Social changes that took place in this era were indeed far-reaching. They were intensified by the fact that a strong trend towards the creation of large agricultural farms was in evidence that could in turn fulfil the requirements of economic competition. In the case of the section of the population who did not gain adequate opportunities to earn a living in rural areas (certain possibilities in this area existed e.g. in industry that served rural areas) this meant the necessity to search for employment in urban areas in the dynamically expanding

industrial sector. Simultaneously, the process of growth in the use of machines increasingly reduced the role of agriculture in the sphere of employing the labour force.

At the same time while the migrational forces were in force, there was a collapse in the existing social structures. The conditions of work looked catastrophic and there was widespread lack of basic preventative measures against accidents. There was also no legal restriction on the age of workers as this was defined by the physical ability to work. In many cases children aged between 6 and 7 years old were employed. This type of situation also occurred in other countries where the industry started to develop. Large masses of people employed in various types of capitalist enterprises earned very little and were even deprived of social welfare. They lived in poverty and were not able to satisfy their fundamental needs. The aim of gaining modest wages was only achievable by working very intensively-frequently 16 or 17 hours per day. There were also common cases of employing women and children in industry, which was caused by the fact that the costs of their work were much lower than those of employing grown men. In fact, the situation often arose where women and children earned money to keep the family while the men remained redundant. A common practice was the employment of children on the basis of the same standards of safety as for adults or in other words, without any additional precautions. (Mill, 1962, p. 127.).

The issue of access to education for the working class was indeed negative in practice. Among the poorly nourished, uneducated and those deprived of access to medical care the temptation of harmful addictions and crime started to flourish. The lack of welfare for victims of accidents at work was terrible in terms of its effects as having been deprived of aid from their employers and the state, they were forced to search for alms. "Thus laissez – faire played into the hands of the capitalist and afforded a comfortable economic doctrine to justify his exploitation of the advantages which he enjoyed. The governing classes, to salve their consciences, preached – and indeed practiced – private charity; the suffering poor were encouraged to exercise self – help, or, failing that, resignation." (Barnard, 1971, p. XVI).

Transformation occurring in contemporary times in the area of the culture of the developed world would not be possible were it not for the dynamic process of urbanization. It is worth paying attention to the fact that the change of location of the population in the developed world constituted a colossal breakthrough in the history of mankind, as for thousands of years a decisive majority of people lived in rural areas and it was only after the commencement of the industrial revolution did the situation undergo rapid change. This was clearly associated with changes in worldly opinions and customs, to only mention the opportunities of shaping customs, trends or attitudes with regard to specific issues. However much the genesis of the process of urbanization is connected with the industrial revolution as previously mentioned, it is however necessary to note that it has lasted for a greater or lesser level of concentration depending on the region of the world right up to this day. This is first and foremost associated with the so-called "internal migration", involving the movement of the population within one country – usually from rural areas to urban areas. Apart from this type of migration in European metropolitan areas and their (former) colonies there have been and still are migration processes involving the movement of people from one country to another, usually from a worse developed nation to a more developed one from an economic point of view. Aside from this, there are economic and political migration trends – from more poorly developed and politically unstable countries to richer ones that guarantee safety.

As in the period of the industrial revolution, in modern times there are also strong migration flows remaining in close ties with economic changes, but also associated with military conflicts and political, ethnic, religious and social tensions. The expansion of poverty with relation to the progressing social stratification in many countries led to the movement of masses of people with the aim of finding better living conditions.

Migration flows also started to embrace highly developed countries which is associated with the reduction of general living standards and opportunities of finding satisfactory conditions of employment. However much the phenomenon of the migration of people with relation to improving professional perspectives is deemed to be normal, the range and scale of the occurrence of this phenomenon is becoming a matter for concern. This is reflected in the process of aging with regard to societies of the developed world- the new arrivals in this case are meant to "fill the gap" of a full generation. There would be nothing wrong with this if it was not for the fact that there are similar problems in evidence in the parent countries, which is associated to a large extent with the fact of the realization by many countries of rigoristic policies relating to the restriction of birth rates.

Since the end of the Second World War the number of people moving to former metropolitan areas from their previous estates started to increase rapidly as a result of losing their possessions during the process of decolonization. However much the "white colonialists" were able to assimilate rapidly, the Asians or Africans had and still have huge difficulties with this. Undoubtedly, one of the main reasons for this state of affairs includes the cultural alienation of this group, intensified by a lack of education and adequate professional qualifications. A significant role could also have been played by various forms of prejudice, as well as internal rivalry between different ethnic groups. A symptomatic fact is that further generations of arrivals "inherit" the problems of their ancestors – despite the officially unregulated availability of the educational system, it has not achieved satisfactory results as a result of the poor knowledge of the language of the country at hand to a large extent. As the arrivals and their offspring usually live together and the poorest type of accommodation was adequate in the main, the suburban areas of western European cities started to form their own style of "ghettoes" – large tower blocks with the prevailing type of inhabitants being those of immigrants and "post-immigrants", living in their own "cultural cocktail". It is possible to find elements of their national way of life and the worldly views adopted from the country where the family in question comes from – a decisive majority of migrants never break off ties with their fatherland and there are many forms of " adjusting" to the needs of life in the country where they have come to live in. The fact that this bond is not easy is illustrated by the youth of Arab countries who feel very strong ties with not only Islam as a religion, but also with the pan-Islam "Muslim issue", which makes them susceptible to the impact of extremist groups. Hence, it is not by chance that people who have been living for even a few generations in the developed world can be found on the list of the Taliban forces or other extremist groups. It is however, difficult to acknowledge that the substantial majority of immigrant youths display support for religious or political extremism – a significant number of them is trying to find its own place in the world where they have come to live. Due to the difficulties they come across in order to realize this goal, we can witness the rise of frustration among them. The consequences of this state of affairs include social exclusion, crime, alcoholism and drug addiction. The composite element of releasing the potential dissatisfaction is frequently that of vandalism. In districts inhabited by immigrants from western European countries there has been an increase in the feeling of alienation and sense of injustice which they have encountered. This has led to an "explosion of dissatisfaction" – as exemplified by an anti-government protest during the course of realizing duties in the role of the Minister of Internal Affairs by the former president of France Nicolas Sarkozy. "In the emerging world, the relations between states and groups from different civilizations will not be close and will often be antagonistic. Yet some intercivilization relations are more conflict – prone than others." (Huntington, 1997, p. 184.). There is a type of "cultural alternative" being created among these immigrants and their offspring, which reflects the problems of these communities, while also providing the possibilities of auto-expression. This can be exemplified by graffiti frequently constituting a link between the

drawing in question and the written transcriptions, which are more often than not "coded", as well as by music, e.g. rap, often accompanied by break-dance in expressing the sense of injustice, frustration and lack of perspectives in the lyrics. Music of this type plays an essential role in the development of ghetto subcultures. Alternative culture is not the exclusive domain of immigrants – i.e. it is also actively created by alienated indigenous human layers affected by the effects of pauperization and associated with social exclusion. "If the children of poor families have first-rate schools attendance is properly enforced; if he children, though badly fed at home, are well nourished at school; if the community has sound health services, and the physical well-being of the children is vigilantly watched; if there is opportunity for advanced education for those who qualify regardless of means; and if, especially in the case of urban communities, law and order are well enforced and recreation is adequate – then there is a very good chance that the children of the very poor will come to maturity without grave disadvantage." (Galbraith, 1963, p. 266.).

The cultural effects of migration (both legal and illegal) are extremely intricate. This can be exemplified by the phenomenon that exists in the area of linguistics, as not only slang emerges among immigrants and their offspring, but also strange forms of communication that are only comprehensible within the area of the community at hand. As a rule, one (relatively comprehensible for the outside world) "official language" is used for outside the family environment, while the second "internal" one- within its own structures. (Sapir, 1949, pp. 147-170.). "The great increase since the second World War in juvenile and adolescence delinquency, including crimes of violence, has caused much searching of heart. All sorts of causes have been assigned and any, or all, of them may be responsible. In spite of gradual increase in material prosperity, we have been suffering from a post-war malaise and sense of insecurity, since force and fear are more than ever mayor instruments of international policy. A decline of moral standards and the growth of materialism are often deplored. Lack of parental control, the denial to children of a settled home-life and neglect to set them a good example (as evidenced by the increase in divorce) are obviously contributory factors. Perhaps ever more potent has been the utterly irresponsible exploitation of violence, crime, horror, and sex by the popular press, by some of the cinema and television programmers, and by other form of entertainment." (Barnard, 1971, pp. 332-333.).

The emergence of large transnational structures in the shape of the European Union admittedly does not signify the immediate disappearance of nations, but does however constitute a major step in the direction of transferring elements of the previously held power from a national level to that of a supra-national level. This is accompanied by the awareness among citizens of belonging to a greater organizational structure that transgresses the previous national boundaries, as well as creating within a continent a European cultural community. It is necessary to mention the practical side of this phenomenon – migration flows, spreading of familiarity with foreign languages, mixed marriages, use of different systems of education, as well as the impact of mass cultures on the inhabitants of various countries. This leads to the erosion of the existing concepts of national states and the birth of new forms of ethnic and cultural identities.

In the logic of the integration processes, the shift of the burden from the centre to the lower organizational levels is a natural sequence of events. This particularly refers to those countries which consist of culturally "independent" provinces or possess significant ethnic minorities e.g. in the case of the EU there is a clear strife towards the passing on of some of the responsibility for decision-making and their realization in the case of the regions in question.

(Hume, 1953, p. 10.) This helps to release ethnic tension to a certain extent in the case of the occurrence of separatist trends in some countries which can be exemplified by Spain and Belgium. "Nation – state are firmly territorial, but the sense in which the EC has its `own`

territory is more ambiguous. The agreements of 1992 open up the free movement of persons and goods over a space that has been divided for centuries. Yet the EC does not directly `rule` over this territory, and its boundaries are not definitely fixed, for an indefinite number of further states are likely to become members in the near future. The EC has a diffuse presence; a number of `external` states have agreements of association with it. Unlike a nation – state, the EC has no clear hierarchy of administrative offices." (Giddens, 1993, p. 344.)

A real threat would seem to be constituted by the concentration of capital that takes place as a result of mergers of banks and industrial enterprises. This changes the distribution of power in the world, providing a rather low numbered group but having great material resources at their disposal and consequently large influence, which can threaten the very fundamentals of democracy. The strengthening of the political power of international concerns and banks favours the process of concentrating influences by means of the mass media. This facilitates greater control of a situation and if required can exert pressure on stubborn politicians. The arsenal of the means of convincing insubordinate decision-makers to become more cooperative also includes "economic arguments".

Despite the progress achieved there is a lot of danger along the way to deepening the process within a cultural dimension. The threats for European integration are regardless of social problems – and are seen to be conflicts and animosity between particular states, ethnic and religious groups. Due to this reason the elimination of the largest number of eventual areas of tension and the creation of peaceful conditions of coexistence and cooperation between nations that live on this continent constitutes an essential part of the activities of EU structures. The EU emphasizes acknowledgement and respect for various groups of tradition, persuasions and beliefs. The fact that they are reflected in customs, literature, dance, songs, sculptures, paintings are all evidence of their vitality that is frequently supported (also in a material sense) by Brussels. They constitute the collection of culture which should be respected and cherished. It is however necessary to strive for the situation whereby existing traditions could coexist without conflict. Simultaneously, the fear of intolerance and fighting against the representatives of various cultures and worldly attitudes is emphasized by many supporters of the EU integration.

An essential role is played by the "hot spots" on the map showing some religious groups. As much as the ecumenical move and dialogue between religions has showed progress there is still the potential to explode associated with the faith and the way it is manifested. This is proved by the conflicts in places such as Northern Ireland and the former Yugoslavia. Of course in the case of this type of tension there is a great deal of confusion with regard to the religious, social and political aspects, which does not change the fact that they are very dangerous. Despite the fact that religious tension belongs to multi-dimensional problems its cultural aspect should not be forgotten in attempting to bring ethnic and national groups closer together on the same level. The problem of ethnic minorities seems to be particularly important in this context as they are frequently used by various political manipulators for the achievement of specific aims. The opportunities of using national minorities as a trump card in matters of territory or as a base for carrying out political, ideological or economic diversion cause that these minorities become a valuable attribute in the political games of the particular countries. Whoever has his own ethnic minority on the territory of another country has the chance of realizing expansion at least in an economic sense. It is no wonder that not only do sociologists and political experts pay attention to national minorities but politicians too, by observing that they are a bomb waiting to go off. If in present times it is difficult to find a society not only in Europe where there are no ethnic minorities then the natural course of action for these countries is to take prophylactic action and so preventing eventual tension and conflict between the ethnic minorities and the "majorities" of particular societies. It is known

however, that it is not easy to work out and apply such a policy with relation to a given minority group that would be able to eliminate potential conflicts or even "tension".

Despite the dangers associated with problems of ethnic minorities it does not necessarily have to automatically lead to tension and discord- the history of many European countries and cities prove this – e.g. Amsterdam or Hamburg. Much depends on the possibilities of assimilation that are created by the authorities of the country of settlement. A large role is also played by such factors as: the political, economic, social and cultural situations including that of religion. The openness of the new arrivals towards cooperation and their readiness to build good neighbourly relations, as well as the attitude of the local population to these strangers. Assimilation that is seen to be positive should not mean total unification or absorption without any self identity or individuality. It is necessary to display far reaching alertness in the area of noticing any threat to the peaceful coexistence of various ethnic groups and the possibilities of conflict that could be used to justify bloody ethnic cleansing.

An important role in the process of European integration was the issue of the unification of Germany and the progress, which took place on the way towards breaking the mutual prejudices between the nations of our continent. This issue aroused a great deal of controversy and led to a revision of how Germany is regarded by European nations. The process of unification was accompanied by numerous fears, which sometimes took on an extreme form of expression. In hindsight, we can see however that the period dividing us from the unification of Germany – despite the fact that in the context of history it is not long, it succeeded in bringing a change in the way we view the German nation and its role in Europe.

The tasks of education and culture are of large significance not only for the nations that are participating in the process but also for those, which have been participating in the process for a relatively short time. In the case of educational tasks, a significant role is played by striving to make the topics of learning more compatible in different countries of the EU, mutual acknowledgement of diplomas and professional qualifications as well as exchange of pupils, students and employees on various levels of the educational system. These allow us to get to know variability of others as well as well as having a positive influence on working out international standards in the sphere of education. An important undertaking is also the stimulation of cooperation between science and research, which allows for both the reduction of costs through greater efficiency as well as creating the atmosphere of cooperation and feeling of a community with aims shared between particular academic centres in Europe.

Interesting changes are taking place in the cultural scene of the EU in the sphere of linguistics – it is worth mentioning the spread of new terminology, which is not solely taken from the English language as up to now but also from other languages – mainly Latin and Greek. There are also a lot of references made to ancient cultures (Greece, Rome), constituting a type of spiritual layer in the formation of the awareness of European citizens of our continent. An important factor of cultural significance is the power of the "dominating" languages. In western Europe the strongest linguistic groups include: German, French, English and Italian. The spread of the particular languages on the continent does not represent their real relevance in the world. The strongest ones are those of the former colonial powers: English, Spanish, French and Portuguese. The meaning of the Portuguese language is however disproportionately large with relation to the possibilities of the Portuguese economy. The former colonial powers are trying to maintain their influence in their former colonies, which also have an obvious influence on the process of integration as some of the associated countries participate in various ways as regards European matters. The linguistic tasks indicate the mixture of culture with that of economics and politics. Supporting the spread of your own language is a matter of not only national pride and honour, but also a way of maintaining your own righteousness. This is not only manifested in the French crusade against the influx of words into the French language of foreign origin, but also in the

intensified and respectful work of various institutions - „the ambassadors" of western countries (e.g. the British Council, the German Goethe Institute), which pay attention to the spread of their own national culture while also ensuring their country of a better position in the world economy at the same time.

The formation of European culture is impossible without taking account of the role of education at various levels. It is at this level that the future of Europe is being formed to a large degree. (Drucker, 1993, pp. 198-209.) This is forcing the EU authorities to undertake rational action in the area of optimizing the support of the process of integration.

These activities consist of the following:

- positive inspiration in the sphere of teaching programmes;
- participation in passing on didactic and educational experience at the level of the teaching staff;
- encouragement of ties between the youth of various countries, including pupil and student exchange;
- support for common research programmes as well as supervision of cooperation of all who are responsible for educational institutions.

Demand for educational activity in Europe is very large – both in the classic sense (lack of knowledge, professional competence and even illiteracy), as well as the necessity to propagate issues related to the needs of a unifying Europe. Data referring to illiteracy in EU member countries indicate that despite a significant restriction of the scale of this problem it has not been liquidated completely. It is worth paying attention to the approximate nature of the data provided – in fact the marginalized group of people who are not able to read or write in the countries of western Europe seems to be bigger – this group also contains a large percentage of young people who finished school prematurely. It is difficult to have complete trust in the official statistics as the data provided does not take account of secondary illiteracy, which in Germany alone affects approximately 4 million people. These marginal groups are particularly at risk from this phenomenon as they finds themselves on the margins of society such as children on the streets or other homeless people, but however there is also a large group of people that are affected by secondary illiteracy as a result of various illnesses. Illiteracy, which is present in the case of foreigners arriving in countries of Western Europe is a separate problem, especially the elderly who arrive without any knowledge of the languages used there. (Merton, 1996, p. 205.).

It would seem that the existing programmes of integration are not effective in this regard.

The general and professional forms of education constitute an essential element of comments and support on the part of the EU structures. This problem is nothing new as it was reflected in the founding agreement of the Coal and Steel Community (1951) and the Treaty of Rome (1957). This aspect also showed its head during the process of editing other documents of the Community – an example of this can be seen in articles 126 and 127 of the Treaty of Maastricht in 1992. The essence of teaching was considered on various occasions and merited more profound analysis with regard to the future of Europe in 1993 when it was outlined in the White Paper by the European Commission where details are provided about the opportunities and threats of entering the 21st century. Likewise, in later documents of the Community this aspect was put forward many times.

3. CONCLUSIONS

There are also voices of criticism with regard to the present shape of European integration in the area of closer cultural ties which are far from rare. Most of them express the fear of losing their identity in the process of unification with regard to some nations. The sense of

creating the EU itself and European integration is called into question. An interesting phenomenon is that the last group of „anti-Europeans" frequently becomes activated during a discussion about culture – this leads to the fact where it takes on a "significant meaning". The aim of the intensification of ties between the nations of Europe should according to EU researchers be geared towards the following:

- conquering the political inheritance of authoritarian governments – also in the case of „new democracies";
- gradual removal of mutual prejudices and animosities between nations which partly constitutes the aftermath of the so- called „historical events", which find fodder in the activities of specific nationalist powers as well as political demagogues that try to indicate a scapegoat with the aid of very simple solutions in order to knock down the capital of social support in an undignified way;
- fighting nationalist, racist, anti-Semitic thinking as well as many types of xenophobia;
- construction of the interests of the community while at the same time making public opinions aware of the benefits accruing from the European integration;
- creation of the possibilities of activity for positive approaches to the process of integration within units and various social organizations that operate outside of official structures.

The closing of cultural ties accompanying the process of integration is a fact, which has got out of control for some particular governments. At the same time, it is possible to claim that in the area of education and culture the activities of EU structures resembles that of the forms of activity in welfare states to a large degree. This allows hope for further propagation in the middle of the process of European integration for such virtues as social solidarity and social security for the people. Simultaneously, economic aspects of closing ties involving social and cultural aspects between European nations are evident which makes it necessary to take account of this fact within the framework of social and economic policies. It is important to emphasize that Europe with its rich historical heritage going back to Greek and Roman times right through the Middle Ages, Renaissance to the most recent past including the first time in the history of mankind in which such a large scale process of integration has taken place in the form of the EU after the Second World War and now possesses huge potential of cultural wealth. This potential should be developed and cherished and used in many areas including commercial ones. In the last case, it is necessary to maintain an appropriate, respectful attitude towards the goods of culture, which will allow the compatibility of the economic bill with the promotion of achievements in the civilization of the Old Continent.

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Magdalena Bsoul

1.6 THE SOCIOLOGICAL INTERPRETATION OF HUMANIZATION OF WORK

Summary: This paper consists of three parts. The first one presents the genesis of the idea of the humanization of work and describes the background of the era in which this idea emerged, and also presents the general views on the concept of humanization of work. It discusses the coexistence of the humanistic and pragmatic trends that have influenced on the development of the concept of humanization of work. The third part of the study presents the problems of humanization of work, which were previously postulated by the above trends. The theoretical and practical purposefulness of the distinction of the concept of macro- and microhumanization of work was also emphasized. The last part of the paper considers the indications of conditions possible for humanization of work in times of socio-economic and political transformation in Poland.

Keywords: humanization of work, macrohumanization, microhumanization

1. GENESIS OF THE VIEWS ON HUMANIZATION OF WORK

The idea of humanization of work has evolved from the output of a number of sciences, such as philosophy, pedagogy, economy, sociology and psychology.

The two different trends can be distinguished in the development of the idea of humanization of work: *humanistic* and *pragmatic.*

The humanistic trend was aimed at preventing humans from not only the negative consequences of work for their psychophysical development but also from the conditions which depreciated them socially. The promoters of this trend strived for ensuring that the human, under conditions that ensued from the first industrial revolution, does not feel lost, helpless and socially excluded. It should be noted that the emergence and technological development of the factories and the division of work in these factories caused that the employees were transformed more into an addition to manufacturing equipment i.e. *partial workers.* Consequently, the people were alienated with relation to work and the outcome of the work, which was emphasized by K. Marx.

When analysing a human as a 'partial worker', K. Marx also noted that machines started not only to set the pace of work to humans but they also determine the conditions of their existence. Therefore, an employee had to adapt to the technological regimes in the factories and the imposed organization of work. Marx also noted that even greater improvements in machines and production facilities which were able to produce even more perfect products were followed by the processes of depreciation of workers and their pauperization (Marx and Engels, 1960).

The work performed by the primitive men using primitive tools led them to emerge from the world of animals and defined the psychophysical and social development of humans. With the development of the tools, passed from generation to generation with the experience of using them, people improved not only individually but also socially (they created even more complex teams that cooperated with each other). While improving the tools, they improved themselves, adapting to these tools both in psychical and physical terms. They developed their hands and the whole nervous system. From the tools made of stones, the human paved their way towards more complex tools, created new civilizations which were highlighted by the development of new tools and intellectual development and the corresponding state of social development.

The invention of the steam machine by James Watt in 1765 sparked the industrial revolution which began in 1770. This revolution, being another stage in the development of civilization, generated certain social transformation, giving birth to the *industrial society* and the new system of economy based on paid work. It also caused that humans became dependent on the use of the forces of nature in the area of manufacturing. This also gave the opportunities for even greater development in mechanization of production, which relieved humans from the hardship of work performed by the tools moved by means of human or animal muscles, but also contributed to higher psychical load, especially due to the pace of work imposed by the machines driven by steam. People used to work in their farmlands or live by developing their craftsmanship, with the rhythm of the day set by the sun. Suddenly they became forced to live with the pace set by the steam engines, which drove the manufacturing machines every day and night. Their working day, which had depended on the sun and had never taken longer than from the dawn until the evening, which meant that it did not exceed 12 hours, was extended to 16 hours in factories, which caused very strong overload and rapid physical and psychical degeneration of the workers. The mortality rate among the workers rose significantly as a consequence of the overload and fatigue, which was even more intensive because of the lack of basic principles of health and safety at work. As employers were not obliged to create adequate working conditions, paid workers had to work in cold and poorly lit places without ventilation.

The beginnings of legal regulations of working conditions can be traced in England in the document entitled *Moral and Health Act,* published in 1802, whose goal was to prevent the exploitation of children who worked in the industry and to reduce their working time to 12 hours a day (Grzybowski, 1947, p.58). The following years saw other legal acts that regulated working conditions in the industry. The ruthless exploitation of paid workers undoubtedly affected the mortality rate in erstwhile societies, which were subjected to the process of industrialization and their moral condition. Unsurprisingly, the more enlightened individuals in these societies made attempts to prevent the status quo as they realized that the paid workers, who became the new and developing social class, are a substantial part of society of the new type, i.e. industrial society. They also emphasized the need for humanization of work, which was then considered either broadly (e.g. utopian socialists) or in a narrow manner, limiting the postulates to changing in the existing working conditions and care for respecting health and safety principles at work.

A variety of concepts emerged among the supporters of the humanistic trend. The majority of them were those with the aim of overcoming the most drastic phenomena connected with initial period of the development of industrialization, such as pauperization, depreciation of workers, and moral deprivation among the lowest layers of the class of paid workers. These concepts strived for overcoming the most conspicuous negative phenomena which arrived with industrial civilization, where industrial workers became the most pitiful layer in the class of paid workers. The most radical followers of the humanistic trends postulated far-reaching concepts, which proposed fundamental social transformations aimed at social liberation of the working human.

For bringing this concept to life, revolutionary transformation of the social and economic order would be necessary, which obviously was not easy to be realized and were considered to be of a rather utopian character.

The humanistic trend emerged in those societies where the importance of paid workers was increasing with the industrialization and both social and political awareness was raised in these people. At the turn of 20th century, with the technological advances and development of the industry, new problems connected with manufacturing started to be perceived. They had to be solved by both owners of the means of production and the managers in their factories as it turned out that the technological advances in the industry brought new challenges with

74

respect to the people employed in this sector. The industry needed the employees who were able to face the technological demands in the even more developed factories. The need arose for the employees adapted to work in the industry and able to be readapted to more complex production challenges, without compromising the efficiency of work

However, the attempts aimed at transforming the employees ready to total subordination to the technological regimes in the factories and working efficiently at the same time did not lead to the expected outcomes. The attempts based on the concepts of *taylorism* emerged. They originated from the ideas of Frederick W. Taylor, who argued that the causes of the main problems of the erstwhile enterprises lied in low individual efficiency of employees.

According to F. W. Taylor, these problems resulted from e.g. irrational methods of organization of the manufacturing process: improper and wrong selection of employees and inefficient system of remuneration. Taylor proposed the division of the whole process of work into the most basic activities which were assigned to the workers every day. Then, he proposed that the salaries and wages should depend on the performance of the tasks. This was supposed to eliminate the weakest employees and leaving the most efficient ones. This practice was expected to enhance the efficiency of work of each employee and to improve the effectiveness of individual teams of workers.

This author suggested that the managers in each enterprise should thoroughly consider the production tasks for each team and each worker, present these tasks in detail to each of them and instruct them to perform all the tasks. The idea was to make workers perform the work so that they 'do not do anything on their own initiative but they consistently follow the instructions given to the smallest detail (Taylor, 1930, p.137).

Therefore, as rightly put by G. H. Homans, the division of work proposed by Taylor reduced both human effort and costs of production. "…This is why all the societies developed through specialization of the performed activities. From Adam Smith to F. W. Taylor, the thesis which said that the more advanced division of work the more savings were possible has been uncritically adopted..." (Homans, 1950, p. 102).

The considerations of the opportunities for reduction in the effort of the employees through improvement in the organization of work and the conditions of performing the work in order to increase the efficiency of work became the starting point for the *pragmatic trend* on reflection concerning the humanization of work. The objective of these efforts was first and foremost striving for achievement of optimal production effects through improvement in technical and social conditions of work. In this trend, humanization was regarded not with the aim of improvement of the situation of the employees working for a particular factor, but as a means of achievement of higher work efficiency, even at the cost of the increased degree of exploitation of the employees.

Both humanistic and pragmatic attitudes to the realization of the idea of humanization of work have their representatives who, within the ideologies they created, attempt to indicate the perfectness of their concepts and to reject the contradictory concepts. Therefore, we will focus on the efforts they made both in the theory and in practice in order for these two contradictory trends of humanization of work to coexist. The example (in favour of the pragmatic trend) is the activities taken by Elton Mayo in Hawthorne plants owned by Western Electric Company in 1927-1932. Based on the research, Mayo found that the cause of the increased work efficiency was caused by the distinction of the employees and the attention given to them by the managers rather than the previously used financial incentives. This researcher argued that the employee would work better if they were sure that the mangers cared for their well-being and paid particular attention to their needs. According to Mayo, the employees appreciate the informal contacts between each other through creation of 'informal groups', i.e. the groups created spontaneously based on friendship, trust and cooperation. The views by Mayo laid the foundations for creation of so-called *the school of interpersonal*

relations i.e. *human relations*, represented by his followers, which attracted much interest in the circles of managerial staff. Therefore, the late thirties of the 20th century marked the beginnings of the great expectations concerning the concept of human relations (Arensberg and Barkin , 1957, p. 14) and its potential for improvement in interpersonal relations at workplaces and enhanced efficiency of the employees.

The implemented changes were supposed to lead to the state where the managers at the workplaces would be responsible for leading the informal groups, thus affecting the employees' behaviour, according to the interests of the employer. The necessity of solving such problems as improvement in communication between the employees and managers, analysis of the relations between individual employees and between the existing groups, activities and cooperation under different conditions and within different formal organizations and maintaining the balance through changes in the behavioural patterns of the individuals and the whole organizations was emphasized (Morawski, 1970, p.136).

It should be emphasized that the above concept focused primarily on the analysis of the potential of the enterprise and on the determination of fundamental social and psychological mechanisms, which significantly influence the behaviours of the employees, neglecting the significant humanization element of the development of human personality. It consisted in the activities aimed at reinforcement of the power of capital and a particular step forward in the development of humanization of work possible under conditions of capitalistic societies, but the workers were very reserved and suspicious of this idea (Biegeleisen – Żelazowski, 1964). Furthermore, it was not aimed at emphasizing the employee as the subject.

It is remarkable that the interest of the employers who emphasized human relations was actually connected with the achievement of the following goals: increased efficiency, improved quality of work and making the employees attached to their workplaces. It was claimed that these goals can be achieved through striving for increased satisfaction from work among the employees.

Satisfaction is a positive emotional state which is generated through contact with a particular object, activity, effect or which exists as a general reaction that characterizes the state of an individual as the wholeness. The general satisfaction from work is composed of the satisfaction derived from its different elements, such as the contents of the work, its surroundings, salaries, opportunities of promotion etc. (Dobrowolska, 1980, p.219).

As rightly put by A. Sarapata, a substantial effect of the satisfaction gained from working is the willingness to perform work, the degree of diligence at work and care for both quantity and quality. The satisfaction derived from work is one of the main sources of life satisfaction (Sarapata, 1977, p.139). However, the degree of satisfaction from work is relative, as it depends on the result of comparison of the present situation with the previous one or the individual situation with the situation of other people. With the course of time, it turned out that the relationships between the satisfaction and the efficiency of work is not that obvious and the attempts to increase the satisfaction were abandoned. This type of attitudes of the employees seems to confirm that the efforts aimed at making employees satisfied were not motivated by the willingness to increase the satisfaction of the employees but by the attempts to achieve higher profits through increased work efficiency.

The concept of *humanized organization* should also be discussed. The main representatives of this idea were Mc Gregorg and R. Likert. The former of them defined the principles concerning working with people in organizations in the form of two theories. This meant the theory X and theory Y, which soon gained popularity in the USA since they provided the vivid picture of the differences between the two types of employees' behaviours. Moreover, they revealed the methods of influencing the employees and using their creative potential. On the other hand, Likert emphasized the importance of loyalty and trust in relations between the employees in the given team and the subordinate and the superior. This

researcher argued that creation of the network of interrelated workers' groups will allow managers to better use the creative potential of employees and will increase their activity at work.

Based on the above concept, another idea emerged, known as *organizational development,* whose primary focus was on facilitation of the whole organization through implementation of group mechanisms of solving problems. Participation of the employees in implementation of changes stimulates positive attitudes among the employees towards working through e.g. managing organizational culture and the culture of formal work groups.

Two other concepts are also essential as they attempt to solve the problems of humanization of work in different manner. The first of them is the concept of *solidarity* (Friedmann, 1976, p. 139, Kowalewska, 1971, p.25), whereas the second one is the concept of *separation of working time from leisure time* (Friedmann, 1980, p.132).

The first concept assumes that the workplace is supposed to satisfy social needs and the work should be treated as a type of service in social interest. Through employees' participation in the revenues that are turned into salaries which depend on the employees' contribution to work, the attempts were made to reinforce the commitment to the workplace's affairs. This was aimed at strengthening solidarity in the enterprise, which encompassed all the members of the staff, aiming at deepening the atmosphere of cooperation and raising moral solidarity among the people employed in a particular enterprise.

The second concept emphasized that the work does not satisfy all human needs and thus the employees should obtain the salaries that allow them to organize their leisure time after work in a manner they find suitable for them in terms of satisfying the temporary and permanent needs.

When discussing a variety of concepts that emerged within the pragmatic trend, one should also indicate those which contained such terms as humanization of work, quality of life of working people and internal industrial environment (Jędrzycki,1978, p.57). According to Wiesław Jędrzycki, the first term is a typical concept of the humanization of work at the level of the workplace, which encompasses the following problems: type of tasks imposed on the employee within the process of work, physical working environment, social environment in the enterprise, length and manner of organization of the time when the employee remains at the workplace and the scope and way they participate in making decisions concerning these problems.

The above concept insignificantly concerns the problem of participation of employees in the process of decision-making at the workplace, whereas it totally neglects the challenges which result from globalization processes, i.e. everything that is connected with broadly understood conditions of work that exist outside the particular enterprise.

The second concept approaches the concept of humanization of work to a broader extent and points to some strategic social activities which support the realization of the idea of humanization of work. It indicates the necessity of taking some actions towards the achievement of this goal. They concern such aspects of humanization as the activity oriented towards securing health in the process of work which increased the creative potential of the employee at the workplace, allowing employees to participate in the process of work and to obtain a decent salary.

The discussion concerning the concept of humanization of work should also include the proposals made by Julian Hochfeld, contained in his study entitled *Two Models of Humanization of Work* (Hochfeld, 1973). This author indicated the two models of humanization of work, namely *revolutionary* and *evolutionary* humanization. These models do not exclude each other, but they are of complementary character. Hochfeld argued that the first model is possible to be implemented in the socialist society, where, after removal of private ownership of the means of production, the conditions are created to allow the creative

and unlimited activity of people that develops their personality. According to this author, the second model is proper for the societies where political transformations have not occurred yet and the capitalist production relations are maintained, although a variety of reforms are implemented to ensure the improvement in existential conditions and to provide them with greater freedom in the process of work.

It is remarkable that the first of these models erratically associated the nationalization of workplaces with their socialization and assumed that there must be a socialist society in the socialist country.

In the middle of the 20th century, as a result of clashes between a variety of views on humanization of work and the theories that emerged on the foundations of the theories concerning this idea, the concepts of *macrohumanization* and *microhumanization* emerged. They represented a specific attempt to overcome, in both theory and practice, the problems connected with the realization of the concepts that were created within the humanistic and pragmatic trends (Sztumski , 1997 , p. 36 . Doktór, 1966, p. 14).

Macrohumanization means all the transformations in interpersonal relations that lead to the situation where the human is able to feel as a real subject at the workplace i.e. the human being whose work is regarded to be a highly appreciated social value and the human alone becomes a person who can participate in the process of making the decisions which are essential for their workplaces. This concept emphasized that the employee should not be perceived as a 'talking tool' which can be handled by the managers of different levels, i.e. they should not be treated as a 'workhorse' but as the human being.

Microhumanization should be viewed as an improvement in working conditions on the scale of a particular enterprise through improvement in current conditions of health and safety at work, enhanced culture of work, better work organization and the implementation of the principles of co-existence and cooperation of the employed. In other words, humanization is limited to the concrete workplaces, encompassing only the working conditions.

It should be noted that these two apparently different concepts do not exclude each other since the concept of macrohumanization contains the changes proposed in the concept of microhumanization. It can be argued that the postulates of the concept of macrohumanization cannot be realized without the implementation of the microhumanization at workplaces.

The overview of the selected concepts of humanization of work shows how far the creators differed with their views of the subject of their interest concerning the social and economic situations at workplaces and the attempts to overcome them in practice.

Let us emphasize that the idea of humanization of work has been developed in Poland by numerous scholars, with particular focus on those involved in the sociology and psychology of work. For the past 40 years, the idea has attracted substantial interest of the scientists such as J. Bugiel, St. Czajka, K. Doktor, L. H. Haber, W. Jędrzycki, J. Sztumski and D. Walczak-Duraj (Bugiel Haber, 1970, Walczak – Duraj, 2001).

2. THE PROBLEMS CONSIDERED IN THE CONCEPTS OF HUMANIZATION OF WORK

Let us emphasize the problems which have been topical since the very beginning of humanization of work. They include in particular:
▪ improvement in the conditions of work at the workplaces, with particular focus on the workplaces where the degree of threat of occupation diseases or accidents is particularly high, through implementation of the new tools and technological solutions that improve the production processes,
▪ increase in the care for the workplace and the culture in the workplace,

- removal of the threats to life and health of the employees, reduction in the physical effort and the difficulty of work,
- increasing the level of professional education and the abilities to work at individual work stations, preparation to safe performance of the activities connected with the work at a particular work stations,
- alleviation of the adverse impact of automation on the employees,
- implementation of the principles of personal and organizational culture,
- stimulation of social activity among the employees, implementation of new forms of employees' self-governance, increasing the employees' contribution to decision-making concerning manufacturing and economic problems at the workplace,
- overcoming the effects of alienation of work through making employees aware of the causes of this problem.

Care for increasing the employees' safety, which has emerged in different concepts of humanization of work throughout the centuries, remains topical, since the scientific and technical revolutions have brought the new tools and technologies which involve a variety of previously unknown threats.

It should be noted that in the ancient times, in the Middle Ages and even in contemporary times, the work performed by the people was not the subject of a particular legal protection. Therefore, anyone who performed their work for another person, i.e. a particular employer, performed this work at their own risk and took responsibility not only for the quality of their work but also for the accidents when performing the work. The employer was not responsible for the accident which might have occurred to the employee who performed a particular work or professional activities or for the conditions in which the work was performed i.e. they were not obliged by legal regulations to take care of the employees' safety.

In the first half of the 20th century, which was the period of birth of capitalistic system of production, the factory-related legislation which standardized the problems of safety and health at work through implementation of sanitary regulations emerged first in England and then spread to other countries of Europe. However, the employees working for the factories remained unprotected at the workplaces. The protection was also not provided for women and children who worked in the industry. Even the mental workers were forced to care for the lighting on their work stations and heating in the winter.

Therefore, both safety and hygiene of work were the problem of the paid workers, who worked at the workstations that threatened their lives and had to take care of their health and lives. If they met with the accidents, they had to bear the responsibility for all the harm and damages at the workplaces and did not obtain any compensation for the loss of health, disability, or death. Wives and the orphaned children also did not obtain any indemnities or compensations.

Development of the industry and the civilization and social advances and the increased awareness of the class of paid workers who started to organize trade unions to fight for better working conditions and social rights for their members gradually contributed to the implementation of the legal regulations which were more favourable for the employees. They were aimed at improvement in the state of safety and hygiene at work through changes in the equipment used in the factories, e.g. better lighting, ventilation and heating in the factory's premises, development of protection devices in modernized machines used for production etc.

It should be noted that the increased care for improvement in the conditions of work and safety at work was also determined by the interest of the employers, since the accidents caused the increased downtime in production, which involved the particular waste. Furthermore, more complex technological processes were also deteriorated by the breakdowns caused by the accidents. The efforts aimed at preventing a variety of disturbances in production made by trade unions and the employers led to the establishment of the first

institution, which was defined as *the Labour Inspection*, called into being in 1833 in England. This happened after as much as 63 years from the first industrial revolution.

The development of the industry and the related economic and social problems forced the owners of the means of production to take a variety of preventive measures, which were supposed to limit the accidents connected with work. On the other hand, the activities aimed at protecting the employees from occupational diseases were taken to the lesser extent, because the occupational problems did not appear suddenly and little was known about the occupational diseases (Sztumski, 1986, p.136).

It should be emphasized that further development of industrial production as well as civilizational and social advances caused other positive changes in this area. The attempts are made to adapt the manufacturing equipment and workplaces to humans, with consideration of the improvement in the safety at work rather than adapting humans to the tools. Nevertheless, it is obviously difficult to eliminate all the possible threats to the health and life of the employees connected with the work they perform in consideration of the fact that new, previously unknown manufacturing equipment and technologies are being developed, e.g. nuclear power plants.

Let us emphasize that the contemporary industry brings a series of new threats at the workplaces, not only for the employees who often operate a very complex production equipment, but also the threats to the natural environment where a particular plant operates in, due to the possibility of breakdowns, such as the catastrophic nuclear accident in Chernobyl. This type of breakdowns can be caused by both humans and independently of humans, when they are the consequences of construction errors, improper work organization and other factors.

It should be noted that the necessity of constantly modernized technologies and modern production equipment consequently led to the increased requirements of good professional background with respect to the employees, adaptation of the health and safety regulations and psychophysical efficiency and the particular moral qualifications. Obviously, it cannot be excluded that even the employee with possibly best qualifications might meet with an accident. However, these situations should be minimized and the necessary measures should be taken to overcome both the subjective and objective determinants.

Elimination of the subjective determinants of accidents necessitates striving for employing the people with particular psychophysical and social traits required for performing concrete professional activities and suitable preparation for performance of the professional activities in a possibly safest manner.

It is remarkable that the employees are exposed not only to the accidents they can be caused by themselves but also to the accidents, which can be caused by their co-workers, or be a result of erratic decisions made by the people who control work processes. For this reason it is important to stimulate the mutual trust among the employees and strong conviction of the managers' competencies. Obviously, this type of trust toward the co-workers is formed within the process of cooperation where one can verify to which degree they are prepared in professional terms and to which extent they are responsible for their behaviour at the workplace. The trust towards the managers is based on particular experiences connected with the implementation of the decisions, which are made by individual managers during the performance of particular tasks. The manager who makes quick and right decisions is perceived by the employees as a trustworthy person who can be counted on in difficult situations.

It is commonly known that the threats to health or life can be also caused by the following *objective* factors: the natural environment of the workplace, concrete workplaces, character of the job, current conditions of health, safety and hygiene of work and the technological

processes connected with a particular manufacturing or service-providing activities (Sztumski, 2002, p.12).

The *prerequisites* for the accidents at work or occupational diseases can be found in the above threats. On the other hand, the threats caused by the same working person or other persons might be viewed as the *sufficient conditions* for the occurrence of the accidents at work or occupational diseases.

The conclusions can be drawn from the above investigations that the accidents at work can be the consequences of both subjective and objective factors, which cannot be all easily eliminated because the development of the technology brings in consequence the new threats to the employees. In general, these threats are not supported by any experiences which might be gained after a particular time, whereas the routine behaviour established during the previous work might turn out to be insufficient.

The subjective causes of the accidents might result from direct human activity e.g. as a result of negligence or carelessness or indirectly, when the accidents occur as a consequence of the negligence of the people who manufacture the production equipment, who supervise the work of other people etc.

The objective causes of the accidents at work, as the events independent of human activity, are unpredictable, and, even if they can be predicted, they cannot be always prevented.

Although not all the accidents at work can be eliminated, the preventive measures should be always taken and the results of the accidents should be limited to the minimum level. Therefore, each accident at work should be thoroughly analysed to find its causes, especially to determine to which degree it was a result of the objective or subjective factors.

For these reasons the humanization of work, as rightly put by Józef Penc (Penc, 1997, p. 28), should involve all the components of the system of work i.e. contents, conditions and labour relations since they affect the employee and impact on the effectiveness of their activities and the effective work. Therefore, the process of humanization of work should be related to the enterprise and the attempts should be made towards rationalization of work aimed at the increase of productivity and creation of the conditions which are adequate for humans and which help them develop personalities using the achievements of the ergonomics and psychology.

With consideration of the reasonable optimization of work efficiency and its humanistic realization, one should take actions concerning the preparation of people to work, full and rational employment, conditions and labour relations, remuneration for work, working time and free time, social security and retirement benefits and the whole infrastructure of work. These activities should focus on the three areas:

▪ improvement in the organization of work: in order to perform current production tasks; one should consider complex activities that encompass in particular organization of management, organization of production, organization of work process, organization of work stations or organization of office work;

▪ improvement in physical conditions of work, since improper conditions cause the excessive load to human body and the work becomes less efficient, whereas creation of adequate conditions of work impacts on the improvement in human behaviour throughout the process of work and achievement of higher efficiency and quality of work;

▪ improvement in the culture of cooperation in the enterprises: this is connected with the implementation of new quality of interpersonal relations in privatized enterprises which frequently lack organizational and social integration and are often a place of conflicts which destroy a good climate at work, cause a series of unfavourable phenomena that lead to the reduced motivation at work, sensation of uncertainty and reduced motivation

to work, negatively affecting the system of work in the enterprise and reduction in the economic effectiveness.

It seems that the awareness of the need for consideration of the activities aimed at humanization of work is purposive both for the theory and practice, since it allows for more careful perception of the complexity of these activities and offers better opportunities for the realization of the idea of humanization of work.

This is especially useful in contemporary times, when striving for the realization of this ever-topical idea might occur under conditions of advanced *globalization* that involves the economic, social, political and ecological domains, which obviously does not make these attempts easier. It is also remarkable that striving for the realization of the idea of humanization of work should also take into account that they are aimed first and foremost at the interests of working people, which should not be regarded exclusively as *homo laborans* or human beings who are supposed to generate profits for the employers but also as *homo sapiens,* who should be viewed in the process of work as a subject of work, and their dignity should become a priority.

3. PROBLEMS OF HUMANIZATION OF WORK IN TIMES OF SOCIAL, ECONOMIC AND POLITICAL TRANSFORMATIONS IN POLAND

Dramatic transformations which have been observed in Poland since the eighties of the 20th century in the area of social life and labour relations were a consequence of the breakdown in the previous socioeconomic system which was typical of the socialist countries. The system was characterized by the advanced centralization in terms of planning and managing the economy, with particular focus on the industrial production. The economy was based on the command-and-quota system which did not stimulate the interest of employees in the problems of management. Furthermore, the enterprises had little freedom in deciding on their operation and the internal self-government units could not make decisions on economic problems and they were focused primarily on social and living areas of individual teams. It should also be emphasized that the groups of representatives were not experienced in self-governmental activities and did not take any broad initiatives concerning humanization of work (Czajka, 1986, p. 299).

It should be noted that the years 1980-1990 were a period of numerous and intensifying protests of the employee groups, which caused increasing chaos in controlling the economy and contributed to the decline in the efficiency of work in many enterprises. This had a substantial impact on the idea of humanization of work which was previously realized to some extent.

The changes in the production relations in individual industrial plants were conducive to employees' efforts to actual co-deciding about their life and work. They were aimed at helping employees transform into the real subjects at the workplaces which remained state-owned.

Penc (1997) argued that following the events that occurred in August 1980, the idea of humanization of work was revived in the official propaganda, but it died away in the period of economic crisis. '*The problems of humanization',* notes J. Penc '*were narrowed: the interests of the people of work included mainly the questions connected with the extension of worker's self-governance, which means not only democracy of management but also creation of the conditions that make it easier to the employees to socially communicate and help improve family lives, development of personal abilities and reveal the Self and active influence on society through efforts towards the development according to their needs'* (Penc, 1997, p. 22).

At the turn of the 90-ties of the 20th century, changes in the economy connected with the process of decentralization of management and the empowerment of society did not

contribute to the quality changes in humanization of work. Moreover, the growing unemployment rate and excessive fiscalism caused the disappearance of the idea of humanization of work. The enterprises which strived for survival in the market reduced the outlays on health and safety at work and were unable to take measures to increase humanization of work because of the lack of financial means. On the other hand, the employees who were afraid of losing their jobs were willing to work for lower salaries and did not postulate the decent working conditions.

The implementation of the principles of the free market economy caused a new situation in the labour market, with the domination of workforce over the demand for labour. Increase in unemployment caused that the number of people who looked for the job was very high and the *reserve workforce* was increasing.

This situation caused that the employers had much more freedom in choosing the employees compared to the employees choosing the employers. The employer could decide not only on the conditions of remuneration but also on the conditions of work and they often demanded that the employees provided a variety of services which were not consistent with the legal regulations of the labour code. It was also difficult to the employees to think about the empowerment at work and the decent treatment.

Let us see that the employee in the labour market does not only sell their work because it cannot be separated from the person. To some extent, the employee sells themselves i.e. their social personality through adaptation to the employer's requirements e.g. their looks, views and preferences. For this reasons they can be forced to behave in a manner which violates their dignity. The human dignity should be linked with the empowerment of humans, as one of the most essential aspects of macrohumanization.

In the period of transformations, the realization of the idea of humanization in the enterprises owned by the state was limited to the macro scale at the most. In this type of enterprises, the employers are interested primarily in improvement in economic indices e.g. through reduction in costs of production, which, on the other hand, does not positively impact on the improvement in the conditions of work, organization of work and health and safety at work. These activities also take place in private enterprises which fight with competitors to survive in the market, frequently violating the regulation of the Labour Code in terms of e.g. remuneration, overtime work, forcing employees to perform additional activities or limiting the health and safety outlays to the minimum level.

It can also be observed that in the period of socioeconomic and political transformations, when the approach of 'profits over humans' started to be observed (Chomsky, 2000, p. 32) there was lack of conditions conducive for the realization of the idea of humanization. This happens despite the fact that the work, as rightly put by J. Sztumski (2000, p. 39), '…*remains the most important activity of humans and the source of well-being of the societies, but it is still the means of exploitation of some people by others and the factor which stimulates the division into the rich and the poor, with thelatter being much bigger group.*

The idea of humanization of work remains a postulate, even on a micro scale and represents the challenge for societies of the 21st century.

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CHAPTER 2

Changes in *HRM* Theory and Practice

Matthias Reich, Jürgen Fonger

2.1 THE IMPACTS OF THE DEMOGRAPHIC CHANGE FOR THE HUMAN RESOURCE STRATEGIES OF GERMAN SMALL AND MEDIUM SIZED ENTERPRISES

Summary: The demographic change and its effects on the structure of the European population is a current scientific topic of great interest. The German labour market for example is in transition: the range of working-age persons will decline by 6,5 millions until 2025, which means that the number of appropriate specialists will decline as well. The aim of the paper is firstly to show, which possible strategies German small and medium sized enterprises (SME) could generate to deal with these developments and how they response on this situation in terms of a change of their Human resource management. This implies different fields of action like personal recruitment and vocational training, typically summarized in a Balanced Scorecard (BSC) in order to obtain the competitiveness of the small and medium sized enterprises. Secondly, the impacts and possible solutions in context with the aging and retiring of the current company-owners are shown.

Keywords: Demographic change, SME, Balanced score card, companies handovers

1. INTRODUCTION

Germany is in the middle of drastic demographic changes. The twelfth coordinating population forecast by the Federal Statistical Office (German federal statistical service, 2009) showed that the population would diminish significantly. Not only the state and society will be affected by the impact of the demographic trends, companies will feel the consequences as the expected decline of the peoples' demand of goods and services, too. As employees are one of the most important, if not the most important corporate resource, a result is that the companies have to deal with an older average age of the employees and bigger problems in order to find the employees needed for the special belongings of the small and medium sized enterprises'. It is insofar a specific small and medium sized enterprises problem, because they typically do not have a personal-recruitment unit within their companies. The small and medium sized enterprises form the backbone of the German economy. The Institute for SME Research in Bonn (Germany) has noted in a recent study (Fuchs and Dörfler, 2005a), that the awareness of the German small and medium sized enterprises-owners is quite focused on parts of the demographic change and its consequences. While many companies have recognized the need for an adjustment in the sales area a developed awareness of changes of the personal policies still is missing. Due to the demographic change and its challenges for the small and medium sized enterprises, it is therefore to consider which strategies should be generated and realized.

In this context, the "Balanced Scorecard" has been intensively discussed for years. Since its conception by Kaplan and Norton (1996) in the early nineties was introduced into various companies, including small and medium enterprises, there are already numerous publications about the Balanced score card. This paper shall present a description of conceptual and practical approaches for small and medium sized enterprises' in terms of managing their staff by the Balanced score card. It aims to show how the Balanced Scorecard is suitable for small and medium sized enterprises`, generally regarded as a controlling and a management system specifically for the consideration of Human Resource-related impacts of the demographic change. In particular, the classical Balanced Scorecard contents the learning and development

perspective as well as selected approaches of the Balanced score card. With the use of the Balanced Scorecard and an increased engagement with the learning and growth perspective in the context of demographic change, small and medium sized enterprises` can generate and use developed strategies purposefully.

2. THE IMPACTS OF THE DEMOGRAPHIC CHANGE

The term "demographic change" is synonymous with demography, often used with population. The population statistics include the population its structure and population movement, population models and projections. A population forecast is an estimate of future population growth. Important factors are the birthright of demographic behaviour, mortality, and net migration. At the end of 2010 lived 82.1 million people in Germany. This will be reduced by 2050 to nearly 69-74 million and by 2060 to nearly 64-70 million (German federal statistical service, 2009). At the same time will increase the average age of residents of 42 years in 2005 to 50 in 2050. Here, the relations between old and young will change significantly. On the one hand, decreases the number of people less than 20 years in 2060 to less than 16% of the population and the 20 - to 65-year-old to nearly 50%. On the other hand, the number of 65-year-old and older increase by about 34 % for businesses, the development of the labour pool is more important than the development of the population in a whole. The labour force will decline from 2004 to 2050 by 13 million people to 31.5 million (Fuchs and Dörfler, 2005b).

The decline of the labour force potential in the former East Germany is with 55.4% more dramatic than in Western Germany with 22.9%. At the same time shifts the age structure of the labour pool. Both, the number of employed persons between 15 and 29 years and the 30 to 50 year old will fall sharply. Only the number of older workers raises from 10.3 million in 2004 to 14.3 million in 2020 to 2050 back to about 11.2 million. In addition to the decline in the labour pool also the shift in age structure vary significantly from region to region, in some districts of Germany, the number of older people is about two thirds or more (German federal statistical service, 2011). Because of the sharp decline in the younger labour force the competition between the vocational training alternatives, for example the dual training system and the technical and higher education sector, as well as between the companies will increase. In addition to the reduction and the aging of the labour force potential, the skill level and the skill structure of the population will change. The nowadays middle-aged people between 30 and 50 will not be replaced adequately nether with the proper qualification levels nor at the needed extend. Their departure creates not only a quantitative gap, but the companies are facing the problem to replace its quality. The assumption that better qualified younger generations replace older employees is unlikely. If education continues to stagnate at the current level there will be a huge lack of skilled workers. For example, an increasing shortage of machinery, electrical and industrial engineers as well as a lack of skilled workers in the IT-branch is already recognizable.

Summarized the demographic change will lead to a partial shortage of labour, a labour force reduction followed by increased wages, an increase of employees with performance constraints, reduced staffing flexibility, know-how gaps and a loss of innovation are predicted (Fuchs and Dörfler, 2005a).

3. STRATEGICAL RESPONSES ON THE DEMOGRAPHIC CHANGE

This demographic development in addition with the globalization of the markets is the biggest future challenge for the companies. The impact on the firms will depend on the operating history and personal political strategy in the past. To cope with the inexorable

demographic trends, especially in medium-range decisions the companies require new strategies and measures. A special concern of small and medium sized enterprises by the demographic development is obviously the particular importance of human resources and the typical weakness in personnel and organization of human resource management strategies.

The importance of human resource strategies in small and medium sized enterprises remains far behind compared with those for large firms (Hamel, 2006). For small and medium sized enterprises, human resource management criteria such as loyalty, reliability, thinking identification with the enterprise, creativity, quality and cost consciousness are more important than for large firms. The employees in small and medium sized enterprises have a special position. The relative importance of each employee is often bigger than the relative importance of the same employee in large firms. In addition, the small and medium sized enterprises depend on the employee's flexibility on all sides because of their high-trained and especially technically specialized staff. This is why they are often an insignificant proportion of unskilled and semiskilled workers employed. This also distinguishes the small and medium sized enterprises structure's from large companies. For small and medium sized enterprises qualified and motivated employees are considered as a resource of vital importance. Strategic considerations are absolutely necessary in order to deal with the future developments of the demographic change as described above. As the activities of small and medium sized enterprises concerning the covering of the staff needed often had hampered by a missing strategy there is a need to generate and implement a fitting strategy. Problems of staff recruitment combined with a strong ability to face the challenge of global markets have to be solved. Therefore two steps seem to be essential for small and medium sized enterprises: First there has to be developed a strategy that contents solutions for the emerging problems followed by the demographic change. Second the elements of this strategy have to be extended by further elements especially like how to deal with the challenges of globalized markets. Both can typically be realized by a fitting Balanced score card, which is an option that shall be described in the further.

A systematic human resource development so far is carried out only in a few medium-sized enterprises (Kayser, 2006). This is illustrated by the fact that training is often done only for current needs and solving technical problems. Already, the middle class is faced with the problem of skilled labour in sufficient numbers and skills needed to find. To deal with the impacts of the demographic change the small and medium sized enterprises will have to implement a strategy that includes all action fields which are important for the success of the companies. A key factor is already and will be more and more the strategic field of "Personal management and recruitment". However, this strategic goal cannot be reached isolated from further perspectives and goals. Only if the strategic objectives of financial, customer and process perspective are embedded as well a successful growth perspective can be obtained (Krause, 2008). The field of "personal management and recruitment" covers both education and vocational education like training on the job in order to improve skills, establish human resource development or improve product management and so on. On closer inspection it becomes clear that these objectives have a cross-over nature. Thus, the goal maintaining employability includes increased employee retention, skills development and maintenance of physical, mental and psychological abilities. Therefore strategic goals have to be as unique as possible and should take care of specific belongings as well, especially as the sand medium sized enterprises typically have a high specification grade. The Balanced Scorecard is considered to be a very usable tool for small and medium sized enterprises to generate a strategy that combines the strategy elements being considered already with a strategy for personal management and recruitment.

3.1. THE BALANCED SCORECARD

The Balanced Scorecard has been researched and described in several scientific papers and books. As the intention of this paper is not to explain or describe the balanced scorecard, but to show how it could be a useful tool for German small and medium sized enterprises to optimize their Human Resource Management in the light of the impacts of the demographic change at this point a short summary of the core elements of the Balanced Scorecard is made.

A Balanced Scorecard is typically differentiated by four perspectives: The financial perspective that shows which objectives are derived from the financial expectations. The customer perspective that describes the goals has to be set in terms of the structure and requirements of the customers in order to achieve the financial goals. The internal process perspective, that describes the goals have to be set in terms of the processes to meet the objectives of financial and customer perspective. The fourth perspective is the learning and development perspective. It contents the goals that have to be set in terms of the potential in order to cope with the current and future challenges (Horvath, 2007). The learning and growth perspective is the true foundation upon which the entire edifice of the balanced scored card is established (Niven, 2003).

These four perspectives are the starting point from where any strategic decision is made and they also lead to the formulation of decentralised sub - strategies for individual units (Ehrmann, 2007). Especially in a high wage country as Germany the human factor is an important element, that has to be considered in any strategy decision and in the context of this paper it is very important from the perspective of learning and development. The experiences with the balanced scored card, however, show that this is in many companies still not recognized enough (Weber, 2008). For each of the balanced perspectives the balanced scored card transforms the existing vision and strategy into an objectives, metrics, targets and measures (Horvath, 2007). Not only the contents of the strategy become clearer by this, it also allows the development of alternatives and further possible solutions. Thus, the relationships are much clearer since the required link between strategic object and operational object is illustrated (Müller, 2005).

The balanced scored card not only provides the design of a strategy but it also bridges the foundation of a strategy into a translation that show concrete measures and defines the missions and visions and allows the design of the strategic goals (Kaplan and Norton 1996).

3.2. STRATEGIC GOALS

The strategic objectives in the Balanced Scorecard specify the business strategy. Within the Balanced Scorecard the demographic development and its impacts will be integrated as a factor of opportunities and risks. The extension of the classical Balanced Scorecard with four dimensions to the environment as a fifth base perspective allows consideration of indicators including the earliest indicators of labour market analysis. The Balanced Scorecard is a concept for the implementation of corporate strategies (Börner, 2006). It is derived from the strategy of the company as a strategic management system supporting the management process of master critical management processes. (As part of strategic planning, the five levels of goal-setting, environmental analysis, business analysis, strategic choice, and strategy implementation can be distinguished. The Balanced Scorecard is attributable to implementation of the strategy). Thus for the strategy choice and strategy implementation, the results of the environmental analysis in the form of opportunities and risks involved in the environment are relevant. Demographic trends have to be included into the strategy decisions to keep the actuality of the Balanced Scorecard and the corporate strategy. In particular, opportunities to integrate the recruitment and development in the classical Balanced

Scorecard are developed, presented and evaluated. The task of recruitment is to procure the necessary staff in the required number and skills at the appropriate time for the requested feature at competitive and achievement-income. As parts of the strategic fields of action of recruitment are exemplary goals: Highly qualified and motivated employees in the necessary number set, attractiveness as employer, qualitatively and quantitatively sufficient personnel, a continuously improvement of skills and techniques (Philipps, 2003).

Concerning the organizational conditions it is typical for small and medium sized enterprises that personnel planning, career structure and succession remain largely limited to non-routine activities. A competent organizational unit solely for the staff is usually not available, even staff positions for the organizational integration of personnel management functions are mainly exhausted in a personnel or payroll office which is responsible for the essential administrative tasks, as well as a functional assignment of personnel management. The importance of human resources in SMEs remains far behind those for large firms. For SMEs, human resource management criteria such as loyalty, reliability, thinking, identification with the enterprise, creativity, quality and cost consciousness are more important than for large firms. (Hamel, 2006). Action fields of a demographically-oriented personnel management have to focus on core operational processes and related cross-action areas. Through staff development, the goal of helping to qualify employee's at all hierarchical levels to face current and future needs can be reached. This includes all programs and systems that deal with workforce development activities and methods of training, continuing education within the company. By determining the strategic objectives for each perspective, the strategy within the individual perspectives and goals assigned to receive. At the same time, this forms the basis for all other activities in the Balanced score card-creation. To ensure the strategic importance the strategic objectives should have a highly competitive relevance. By the formulation of strategic goals it has to be made sure that they are as specific as possible and action-oriented. The high level of competitive relevance is absolutely necessary in order to continue or improve the market success.

3.3. PERSONAL MANAGEMENT'S FIELDS OF ACTION

The fields of action in the personal management concrete the strategic goals and describe instruments to reach the goals and make an important contribution to the success of the company. With respect to the recruitment, a distinction is made between internal and external recruitment. Internal recruitment typically goes hand in hand with the development of the staffs` qualifications and skills and shall be explained further. Recruitment in this context means the external recruitment of workers (a strength of the small and medium sized enterprises is basically a high degree of loyalty and responsibility of employees to the company; workers often remain for a longer period in the same company (Jürgenhake, 2008). Taking into account the regional differences in the demographic development intensive recruitment efforts must be expanded to meet the needs of cover the personal demand for the small and medium sized enterprises. This also means, as local labour markets differ quite significantly the opportunities of the potential workers are varying. Taking this into account, the fields of action have to fit with the regional environment (Bleicher, 2004). Although the recruitment actions might be very different from each other the key is usually to stress the advantages of the small and medium sized enterprises like special promotions or job advertisements designed in a way to focus on the specific benefits due to work in a small and medium sized enterprises (e.g. like a good environment, a "great team spirit"). The main target is to compensate possible disadvantages compared to big companies as described above. Besides the recruitment, the other most important target is the development of the employees in order to optimize their skills for the needed demands (Friedag, 2002). This

bundle of actions is summarized under "Human Resource development measures" and contents all actions like create a training and educational plan for the near future as well as for the next years, create a forecast of the future demand of employees and the changes of their needed skills or level of vocational education. These measures are closely interacting with other strategic goals as described in the Balanced Scorecard. Along with the implementation of these measures, it seems to be sensible to design a Human Resource Controlling system, that implies not only the successful hiring of new employees but also the continuously improvement of the companies employees skills.

Summarized the fields of action of the personal management are the specific discharges of the strategic goals set in the Balanced Scorecard embedded in the strategy-mix of the small and medium sized enterprises as a part of the Balanced Scorecard as well. Therefore, there are many correlations with each other e.g. the goal of generating growth will not be reached without better qualified and/or personal or maybe new ways of distribution etc.

4. EUROPEAN CONTEXT

The demographic change in Europe will modify the structure of the population in Europe. According to the Europop 2010 convergence scenario of Eurostat (Eurostat 2010) the following changes are expected:

As shown in Table 1 the total population in the EU27 will increase from 501 million in 2010 to 525 million in 2040 and then decrease till 2060 to 517 million (which signifies a percentage change by + 4,35 % from 2008; shown in Table 2). Certainly these developments will not proceed identically in all member states. There will be considerable differences. Thus between 2010 and 2060 for 16 member states an increase in population and for 11 member states a decrease in population is expected. The greatest population decreases will be in Bulgaria (- 27,62 %), Latvia (- 26,33 %), Lithuania (- 20, 48 %) and Germany (- 19,25 %) and the greatest increases in population will be in Luxembourg (+ 51,00 %), Ireland (+ 48,25 %), Cyprus (+ 42,77 %) and the United Kingdom (+ 28,81 %). With nearly 79 million inhabitants the United Kingdom (followed by France, 73,7 million inhabitants) will replace Germany as the most heavily populated country.

Following the data of the European Union Statistic Services (Eurostat, 2011) small and medium - sized and micro enterprises are the dominant type of business organizations within the European Union. There are nearly 21 million enterprises and 99% of them are organized in small and medium sized enterprises. Some more facts of the small and medium sized firms in European Union are also very interesting: Nearly 67 % of all private service jobs are offered by small and medium sized enterprises. Micro enterprises with less than ten employees are still the majority of all enterprises in Europe, they employ a third of the European work force and generate more than 20% of the economic value (Eurostat, 2011). However, there is no uniform pattern within the member countries of the European Union. Roughly speaking in the southern, Mediterranean member states the micro and the small and medium – sized enterprises are playing a more important role (e.g. Italy with about 70 % of the value, Spain with about 65 % and Portugal with about 68 %) than in the northern member countries (e.g. Germany with about 58 % or the United Kingdom with about 50%), which leads to a huge variation and different geographic focuses (Eurostat, 2011). But not only the meaning of the micro and small and medium sized enterprises as employers is important, the structure of their owners and managers is important as well. Especially in the light of the demographic change it will be a challenge for many small and medium – sized enterprises to find followers who replace the retired owners successfully. The transfer of the specific know – how and of the special experiences that the owners typically made is a key factor for the new owners of the companies. If they want to survive in the market competition, the special

experiences that the owners typically made are key factors for the new owners of the companies.

Table 1: Total population on 1st January for selected years (in thousand)

	2008	2010	2020	2030	2040	2050	2060
EU27	495.394,0	501.044,1	514.365,7	522.342,4	525.702,4	524.052,7	516.940,0
Belgium	10.656,2	10.839,9	11.592,5	12.204,1	12.717,9	13.125,5	13.445,2
Bulgaria	7.642,2	7.563,7	7.121,2	6.611,3	6.235,0	5.898,9	5.531,3
Czech Republic	10.345,9	10.506,8	10.816,1	10.840,0	10.740,2	10.667,7	10.467,7
Denmark	5.475,8	5.534,7	5.720,3	5.893,0	5.992,0	6.037,8	6.079,8
Germany	82.179,1	81.742,9	80.098,3	77.871,7	74.814,3	70.807,0	66.360,2
Estonia	1.338,6	1.340,1	1.323,9	1.279,9	1.243,0	1.213,3	1.172,7
Ireland	4.414,8	4.467,9	4.814,6	5.276,2	5.757,6	6.207,3	6.544,7
Greece	11.216,7	11.305,1	11.526,1	11.577,9	11.630,1	11.575,8	11.294,7
Spain	45.283,3	45.989,0	47.961,1	49.961,2	51.713,9	52.687,8	52.279,3
France	61.875,8	64.714,1	67.820,3	70.303,0	72.186,3	73.184,0	73.724,3
Italy	59.529,0	60.340,3	62.876,8	64.491,3	65.694,3	65.915,1	64.989,3
Cyprus	794,6	803,1	885,5	973,4	1.036,1	1.090,1	1.134,5
Latvia	2.269,1	2.248,4	2.141,3	2.021,9	1.908,6	1.797,0	1.671,7
Lithuania	3.365,4	3.329,0	3.180,0	3.043,9	2.921,8	2.811,8	2.676,3
Luxembourg	482,2	502,1	573,1	625,9	669,9	703,7	728,1
Hungary	10.045,4	10.014,3	9.900,5	9.704,4	9.442,6	9.176,5	8.860,3
Malta	410,5	413,0	415,3	416,9	407,6	397,1	387,4
Netherlands	16.404,3	16.575,0	17.218,7	17.577,6	17.619,9	17.357,8	17.070,2
Austria	8.334,3	8.375,3	8.591,2	8.849,5	8.978,0	8.968,9	8.868,5
Poland	38.115,6	38.167,3	38.395,4	37.565,0	36.112,0	34.542,7	32.710,2
Portugal	10.617,4	10.637,7	10.727,8	10.779,6	10.767,1	10.598,4	10.266,0
Romania	21.423,4	21.462,2	21.006,2	20.250,6	19.437,3	18.483,3	17.308,2
Slovenia	2.022,6	2.047,0	2.142,2	2.154,6	2.141,1	2.115,0	2.058,0
Slovakia	5.398,8	5.424,9	5.576,3	5.579,5	5.467,2	5.326,2	5.116,5
Finland	5.299,8	5.351,4	5.577,3	5.704,5	5.727,0	5.726,9	5.744,5
Sweden	9.182,9	9.340,7	10.071,5	10.578,0	10.898,4	11.231,2	11.525,2
United Kingdom	61.270,3	62.008,0	66.292,3	70.207,7	73.443,2	76.406,0	78.925,3
Norway	4.737,2	4.858,2	5.379,9	5.787,8	6.101,2	6.365,9	6.587,1
Switzerland	7.591,4	7.785,8	8.505,7	8.943,8	9.189,9	9.312,8	9.319,3

Source: Eurostat, EUROPOP2010 convergence scenario

Although skills and education at a high degree is a needed for the followers, the transfer of know - how and special information is also very important. The Commission of the European Communities describes the problem and predicts a growing number of difficulties with the transfers of businesses, especially if the successor is outside the family. The Commission admits that not every business is transferable and will die after the owners retired. Caused by a lack of data the number of transfers can't be exactly predicted, but e.g. in the United Kingdom about a third of all small and medium sized enterprises will have to be transferred within the next years as the owners are too old (Com., 2006). The know-how and the acquired experiences are no tangible assets, but they are usually considered as a part of the intrinsic value of a company. The role of the senior chiefs varies strongly and as a result it determines

among many other factors the price-building of the intrinsic value, e.g. weather the senior chiefs acts as a coach for a longer period of time or he disappears completely after the handover affects the price for the company (Mücher, 2011). Besides the meaning of a successful transfer for the new owners, there is a mentionable impact on the economy in a whole, of course.

Table 2: Percentual change of population from 2008

	2010	**2020**	**2030**	**2040**	**2050**	**2060**
EU27	1,14 %	3,83 %	5,44 %	6,12 %	5,79 %	4,35 %
Belgium	1,72 %	8,79 %	14,53 %	19,35 %	23,17 %	26,17 %
Bulgaria	-1,03 %	-6,82 %	-13,49 %	-18,41 %	-22,81 %	-27,62 %
Czech Republic	1,56 %	4,54 %	4,78 %	3,81 %	3,11 %	1,18 %
Denmark	1,08 %	4,47 %	7,62 %	9,43 %	10,26 %	11,03 %
Germany	-0,53 %	-2,53 %	-5,24 %	-8,96 %	-13,84 %	-19,25 %
Estonia	0,12 %	-1,10 %	-4,39 %	-7,14 %	-9,36 %	-12,39 %
Ireland	1,20 %	9,06 %	19,51 %	30,42 %	40,60 %	48,25 %
Greece	0,79 %	2,76 %	3,22 %	3,69 %	3,20 %	0,70 %
Spain	1,56 %	5,91 %	10,33 %	14,20 %	16,35 %	15,45 %
France	4,59 %	9,61 %	13,62 %	16,66 %	18,28 %	19,15 %
Italy	1,36 %	5,62 %	8,34 %	10,36 %	10,73 %	9,17 %
Cyprus	1,08 %	11,43 %	22,50 %	30,40 %	37,18 %	42,77 %
Latvia	-0,91 %	-5,63 %	-10,89 %	-15,89 %	-20,81 %	-26,33 %
Lithuania	-1,08 %	-5,51 %	-9,55 %	-13,18 %	-16,45 %	-20,48 %
Luxembourg	4,12 %	18,84 %	29,81 %	38,94 %	45,93 %	51,00 %
Hungary	-0,31 %	-1,44 %	-3,39 %	-6,00 %	-8,65 %	-11,80 %
Malta	0,60 %	1,16 %	1,56 %	-0,72 %	-3,27 %	-5,62 %
Netherlands	1,04 %	4,96 %	7,15 %	7,41 %	5,81 %	4,06 %
Austria	0,49 %	3,08 %	6,18 %	7,72 %	7,61 %	6,41 %
Poland	0,14 %	0,73 %	-1,44 %	-5,26 %	-9,37 %	-14,18 %
Portugal	0,19 %	1,04 %	1,53 %	1,41 %	-0,18 %	-3,31 %
Romania	0,18 %	-1,95 %	-5,47 %	-9,27 %	-13,72 %	-19,21 %
Slovenia	1,21 %	5,91 %	6,53 %	5,86 %	4,57 %	1,75 %
Slovakia	0,48 %	3,29 %	3,35 %	1,27 %	-1,35 %	-5,23 %
Finland	0,97 %	5,24 %	7,64 %	8,06 %	8,06 %	8,39 %
Sweden	1,72 %	9,68 %	15,19 %	18,68 %	22,31 %	25,51 %
United Kingdom	1,20 %	8,20 %	14,59 %	19,87 %	24,70 %	28,81 %
Norway	2,55 %	13,57 %	22,18 %	28,79 %	34,38 %	39,05 %
Switzerland	2,56 %	12,04 %	17,81 %	21,06 %	22,68 %	22,76 %

Source: Eurostat, EUROPOP2010 convergence scenario

With the loss of knowledge and know - how the strength of an economy suffers as well. The research field that deals with the knowledge and its successful handling within the companies has shown several results and current approaches (Lam, 2008). As a short summary of the latter, it seems to be quite obvious that the impacts of the demographic change on small and medium sized enterprises within the European Nations can be described by two important aspects which are worth being emphasized. The first one is the challenge that arise for the European economies in a whole in order to transfer and conserve the knowledge of the small and medium sized enterprises as they are the pillars and the backbone

of the economy, however with different geographical economic centre's of gravity. The second aspect is the challenge to improve the organization and support of the transfer of small and medium- sized enterprises in case of a handover to new owners caused by the retirement of the companies leaders or owners due to their age. Their knowledge and experiences are key factors for the possibilities to generate innovations and economical growth and therefore for their economic strength.

5. CONCLUSIONS

The demographic change will exacerbate the problems for small and medium sized enterprises concerning the recruitment and education of the employees needed. This situation is even more difficult as small and medium sized enterprises have many disadvantages in comparison with large companies although, however, there are several advantages, too. It is, therefore, increasingly important to deal intensively with the recruitment of staff to the "war of talents" not being on the losing side, e.g. the advantages must be published especially in order to be an interesting option for young professional and potential workers, instead of choosing to work for a big employer who is often able to pay higher wages and to offer more incentives. To become aware of their advantages and design a strategy to use it successfully a systematic Balanced Scorecard is a possible approach for small and medium sized enterprises to implement a tool that helps facing these problems and supports to find solutions. As a successful strategy-mix, a Balanced Scorecard must firstly describe the strategic goals and secondly lead to concrete fields of personal management action. The bundle of strategies has to be chosen by taken all the targets of the small and medium sized enterprises into consideration, not only the personal management but as well as an equivalent strategic goal. With the extension of the Balanced Scorecard approach to the demographic change and its challenges, the future position of small and medium sized enterprises' as employers and as market partners can be strengthened. For example, weak school leavers and unemployment or less qualified persons might be very good options at second glance, if they are qualified adequately by training on the job and thus integrated in a personal, not anonymous atmosphere. Those niches are relevant in order to be serious competitors for the best candidates with large, established companies.

The recruitment costs can be kept comparatively low, and if this practice is embedded in a strategy, and is differentiated by the specific units of the company the continuous search for promising applicants becomes a standardized process, whether for a special Human resource unit within the small and medium sized enterprises or for the owners, if they select the applicants by themselves, which is quite common in small, and medium sized enterprises. Processes like personal recruitment or designing a training on the job planning's for a year or for longer perspectives in order to enable employees to deal with new challenges in the future have to be as standardized as for any other activity else. Only those small and medium sized enterprises that recognize early the meaning of a structured personal-strategy linked with new ways of the search of personal and qualifying the staff systematically will survive and keep their special abilities as powerful partners for specific solutions. Some special solutions have to be found to support systematically the handover of companies to new owners after the retirement of the former owners due to their age. This has an important economic meaning for the European Economy in a whole. The development of new internet – based platforms seem to be a promising approach to overcome opacity and market failure. Thus, a neutral institution should be enabled to support the building of prices or to give references which market price seems realistic just as it is common for real estate in Germany. This kind of instrument would be very useful to reduce the fear of older owners to be deceived by too small prices and allows a systematic search for followers with adequate, fair prices. Followed by a

well-organized handover the existence of the companies would be saved in a larger amount which would support the conservation of the branch related knowledge and the continuation of the firms. This would save the companies jobs' and the economies' innovation potentials.

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George Xanthakis

2.2 MOTIVATING PEOPLE IN CRISIS TIME – ECONOMIC CRISIS IN GREECE

Summary: This paper outlines and discusses an approach to HR management in crises and especially to motivation in Greek Civil Engineer Consultant Companies during the economical crisis of 2010-12. A discussion of the definition, the nature, the anatomy of crisis, an analysis of crisis behaviour is presented in the first part of it. Next part is consisted of a literature review of motivation and motivation theories. The paper is integrated with a case study, results and conclusions. The aim of this paper is to investigate the crisis, to explore the patterns of motivation, which emerge in response to crisis in Greek Engineer Consultant Companies, and thereby to identify the layout of the statement, helping the managers to cope with it more effectively. While this paper is presented within this restricted context, it will be interested to any manager who operates an organization in a crisis time.

Keywords: HR management, Civil Engineer, Greek crisis, motivation

1. INTRODUCTION

Now and perhaps more than ever, we have a need of good leadership and motivational methods. To get through the financial crisis we are experiencing at the moment, a strong focus on motivation has to be made. Today in Greece of 2012, we are having the highest unemployment rate of 20%. In the latest years, we have experienced an increase in firings and it has become difficult to get a job. This is a problem both for the newly educated but also for the established career person who has been fired. Therefore, especially in a situation of crisis, concepts such as leadership and motivation are important. Leadership and motivation are two of the most important concepts in a company for being successful.

In relation to the crisis, but also just in general to the changes in the society, there have come different aspects or worries up to the surface, for people. When time changes and the society is in a crisis, there might also be a need for change in the leadership and the way the leaders are motivating the employees. In organizations, the aspect of uncertainty has come up. This has to do with all the firing processes and closing companies. Many employees do not feel that they are safe anymore in their job. According to Maslow's Hierarchy of Needs, security is one of the lower-level needs and for an employee to strive to the higher levels and perhaps in that way perform optimal, the lower levels have to be satisfied. If people do not feel secure and safe in their jobs, it will be a challenge to find a way to motivate and lead them.

2. DEFINITION OF CRISIS

A crisis is described as: 1) a major threat to system survival with, 2) little time to respond (Hermann, 1963), 3) involving an ill-structured situation (Turner, 1976), and 4) where resources are inadequate to cope with the situation (Starbuck and Hedberg, 1977; Webb, 1994). A crisis (Booth, 1993) is „a situation faced by an individual, group or organization which they are unable to cope with by the use of normal routine procedures and in which stress is created by sudden change". More specifically, a crisis is an unexpected event in an organization's life, for which there are no contingency plans in place, which threatens high priority goals and demands a time-pressured response (Brecher, 1977). Pauchant and Mitroff

(1992) believe that a crisis is a „disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, and its existential core".

Although a crisis calls into question the survival of a system, it can lead to either positive or negative organizational outcomes (Marcus and Goodman, 1991; Pauchant and Mitroff, 1992). Some scholars have even argued that the trauma inherent in crisis is developmental for a system, by providing individuals within the system opportunities for learning and change (Pauchant and Mitroff, 1992). However, that whether positive, negative, or developmental outcomes follow crisis depends on the nature of organizational behaviours during crisis. Moreover, because of the multitude of forces which interact during a crisis, it provides an excellent context for the integration of the theory.

3. ANATOMY OF CRISES

Previous crises researchers have focused on producing prescriptive models concerning the stages of crises to assist understanding and future proactive of crises (Richardson, 1995). In some cases these models or frameworks have been applied to real life case studies providing descriptive models. Fink (1986), Roberts (1994), Faulkner (2001) developed models to explain the lifecycle of crises (Table 1) suggesting that crises go through series of progressive stages.

Table 1: Lifecycle of crises

Faulkner's stages (2001)	Fink's stages (1986)	Robert's stages (1994)
1.Pre-event		*Pre-event* :where action can be taken to prevent disaster
2.Prodromal	*Predromal stage*: where it becomes apparent that the crisis is inevitable	
3.Emergency	*Acute stage* :the point of no return when the crisis ha hit and damage limitation is the main objective	*Emergency phase*: when the effects of the disaster has been felt and action has to be taken to rescue people and property
4.Intermediate		*Intermediate Phase*: when the short-term needs of the people must be dealt with - restoring utilities and essential services. The objective at this point being to restore the community to normality as quickly as possible
5. Long Term (Recovery)	*Chronic stage* :clean-up, post mortem, self-analysis and healing	*Long-term Phase*: continuation of the previous phase, but items that could not be addressed quickly are attended to at this point(repair of damaged infrastructure, correcting environmental problems, counseling victims, reinvestment strategies, debriefings to provide input to revisions of disaster strategies)
6.Resolution	*Resolution*: routine restored or new improved state	

Source: Faulkner,2001

4. CRISIS BEHAVIOUR

Behavioural sciences indicates that crisis behaviour can be explained by reference to the structure of people's communications during a crisis, to the way they cope with change and to the increased psychological pressures which characterize such periods.

McGregor (1960), Mintzberg (1976) and Gibb (1984) argued that the behavioural response to a particular communication structure was not consistent, but dependent upon the type of people within it and the nature of the task they performed. They found that professional people performing non-routine tasks behaved positively when placed in a decentralized and flexible communication structure and dysfunctionally in a centralized, formal structure. In contrast, people who prefer to be directed in the performance of routine, mechanical tasks, felt secure in a centralized structure and behaved dysfunctionally within a decentralized structure.

Hermann defined crises as „devices of change" and argued that all crises involve significant social and monetary change in an organization. There difficulties that people have in adapting to changes, create different behavioural, psychological and sociological problems that characterize crises periods. Change is often a problem because it represents an abandonment of past efforts, a threat to the status quo, to formal arrangements and to a person's values. Resistance to change can take many forms, ranging along a continuum from passive disagreement to positive hostility (Tannenbaum, 1968).

By definition, crises are non-routine and potentially serious events which require inventive solutions under time-pressure. These are characteristics which ensure that those effected, feel a certain degree of pressure and anxiety. All these produce increased suspicion and reduced communication. A simple explanation for this lies in the distinction between pressure and stress. Differentiating between pressure and stress, is that pressure is an external or internal force acting on an individual to perform in a particular way or to achieve a particular end result. It can be a source of some discomfort and anxiety but at the same time it can be exciting, challenging and growth producing. Stress, on the other hand, has only negative outcomes for the individual concerned because he or she feels unable to cope and finds it necessary to react in a defensive and maladaptive way.

While individuals react in different ways to a crisis, numerous standard models of crisis behaviour have been developed. Typical of these is a model proposed by Fink et al. (1971) which like others, shows a range of behaviours evolving in a predictable order. The 'shock phase' is the initial state of appraisal in which the threat is first perceived. The 'defensive retreat' phase represents the first attempt to cope with the threat by using familiar established approaches; the 'acknowledgement phase' involves a reappraisal period in which the threat is more recognized with all its implications and finally the 'adaption and change' phase involves a more realistic period of coping.

The research (Xanthakis, 2012) showed that the behavioural implications of stress are numerous. It was pointed to a loss of attention to problem solving, increased decision making errors, and greater rigidity in exploring alternative courses of action and withdrawal behaviour. Individual reactions to stress include agitation, lowered span of attention, sickness, aggressive behaviour, impulsive behaviour, and depression, lower tolerance of risk and lower tolerance of other's opinions. Crises are likely to be characterized by different phases of behaviour although this is not inevitability. Rather, it is dependent upon the attitudes and interests of those effected and upon the way a crisis is managed. Where crises are characterized by a number of behavioural phases, it is not possible to generalize about a specific and repeatable pattern occurring. The most disturbing fact to emerge is that crises appear to generate forces to reinforce negative phases of behaviour and weaken positive phases. Effective crisis management demands that managers develop a sense of collective responsibility, mutual

sensitivity and responsiveness. The management of behavioural change and conflict are key aspects of the crisis process because crises have a destabilizing effect. Continuous attention to maintaining behavioural stability is required because once initiated, any instability accumulates a self-perpetuating momentum.

5. MOTIVATION: HISTORY OF THE CONCEPT

Evolutionary theory, the study of learning, and the psychoanalytic study of mental illness have been committed to see motivation as a primary cause of behaviour. Also this is true for behavioural biology and physiological psychology. (Cofer and Appley 1964). The named theoretical perspectives have focused at the simple insight that behaviour can occur under externally applied forces. Even more, the physical structure of the organism, its sensory and perceptual capacities, its cognitive and motor abilities, are qualified as causal factors. Even habits can be seen as such.

Research on motivation has recognized early that it would be one of the causes of behaviour. The leading question was what are the aspects of cognition, affect, and behaviour that benefit most from a motivational analysis. First, there is the question of the facilitation and energization of certain responses. This issue has been analyzed by the classic proponents of learning theory (Hull 1943, Spence 1956) who suggested that motivational processes do not necessarily control or guide specific forms of behaviour but may at times invigorate innate or learned associative tendencies. Second, thoughts, feelings, and actions are often characterized as guided, directed, goal-oriented, persistent, or purposive. Such qualities relate to making choices, but also to short-term or long-term efforts in implementing the choices made. Atkinson (1957) and McClelland (1955) focused on this issue and suggested a motivational analysis.

To demonstrate the concept of motivation the two central issues are described (basic needs and action control) and how these models have been addressed differently by the traditional and the modern psychology of motivation.

5.1. BASIC HUMAN NEEDS

Whereas learning theorists, following the lead of Hull, conceived of need as a general, personality psychologists tried to put content into the concept of need. Sigmund Freud suggested only two basic needs, the life and the death instinct. McDougall (1932) listed 18 basic needs which he referred to as instincts (curiosity, self-assertion, submission). Murray's (1938) in the '*Explorations in Personality*' presented a catalogue of 20 psychogenic needs (need for nurturance, need for succorance) and Maslow's (1954) in the '*Motivation and Personality*' proposed a hierarchy of needs whereby the lower basic need categories related to deficiency needs (hunger, safety) and the higher ones to growth needs (need to achieve, need to realize one's potential).

The named approaches excelled in generating sophisticated definitions and descriptions, but did not provide reliable instruments for need assessment. They also failed to answer the question of which of the many needs is activated in a given situation. They did not explore the origins of individual differences in the strength of these needs. In later years, Atkinson (1957) and McClelland (1985) addressed these problems with respect to the need for achievement and the power motive.

In spite of these the question which of the human needs is the most basic remains. Baumeister and Leary (1995) have raised this issue by applying criteria such as universality, non-derivativeness, satiation, and substitution. According to their analysis, the need to belong in the sense of forming and maintaining strong, stable interpersonal relationships is suggested to be a most basic need. However, this need seems to be in

tension with another basic need, the desire to distinguish oneself and be different from others (Tesser 1988). Indeed, the need for high self-esteem has been suggested as the ultimate human motive, because it buffers fear of death which is a consequence of humans being conscious of their mortality. Such awareness engenders terror that needs to be managed as it could paralyze the ability to act (Pyszczynski et al. 1997).

Recent research on individual differences in terms of motivational orientations has replaced the need (motive) construct with constructs that describe a general goal orientation, such as personal projects, personal strivings, life tasks, or identity goals. Such personal strivings are more limited in scope and can be characterized in terms of expectancies of success, complexity, high vs. low level of abstraction, avoidance vs. approach orientation, degree of conflict between each other, and integration vs. fragmentation. The above parameters of personal strivings have been observed to relate to measures of psychological and physical well-being.

5.2 ACTION CONTROL

Early theories, such as psychoanalytic theory of Freud, Hull's learning theory and Lewin's field theoretical approach, presents the human as a machine-like reactive organism compelled to act by internal and external forces beyond our control (instincts, needs, drives, incentives, reinforcers, etc.). These theories imply that if one just pushed the right button, motivation would result. Motivational forces transmit their energy outside of awareness, establishing a state of balance or equilibrium (arousal reduction, self-preservation, or need satisfaction).

Modern theories describe human beings as all-just and all-knowing final judges of their actions. Expectancy-value theories (Atkinson 1957) assume that people choose goals in a rational way, based on the knowledge of the probability of goal achievement and the goal's expected value. Both variables are being influenced by the perceived difficulty of the task. Analysis of this model (Heckhausen 1991) added further expectation-related concepts and made different various aspects of the incentive value. Attribution theories (Weiner 1992) propose that the motivational determinants of a person's behaviour are causal explanations of prior action outcomes. People are seen as amateur scientists who systematically explore the causes of their behaviour.

Recently, the motivational importance of control beliefs has been analyzed. According to Bandura's (1997) self-efficacy theory, self-efficacious individuals hold the firm belief that they possess the potential to control the kinds of behaviours that a given task demands. People acquire such beliefs by reflecting on their own relevant past behaviours being evaluated by significant others and observing their own physiological reactions when challenged by a given task. High self-efficacy beliefs are associated with choosing aspiring goals, exerting strong effort to attain these goals, and persisting in the face of obstacles and hindrances.

Present theories of motivation go beyond conceptualizing humans as all-just and all-knowing. Human beings are presented as flexible strategists. The focus is on the different tasks a person has to perform when transforming wishes into actions (Gollwitzer 1999). When choosing goals, people try to live up to the ideal of being an all-knowing and ail-just person by processing all the available information in an impartial manner. However, when the implementation of an already set goal is at issue, people are determined, become partial, and the desirability and feasibility are seen in the most positive light.

Recent research on goals focuses on the determinants and processes of goal setting as well as goal achievement. With respect to goal setting, it has been discovered that people who present their self as an ideal which they intrinsically desire to attain, set themselves promotion

goals focusing on establishing and keeping positive outcomes, whereas people who construe their self as an ought which they feel compelled to reach, set themselves prevention goals focusing on avoiding and getting rid of negative outcomes (Higgins 1997). Moreover, people can regulate the process of goal setting in a more or less productive manner, by the way, they think about the future outcomes they want to attain. When the desired future is mentally contrasted with negative aspects of impeding reality, relevant expectations of successfully realizing one's fantasies become activated and used. Accordingly, people form goal commitments in a rational manner (i.e., form strong goal commitments when expectations of success are high, and leave the field when probabilities of success are low).

People can also step up their efforts when hindrances are encountered and turn to substitute goals if increased effort still fails to guarantee goal attainment. Other effective action control strategies relate to the regulation of one's emotions, the perceived attractiveness of the goal, and to creating an environment that offers good opportunities for making progress toward goal attainment (Kuhl and Beckmann 1994).

A recent revival of research on the self-regulation of goal pursuit (Mischel el al. 1996) is reminiscent not only of the mentalists' analysis of willing (James 1890), but also of German will psychology (Ach 1935, Lewin 1926) before the heyday of behaviourism. William James pointed out that any self-regulation either has to do with strengthening a weak tendency to perform a desired behaviour or with weakening a strong tendency to perform an unwanted behaviour .James' analysis of willing is based on the assumption that behaviour can potentially be regulated by a person's resolutions (or intentions, subjective goals), even though in certain situations and at certain times this may be difficult.

Kurt Lewin's experimental work on the wilful control of behaviour also offers ideas on how such control may come about. Lewin suggested that goals assign a valence to objects and events in people's social and non-social surroundings.

Ach's approach to the analysis of willing was different. He assumed that the linking in one's mind of an anticipated situation to a concrete behaviour creates what he called a 'determination' which in turn automatically triggers the intended action when the specified situation is encountered. The strength of the determination was not assumed to relate to the importance of the person's intention or goal, but rather to the degree of concreteness when specifying the situation and to the intensity of the act of willing.

6. MOTIVATION IN BUSINESS

Motivation represents one of the central problems of the organization because relationship between organization and work force is extremely important. It is guided by the motives which are withheld by employees and by what is the force which energize him toward professional work. In the present context, when economical societies are crossing an economical crises keeping the best employees they have, without motivating them only financially, but also through another types of motivations.

A definition of the word „motivation" in a business dictionary is the following: „Internal and external factors that stimulates desire and energy in people to be continually interested in and committed to a job, role, or subject, and to exert persistent effort in attaining a goal. Motivation is the energizer of behaviour and mother of all action. It depends on the interactions among conscious and unconscious factors such as the (1) intensity of desire or need, (2) incentive or reward value of the goal, and (3) expectations of the individual and of his or her significant others".

Motivation in business has many aspects. There is the internal and the external motivation. In relation to internal motivation there are rational factors such as expectation, self-confidence and goal management. Furthermore there are the irrational factors such as

needs, qualities, and personality. Looking at the external motivation, there are the points of job design, which account for motivations factors and job characteristic. The other sub point, being economic and social factors, such as rewards, justice, and personally wages. The effect motivation creates a focus on specific assignments, creates energy, effort, and a determination which creates more persistence. Lastly it affects the job, in the sense that the employees will make plans for how their given job will succeed (Laegaard, 2008).

Throughout the years there have been a lot of different theories about motivation in work. It all started with the traditional or the classical theories such as the Scientific Management, developed among others by Frederick Taylor (1856-1915). The assumption behind this theory is that people act rationally in an attempt to maximize the economic return to their labor. At that time, it was believed that working was not fun and something you would not chose if you had a choice. Furthermore, the reason behind people wanting to work was money. If people were paid enough, they would perform any job (Brooks, 2009).

This view on motivation is no longer valid or at least not the full view. It is outdated due to differences in the society but also more aspects have been found and motivation is no longer as simple as that. Different theories developed after the Scientific Management are presented and seen in relation to different aspects.

According to Iqbal and Mehri (2011) „The existing literature supports the view that the sensitivity of employee motivation and job security level magnifies during economic downturn". At his turn Gustin (2009) has following remark: „when employees are worried about benefits, their motivation can suffer, resulting in lower levels of performance and productivity" Also Creech (1995) observe that „responsibility denotes a feeling that a person has toward the job, through a commitment that stems from a possessory interest in some aspect of that job".

Above arguments describe the obvious fact that the efficiency of the organizations depends on how much effort is willing to give an employee for achieve the personal and organizational objectives. The competition is hard between the organizations who want to keep their best employees. Keeping in attention the context of economical crises, knowledge of dynamics of motivation become an element of direct predictability of organizational success.

Many perspectives are in existing literature regarding the motives. Kline (2001) in his survey about managers describes ten factors in order of importance (with 1 being the most important and 10 the least important) based on what they thought their employees feel as important to them. The ten factors were a feeling of being in on things, job security, interesting work, personal loyalty to employees, tactful disciplining, good working conditions, promotions and growth in the company, good wages, help on personal problems and appreciation of work done. While Iqbal and Mehri (2011) notify that „interesting work; good pay; full appreciation of work done and job security are outstanding drivers for employee motivation".

For Ramlall (2004) the list includes the needs of the employee, work environment, responsibilities, supervision, fairness and equity, effort, employees development, feedback. D. Elizur (Corbett, 1994) realized a cross-cultural research in a number of countries. He put the subjects and tried to make a hierarchy with the factors who influence their work motivation (1 - the most important factor, 10- the least important factor). As it is shown from the results (Table 2) there is a significant different, which depends on the cultural environments.

Table 2: Motives in some different societies, research of D. Elizur

	USA	UK	Germany	Holland	Taiwan	Korea	Hungary	China
Interesting work	**1**	2	**1**	**1**	2	3	6	5
Accomplishments	2	6	7	2	**1**	**1**	2	**1**
Advancement in carreer	3	7	**10**	6	4	7	**10**	6
Personal recognition (self esteem)	4	5	9	9	3	9	7	3
Abilities used at work (properly)	5	4	6	5	8	4	5	2
Autonomy at work	6	9	5	4	7	**10**	9	4
Secutity of the job	7	8	4	8	5	2	8	**10**
Good manager (attensive and correct)	8	**10**	3	7	6	6	**1**	7
Good incomes	9	3	8	**10**	**10**	8	4	9
Good collegues (agreeability)	**10**	**1**	2	3	9	5	3	8

Source**:** Panisoara, 2006

Kline (2001) remarks that „managers seem to place more importance on career issues (good wages, job security and promotions) as motivational factors, while employees place more importance on personal issues (appreciation, inclusion/shared information and help on personal problems) as motivational factors.

7. THE CRISIS OF THE GREEK ECONOMY

Up to 1974, (Stathakis, 2008) during the long period of economic growth that was initiated in the mid-1950s and lasted until the end of the 1970s, the Greek economy had a relatively small state budget. The high rates of economic growth were sustained by a combination of foreign and local investment in industry, modernization of agriculture and public investments in infrastructure. In addition, the massive urbanization of this period was related to an impressive generation of savings and investments in construction.

By 1974**,** modest inflation was back and the drachma became once more an unstable currency. Then the state started to expand and started to nationalize private companies (included aviation sector, the shipyards, part of the private banking sector and a whole range of industrial establishments).Public expenditure started to increase in 1979 but it expanded drastically during the 1980s. Education, health, social insurance, and pensions increased rapidly. The economy was in crisis, the inflation rate was high, the drachma was devalued every year. The tourist industry was booming and the agriculture was also gaining from the European subsidies. The income of farmers was improving, but the explosion of imports undermined much of the gains.

By the mid-1990s the Greek economy was in a period of gradual adjustment and change. Fiscal adjustment and monetary stabilization became the priority goals of economic policy. Privatizations, first of all of the banking system, the liberalization of the external capital market, promised a new round of business investment and economic growth.

Inflation was declining due to the policy of the "hard drachma", while Tourism, shipping, construction, banking and telecommunications were the major sectors that attracted investment.

This orientation of the economy had a negative impact on the productive sectors of the economy, agriculture and manufacturing. Agriculture entered a period of relative decline, Manufacturing was already in a permanent pattern of relative decline, Agricultural and industrial exports represent 10% of GDP. Tourism adds another 10% and income from shipping another 10%. Imports increased and there is a permanent deficit in the balance of payments, which is usually financed through loans and subsidies.

This new orientation of the Greek economy was sustained by the massive inflow of migrants from the Balkans, Eastern Europe and the Arab world. Also the Greek economy, which was traditionally identified with small-scale family business, was gradually transformed into a more typical European economy with 65% of its employment being waged and salaried workforce. As the family type of business was under stress, public employment was becoming attractive for the new generations that usually held a university degree. Unemployment, as in other Mediterranean economies, remained high, around 10%.

A major feature of this new transformation of the Greek economy towards an economy of services is a peculiar combination of state expansion and privatization of the economy, adding new expenses in the budget of the insurance system, which is run by the state. The interdependence of the private economy and the state lead to a new phenomenon, that of political corruption. The public part of the economy became the privileged space of political management, with possible corruption, manipulation and favouritism. Public employment expanded rapidly in local authorities, education, health, various state organizations and agencies related to the management of European resources and development projects. The political system gained immense economic power and ability to control resources. The state had never in the past such power to control economic developments negotiate huge contracts and manage resources. As a result during the last twenty years it is the theme of public corruption and scandals that dominate internal politics.

The reduction of the budget deficit did not lead to the decline of public debt, which remained at the usual level of around 110% of GDP. Thus in 2000 and thereafter Greek governments started to manipulate macroeconomic fiscal indices and to negotiate with Brussels on the management of the public debt. The taxation system was fragmented but the governments continued to use it for political manipulation and political control of various social groups. The social insurance system and the health system were demanding additional resources.

When the economic crisis of 2008 started to produce its worldwide impact, the Greek economy was already in a process of disintegration. The conservative government absorbed the pressures by increasing public expenditure, while it attempted to sustain growth through reduced taxation of business and wealth.

In 2009 (Lyritzis, 2011) the Greek government was aware of its fiscal problems, but it was very slow in its reactions and avoided taking drastic measures. The delay may be attributed to political and communication considerations as it was thought that public opinion was not prepared for the draconian measures that were to follow.

Having realized the extent of the problem, the government finally decided to rely on the IMF and the EU and to negotiate a plan to save the Greek economy. The process resulted in Greece's acceptance in May 2010 of the terms of the IMF, which together with the EU and the ECB (Troika), secured the financing of the Greek economy for the next three years under the terms of a memorandum that was voted by the Greek parliament. It has been said that Greece's bargaining position was extremely difficult. The fact is that in May 2010 Greece accepted a complex agreement, which ended the country's capacity to decide on its fiscal

policy and provided for a large number of harsh measures in almost all areas of social and economic life. What happened in Greece during the last year bears all the characteristics of a „state of emergency". The state is virtually bankrupt, sovereignty on fiscal policy has been lost, pensions and salaries have been severely reduced primarily in the public and also in the private sector resulting in a drastic deterioration of the economic conditions for the majority of the population.

In 2012 Greece accepted a second economical agreement, as the first characterised, as 'failed' and provided for a large number of more harsh measures in all areas of social and economic life.

8. STRUCTURE OF THE GREEK CONSULTANT ENGINEERING COMPANY

The Greek Civil engineers mainly in large urban centres (and especially in Athens) who work in large companies are called cooperated engineers. The company provides them with everything it is required (equipment, software and hardware, peripherals).They work at the company on a daily schedule, specific hours. This category of Civil engineers is the studied population of this paper. The organizational structure of these companies could be classified as "simple", „horizontal" and „fluid".The size of these companies, comparing with them of other sectors could be described as small to medium. For example the average number of employees of a classified as 'medium size' consultant company are about ten. The number of companies of the sector is limited, and there are several collaborations between them mainly to undertake large public projects. The companies are placed mainly in Athens, while they made projects in whole Greece. The sector is consisted of a small number of companies and the total number of employees is also small.

9. CASE STUDIES - METHODOLOGY OF RESEARCH

The main objectives of the research are identifying the motivation of the specific population of Civil Engineers and especially the hierarchy of main motives of it. We used the list of factors of Elizur (as they presented above) based on main motivational theories in the field (McClelland, Alderfer). There are motives of achievement, affiliation, power, and existence, growth (personal and professional growth).

In the case study, data which formed the basis of research were collected by interviews and a questionnaire, in which an hierarchy of the motivation factors are made. Hierarchy factors weight are used during the fulfil of the questionnaires (10 for the fist in hierarchy factor, 1 for the last). The final total score is used to make the Table 3. Each interview was semi-structured and guided to highlight each respondent's contribution to the topic. Interviews were conducted in two phases April 2005 (before crisis time) and January 2012 (during crisis). Each interview lasted approximately 30 minutes and has the same structure.

We focused on two companies operating in Athens (Greece) to examine their HR responses to motivation before and during the Crisis time. The two companies, that were studied, were firms that focused on consulting services. Firm A associated with big projects of private sector, (especially Hotels, Luxurious Residents and malls) while firm B with Road and Bridge Project of Public Sector. They are consisted of Engineers especially Civil Engineers, a secretary and some drawing designers. A manager is responsible for Engineer Projects while the owners of the companies have the economic management. The firm A, before the crisis, occupied eight employees (7 Civil Engineers, 1 secretary) while firm B, nine employees (4 Civil Engineers, 1 secretary, 4 drawing designers)

The reduction in organizational headcount was the major concern during the crisis. Initial this was complemented by reductions especially in the payroll, with the freezing of

increments, and then, with members of the organization taking pay cuts and a downsizing (about 50%). Today in firm A are occupied five employees (4 Civil Engineers,1 secretary) and in firm B four employees (1 Civil Engineer ,1 secretary,2 drawing designers).Across the crisis, it was observed that companies used multi-skilled employees (Civil Engineers or drawing designers) to cope with the Crisis. It is remarkable that the secretaries handle with the payrolls and the training budgets are cut.

10. ANALYSIS – RESULTS

The results of the first part research (2005) show that good manager, interesting work and good incomes, are the most significant motivation factors, in Greece. The population with „no work experience" place in the lower position „good manager" option which shows that lack of experience did not give information about the importance of the manager in work place. „Job security" is in the last place for population who work in private sector, which characterize the sector as dynamic and in permanent restructuration.

At the age of crisis (2012) the hierarchy of the motives has completely changed. The most significant factor is the Security of the job and then, of course the income. No matter who is the manager, who are their colleagues, what is the job. The employee does just want a job and some money to survive (as they characteristically said, during the interviews).Table 3 presents the hierarchy of success in 'motivational drivers' before and during the crisis time.

Table 3: Motives in Greek Civil Engineers before and during the crisis time

	Greece 2005	Greece 2012
Interesting work	2	6
Accomplishments	5	7
Advancement in carreer	6	8
Personal recognition (self esteem)	7	9
Abilities used at work (properly)	8	**10**
Autonomy at work	9	5
Secutity of the job	**10**	**1**
Good manager (attensive and correct)	**1**	3
Good incomes	3	2
Good collegues (agreeability)	4	4

Source: own research

Good manager „and „good income" seems to be the most significant motivating factors in Greece. The „good income" is a factor which always affects and motivates Greek people. In before crisis period this factor characterized social them (status quo) while in crisis time the factor is converts in „safe income" and motivates as a factor of economic survival.

In a dynamic and developing sector, as the construction industry in early 2000, the „interesting work" motivates strongly the employees. In contrast, in crisis period, there is no such effect.

Figure 1: Motives in Greek Civil Engineers before and during the crisis time
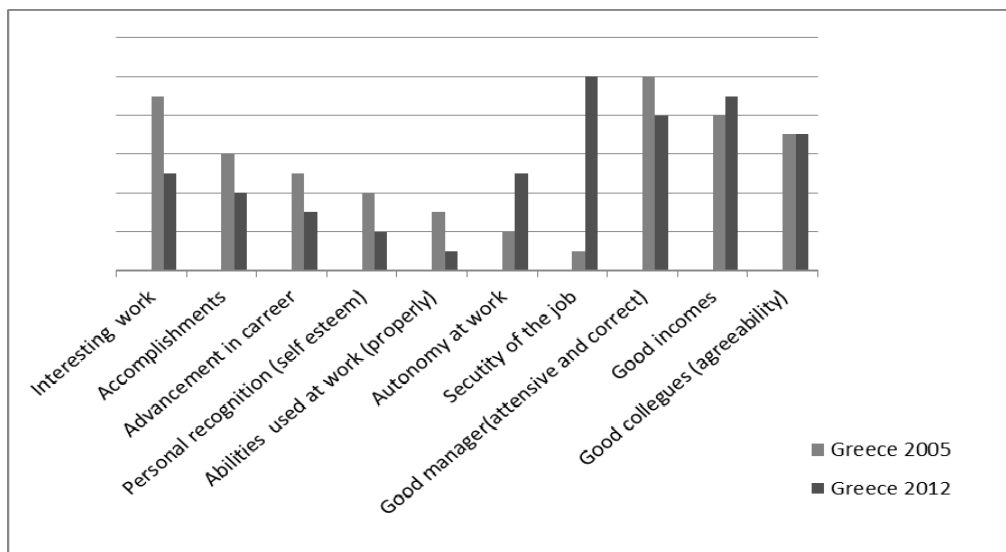
Source: own research

According to the chart, during crisis period, „security of the job" is the highest influenced factor in motivating .On the other hand, in no crisis period, the factor has low influence. Also is very interesting the low significance in scale of factors the „Abilities used at work" to Greek people.

11. CONCLUSION

The results of the research agree with Tobias (2006) which has the remark that „there can be no hierarchy of success in 'motivational drivers' (status, power, altruism, affinity, acquisition) as the individual's psychological pattern is complex and constantly evolving". We remarks that the hierarchy before and during the crisis has dramatically changed.

The variable 'Security on the job' which is presented as a light variable became the most important motivation factor in the crisis time. Employees, first of all, want a permanent and secure job while the motivating factor 'Good Incomes' follow 'Security of the job'. We remark that needs of employees are always on top (before crisis: good income, interesting job, during the crisis: security in job, good- safe income).

The company's environment (managers, colleagues) which before crisis was at the top of the factors list remains at the top, while the variable of 'Interesting job', during the crisis, is presented with the less weight.

An interesting comment on the research is the role and place of „income" in this hierarchy. Gerhart (2005) get evidence studying the literature: when people are asked directly about the importance of pay, people tend to give it answers that place somewhere around fifth (range = second to eighth) in lists of potential motivators. In contrast, meta-analytic studies of actual behaviours in response to motivational initiatives nearly always show pay to be the most effective motivator. At the crisis time, the above factor is at the top of the list, as we can see in the table.

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2.3 THE RELATIONSHIP BETWEEN WORKAHOLISM AND WORK-LIFE BALANCE – REFERENCES TO HUMAN RESOURCE MANAGEMENT

Summary: Work and family life are the most important areas of human's life activity. The biggest part of human experiences is connected with the both areas. Disturbance of these spheres, the lack of balance between private and professional life, can negatively influence the feeling of life quality. Work-life balance is most frequently used to describe the equilibrium between responsibilities at work and responsibilities outside paid work. Having a work-life balance means that equilibrium is in the right position for the individual concerned. The article highlights the phenomenon of workaholism seen from the angle of upsetting the work-life balance, especially family life. The phenomenon of workaholism is extremely interesting in terms of analysis of employees' behaviour in modern organizations. It has various references connected with an individual as well as his or her family, co-workers and the entire organization. The aim of the article is to present the workaholism as a dysfunctional issue for those addicted from work and the entire organizations.
The paper characterizes the workaholics with reference to the symptoms and results of the lack of balance between private and professional life. The article also describes advantages and barriers resulting from work-life balance and organizational activities which help to restore it. In analysing the workaholism the human resources management in organization was stressed as a means to prevent workaholism and create work-life balance, especially family life.

Keywords: workaholism, work-life balance, work-family conflict

1. INTRODUCTION

In recent years, workaholism has become prevalent throughout organizations and has captured the attention of organizational leaders as well as the scientific communities. The term workaholism refers to an uncontrollable need to work incessantly (Oates, 1971).

As technology advances, the idea of a Monday through Friday 40-hour workweek is fading away. With the emergence of the Internet, laptops, and smartphones, employees can always stay connected to their work. Due to this expansive technological growth, organizations are striving to remain competitive, productive, and efficient by working overtime, on weekends, and over holidays. Organizations promoting this type of behaviour have often been labelled as „workaholic" (Fassel, 1990).

Most research in this area has focused on the negative consequences of workaholism, specifically work–life imbalance. Reconciliation of personal, work and family life refers to the individual's experience that the different spheres of life are in balance and that one is able to lead a satisfying life in all of these spheres. Numerous studies have found that workaholism is related to an increase in perceived work-life conflict.

The paper aims at focusing on workaholism and work-life balance, and presents the findings of recent empirical studies connected with that issue. The central purpose of current article is to discuss those two domains and underline their meaning for human resource management by contemporary managers. The goal of this paper is review of literature researches about the relations between workaholism and WLB. They provide a theoretical basis for future empirical studies. The study includes the following methodological assumptions such as: work-life balance is varied individually; creating the WLB is in the interests of employers and employees; managers, mainly direct supervisors have a special role in shaping the balance between work and personal life of their subordinates.

Modern managers face new challenges like noticing the employees' problems resulting from work-life conflicts, or developing innovative work-life programs to the benefit and satisfaction of the employees and the organization.

2. THE NATURE OF WORKAHOLISM

The term workaholism has been around for over 30 years, yet there has been little consensus for one universal definition. A common theme among most definitions is a substantial investment in work. Workaholics receive fulfilment from working, possess an inner need to work, and desire the „emotional rush" that comes from working hard (Bonebright, Clay, and Ankenmann, 2000). The term „workaholism" originated from the assumption that excessive working is derived from an inherent „addiction" that includes obsessive and compulsive tendencies (McMillan, O'Driscoll, Michael, Marsh, and Brady, 2001). Therefore, researchers increasingly agree on qualifying workaholism as a work addiction.

The current study views workaholism as a unidimensional construct, and perceives it as a work addiction. Similarly to other addicts, workaholics have identity issues, rigidity in thinking, withdrawal if they stop working, and typically experience denial. Workaholics achieve satisfaction only from work and neglect all other aspects of their lives. They are intrinsically motivated to work and get overly involved in work when the task could be completed in less time (Porter, 1996). Work addicts prolong their work, make more work for themselves, and work on weekends.

The most obvious characteristic of workaholics is that they work far beyond what is required. Consequently, they devote an excessive amount of time and energy to their work, thereby neglecting other spheres of life. However, conceiving workaholism exclusively in terms of the number of working hours would be wrong because it would neglect its addictive nature. After all, people may work long hours without being addicted to it for many reasons, including financial problems, poor marriage, social pressure or career advancement. Rather than being motivated by such external factors, a typical work addict is motivated by an obsessive internal drive that one cannot resist. Researchers define workaholism as an irresistible inner drive to work excessively hard what means that, workaholism includes two elements: a strong inner drive and working hard.

Two-dimensional conceptualization of workaholism corresponds with the original meaning of the term as it was used by Oates (1971), who described workaholism as „ ... the compulsion or the uncontrollable need to work incessantly" (p. 11). Analogously to alcoholics, for workaholics their need to work is so exaggerated that it endangers their health, reduces their happiness and causes a deterioration in their interpersonal relations and social functioning. Scott et al. (1997) observed that virtually all definitions assume that workaholics:

- spend a great deal of time on work activities when given the discretion to do so-they are excessively hard workers;
- are reluctant to disengage from work and they persistently and frequently think about work when they are not at work-they are obsessed workers;
- work beyond what is reasonably expected from them to meet organizational or economic requirements.

Taken together, it seems that a common denominator exists of workaholism: the tendency to work excessively hard in a compulsive way. Working excessively hard represents its behavioural component that indicates that workaholics tend to allocate an exceptional amount of their time and energy to work and that they work beyond what is reasonably expected to meet organizational or economic requirements. Working compulsively represents the

cognitive component of workaholism and indicates that workaholics are obsessed with their work and persistently and frequently think about work, even when not being at work.

Oates (1971, p. 1) is credited with the initial use of the term 'workaholism' to describe one's 'addiction to work, the compulsion or the uncontrollable need to work incessantly.' Therefore, workaholics can be seen both positively and negatively. On one hand, workaholics are addicts who cannot control themselves; on the other hand, they are particularly diligent and dedicated workers. A review of the literature, however, indicates that a variety of other elements have been used to define workaholism since the Oates research (e.g., see Scott et al., 1997, p. 291). Unfortunately, there appears to be no consensus regarding which set of dimensions provides the most accurate and complete definition of workaholism.

Fassel (1990) defines workaholism as pathology. She suggests that 'workaholism is a progressive, fatal disease in which a person is addicted to the process of working' (p. 2). She suggests that due to the addiction, the person's personal life becomes unmanageable in relation to work. While this definition can alert people to the seriousness of workaholism and therefore invite attention to the topic, it can also promote denial from workaholics themselves.

Spence and Robbins' (1992) definition focuses on the roots of workaholism. They suggest that workaholism consists of the dimensions of enjoyment of work, inner drive to work, and work involvement.
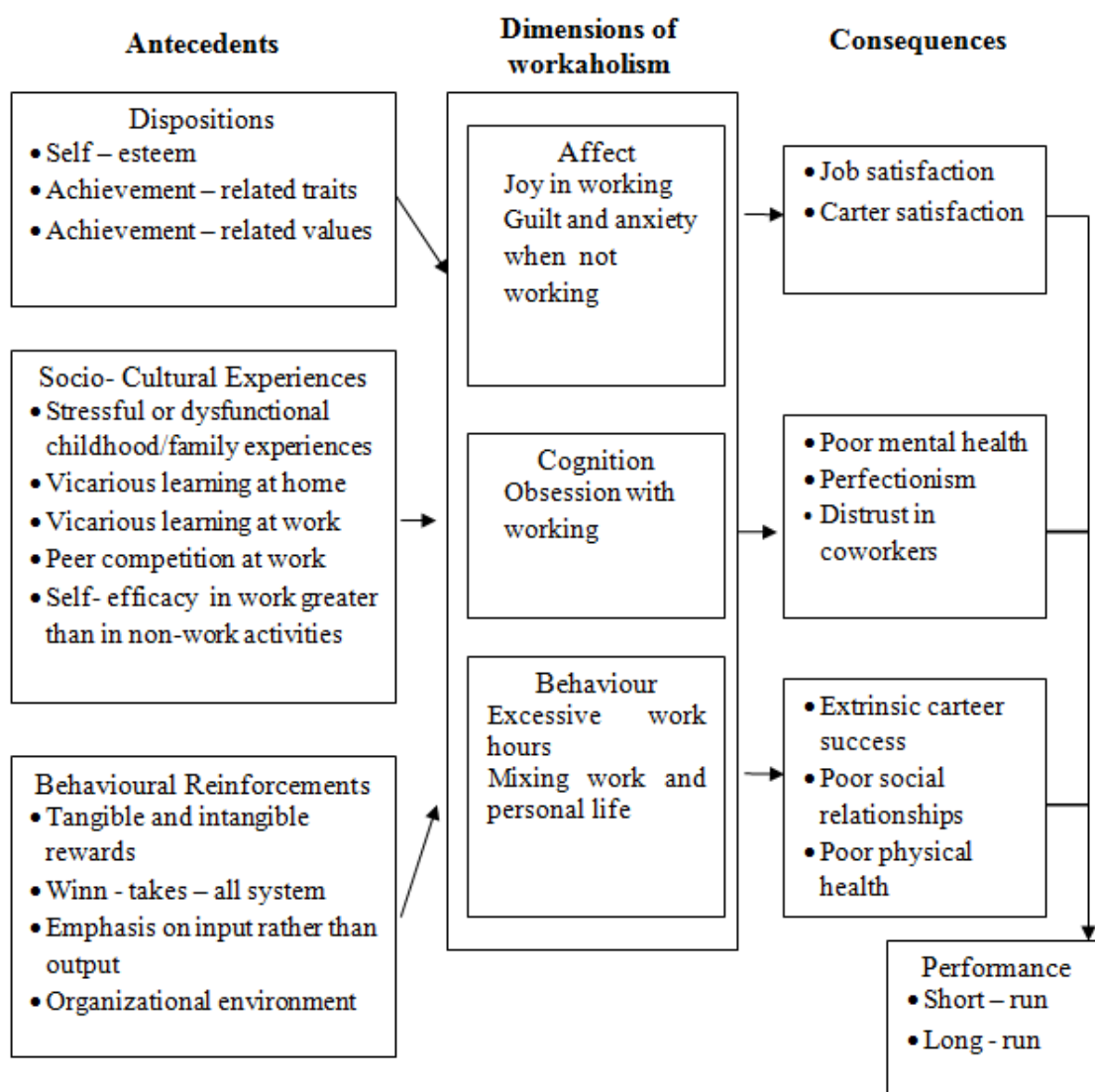
Porter's (1996) definition similarly emphasizes the elements of internal drive and work involvement. She suggests that workaholism is 'excessive involvement with work evidenced by neglect in other areas of life and based on internal motives of behaviour maintenance rather than requirements of the job or organization' (p. 71). Her definition is an improvement upon Spence and Robbins' (1992) because it more explicitly includes the core behavioural component (excessive working) into the definition. At least two elements have emerged as core characteristics of workaholism: an internal drive to work and time spent working at the expense of other important life roles.

Sorensen and Feldman (2007, p.114) created one of the most interesting definition of workaholism. They defined workaholics as those who enjoy the act of working, who are obsessed with working, and who devote long hours and personal time to work. In short, workaholics are those whose emotions, thoughts, and behaviours are strongly dominated by their work. Figure 1 shows their theoretical model of workaholism.

Another factor that accounts for the increased focus on workaholism is its association with a myriad of negative outcomes such as physical and psychological health difficulties increased job stress and various problems related to job performance (Porter, 1996; Scott, Moore and Miceli, 1997; Spence and Robbins, 1992; McMillan, O'Driscoll, Marsh,and Brady, 2001). Another, one of the most consistent link in the literature is between workaholism and impaired interpersonal (non-work) relationships. For instance, Robinson (1989) cautioned that „the overabundance of work takes precedence over everyone and everything else in the lives of the work addicted. Excessive work prevents them from forming and maintaining intimate relationships and close friendships" (p. 42).

Scott, Moore, and Miceli (1997) commented that workaholics „… spend a great deal of time in work activities when given the discretion to do so, which results in their giving up important social, family or recreational activities because of work" (p. 292). Workaholics are commonly depicted as individuals who experience marital problems, have trouble maintaining close relationships, and are isolated from family and friends (e.g., Porter, 1996; Scott et al., 1997). Indeed, many investigators have noted the disregard for close interpersonal relationships in their definitions of workaholism (Porter, 1996).

Figure 1: Model of workaholism

Antecedents	Dimensions of workaholism	Consequences
Dispositions • Self – esteem • Achievement – related traits • Achievement – related values	**Affect** Joy in working Guilt and anxiety when not working	• Job satisfaction • Carter satisfaction
Socio- Cultural Experiences • Stressful or dysfunctional childhood/family experiences • Vicarious learning at home • Vicarious learning at work • Peer competition at work • Self- efficacy in work greater than in non-work activities	**Cognition** Obsession with working	• Poor mental health • Perfectionism • Distrust in coworkers
Behavioural Reinforcements • Tangible and intangible rewards • Winn - takes – all system • Emphasis on input rather than output • Organizational environment	**Behaviour** Excessive work hours Mixing work and personal life	• Extrinsic carteer success • Poor social relationships • Poor physical health
		Performance • Short – run • Long - run

Source: Sorensen and Feldman (2007) p.114.

It is important to note that many researchers believe that workaholism is a multidimensional construct. For instance, the workaholic triad by Spence and Robbins (1992) consists of three workaholism types:
▪ work involvement (WI),
▪ driven to work (D),
▪ work enthusiast (WE).

Individuals are considered to be workaholics if they score high on WI and D and low on WE. Some evidence exists that high scores on the WE dimension may be associated with positive (rather than negative) work-related outcomes such as greater job satisfaction (McMillian, Brady, O'Driscoll and Marsh, 2002).

In order to increase our understanding of workaholism, researchers also need to devote more attention to examine the career context in which workaholism is embedded. For instance, it has been suggested that careers are increasingly becoming boundaryless. In boundaryless careers, people's work experiences are not limited to just one or two organizations. Instead, careers span across multiple organizations and employment settings.

Furthermore, individuals are expected to take more responsibility for their own career development. Career self-management, thus, starts to become the norm.

These recent changes in the nature of careers can have both positive and negative effects on workaholics. On one hand, some of the characteristics of boundaryless careers appear to provide fertile ground in which workaholism can grow. For instance, the strong emphasis on personal control and learning on the jobs in recent years (Sullivan, 1999) is in line with workaholics' desire to maintain control at work and active involvement with their jobs (Scott et al., 1997). Also, the unclear boundaries among multiple life roles such as between spouse and work helpmate, are also consistent with workaholics' intermixing of work and personal life (Bonebright et al., 2000). In some ways, then, workaholics may actually feel more comfortable in a career environment that is increasingly boundaryless and flexible.

In contrast, other work trends can have a more negative impact on workaholism. For example, change in the career landscape is that there is a strong emphasis on the development of multiple networks and peer learning relationships. However, workaholics often have more problems with their relationships with co-workers and thus may be at disadvantage compared to non-workaholics in making friends and mentoring activities.

Figure 2: Developmental model of the workaholism syndrome
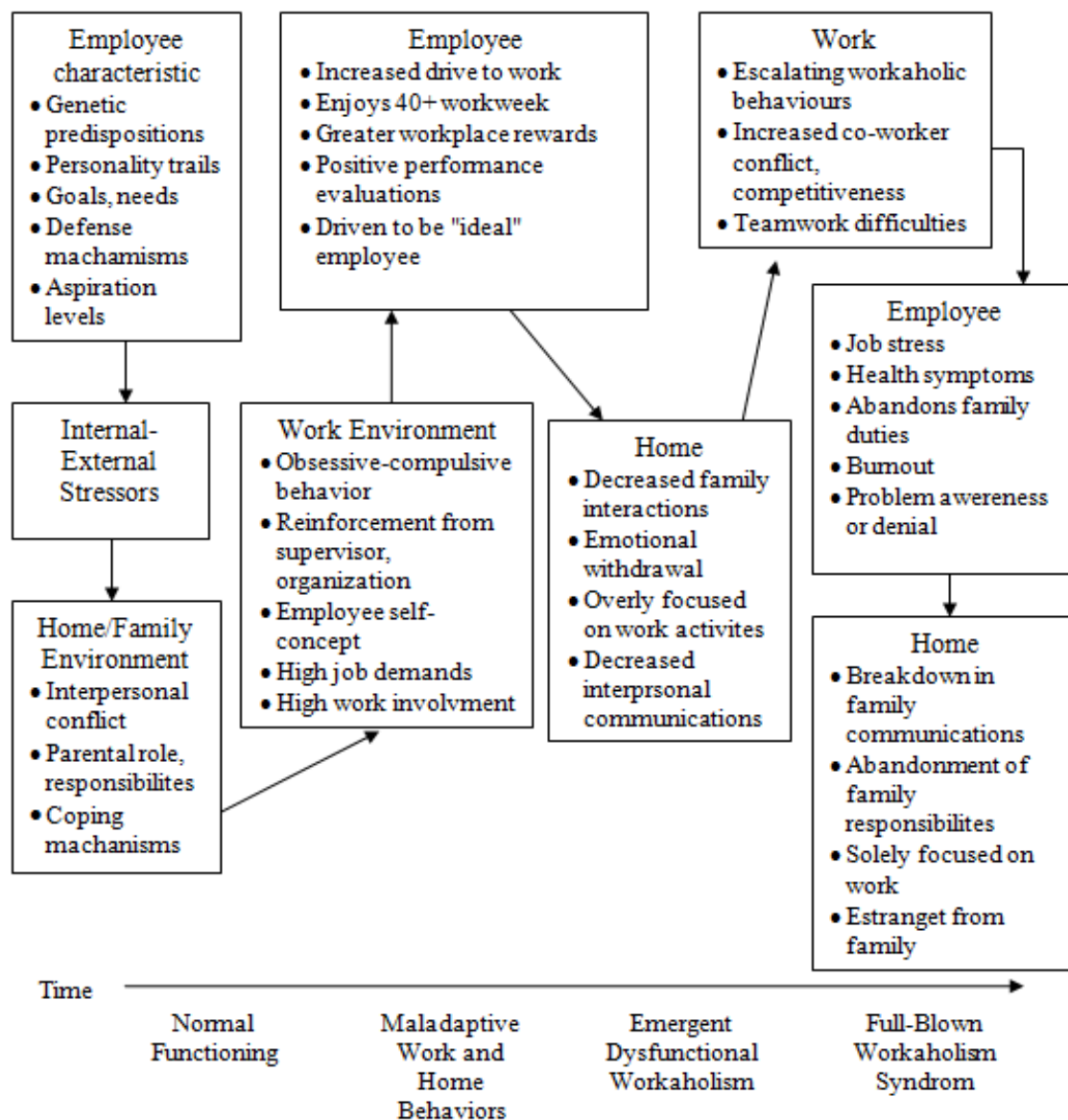
Source: Piotrowski and Vodanovich (2006), p.88.

The basic tenet of the Developmental Model of the Workaholism Syndrome (Vodanovich and Piotrowski, 2006) is that „dysfunctional" workaholism is a rather insidious, progressive maladaptive set of behaviours that becomes exacerbated over time. The syndrome begins when normally functioning employees face stressors, emanating either from within individuals or external demands. These stressors initiate workaholic tendencies and behaviours, which in the early stages, do not interfere with one's normal functioning. Indeed, such workaholic behaviours are often reinforced at work (e.g., positive performance evaluations) and at home (e.g., greater income). However, over time, the personal characteristics of individuals interact with job/work factors to produce a deteriorating environment both at home and work. That is, workaholism behaviours begin to intensify at this point, with work becoming a primary source of reinforcement. As workaholic behaviours begin to escalate out of control, alienation at work and disengagement with family and friends occur. During this dysfunctional phase, the employee experiences health symptoms, burnout, and problem awareness (or denial). The result of this emerging pathological process culminates into the full-blown Workaholism Syndrome. Developmental Model of the Workaholism Syndrome created by Vodanovich and Piotrowski is shown in Figure 2.

3. WORK-LIFE BALANCE

While work-life balance is a popular term, there is no clear consensus on what it means although most definitions do include the concept of flexibility, juggling and sustainability. Work-life balance is most frequently used to describe the equilibrium between responsibilities at work and responsibilities outside paid work. Having a work-life balance means that equilibrium is in the right position for the individual concerned. For some people it means spending more time in paid work and less time at home, while for others it means ensuring that paid work does not encroach on time needed for other responsibilities. Work-life balance means to have a sufficient control and autonomy over where, when and how you work to fulfil your responsibilities inside and outside paid work.

Over the past decade, a surge of definitions has been proposed by researchers for work-family balance. Clark (2000) perceived it as satisfaction and effective functioning both at work and at home, with minimal role conflict. Similarly, Kirchmeyer (2000) viewed it as the even distribution of time, energy, and commitment across all life domains in order to attain satisfaction with these domains. Accordingly, Greenhaus, Collins, and Shaw (2003, p. 513) defined work–family balance as „the extent to which an individual is equally engaged in and equally satisfied with his or her work role and family role".

One can speak of a balance between work and personal life when work does not appropriate the private life of a person, and vice versa – when private life does not encroach on the work environment. At the level of an individual it means the ability to combine work with other realms of life – home, family, health, social activity, hobbies, etc (Borkowska, 2004, p.54). Looking for work-life balance is aiming at a situation where a worker can decide on the time and place devoted to work and personal life activities. A possibility of an autonomous decision in this respect reflects the general question of quality of life and promoting the quality of work environment.

According to Clutterbuck (2005), the balance between work and personal life can be described as a condition in which an individual manages to cope with a potential conflict between diverse demands of his/her time and energy in such a way that satisfies his/her want of wellness and fulfilment. In his opinion, people should devote their time and attention to four aspects crucial in our lives, namely:
- to themselves – by caring about their physical and emotional needs;
- to family, friends and people they are emotionally bound with;

- to work, which enables them to satisfy their needs;
- to other people – by engaging in activities for the sake of the community or society.

These definitions share the notion that balance reflects equal experiences in work and family roles. However, by focusing on family as the prominent aspect of life in the non-work domain, one fails to consider other aspects of non-work life (e.g., household responsibilities, personal interests). Therefore, a broader term called work–life balance, in which „imbalance" refers to an occupational stressor based on lost resources of time, energy, and feelings toward work and personal life. Essentially, work–life imbalance refers to the inability to balance the activities of work with those of personal life.

The essence of work-life balance is a condition in which an individual manages to cope with a potential conflict between dedication to work and fulfilling other roles that give one the feeling of wellness and fulfilment. This calls for realizing the need to invest one's personal assets, acquiring a set of values as a basis for the future choices, and the ability to make proper choices.

The importance of problems and challenges encountered on the way to building proper relations between work and life outside work increases along with globalization processes, growing competitiveness, demographic and social changes, labour market deregulation, and especially – fast technological advancement. All these factors often cause overburdening of employees with duties connected both with work and private life. Information technologies and easier communications make it possible for employers and customers to contact employees any time of the day, thus limiting their private time which should be devoted to themselves and for building relations outside work. The possibilities of separating one's private and professional life are continually diminishing and work is increasingly encroaching personal life disturbing its functioning, absorbing people on their days off or even on holiday. Moreover, organizations often tend to impose the way of spending their free time on their employees. By arranging business lunches, integrating meetings or away-from-home integrating sessions they deprive employees of time which should be spent on building up family relations, leisure, pursuing hobbies and interests, or meeting friends. Employers expect from their staff not only their full commitment but also availability, which creates a conflict situation with the employees' attempt to control the scheduling of their working day (Robak, 2010).

The growing importance of initiatives aiming at proper prioritizing between work and personal life can be perceived as a consequence of current social phenomena leading to a growing diversity of personnel. The number of employees who have to look after dependent persons is rising, and one of the reasons is the society which is growing older. Also, there is a growing number of women in the working population, hence their increasing participation in employment. Along with growing diversity of family members participating in the labour market, translated into working women and men, experts in human resources management face the problem of understanding and considering their needs.

According to Gross-Gołacka (2008), any organization developing a work-life program should ground it on two major pillars. The first one is determined by the organization's implementing possibilities, including the available social security system, leave policy, educational programs or possibility of flexible employment. The other pillar refers to the diversification of workers. It is not less important as the point of balance between work and private life is different for different employees and, moreover, it can change overtime. The issue of combining work and life outside work will mean a different thing for people starting their professional career and for those approaching retirement. Furthermore, the point of work-life balance will be perceived differently by childless employees and still differently - by single parents. Consequently, the organization should try to avoid developing programs and initiatives of general character just for the sake of their existence. A growing

diversification of staff in a company requires a range of possible work-life balance arrangements that would meet various needs and expectations of its employees.

4. THE INTERFACE BETWEEN WORKAHOLISM AND WORK-LIFE BALANCE

As employees get more engaged in work, their ability to balance the demands of work and personal life increasingly suffers (Bonebright, Clay, and Ankenmann 2000). In recent years literature exist examples of studies relevant to interface between workaholism and work-life balance.

Aziz and Zickar (2006), percived that in North America, particularly among highly educated individuals, there has been a rise in hours worked due to increased responsibilities, heavier workloads, and technological advances, thereby leading to work–life imbalance. Specifically, workaholism hinders interpersonal relationships and leads to marital dissatisfaction.

Bonebright, Clay, and Ankenmann (2000), based on responses from 503 employees, concluded that both non-enthusiastic and enthusiastic workaholics possessed greater work-life conflict scores. Non-enthusiastic workaholics also possessed lower life satisfaction scores (and purpose in life scores) than non-workaholics.

Buelens and Poelmans (2004) examine full-time Flemish employees and found that workaholism was associated with low family satisfaction and greater work-life conflict.

In a series of studies, Burke investigated the intersection of workaholism and family life. Burke (2000) obtained responses from 251 female MBA students and reported that individuals categorized as workaholics had lower values supportive of work-family balance. In a sample of 500 male and female employees, workaholics showed lower satisfaction scores with family, friends, and community relationships (Burke, 2001). Moreover, Burke reported that male and female workaholics possessed significantly lower scores on a measure of organizational values supportive of work-family balance.

Aziz, Adkins, Walker and Wuensch (2010) focused on how cultural origin might influence the intensity of relationship between workaholism and work–life imbalance. Based on relative deprivation theory and previous empirical work, it was expected that cultural origin would moderate the relationship between workaholism and work–life imbalance. Specifically, it was predicted that Caucasian participants would score higher on levels of workaholism than Black participants, and that the relationship between workaholism and work-life imbalance would be stronger for Caucasians than for Blacks. The results revealed that high levels of workaholism were significantly correlated with high levels of work–life imbalance. However, results also indicated that cultural origin did not moderate the relationship between workaholism and work–life imbalance, and there was no significant mean difference between Caucasian and Black participants on our measure of workaholism. These findings are important in that it is essential for employers to be aware of workaholic tendencies so they can better handle the negative consequences that result for the organization, and to also help promote the well-being of their employees.

Prior research has suggested that high levels of distress exists in families of workaholics (Fassel, 1990). Others researches have commented that wives tend to discard their personal goals in their efforts to sustain the career ambitions of their workaholic husbands.

A series of studies by Robinson and his colleagues investigated the impact of workaholic behaviour on family and marital functioning. For instance, Robinson and Post (1995), using a sample of U.S. and Canadian volunteers from Workaholics Anonymous, found greater work addiction scores to be significantly related to higher levels of perceived dysfunction within their families.

Similar results were reported by Robinson, Flowers, and Carroll (2001). They reported that high workaholism scores were associated with scores indicative of low marital cohesion. These authors found that female spouses of workaholics viewed their relationship as having more problems and felt less positively towards their husbands.

Snir and Harpaz (2004) in their study concluded that individuals who worked significantly more hours per week had lower family centrality scores.

Research has indicated that workaholic parents can have a negative impact on the emotional well-being of their offspring. Some of the harmful effects include greater anxiety and depression scores of children of workaholics and increased feelings of loneliness and abandonment. It should be noted that the negative association between workaholism and family relationship difficulties has not always been found. Burke (2000) reported that married and divorced managers had similar workaholism and workaholic behaviours. In a more direct assessment. McMillan, O'Driscoll, and Brady (2004) found that workaholic and non-workaholic dyads indicated similar levels of relationship satisfaction.

Figure 3 shows Conceptual Framework of Workaholism and Work–Life Conflict created by Vodanovich and Piotrowski.

Figure 3:Conceptual framework of workaholism and work-life conflict
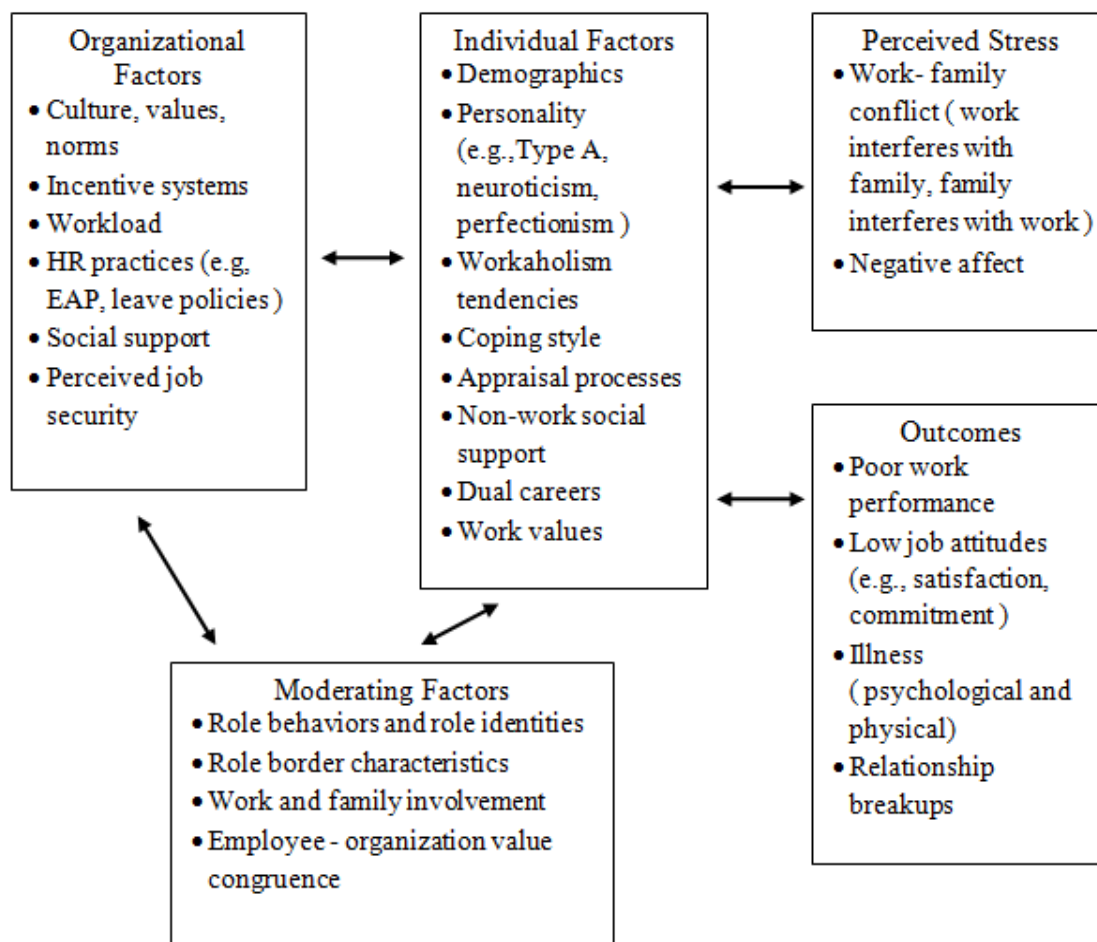
Source: Piotrowski and Vodanovich (2006), p.89.

Authors illustrate the interactive aspects of the key organizational and individual difference factors in the formation and maintenance of work-life conflict. One common component of these two spheres is the presence of social support, the existence of which reduces the degree and impact of work-family pressures. The model also incorporates several components thought to influence (moderate) the relationship between work and home

environments and ultimate outcomes. Included in the model are a host of key individual difference characteristics, both personal and environmental, that impact the likelihood of workaholic behaviours. Consistent with the findings of prior research studies, the model depicts the view that work can be perceived as impacting family activities, in a positive or negative fashion, or conversely, that family/home factors influence work responsibilities.

5. CONCLUSIONS - REFERENCES TO HUMAN RESOURCE MANAGEMENT

The problem of combining professional and private life cannot be discussed in isolation of the work environment. The basic task in creating initiatives in this realm – both for employers and employees – is to recognize the needs and expectations of the people concerned, which would constitute the fundamentals for any program. When an organization develops a work-life program, it should define specific goals of the program and the target group. From the perspective of an organization one should ask a question – what can an organization do for its employee to help achieve work-life balance? However, it seems necessary to pose another question of more individual character – what can managers and employees do for one another in order to create the best solutions in establishing work-life balance? (Gross-Gołacka, 2008).

Based on discussed studies connected with workaholism and work-life balance this paper shows some important managerial implications.

Workaholism is an important construct to study based on the growing evidence that workaholic tendencies can impede an individual's satisfaction in almost every realm of life. The workaholism- alcoholism analogy is taken in a very literal sense in that both can lead to serious health concerns, destroy relationships with family and friends, derail careers, and ultimately lead to death.

By understanding the workaholism/work-life imbalance relationship, managers will be better prepared to handle the negative consequences of workaholism and promote the well-being of their employees. Superiors could reprioritize work objectives and modify work schedules. The organizational climate could be improved by focusing on the significance of work-life balance. Also stress and time management programs could be implemented to reduce workaholism.

Managers should seek a level of engagement from employees that enhances productivity but is not so extreme as to have negative consequences for either the individual or the organization (e.g., in terms of burnout, turnover, stress-related illnesses, and healthcare costs). Seeking to increase productivity by simply encouraging excessive work behaviours from employees can end up hurting, rather than helping, organizational performance - particularly in team-oriented environments where trust and collaboration are needed. Another implication is especially relevant to managers. Workaholism is a problem particularly endemic to managers themselves because their work expectations are often not clear and the reward system for their work is often ambiguous (Feldman, 2002). If, in fact, workaholism can spread by vicarious learning and role modelling of supervisors and mentors then efforts to curb workaholism have to come top-down as well as bottom-up.

Finally, technology plays a double-edged sword in shaping workaholic behaviour. On one hand, advancement in communication technology can reduce workaholic behaviour because it allows employees to more easily integrate work demands and personal life demands by giving individuals greater flexibility in work time and work place. In addition, the ability to work from more places and spaces can also alleviate individuals' concern about not working sufficient hours.

At the same time, though, the flexibility derived from advanced technology can actually promote more workaholic behaviour because the boundaries among work and other life roles become more easily permeable.

Ammons and Markham (2004) observed that those who work at home were more susceptible to addiction to work. Further, technology can also provide a constant stimulus to evoke addictive behaviour at work. In fact, researchers are increasingly concerned with addiction to using computers or the internet both of which have become important means through which people perform their work activities today. How technology impacts workaholism, then, warrants much greater attention from managers as well.

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Sebastian Skolik

2.4 PARTNERSHIP AND LEADERSHIP AS MAIN RELANTIONSHIP IN WIKIMEDIA PROJECTS

Summary: Wikimedia project and especially Wikipedia are flagship enterprises of free culture movement and web 2.0. Their success inspired analytics and management critics to try to define area for global cooperation in traditional business by relaying to the idea of presumption. However, for these projects, apart from partnership, emergence of leaders being able to drive definition and constant modification of operational rules is very important. Lack of dominant, inflexible organizational structure allows to initiate and develop new initiatives in free culture movement, allowing to increase diversification between projects and to slow down institutionalization of the movement itself. Author, discussing abovementioned problem, intents to describe process of leader emergence and projects created by them in fluid structure of Wikimedia, also describing increase of diversification in relation to a few selected language versions of these projects.

Keywords: Wikimedia, forking, partnership, leadership.

1. INTRODUCTION

Before the concepts of Web 2.0, free software and free culture movements were popularized, the analyses concerning the functionality of the Internet focused on it as a medium or as a cultural product with characteristic language, models of communication, and the new economy of dotcoms. The considerable part of these texts referred to the Gutenberg Galaxy, i.e. the area of print-based mass media defined by Marshall McLuhan. These references were made by this author directly in the title of one of his publications by Manuel Castells (2003), who analysed the evolution of media, by Paul Levinson (1999) and Erik Davis (2002) who pointed to print as the initiating discovery, or by Lev Manowich (2006), who made the analysis of transformations of interfaces. Until the late nineties of the 20th century, the Internet was viewed as another medium which allows for sending information to mass recipients by the interested entities. The user and its role were marginalized with respect to production potential. Using the Internet was approached as a rather passive consumption. However, as the idea of open source and the flagship product of free software which was the nucleus of the operating system of GNU/Linux and then Wikipedia created by thousands of Internet users in the first decade of the 20th century, the interests of the scientists started to focus on such problems as partnership production (Tapscott and Wiliams, 2008; Benkler 2008), read-write culture (Lessig, 2009), common-pool resources (Hofmokl, 2009) or the new principles of social activity (Kulesza, 2010). If the previous analyses concerned cultural content, other ones concerned legal and economic problems that referred to the opportunities of cooperation based on the structures of free licences.

Other problems in this field included, on the one hand, contradictory market activities based on voluntary work and, on the other, formal framework for contemporary organization, including those connected with the work of IT, were opposed to self-organizing structures, where the positions of the management and administration did not exist at all. In economic terms, this new model of self-organization of production of products such as knowledge resources and applications was defined as wikinomics, and its dimensions were defined by partnership, global operation, openness and giving access to the content (Tapscott and Wiliams, 2008, pp. 40-55). Partnership and, more specifically, peer production, is understood

as a 'radically decentralized production, based on collaboration, without property, where distributed and loosely connected individuals share their resources and results of the production and cooperate without resting on market signal nor instructions given by the leaders' (Benkler, 2008, pp. 76). This assumption does not mean, however, the lack of leaders in these initiatives but only that, regardless of the lack of asymmetric approach to the ownership, the leaders cannot impose the tasks to be executed. They are at least based on the hierarchy that results from the respect for experts and the rules for actions defined within the communities (Benkler, pp. 121; Kulesza, 2010, pp. 59-70). This understanding of leadership can be compared to contemporary concepts that emphasize the role of the employees in self-management, where a leader introduces changes with respect to the organizational culture, or creates visions and obtains the involvement of the employees in implementation of changes (Karaszewski, 2008, pp.21-22). Obviously, in the case of extra-market initiatives that are based on voluntary work, the division into employees and institutional managers is excluded. This means a rather liquid organizational structure, where being a leader results from technical skills and knowledge that helps build the authority and from the flexibility in adaptation to the created rules and in setting these rules in collaboration with all the users that participate in this initiative. The change in understanding of the concept of the user should also be emphasized: the user, who ceases to be a passive recipient that utilizes the products, but they are 'prosumers', who consume and produce the content at the same time (Tapscott and Wiliams, 2008, p. 185).

The factors which determined the opportunities for sharing the resources were legal structures in the form of free licences that permitted free copying, modification and distribution of the produced content, where the only limitation was the information about the authors and the requirements of republishing on the basis of the same licences and the Internet network that helps joining particular initiatives by any Internet user willing to contribute. However, the consequence of the option of modifications was not only in development of particular products but also the appearance of 'competitive' products in the case of distribution of GNU/Linux software or 'competitive' technological and organizational solutions in the case of language versions of Wikipedia and its daughter projects defined by the common name of Wikimedia. This practice was termed as the right to fork (Siewicz, 2006, pp. 89-90). The concept of the competitiveness was marked with the inverted commas because the openness of the initiatives allows for re-utilization of solutions created in other projects. The effects include the increase in differentiation of the projects in terms of their functionality and usefulness, which additionally contributes to more options for the users compared to analogous property-based products. For instance, a user who is dissatisfied with a particular version of Linux, might use another one, and their number is much greater than e.g. the number of editions of Windows software. If we assume that a user speaks foreign languages and uses a particular language version of Wikipedia, they might, instead of using e.g. Polish or Hungarian version, use English version and, being an active contributor, add a translation into their own mother tongue. This causes that the language versions have capacity to more effectively enrich the global resources of knowledge compared to national encyclopaedia.

An essential problem for the initiatives based on peer production is the relations of leadership and partnership, which coexist within these initiatives, especially with respect to the lack of institutionally imposed asymmetrical relationships of superior-subordinate type. In full partnership in the area of the community, this symmetry is obvious, although with the appearance of the leaders, and consequently the statuses, it might seem that it is necessary to strengthen the structure and strive for institutionalization of the activities and strengthening the social roles within the stiff organizational structure.

2. METHODOLOGICAL ASSUMPTIONS

The initiatives discussed in this chapter are the Wikimedia projects, analysed by the author since 2005 from the perspective of an active user who adopted the role of both the implementer of the temporarily set goals and the leader of changes. With reference to the above mentioned relations of leadership, it was adopted that one should reject the dichotomic approach to these relations because the existence of leaders does not negate partnership-based relationships between the users, regardless of the statuses. However, since the positions of a leader are not verbalized, being a leader is approached here as an analytical construct rather than an empirical fact. This type of an *a priori* assumption, without the analysis of actual attitudes towards the people who initiate changes and present the visions of development of the projects would be an artefact. Nevertheless, this does not mean that the leadership in the initiatives based on peer production does not exist as it was proposed by the concepts of anti-leadership (Karaszewski, 2008, p. 21). It should be noted that this concerns the problem of becoming a leader rather than being one. Continuous changes in the structure of organization of activities, including new users with the dispositions for being experts and the leadership abandoned by the previous users who were regarded to be authorities for others cause that the structure of the statuses becomes liquid. The last adopted assumption is rejecting the partnership limited to positive aspects of collaboration, excluding the conflict-generating relations. These assumptions were adopted on the basis of the author's own research (Skolik 2007; 2010).

The research methodologies used in the study were participant observation, carried out regularly, since the year 2005 (as mentioned before), and the analysis of the content. The analysis of the content concerned the Wikimedia websites were some agreements concerning the forms of collaboration, mailing lists and other documented forms of interaction are made. Adopting the role of an active actor in the analysed project entails the lack of total objectivity. However, playing this role improves understanding of the processes that occur compared to an external observer (Cichobłaziński, 2008, p. 177). The analysis was based on the cases when the author participated in the process of changes as a leader and the cases when he was not an active actor. The investigations covered in particular the cases connected with creation of the statuses of a leader in Polish version of Wikipedia, but the analysis also concerned the Wikimedia projects.

Since this paper utilizes several terms with similar meanings, the explanation of some of them seems to be necessary:
- Wikipedia – the online encyclopaedia, developed in 2001, originally only in English and then extended, with nearly 300 language versions added until 2012.
- Wikimedia projects – Wikipedia and internet services developed by the societies originally connected with Wikipedia, treated as its daughter projects. Besides Wikipedia, these projects included in 2012: Wiktionary, Wikibooks, Wkisource, Wikiquote, Wikinews, Wikispecies, Wikiwersity and Wikimedia Commons.
- Wikimedia Foundation – organization established to support the projects of Wikimedia, responsible legally and technically for its operation.
- Wikiprojects – the initiatives started and implemented within the concrete Wikimedia projects.

3. OVERVIEW OF THE PARTNERSHIP AND LEADERSHIP IN WIKIMEDIA PROJECTS

Assuming the above definition of the peer production, where it is viewed as a radically decentralized and based on loose bonds, the Wikimedia projects are actually those which involve different levels of decentralization and different degrees of social ties between the

individuals. From the standpoint of an external observer, creation of these projects might appear to be chaotic and unstructured, but from the perspective of an actor that plays within these projects, one can note the structures within which the decisions concerning the created content are made based on cooperation between the individuals. Among the group of active users, some originators of internal initiatives emerge and they attract other people and compose the models of collaboration in the forms of development of concrete procedures. If the procedures bring the expected effects, they are frequently implemented in other 'twin' projects (language versions of Wikimedia projects of the same type) or daughter projects. In order for a particular initiative to exist, some commitment of individuals that will join the innovators is necessary. Unlike the decisions made along the axis of manager-employee in companies, where leaders might rest only on internal staffs and select the team members that are suitable for a particular task (Karaszewski, 2008, p. 83), the team in Wikimedia can be created spontaneously, through adding the interested persons from the community or people who have never been involved in the development of these projects. Therefore, leaders attract the individuals that are willing to achieve the common goals, and the important problem is the commitment of the visionary leader or any person that motivates the users to implement a particular concept. A precondition for this to happen is spreading information about the project. This method of finding the co-workers was typical of both creation of Linux software and of launching Wikipedia in 2001. The leader might be also the group of people who adopt a variety of functions of leadership and support each other in achievement of goals. For instance, a part of the team members might search for information necessary for performance of the activities, a part of them might search for co-workers and a part of them might motivate for assessment of the performed tasks. This can be done by all of them at the same time and the members of team might change if a sufficient number of the people with suitable competencies participate. Such micro-initiatives impact on tightening of the relationships between all the committed users, e.g. the people who assess the quality of the articles or extend the articles in the domain of palaeontology. If some procedures are developed within the initiative, the individuals might supervise other co-authors in their meeting the recommendations or propose other modifications of procedures.

However, adopting the role of a leader occurs through partnership. The role is delegated upward. The process of this delegation occurs in two aspects. If a person that proposes the implementation of a particular idea is regarded to be, based on previous experiences, an authority in a particular field, they will be supported by others and might become a coordinator or executor. When a particular solution e.g. technical one, is notified as necessary from the people who are unable to execute it, the implementation of this concept might be overtaken by another user. Thus, the situation of suggesting a concrete initiative and asking for the possibility of implementation of the initiative occurs. It should be noted that the initiators of changes can be in both cases the people who are connected with the community and those who join it as the new members. However, the latter are less willingly supported by the community in the independent realization of their own vision due to the lack of certainty of their effectiveness and performance or the knowledge of the adopted rules. A key problem is trust, that is, human capital is replaced with social capital (Harciarek, 2008, p. 16). The multifaceted nature of decentralization is connected with the acquired competencies that allow for effective activities. The competencies of the users are more carefully assessed if the importance of the procedures they should follow is higher. This concerns in particular those principles which determine the partnership-based co-creation of projects: acting with respect for authorship rights and licences, netiquette and those who define a particular project (neutral point of view and no original research in the case of Wikipedii). Less importance is attached to maintaining the style of the created content, language correctness, methods of greeting and motivating newbies or technical aspects of developing websites and, to even lesser extent, if

they are the problems concerning the content of e.g. individual articles in Wikipedia or concrete handbooks in Wikibooks. Therefore, there is a particular hierarchy with respect to the importance of the problem which can be analysed. The form of the article can be consulted between two newbies who argue about e.g. the questions of inclusion of certain facts of life of a particular character in a biography in Wikipedia, but changes in the description of the content that describe the main rules is decided on by the community, with exclusion of the contributors who are not much involved. Therefore, one can say that, in the case of the analysis of the proposals concerning the function of the whole project, the decisions are more centralized, whereas joining the group of contributors is not a big barrier. Commitment is what matters the most. It should also be noted that even in the case of the people unauthorized for voting for implementation of the standards due to an insufficient experience, their comments might and are often considered if they are found substantial.

Acquiring competencies is a long-term process and it extends in the case of another 'generations' of the users who must familiarize with the greater number of the developed procedures. This leads to the situation where, in initial period of activity of a newbie, it is difficult to reach some partnership relationships. The newbies tend to treat the committed members of the community as authorities, although their knowledge in a particular field might be much higher. Therefore, the roles are negotiated, where 'younger' members perceive the committed contributors as leaders and the leaders want to reach partnership relationships and, assuming the verification of the activities, delegate the roles of leaders to the newbies. However, this concerns only a part of relationships as a considerable part of the users focus more on the development of the content rather than on collaboration towards creation of new initiatives or introduction of new contributors, limiting their interactions with other members to the minimum level. In the case of these people, the loose ties and radical decentralization might occur, although their contribution is an insignificant percentage compared to the whole projects and this trend is likely to be similar in all the Wikipedia projects, with particular focus on those which are the most advanced, which is indicated by the statistics generated from the database. In Hungarian edition of Wikipedia, for example, over 35,000 users made 2% of editions and 100 of the users edited almost 50% of the content (Zachte, 2012). Radical decentralization which is associated to peer-production originates from treating the Internet as a medium where the users are viewed as Nomads who accidentally surf the net and form it at the same time based on the principle of rhizome. In the case of the discussed structure, it has the character which is more like a tree, where all the elements are interrelated hierarchically (Celiński, 2010, pp. 185-186).

Being a leader and attracting partners to perform the activities within the discussed projects depends on several factors, which include in particular:

- Attractiveness of the goal, even if initially there is uncertainty of the methods of achievement of the goal,
- Ability to analyse previous projects and to adapt them to achieve the goal i.e. copying and modification of the previous pathways,
- Communication efficiency, which allows for reaching potential collaborators. In some cases, this means finding the space where the persons who were loosely interrelated so far try to solve concrete problems (Skolik, 2009),
- Commitment to action based on the principles of partnership with collaborators,
- Competencies in a particular field, particularly if the scope of these competencies is wide.

Previous organizational models, which unconditionally dominated before the emergence of the phenomenon of peer partnership, were mainly characterized by thinking about the leadership that originated from the analyses of Max Weber, where power was connected with ruling and ordering (Weber, 2002, 682-692), and even if this was not the case, with the

influence of the leaders who had the power. In the case of creation of the products, where leadership is based on the upward delegation and is closely linked to partnership relations, the possibility of ordering is excluded. There is no compulsion of performing these activities if their results are easily available. In this respect, the role of a leader is changing, although this does not means the lack of any power because a part of the people are authorized to deprive others from the opportunities of further collaboration. If we can relate the leadership to current concepts, the problems arise with the question of the partnership which so far was not used much with respect to the organization. It is worthwhile to turn towards the sciences that analyse these problems, such as sociology of family (Szlendak, 2010, pp. 410-418), or other domains that analyse the primary groups and communities. Based on these concepts, one would initially adopt that, if team building in Wikimedia is an empirical fact, the partnership might be complementary with respect to the leadership if there is no clear hierarchy of roles (Szlendak, 2010, p. 412); hence, it occurs in the space of relative symmetry of statuses. As long as the phenomenon of distinguishing the leaders does not occur, the partnership can be maintained. Therefore, any appeals asking for treating particular individuals in a special manner or to give them a privilege to make decisions are stamped in Wikimedia projects.

4. TREES AND RHIZOMES: CHARACTERISTICS OF FORKING IN WIKIMEDIA PROJECTS

Contemporary concepts point to the essential aspect of creating virtual organizations which are based on outsourcing i.e. subcontracting the performance of particular initiatives. In the case of peer production, the space for collaboration is open-ended, without borders that would be marked by the organization and there is no formal ordering of work. However, the actors are allowed to express their requests for the execution of a task they are unable to do by themselves. Therefore, the upward delegation and upward contracting occurs in this case. With this respect, network organizations that are based on peer partnership are a reverse order of conventional models, including the virtual organizations.

As emphasized above, new users of Wikimedia, with particular focus on those who have never participated in the peer production projects, often join them expecting being ordered to perform a work. In 2008, Wikimedia Foundation, which bears legal and technical responsibility for the implementation of the projects, published the results of the questionnaire survey aimed at contributors and readers of these projects. Among 20,000 respondents who declared that have never participated in creation of Wikimedia, over 42% answered to the question of what would make them join the collaboration that: I knew there were specific topic areas that needed my help (Glott, Schmidt and Ghosh, 2009). If the metaphors of rhizomes and trees are used not only with respect to the structure of the Internet content but also with respect to interactions, one can conclude that the conventional organizational forms are of tree-like form and the Internet has the character of rhizome. If some initiatives where users are loosely interrelated are considered, such as Facebook or YouTube, these relationships remind more of a rhizome. Others, like Wikimedia or free software projects, adopt a hybrid form as a result of the process of institutionalization of procedures. This is also indicated by the above mentioned process which is frequently observed in free software, i.e. forking. A part of the users might leave the parent project and, using the open source code, might determine a new autonomous structure (fork). This activity is more economic compared to creation of the software from scratch. It can be assumed that the structure in open source projects is more tree-like compared to the initiatives where creation of the content from scratch is not problematic. This results from the fact that if the software (even containing a great number of errors) should work, when creating wiki websites, one does not have to

assume that the texts must 'work', since the content can have a much more unlimited form compared to the software code.

These structure-building processes are considerably connected with the relationships of partnership and leadership. In order for the peer-production initiative to develop, one needs a critical mass, i.e. the users focused around the initiator. Initially, this might depend on the existing structure, but if it is an attractive wikiproject, then, due to certain technical or organizational solutions, it can be copied to analogous initiatives. This is how the network (rhizome) of loosely connected ideas might be formed. However, if they are treated as precious because of standardization of procedures, these solutions might be included in the core (tree) of current principles. With respect to the language versions in Wikipedia and its daughter projects, there are several principles for creation of the contant which is defined as principal and unchanged in terms of their essence, but there are also a number of procedures which were locally created in the course of development of concrete projects and adopted in others. The examples of these local initiatives include the initiatives aimed at readers, or the newbies that start to cooperate. The English version of Wikipedia adopted the initiative which consists in adding comments to short articles defined as stubs, with encouragement to develop. These comments were later modified, depending on the domain a particular article belonged to. This initiative was also followed by other language versions, which led to the situation where a special wikiproject was separated to deal with 'sorting' the stubs. The participants committed to the projects and originators encouraged other contributors to perform these activities, which caused that the considerable part of efforts were focused on this ordering. However, as it was not closely connected with fundamental goals of the projects, i.e. creation of the database, the German and Polish versions questioned the purposefulness of these activities and abandoned adding the comments to short articles. Another example is the method of salutation of newly registered users. In a part of the projects, also by means of imitation, the assumption was made that a newbie could familiarize with the rules of actions adopted by the community and that they are informed about this fact through adding on their discussion pages (assigned to the user account) a message with hyperlinks to essential help/rules webpages. These messages are added in a part of projects where a user actually makes some editions, assuming that they create the account in order to join the activities. In some, e.g. in Italian Wikipedia, this salutation, with a set of useful links, is automatically sent to the discussion page of the user at the moment of creation of the account. The collections of these links or a form they use are created locally, regardless of whether the authors of these messages found them useful. However, in this case, the act of taking this initiative alone is essential. In Polish Wikipedia, the idea of using templates with the same salutation messages emerged in the autumn of 2005. Although the originator of this initiative left the project after a month, next users connected with the 'salutation movement' motivated each other to continue the activities, regularly adapting the messages in the templates to new rules.

With reference to the definition of peer production presented by Benkler, one should not agree with the fact that the individuals do not relate to market signal. The products obtained in this manner are an alternative for those existing in the market; they do not exist, similar to the communities that produce them, in a market void. With respect to Wikipedia, the publishers of traditional encyclopaedia, such as Encyclopaedia Britannica, in order to face the challenge of competition emphasized the differences in the quality especially with respect to the credibility. Therefore, the problem of credibility becomes essential also for the authors of Wikipedia, who, based on these signals, take actions aimed at improvement of the quality, through more emphasis on verification of the already published content. The effect of market mechanism on peer production in Wikimedia projects can be illustrated by a number of

examples. Two of them, where the author of this study participated as a partner and a leader of changes will be presented for the purposes of this publication.

On 9 February 2006, the daily *Gazeta Wyborcza* published an article which presented a mystification that was made in Polish version of Wikipedia. The journalist in this daily described the case of the biography of Henryk Batuta, a fictional revolutionary described in this encyclopaedia as a communist living in the first half of the 20th century (Godlewski, 2006). A year later, a special wikiproject was created (Olaf, 2007) by one of the wikipedians, whose aim was to verify which titles of the articles presented in Wikipedia do not exist in the Internet. If the index of these articles was created by the founder of this wikiproject, it was necessary in order for it to be functional to involve the community to verify if, despite the lack of some topics in the Internet, they can be confirmed in paper sources. Additionally, a reaction to this event and similar ones, reported in media, was to develop the principle of no original research, which consisted in leading the projects to the status where each article contains the references to the content which would raise doubts. Because the information of the above mystification was published in world press, the problem of credibility became especially essential for Polish version of Wikipedia. Verification of titles only was insufficient because the content in the entries could also be hoax, without confirmation in sources. Therefore, it was necessary to additionally verify several hundred thousand articles and to encourage contributors who created and extended the articles, added sources on which they supported the articles. For this reason, in 2010, the author of this paper motivated a part of the users to start an action named BATUTA (Polish wikipedians, 2010). Its goal was to encourage the commitment of wikipedians to verify the sections of the content of the articles marked as those that needed sources. The action was joined by over 60 people who, apart from verification, presented this information to media, encouraging the people from outside the project to get involved in this project. Furthermore, they informed the authors of new articles about the necessity of adding references and created statistical comparisons of progress. Before the action was started, 178,005 entries had sources and, after its completion, this number rose to 186,103. In the following year, the number of entries with sources rose from 26.41% to 34.25%.

The second example of the effect of the competitive mechanisms concerns the competition between language versions of Wikipedia. Since Polish version, in terms of the number of articles, is one of the biggest ones, the situations where the distance between the projects starts to reduce can also motivate for action towards maintaining the position of the project in the ranking. It should be noted that there are often arguments about these actions between the users who want to mass create new entries and those who focus on the quality. Unlike quality initiatives, quantity initiatives are often disapproved by the community, although the rivalry itself is not aimed at elimination of other projects and it is not antagonistic. However, wikipedians from different projects encourage each other to start certain initiatives, which are efficiently implemented locally. In 2009, seeing considerable success of Russian Wikipedia in increasing the number of entries, the author of this study suggested, based on the existing model of group creation of the entries, that non-existent articles about Germany and Russia are created in September in Polish version of Wikipedia. The inspiration was the 70th anniversary of the outbreak of World War II. Over 1000 entries related to Poland's neighbouring countries were created within a month. Over two years later, at the conference of wikipedians in Wrocław, Poland, the users of the Russian language version presented in detail a model of creation of 'topic weeks', i.e. wikiproject which consisted in description of a particular region of the world in previously selected week. This initiative was soon adapted in Polish Wikipedia and led to closer cooperation between the users interested in this initiative and the people focused on popularization of particular topics.

In both cases above, the author of this study was a user committed to leading these initiatives. With respect to the first one, the effect was only one repetition of the action, whereas in the second one, other leaders appeared. Importantly, for some time, lack of actions connected with topic-related creation of the articles caused that the initiator was asked for several times to invent some new proposals. Therefore, the assignment of a role of a leader in the discussed projects is connected with the expectation for it to be fulfilled, although potentially, each interested individual can adopt this role. This perception of the expectations of the requirements resulting from the assigned status is also experienced by other committed users of Wikimedia.

In consideration of Wikimedia as a whole, forking of the projects can be observed, which leads to an increase in a variety of solutions and, in this respect, a tree-like structure is created. Analysis of individual solutions created within the framework of concrete projects reveals that the relationships are loose, particularly in consideration of individual language versions, where the communities are very poorly interrelated. However, local wikiprojects are relatively interrelated with analogous initiatives in other projects of Wikimedia. A part of the users might be involved in several language versions at the same time, being loosely connected with the remaining part of the community in these versions. Therefore, this reminds of conventional matrix structures, although they are more flexible and dynamic. It should be noted that a part of the users, for whom the rules seem to be wrong, often leave Wikimedia, sometimes developing their own wiki websites, where they are leaders, attracting other users to collaborate. The reverse processes are also observed. One example is previously independent projects of Wikitravel, connected strictly with tourism. A part of its community decided to create its counterpart in Wikimedia, together with its founder (Jmh649, 2012). Therefore, there are the two trends: one consists in inclusion of rhizomes in the ordered structure, whereas the other one means detaching from the projects in order to create new projects. The degree of interrelation of the detached initiatives and the parent ones varies. This occurs in several scales: Internet, in the case of services based on wiki mechanisms; Wikimedia, if this means it projects; concrete Wikimedia projects, if the wikiprojects that compete for users' commitment are created.

5. CONCLUSIONS

Although more and more often present in the publications, the problems of peer production are given little attention in terms of the nature of partnership. They focus more on the effectiveness of the new organizational models. These problems need further investigations of this phenomenon, particularly because the changes that occur in generation of knowledge and processing information are essential for the ever-changing society of the era of information. It cannot be unequivocally predicted today whether peer production will become a constant element of the market nor can it be said that it is only a fade. Creation of free software is a process that has taken over two decades and global access, through the Internet, to potential users that can become partners in a variety of initiatives, is a permanent phenomenon today. This new space for collaboration remodels the relationships in creation of the content. This also causes that the relationships between leaders and executors of the initiatives are transforming. The trends are appearing to unify these roles, although these processes do not exclude a renewed creation of the structure based on the hierarchy. The question that remains unanswered is: Will free software projects, similar to other free content projects, be adopted in the structures of contemporary economies and what can be the consequences of this for the development of both economic and social relationships?

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Izabela Jonek-Kowalska

2.5 HUMAN RESOURCE AS A DETERMINANT OF CHANGES IN A COMPANY ON THE BASIS OF HARD COAL MINING IN POLAND

Summary: The basic objective of research conducted realized in a cognitive and practical approach is to determine the role of human resources in change management in a company. In order to achieve this objective, the paper was divided into three fundamental parts. The first one is of a theoretical character and presents the role of human resources in planning, course and control of change process in a company. This part is realized on the basis of literature study.

In further considerations, the sector analysis is used as well as case study in order to identify the role of human resources in change management in hard coal mining and in the examined mining enterprise. In the conducted research, human resources are presented as the creator of changes and their destructor. The influence of strength and scope of human resources on efficiency, efficacy and effectiveness of changes implemented is subjected to assessment.

The last part of the paper includes SWOT analysis, adapted for the purpose of assessment of human resources in supporting changes in Polish hard coal mining. In this part, there are also statistical methods used enabling the assessment of human resources being at disposal of hard coal mining. On the grounds of the results of analyses conducted, the conclusions and recommendations are formed, oriented on enhancement of the role of human resources in change management in Polish mining enterprises.

Keywords: human resources in change management, hard coal mining, cost management in Polish hard coal mining.

1. INTRODUCTION

Polish hard coal mining is the industry of a strategic significance for the country. Its maintenance guarantees energetic safety, understood as independence from the external suppliers of energetic resources. Unfortunately, because of the many years' negligence of managerial feature and lack of funds for investments, the hard coal mining in Poland is the industry of a declining character. In many mining enterprises, extraction is not profitable and the debt of some coal cooperatives towards Treasury is still increasing. Most of weaknesses and strengths of Polish hard coal mining is embedded in human resources. It is dependant from the mobility of Polish mining enterprises whether in future it will be possible to consolidate strengths and reduce or eliminate weaknesses. This, however, requires the fundamental changes in the area of the management of mining enterprises. The most important of them are the object of considerations in the hereby paper.

2. THE ROLE OF HUMAN RESOURCES IN CHANGE MANAGEMENT - THEORY

2.1. LITERATURE REVIEW

Change management in a company is a difficult and complex problem. Its complication is primarily due to the involvement of human resources in each phase (Inkson, 2008), which on the one hand are the initiator of the changes, but on the other hand they may contribute to the braking or redefinition of the change process. Schematically, the role of human resources in change management in the company is shown in Figure 1.

Figure 1: The role of human resources in change management in the company

planning	implementation	motivation	control
Recognition of the need for change, initiation of change, designing the course of change	Acceptance of change, active participation in the process of change	Inclusion of the process of change in the motivational system	Supervision of the process of change and introduction of corrections in its course
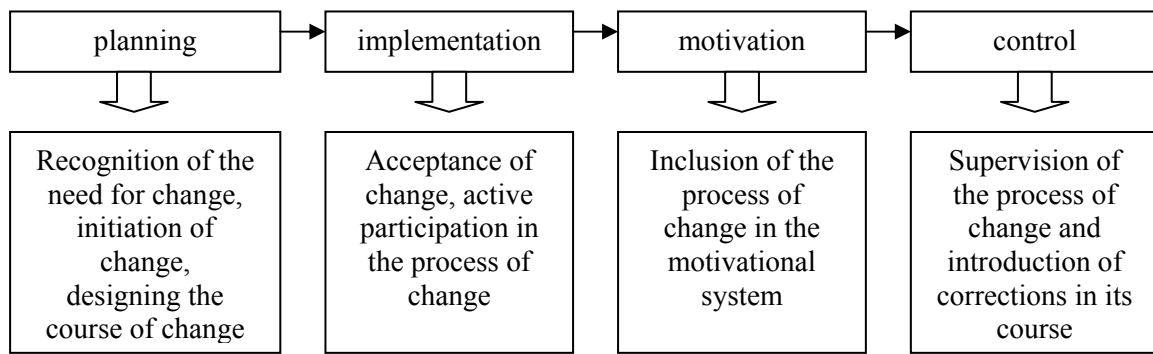
Source: own work

The process of change in the company may be forced by the surroundings of the company. It may also result from its interior arrangement (McHugh, 1997). Only a constant monitoring of the surroundings as well as the interior provides the possibility of rapid response, planning and implementation of changes in advance. This monitoring is conducted by human resources at different levels of the company's activity. The process of perception of the need for change and its initiation will therefore depend on the perceptiveness, the capacity of anticipation as well as the awareness of the workers. Designing of change, in turn, requires a thorough knowledge and experience from the scope of company's functioning in theory and practice. This is an extremely important process in which the competence of the workers determines further course of change as well as its consequences for the entire company. The quality of human resources engaged in the designing of change influences in an extremely important way its course and final. According to the above, at the planning stage human resources notice, initiate and design change. At this stage they may also act dismissively by: lack of perception of the need for change, insufficiently rapid response, abandonment of the initiation of change as well as inappropriate planning of change. All these circumstances may contribute to the disturbance in the functioning of the company and, if the need for change is fundamental, then they may finally threaten its further functioning (Beer, 1990).

At the stage of implementation of change human resources shall decide on the success of its implementation. Positive attitude of the employees to the process of change, resulting from their internal conviction about the need of its implementation, is an extremely important factor. It is a prerequisite for the efficient, effectual and effective implementation of change. If the change has been accepted, the employees should take active participation in its implementation. Such engagement means not only taking steps to implement change but also participate in the assessment of the implemented changes as well as suggestion for the corrections of the implemented process. At this stage the danger on the side of human resources remaining in the disposal of the company may be: lack of the acceptance of the designed process of change in its entirety or in part, misunderstanding of the change process, unwillingness of change, passive attitude during the implementation of change or even sabotage of the efforts to implement change.

In order to avoid the dangers on the part of human resources in planning and implementation of change, it is important to incorporate change in the existent motivational system of the company. It may contribute to the change of attitude of the employees towards the process of change, encourage them to participate in its course as well as in its possible modification. However, it should be emphasized that the change of existent motivational system cannot be radical because its inappropriate planning and implementation could well be counterproductive, increasing the unwillingness to the implemented change (Aghazadeh, 2003).

136

The last stage of change management is the control of its course. The correct course of this stage is also dependent on the actions of human resources. Observation, measurement of the results of changes, as well as information about the course of changes depends on the workers involved in the monitoring of changes. In turn, rapidity and correctness of the response of the employees to emerging deviations shall decide on the effective completion of the process of change in the company. Any irregularities that may endanger change and company at this stage are: the slowness of the monitoring workers, falsifying of the information about the results of the implemented change, the routine of control activities, ignoring the need to correct deviations, delay in the decisions enabling correction of the course of change.

Human resources involved in the process of change decide about its success or failure (Gill, 2003). That is the reason why during the implementation of change the process of internal communication among the employees of all the levels of the company is extremely important. The management initiates, plans, monitors the implementation and control of change (Eisenbach, Watson, Pillai, 1999). Operational employees, on the other hand, decide about its actual course and results. Therefore, the latter must participate in all stages of the implementation of change, being not only its executers but also its co-authors (Diefenbach, 2007).

2.2. MATERIAL AND METHOD

The review of the role of human resources in change management presented above is well-known, logical and legible. Unfortunately, the practice of human resources in the context of change is not always such obvious (Baran, Karabulat, Semercioz, Pekdemir, 2002). This problem affects in a particular way the companies, which function in the economies of short free-market traditions, to which Poland is also classified. Therefore, in the further part of this article the difficulties of change management in Polish hard coal mining shall be presented, describing consecutively the premises of change, elaborated design of change as well as the role of human resources in its implementation. A period of research covers the period of free market functioning of the hard coal mining in Poland, it means the years 1989-2011. In the range of diagnostic tests the participatory observation, interviews, surveys as well as the analysis of the reports and expert reports drawn up by the national and foreign research institutions are used. For the purpose of perspective in the research, SWOT analysis and statistical surveys relating to the quality and quantity of human resources at the disposal of Polish hard coal mining are used. Polish hard coal mining is an industry of strategic importance for the country. In the industry, there are currently three main hard coal mining enterprises, owned by the Treasury and two private hard coal mining enterprises. Two more private mining companies are waiting for launch. The mining sector has been intensely restructured for many years. Unfortunately, the results of these processes are unsatisfactory. The basic problem of three main producers of coal is adapting the enterprises to the requirements of the free-market economy. State ownership and habits from the period of centralized planned economy as well as extremely strong position of trade unions should prevent effective and efficient changes in Polish hard coal mining. In the meantime, without the change of attitude and approaches to management of mining enterprises, the industry is in danger of collapse or even fall. Current market conditions in the form of restrictions on carbon emissions as well as increasing participation of China in the market of hard coal mining constitute the most severe threat to the Polish mining companies. The necessity of changes results then from both internal premises and conditioning of closer and further surroundings.

In accordance with the above, soon Polish mining enterprises will be subject to a number of changes of diverse nature, including technological, organizational as well as managerial

ones. Hereafter, the article focuses on the latter, treating them as the beginning of the way to deep transformations enabling survival on the market (Stanleigh, 2008). Thus, one of the most serious problems of Polish hard coal mining is a lack of awareness of the managerial importance for the functioning of the company and its effectiveness.

In research survey conducted in 2010, the directors of 16 hard coal mining in the largest mining enterprise were asked about the significance of the natural threats (gas, fire, rock burst etc.) and management for the functioning of mining enterprise. It was concluded then that both the executives as well as the employees are aware of the prevalence of natural threats and the consequences of their implementation. They are also aware of the rank of natural threats in the functioning of mining enterprise. In turn, managerial threats are not comprehensively identified and assessed. Moreover, their importance and role in the functioning of mining enterprise are minimized and omitted. The distribution of replies to the question concerning determination of the impact of natural as well as managerial threats on the outcome of operational functioning of the mining enterprise are shown in Table 1.

Table 1: Distribution of the replies to the question concerning the impact of the natural as well as managerial threats on the outcome of operational functioning of the mining enterprise

Percentage of impact	0%	0-10%	11-20%	21-30%	31-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
Natural threats								2	1	10	3
Managerial threats	3	10	1	2							

Source: own work on the basis of surveys

According to the data contained in Table 1, 13 out of 16 mining enterprises assess managerial threats as having a very low (not exceeding 10%) impact on the operating result. Only three enterprises perceive managerial threats as a slightly more important for the results of operating activities (11-30% impact). Thus, for all tested mining enterprises the primary, and actually, the only source of operational risk are natural threats.

Such perception of the operational risk sources is not appropriate. The disproportion between natural threats and managerial threats (in extreme cases negligence of the impact of the mistakes in management on the operational result – 0%) is a major danger for the process of management. In the meantime, in the conditions of growing competition on the market of electricity production and the need for the implementation of new techniques and technologies in hard coal mining as well as tightening of restrictions on emissions of carbon dioxide, operational and strategic management decisions made in the mining enterprise condition its survival and development. Research shows that the managers are not aware of this. Such attitude leads to the ignorance of the need of change as well as negligence of the factors that force this change. In consequence the initiation of change becomes impossible.

3. CHANGES IN COST MANAGEMENT IN POLISH HARD COAL MINING

Currently the change in attitude to the assessment of effectiveness of coal production is considered to be one of the most significant changes of managerial nature in mining, and what follows it, the change in cost management (Turek, Jonek-Kowalska, 2010).

Accounting and information technology solutions which are nowadays used in hard coal mining enable primarily a detailed record and analysis of costs. Their serious deficiency is the lack of motivational and planning function as well as process look at the calculation of costs (Turek, Jonek-Kowalska, 2010). The main purpose of the implemented changes is to create

the system of cost management that enables planning, evidence and control of costs in the lifecycle of the longwall (microperspective) and hard coal mining (macroperspective).

The attempts to perfect the cost management methods in Poland were conducted as early as in the 1970s in the Central Mining Institute and Central Mining Information Technology Centre. Their purpose was to determine the unit cost of mining and monitoring the financial results of the mining enterprise. These attempts, because of the political and social conditions, were neither distributed nor continued.

In the first half of the 1990s, in Gliwice Coal Company JSC, the problem of cost management in the context of improvement of effectiveness of hard coal extraction in Poland was taken (Turek, Nosal, 1995). These however were only the analyses of changes in the level and structure of mining costs aimed at their reduction (Turek, Czabanka, 1995).

In years 1995-2002 two key system solutions in the area of cost management of mining enterprises were designed: Structural Cost Account (SCA) and Divisional Cost Account (DCA). The idea of SCA was based on recording and calculating costs in the technological series (Lisowski, 2003). The direct costs were related to particular process cells, while the indirect costs in common areas were calculated according to the designed cost accounting keys which took into consideration the specificity of mining production (e.g. ton-kilometers). Structural Cost Account was not implemented in mining enterprises (Gajos, Poczęty, Duda, 2006). Its development was finished on the pilot implementation in one mining enterprise.

Divisional Cost Account introduced the concepts of budgeting and cost centers to the cost management in mining industry (Wnuk-Pel, 2006; Kolic, 2002; Leszczyński, 2005). In each mine nine cost centers were distinguished (mining, preparation, transporting, rebar-decommissioning, ventilation, electric, mechanical, shaft and mechanical processing). On the level of the mining plant headquarters the profit center was localized, which allowed the assessment of the operating efficiency of particular units creating the mining enterprise. It enabled to make the mines more independent and motivate their crews to achieve more profitable quality coal parameters as well as higher mining effectiveness (Czubakowska, Winiarska, 2002). In the following years DCA was perfected and modified (Dźwigoł, 2001). However, its main functions are registering and calculation functions.

At the moment in one of the coal enterprises there are works conducted aimed at implementation of cost management with the inclusion of the project approach (Sierpińska, 2006). Furthermore, the authors of this paper are, in cooperation with one of the enterprises, designing a concept of cost management with the inclusion of the lifecycle of longwall (Lapsley, Wright, 2004).

New system of cost management will take into consideration the lifecycle of longwall including identification of coalfield and its geological and mining conditions, launch, exploitation and liquidation. In the cycle defined in such a way it would be possible to calculate unit and total costs as well as to assess the efficiency in two options: logistical (before deciding to launch the longwall) and exploitative (in the course of exploitation) (Jonek-Kowalska, 2011).

Planned and calculated costs in the system will be classified with regard to the direct costs (referring to a particular cell and the place of formation) and indirect (born by the entire mining enterprise and calculated according to the elaborated real allocation keys). Copying of the system for all the longwalls functioning in a given mining will allow a full calculation of direct costs (microperspective), whereas assigning of indirect costs (departmental as well as overhead) to the longwall in the given mining enterprise will provide the calculation of production costs of hard coal in the entire mining (macroperspective).

Comparison of the planned with actually realized costs will facilitate effective control of costs and assessment of effectiveness of real mining processes. This in turn, will constitute the starting point to creation of motivational rules linked to the effects of work.

The created system will facilitate in the microperspective:
- planning of total and unit costs in a particular longwall before its launch,
- assessment of the effectiveness and control of total and unit costs in the course of exploitation,
- current record and control of total and unit costs in the course of exploitation,
- assessment of effectiveness of output in a particular longwall in the course of exploitation,
- definition of real foundations for making management decisions about launch, further exploitation or liquidation of a given longwall,
- creation of the rules of motivational system connected with the effects of work in a given longwall.
- The created system will facilitate in the macroperspective:
- use of legible allocation keys for indirect costs,
- calculation of departmental as well as overhead indirect costs on individual longwalls,
- planning of total and unit costs of extraction in hard coal mining,
- assessment of the extraction in hard coal mining,
- current record and control of total and unit costs in the course of exploitation in hard coal mining,
- assessment of extraction effectiveness in hard coal mining in the course of exploitation,
- creation of rules concerning the motivational system connected with the work effects for the entire hard coal mining.

A measurable final effect of the implemented changes is going to be:
1. The procedures and algorithms of activities as regards planning of costs and assessment of effectiveness before making decision about exploitation of a longwall and entire hard coal mining.
2. The procedures and algorithms of activities as regards record and control of costs as well as assessment of effectiveness in the course of exploitation for a longwall and entire hard coal mining.
3. The rules of the motivational system linked to the work effects for a longwall and entire hard coal mining.
4. Computer software containing planning and exploitation module in order to enable practical realization of system tasks for a longwall and entire hard coal mining.

4. THE ROLE OF HUMAN RESOURCES IN THE PROCESS OF CHANGES OF COST MANAGEMENT IN MINING ENTERPRISES

As it was emphasized before, the executives of mining do not always understand the need for change and are unwilling to initiate it. It largely results from many years' experience acquired when mining was functioning in the period of planned centralized economy. A factor which unfavorably influences the planning of managerial changes is also the employees ageing of mining enterprises. Currently about 70% of workers employed in mining has a job seniority of 16 to 25 years. Moreover, the average age of employees is currently 41. Workers also lack knowledge of modern management methods and their importance for the functioning of the company. In the light of the above, planning changes is a very difficult task.

Therefore, the role of the initiator and designer of changes in Polish hard coal mining is taken over by the external bodies. The change is forced by the Ministry of Economy as well as by the Ministry of Treasury, which consult its course with consultancy companies and scientific and research units (Fronda, Moriceau, 2008). The project of cost management

system in te mining enterprise presented in the previous subchapter arises in the framework of cooperation of Silesian University of Technology with one of the biggest national coal enterprises and with the participation of Industrial Development Agency and Central Unit of IT Implementation in Mining. Such course of planning changes guarantees its professionalism but, on the other hand, impedes the process of alignment of the change with the internal stakeholders of the company. At the planning stage, the unfavorable influence of human resources on the initiation and planning of change has been eliminated.

It should be also mentioned that, in the course of elaboration of changes within the framework of communication with employees of the company, surveys have been used to diagnose the attitude of workers of considered enterprises to the implemented changes of cost management as well as their expectations towards this system. The survey was carried out in January 2012. The sample included 216 workers who represented individual mining enterprises being a part of the analyzed mining enterprise. As many as 155 of the respondents had the job seniority longer than 20 years, 45 had 10 to 20 years and only 5 have been working less than 5 years. In accordance with the above, economic management and technical middle management in the analyzed mining enterprises have many years' experience in their job and do not include many very young and young workers (Karsten, Keulen, Kroeze, Peters, 2009). The surveyed employees, both in economic and technical departments, are fully aware of the existing drawbacks of the current system of cost management in the mining enterprises. They know well and assess the instruments of the previous cost management within the record and control function performed by them. However, they expect changes leading first of all to the facilitation of planning costs in a long-term perspective as well as to the assessment of effectiveness of hard coal extraction. They also notice the need to plead costs in the process, adjusted to the specific character of hard coal mining as is emphasized by them. It should be also added that the respondents expect the modification understandable for both technicians and economists, whereas created system should not be complicated and difficult to operate. The solution adapted to these expectations may be presented in this article as the calculation of costs in the lifecycle of longwall fully accepted by the respondents, completed at the higher level of calculation by planning, settlement, record, control and motivation within indirect pit and surface costs.

The results of this research allow believing that designing and changes of cost management in the hard coal mining being currently at the pilot stage, are supported by human resources. The current pilot project aims firstly at explaining the importance of implemented change as well as the consultation of all elements of the created system in a way that it would fulfil all the requirements of a final user. It comes out of the talks and interviews with the higher and lower level of management that the change will be possible. It will also be possible to incorporate its course in the existing solutions concerning motivation. The employees expect this solution because the current motivational system does not fulfil its functions and, ipso facto, workers expectations.

5. FAULTY MOTIVATIONAL SYSTEM AS THE ADDITIONAL STIMULI FOR CHANGES

As it was mentioned in the previous point, in Polish hard coal mining industry the motivational system is disappointing. Its main disadvantages may be removed only in the conjunction with changes in the rules of planning and calculating costs. It would allow to relate the effects of work with the salaries for work. At the moment, under the assumption of the examined enterprises, the motivational system is based on salary elements. And so, the basic element of pay is the basic salary determined using the tariff qualifier. Its height is based on the employee's grade and the function performed. Furthermore, a constant element of the

salary is the special salary from the Miner's Charter, to which one is entitled for the time of work. It is dependent on the job position. In this area the salary for the Miner's Charter is determined for:

- the employed underground,
- the employed in the mechanical processing plants,
- the employed on the surface.

The level of the salary is dependent on the period of employment. The grounds for its calculation is the basic salary. The first of the groups mentioned obtains between 20% (length of work up to 2 years) to 70% (length of work over 20 years) of the basic salary, second obtains between 20% and 60% of the basic salary, while the third between 15% and 50% of the basic salary.

Apart from the two most important components of the salaries in the mining enterprises, there are many other elements used, which consist of:

- bonuses (task, statutory daily wage, statutory piecework, discretionary and surplus piecework),
- salary supplements for: overtime hours in working days, overtime hours on Saturdays and Sundays, trainings, working at night, working in conditions harmful to health as well as hazardous and burdensome, being on domestic duty, taking part in rescue and preventive actions,
- compensatory supplement,
- supplements for powder man, front man and paramedic,
- compensatory supplement on the level of the lowest salary,
- prizes on the occasion of the Miner's Day, jubilee (14th salary), jubilee,
- coal allowance,
- other: watch after 25 years of service, sword, uniform, school supplies for children, subsidies for transport tickets.

The elements mentioned are assumed to constitute the motivational salary system in the examined mining enterprises. However, they are not interconnected. As such, they do not constitute a whole. It is worth mentioning that most of the elements mentioned are the constant components of employee salary, which are not related to the efficiency or the effects of work. Only the surplus piecework is related to the results of the tasks, nevertheless, its share in the total salary amounts to only a few percent.

The employees of mining enterprises also negatively evaluate the motivational system, as evidenced by questionnaire research conducted in year 2008. The basic goal of the survey was the identification of tasks fulfilled by the existing motivational system and the determination of significant incentive stimuli. The questionnaire consisted of 21 questions – 4 regarding general attitude to work and the preferred motivational impulses and 17 relating to the assessment of the current motivational system in the examined enterprises. The results of the research are presented below.

In the hierarchy of values of the surveyed, the most important is family and the feeling of security. Job is the value mentioned at the third position. In the job, the surveyed employees, value the basic salary the most (57% indications by physical employees, 65% by white-collar employees). It is worth attention that as much as 92% of the general population of employees examined, likes the job performed and it is a source of satisfaction for them. From their superiors, the surveyed employees expect mostly forbearance, but at the same time they are aware of the fact that superior should be demanding as well. According to the above, the surveyed employees represent a traditional system of values in which work holds an important position. Despite the hard working conditions (physical employees) they have a positive attitude to the tasks performed. They are also aware of the duties they were given and the responsibility on the managing staff.

In the second part of the research the motivational system existing in the enterprises was assessed. It turned out that only 39% of the total employees is content with the basic salary received. The majority of the employees thinks that the current salary is not adequate to the work performed by them. However, as much as 78% of employees received a bonus at least once in a year.

Among the non-salary motivational elements, the surveyed stressed the importance of trainings. Only 22% of the surveyed have never taken part in trainings organized by the company. The assistance of superiors in the performance of the duties assigned to the employees was also emphasized. Only 12% of employees have not received any professional help on their working position.

Despite the weaknesses of the existing incentive system the surveyed see the importance of motivation. For 94% of the surveyed, motivation for work is important. Nevertheless, as much as 60% of them believes that only sometimes they are honestly assessed and rewarded. 40% of the surveyed feels undervalued and unappreciated. It is also worth noting that 71% of the surveyed would like to change their job (23% of white-collar workers and 49% of physical employees).

In the light of the above, taking into consideration the conditions of effective and correct motivational salary system, one may state that from 5 necessary conditions for this system in the hard coal mining industry only one has been fulfilled, which is compatibility with the existing law. This system, due to the number of elements and the lack of relation to the effects of work is neither simple nor clear nor effective. It does not fulfill its basic function, which should be motivating to work.

It is also worth emphasizing that, apart from the salary elements in the examined enterprises, there are almost no other non-salary incentive instruments used. The examined system should be therefore considered very poor and not adapted to the needs of free market economy.

The motivational system existing in mining enterprises does not meet the basic requirements. It is illogical and incoherent. There is no relation of salary and non-salary incentive stimuli with the effects of the work performed. Furthermore, because of the number of pay elements, the salary system is not clear. There is also a lack of non-salary incentive instruments. Another problem is the lack of communication between those creating motivational systems and employees, who are not aware of the financial and organizational barriers preventing a proper creation and functioning of an incentive system. Finally, high salary requirements and unwillingness to lose any permanent privileges, that have already taken root in the minds of employees from the mining enterprises, is also another enormous obstacle.

In the light of the above, the need for changes in the motivational systems in the mining enterprises becomes clear. The pay elements of the salaries have to be systemized and their granting should be tied to the results of work. Furthermore, one should consider the introduction of an extended motivational instrumentation. Finally, the dialogue with employees should be conducted, making them aware of the need for changes and of its essence. However, due to the subtlety of the matter and a strong position of the trade unions, the changes introduced should be evolutionary in nature, supported by consultations and social dialogue. A successful attempt in the dialogue between employees, trade unions and the managing staff was performed in Jastrzębska Spółka Węglowa JSC., in which the basics for the motivational system based on tying the salaries with effects of work and the financial situation of the cooperative were made. This is a herald of coming and necessary changes in this area, conditioning the existence of Polish hard coal mining industry.

The mining enterprises are able to, with the support of research and scientific institutions, design a relevant modification to the motivational system. This modification should be aimed

at making the motivational system simpler, increasing its flexibility, rise of the salaries components that are tied to the geologic-mining conditions (natural threats) and to the results of work achieved by particular employees. A very significant obstacle to the modification of the salary system in Polish mining industry may be the resistance from trade unions. They protest against the liquidation of components of salaries that are not related to the effects of work, fearing the lack of compensation from the employers. In relation to this, it is necessary to analyze the possibilities of modifying the motivational system also from the point of view of the employees, and according to the perception of trade unions members. The starting position for the employers should be assuring that on the stage of introducing the new salary system, the pay fund will not be decreased. Taking into consideration the subtlety of the matter and a strong position of the trade unions, the changes should be evolutionary in nature – not revolutionary.

6. CHARACTERISTICS OF HUMAN RESOURCES IN POLISH HARD COAL MINING

In order to determine the role of human resources in the process of introducing changes it is good to refer to their characteristics. In year 2009 the employment in the sector of hard coal mining decreased to the level of 115 594 people on the day of 30.12.2009. As on the day 31.12.2008 there were 90 208 workers employed underground and 25 838 on the surface, while as on 30.12.2009 there were 90 170 employed underground (decrease by 38 people) and 25 424 on the surface (decrease by 414 people). It is worth noting that in the category "employed on the surface" there are included, among others, workers of mechanical processing plants (9 687 employees). In the period from January to December 2009 there was a drop of the employment level in the mechanical processing plants by 209 people. The level of employment in the group of other employees working on the surface, not related directly with the technological series of mining plant, decreased by 205 employees. In year 2009 in the hard coal mining industry there were 2 476 workers employed with the retirement rights, while at the end of 2008, 2 077 such workers were employed (increase by 399 people).

On the day 31.12.2010 the level of employment in the hard coal mining industry equaled 114 089 people and it was lower than at the end of year 2009 by 4 786 (by 4.0%). The decrease of the employment level occurred due to the leasing of 8 066 people and hiring only 2 280 employees. The main reason for employees leaving (66.7%) was retiring, while the basic reason for hiring (65.2%) was employment related to the need for the staff completion. At the end of year 2010 in hard coal mining industry, 77.6% of total employees (88 487 people) were hired underground and 22.4% (25 602 people) were employed on the surface.

In the year 2010 the employment level in the main mine was on the level of 113 251 people, which means, that in comparison with the year 2009, it was lower by 2.5% (by 2 946 people). Due to the higher dynamics of the decrease of average employment (2.5%) rather than because of the drop in mining production (1.7%), in the year 2010 there was a slight (by 0.9%) increase in the efficiency to the level of 671 tons per employee per year.

Until September 2011, the employment level in the sector of hard coal mining industry decreased from the level of 114 089 employees on the date of 31.12.2919 to 113 747 (by 342 people). According to the level on the day 31.12.2010 there were 88 487 miners employed underground and 25 602 on the surface, while as of 30.09.2011 there were 88 212 people employed underground (decrease by 275 people), and 25 535 employed on the surface (decrease by 67 people). In the period between January and September of the year 2011 there was a decrease of the employment level in the mechanical processing plants by about 321 people.On the day 30.09.2011 in the hard coal mining industry there were 4 212 employees with the retirement rights, while at the end of the year 2010 there were 3 845 – the number of

employees with the retirement rights increased in the period between January and September 2011 by 367 people.

According to the aforementioned data, the employment level in hard coal mining industry is systematically decreasing, mostly because of miners retiring. The number of employees with the retirement rights is also constantly growing, which confirms the existence and the growth of the generation and competencies gap, described previously.

Human resources in Polish hard coal mining are created by workers employed in three major coal enterprises (Table 2).

Table 2: Employment in Polish coal enterprises

Specification	Kompania Węglowa JSC.	Katowicka Grupa Kapitałowa	JastrzębskaSpółka Węglowa JSC.
31.12.2003	82 335	25 085	19 565
31.12.2004	72 553	23 283	19 364
31.12.2005	69 822	22 207	19 399
31.12.2006	66 398	21 532	19 282
31.12.2007	62 819	21 184	19 586
31.12.2008	64 955	21 558	22 770
31.12.2009	63 656	21 855	22 520
31.12.2010	59 955	20 594	22 637
30.09.2011	59 103	20 324	22 762

Source: own work on the basis of the data of the Ministry of Economy

7. DISCUSSION

The hard coal mining industry currently stands before the possibility of renewal. Whether it is going benefit from it depends mostly on the quality of change management and human resources management. In order to use the opportunity brought by the environment it is necessary to implement pro-efficiency solutions and compose them into the system of cost management as well as create a new motivational system. A difficulty of such solution mainly stems from the resistance of trade unions and, characteristic for Polish mining industry, generation and competence gap.

If the changes are not going to be implemented Polish mining industry will inevitably step into the liquidation stage, similarly to how it happened in France and is currently taking place in Germany and Spain. The consequences of such scenario for the employees working in mining are very dramatic. This means redundancy of almost 90 thousand employees in the situation of a high unemployment in the region. In result, the Silesian region will be faced with pauperization and loss of economic significance and Poland will be endangered with the loss of energetic safety.

8. CONCLUSIONS

With an appropriate reaction to the implemented changes, human resources may become the stimulator of the mining enterprise development (Essers, Böhm, Contu, 2009). It is currently happening in Jastrzębska Spółka Węglowa JSC., which has already implemented many modern management systems, including cost management. The company increased employment, completed restructuration and was privatized in 2011. Similar processes are

going to take place in two other enterprises. However, without the proper approach and attitudes of human resources to initiated and implemented changes it will not be possible.

With the use of SWOT analysis, it is worth to conclude that the main strengths of human resources of Polish hard coal mining in the process of managerial changes are primarily size and many years' experience, resulting in good knowledge of the functioning of the industry. Unfortunately, these resources are characterized by numerous serious weaknesses such as: emerging generation and competence gap, low awareness of the role of management in the functioning of the company, unwillingness to changes as well as a low level of education. Support of experienced scientific and research institutions and consultancy companies as well as recognition of the need for changes on ministerial levels give opportunities to generate changes in the surroundings. The threats to implemented changes constitute a failure or delay of adjustment of educational system to the needs of hard coal mining enlarging generation and competence gap.

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CHAPTER 3

Knowledge, Intellectual Capital and Development

Krzysztof Firlej, Agnieszka Rydz

3.1 OPERATION CONDITIONS OF FOOD BUSINESSES IN THE KNOWLEDGE-BASED ECONOMY

Summary: The article presents the extent to which knowledge management, and most of all human capital, has raising effect on the competitiveness of Polish enterprises of food industry, which was observed especially during our country's full accession to the European Union. The main aim of the study was to analyze how knowledge resources and especially the quality of human capital in food enterprises can affect their development, organization, how it is used in the management unit, and whether the management of resources is proper. Also the issue of external conditions constraining influence on the functioning of these enterprises in the Malopolska province in the last three years was raised. Conclusions of the research have been recognized and supported by previously synthetically conducted: query of literature sources, analysis of statistical data, a questionnaire survey in selected enterprises of food industry, and the results were presented in graphical form and tables. The results of this research have helped to develop the following conclusions. Company management is still considered to be sufficient, by both managers and workers who say they see no need for changes in this area; Current strategies and visions of enterprises are well known to the managers and employees, what should lead to an increase in companies competitiveness, not only in local markets, but also international; In food enterprises of the Malopolska province, modernization of machinery, placing and management of new products and services are rare actions.

Keywords: knowledge management, innovation, competitiveness, food

1. INTRODUCTION

In the present article, the author will try to determine the extent to which knowledge management, and especially human capital, influence improvement in the competitiveness of Polish enterprises of food industry, which has been observed especially during our country's full accession to the European Union. During the study the hypothesis, assuming that this period contributed significantly to the competitiveness of the food industry, which at certain intervals move through the stages of development, drawing on its strengths and emerging opportunities was tested. The main purpose of the article is the identification of business management, assessment of workers' knowledge and the quality of human capital, which translates into an increase in the level of competitiveness of the food industry in Poland. The need to identify these dependencies is due to the permanent development of this industry and the recapitalization of enterprises by the growth and development of the key factors leading to the creation of a higher position on the local, national and international markets. The importance of knowledge is becoming increasingly popular in academic economics. It determines the essence of civilization development, and this translates into the development of enterprises. Macrostructures emerging in today's society (interchangeable terms: the network society, knowledge society, digital society, post-industrial society), and economic changes operating in a parallel sense, transformations put knowledge in a central location in contribution to the development of societies and their economies and companies operating (Firlej, 2012).

According to the *Encyclopaedia of Management,* "knowledge management" can be defined as all activities aimed at identification, preservation, propagation, use of explicit and hidden knowledge of staff to improve the efficiency and effectiveness of employees. Some economists believe that knowledge management can be regarded only instrumentally, as a set

of procedures and technical means to ensure the transfer of personal experience and knowledge in an organization to the database and to provide storage, and distribution of needed information. But at a deeper consideration of what should be considered knowledge in the humanistic aspects, levels of motivation, and sociological aspects of social intelligence, communicative competence are to be included (http://mfiles.pl). The current form of the knowledge economy increasingly requires research into the social sciences, mainly to strengthen the activities of individual entrepreneurs.

The idea of knowledge-based economy is the context of modern enterprises, indicates the basic source of their competitive advantages, and directs the strategic development activities (Cyrek, 2007). In reviewing the definition of the knowledge economy it is assumed that its development results from four pillars that form: the economic system - institutional, educated and competent people, efficient and productive innovation system manifesting itself in creating pro-innovative environment and the optimum use of ICT technology for mutual communication.

2. THE OBJECTIVES OF THE RESEARCH, METHODOLOGY AND RESEARCH AREA

The proposed study was to demonstrate that knowledge, information and quality, are reinforcing success factors in companies and the use of modern techniques in their current performance in an organized manner helps to leverage their existing skills and develop the skills and capital. Conclusions of the study is entered synthetically and based on previously carried out: a query in literature sources, analysis of statistical data, survey questionnaire in selected enterprises of food industry, and the results presented in graphical (tabular) form. The main aim of the study was analysis of how knowledge resources, and especially the quality of human capital in food enterprises may affect their development, organization, and usability in managing the enterprise, and whether resource management is correct. Rapidly developing, after Polish accession, agriculture and food industry enables development of small and medium companies in malopolskie province, which often has influence on solving complicated socio-economic problems within the region. Many factors, which are the stimulants of business activity of the companies functioning in the region, contribute to that. Among the most important of them should be that small and medium companies decide about the development of the region to the greatest extent. They dynamically affect the development of the regional economy, they are flexible when it comes to adaptation to the changing conditions of the environment, they have influence on innovations and creativity in obtaining new solutions, they have influence on development of the local and regional market and they contribute to the increase of the local level of employment (Firlej, 2012).

Previously, in the centrally planned economy, agricultural and food processing was dominated by socialized enterprises and the leading and monopoly position was occupied by the state-owned corporations. Apart from these, numerous small and medium companies operated as cooperatives which were associated in Dairy Cooperatives, Associations of Gardening and Beekeeping Cooperatives, Agricultural Production Cooperatives, Peasants Self-Help Cooperatives ("Samopomoc Chłopska"), Consumers Cooperatives, Labour Cooperatives and Disabled Workers Cooperatives as well as in the Local State Industry (Państwowy Przemysł Terenowy). Numerous State Agricultural Farms were involved in agricultural and food processing which was one of the basic objects of their activity. Each company is a collection of unique resources, which constitute different types of assets enabling the implementation of the strategy leading to the increase of efficiency, effectiveness and competitiveness (Firlej, 2012). Studies were to capture the role of knowledge as the main factor affecting the development of enterprises. Also other factors affecting the

competitiveness and directly related with knowledge, such as: reduced cost, increased product and service innovation, growth efficiency, improved customer relations, human capital development, social responsibility of organizations and preservation of the ethical aspects of business have been determined. Empirical studies have been carried out for comparison in 2007 (289 companies) and 2011 (29 companies), in companies located in the Malopolska province, divided by selected branches of the agro – food industry.

In order to identify the organizational status of food enterprises, most of agro-food industry branches were selected, and the choice was intentional. In the first stage of the study companies from the grain (30), confectionery (96), dairy (36), and the fruit –vegetable industry (78) and the meat industry (49) were selected. In the second stage, the number of the companies was reduced, but the percentage of their share in the total number of companies was remained. From the grain industry three companies were examined, confectionery 10, four from dairy industry, 8 from fruit – vegetable industry and 4 from meat industry. The number of companies studied was different because of the large span of their occurrence in the designated fields. Research respondents were business owners or managers. Critical determinants for the degree of development of enterprises in selected industries of agro - food industry were external, internal, system and organizational factors that to a greater or lesser extent, determine their functioning. Many of these factors are combined with each other and at the same time associated with the development of agro - food industry. The study of these factors provided information designating the relationship of existing and future businesses, the environmental constraints as exogenous variables. The study started in 2007 to present the current state and the determinants of functioning of enterprises in the three years period after the Polish accession to European Union and the year 2011, in which eight years have passed since that event. The research results can provide evidence of competitiveness diagnosis of the agro - food industry in the European Union market.

3. HUMAN CAPITAL IN FOOD INDUSTRY COMPANIES - THE THEORETICAL BASICS AND RESEARCH RESULTS

Food industry in Poland has a heterogeneous structure, which in the transition of our economy, was subjected to change under the influence of multiway reform, restructuring and privatization. Extremely important was to capture in the study their impact on the knowledge and innovation. Earlier, in the centrally planned economy, agro-food industry was dominated by units of the socialized economy, when the state-owned enterprises have had the leadership and the monopoly. Apart from these, many small and medium enterprises operated on the principles of cooperative and they were associated in Dairy Cooperatives, Cooperative Associations in Gardening and Beekeeping, Agricultural Production Cooperatives, Communal Cooperatives „Peasant Self-Help," Consumers Cooperatives, Cooperative Work and Cooperative Invalids and Industry in the State Field. Many state-owned farms were involved in the agro - food processing, which was one of their primary duties.

Food business operators still are forced to adapt their activities in relation to the changing market situation. They can be marked as "learning enterprises" because they create change and manage it, and also acquire skills to adapt to change (Wyrzykowska, 2004). In order to implement positive changes, these companies are developing strategies that subordinate them. The concept of a strategy was developed by Mintzberg (1975), in which the author presented the form of „5P-mix". It means that it enables the implementation of specific objectives *(plan),* the activity in a hostile, turbulent environment *(ploy),* aiming to consolidate the relevant values and standards *(pattern),* to deal in the vicinity of a specific location *(position)* and makes it possible to predict *(perspective).* This concept examines what might happen in the environment, and is it useful to implement in currently operating companies of this

industry. These elements are partly independent of man, of our skills and qualifications, but we cannot assume that they are *constant,* because we can influence them. Important factors are the area of knowledge, its management methods, skills, competencies and qualifications of an employee, which is a set of elements of the overall intellectual business capital and contributes to competitive advantage.

The strategy implemented by the enterprise organizes the tasks, outlines the resource use and sets the behaviour of the organization in the environment, use of opportunities and threats in order to effectively achieve results according to entrepreneurs' intentions (Machaczka, 1999). Business strategic competence as evidenced by resources held in intellectual capital have a significant relationship with the intensity of the development of entrepreneurship, which in agribusiness, and especially in the food industry, means strengthened ties between the various branches of food production (Firlej, 1999). In today's world, when we meet with the penetration element of globalization to the realm of agribusiness in the current functioning of companies knowledge management concept should be used, although it is connected with high cost, but may be necessary and prospectively profitable investment in the development of each entity in the economic (Firlej, 2008).
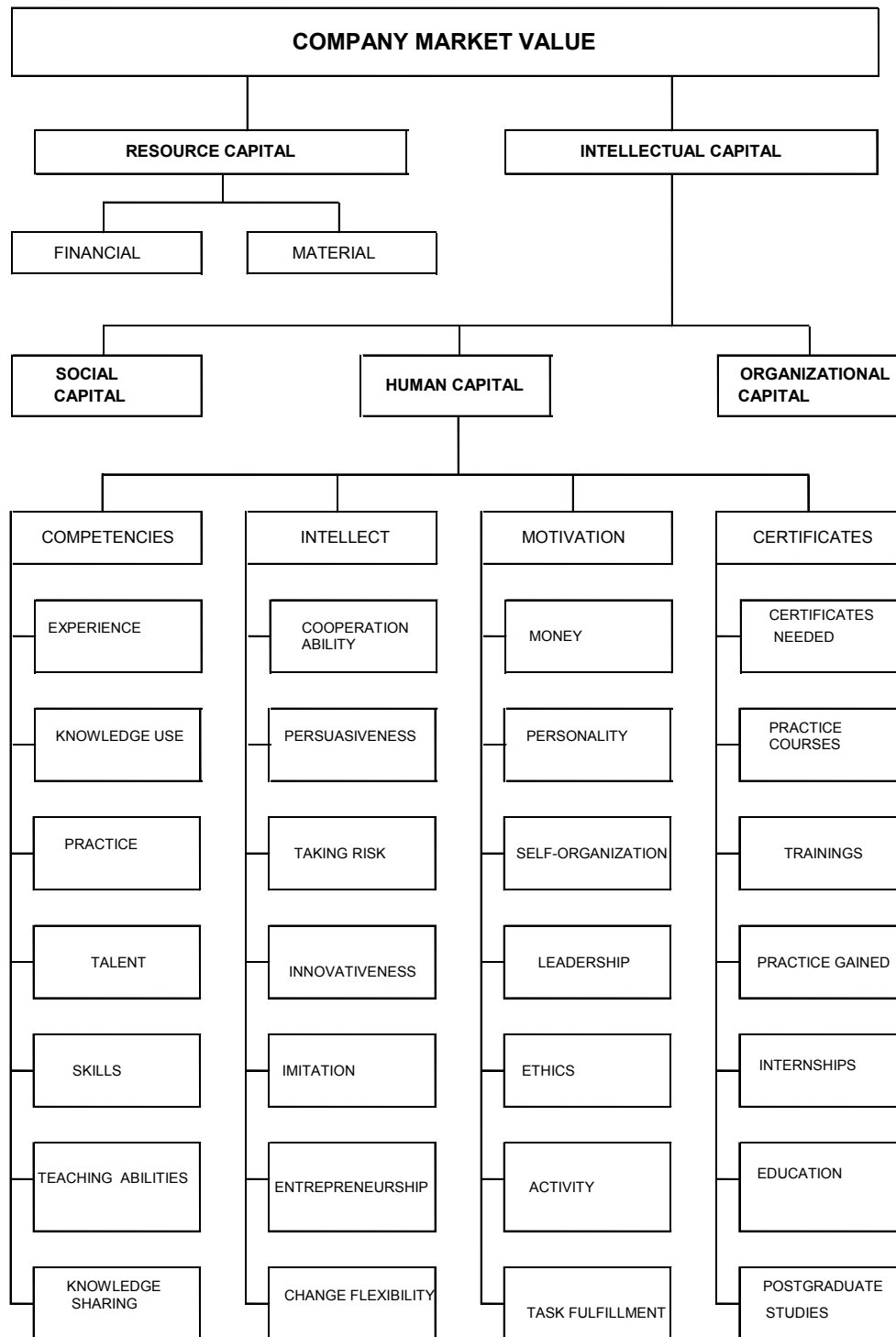
In the literature a distinction deserves attention by Fiedor growth theory, which says that the long-term growth of both the world economy and the individual countries is determined by investments in human capital and innovation, and the use of technology and capital transfer (Klepacki, 2000). Particularly important roles to play in this area have knowledge and research, and also higher education and economic innovation, which strong promoters are Nobel Prize laureates: G. Becker and T. Schultz. Economic integration of the whole sphere of agro-business is to prepare to compete in the single European market and fulfil all the conditions of European Law (Firlej, 2003).

The proper gain from the outside and generating the necessary competencies by own strategic managers, it translates directly to competitiveness and growth (Firlej, 2005). The most important element of intellectual capital is human capital, which consists of fundamental values, such as knowledge, skills and qualifications, the mutual relations between them and its potential for development. Market success of the food industry is possible to achieve by the proper implementation of the strategy, which has become indispensable in the case of large companies. Please note that strategies are determined by environmental conditions and internal factors that directly influence the decisions made (Firlej, 2004).

In all agribusiness companies, and therefore also in the food industry, the impact of multiple elements of intellectual capital can be traced, whose characteristics and value is currently influencing their operation. In order to illustrate the place of the intellectual capital in the total market value of agribusiness enterprises we used Figure 1.

The whole sphere of economic integration is the preparation of agribusiness enterprises to compete in the single European market and meet all the conditions of European Law (Firlej, 2003). On the basis of the division of the market value into the book value and intellectual capital the constructed diagram is showing the market value of the sphere of agribusiness companies. In these considerations, the element for human capital, which contains the basic knowledge, skills and workers' qualifications, relations between them and their potential for development, is the most important.

Figure 1: A place of intellectual capital in the overall market value of agribusiness firms


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                    COMPANY MARKET VALUE

        RESOURCE CAPITAL              INTELLECTUAL CAPITAL

    FINANCIAL      MATERIAL

                    SOCIAL        HUMAN CAPITAL    ORGANIZATIONAL
                    CAPITAL                        CAPITAL

    COMPETENCIES        INTELLECT          MOTIVATION         CERTIFICATES

    EXPERIENCE          COOPERATION        MONEY              CERTIFICATES
                        ABILITY                               NEEDED

    KNOWLEDGE USE       PERSUASIVENESS     PERSONALITY        PRACTICE
                                                              COURSES

    PRACTICE            TAKING RISK        SELF-ORGANIZATION  TRAININGS

    TALENT              INNOVATIVENESS     LEADERSHIP         PRACTICE GAINED

    SKILLS              IMITATION          ETHICS             INTERNSHIPS

    TEACHING ABILITIES  ENTREPRENEURSHIP   ACTIVITY           EDUCATION

    KNOWLEDGE           CHANGE FLEXIBILITY TASK FULFILLMENT   POSTGRADUATE
    SHARING                                                   STUDIES
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Source: own elaboration based on Bratnicki and Strużyna, (ed.), (2001); Rybak, (ed.), (2003)

Free-market economy forces companies to seek constantly for new sources of competitive advantage, which can be a strategic congruence of intellectual capital. Now, for the proper functioning of the enterprise, it is necessary to use modern management methods, and entrepreneurs are forced to provide high quality strategic management (Firlej, 2008). Market success is achieved by the use of competitive strategy and marketing, which has become indispensable in the case of the great Polish agribusiness companies. Each strategy is

155

determined by environmental conditions and internal factors that directly influence the decisions concerning quality and production volume in the enterprise (Firlej, 2004).

In this study, different aspects of business management of food industry were presented in circumstances of knowledge economy. Several issues were examined, such as the company management, the degree of knowledge of the vision by the management and staff, opportunities and progress in implementing the strategy; the participation of employees in problem solving; work on the search for new organizational, technical and technological level and trends in employment in recent months, using the services of the Labour Office and subsidized employment; the quality of the qualifications; and the method and effectiveness of recruitment process. The literature shows the view that managers should trust their employees and encourage them to be more creative and to delegate more power to them rather than control them (Judge, Fryzell and Dooley, 1997).

The study began by assessing company management (Table 1 and 2) and it was their subjective judgment by management. Most often, management was assessed as "very good" by 30.23% of companies, and as „good" by 59%. As an "average" it was rated by 10.09% and "poor" only by 0.68% of managers. According to industry is difficult to say something about the best of them, because as „very good" the highest percentage received a company of grain industry (37.93%), and in the case of companies rated as „good" meat industry is faring the best (67, 35%). The weakest sector by far was the confectionery (2.11%) and the fruit - vegetable industry company (1.30%). In their statements, respondents poorly evaluated public *relations* run by their companies. This situation changed in favour in four years after the first study.

Table 1: Subjective assessment of the management company by managers in 2007

The management company	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good	11	37.93	22	23.41	11	30.56	23	29.87	14	28.57	30.23
Good	14	48.28	57	60.65	21	58.33	47	61.04	33	67.35	59
Average	4	13.79	13	13.83	4	11.11	6	7.79	2	4.08	10.09
Poor	-	-	2	2.11	-	-	1	1.3	-		0.68
TOTAL:	29	100	94	100	36	100	77	100	49	100	100

Source: own study based on surveys.

Table 2: Subjective assessment of the management company by managers in 2011

The management company	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good	1	33.33	3	30.00	1	25.00	2	25.00	1	25.00	27.66
Good	2	66.66	6	60.00	3	75.00	5	62.50	3	75.00	67.83
Average	-	-	1	10.00	0	-	1	12.50		-	4.50
Poor	-	-	-	-	-	-	-	-	-	-	-
TOTAL:	3	100	10	100	4	100	8	100	4	100	100

Source: own study based on surveys.

Although company management was rated as "very good" by 3 percentage points less respondents, it was indicated "good" by 9 percentage points more respondents, which gave a total of more than 95% satisfied managers. As an "average", it was indicated by just 4.5% of respondents, and the "poor" has not been noticed. In cross-industry, the situation was like in the previous study period.

Then the study was to assess the extent of knowledge of the company vision by employees (Table 3 and 4). Knowledge was assessed in 2007 as "high" by 11.54% of respondents, while most of them found that the degree of their knowledge as „good" (59.87%) and "medium" (23.62%). Only 4.96% of employees were found to be those who know little about vision of the company. In cross-industry comparison, best-rated companies were from dairy industry (20.59%) and fruit – vegetable industry (35.14%), and the worst rated were grain industry companies (13.33%). In this case, also the situation has changed in favour in 2011. Management in companies was rated as "very good" by 9.5% respondents and as "good" by 77%, which gave a total of 86.5%. The "average" was rated by only 13,5% of respondents, and the "poor" were not noticed. In cross-industry, the situation was very good in the fruit-vegetable industry and meat industry, and less good in the confectionery industry.

Table 3. Subjective assessment of the degree of knowledge of the vision of the company by employees in 2007

The evaluation of the knowledge of vision	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good	1	3.33	10	10.53	7	20.59	14	18.92	2	4.35	11.54
Good	16	53.33	56	58.96	19	55.88	44	59.46	33	71.74	59, 87
Average	9	30	24	25.25	8	23.53	13	17.57	10	21.74	23.62
Poor	4	13.33	5	5.26	-	-	3	4.05	1	2.17	4.96
TOTAL:	30	100	95	100	34	100	74	100	46	100	100

Source: own study based on surveys.

Table 4. Subjective assessment of the knowledge vision of the company by employees in 2011

The evaluation of the knowledge of vision	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good			1	10.00	1	25.00	1	12, 50	-	-	9.5
Good	3	100	6	60.00	3	75.00	6	75,0 0	3	75.00	77.00
Average	-	-	3	30.00	-	-	1	12.50	1	25.00	13.5
Poor	-	-	-	-	-	-	-	-	-	-	-
TOTAL:	3	100	10	100	4	100	8	100	4	100	100

Source: own study based on surveys.

Group of questions regarding issues shaping the quality of human capital in the surveyed companies was the next part of the study (Tables 5 and 6). In 2007, respondents mostly stated that they are largely at the level of "good" (69.92%) and "very good" (17.73%), by 11.61% of companies this level was assessed as "sufficient" and "insufficient by 0.74%. Best assessment by their employees was given by confectionery industry (25%) and meat industry (20.83%), and the worst fruit - vegetable industry (2.7%). In 2011, the percentage of "very good" companies increased to 28.16%, and the number of "good" companies decreased to 52.84%. The number of companies that has had a "sufficient" level increased to 19%. In terms of industry - best quality level of qualifications and skills of employees has been evaluated in the dairy industry, and the worst in the meat industry.

Table 5. Assessment of the quality of qualifications and skills of employees in 2007

Evaluation of the possibility	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good	3	10.00	24	25.00	5	13.89	14	18.92	10	20.83	17.73
Good	23	76.67	61	63.54	29	80.56	46	62.16	32	66.67	69.92
Sufficient	4	13.33	10	10.42	2	5.56	12	16.22	6	12.50	11.61
Unsatisfactory	-	-	1	1.04	-	-	2	2.70	-	-	0.74
TOTAL:	30	100	96	100	36	100	74	100	48	100	100

Source: own study based on surveys.

Table 6. Assessment of the quality of qualifications and skills of employees in 2011

Evaluation of the possibility	Grain Industry		Confectionery Industry		Dairy Industry		Fruit and Vegetable Industry		Meat Industry		Total
	n	%	n	%	n	%	n	%	n	%	%
Very good	1	33.33	2	20.00	2	50.00	1	12.5	1	25.00	28.16
Good	2	66.67	6	60.00	2	50.00	5	62.50	1	25.00	52,8 4
Sufficient	-	-	2	20.00	-	-	2	25.00	2	50.00	19.00
Unsatisfactory	-	-	-	-	-	-	-	-	-	-	-
TOTAL:	3	100	10	100	4	100	8	100	4	100	100

Source: own study based on surveys.

Summing up the studies, it can be stated that the organizational conditions of functioning businesses, including management, the degree of knowledge of the company vision, capabilities and the level of implementation of the adopted strategy and the quality of qualifications and skills of employees are considered priorities. Businesses properly assessed production process by the use of their powers and abilities, and actually could properly use skills and abilities of employees to seek new solutions for organizational, technical and technological solutions.

In studies conducted again in 2011, we examined these activities which, in the period considered, significantly and adversely affected both the creation as well as the prosperity of the company. Of the factors considered as negative were adopted to investigate, as in 2008: foreign competition , a national competition, complex commercial law, necessary to adjust to EU requirements, the functioning of local administration, adverse tax system, long distance to the markets, lack of sufficient market, poor access to finance, high energy cost, high labour cost, price competition, old machinery, insufficient production area, the high cost of materials, difficulty in obtaining capital, poorly qualified staff, lack of suitable candidates for employment, lack of knowledge about the organization and management of the company by the candidates in the labour market, high labour cost, communication problems, corruption and other (Firlej, 2008). In respect to the methodology of research previously used, the selected negative external factors were divided into three groups - strong, medium and weak, which also resulted in differences in branches. Among "strong factors" were (in order): lack of sufficient knowledge about the organization and management of the company by the candidates in the labour market, poorly qualified personnel, high cost of basic materials, corruption and communication problems. It showed that in contrast to the previous study less impact on the functioning of businesses had related to communication problems and corruption has been markedly reduced. The factors that were included in the so-called "medium group" respondents enlisted: foreign competition and pricing, still a long distance to

markets and lack of sufficient market, poor access to finance, the functioning of local administration and the increasing cost of energy. The question of foreign competition and price competition prevails, what certainly was caused by the polarization of commodity prices in the world markets and increasing production cost. Third group contains the less significant and negative factors, among them were such as adverse tax system, competition in the domestic market and complex commercial law. In this group, adaptation to EU requirements is one of forgotten matters, and complicated and unfavourable tax provisions prevail. In the dairy industry and grain industry the most important factor was the high cost of basic materials; in confectionery industry, just like before - communication problems; in the fruit – vegetable industry lack of suitable candidates for employment (especially in season), and in the meat industry - foreign competition and a lack of domestic raw materials. The results of the least important factors, in cereal industry - complicated business law, and among other domestic competition, did not change.

In 2001, the levels of competition occurring in the markets were also studied. In present study, respondents considered it to be very significant, but it should be noted here that there were significant differences in ratings given by the representatives of different industries/branches. The overall result this time undoubtedly was influenced by dairy and fruit-vegetable industries, in which 50% of respondents considered the impact of competition "very high/ very significant", what in other industries usually was assessed as "large". It should also be noted that in 100% of the answers respondents considered the level of competition in the sales markets as "very large" and "large" (Table 7).

Table 7. Assessment of the level of competition occurring in markets in 2011

The level of competition on sales markets	Grain industry		Confectionery industry		Dairy industry		Fruit and Vegetable industry		Meat industry		In total
	n	%	n	%	n	%	n	%	n	%	%
Very large	1	33.33	4	40	2	50	4	50	1	25	34.26
Large	2	66,67	6	60	2	50	4	50	3	75	65.74
Average	-	-	-	-	-	-	-	-	-	-	-
Weak	-	-	-	-	-	-	-	-	-	-	-
IN TOTAL:	3	100	10	100	4	100	8	100	4	100	100

Source: own study based on surveys.

The re-survey asked about the impact that our country joining the European Union has had on the activities of the company, and respondents could evaluate it as positive, negative, positive and negative at the same time and "does not matter". Respondents clearly answered that Polish accession to the European Union had a positive influence on their business (50%), both positive and negative (25%) and without significant influence (25%). The impact of the Polish economy restructuring processes on improvement of the market situation, which would promote the development of their businesses, was also examined. Similar results were obtained, since respondents clearly recognized the answer „hard to say" (50%) for the most accurately reflecting their business situation. They also largely agreed that transformations of the national economy do not affect (25%) or affected (25%) the operation of their businesses. The quality of public services offered in the area of their business activities, including: support for small and medium enterprises, the offer of land and buildings for businesses, waste disposal, public transport, security, maintenance of roads and streets, licensing authorities and promotion of the city or area were also evaluated. All industries for the best services evaluated promotion of the city and area and garbage disposal, with which almost all the companies struggled before accession. Well perceived were also safety and approval

administration by the city and the organization of public transport. As the weakest of organized services were still evaluated: support for small and medium enterprises, the offer of land and buildings and maintenance of roads and streets. Evaluation also raised issues of personal contacts with individuals of state administration and government, where respondents felt that the best personal contact occurs with District Employment Office and the Office of Municipal and District Authorities. The contact with the Inland Revenue Office (Tax Office), the Department of Trade and Services, Municipal Security Service (City Guards) and the Mayor were evaluated as "fair". Personal contact in relationship with the Faculty of Engineering, the City Council and City Architect was "weak". Next question concerned the activity of the public authorities in removal of barriers to the functioning of companies. Respondents could choose one of five answers. They considered most of the public authorities "limited to a declaration of need to remove them" (50%) and shall take a "limited range of operation" (25%), and in 25% were claimed to be active. This time there was no response that public authorities are not interested in removal of these barriers, or did not showed any activity in this area.

The survey also requested an assessment by the management of the local climate for business in the area. It was considered "very good" by 25% of companies, a "good" by 50%, and by 25% as "poor". No answers were received concerning the climate bad or from people with any opinion. In all industries, climate was assessed as good or very good, and the only dairy industry considered it a bad climate, which is likely associated with poor cooperation with local authorities.

External factors refer to different ways of support, which companies can currently use, and a significant majority of it comes from the EU structural funds. This was the next question in which respondents indicated whether their companies are going to make use of this support within next 12 months to improve their market position. Only 25% of the surveyed companies answered positively and „no" as much as 75%. Based on the responses can be concluded that every fourth company will want to use this kind of support. When it comes to the inclusion of industry branch, the largest number of companies benefited from the support available in the meat industry (50%) and dairy industry, and the least in the confectionery industry (25%). Unfortunately, we did not observed a clear improvement in the planning of opportunities to benefit from financial support.

It should be noted that some of them in the next period were of significant help in business development, and part of the group was only to support these activities. According to the results of study carried out in 2011, it can be concluded that the most support originated from the development of such factors as: competition in the market, Polish accession to the European Union, which has been recognized as a significant element of strengthening and transformation of Polish economy, as a target for improvement in the situation of the enterprise. Among factors considered to support the ongoing operation of enterprises were included: care for the quality of public services, cooperation with institutions, activity of public authorities in removing barriers to the functioning of companies, the composition of the local climate for business growth and benefit from forms of EU financial support.

In the post-accession period a continuous development of agriculture and food companies has been observed and recapitalization of companies resulting in reduction of the influence of the basic factors limiting their functioning leads to systematic improvement of their position on the local, domestic and international market. Based on the interviews carried out at the examined companies it was found that:
- knowledge, information and their quality and timeliness are for a company the factors enhancing success which is expressed in the increase of their competitiveness and better position on the market,
- the use of modern techniques in current functioning of companies helps in an

organized way to rationally manage possessed qualifications and skills and the possessed capital,

- intellectual capital and actions of corporate governance should be highly positioned in the value of a company,
- management of organizational climate and culture and important role of social responsibility of an organization are necessary in building companies' competitiveness (Firlej, 2012).

Numerous economists emphasise that the weakness of our economy lies not in the causes of material nature but in the sphere of consciousness. Innovativeness is not perceived as a way to achieve success and intellectual potential of employees and their creativity are often underestimated (Firlej, 2012).

4. SUMMARY

Summarizing the above discussion of theoretical and empirical nature in the area of management and enterprises of food industry, it can be noted that in a knowledge-based economy, they still need to adapt their business to the rapidly changing market situation, and are forced to acquire new skills and change management. Current position of Polish food companies in the world markets shows their rightful place and meaning of market rules. Research hypothesis, assuming that the post-accession period contributed significantly to the competitiveness of the food industry was verified positively, because they found a steady increase in the level of management and the quality of human capital. On the other hand, presented study has helped to develop the following conclusions:

1. The management in company is still considered to be sufficient, by both managers and workers, who say they cannot see the needs for changes in this area. The respondents saw no need for strengthening of management methods in their enterprise, which means they have fulfilled their expectations;
2. Current strategies and visions of enterprises are well known to the managers and employees, what should lead to an increase in their competitiveness, not only in local markets, but also international;
3. In the enterprises of the agro - food in the Malopolska province, modernization of machinery, placing and management of new products and services are rare actions;
4. Respondents highly evaluated the level of quality of qualifications and skills of employees, which took place in both the first and second stage of the study. It is worth noting that the quality of human capital is a priority to entrepreneurs, believing that it determines the future structure of the company and the level of its development;
5. In the surveyed companies, since the moment of accession, there are hazards which adversely affect their development, such as: rising cost of production and labour, strengthening the national currency, foreign competition, the abolition of quota system and a low degree of horizontal and vertical integration;
6. It is important to test and adjust the level and structure of prices of food, as the derivative of mean prices in the European Union;
7. Strengthening the food industry by state institutions, local self-governmental authorities and business organizations is not always judged as positive.

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3.2 KNOWLEDGE SHARING AS AN INDICATOR OF NETWORK LOGIC

Summary: Knowledge, as a central value and fundamental resource in the enterprise is becoming the main factor of competitiveness (Haber, 2008, p 82). However, this resource is not generated by the organization alone. The carriers of knowledge are in particular the employees. This paper reviews qualitative and quantitative studies of knowledge sharing research. Knowledge, as an individual resource, is distributed through a network of formal and informal contacts. In this context, organization is viewed not as a system (more or less hermetic) but as a network, an open structure, which is governed by the network logic. Through processes of exchange, individual knowledge contributes to creation of new knowledge and social knowledge: collective and organizational one (Kostera, 2003, p 79). The brief presentation of these mechanisms seems to be extraordinarily attractive from the standpoint of organization. However, it is determined by the philosophy of action, which accepts and even promotes democratization of knowledge as natural process that occurs in networks. This generates different challenges for those who manage the organizations, managers, and HR divisions. The paper concludes with a discussion of emerging issues, new research directions, and human recourse management challenges for knowledge sharing.

Keywords: knowledge management, sharing knowledge, HR, networking

1. NETWORKS AS A FORM OF ORGANIZATION

Nowadays, in times of individualism and popularization of network logic (Czarniawska, 2011, p 11) previous perception of and organization as a specifically physical construct and managing it according to an engineering metaphor of organization as an efficient machine seems to be inadequate. It is possible today that an organization operates without any physical attributes (Bih-Shiaw Jaw, Ch. Yu Ping Wang, Yen-Hao Chen, 2006), based on coordination of isolated activities and processes executed by specialized entities. With this respect, it is increasingly legitimate to redefine the concept of organization. An interesting definition proposed by B. Czarniawska (2011, p 15), which says that an organization means a network (rather than a system) of collective activities, which are taken in order to have effect on the world. This definition reveals the actual level of openness of organization (Strużyna, 2007) and interrelation between a variety of networks it exists within.

The presented definition reflects the performative approach to organizations, which assumed that it is humans and their behaviours that determine the form, characteristics and importance of the organization. These views remain in contrast to the classic ostensive approach, which assumes that human behaviours in organizations are determined by its characteristics and structure (Cichobłaziński, 2011, p 66).

According to the performative approach, the organization 'happens', hence a constructivist perspectives in the investigations concerning organizations (Fleischer, 2001, p 83-104). It proposes that the humans do not construe only worlds but also institutions (society) and that knowledge in construed socially (Czarniawska 2010, p 14-15). This approach allows for answering to the question of how the organizations are 'organized' and 'executed'.

Comparison of an organization with a network proposed by B. Czarniawska rearranges the standpoint for viewing the organizational structures and relations that occur within these structures. A characteristic feature of the networks is relationships (Średnicka 2011, p 98), cooperation and constant flow of knowledge and information between the nodes in the

network. Authority in the networks is not defined through hierarchy but through the knowledge and ability of its distribution. The configuration of the network is characterized in particular by (based on Elsner, 1997):

- lack of clear organizational hierarchies and borders between managerial module and the rest of the organization
- lack of subordination based on formal authority
- dominance of information ties and ties of cooperation
- temporary agreements in terms of duties, authorizations and responsibility of the members,
- specialization based on the interests of the network members,
- minimization of the degree of formalization of the activities.

Networks operate based on the principle of openness, which proves well as long as the units, which operate within the network, use the same manner of communication and execute the exchange of information and knowledge. The networking structure is dynamic: the relationships in the network might adopt forms from totally regular to entirely unplanned or even random. In fact, the networks oscillate somewhere between these extreme forms of relationships (Watts, Strogatz 1998).

Non-linearity of networks undermines the principles of functioning of the ordered and formalized organization in a systematic approach, since contacts in the networks are based on the relationships and the principle of trust. Authority in the network also provides different advantages compared to conventional organizational structures. It allows for control over the processes of creation of relationships and setting the knowledge and information in particular contexts so that they 'work' guided by the goals and interests of the network (or creator/coordination in the network). Therefore, authority in networks accepts your own 'description' of the world and construing it (Średnicka 2011). The events and decisions in networks are interrelated with each other and they do not form a linear series but they rather adopt a form of a loop, whereas their interpretation depends on the initial point (Średnicka 2011). The above arguments might explain insignificant interest in the problems of networking in sciences of organization and management (Smith 1989). Perceiving an organization as a complex and multidimensional network necessitates new and non-standard competencies and strategies for action. Social competencies of the employees, their ability to cooperate, share knowledge, and independently seek solutions for the problems and innovativeness are of essential importance.

Knowledge in networks is also defined slightly more comprehensively, not only as a set of pieces of information: this category also includes the systems of values, views and beliefs which are often of cognitive and practical value and impact on the way the world is perceived by the network's participants (Berger, Luckman, 1967; Czarniawska, 1999). With this approach, network ceases to be limited only to achievement of the goals set by the network's creators, but it becomes a natural bridge to help define the identity, manifest human awareness, method of creation, imitation and translation of culture (Kostera, 2003, p 30). This logic, however, also urges to revise the way humans are perceived in organizations, supplementing their physical contribution, knowledge, skills and experience with personality, emotions, views, beliefs, values and attitudes they have with respect to a variety of aspects of life. All the elements affect the employees' perception and building the reality world, organization and, consequently, their work.

2. KNOWLEDGE SHARING – INTRODUCTION

The literature which relates to knowledge management abounds in the concepts of data, information and knowledge (Probst, Raub, Romhardt, 2004, p 26). The most synonymous of these are data and information. The data is a set of facts concerning particular events.

Synthesis, mathematical computation, interpretations and adding importance transform them into the category of information. This process, however, occurs in a variety of contexts which evaluate information (Słocińska, 2010 b).

Knowledge is a concept which is broader and deeper than data and information (Lin, 2008). It represents the outcome of experiences and internalization of information within the cognitive and emotional domain of human life (Davenport, Prusak, 2000, p 2-5).

There is also the fourth level in the analysis of the knowledge context present in contemporary literature: wisdom. Wisdom is defined as the way the knowledge is owned and utilized (Fazlagić, 2004), hence knowledge about knowledge, termed metaknowledge (Słocińska, 2010 a).

From the standpoint of management of organizations, the use of the data and processing of the data in order to obtain information that can be than localized, stored and exchanged seems to be the simplest. At this level it is possible to employ the classical functions of administration by H. Fayol (Kostera 1998, p 13) that can be supported by IT tools (Davies, Stewart, Weeks, 1998) and technological issues involved in knowledge sharing or knowledge transfer across units, organizations, or within organization networks. That is the field which prior reviews have focused on (Alavi, Leidner, 2001; Argote, 1999; Argote, McEvily, Reagans, 2003).

However, this paper focuses on understanding the factors that influence knowledge sharing between employees and concentrating on its results such as increase of creativity.

When analysing the process of creative thinking at the individual level, creativity is interpreted as the ability to create new and unconventional ideas. It is a spontaneous and uncontrollable act. In neural networks in human brains, the processes of interactions between the external data and the data stored inside the brain occur incessantly. Information series are created as a result these processes (Probst, Raub, Romhardt, 2004, p 145). These series, interrelated with each other, convey new meanings and lead to generating new ideas. The act of creativity, however, is a self-contained phenomenon, which is not subject to control.

Similar method can be used to analyse the process of creative thinking at the organizational level. If one assumes that sharing knowledge is always a *people-to-people process* (Liyanage, Elhag, Ballal 2009, p 122), the extended network of employee contacts, understood as a triumvirate of human, intellectual (Illés, Dunay, Fodor, 2011) and social capital (Hayami, 2009; Zhao 2008; Stewart 1999, pXX; Sztumski, 2009, p 11-12; Fekete Farkas, Tömpe, Villányi, Tóth Naár, 2011), is conducive to increased frequency of interactions and flows of individual knowledge, increasing the probability of creation of the new knowledge. The value added in the processes of sharing of knowledge, regardless of the intentions of the people stimulating their flow, consists in the fact that they cause transformation and development of each of the subjects of the processes of exchange (employees) and consequently the evolution of the whole organization (Miś, 2005; Yang, Fang, Lin, 2010, p 232). This occurs because people do not acquire knowledge passively but they interpret, experience and adapt it to their own situation and outlook on life (Nonaka, Takeuchi 2000, p 33). Furthermore, it is essential that the development of employees and the related development of organization have also the potential for motivation and creating satisfaction among employees (Miś, 2005).

Therefore, the networking understood as the level of interpersonal interactions which are not confined by the framework of organizational system is a natural and demanded phenomenon (Perechuda, 2005). Surprisingly, this suggests that 'mechanical' prevention of the leakage of knowledge from the organization, through extended monitoring and controlling activities i.e. limitation of the spread of network logic, restricts creativity and development of organization, its members and even shareholders (Bevan, Cowling, Isles, Horner, Turner, 2005).

The processes of knowledge sharing are the basis for the concept of knowledge management. However, from organizational a managerial standpoint, the exchange of knowledge should be a process, which is stimulated and organized so that it is able to fully utilize the potential that results from the flow of knowledge.

The exchange of knowledge between the employees might be considered in two contexts. The first one concerns localization, reproduction (Fekete Farkas, 2011) and re-codification of knowledge which is possessed by the employees in a manner that allows other members of the organization to use it again. The importance of the use of electronic tools for the process of knowledge management and the factor, which supports interactions between the employees and creation of new social networks should also be emphasized (Patrick, Dotsika 2007). This also concerns transforming tacit knowledge into the explicit knowledge (which is often of formal character) (Kowalczyk, Nogalski, 2007, p 22; Fic, 2008, p 23). The methods of transforming tacit into explicit knowledge depend on the strategy of knowledge management adopted by organizations. This concerns the strategies of personalization and codification (Zbiegień–Maciąg, 2006, p 46) which reflect some philosophies of perceiving the processes of knowledge exchange by the managers in organizations.

The second aspect of this analysis focuses only on the processes of exchange of knowledge, i.e. seeking answers to the questions of:

- How the employees exchange knowledge?
- What stimulates the exchange of knowledge?
- What are the motivations behind the behaviours connected with flow of knowledge?
- What are the attitudes adopted by the employees with respect to the processes of exchange of knowledge?
- How to organize environment of work (in physical and social aspects) so that the frequency of exchange of knowledge is higher?
- What is the role of the organizational culture for the flow of knowledge?

In this context sharing knowledge depends on five factors emphasized in many researches (Wang, Noe, 2010), these are organizational context, individual, interpersonal and team characteristic as well as cultural characteristic.

Both dimensions of the exchange of knowledge are important. They coexist and determine each other at the same time. They allow for creation of the language, which helps express what is difficult to express. This means the tacit knowledge, which means an accumulated experience, practical knowledge that is expressed in action (Kostera, 2003, p 116). They also help localize communication nodes where different arteries of flow of knowledge and information are interconnected.

These nodes might include the physical spaces or certain people, who are termed librarians (Słocińska, 2011, p 295) i.e. the individuals who do not only have particular knowledge, but they also know who might know and what type of knowledge is necessary to solve a particular problem or to perform a task.

Another problem which occurs in the analysis of the processes of exchange of knowledge is full takeover of the knowledge and 'feeling it' by a new person. At this stage, the organization should support the experimentation as a method of implementation of newly acquired knowledge by the employees (Swan, Langford, Watson, Varey 2000, p 99-100). The integral element of the phase of creation and testing new knowledge is tolerance to mistakes, which is a precondition for the process of learning. This is one of the most effective method of learning, i.e. through experiencing, as opposed to the method of learning from others' experiences (Czarniawska 2010, p 144), which unfortunately does not allow for 'feeling the knowledge' and its full internalization.

From the standpoint of management, the concept of Davenport and Prusak (2000, p.30) seems to be attractive: the knowledge is supposed to have its 'sellers' and 'purchasers' and the

agents in transactions of exchange and acquisition of knowledge. In opinions of these authors, people share knowledge based on the following principles: reciprocity, reputation, altruism and trust (Davenport, Prusak, 2000, p 30-38). This approach also satisfies the needs for determination of the importance of knowledge and its business value. However, it should be considered whether terming the process of exchange of knowledge a sale is not a manifestation of financialization (Żakowski, 2012, p 5), i.e. the process of intensifying exchange of relationships into transactions and treating an employee as in the model typical of classical economics, Homo Oeconomicus (Kostera, 1998, p. 8), the economical man who calculates the benefits.

3. ROLE OF HUMAN RESOURCES IN DEMOCRATIZATION OF KNOWLEDGE

The idea of networking is not a discovery of our times. Humans and organization have always used a variety of network-based arrangements. However, the current number of networks, interrelations between the nodes and other networks gets thicker and thicker on an unprecedented scale. Therefore, this phenomenon should be viewed as a determiner of the future. However, this form of operation cannot be fully used by all the organizations. Implementation of the concept of network in organizations will be the responsibility of all the owners, with particular focus on those who sit in boards, managers and HR divisions. Therefore, the tasks and the roles performed by all the interested parties should be redefined.

There are at least seven important roles of HR department's activities in supporting knowledge sharing within networking (Soliman, Spooner 2000):
- social gatherings of staff,
- the office layout,
- trust between employees,
- differences in culture and language,
- timeliness,
- learning and mistakes handling, and
- senior management involvement and support.

It is important to recognize that HR department is better positioned than other functional units to create link between strategy and employee knowledge. The organization must articulate its strategies and then identify the knowledge required in executing it. The required knowledge ought to be compared to the actual employee knowledge. The comparison leads to the identification of both strategic and knowledge gaps.

The argument for implementation of the idea of networks in organizational dimension is that networks and the quality of relationships it generates are virtually impossible to be copied by the competitors, since a network-organization is:
- created by a unique group of people, perceived holistically, not only from the point of view of 'body and head' of the Gestalt concept (Randak-Jezierska, 2010), but also the 'heart', the manner they exist in the society they start relations with; quality and quantity of these relations, spiritual and metaphysical dimensions and ideological background;
- understood as a method of describing not only economic and business reality but also extra-organizational one,
- understood as a method of building the relationships with the surroundings,
- perceived as a place of interrelating and overlapping a variety of networks,
- it is defined as a 'construct' which constantly transforms and is permanently remodelled.

Networks also assume democratization of knowledge, i.e. giving it to 'the hands of people'. The process of democratization of knowledge is very hard to implement in

organizations for several reasons. Firstly, knowledge is sometimes treated as a resource used for gaining competitive advantage and jealously protected. However, it is often neglected that the phenomenon of knowledge assumes that the more we share the knowledge, exchange or use it, the more it grows. Sharing knowledge with others might cause that this person will internalize it in a completely different and unpredictable manner and will create the new perspective for the old problem.

Another problem that results from democratization of the knowledge is viewing it as a determiner for concrete hierarchical positions and posts. Sharing this knowledge with other employees in such cases equals giving up the authority these positions had.

Democratization of knowledge also means adoption of the assumption that each employee is able to utilize the available knowledge in a manner appropriate for the purposes of the organization and that not all the knowledge within the organization has a 'top secret' status. Furthermore, democratization of knowledge necessitates the diagnosis of the state of knowledge available in the organization and its locations. A network-organization independently eliminates the barriers for the process of democratization of knowledge.

Adoption of an approach which assumes that an organization is defined as a network results also in a specific perception of the role of staff.

If the role and position of the entity in the structures of the network depends on the ability and opportunities of this entity in terms of absorption of information and knowledge and its effective sharing and utilizing (Średnicka, 2011), the tasks of recruitment, motivation, assessment and developing staff should also be performed in a different manner.

Networks are often based on non-hierarchical relations and seem to be a self-regulatory mechanism. This means that the entities which operate based on the principle other than cooperation and trust are automatically moved away from the 'authority centres' understood as 'centres of knowledge and creation of relationships'. Therefore, the entities in the network demonstrate a specific loyalty to each other and towards the network and eliminate the elements which do not operate to their benefit. Thus, Machiavellianism, as a personality trait and the strategy of behaviours (Liu, 2008) is not effective in creation of the entity's position in the structure of networks as it entails high risk of elimination.

In these surroundings, which are characterized by a self-regulatory character, the roles of the managers should be viewed differently. Their actions should be redirected from control activities which supervise the facilitation activities (Świątek, 2007) in terms of facilitation of the flow of impulses: knowledge on network's nodes. Manager – facilitator is a person who, through their influence, makes employees take actions to find and independent and autonomous solution to the problem and internalization of knowledge. However, their role is not liquidation of the difficulties that appear within the process of execution of the task by an employee. In the concept of facilitation, the characteristic feature of the process or learning is the opportunity for experiencing obstacles and overcoming them. Skilful facilitation allows for confrontation of the individual with a variety of difficult situations and lets them climb up the ladder of professional and personal growth. Therefore, managers play a role of 'knowledge engines': their activities facilitate generation of the new knowledge, thus involving both senior management and rank and file of the organization within the flows of 'centre-up-centre-down' type.

An effective network is formed when 'the time has come' (Elsner, 1997) which means that, preparation for the implementation of the idea of networking should be started from an educational campaign for all the shareholders of the organization. Particular role in this process is played by managers, who are supposed to demonstrate the benefits of the network through their actions rather than words. Thus, they must be convinced of the idea of networking. There cannot be a dissonance between the declared values and those actually perceived by the members of the organization. Organization is a form of adhocracy (Kostera,

2003, p. 86), with clearly defined goals of operation, and their members have common interests. Therefore, their participation is connected with voluntariness and readiness. The employees in these organizations, despite great variety, exhibit similar enthusiasm toward the ideas proposed by the organization, inspire each other and coordinate their activities. Participation in networks is determined by a specific equilibrium between what an employee gives to the network and what they obtain from the network-organization. The network-organization, through making collective knowledge of the members available, provides great opportunities for acquisition of the competencies which are attractive for an employee. Contemporary systematic organizations, through narrowly oriented training, useful in particular for the organization alone, are performing a process of deskilling (Kostera, 2003, p 86).

Working with people in the network does not mean controlling or organizing (viewed as technical activities) but on continuous narration, creation and explaining the world. In this case, the managers must demonstrate superior communication skills and be thinkers (Kostera, 2003, p 87). They must also exhibit the readiness for minimization of the hierarchy and reducing the distances between the organizational levels.

Networks provide the equality in expressing the needs and expectations. Among other things, this happens because the network naturally develops its own manner of communicating. Its non-formalized character helps flexibly respond to the needs of the members. Contemporary HR divisions have already developed the competencies in terms of diagnosis, monitoring and satisfying the needs of employees. However, these activities are mainly aimed at implementation of the policy of work-life balance (Brinkley, Fauth, Mahdon Theodoropoulou, 2010).

The main feature of the network is cooperation and trust (but not the naivety). This means that cooperation, rivalry and competition are not the concepts that exclude each other in action; they also do not lead to conflicts. The consequences of their coexistence are creative solutions to the problems. Creation of non-homogenous task teams is treated as a situation, which is conducive to adding an invigorating spirit of teamwork and creation of new ideas. This variety necessitates managers' and supervisors' tolerance to employees' behaviours (emphasis on individuality and personality through original looks, lifestyles etc.), which is usually conducive to generation of innovative solutions. HR divisions are also responsible for organization of the physical space for work and taking into consideration the time for interactions between the employees (rest, common meals, playing etc.) and creation of the social space which stimulates the exchange of knowledge (social facilities, coffee/water distributor, copier, place for relax etc.). These divisions overtake the role of the architects in social structures (Strużyna, 2007) and are also the facilitators for the processes of exchange of knowledge.

The activities taken for reorientation of the activities towards networking also necessitate financial and administrative support. However, the outlays do not have to be necessarily substantial. The outlays on the activities that stimulate the exchange of knowledge through IT tools, redesign and reorganization of work environment will not bring the expected effects if they are not supported with a 'credible narration' of those who supervise and manage the organizations, i.e. the world they create should be interesting and attractive for potential network users. The efficient networking is therefore a more social than economic problem.

4. CONCLUSIONS

In contemporary economy, knowledge is a resource that becomes a fourth factor of production, the factor that is necessary for other three components (capital, land and work) to be fully utilized and contribute to the market success of the organization. However, knowledge is not only an attribute of organization, but also of the individual-employee.

Contemporary societies and economies are based on knowledge; thus the employees who have and manage their own knowledge are the most precious components of the enterprise's property (Jatczak, 2004).

The perception of the resources of knowledge accumulated within the organization, stored and processed every day by their owners (employees) implies changes in the concept of knowledge management. The strength of the organization is build day by day and manifests in basic employee and organizational knowledge-based activities and it provides unlimited opportunities for its configuration and renewal. Focus on the exchange of knowledge, on its flow based on the network of employees' contacts, opens up the opportunities of real financial savings connected with e.g.:

- realization of employees' needs in terms of trainings and development
- improving the effectiveness and cooperation among the employees based on understanding of interests and goals,
- building motivation and loyalty based on commitment rather than on financial incentives
- preventing increasing fluctuation.

With regard to the processes of knowledge sharing (under conditions of growing pressure of technological and organizational innovations) from the perspective of organizational culture, one should emphasize their role in formation of particular attitudes and behaviour among the employees, stimulated through the processes of social interactions. With this approach, a culture oriented towards the processes of exchange of information should be emphasized (Karczewska, 2010, p 240). The relation between the adopted mechanisms of exchange of knowledge and organizational culture is, however, very complex. It can be even adopted that the method of spreading knowledge in organization is a manifestation of culture and a factor, which forms this culture at the same time.

There are several implications for human resource management practices we can draw from the findings in the existing knowledge sharing literature. However, there has been only a small number of studies suggest that organizations need to pay close attention to networking characteristics in developing and facilitating knowledge sparing processes.

Finally, in summary of the investigations of the utilization of the idea of democratization of knowledge through utilization of the network, one should also take into consideration the maturity of organization. If the activities within the network are an expression of the full readiness of the organization for changes (and networks undoubtedly provide such opportunities), the question remains whether this process should actually be accelerated. An organization, which is ready for transformations, enters naturally into the networks of cooperation and collaboration and encourages their own employees to similar activities. It opens to new knowledge and recognizes the previous one as outdated knowledge, which is likely to lead to making irrational decisions and threaten the existence of the enterprise (Mroczko 2007, p. 125). The organizations which care for invariability and maintaining their status-quo shut themselves, being convinced of the elitist character and importance of their knowledge. The contradictions occur when the organizations stimulate behaviours and attitudes which are conducive to generating knowledge but they do not know how or are afraid of using this knowledge. Similar duality of attitudes takes place when the organization protects their knowledge resources and does not open to the flow from the outside or inside of the organization and requires finding creative and innovative solutions from their employees. Undoubtedly, the problems of functioning of network-organizations and exchange of knowledge are very interesting and necessitate further research and investigations.

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Krzysztof Tomczyk

3.3 SOCIAL COMMUNICATION NETWORKS IN PROCESS OF LOCAL
GOVERNMENT MANAGEMENT IN POLAND

Summary: Since people began functioning as social units, communication process problems have been occurring quite frequently. It seems that the problem of social communication is a fundamental component of an individual's, group or organization functioning. Modern societies (information society) have the most excellent communication tools of all times, however it does not correspond with the improvement of communication or management process quality. This paper aims at the analysis of communication processes functioning and its management within organizations of local governments in Poland.

Keywords: social communication networks, local government management

1. INTRODUCTION

Since people began functioning as social units, communication process problems have been occurring quite frequently. The communication process has accompanied people since the ancient times until today's societies, which are often called information societies. It seems that the problem of social communication is a fundamental component of an individual's, group or organization functioning. However, it needs to be noticed that communication processes are slowly becoming the factor conditioning effective functioning of social groups and (or maybe mostly) organizations in modern societies (among others due to developing globalization). Widespread presence of mass-media in a modern person's life, IT development as well as rising significance of media indicate some kind of a communication revolution which we witness every day. It also appears that the statement that an individual cannot function without communicating is more authentic than ever before and even more emphasizes human's communication environment. Modern societies (information society) have the most excellent communication tools of all times, however it does not correspond with the improvement of communication process quality. It is also worth noticing that problems with inefficient communication are the main cause of work efficiency and employees' motivation drop. Job satisfaction surveys show communication problems as the most significant, they only give way to salary expectations (according to employees). The issue of the influence of communication systems functioning in an organization and their members' competence in discussed range should be treated completely separately. The causes of such situation might be, among others, insufficient research on the communication process. The process, even though noticed since the human race beginnings it appeared as a separate term at the beginning of the 20th century (in the US) and in case of some European countries (including Poland) at the end of 20th century. Moreover, communication itself does not currently function as a scientific discipline (an existing term is „'study of cognition and social communication") or it is not recognized by the State Committee for Scientific Research.

2. COMMUNICATION AS AN INDIVIDUAL CONSTRUCT

The term „to communicate", according to Bogusława Dobek-Ostrowska, derives from a Latin verb *communicare* - impart, share, or make common and a noun *communio* [commonness, connection sense](Dobek-Ostrowska 2001 p.11). It can be noticed that the

initial meaning was different from the present one, which does not change the fact that the term „communication" means modern ways of transferring people, information and objects. It is also worth noting that communication as a term is becoming more significant nowadays, furthermore it can be assumed that the communication will be the main subject of interest of social sciences researchers.

Charles Cooley, one of the pioneers of communication research, claims that „Communicating is some kind of a mechanism, thanks to which interpersonal relations exist and develop and the symbols created by a human mind are transferred in space and retained in time" (Dobek-Ostrowska 2001 p.11). On the other hand, John Fiske believes that „communication is the central activity of our culture. Each culture must die without communication „ (Fiske 1993 p.16)

Referring to the above definitions, it should be stated that the communication process has become an ingrained part of an individual, conditioning their consciousness and being the basis of building one's identity. It is worth mentioning that communication complexity involves not only mental skills of an individual but mainly their competence regarding communication as well as a particular situation and communication means that are available at that moment. It seems that the issue of competence conditions the efficiency and functionality of a communication act, which may lead to a conclusion that communication competence conditions the effectiveness and efficiency of an individual's performance.

Finalizing the process of defining the term „communication", it has to be mentioned that the process has been looked into by numerous researchers and as a result over a 100 (sic!) definitions for the „communication' term have appeared. It seems though that Bogusława Dudek-Ostrowska best describes the complexity of communication, indicating both, its elements and results: „ Communicating is the process of contacting between individuals, groups or institutions. Its purpose is the exchange of thoughts, knowledge, information and ideas. This process happens at different levels using various means and has particular results"(Dobek-Ostrowska 2001 p.11).

Communication as a social process might be considered as one of the oldest ways of a person's functioning in a group (Fiske 1993 p.16). Many researchers of social science state that any development and even the existence of particular societies would not be possible without the communication processes. What is more, anthropologists emphasize the communication significance for transferring the models and symbols of cultural heritage. It should be stated then, that the process of communication conditions social development and it seems to be its most basic component.

3. SYSTEM THEORY OF COMMUNICATION IN THE PROCESS OF MANAGING ORGANIZATIONAL UNITS OF LOCAL GOVERNMENTS

The interpretation of the communication process according to the system theory is based on the belief that the general system theory can be applied in the analysis of a communication process. Basic theses of this belief:
1. Interpersonal communication. The whole is something more than the combination of parts. As a system it has different features than a combination of elements that it includes; the sentence meaning is not the sum of words meanings, the conversation meaning is not the same as the meaning of particular, separate parts of interlocutors' utterances.
2. Each system is open to some point. The system of social communication, similarly to every subsystem that it consists of (e.g. communication within an organization) is characterized by some degree of openness and limitation. In other words it might be changed only within particular limits. As a system it may undergo the development, stagnation or regression, as a result it gains complexity levels different from the initial

ones developing them might lead to autocorrecting towards the improvement of matching other systems, and due to the process of feedback it may either eliminate or increase its dysfunctional features. As a system it is characterized by a hierarchic organization although the boundaries between particular levels are generally possible to pass.

3. Organizational – structural complexity. Organizational complexity represents the diversification degree of elements changeability within the system. The organizational order is shown in the rule of co-dependence between particular elements. The simplest organization involves the events chain so strictly described, that every particular event might be predicted on the basis of the previous one. The most complex organization occurs when we encounter „completely accidental events sequence, among which each event is equally probable.' Referring to language phrases it can be said that those which include predictable information are simple systems and those which include unpredictable content are complex systems. Similarly: ritualized conversations are simple systems and conversations in which each successive behavior of an interlocutor is unpredictable are complex systems. The most complex system is a sequence of words pronounced by a person in the state of emotional excitement, composed of – according to listeners – completely accidental sequence of sounds, and according to the sender – relating to the essence of things.

4. Self-regulation ability. Each system is independent from the environment to some degree, so it can set goals and shape its action itself. It is particularly obvious regarding interpersonal communication in which the interpersonal communication state depends on decisions made by partners (e.g. a decision about emotional engagement, withdrawal from a romantic relationship etc)

There are limits regarding the freedom in establishing social relations – castes, classes, religions they all serve this purpose. Nevertheless, social segregation seems to be fading and the freedom of establishing relations and defining their level of intimacy is up to the partners.

According to the theory that is being discussed, communicating is treated as information exchange and not as energy exchange. The most important aspects are: the way of generating information and the organization of its exchange process as well as the course of feedback. The basis of particular communication aspects are other communication acts and not such phenomena as needs, values or habits. Researchers' job is to analyze communication series, their organization and sequence appearing in standard or innovative combinations. Focus on „rigid" elements of individuals such as personality evaluation, needs, applied cognitive strategies and permanent values causes overlooking the essence of the communication act that is changeability and dynamics. In reference to social relations the assumption of durability and permanence should be treated as a significant methodological restriction.

Changeability and dynamics are easily noticeable, especially in reference to the communication. E.g. the existence of some communicational order in an organization might be unchangeable but all the changes of this system (a new worker, new duties) or changes in relations with other systems might change previous habits or rituals.

This paper aims at the initial analysis of communication processes functioning within organizations of local governments in Poland. The analysis involves various aspects of communicating and their impact on the management process of these organizations especially taking into consideration social communication networks.

The second part of the article will describe particular aspects of managing organizational units of local governments in Poland considering initial research on communication processes, conducted in May, 2012 in Silesian Voivodeship.

4. THE PROCESS OF MANAGING ORGANIZATIONAL UNITS OF LOCAL GOVERNMENTS IN POLAND

4.1. ORGANIZATION AND FUNCTIONING OF AN ORGANIZATIONAL UNIT OF A LOCAL GOVERNMENT

The scope of organization of office functioning involves an organizational unit of local governments in three aspects:
1. Organizational-formal structure 9static organization), the system of mutually connected organizational parts (departments) in an unit, considering such aspects as the division of deciding rights between the legislative and executive body and managing units; tasks and responsibility for the tasks results division into particular organizational departments of a local government unit.
2. Administrative-office procedures (dynamic organization) necessary for tasks fulfillment, considering realized processes (actions sequences and cooperation scopes), using information systems for processes realization.
3. Internal communication in a local government unit that is necessary transfers of information and decisions allowing procedures compliance and good coordination considering horizontal communication that is information flow between organization departments performing particular tasks; vertical communication that is information flow necessary for fulfilling information needs of organization members – managers (deciders) and performers/executors (clerks).

Research performed in May 2012 in organizational units of a local government in Silesian Voivodeship has shown that organizational units of local governments in Poland encounter many problems resulting from flaws of used management systems. One of the important matters involves quite common habit of conducting constant calls for bids (legislative body – executive body) and centralized practices of administration in offices according to which the initiative comes 'from the top", from the city president, village-mayor, county, voivode etc.

Results of conducted research show that over 72% of respondents indicate the lack of flexibility of the organization and excessive formalization as causes of low efficiency of their own work. Such a problem is not pointed out by 21,18% of respondents and almost 7% has no opinion. This practice does not correspond with the modern idea of management. As a result, we face a situation in which local offices focus on serving authority organs – with diversified efficiency and on administration instead of serving citizens. Clear division of legislative and executive bodies' responsibilities is the main subject to change of current practices.

This problem directly involves the clarity of responsibilities division between the executive body and managers, managers and clerks and among clerks. The research results show that over 85% of respondents very often (34%) or often (51,5%) have trouble determining the scope of their responsibilities with regard to official duties. Only 14% of respondents do not indicate such problem. The mentioned organizational issues involve such matters as overlapping deciding competence, responsibility and executive competence as well as lack of formal assignment of deciding competence, responsibility and executive competence for tasks completion.

Other problems being experienced by Polish administration are; relatively low scope of using process organization concept in performing office tasks and insufficient organization of information circulation within the office and between the office and legislative and executive body. Research results show that over 65% of respondents indicate the need of improvement regarding the process of documents circulation internally and externally as the main suggestion of change in their workplace.

Such situation proves that most offices are organized as rigid, excessively centralized structure, slightly oriented at management, characterized by limited ability to realize strategic tasks.

4.2. FINANCIAL AND STRATEGIC MANAGEMENT IN ORGANIZATIONAL UNITS OF LOCAL GOVERNMENT

Strategic management is the ability to build and realize the strategy of an organizational unit of a local government. Considering that, the act about local government functioning in Poland, strategic management involves all matters relating to performing the sequence of strategic actions that concerns the strategy of an individual's development that is:
- Establishing the vision of a particular unit development
- Determining the mission of a particular unit in the process of fulfilling its development vision
- Converting the vision of a particular unit into goals and actions (general goals, detailed goals and tasks)
- Indicating methods of acting (operational plans)
- Completion of operational plans
- Monitoring and assessing the results and the course of a strategy and operational plans implementation

Financial management is prospective and current providing of resources, effectively and economically allowing the realization of plans resulting from the development strategy of an organizational unit by:
- Deterring financial abilities scope in a long-term perspective
- Combination of annual and multiannual plans as the connection of projects and tasks equal to financial possibilities
- Combination of resources with goals (planning, monitoring, reporting, assessing)
- Gathering data for monitoring progress and assessing completion degree of tasks and programs to achieve the assumed service standard and to provide proper level of infrastructure necessary to perform them; to assure the realization of development goals according to priorities set in the strategy; to achieve high effectiveness (appropriate defining needs of the service receiver and providing it with high quality) and proper cost efficiency of activities.

Thinking within strategic management and applying its tools still does not belong to the functioning standard of organizational units of local governments n Poland. The basic difficulty of creating appropriate conditions for strategic activities results from the mentality and habits of local authorities' representatives and office employees. As the research results show, the term „management" is rarely used in public institutions; it is mainly connected with the economy and companies (54% of respondents). Many employees of organizational units of local governments (42%) believe that creating a strategy and management is a necessity resulting from current trend, formal requirement that does not implement any significant changes into the practical functioning of a particular unit. Another problem involves the skills concerning strategic management, especially the ability to transfer strategic goals into operational tasks and realizing tasks, monitoring its completion and assessing completed tasks with regard to achieving strategic goals.

This complex issue concerns many organizational units of local governments in Poland, also for those, which have formally approved development strategies. Another problem is connected with citizens' activity level, their knowledge about local government and its duties and also their expectations towards it. Strategic management in Polish conditions is still not fully using the potential of local and regional communities. Another issue is information

circulation regarding created and implemented strategies and strategic goals. Only slightly above 23% of respondents know strategic goals of their organizational unit of local governments and 30% is aware that they exist and the rest of the respondents is either not aware or not interested in the management strategy of their unit.

Financial management in Polish local governments is much diversified. There are a number of offices that are advanced in improvement of techniques and tools regarding financial management. Unfortunately many of them repeats old habits which is quite a barrier in strategy realization, even if it has been properly prepared and defined.

Budget in many offices is prepared on the basis of an expenses plan and predicted completion in current year, duplicating percentage in particular divisions of chapters of budgetary classification. Corrections concerning particular administrators are done mainly on the basis of intuitive assessments and as a result of political pressure. Receiving additional funds does not obligate to achieve specific results but allows only spending the funds on the particular thing.

The offices usually lack long-termed investment plans. Sometimes the accepted document is only one page presentation of income, expenses and debts in several years' prognosis. It is worth indicating that over a half of respondents 58% uses help of colleagues from the same room/ acquaintances as part of research for budget creation regardless of these people competence in this range. Such situation might indicate growing role of informal communication in functioning of organizational units of local governments, resulting from inefficient official information circulation or its lack.

4.3. MANAGEMENT HUMAN RESOURCES IN ORGANIZATIONAL UNITS OF LOCAL GOVERNMENTS

Human resources management usually means general actions connected with having human resources at disposal performed to achieve organization's goals that are given strategic meaning. The term "human resources management" started to appear in literature at the beginning of 70s in the 20th century and gradually replaced earlier used terms like "personnel management". Human resources management is the set of activities of an organization aiming at obtaining, developing and keeping employees. It takes place within complex and constantly changing environment.

Main factors shaping human resources politics (according to B.Bińczycki) and the way of managing human resources in organizations of private and public sector are: employer status, Main legal basis of labour relations regulations, organization mission, business goals, organization service receiver's status, Employment reliability, establishing labour relations, employees assessment criteria, salaries, work ethics, financial resources management.

The exceptional role of communication processes in human resources management should be indicated in organizational units of local governments. There have been distinguished four different aspects of human resources management in which communication processes effectiveness has a key meaning:
- ▪ Employees assessment criteria
- ▪ Funds management
- ▪ Organization service receiver status
- ▪ Salaries

Table 1 summarizes the differences of selected determinants of human resources in the private and the public sector-

Table 1: Selected determinants of human resources management in public and private sector

Subject of comparison	Private sector	Public sector
Employer's status	Businessman (owner, company body, supervisory board, board of directors	Representative of national authorities, local government
Main legal basis of labour relations regulations	Labour code	Act regarding employees of national offices, local government, civil service
Organization mission	Achieving competitive advantage, shaping market position	Fulfilling collective society needs of public character
Business goals	The increase of the company value, company development, economic goals	Serving the public, the aim is public good
Organization service receiver's status	Client/consumer	Client (customer, inhabitant, citizen, tax payer) as subject of constitutional rights and duties
Employment reliability	The risk of losing a job connected with the company status in the market and its economic state.	Relatively high (strong influence of political life, media, pressure groups)
Establishing labour relations	Full freedom of methods and techniques of recruitment and selecting candidates	Competition proceedings, obligatory in civil service corps mostly defined by the legislator, discretion of the way of selecting recruitment techniques
Employees assessment criteria	Applying mainly economic criteria, e.g. the influence of an employee on the sales growth, employee's creativity is assessed	Legality principle of deciding is assessed (lawfulness), keeping deadlines of administrative tasks still little role of innovation
Salaries	Discretionary, established individually, pay as business cost	Pay defined by the law, pay coming from public funds
Work ethics	Business ethics rules and significant autonomy of organizations in creating them	High social expectations regarding ethical attitude of clerks, proper behaviour at work and outside of it, political correctness and impartiality required
Financial resources management	Significant role of business risk	Rigorous requirements of purpose and rational spending public funds, the act of public auctions

Source: Zawicki, M., Mazur, S., Bober, J (2004)

The first element emphasized during the study is the criteria for assessment of employees. Among the problems stressed by the surveyed, over half (54%) of units of local government employees indicate a certain lack of flexibility in remuneration (its value is determined by current law). Respondents indicate inefficient bonus schemes (43%) or unclear work assessment indicators (54%). The surveyed Local Government Organization employees often do not have access to information regarding the criteria for employee assessment (65%) or they find the assessment practices not corresponding to the specified criteria and being discretionary (32%). It can be concluded on this basis that the currently operating communication channels have a significant impact on the employee evaluation process - the problems indicated by respondents in large part stem from insufficient level of the official

system of information (i.e. evaluation criteria) and consequently, the excessive growth of the informal communication (discretionary evaluations).

Another aspect of human resources management in the units of local government discussed in the study is the management of funds. During the analysis of the test results, primary focus was put on aspects of communication and its impact on financial management. The respondents emphasized the lack of flexibility in the management of funds as the main problem affecting the quality and efficiency of work (60%). Employees indicate that there is a problem with public procurements, which impose additional responsibilities on them, related mainly to preparation of large amounts of additional documentation. The results also show that over 70% of employees in the first place pay attention to precise compliance with the legislative requirements, rather than promptness and efficiency of settling of the matter. It is also worth mentioning that more than half of the subjects (53%) utilize only the official communication channels in matters of financial management, which can be justified by fear of failure to comply with the legislation rigors.

The third of the analyzed aspects of human resources management in units of local government is the status of recipient of organization's services. The main problem with this aspect of governance is the bad habits of units of local government workers, associated with the approach to the customer (recipient) of the organization's services. The subjects (organization's clients) mention units of local government workers' rudeness (30%), lack of flexibility (41%) or lack of essential knowledge (33%). These results are in part confirmed by the units of local government employees themselves, of which over 30% (34) declare that they do not perform anything that goes beyond the applicable procedures for the current customer. It is also worth noting that a further 28% of the employees fail to perceive any connections between courteous treatment of customers and the effectiveness of their work.

The last of the discussed aspects of human resources management in units of local government is the problem of wages. Respondents indicate clear and transparent criteria for the calculation of salary (76%), which are based on applicable law. However, respondents claim that there is a lack of transparency concerning bonuses (43%) and a certain lack of flexibility regarding the allocation of bonuses and calculation of employment (45%). As the primary factor constituting the lack of flexibility, employees recognize the lack of association between the efficiency of their work, and initiative expressed and their salary(51%), which, however, is rather an element between the salaries and employee evaluation criteria.

To sum up, it stands to mind that the management of local government units differs significantly from management in business organizations. Its essence stems from its mission and goals as a public organization that is oriented at the public welfare.

The quality of local administration is determined by the workers' level of knowledge, their moral attitude, manners and intellectual condition. Thus, human resources management stands crucial for the functioning of the office and its task, and efficiency of communication systems greatly affects its effectiveness.

4.4. COMMUNICATION IN THE PERSONNEL MANAGEMENT PROCESS IN LOCAL GOVERNMENT ORGANIZATIONAL UNITS

Human resources management area encompasses, first of all managerial decision making and implementation of coherent measures, designed to ensure availability of necessary staff in quantitative and qualitative terms, in a specific place and time and efficient utilization of this staff in accordance with the mission and purpose of the institution.

Assessment of HR management in public administration units is not definitive. Some of the institutions, particularly larger offices, have already reached a high level. However, in most municipal and county offices rules, procedures and tools for human resources

management are very rarely used, which in turn raises issues of transparency in their functioning. The results show that slightly more than half of those surveyed 54% (units of local government employees in Silesian Province) indicate the usage of the term „human resources management" in their workplace, and implementation of HRM assumptions.

In many public administration units still remains a dominant approach oriented on personnel administration, not conscious management of HR. Many offices lack systemic solutions for human resources policy. Offices that decide to implement specific HR management tools, often use them inconsistently. Over 40% of respondents indicate lack of consistency in actions taken within the HRM, and 35% of units of local government employees consider that, in their workplace, HRM assumptions are not realized in practice at all. Moreover, the solutions applied in offices are characterized by relatively low level of standardization, which hampers both the exchange of experience and assessment of HR management efficiency.

The clerks generally have the qualifications necessary to perform their tasks. It is visible, however, that they lack the knowledge, skills and habits of teamwork. Respondents point out inefficient formal communication (48%) and the development of informal communication, which destabilizes performance of official duties (43%). As elements of informal communication destabilizing the work, respondents stress out unclear criteria for promotion and bonuses, which, in their judgment, are discretionary. Instead of human resources management, the system seems to be based on satisfying-the-emerging-needs basis. Also non-transparent mechanisms of recruitment, evaluation, and rewarding of employees are often mentioned in this respect.

Formalized systems of evaluation and promotion of employees in the Polish administration are used rather rarely, and in cases where these are applied, most commonly they are inefficient (54%) or unclear (43%). Policies of human resources development are also rather little disseminated (i.e. analysis of training needs is not carried out, periodic training plans are not produced, trainings are not being evaluated). In most western countries employees are obliged to raise their professional qualifications, and the offices are under the obligation to create conditions for such development.

4.5. COMMUNICATION IN SOCIAL PARTICIPATION AND STIMULATING THE DEVELOPMENT IN UNITS OF LOCAL GOVERNMENT

Social participation and stimulation of social development is the inclusion of non-governmental organizations, local business and civic initiatives, or less formalized civic groups in solving local problems and making key decisions concerning the local community. Social participation is inextricably linked with communication, especially with social communication. In fact it is a higher - in relation to communication - form of cooperation between public authorities and the residents and their organizations. Within the area of social participation and social development stimulation, the main challenges for offices are as follows:
- Ensuring effective two-way communication between the office and the citizen and the citizen and the office,
- Development of institutionalized tripartite cooperation between local authorities, non-governmental organizations and local businesses,
- Supporting of non-governmental organizations and civic groups in achieving the goals important to the local community.

The results of the subject study expose certain differences between the units of local government in the cities and municipalities. Studies conducted in urban areas show good or very good communication between the individuals and the surrounding environment (65%

recognize the communication as „good" or „very good"), and 18% as „moderate", whereas only 17% of respondents indicate insufficient quality of communication. The results look somewhat different for municipal units of local governments' - here only 30% of respondents perceive the communication with the office as „good" or „very good", and 42% consider it to be unsatisfactory. These problems probably stem from inappropriate systems of management and communication to the specifics of small towns, often due to complete disregard for modern management principles.

A particular challenge for the sphere of social participation and stimulation of social development pose the problems associated with the rural nature of the political subdivisions, particularly:

- Low profile variation of non-governmental organizations,
- Specificity of non-governmental organizations, which in addition to the fundamental statutory functions often perform additional tasks for the local community, which also should be identified and respected
- In rural areas an important role play civil initiatives arising in an ad hoc basis due to the infrastructure needs – these also must be included in the system of social participation,
- Traditional institution of rural meetings can be and should be utilized, as this is a well-known and very natural form of organizing the rural population and their participation in decision-making,
- A much bigger influence in the rural environment exert personal and neighbourly ties, which must be taken into account in modelling of action programs.

4.6. COMMUNICATION IN THE PROCESS OF FOSTERING OF ECONOMIC DEVELOPMENT

Fostering of economic development means taking actions, by public administrations, which affect growth in economic activity and employment. The effectiveness of measures to promote economic growth is strongly correlated with the overall quality of management in other areas of local authorities' activity. Moreover, the quality of management in other areas often has greater influence on economic growth than direct actions (e.g., well-developed community services can stimulate the local economy more effectively than promotion municipality). Behaviour of local authorities is subject to statutory requirements. Any activity that is not prohibited by law or has not been clarified by jurisdiction is considered as an additional burden on local authority officials and activists. Current economic policy at times bases on unplanned decisions or responses to the possibility of obtaining external funds. The knowledge gained in stimulation of economic development too often is lost upon changing the leadership team and replacement of current management staff.

Local authority units mostly are organized around a hierarchical management structure, which is typical of conservative form of administration. Studies show a strong hierarchy within the organization (68%) and emphasize the fact that it impedes exercise of duties (57%).

This hinders the possibilities of task-based function realization specific to the needs of economic development. There is a widespread lack of theoretical and, above all, practical knowledge in the field of fostering of economic growth and guiding cooperation between local authority units. Over 58% of surveyed units of local government employees indicate a difficulty of communicating outside of their organization and signalize communication stiffness as the root cause of these problems. It is worth mentioning at this point that a large proportion of respondents (46%) use informal communication in dealing with the clients or institutions, believing, and 38% of respondents claim that such communication speeds up the handling of administrative matters.

It seems that among the major challenges facing the Polish governments concerning improvement in the area of fostering economic growth we should include the following:

- Increasing the understanding of the mechanisms of economic development among institutions and individuals involved in local development activities
- Improving the ability to organize and manage the work of task forces (within the local government units, between them and between them and institutions and external organizations) – improving the communication process
- Ensuring relative autonomy of organizational units operating in the offices devoted to economic development –excess procedures reduction
- Allowing for organization's ability to self-learn. This is dependent on autonomy of internal structures, the quality of functional level communication in the office, the ability to create innovative structures defined by human potential which instead guarantees transfer, consolidation and development of knowledge and practical skills (appropriate age structure and the possibility of substitution at work, opportunity for team-work),
- Improving cleric skills in assessing their own investment projects and those carried out in collaboration with other local authority units,
- Improvement of mechanisms of vertical and horizontal cooperation, which conditions the effective territorial marketing (such as promotion of the municipality or county in cooperation with the Marshal's Office, under the postulates of strategy of regional development),
- Improving the skills of integrated development planning (spatial, economic, social and environmental planning),
- Improvement of the institutional and organizational structure of the local authority units in order to provide comprehensive services for entrepreneurs and farmers,
- Providing professional assistance to economic entities of the SME sector and farmers in meeting requests for financial aid, improvement of mechanisms for monitoring and evaluating the effectiveness of the aids.

It should be noted that both units of local government employees (59%) and their clients (72%), claim that an improvement of communication with or between units of local governments, is the most desirable change in units of local government functioning.

4.7. COMMUNICATION AND COOPERATION BETWEEN LOCAL AUTHORITIES

Area of cooperation between local authorities is seen as initiating, planning and implementation of projects in collaboration with other units of local government, and is a place where effective communication processes appear to be crucial. Cooperation between local government units may be visible in both economic and social areas - in the form of realization of joint socio-economic projects in the area of public services, such as through joint provisioning of municipal services or administrative tasks, in the area of project management in the form of a joint application for aid for the implementation of various projects important to the cooperating units. This understanding of the area means that its main distinguishing feature is the implementation of projects (undertakings) with the participation of more than one unit of public administration.

The belief of local governments that enhancement of the competitiveness of the municipality, county, region, is mainly based on creation of competitive advantages on commonly used local and regional resources and the creation of vertical and horizontal cooperation links between economic entities (including farmers) can be evaluated as insufficient. The key problem is the ability of local authorities to stimulate such links. The development of applied forms of cooperation focuses primarily on such issues as:

- Improving the efficiency and effectiveness of public service

- Increasing the local capacity of absorption of external funds,
- Improving the competitiveness of local and regional labour markets,
- Improvement of local economies

Local governments do not sufficiently recognize the benefits of cooperation - more than half of units of local government officers (52%) never implemented a joint project with another unit, and another 43% of surveyed claim that there are „communication problems" with other units of local governments. This results in a domination attitude of units of local governments where they compete with adjacent units. This is particularly evident in the sphere of economic development. The benefits joint public services with neighbouring local governments are also often overlooked.. Public administrations also approach the idea of joint application for external funding with caution. The results obtained in the study show that 62% of units of local government employees do not see any reason to submit a joint applications with another organization, if it is not absolutely necessary. Development of cooperation between units may be an important factor in improving the efficiency of public administration in Poland. Particular attention should also be given to the simplification of bureaucratic procedures and more emphasis should be put on development of cooperation and communication between the units of local governments. Employees of public administration offices often teeter between the requirements of law, morality, professionalism and organization. Sometimes these requirements come into conflict, which must be settled independently by the clerk.

To sum up, interpretation of the communication process in terms of the theory of systems is based on the belief that the general theory of systems can be applied in the analysis of the communication process. Referencing the main theses of the theory of the systems to units of local government, it is clear that in terms of interpersonal communication - the whole is more than the sum of the parts. It seems that the development and implementation of the communication system is a good solution for units of local government. An equally important problem is to increase the communication skills of individual employees and to reduce communication inhibition by changing the organizational structure of units of local government to a less hierarchical one.

In terms of the openness of the communication system - it seems that the most important confounding openness is a myriad of procedures that must be respected by the formal process of communication. Reducing the number of procedures, together with the mentioned reduction in the degree of formalization of the organization, can significantly improve the management system via the continual development of communication process.

5. CONCLUSIONS

Problems of organizational complexity and auto-regulation are basically encompassed by the two preceding paragraphs – reduction of the number of necessary procedures, simplifying and flattening the organizational structure will allow for faster and more effective communication, which will improve the functioning of units of local government.

Finally it should be added that these studies are only an introduction, indicating the problem, it appears, although, that a detailed analysis of communication processes operating in the units of local government and preparation of modern, relevant communication solutions, will significantly increase units of local government management efficiency, and thus, will improve the quality of their operations.

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Rafał Prusak

3.4 INCREASING THE VALUE OF INTELLECTUAL CAPITAL AS A RESULT OF USING RELATIONS BETWEEN ITS COMPONENTS

Summary: The paper presents results of research on the relationship existing between the components of intellectual capital. The starting point was the analysis of current views on intellectual capital presented in the literature. Taking into account basic priorities of research, and therefore need to examine the relationship between individual components and to determine the possibility of improving the intellectual capital management techniques, it was decided that the basis of the method will be clarified and expanded a three-part literature model, which consists of structural capital, human and relational. The individual components are detailed subareas characterize the essential functions of the company with a key importance for the state of intellectual capital in the enterprise. As a result of multiple testing performed it was finally decided to adopt the nine sub-areas, as a variant which on the one hand provide the required detailed studies on the other hand does not lead to the generation of large sets of values too difficult to interpret and lead to the formation of a indistinct proposals.

Keywords: intellectual capital, human resources, knowledge management

1. INTRODUCTION

Demands on contemporary enterprises are increasingly high and encompass the ever-wider range of areas. Contemporary enterprises are required to participate in the development of local societies, to be responsible for the state of the region and the country, and to care for the natural environment, the employees, social benefit packages, etc. The relations between contemporary enterprises and their environment are very complex and variable in time due to the turbulent nature of the market. Moreover, the process of extending the products by adding ever-newer functions or applications to them seems to be unstoppable. Customers' expectations are increasingly high. The customers are willing to be positively surprised and they want to have access to all devices required by them.

2. LITERATURE REVIEW

The consequence of the change in the relationship between an enterprise and its environment is the need for introducing new methods of managing organizations. The rush towards new solutions increases the role the human factor and intangible resources, in general. As Wriston stated (Wriston, 1992), a new source of values is not material; it is the information and knowledge put in the work that is used to create the values. Intellectual capital and knowledge become the basic sources for building competitive advantage. These elements are not, however, easy to be measured, described and characterized. Knowledge has a number of features that distinguish it from among all the other resources of an enterprise. The following should be primarily pointed out here (Karwowski, 2004):
- intangible knowledge that is difficult to measure,
- unstable knowledge that may disappear at any time,
- knowledge, in most cases, is embedded in the minds of employees who have the freedom of will,
- knowledge is not used up, but in the opposite, it increases as it is used,

- knowledge cannot be bought at any time, and often requires a long time to be collected, and
- knowledge cannot be used by different processes at a time.

According to the common view, knowledge becomes a priority productive factor and an important determinant of technological progress. This view is confirmed, for instance, by the successes of the knowledge-based economy, where (Garbryś, 2001):
- knowledge constitutes the most valuable resource,
- the highest competitive potential is possessed by products whose main component is knowledge,
- from among all production factors, human capital undergoes the largest changes.

The largest added value is created by companies investing into human capital and able to effectively use external knowledge sources.

Knowledge constitutes not only an organization's resource, but also its product. However, an enterprise, as such, has no possibility of creating knowledge. As stated by Baruk (2001), knowledge forms as a result of mental activities performed by each individual; therefore, its primary source is a human. Forlicz (2008), on the other hand, defines knowledge as a set of data about the surrounding world, which is collected by an individual. An enterprise has, however, the capability to influence actively the shape and scope of knowledge and does this through assuring its employees the appropriate working conditions. It is known that a stress and strain block the intellectual capacities of a human; whereas, in the state of relaxation, an individual is able to learn several times faster, more effectively and permanently, regardless his or her age. A paramount role in the process of expanding knowledge is played by organizational culture. Implementing new behaviours aimed at free knowledge, sharing by the members of the organization, the openness to changes and new skills, and promoting pro-innovative activities are among the activities that have the key importance to the capability to utilize the knowledge and its inherent potential. Nonaka and Takuchi (2000) point out to the fact that knowledge is created by information, which, in turn, is a stream of data, which provides a basis for creating a new knowledge that is its further expanding. At the same time, they divide the organizational knowledge into three basic categories:
- the personalized core of knowledge (explicit and implicit knowledge),
- the codified knowledge (documentation, reports, publications, databases, designs), and
- the established applied knowledge (processes, services, products, relations, technologies).

Closely related with the concept of knowledge and knowledge management in an enterprise is the intellectual capital. Some authors even consider these two concepts equivalent or attribute them to a human being. For example, Nahapiet and Ghosal interpret the intellectual capital as knowledge and the competency to acquire this knowledge, so they equate it with the sum of the knowledge of people assembled in a given organization. Olsson (1998) takes a very similar approach to this problem by stating that intellectual capital is created by knowledge and skills that individual employees contribute to the enterprise. A broader conceptualization, though generally in the same interpretative domain, can be found in the studies by Ulrich who perceives intellectual capital as being identified with the enterprise and the competencies of its employees, which are expressed through their way of thinking and working (Urlich, 1998). This author provides even a ready equation to describe intellectual capital, whereby the intellectual capital is the product of competency and motivation.

The approach to intellectual capital prevailing in the literature distinguishes, however, this concept from knowledge, while making the latter – incidentally, similarly as for human capital – just one of the components.

189

As Stewart (2001) states, intellectual capital is knowledge that enables raw material to be transformed into a more valuable one, thus allowing a specific financial value to be gained. The components of this capital are human capital (talents), structural capital (methodology, intellectual property, software, documentation, etc.), and customer capital (relations with customers). Steward clearly details three basic components of the intellectual capital, which can be classified into two groups: internal and external. The fundamental factor of an internal nature is undoubtedly human capital. The external factors are relations with the customers (also with the suppliers). Bukowitz and Williams (2000) perceive intellectual capital as the relationship between human capital, customer capital and organizational capital, which maximizes the organization's potential for creating a value. As intellectual capital components, Edvisson and Malone mention knowledge, experience, organizational technology, good relations with customers and any skills that may be used to build competitive advantage.

By subjecting the research results reported in the relevant literature to analysis it can be easily concluded that the consistent approach to intellectual capital is still missing. Individual authors present their visions and view, but there is no general agreement on what the intellectual capital is and how it influences the performance of an enterprise. No relationships between intellectual capital and other enterprise asset components − even so seemingly obvious factors as human capital − are indicated.

The intensity of the competitive contest is increasing. The growing number of market entities resulting from, among other things, the growth of globalization processes, makes it increasingly difficult for contemporary enterprises to distinguish themselves in the market. If a company does not have a brand that has been established by many years' existence in the customers' consciousness, it might be easily forgotten by the customer. To prevent this from happening, it will be necessary to identify and develop a unique capability, characteristic or a factor that would be specific to that enterprise only, and, at the same time, would be recognized by the customers as essential and significant from the point of view of satisfying their needs. Knowledge, relations and some structural resources, being classified as part of the intellectual capital, constitute an enormous potential that might provide the required uniqueness for the organization.

One of the basic problems related to intellectual capital is the issue of reliable methods for its evaluation. The difficulties in examining intellectual capital are associated with the features that characterize it. As Rowińska-Fronczek (2003) states, intellectual capital is characterized by:
- an immaterial form,
- non-measurability,
- uncountability,
- not allowing itself to be subjected to accounting appraisal,
- not undergoing wear,
- possible to be simultaneously used at many places and for different purposes.

3. CHARACTERISTIC OF METHOD

For achieving the basic goal of the study, the author's research method was used, which serves for the evaluation and development of the intellectual capital of an enterprise. The starting point was the analysis of the existing views on intellectual capital as presented in the literature on the subject, which was supported by the author's experience gained from working as an adviser to enterprises. Considering the fundamental priorities of research, there is the need for examining the relationships between individual components and determining the possibilities (resulting from those relationships) for improving the intellectual capital

management techniques. Therefore, it was decided that the base of the method would be the expanded three-part model, recognized in the literature, made up of structural capital, human capital and relational capital. Within individual components, sub-areas were identified, which characterized significant enterprise functions of key importance to the state of intellectual capital in the enterprise. As a result of multiple test studies carried out, the author ultimately decided to adopt nine sub-areas, because this variant assured, on the one hand, the required detail of the research and, on the other hand, did not lead to generating excessively large sets of values that would be difficult interpret and would result in drawing unclear conclusions. The intellectual capital structure assumed for the purposes of the research was as follows:

- human capital: the area of competencies, the effectiveness of human capital management, the sphere of human resources;
- structural capital: the sphere of investments in development, the effectiveness of administration, the quality of carrying out processes;
- the sphere of market relations: the assessment of the market situation, the effectiveness of conducted activity, the customer relation area.

It was assumed that the most appropriate format for expressing individual sub-areas would be percentage values. This assures high transparency of data and the ease of data interpretation, and enables the actual state of individual spheres to be readily determined. Achieving this goal was possible thanks to the created sets of elementary indicators, whose average value was used for describing the individual sub-areas.

Within the human capital sphere, 23 indicators were distinguished (the state of human resources – 6, the effectiveness of human capital management – 7, the area of competencies – 10); the structural capital sphere was described using 20 indicators (the sphere of investments in development – 6, the effectiveness of administration - 8, the quality of carrying out processes); and the sphere of market relations was described using 21 indicators (the assessment of the market situation – 4, the effectiveness of conducted activity - 10, and the customer relation area – 7).

In developing the set of indicators, the author used indicators both available in the literature and created by himself.
The study uses the following indicators:

a) *the state of human resources:*
  - overall movement indicator,
  - indicator of directional employment,
  - indicator of directional dismissals,
  - index of employment stability,
  - number of workers in an organization for a minimum of 12 months to the total number of employees during this period,
  - number of workers in an organization for a minimum of 60 months of total employment in this period,
  - ratio of average education to the duration of a full cycle of education,
  - number of employees with directional education to the total number of employees,
  - the effectiveness of human capital management:
  - relationship of total labour costs to the net value of production sold,
  - relation of wage costs, the net value of production sold,
  - rate of participation of non wages labour costs in total labour costs,
  - The index of labour non wages costs in relation to wage costs,
  - employee satisfaction index,
  - growth of the overall productivity of employees,
  - ratio of the average salary increase overtaking by an increase in average productivity,

b) the area of competencies:
- number of days per year allocated to the training per employee in relation to the approved baseline mean value (determined based on data from the last five years of activity),
- average degree of compliance by staff competence profile,
- percentage of employees meeting the competency profiles in excess of 50%,
- Expenditure on supplement of identified competencies gaps per employee in relation to the approved baseline mean value (determined based on data from the last five years of activity),
- The dynamics of productivity in relation to the dynamics of expenditures to complete the identified gaps in the competence of one employee,
- Dynamics of changes in the level of performance in relation to the costs of the dynamics of competence management,

c) the sphere of investments in development:
- index of investment outlays in relation to the volume of total sales,
- dynamics of investment in relation to the dynamics of workforce,
- investment rate,
- index of expenditure on training in relation to the size of total revenue,
- ratio of expenditures on training in relation to the size of the profit,
- dynamics of training expenditure in relation to the dynamics of the number of employees,

d) the effectiveness of administration

e) index of investment outlays in relation to the size of administrative costs,
- ratio of expenditures on training in relation to the size of administrative costs,
- change of average time of the administrative functions,
- volume ratio of administrative costs in relation to the size of total revenue,
- volume ratio of administrative costs in relation to the size of the number of employees,
- effectiveness of the execution of contracts,
- rate of computerization,
- dynamics of the number of actual errors of functioning of the systems,
- dynamics of system maintenance costs,

f) the quality of carrying out processes:
- dynamics of the average duration of the complaints procedure,
- efficiency index contracts because of the required knowledge,
- indicator of process improvements,
- share of customers who have gone to the company from its competitors in the total number of clients,
- index of lost customers,
- number of new contracts acquired through the newly acquired knowledge in relation to the total number contracts,

g) the assessment of the market situation:
- degree of fulfilment of key success factors,
- attractiveness of the sector,
- activity expressed as bargaining power,
- risk of new competitors or substitutes on the market,

h) the effectiveness of conducted activity:
- return on assets,
- return on equity capital,

- return on invested capital,
- weighted average cost of capital,
- gross profitability ratio,
- dynamics of total revenue in relation to the dynamics of the number of employees,
- dynamics of goodwill,
- dynamics of total revenue in relation to the dynamics of the value of machinery and equipment,
- dynamics of profit in relation to the dynamics of the value of machinery and equipment,
- dynamics of profit,
- dynamics of changes in market share,

i)   and the customer relation area:
- dynamics of the number of new customers,
- rate of change of customers,
- growth rate of revenues from the cooperation with new clients,
- ratio of income to work with new clients,
- dynamics of the number of co-operators obtained,
- change of average length collaboration with the co-operator,
- the dynamics of total revenue in relation to the dynamics of the number of customers.

Based on the assumed set of indicators, a sample of 70 enterprises was tested. The results of this stage of analysis made it possible to examine the extent of relationship between individual spheres, as determined using Pearson's correlation coefficient. The aim of this operation was to examine possible relationships and interactions that might provide the basis for the process of inference, as well as the detailed analysis of the intellectual capital structure. The calculated correlation coefficients are presented in Table 1.

From the obtained results it was found that, relationships occurred not only between the elementary components making up the three main spheres of intellectual capital, but also between the components representing different areas.

A vast majority of the relationships found had, however, an unclear nature. All of the areas subjected to analysis have a positive effect on size of enterprise performance effects. Their improvement leads to higher effectiveness in carrying out processes in the enterprise due to a reduction in staff fluctuation, an increase in customer satisfaction, better selection of the means of promotion, etc. So, relationships between individual components do exist, though, in many aspects, it is hard to precisely describe the mechanisms or causal relationships that drive them, due to their unclear character.

4. ANALYSIS OF THE RESULTS

From the point of view of the research goal undertaken, particularly interesting are relationships occurring between components representing different areas of intellectual capital. Indeed, these show an additional potential for searching for the synergic effect within the enterprise management processes. Particularly distinct relationships were found to exist between the sphere of investments in development and the effectiveness of human capital management, as well as between the quality of carrying out processes and the assessment of the market situation. In the latter case, the attempt to explain the causes of this state is, to some extent, easier. The more efficient carrying out of processes leads to a better customer service and minimizing the losses due to the small number of defects, which results in more complete meeting the key success factors, increasing the competitive advantage and greater resistance to the adverse influence of the substitute product sector. The mechanism relating

the effectiveness of human capital management to the sphere of investments seems to be more complex. The causes of its existence can be searched for in two main areas, at first, in good management. Its consequence is undertaking broad planning and investment activities, as well as deep understanding of the role and tasks of the human factor. Achieving satisfactory financial results requires the proper carrying of out of tasks within all management areas. The second likely cause is a mechanism, whereby the competencies of employees are, so to speak, 'pulled' by the developing technology and organizational solutions. For example, newer manufacturing methods may require people with a wider range of knowledge and appropriate experience allowing them to use efficiently the enterprise's resources made available to them. So, intensively growing enterprises are, in a sense, 'compelled' to care about the state of possessed human resources.

Table 1: Summary of correlation indices for the adopted components of intellectual capital

| Sphere	Sub-area	Area of competencies	State of human resources	Effectiveness of human capital management	Sphere of investment in development	Effectiveness of administration	Quality of carrying out processes	Assessment of the market situation	Effectiveness of conducted activity	Customer relation area
Human capital sphere	Area of competencies	1,00								
	State of human resources	0,51	1,00							
	Effectiveness of human capital management	0,16	0,45	1,00						
Structural capital sphere	Sphere of investments in development	0,20	0,30	0,48	1,00					
	Effectiveness of administration	0,05	0,23	0,34	0,41	1,00				
	Quality of carrying out processes	0,06	0,32	0,03	0,07	0,35	1,00			
Market relations sphere	Assessment of the market situation	0,20	0,04	0,13	0,07	0,29	0,47	1,00		
	Effectiveness of conducted activity	0,21	0,05	0,06	0,15	0,21	0,27	0,47	1,00	
	Customer relation area	0,29	0,13	0,06	0,10	0,05	0,10	0,05	0,41	1,00

Source: The author's study

The identified relationships between the examined components allowed a discussion on the structure of intellectual capital to be taken up. Intellectual capital is a kind of conglomerate, being made up of different, often apparently mismatched or unrelated elements. The effectiveness of its use is determined by the relationships between those elements, and actually the ability to identify and utilize them. These relationships determine the level of an enterprise's performance level, its market position, and the existence or non-existence of competitive advantage. They allow better and fuller understanding of the notion of intellectual capital, the integration of the concept of its management with the strategic bases of the enterprise's existence. Finally, it is their existence that makes it possible to discern the effects of using the intellectual capital, and thus to reduce the level of its abstractness and to see its practical dimension. By the identification of these relationships, areas with interactions were indicated. So, the potential for intensifying the intellectual capital by using the identified relationships between individual components was shown. This, on the

one hand, allowed the intellectual capital structure to be illustrated in a greater detail and, on the other hand, enabled fuller and broader understanding of the role played by the organizational capital in an enterprise.

Based on the analysis of the relationships between individual components of intellectual capital, a model was created, as shown in Figure 1. The basic criteria for the location of individual components were their belonging to one basic group and the calculated correlation coefficient values. In making the graphical presentation, the author chose to use the shape of a polygon that allowed the identified relationships between individual elements to be represented in a clear manner. This shape of the model allows also, in the case of examining individual components, a ready visual evaluation of the state of specific elements and the magnitude of their interaction.

Figure 1: The model for the evaluation of an enterprise's intellectual capital
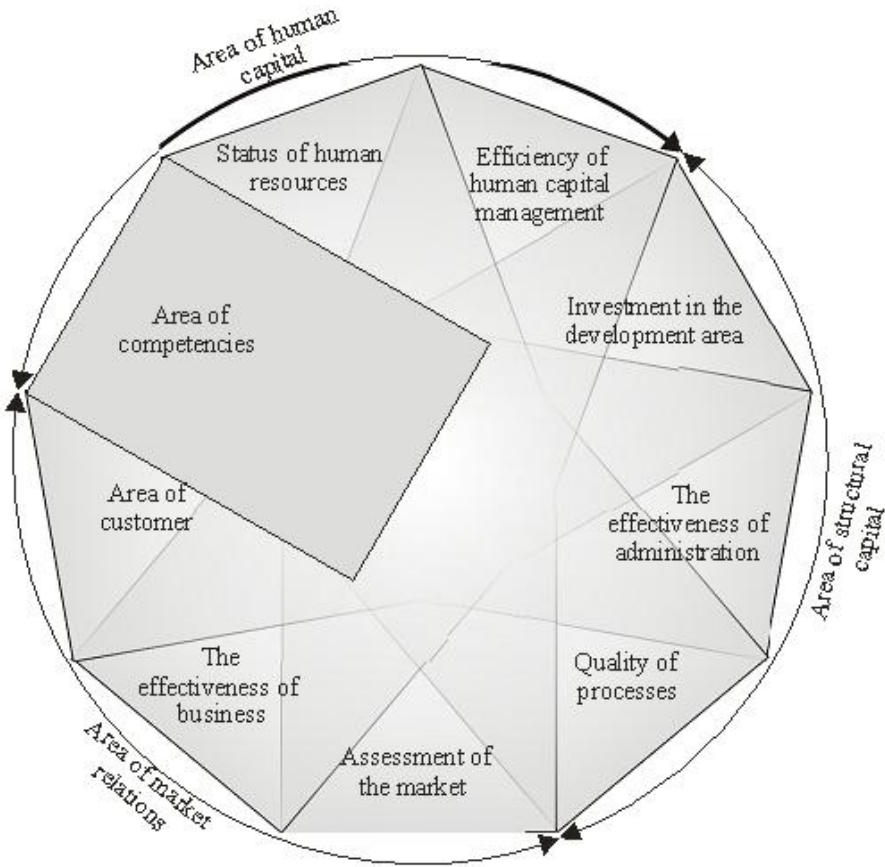
Source: The author's study

The research carried out has identified major elements that pose most problems to enterprises in the sphere of competencies. These include primarily inconsistence in undertaking activities, manifesting itself chiefly in lack of synchronism between the competency management system and the other personnel functions, such as, for instance, failing to consider the system-defined requirements in the recruitment and selection process. The consequence of this is the need for incurring additional expenses on filling gaps in the knowledge of employees, and the low level of meeting the work post profiles by the employees. Moreover, lack of skills in the area of effectiveness assessment of undertaken development processes is found. The inspection of training effects is often too general, being based on simple one-off questionnaire surveys that do not provide reliable data for analyses. In addition, the examination of the current job potential of employees is in many instances conducted in an unplanned and non-

systemic manner based on the opinions of superiors or ineffective methods not matched to the realities of enterprises. As a consequence, the development of employees in many cases takes place in a chaotic manner, and the selection of individuals for training programmes is controversial. The basic cause of the majority of irregularities found in this sphere was aiming at minimizing the system costs. The care about the shape of the economic outturn account of an enterprise should be one of the basic tasks of the managerial staff. However, excessive saving on development programs curtails the competency management system's capability to function, and in extreme cases, it totally distorts the sense of existence of such a system, limiting it exclusively to recording in documentation and taking periodical activities spurred solely by arising current needs. Table 2 shows the distributions of values obtained for particular indicators.

Table 2: Distribution of indicator values

Specification	1	2	3	4	5	6	7	8	9
The average difference	5,45%	5,89%	5,91%	7,76%	8,11%	6,23%	6,64%	7,07%	9,43%
The smallest difference	0,17%	0,07%	0,03%	0,25%	0,23%	0,18%	0,01%	0,19%	0,28%
The biggest difference	17,01%	19,26%	18,29%	20,76%	21,61%	18,79%	25,76%	19,79%	26,23%
Median	4,86%	5,48%	5,24%	6,50%	7,20%	5,73%	4,30%	5,86%	8,59%
The standard error	0,49%	0,50%	0,56%	0,66%	0,67%	0,62%	0,77%	0,68%	0,75%
The standard deviation	4,11%	4,16%	4,62%	5,48%	5,54%	5,14%	6,44%	5,65%	6,24%

Legend: numbers indicates relations between:
1 - the area of competence and sphere of human resources,
2 - sphere of human resources and the effectiveness of human capital management,
3 - effective management of human capital and investment in the development sphere,
4 - sphere of investment in the development and efficiency of administration,
5 - administration, efficiency and quality processes ,
6 - the quality of processes and to assess the market situation,
7 - assessment of market conditions and the effectiveness of their business,
8 - effective area of the business and customer relationships,
9 - the area of customer relations and the area of competence.
Source: The author's study

As a result of detailed research carried out in the sphere of human capital management effectiveness it was found that, *inter alia*, the labour costs in the majority of enterprises constituted a significant element of the economic account. The basic factor was pay costs making up, in extreme instances, about 80% of the total labour costs. This structure shows clearly that a considerable part of the entities under study allocated small sums to the development of employees and the incentive system. If social insurance and labour fund contributions being obligatory to enterprises, as well as the health and safety costs making up on average approx. 17%, are taken into account, then it will be easy to demonstrate that a mere 3% are left for the remaining labour cost components. This small figure would usually prove to low for assuring the effective management of human capital. The lack of resources for basic activities, such as the shaping of organizational culture, training or an incentive scheme, was reflected in the relationship of the pay level change dynamics and the productivity dynamics. The pressure by employees and by trade unions representing them resulted in an increase in the pay level that was not justified by the corresponding increase in individual productivity that would lead to increasing the enterprise's performance. Paradoxically, in spite of increasing the pays, no increase in the satisfaction level among the employees was observed in those enterprises. Too low expenditures on the other personnel functions and the resultant impairment of human resource management did not allow the

comprehensive and effective influence on the employees. This situation created a 'vicious circle' effect in several enterprises, leading to a consistent increase in labour costs and a decline in the economic effect.

A basic problem identified within the sphere of human resources was, occurring in many instances, high staff fluctuation reaching 30% per year in the extreme case, with a medial of 13.7% for the total sample. The high rotation of employees is a factor with a destructive effect on the organizational culture, employees' morale, or the process of transferring knowledge and experience between generations. This is also indicative of the existence of irregularities in the enterprise management sphere, not only within the human resources. The trend continuing for a prolonged time significantly hampers the strategic planning processes; it also adversely affects the operational activities (e.g. causing disruptions in the production process, possible misunderstandings in relations with cooperating parties, difficulties in the synchronization of team member operation, etc.). Particularly adverse in this aspect is leaving of the enterprise by employees whose service period exceeds 2 years. Those employees have already attained a certain level of stabilization and in many instances participated also in a training process. As the enterprise has invested financial resources in these employees, with their departure it will lose the possibility of gaining profits from processes carried out. The fact that also attracted attention during the course of the research was a low share of workers with principal education in the population of employees. An additional analysis found two reasons behind this situation. First, the representatives of the managerial staff pointed out to the low effectiveness of the education system leading to the provision of graduates to the labour market, who did not have adequate competencies. Secondly, they indicated the actual skills of a candidate as the key criterion in recruitment and selection processes. It seems, however, that this issue is much more complex, and its analysis would need to additionally consider factors, such as: the efficiency of recruitment systems, the ability to assess the candidate, and the ethics of selection decisions.

The research within the sphere of investments in development showed the occurrence of certain stratification in the population of enterprises under examination. The distribution of data showed that the result concentrated around the minimum and maximum values. So, enterprises use two basic investing strategies: limited investments resulting from the current needs, and extensive ones correlated with long-term strategic planning. The strategic variant used resulted primarily from the specificity of the industry in question and the economic standing of the enterprises. Development through extensive investments is always associated with a risk that must be minimized by observing advantageous market trends, reported customer needs, or financial results. A considerable group of enterprises renounce processes of a developmental nature to concentrate solely on satisfying current needs or those foreseeable in a short time-frame. From the point of view of intellectual capital, such activities are insufficient. It is necessary to plan, make attempts to predict future events and to commence beforehand adaptation processes. Indeed, short-term adaptation activities are concentrated chiefly on spheres of basic importance, leading to the omission of a number of elements seemingly minor and little significant, but actually providing a bond between different spheres, thus contributing to the occurrence of a synergic effect. Low investment outlays were found not only in the area of subjective resources, but also within human resources. The level of training costs in some instances was very low of up to a few thousand zlotys with an employment level of above two hundred people. The assigned sums were obviously to low to actually contribute to the increase in the value of human capital and, as a consequence, also intellectual capital.

5. CONCLUSIONS

Based on the research results, three elements were identified, which were responsible for the largest number of irregularities in the sphere of administration. First, this was a large number of mistakes resulting from disruptions in communication systems. In part of the enterprises information channels are unnecessarily complicated and blocked. Considering the fact that each successive element of the information transfer chain might contribute to the occurrence of distortions in the transmission, attempts should rather be made to shortening the channel to a minimum by connecting to it exclusively those entities that are really necessary. The second group of irregularities related to the inefficient use of information systems. Workers in part of the enterprises did not have skills that would enable them to fully utilize the potential of IT solutions available to them. This resulted from the incorrect conducting of training processes, but also from the lack of constant inspection that could reveal any irregularities. The inability to utilize the available resources led to increasing the duration of particular activities and, as a consequence, to a reduction in the number of administrative activities completed in a unit of time. The third are of occurring mistakes was the sphere of complaints. Part of the entities under examination did not fully use the potential lying in complaint documentation and did not have a system that would allow them the efficient identification of the causes of occurring defects or non-conformities. Thus, the period of devising and implementing corrective actions elongated, exposing the enterprise to the risk of occurrence of an increased number of irregularities of this type.

The research showed that the average degree of meeting the market profile in the enterprise population under study was 48.31% with a median value of 45.75%. So, the majority of enterprises have problems with adjusting themselves to the market. It should be noted, however, that the adopted research methodology considers results above 55% as good, while those exceeding the threshold of 65% as indicating a very good adjustment to the market needs. Nearly half of the results lay in the medium sphere, which is in the range from 45% to 55%, with a maximum of 60.5% (the spread of the sample was 22.5%). Similar results were obtained in the analysis of the level of attractiveness of the sectors in which enterprises are active, where a distinct concentration of values was observed in the low and medium spheres (the three fourths of the results lay in the range from 44.25% to 57.94%, with a maximum of 66.5%). In spite of taking into account long-term factors, the sector attractiveness assessment indicator considered in the research was also based on the part of the values describing the current state of the environment. So, its value is intentionally sensitive to sudden and unexpected events arising in the market. Thanks to this, a better picture of the actual potential of an enterprise is obtained, which provides more solid bases for development activities within the intellectual capital. An important factor influencing the value of the calculated market situation assessment indicator was the substitution threat. This is one of the market areas that pose serious problems to enterprises because of the slight possibility of counteracting. Using promotional or awareness campaigns for customers might reduce the interest in substitutes; however, the specificity of the contemporary market and customers being accustomed to having wide possibilities of choosing usually make any preventive actions doomed to failure in the long run.

The analysis of the results obtained within the customer relation sphere has distinguished three basic groups of enterprises. A large share of regular customers, exceeding in some instances 90%, characterizes the first group. This customer structure assures a normalized level of incomes, and the relations strengthened by many years of cooperation allow the number of misunderstandings and non-conformities to be reduced to a minimum. In the long run, low activity in the sphere of acquiring new purchasers might contribute, however, to a significant worsening of financial results (especially in the case of losing a strategic customer

of a significant share in the total sales). The second group of enterprises is characterized by high customer rotation. A majority of the contracts are concluded for short terms or even on a one-off basis for a specific order. The consequence of this customer structure were observed fluctuations in incomes – aside from the periods where the financial outcome dynamically improved, there were periods of declines. In addition, the profit enterprises were also affected by the costs of acquiring new customers being disproportionately higher than the costs of retaining the regular customer. The third group of enterprises was characterized by a division into regular and new customer being close to equal.

The introduction of intellectual capital management system requires a long-term management, which one of the pillars is development and innovation. This does not mean that companies, which do not fulfil these conditions, cannot introduce the system. The preparatory period in their case will, however, much longer. It may be necessary to adjust the organizational culture, methods of work organization and management techniques.

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3.5 SELECTED ISSUES OF WORK POTENTIAL MANAGEMENT IN THE ASPECT OF ORGANIZATIONS DEVELOPMENT

Summary: Current companies operate in highly changeable conditions, featuring with high competition or high changeability of the internal and external surrounding. Such situation forces the companies to take actions, which provide the survival and development on the market in closer and further time perspective. At first, it refers to the activities connected with the human resources management, in the understanding of the assumption that human resources comprise the basic factor, which provides the company with the competitive advantage on the market.

The purpose of this article is to present the selected concepts and methods which may support this type of action and which contribute to the possession of human resources with appropriate competences or to shaping proper work relations.

Keywords: participation, management, human resources, work system, work environment

1. ORGANIZATION DEVELOPMENT BASED ON CURRENT HRM CONCEPTS

The turbulent industry development in the second half of the 19th century caused the dehumanization of work organization systems, which affects the twentieth century strongly. It is not surprising then that the work was perceived in the category of an unpleasant necessity, compulsion, rebel or resignation, the biggest expression of which became the existential philosophy. The dramatic phrase of A. Camus that "…the work is the biggest humiliation which the human being may meet…" surely became the impulse to revise the views connected with the work issue in the direction of rehumanization. A lot has changed since then. The productivity increase has become possible without the necessity of burdening the human being with its price. This process is getting stronger and is becoming a more and more important element of modern management systems. High quality of life treated currently as a priority of proper economic development is the superior purpose of the rules of permanent, balanced development, formulated by the economists and the governments, being the stimulator of economic and social growth, which is not antagonist towards the rights of nature. A significant element of life quality comprises high quality of professional life, which depends on the quality of conditions, which the organization creates for its members in a big extent. It is so because work is one of the basic ways of realization and satisfying the life needs for the majority of people.

New management paradigms show new deepened, conceptual approach to the issue of organization design, ruling, relationship restructuring in the post-bureaucratic era and culture, vision, adaptation, which takes advantage of the theory of quantum mechanics, complex adaptation mechanisms, game and chaos theory. They refer to such transitory concepts as spirituality in management, work place democratisation, freedom of knowledge flow, delegating the rights to employees, together with internal justice administration, taking care of the needs of all interested parties and not only of the need of shareholders and "profit maximising for all price (Grudzewski, et al., 2010, p. 303). This concept means the change of the organization forms, which are concentrated on investments in the human capital development, providing long-term functioning ability, employees' satisfaction, and awareness of the corporate social responsibility and generating proper social capital (understood as the creation of trust and mutual tolerance).

Long-term studies in the scope of management knowledge are likely to be conducted over different spiritual factors (spirituality) affecting the processes connected with handling in different stressful situations on which the employee is imposed at the work place. The researchers presented the concept spirituality model taking into consideration the opinion of a given person about their well-being in respect to other emotional, social and physical factors. For instance, people who have high hope level tend to find the point and benefits in the context of difficult or dramatic events (Lathman, Ernst, 2006, p.194).

The managers have to come from the transaction management to the transformation one using the talents of informal organization leaders developing their visionary skills, abilities to inspire, stimulate, manage in the team and their training (Hejduk, 2011, p.10).

The employees' motivation is strictly connected with the organization leaders. In respect to more and more transitory, unsecure and complex context arising from future forecasting providing the effective motivation for highly educated, competent employees in global, differentiated organization cannot be based only on one leader or a small group of senior management. Being a leader will result from dynamic processes, will consist in collective work of the organization members in order to indicate the directions of actions, creating the engagement and cooperation. Regarding the complexity, insecurity of external organization surrounding, being the leader should mainly consist in collective activity of the organization members in order to indicate direction, creating engagement and creating cooperation (Latham, Erst, 2006, p.191).

Perceiving the human resources as a particular type of product in the internal market means the necessity to shape the employer branding at the level of human resources management (Ścibiorek, 2010, p. 47).

The excellent example is the company Timberland, which created its reputation not only on the quality of its products but also on the engagement in cooperation. The company is involved in numerous programmes which support environment protection and human rights. 75% employees in Timberland said in the survey that they would choose the company again and 79% said that the company reputation was decisive while taking the job. It presents the new way to HRM as a factor leading to profits by focusing on the employee as an internal customer (Cardy, et al., 2007, pp. 140-151).

The social dimension of the organization functioning, directed towards the most important resource of each of them i.e. the employees is properly organized by the company SAS Institute. The competitive organization producing the software created the holistic and balanced work environment focused on employees. *"...the company SAS assumes that 95% of its assets leave the front gate every evening. The leaders' task is to cause that they will come back to the company with the use of the same gate the next morning"* (Florida, Goodnight, 2007, p.182). This organization pays specific attention to its employees' health and the problems of balance between work and family life. The feeling of social responsibility towards internal interested party is regarded to be an important aspect of good management practices.

The company possesses the gyms with the area of 3,300 square meters and the football and softball pitches. Social coordinators support the employees while creating individual programmes in favour to protect their health. The management philosophy is based on the assumption that all possible problems, which could disturb the employees' work, should be always removed. The unit specialising in giving all kind of assistance connected with the organization of the employees' family life (help to find the care for elderly parents, help to choose school for a child) works in the company. There is a kindergarten at the area of the company where the employees' children together with their parents can have lunch. Additionally, the employees as well as their families may take advantage of the healthcare

centre, basketball pitches, swimming pool, gym which are located at the territory of the company.

The management system in the described company joins the creativity and productivity, flexibility and the profitability and hard work, which does not exclude family life (Jones, 2003, p. 17 – 31). Work environment modelling is expressed in the authentic discouragement of employees to work over seventy hours a week and the motto repeated by the general manager sounds: *"...after eight hours of work you probably only multiply the mistakes."* This organization implements good practices concerning creating the egalitarian work culture in which there is not artificial division into creative and uncreative employees as *"...everybody plays in the same team and has the same objective to deliver the outstanding products"* (Florida, Goodnight, 2007 p. 182-186).

2. THE SYSTEM HUMAN BEING – WORK IN THE CONTEXT OF CREATING THE ADDED VALUE IN THE ORGANIZATION

The advantage of the modern global economy is *flexibility*, which is expressed in the production methods, work organization, employment forms. As Latham and McCauley noticed, the significant changes have been occurring in the work place since the last century. Applying the electricity in the production process made it possible to employ human beings for 24 hours a day regardless of the low temperature outside. Development of air-condition in the middle of the 20th century made it possible to develop the activity of companies in the regions where people may work effectively and efficiently despite the heat outside. In the end of the 20th century the result of changes in the work place was the development of virtual offices, employees' teams, or companies (Latham, Ernst, 2006, p.190). Thanks to the development of information and telecommunication technologies, computer popularisation, flexibility has started to refer to the work place itself. The companies demand for *Flexible Time Management* (Malara, 2006, p. 171) is connected with the need to use the working time of machines and devices productively, optimal use of organization potential depending on the economic situation fluctuations, idea of creating new needs and consumers' habits. Permanent changes n the product and service markets connected with the quality requirements contribute to the creation of more and more effective labour means, more and more flexible and reliable production methods. The development of production process automation seems to be a blessing as it solved in big extent the problem of alienation at work by moving the employees from monotonous, repetitive actions which are performed by the machine. Nevertheless, information technologies, changes in the work time organization generate new forms of dehumanisation and alienation at work. They comprise permanent stress, work dehumanisation caused by the necessity to communicate in the work process mainly with the machines and not other people. Moreover, the insecurity of overtime work, „work at call" are the factors causing stress connected with the work time organization. Work features may improve or act destructively both on the employees' wellbeing as well as physical and mental health. Although the productivity is often discussed from the economic point of view, the employees' satisfaction and engagement, their health arising from the peculiarities of the work place are the factors which determine the efficiency of the system human – work in big extent.

The health and work condition each other. The work environment, the system human being – technical object – surrounding is the determinant of the life quality including widely understood health. The situational factors connected with the work such as work conditions, balance between work – family life, the possibility to regenerate strengths, forms of work organization constitute an important pro-health factor. The work environment, which is not shaped correctly, may contribute to the increase in the stress level a work specified as the

effect of three factors: too little influence on the work process, too high requirements, no help and support from the managers.

The consequences of stress and frustration both in the psychological sphere and the physiological one may lead to the diseases of circulation system, alimentary system, immunological one, nervousness, irritability, fear, back muscles stiffness, frequent headaches.

The results of the tests carried out by the Institute of Occupational Medicine show that there is a correlation between the stress at work and the occurrence of different diseases e.g. between the perceiving of disturbed social relations, feeling the lack of control at work and the incidence to the ischemic heart disease, the connection between the feeling of psychic burden of work process and the chronic duodenal and gastric ulcer disease and such psychosomatic symptoms as migraines, sleeplessness, fear was proved. Another extremely serious consequence of the stress at work is so called "karoshi syndrome" meaning sudden occurrence of disease symptoms, which are dangerous for life (stroke, heart infarct) in result of quality and quantity work overload (Kasperek – Golimowska, 2009, p. 140). The risk factors, which may cause the person's health loss in the work environment, comprise:

- Overtime work or irregular work hours (frequently shift work);
- Too big psychological and physical overload with the work process, adaptation to frequent changes, quantity work overload, too big number of tasks, uneven or imposed pace of work, work under time pressure, sudden accumulation of tasks or the compulsion to perform a few various tasks at the same time, significant physical effort which is often required;
- Too big work intensity, quality overload of work, excessive difficulty of tasks enforcing the creativity, requiring permanent professional self-development, concentration, big material liability, awareness of the consequences of the made mistakes;
- And too big frequency of business trips (e.g. the necessity to change time zones, especially when the difference amounts to over 5 hours), no time and conditions to relax except for work, no balance between work – life;
- And of course physical factors of the work environment.

The statistics confirm that the extended work time is required from the employees in many countries. Long work time causes disease complaints, both of psychological and physiological character, and they disturb family life. The disturbed ability to relax in the correlation with the increased blood pressure and coronary heart disease refer to work of over 50 hours a week. The real extension of the work time (appearing quite often with its formal shortening in the last twenty years), work interfering with the family life, extension of open and close overtime, over-activity as the form of dedication and engagement in the organization matters and the strong orientation towards professional success constitute ones of the main factors comprising the conflict work – life. It is confirmed by the OECD analysis referring to the level of life in Poland. The average life expectancy is four years shorter in Poland than typically in OECD. The Poles work 1966 hours a year on average i.e. much more than the average for the whole organization which amounts to 1739 hours[6].

In the subject literature, it is possible to find the arguments confirming the necessity to promote the health in the workplace in order to avoid so called ineffective presence at work. P. Hemp assesses that "presenteism" lowers the employee's productivity by about 30% which according to the estimations generates higher costs than the employee's absence. It is unnoticed in comparison to the employee's absence. The reasons for this phenomenon, i.e.

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[6] Compare
http://biznes.gazetaprawna.pl/artykuly/517045,indeks_oceny_jakosci_zycia_oecd_polska_to_sredniaczek.htlm
information of 16th September 2011.

ineffective presence at work, are not serious illnesses both chronic ones as well as the ailments occurring only once such as headaches, spine aches, depression, migraine, gastric – intestinal disorders, seasonal allergies, asthma, arthritis. These ailments influence on the work rate, the employees work more slowly or restart the begum tasks as well as on the work quality, the mistakes are more frequent and their consequences are more serious. The most popular symptoms of presenteism comprise the tiredness, irritation, lack of concentration and physical ailments making the performance of work more difficult. The data published in "Journal of the American Medical Association" specify the costs of decreased work productivity in the case of depression for about 35 billion dollars a year and in the case of strong aches such as migraines, spine degeneration and arthritis for about 47 billion dollars a year. At the same time, W. Steward calculated that this problem generates the losses of about 150 billion dollars a year. Thus, health care, safe and friendly work environment refer to widely understood prevention and health promotion in form of health education, preventive examinations and common medical advice, which in final balance costs less that the losses generated by presenteism (Hemp, 2005, s.128-137).

The next argument constitutes the Herzberg hypothesis supported by Parker and Wall, which says about the influence which the work may have on the health. The prestigious work may more often lead to psychic depression and heart diseases. These unprofitable effects may be minimised or eliminated thanks to the introduction of autonomy in the work place, employees' participation in taking decisions and the ability to acquire new skills (Parker, 1998, p. 69).

3. EMPLOYEES' PARTICIPATION AS THE APPROACH FACILITATING WORK PROCESSES

Present economic reality, which features with high changeability of the external and internal surrounding, makes each organization adjust constantly to these challenges in order to be able to operate and develop in closer and further future. The changes in the surroundings may result from internal factors (changes in the development strategy, changes of the employees' attitudes, changes arising from the changes of social and cultural values) or internal factors (competitiveness of other organizations, changes in the law, new production techniques). The result of this is the necessity of permanent organization improvement by introducing differentiated amendments. Persuading the organization employees and in the same time overcoming the resistance against these changes comprises one of factors enabling introducing these changes.

Employees' participation in planning and introducing organization changes is a method to overcome this resistance, which makes it possible to understand their reasons and thanks to it, decreases the feeling of insecurity or the feeling that personal interests and interpersonal relationships are endangered. It can be realised thanks to so called employees' participation i.e. the employees' engagement in the organization management. Employees' participation may have two forms – indirect or direct (including also the union) participation.

The first of them – direct participation (so called democracy at the work place) – constitutes in personal employee's participation in different kinds of decisions, which refer to their impact on work place and processes. The forms of such participation comprise:
- Consultative style of power exercising,
- Examining the employees' opinions,
- Staff meetings,
- Group and team forms of employees' remunerations,
- Flexible work time,
- Cafeteria remuneration plans,

- Task restructuring (work process enrichment and extension),
- Quality teams (cooperation between employees and managers in order to improve work quality and conditions).

The introduction of organizational changes in the company requires at first the consulting style of power exercising in which the manager and the employee will try to agree and introduce necessary organizational changes. It is particularly important because both parties are subject to negative effects of organizational changes. The employee has lower psychological resistance, his creativity and adjusting abilities fall, becomes aggressive, or loses trust towards his superiors and organization. On the other hand, the superior has to show greater initiative, flexibility, and entrepreneurship or take actions which minimise the effects of changes and create new conditions of organization operating after organizational changes.

It is necessary to stress that the employees may also be involved in the process of organization development during staff meetings (among others informing about reasons and effects of changes, common discussion, explaining of employees' doubts) and also by examining employees' opinions (obtaining information about employees' fears or their suggestions).

The second form – indirect participation – is subject to the participation of employees' representatives in the process of company management by:
- participation of the employees' representatives in the work councils,
- participation of the employees' representatives in European work councils,
- participation of the employees' representatives in the bodies of company management e.g. company supervisory board,
- participation of trade unions in company management so called trade union participation.

Work councils constitute the first possibility that the employees have influence on the process of organization changes in the company. The issue of work councils functioning is regulated in the Act on Informing Employees and Consulting with them of 7th April 2006 (Journal of Laws, 2006, item 550). The act is a derivative of the Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community.

The act assumes the possibility to appoint work councils in the companies employing at least 50 workers. The employer – pursuant to article 13 and 14 of the Act – is obliged to inform the council about:
- the employer's activity and economic situation and the amendments assumed in the respect of changes,
- the employment condition, structure and expected changes and actions intended to maintain the employment level,
- the actions which may cause significant changes in the work organization or employment basis.

The employer is also obliged to consult the aforementioned issues with the work council. The number of members in the work council – pursuant to article 3 – depends on the company size and amounts from 3 to 7 employees' representatives.

In the case of countries in West Europe (Rudolf, 2001, pp. 286-287), the work councils play the consulting and advising function and the companies management considers the opinions of work councils in its decisions in practice. The members of the work councils comprise the employees' representatives (Germany, the Netherlands, Italy) and also the representatives of employees and management (Belgium, Denmark).

In Germany (Piwowarczyk, 2006, p. 151), the work council can be appointed in the companies employing at least 5 workers if the workers of the company want it. In companies, employing from 5 to 20 workers the work council comprises one member, in companies

employing from 21 to 50 workers the composition of the work council comprises three members and in companies counting from 51 to 150 employees the work council consists of five members. Whereas in companies counting from 7001 to 9000 employees the composition of the work council consists of 31 people. The rights of the work councils are quite big as they have deciding opinion in the issues: work places organization, professional training or personnel planning. The work councils may raise plans of social protection in case when there are important changes in the company – reduction of production, employment, closedown or transfer to a different place. The council may also inform the management about the ideas of the employees. In the companies employing over 20 people, the company management has to obtain the consent of the work council in the majority of personnel decisions (worker's employment, his transfer to a different position or giving him classification category).

In Germany work councils are the main pillar of employees' participation. It is assumed that work councils function in all companies employing over 5000 workers (Janowska, 2010, p. 176).

On the other hand, in France there is the obligation to create work councils in all companies employing over 50 workers to which the employees' representatives are chosen by trade unions. They have rights to obtain information about company's economic and social issues and to consult the problems of economic and social character.

Work councils are also present in many European countries:
- Austria – work councils have influence f the company's employment policy, implementation of remuneration systems or creating work regulations (Janowska, 2010, p. 176),
- The Netherlands – they co-decide in issues concerning: the system of seasonal protection or trainings, regulations, work time or the rules of employees' recruitment, are the forum of discussions about company strategy, design collective agreements and social programmes (Slomp, 1995, pp. 83-84),
- Spain – work councils play consulting functions regarding company finances, its personnel policy e.g. working conditions, employment reduction or overtime work (Janowska, 2010, p. 176),
- Portugal – the issues concerning the employment reduction or work conditions and motivation systems are consulted with work councils (Janowska, 2010, p. 176),
- Great Britain – provisions of law enable the functioning of consulting councils, which are the intermediary between the employees and the company management, apart from them, there are also so called trust men who help to solve problems concerning company operating in the scope of e.g. personnel strategy or policy (Hyman, 1995, pp. 139-140).

The functioning of European work councils constitutes the following possibility of employees' impact on the changes in the company. This institution is the most often used form of information and consulting system in the companies of international scope at the territory of the EU.

The creation of European work councils, which purpose is to inform and consult employees in companies and their groups working at the territory of the European Community, are regulated with the provisions of the council directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council. It regulates procedures in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees. It was replaced by a new directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.

In the understanding of these directives, European works councils can be created in the companies of the Community-scale employing at least 1000 workers in member states including at least 150 workers in at least 2 member states. European works council may be created at the request of central management or the group of employees from at least 2 member states. After placing the application, the special negotiation committee is formed which negotiates and concludes with the central management the agreement to create form European works council or determining the way of informing the employees and consultations with the employees.

In the case of Poland, European works council function pursuant to the Act on European Works Councils (Journal of Laws, 2002, item 556) of 5th April 2002. Earlier the representatives of employees could participate in the meetings of these councils when they were invited by international companies which had their plants in Poland.

European works councils are the tool used to transfer information referring to all important aspects of company operating and to consult all decisions which have influence on the employees' situation, in particular, organizational changes or production transfer to other places. Pursuant to article 29 of the Act on European Works Councils, the information and consultation may cover the issues referring to:

- the structure of the company or the group of companies of the Community-scale,
- economic and financial situation and the possibility of activity development, including production, sale and investment,
- situation concerning the employment and possible development in this extent,
- introduction of significant organizational changes, new working methods or new production processes,
- change of the location of a company or a working plant and production transfer to a different working plant or company,
- fusion and division of companies or working plants,
- reduction of size or ceasing the activity of the company or working plant or a significant part of the company or working plant,
- group redundancies.

In accordance with the legal regulations included in the Act on European Works Council, European works council consists of at least three, and not more than of 30 members employed in the company and one member is chosen from each member state at the territory of which the company operates. The meetings take place at least once a year, are organized by the central management board or central management of the group of companies, and refer to resenting the information about economic situation and development prospects of the company or a group of companies and consulting these matters. The meetings of European works council make take place in ordinary or extraordinary mode (group redundancies, change of location or ceasing to run the business activity). The obtained information is passed to the employees' representatives employed in the companies or groups of companies.

In 1998, the study about the opinion of European works councils operating was performed among 19 representatives taking part in the work of 9 European works councils of the following companies: Benckiser, Volkswagen AG, Thomson Multimedia, ABB, Heineken and BOC Group. The second phase of this study was performed in years 2000 – 2001 and referred to 32 Polish representatives functioning in 32 European works councils in such companies as: Barry Callebaut, David S. Smith Packing, Eridania Begin-Say, White CapPolska, MetroAGMacro, NKT-Cables, SKF Poznań, Nestle or Danone (Rudolf, 2001, p. 23, 31-33).

The aforementioned tests confirmed the fact of beneficial impact of Polish representatives' participation in these councils. The advantages comprised among others: increase in the prestige of Polish companies (and also people working in them or trade unions), management

interest of these companies, Polish plants, equal treatment of Polish employees in respect to the EU employees, possibilities of solving problems of Polish staff or strengthening the negotiation position of trade unions in negotiations with local management staff. The advantage was also that the employees' representatives obtained information concerning e.g. the company development prospects, expansion directions, planned fusions or liquidation plans of particular plants.

At present, European works councils operate in almost 900 companies and groups of companies and in about 180 of them Polish employees are also represented[7].

It is necessary to mention that in result of globalization challenges, European works councils are also the negotiation ground the purpose of which is to protect the employees from the restructuring effects and to obtain their acceptance of these changes.

In general, the functioning of this body leads to the improvement of trust between employees and the company management and in connection with appropriate resource of information obtained by employees causes that they are more engaged in the organization activity and that they understand the decisions taken by the company management better. It is also beneficial for the company image in the market.

The third possibility refers to the participation of representatives in the supervisory boards of the companies. In the case of Polish companies, it is regulated by the Act on Commercialization and Privatisation of State Companies of 30th August 1996 (Journal of Laws, 1996, item 561), which received the name the Act on Privatisation and Commercialization on 15th January 2003. Pursuant to the provisions of this act, the employees' representation is determined as 2/5 of places in the supervisory board and in the moment of sale of over 50% of stocks or shares by the State Treasury. The employees still remain in the supervisory board and their number is connected with the size of the supervisory board, e.g. in the supervisory board consisting of 6 members, there are 2 representatives of the company staff.

The carried out tests show that the representatives of the company staff in the supervisory board are mainly the providers of information about the employees' knowledge about the company and about social atmosphere in it (Ogrodowczyk, 1998, p. 146).

It is confirmed by the tests carried out in the companies of Małopolskie and Lubelskie Province. The results of these tests confirm that the main objective of the employees' participation is to gather information from the company management and to inform the management about the moods and opinions of company employees concerning the issues discussed by supervisory boards (Piwowarczyk, 2006, p. 117).

This situation causes that the employees do not have real impact on the decisions, especially due to the fact that the supervisory board takes decisions with the majority of votes and the employees do not have the majority (Piwowarczyk, 2006, p. 116).

In the countries of West Europe, the employees' representative constitutes in general 1/3 of the supervisory board composition, so their participation is of minority nature. The participation of employees' representatives is usually guaranteed by the legislation and in some countries is ensured by collective work bargaining (Rudolf, 2001, p. 285).

Trade union participation constitutes an important element of employees' participation. It means the cooperation between employers and trade unions the basic effect of which are collective work bargaining (at the company and outside company level). The novelized XI chapter of the Labour Code constitutes the main legal basis of it. It adjusts the issues of concluding the collective work bargaining to the international regulations. Collective work bargaining makes it possible to create conditions of social peace.

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[7] http://www.solidarnosc.org.pl/pl/europejskie-rady-zakladowe.html z dn. 08.12.2011 r.

Of course, the collective work bargaining regulates typical issues regarding: the principles of recruitment and redundancy, work time organization, remuneration rules, social issues, occupational health and safety or trade union protection. The scope of collective work bargaining may also refer to the issues which are connected with employees' participation thus, e.g. principles of cooperation between employees and the company management or the rules of mutual consultations and obtaining agreements in the company matters which are important for the employee and company management.

In the case of Polish companies there is the whole set of obstacles which impede the functioning of collective work bargain as a tool of employees' participation and playing the employees' participation function by trade unions. They comprise (Juchnowicz, 2002, p. 152):

- the increase in the sector of companies in which there are no trade unions,
- the reluctance of private sector employees to set up trade unions,
- slight awareness that there is the possibility to set up collective work bargaining as a tool of employees' participation,
- perceiving the trade unions only as the institution which play the function of protecting employees' rights and not as the potential participation tool,
- reluctant employers' attitude towards concluding collective bargain and in the same time to extend the employees' right over the standards guaranteed by the provisions of labour law.

This situation is also the effect of the trade unions' attitude which are reluctant to different forms of employees' participation as they are afraid to lose their monopoly position as a representative of employees' interests in talks and contacts with the company management.

4. CONCLUSION

Human factor constitutes a basic element creating the work system which simultaneously determines the functioning of this system in a quantitative and quality way. Work system optimising enforces effective use of work resources by creating the conditions of work environment, which provides both full use of people's talents, qualifications, work time as well as considers biological labour cost, psychological and physiological needs and abilities of employees in the work process. The company, which shapes proper work systems may take various actions at all levels of human resources management the final effect of which will be the creation of human resources with appropriate competences. Among other things, the employee should be treated as the organization customer whose needs should be properly satisfied by the company or such actions should be taken that the employee has the influence on widely understood company management and development. Such actions will increase the employee's engagement in performed work or his/her loyalty towards the company.

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Małgorzata Tyrańska

3.6 THE ASSESSMENT OF MANAGERIAL STAFF IN COMPETENCE MANAGEMENT SYSTEM IN ENTERPRISES

Summary: The increasing impact of such phenomena as competition, economic globalization, the complexity and flexibility of structural solutions, the informatization of labour and communication processes in the context of developing and disseminating the theories related to the management of knowledge, intellectual and human capital, competences and talent management leads to the acceptance of the thesis (by theoreticians and practitioners alike), which states that apart from the commonly recognised functions performed by company employees, corporate effectiveness is affected by managerial staff.

The above processes lead to greater requirements related to corporate management methods as well as to the qualifications of managerial staff members. Executive skills, understood as the manger's personality, knowledge, qualifications and attitudes, enhance the corporate behaviour which is prerequisite to effective, efficient and ethical management. Managerial skills understood in this way, apart from other internal and external factors, determine the company's effectiveness and constitute a source of its competitive advantage. The process of developing such skills should be compatible with the company's expansion trends. Companies operating in a dynamic environment need creative managers who are ready to face new challenges and develop their skills. Therefore, the level of executive skills should be analysed on a regular basis.

The objective of this article is to present the role of evaluation of managerial staff in competence management system in enterprises, and in particular, an indication of the assessment function of the managerial competences and Human Resources processes based on the results of this assessment.

Keywords: assessment system**,** managerial staff competence

1. INTRODUCTION – THE IDEA OF THE ASSESSMENT SYSTEM OF MANAGERIAL STAFF COMPETENCE

Managerial staff competence, as a dynamic structure they change (Levy–Leboyer 1997, p. 8). However, it should be noted that the direction of these changes may not always be positive, indicating the development of competence. The negative direction of changes may also occur, which entails obsolescence of competence, which results in a significant reduction in the efficiency and effectiveness of management, impeding the implementation of the current objectives of the enterprise, as well as preventing its development, creation of innovation and in consequence constituting a barrier to improve competitive position.

The incompetence of managers, resulting from ignorance, lack of experience in business management, causes inefficiency in their operations, resulting in a failure to make the right decision at the right time or consent to carry out the missed investment. Incompetence of manager also causes fear of losing jobs and connected with it aversion to risk, which is reflected in the tendency to implement conservation measures, selecting of proven - safe solutions, avoiding difficulties, experiment with innovations, adoption of new ideas, in order to minimize the negative (difficult to predict) effects of his/her decisions.

Overcoming of indicated barriers leads to the elimination of competence gap, through the identification and evaluation of managerial competence level, followed by the demarcation of directions and methods of their improvement. This is the essence of the problem of assessing

the competence of management, which seems to be important both in terms of modern management theory and in terms of practices of companies.

Therefore, the level of managerial staff competence should be diagnosed systematically. Identification of the current level of competence and determination of the probable direction of change can be determined by a competence assessment system for managerial staff. This system can be defined as a system of deliberately targeted, internally organized and mutually consistent elements; which is appropriate from the perspective of organizational strategy; enables it to structure and formalizes action in order to give a value judgment about the competence of management. In addition, it also ensures the constancy in the process of assessment of the competence and in the same time contributing to effective management over managers' competence in the company.

2. THE FUNCTIONS OF MANAGEMENT'S COMPETENCY ASSESSMENT

Assessment constitutes a value judgment of something expressed in the oral or written form. However, the assessment is the issuing of opinions about someone or something, expressing of value judgment for someone or somebody. Czubasiecz, basing on conceptual analysis from the perspective of different disciplines (psychology, philosophy, human resource management), states that the assessment is characterized by several features. It is a value judgment, it is universal, it has a strong relationship with cognition – it enables to explore the world and exploit knowledge to shape our behaviour; it is a source of knowledge about ourselves, about how we are perceived, as compared to others; is utilitarian in nature, and therefore, it requires justification, a statement with a reference point. It is closely linked with emotions, is rooted in emotions, evokes emotion, by itself is neither true nor false, the terms of assessment and evaluator's intentions on that (Czubasiecz 2005, p.21).

In a common perception, the assessment plays evaluative and developmental functions (Kostera 1996, p. 70; Filipowicz 2004, p. 127). The evaluative function consists of such activities as: assessing the level of work, its quality, determination of the suitability degree for the given post. The results of this assessment can be used to shape the salary, to change the employment structure (transfer, demotion, promotion, dismissal), and to evaluate the effectiveness of recruitment system.

The developmental function of evaluation should be considered in terms of an assessment of the development potential of a manager, knowledge and skills and progress in this range. Developmental function of assessment is a source of motivation by providing feedback on the positive and negative aspects of the performance of the employee, on this basis also allows planning the development of particular employee. The criteria for evaluation are an important factor affecting the changes in employees' attitudes, ensure that the desired standards and principles are met, which favours the formation of organizational culture.

Filipowicz also isolated business function of evaluations, which manifests itself at the time of planning on the basis of evaluations' results of competency resource development required to achieve the organization's business goals (Filipowicz 2004, p. 128).

The competency assessment system plays also a function of pro-innovation, due to the release of innovative attitude in the managers by interaction of the system on the following managers' behaviours: increase of a motivation, raise of self-estimation, increase of courage to take a non-routine job on a given post. This forces the appropriate design of those elements of the competence assessment system that can directly affect the desired behaviour of management.

3. PLACE OF ASSESSMENT IN THE PROCESS OF MANAGERIAL COMPETENCE MANAGEMENT

Human resource management based on competency means that the competencies are the basis for the functioning of the entire system of human resource management. Competencies are the decisive factor for the processes of recruitment, selection, adaptation, development, evaluation and reward (Dubois, Rothwell 2008, p. 53). Competencies are a tool which integrate all HR processes, which leads to the consistent implementation and growth of synergies effects in personnel actions. Competencies are the foundation of the whole system of human resource management, precisely directing all HR processes on the implementation strategy of the organization, thus gaining or maintaining a strong competitive position by constant improvement of the quality level and innovation of offered products and level of customer service.

Use of a competence model in human resource management system leads to a number of integrated cooperative targets, which include (Oleksyn 2006, p. 189; Rostkowski, Szczęsna, 2003, p. 5-6):
- integration of HRM tools by basing them on the same elements – competence,
- creating an effective system of reporting of human resource situation in the organization, in order to suit the competence of employees to the needs of the organization,
- test of real competence of employees and job applicants in terms of selection for the work,
- optimizing the ratio of investment in staff development against the effects;
- preparation of employees to meet current or future jobs;
- building of transparent professional development paths;
- easier introduction of organizational transformations and increase of the organization's ability to respond quickly to new market demands by increase of the staff flexibility,
- increase of the satisfaction level of employees and their position on the labour market;
- increase of the organization value by increasing the value of human capital.

Basing human resources management system on competence requires the development of competence model, which takes into account the specificities of the company, and then adapt the model to the needs of individual HR processes.

It should be noted that the successful implementation of HR processes, forces their reliance on the results of the assessment process. The process of the competence assessment is a central element of a competence management system; it also integrates with each element of the other HR processes (figure 1). The results of the assessment process can help to identify those areas where there should take place development or improvement of the competence of the manager, provide the basis for decisions about promotion, or are used to determine an appropriate salary.

In the evaluation process, a competence model is a standard reference system, to which are compared real-actual competences of managers. From the results of this comparison, the following may depend:
- the employment opportunities of the best managers within the organization, i.e. those whose current level of competence coincides the most with the exemplary level of competence,
- career paths, including decisions about promotions, determination of directions of development of competence in order to match current and future needs of the organization,
- the development of appropriate wage relationships, and consequently the amount of fixed and mobile components of received remuneration.

213

Figure1. Place of assessment in the management system over managerial staff competence
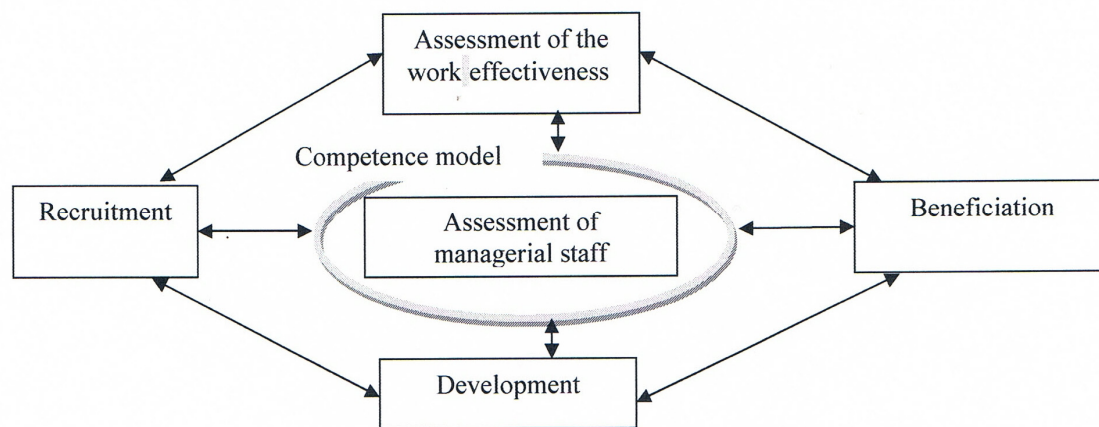
Source: own elaboration

The reliance of all HR processes on the results of the same action increases the interdependencies between them, and clearly sets the direction for the development of management competencies in accordance with the current and future objectives of the organization and market requirements.

3.1. COMPETENCE MODEL

Competence model of management staff this is key tool of managerial competences management, which allows realization of mentioned aims, particularly:

1.) identification of managers' competences which are indispensable for particular enterprise,
2.) then their assurances,
3.) assessment and
4.) development.

The competence models are ideal sample (theoretical), because they stand for reflection of maximum, theoretically possible to reach competences by person which possess managerial competences. It is also needed to recognize them as normative pattern because they determine threshold dimensions, which mark out minimum, and maximum level of competence possessed, which are conditions for achievement of model results in work on managerial post. Levels of some competence fulfilment are shown in so called behavioural determinants.

Competence models constitute reference system, for which are compared competences possessed by particular manager (assessed object). Owing that competence model serve to assess the real managerial competences, competence gap and to determine the reasons of its appearance. For example, competence models were introduced in Shell Company, Royal Bank from Scotland. This tool is necessary while performing such human resources activities as, recruitment, evaluation, training and employees' development (Reilly, Williams 2009, p. 298). Permanent managerial competence assessment gives the possibility of modification of managers' behaviours, indicates direction of their development, allows adjusting of managerial competences to present and future key competences in enterprise.

Having into account achievements of antecedents and complexity of competences' essence there was shown proposition of general model of managerial staff competences. In suggested model competences where divided into three categories, distinguishing basic, leadership and business competences.

In suggested model, being aware of importance of personality for effective, efficient, and ethical managerial activity, consciously they were excluded individualistic competences because of difficulties which occur during measuring of individuals' qualities.

Basic competences have the strongest influence on proper task fulfilment; their adoption is necessary condition to perform work effectively. To these competences, we include general, professional maturity, IT, knowledge of foreign languages.

3.1.1. General competences

They result from formal education, from possessed diploma, certificates, and finished trainings. They guarantee possessing general and substantial knowledge. Managers who possess these competences have abilities to use it effectively in practice and to perform task in ordered and methodological way. They are experts in their professional field.

3.1.2. Competences of professional maturity

They result from seniority and range of responsibilities. Managers gaining experience draw conclusions for the future. They are able to carry out tasks without direct supervision. They set themselves development objectives; successively achieve them in order to increase the range of their responsibilities. They are able to plan, are disciplined, and consider problem from different perspectives.

3.1.3. Computer competences

They result from ability to use computer knowledge in enterprises' practice. Managers who possess this competence know computer programs and IT system and permanently develop IT qualifications. Owing to awareness of chances offered by newest computer technologies we can determine management information of better quality and basing on them make decisions that are more efficient.

3.1.4. Competences of foreign languages knowledge

They mean ability of practice use of foreign languages in business communication. Managers who posses this competences understand, speak and write in foreign language.

Leadership competences includes knowledge on attitudes, employees' behaviours and teams, they also allow development of attitudes and subordinates behaviours accordingly to aims of organization. Leadership competences rely on creation of collective commitment to achieve good results, by stimulation of proper understanding and emotional commitment to fulfilment of managers' decisions by another people. The effect of competences is translating decision to activities. With leadership competences it is connected as well as giving practical help to employees in implementation of new decision, finding the way how to motive employees and creation of commitment during enterprise plan fulfilment by own example, explaining, listening to voice of stakeholders. Specific types of leadership competences are team work, coaching, negotiation, subordinates motivating, communication.

3.1.5. Competences of team work

They result from ability of effective team creation that means which members expose a combination of qualification and skills, which is indispensable from the point of view of set by team tasks. They possess skills of team members' integration, evaluation of subordinates and use of effective motivation techniques.

3.1.6. Coaching competences

Result from will of knowledge sharing, experience, observations, development of competences of subordinated employees. Those managers who possess this competence can make a relationship with employees, are communicative. They transfer knowledge in

interesting and clear manner. They are stress resistant. They are good teachers and are able to find fields in employees, which should be supported and developed.

3.1.7. Negotiating competences

They result from participation and running of negotiation, conflicts solving, and removing barriers in cooperation, building up good relationship with other people. Managers who possess such competence can find so-called 'golden mean' between emotional activities and approaching to problem only in tangible way. For such managers it is more important to solve conflict situation and its clarification than analysis of disagreements and pointing the faulty person.

3.1.8. Competences to motivate subordinates

Connected with creation of conditions: employees' stimulation to committee of the whole their motivation in tasks performance in enterprise, which assures employees' satisfaction and tying them to the company. Managers who possess this competence use open transparent information policy, support development of their employees within their capabilities, delegate tasks to employees what assures proper space to manage task on their own, assess their worker in the form of praise as well as in form of proper critic, overtake responsibility for achievement of their teams.

3.1.9. Communicative competences

They determine ability to communicate efficiently with others. It helps to create proper climate to: conversations, giving advises and critics to employees, expressing their views and beliefs to others with help of arguments and proper behaviour, creation of information channels in organization, collect and provide organizational expertise. Managers who possess this competence have got a huge persuasion power, they express themselves clearly and understandably, they use unambiguous terms, sometimes underline this they want to express by gesture and mimics. During conversation they stick to a topic do not make a digression, actively enter into relationships with others, and contribute to conversation. They have mastered the technique to ask questions and owing to that they can manage conversation. They give their callers a space to speak to make a speech; by leading conversation, they create good mood and openness of the partner. They do not give up quickly from the conversations aims and put forward solid arguments. They exude confidence and enthusiasm. They do not let that some callers divert them form the subject and target of conversation.

Business competences mean propensity to do business, making such contact and relationship with other subjects, which will lead to profit creation. This term is connected with positive attitude to economic activity and earning money, readiness for cooperation and to make considerable effort. Particularly it means interest in clients and business partners, their needs and expectations which are treated as priority. Business competence is accompanied by awareness of social character of interaction in business, ability to observe, sense of time and place in which should be undertaken some activities. This competence requires imagination, courage, ability to make decisions and quick actions. It means necessity of long term, consistent move to designated purposes and constant update. In suggested model under frame of business competences, we exclude following competences: strategic and analytic thinking, result orientation, changes introducing, entrepreneurial, innovative and project management ones.

3.1.10. Competences of strategic thinking

They determine vision creation and introducing, namely to its strategic objectives. Managers who possess this competence will be able to enforce others to follow their concept and to commit them to cooperation in order to make the vision real. They are characterized by

firmness and consistency in implementing its vision. They approach to achieve its objectives flexibly, can analyze the situation of company and its surrounding, they manage it from 'flight of bird' and they create non-standard solutions. In their decision, they take into account long term effects, think about future of enterprise, and can predict long-term effects of their decisions and activities. They introduce changes, which assure optimization of managed processes, they are also important aspects of efficiency and amount of cost incurred. Managers, who possess such competence, know different types of strategies, are able to direct properly the company's development, make decisions with key meaning regarding fusions, mergers, restructuring, outsourcing, purchase and sell of shares (such decisions can cause irreversible economical and social loses). They are ethical (non-corruptible, have into mind the good of organization which is entrusted to them, they respect their professional dignity and name). They possess an imagination and ability to predict, are oriented on system management, holistic, can harmonize different activities from the range of technique, economy and sociology etc, can generate risk. Possessing of these competences by manager allows preparing organization to efficient and effective functioning in future, surviving and development, revenue maximization in long term period, fulfilling of social mission of a firm as well as saving it from outside and inside threats.

3.1.11. Competences of analytical thinking

Determine abilities to analyze problems, to understand both details as well as ambiguous connections, expresses ability to interpret facts by looking to find solution. Managers who possess this competence, study problem with details, deeply analyze problem, next to detailed information they take into account wider context of problem, another connection: are able from information noise withdraw the most important data, focus on them and exclude less important, can quickly comprehend all the complex issues, generate possible activities and solutions.

3.1.12. Competences focused on results

Managers who are focused on results in relationship with employees they provide precise indication and consequently control the level of their fulfilment.

Managers who possess this ability make decisions and undertake activities without their postponing and procrastination. During meetings, they do not discuss too long given problem but go to look for solution. Managers who possess such competence are focused on activities, which take care of both quality and quantity of performed tasks, bring into action the decision taken; they do not withdraw during their realization and are not discouraged by obstacles. They delegate necessary tasks to subordinates. If it is necessary they undertake decisions which are risky, however during decision taking is directed by reasonable priorities formulating realistic aims, possible to achieve. In the process of decision making on first plan there is solution of the problem, they are not engaged in details and do not discuss them: they assure necessary resources to achieve aims, regularly control the level of aims fulfilment, using simple criteria of work assessment of subordinates.

3.1.13. Competences of introducing changes

Mean ability to determine objectives and manage people in changing environment. Manager who possess this competence are open on changes, can operate in changing environment.

3.1.14. Entrepreneurial competences

These competences lead an enterprise to profitable activities, gaining or maintaining permanent competiveness. In colloquial meaning entrepreneurship is seen as synonym of initiative, activeness, ingenuity, resourcefulness, dynamism. Entrepreneurship it is trait of

person, but it is not trait of person but rather the way to keep it up. Entrepreneurship it is a special type of activity, oriented on exploitation of emerging opportunities in the surrounding and successful 'coincidence' in organizations in order to reach certain economic benefits. Managers who possess this competence dispose: knowledge, particularly conceptual, knowledge with general characterize which enable to act assertively, with absorption of mind, imagination, creative ability, ability to think independently, pro innovative character, ability to take transgressive actions (expansive and creative in spite of existing barriers), ability to play different rules, adaptive ability, flexibility, stress resistance, intelligence, energy, commitment, common sense, high motivation achievement, speed in decision making, courage in presenting an opinion, commitment, associating with the organization's mission, participation in management.

3.1.15. Innovative competences

Result from future concentration; focus on discovering new products and services, markets, ability to transfer scientific discoveries and ideas in practical application. Managers who possess this competence are creative, focused on development via breaking of stereotypes and thinking schemes, use their own experience and knowledge to improve processes, are open for new experience, and are not afraid of innovative subordinates. Particularly, managers who possess this competence should by characterized by: ability to sense the needs, forecast of changes and positive attitude to them, determination (carefully plan activities and are not persistent in action), ability to connect the entire vision with care f whole details, participating style of leadership (promise their workers the share in benefits of enterprise and they keep their word), stubbornness combined with ability of persuasion and tact, ability to follow a careful and deep observations in introduced changes.

3.1.16. Competences of project management

Resulting from ability to create team, plan and control undertaken project. Managers who possess this competence are able to chose people and allocate to them tasks, are not afraid of delegating responsibilities.

3.2. RECRUITMENT PROCESS

In the recruitment process, competence system allows for the employment of manager, selected basing on an assessment of competence carried out in terms of future roles and responsibilities. The candidate is perceived as real or potential "carrier" of competence desirable to carry out tasks on a given position (Filipowicz 2004, p. 108). The result of the recruitment process is a selection of a candidate who is able to demonstrate that he/she can achieve the required results at work and can do so in a manner deemed appropriate by the organization. Competencies are becoming a standard reference system that allows you to determine the degree of convergence of the actions and behaviour of candidates with exemplary behaviour described in the competence model (Whiddett, Hollyforde 2003, p. 208).

As noted by Oleksyn between the competencies possessed and expected there can be three types of relationships: the candidates have the capacity to meet accurately the needs, below expectations or far exceeding the specified level of requirements. The best solution in terms of recruitment is to select those whose level of competence exactly meets expectations, or those whose level of competence is slightly lower than required. This creates a stronger incentive to develop and improve their competence, than in the case, when competencies far exceed established requirements (Oleksyn 1997, p. 47).

The implementation of the recruitment process based on competencies requires developing competency models for managerial positions. Behavioural assessment criteria that are

competencies used in the recruitment process indicate which behaviour determine effective work on managerial positions. Then, with a use of the tools ensuring that the assessed person can cope with the tasks assigned to the position there is applied a diagnosis of competence possessed by candidates applying for a particular jobs. Successful implementation of the recruitment process based on competence requires a variety of recruitment tools. Analysis of the application documents and interview is treated as a pre-selection stage, which begins the entire procedure. In examining the candidate's suitability and possessed competence there are applied the following methods: the behavioural interview, psychological and competency tests, allowing to develop a personality profile of the candidate and his/her professional skills. In addition, there are used the situational tests and tasks, as well as the *assessment center* method which enables to assess the candidate's skills in carrying out activities specific to the particular job (Moczydłowska 2008, p. 143). The final recruitment is based on a comparison of competence profile possessed by the candidates, determined on the basis of various sources of information, with the exemplary competence profile desired on a given position.

Summarizing, to the benefits resulting from the reliance of recruitment on competence, one may include (Wood, Payne, 2006, p. 35):

- obtainment of more accurate assessment of capacity of the candidate and his/her suitability for a specific workstation, providing of a better match between skills and interests of the candidate to the requirements of the job;
- possibility to extract skills and attributes in the candidate profile, which facilitates the adjustment of candidate's development plans to its real needs, while avoiding the issuance by the evaluators rash judgments about the candidates and evaluating them based on features that are not relevant to the workplace;
- use of various recruiting tools, such as application forms, interviews, tests, *assessment centre*.

3.3. PROCESS OF EFFECTIVENESS' ASSESSMENT

Basing the effectiveness' evaluation process on competence provides information on degree of use of possessed competence in achieving the goals and tasks, and allows to assess the quality of activities performed by managers. At the same time as the best managers are considered those who achieve the objectives desired by the company while they do it in a manner consistent with existing labour standards and adopted system of values. Therefore, Hollyforde and Whiddett postulate that the evaluation process should be based not only on competence, thus on behavioural criteria (reporting on how the tasks and objectives are fulfilled), but also taking into account the effectiveness criteria and analysis of factors affecting the level of work effects achieved (Hollyforde, Whiddett 2003, p. 147-148).

In the process of assessing the information about the behaviour, actions and outcomes of work performed by managers, which serve to assess the competence, one may derive it from many sources, for example: from subordinates, colleagues, superiors and customers and by using different methods: competency models, management by objectives and performance, the Balanced Scorecard, a code of ethics. Then, deepen analysis of obtained information on the results and quality of work requires hard discussion with the manager not only about what he/she achieved, but also about what impact on the results had different external factors, such as personal or organizational. Moreover, the formulation of a fair and equitable assessment based on competence requires the ability to link the identified behaviour with the competence models, then a proper interpretation of obtained results.

3.4. THE REMUNERATION PROCESS

The consequence of the development of human resource management based on competence is a better link between remuneration and competence. In this situation, one of the main determinants of wage levels, in addition to the occupied management level and the effectiveness of performed task is the degree of competence adoption (Filipowicz 2004, p. 170-172). Borkowska presents a broad matter of the relationship between competence and compensation system. The author identifies five methods of competence-wage linkages: competence, as a basis for job evaluation, classification of personal competence, target remuneration rates, pay rise dependent on achieved behavioural objectives, wage increases dependent on changes in the assessed level of competence (Borkowska 2004, p. 299-303). Analysis of the mentioned methods of competence-wage linkages indicates that the results of the assessment of competence may constitute the basis for the development of fixed and mobile parts of salaries, which may serve to determine the relationship and decide on the amount of premium.

The main way to determine the proper relationships within the basic salary between a job positions is evaluation of the job, which can be replaced by a valuation of competence. However, the goals of evaluating the competence remain the same as the objectives of job evaluation, namely to serve to determine the proper wage relationship.

However, Ziębicki identifies four key differences between valuation of position and valuation of competence (Ziębicki, 2006, p. 571-572):

1) the assessment range- in the case of position evaluation there is assessed the difficulty of work, which consists of the requirements and burdens associated with it. However, in evaluating the competence, the assessed objects are only owned skills and personal characteristics of employees. This is reflected above all in the selection of assessment criteria;

2) the assessment nature- in the traditional approach the subject of evaluation are job positions (static valuation), and in evaluating the competence, the assessment relates to the actual characteristics of individual employees (dynamic valuation);

3) the manner how to define the criteria - in the selection of competence evaluation criteria there is quite high flexibility, which means that every time there is created a set of distinct criteria, which constitute an attempt to adjust them to the held strategy and business development goals. Analytical job evaluation is based on using a highly standardized criteria, which are the subject of many practical applications;

4) number of classification criteria – in the pay charts which are created based on the analytical job evaluation generally exists a considerable number of classification (from 14 to 17 in the case of large organizations), designating a hierarchy of positions, with a low wage brackets span. Pay charts projected on bases of results of competence evaluation tend to have significantly reduced number of classification categories and with high wage brackets span. The advantage of such solution is very high flexibility of the remuneration of individual workers. In general, supervisors have unlimited opportunities to raise salaries of top staff members - who enhance their skills, gaining better results.

The perseverance of rationality of remuneration system used which is based on competencies requires in case of managers the use of different methods of shaping the internal structure of remuneration. It seems that the best manner which takes into account the specificity of hiring managers is a determination of the amount of basic salary under management or directorial contracts, while the level of the movable part of remuneration, depending on the work should be established by using a competency assessment based on competence model and management techniques, by objectives and the balanced scorecard.

3.5. THE DEVELOPMENT PROCESS

The purpose of management development process based on competence is to achieve a state in which the competence of managers will match the current and potential needs of both the company and manager. The connection of the development activities with competence is carried out in three stages:

1.) diagnosis of developmental needs – identified competence gaps,
2.) implementation of the improvement process – minimization of the competence gap (by modifying the exemplary model of competence, the development of real competence or harmonization of real competence with the exemplary one) (Pocztowski, Miś 2000, p. 7),
3.) evolution of effectiveness and efficiency of undertaken development activities.

Basing the development process on competence makes it possible to define training needs precisely, strict selection of training issues, which guarantees the acquisition of those skills that are needed to fully acquire the required competencies. In turn, the assessment of the effectiveness of undertaken development activities conducted with a use of the models and competency profiles allows for the precise measurement of changes in behaviour, skills, attitudes, and knowledge of managers.

However, as rightly observed by Ziębicki the use of common methods for competence improvement is usually temporal and is implemented in the form of external training and as a result of low efficiency. Significantly better results are achieved through continuous processes of worker's improvement, combined with the current implementation of tasks (Ziębicki, 2006, p. 569). This approach requires the use of modern methods of improvement, which belong to the coaching and mentoring.

Competence management is a useful tool for planning career paths and creating lists of successors (Filipowicz 2004, p. 155-170). The competence management system allows to start the process of building a career already during the recruitment, especially if the person has some competence excess , which may indicate his/her suitability to take certain positions, sometimes other than those for which they initially applied for. Elaboration of competency models for all positions in the company can identify the relationship between them, for the required range of knowledge, skills and attitudes and leads to the determination of the succession line. While the diagnosis of the level of competence of potential successors allows to tell who is ready to take new positions, and who requires additional development activities. It is similar in case of promotion planning. The implementation of solutions system helps to determine: the best candidate for promotion to the particular post, the degree of readiness for promotion, as well as the current level of their competence.

4. CONCLUSION

Summarizing, to the above-mentioned considerations, one may add that the implementation of the assessment system into company's practice requires identification of its core competence, strategy and organizational culture. In light of these findings, it is possible to develop a competency model for management positions and the appointment of the assessment criteria of particular competence specified in the model. Next step of implementation process is associated with conducting the audit of the competence and determination of level of aggregate assessment of competency for each manager who is evaluated. Subsequently, the audit results should be analyzed in detail, leading up to the objective personnel decisions.

It should be emphasized that the implementation of a managerial competence assessment system into the firm's practice is to obtain tangible benefits. The system provides identification of the level of compliance by the management of competencies essential for the efficient, effective and ethical business processes. The results of the system will serve to the proper implementation of HR processes, the precise definition of the developmental needs of individual managers, insurance of objective decisions in the areas of recruitment, match of training, bonus, promotion or dismissal of managers. Moreover, the system will improve the awareness of managers in terms of expectations laid against their behaviour and qualification by indication of the information on the level of competence gap. These activities will contribute to increase of the motivation of managers to further self-development in the context of corporate objectives and individual needs of executives.

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CHAPTER 4

Effectiveness of *HRM* Instruments

Dinesh Kumar Khurana, P. K. Kapur

4.1 HUMAN RESOURCE PLANNING FOR BIG ORGANIZATIONS

Summary: Human beings are considered as the most vital, crucial, volatile and unfathomable resource that any organization uses. In the event of the organization failing to place and direct human resource in the right areas of any activity, be it a big organization/specialist service of state/central government etc., serious inefficiencies are likely to occur. In order to achieve this, the co-ordination of demand and supply is necessary, coupled with monitoring and assessment of productivity and technological changes. Staff moves around the organization in a variety of flows. It is not only difficult but impossible to track and monitor these movements/flows for a fairly large organization without mathematical modeling. This paper makes use of the technique called Markov Chain Analysis in a large organization when the induction is taking place at the lowest level only/group sizes are allowed to vary with in fixed global total/group and seniority specific promotion etc. The entire mathematics used in the paper has been embedded in the application software developed for the purpose. The HR manager with no background of mathematics can use the software and get answers to the typical HR planning questions.

Keywords: movements/flows, mathematical modeling, Markov Chain Analysis, typical HR planning questions

1. INTRODUCTION

In the present days of intense competition, the organizations are focusing on their core businesses and the other functions are being outsourced. HR was regarded as normative and optimistic and was thought that HR professionals are missionaries and the social science should be used to improve the society refer Warner (1997). Skinner raised the question of HR in his article "Big head, no cattle" –Skinner (1981). Ulrich (1998) asked the question "Should we do away with HR?" The authors of this paper consider that HR is becoming multi disciplinary and is striving to succeed in strategic direction McKenzie and Melling (2001) forecast that human capital planning will become a strategic driver because today the key issue is "Ensuring that the right people with right skills are in the right jobs at the right times". Human Resource moves around the organization in variety of ways, it is not feasible to track and monitor these movements/ flows for a large organization without using mathematical modeling. In a large organization, the available information could be total number of staff on the pay roll of the organization department wise, promotion to higher positions, attrition rates in different levels, current state of the organization, future state based on current trends/future plans etc. Infact the requisite information is fed to the computer application software developed for the purpose.

The output of the software helps in evaluating various strategies that we adopt in the current as well as in the near future. The system is flexible to encompass changes in the environment or policy parameters of the organization. In the beginning of the 1970s, many companies were planning considerable expansion. During this period, it was realized that the key to success was sufficient supply of skilled personnel. This led to the emergence of human resource planning as a tool of human resource management. HR planning is the process of ensuring that the correct number of human resource is available at the right time and the right place. In order to do that, they need appropriate analytical tools. A lot of effort was devoted in developing the tools and techniques to assist the managers with their planning. Many of these were based on the concept of Markov chains refer Bowel (1974).

In a large organization, the flow of individuals between various levels is a task, which requires a careful and strict monitoring. Over a number of years, patterns of behavior may emerge and in many cases, the role of HR planning is to build a picture of such resource movement. In a stabilized environment where the features and characteristics are expected to evolve in a predictable and orderly fashion, a model of long-term pattern would emerge. This would show the expected number turnover of the staff, retirement, and average number of staff that leave due to voluntary/involuntary reasons. This can give basic picture of staff turnover. Information can be used for timings and the number for inducting new staff.

2. HR PLANNING MODELS

There are generally two types of HR Planning namely, aggregate planning and succession planning. Aggregate planning anticipates needs for groups of employees in specific levels, whereas the succession planning focuses on key individuals i.e. Heads of Departments, Chief Executive Officers, Vice Presidents etc. that the organization needs to make sure that these are always remain filled. This paper deals with aggregate planning for the staff. HR models may belong to a variety of categories. HR models are thought as mathematical representations of the relationships of a HR system. Representations are normally in the form of mathematical equations, which themselves express the HR process. HR systems are normally considered as complex systems in which their counterparts interact with each other to accomplish the desired outcome refer Khoong (1996). A typical HR system is presented in Figure 1. Rectangles represent "stocks" and arrows represent movements between various hierarchical levels of the organization/ the outside world are called as "flows".

Figure 1: Typical HR System
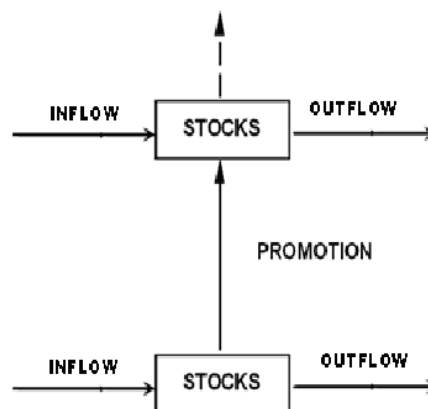
Estimates of existing supply of human resource are not static. In big organizations, employees change positions and job levels continuously. In order to assess the supply of employees, there is a need to assess movement within the organization as well as the attrition rates in each level. This can be done through an Operational Research technique called "Markov Chain". This technique describes probability of employee staying in the job in any category, moving to another job, or leaving the organization over a given period of time say one year/6 months/3 months/a month etc.

3. PROBLEM CONCEPTUALIZATION

The concept used in the paper is that an organization is regarded as a dynamic system of stocks and flows. The employees can be classified into groups/levels depending upon the characteristics that are relevant for the exercise. The number in such groups/levels will be called as stocks at that time.

If we denote the number of groups by k, the stock in category i at time T will be written as $n_i(T)$ and the set of stocks as a row vector as below

$$n(T) = [n_1(T), n_2(T) \ldots\ldots\ldots\ldots n_k(T)]$$

The stock vector provides human resource picture of the organization, but tells nothing about the changes in the HR System over the years. We consider an interval of unit length (This interval could be a year, half year, a quarter or even a month) from time "T – 1" to "T" and denote the number of individuals moving from group i to j in this period by $n_{i,j}(T-1)$.

Stocks and flows information can be shown in a network diagram in Figure 2.

Figure 2: Network Diagram
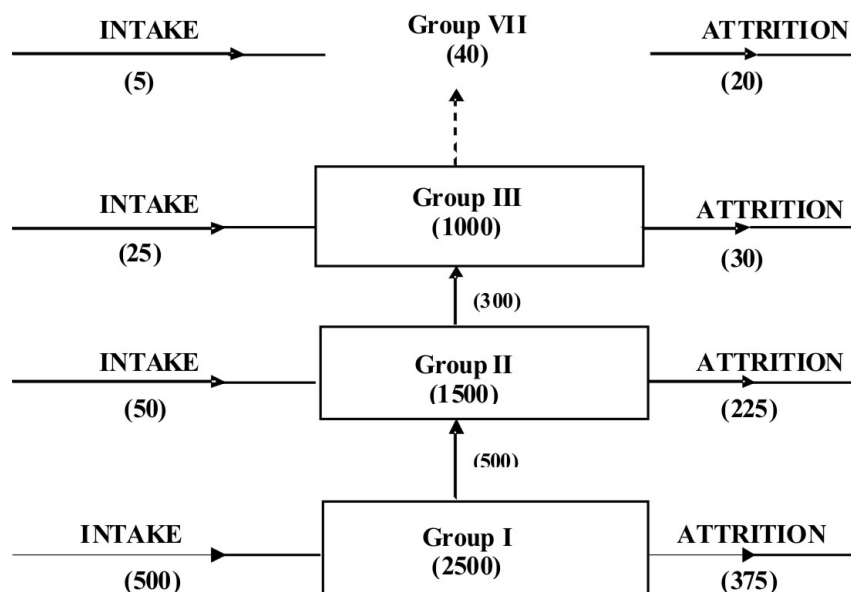
Rectangles above represent seven groups and numbers inside them are the stocks at the beginning of the interval. The arrows indicate the path along which flows are taking place. The numbers in the parenthesis are the relevant numbers in the groups.

4. BASIC MARKOV MODEL CHAIN & MODEL FORMULATION

The model is briefly explained below. For detailed development refer Bartholomew and Forbes (1991) Chapter 3, and Bartholomew (1963 a, 1963b). The personnel movements through an organization have also been analyzed by Grinold and Marshall (1997), amongst others.

The assumption for the Markov Chain are that individual move independently and with identical probabilities. Since, each person must either stay where he is, move to another level, or leave, therefore,

$$\sum_{j=1}^{k} p_{i,j} + a_i = 1 \qquad\qquad \text{(for all i)}$$

227

The matrix $\mathbf{P} = \{p_{i,j}\}$ is called the transition matrix and the row vector $\mathbf{a} = \{a_1, a_2 \ldots\ldots a_k\}$ is called the attrition vector. The duration of the time interval may be a year, half year, a quarter or even a month depending upon the requirement.

Let total number of inductees at time T is denoted by $\mathbf{R(T)}$. If these inductees are allocated to k levels with probabilities $r_1, r_2, r_3,\ldots r_k$ such that

$$\left\{ \sum_{i=1}^{k} \mathbf{r_i} = 1 \right\} \text{ then } r = \{r_i\} \text{ is called as induction vector.}$$

The basic manpower equation is

$$n_j(T) = \sum_{i=1}^{k} n_{i,j}(T-1) + n_{o,j}(T) \qquad (j = 1, \ldots\ldots k) \qquad (1)$$

where

$n_j(T)$ = Number of individuals in level j at time T
$n_{i,j}(T-1)$ = Number of individuals moving from level i to j from time $(T-1)$ to T
$n_{o,j}(T)$ = Induction flow between time periods $(T-1)$ and T

The transitions in the above model are governed by the probabilities. The transition probability matrix P can be defined as follows:

$$P = \begin{pmatrix} p_{11} & p_{12} \ldots\ldots p_{1k} \\ p_{21} & p_{22} \ldots\ldots p_{2k} \\ p_{31} & p_{32} \ldots\ldots p_{3k} \\ p_{k1} & p_{k2} \ldots\ldots p_{kk} \end{pmatrix} \quad \begin{matrix} a_1 \\ a_2 \\ a_3 \\ a_k \end{matrix}$$

where

p_{ij} = Probability that an individual in level i at the start of the time interval is in level j at the end.
a_i = Probability that a member of level i at the start has left by end of the interval.

It may be pointed out that the sum of the elements of each row of probability matrix = $1 - a_j$, $j = 1,\ldots\ldots,k$.

As the equation (1) is linear, the same relationship will hold for their averages. Hence (1) can be re-written as

$$\bar{n}_j(T) = \sum_{i=1}^{k} \bar{n}_{i,j}(T-1) + \bar{n}_{o,j}(T) \qquad (j=1\ldots\ldots k) \qquad (2)$$

where

$$\overline{n}_{o,j}(T) = R(T)r_j$$

$$\overline{n}_{i,j}(T-1) = \overline{n}_i(T-1)\,p_{i,j}$$

$$i, j = 1,2 \ldots\ldots k)$$

Hence (2) can be re-written as

$$\overline{n}_j(T) = \sum_{i=1}^{k} \overline{n}_i(T-1)\,p_{i,j} + R(T)r_j \qquad\qquad (j = 1,2, \ldots\ldots k\,)\} \qquad\qquad (3)$$

In matrix notation (3) can be written as

$$\overline{n}(T) = \overline{n}(T-1)\,P + R(T)r \qquad\qquad (4)$$

$\overline{n}(T) =$ A column vector at time T whose elements are $\overline{n}_j(T)$, $j = 1,2 \ldots\ldots k$ (each $\overline{n}_j(T)$ is a row vector).

$\overline{n}(T-1) =$ A column vector at time (T– 1) whose elements are $n_j(T-1)$, $j = 1,2\ldots k$ (each $\overline{n}_j(T-1)$ is a row vector similar to the one defined above).

P = Transition probability matrix explained earlier.

Equation (4) is the basic equation which occupies a prominent role in most application of Markov Chain models.

4.1. CASE I: WHEN INDUCTION IS TAKING PLACE AT LOWEST GROUP ONLY

If the recruitment is taking place in the lowest group only, then the expected flows are:

$$\overline{n}_{0,1}(T) = R(T),$$

and $\quad \overline{n}_{i,j}(T-1) = \overline{n}_i(T-1)p_{ij}$

Hence (2) can be re-written as

$$\overline{n}_j(T) = \sum_{i=1}^{k} \overline{n}_i(T-1)p_{ij} + R(T) \qquad\qquad (j = 1 \ldots k)$$

In matrix notation, (3) can be expressed as

$$\overline{n}(T) = \overline{n}(T-1)\,P + R(T),$$

Where

$\overline{n}(T) =$ A column vector at time T whose elements are $\overline{n}_j(T), j = 1,\ldots k$ (Each $\overline{n}_j(T)$ is a row vector the elements of which are as defined above).

$\overline{n}(T-1) =$ A column vector at time T-1 whose elements are $\overline{n}_j(T-1)$, $(j = 1,\ldots k\,)$ (Each $\overline{n}_j(T-1)$ is a row vector similar to the one defined above).

P = Transition probability matrix explained earlier.

This kind of model is widely used in the Government sector where the number of inductees is fixed. Also in many cases the induction frequently takes place at the lowest group and the inductees are promoted / transferred as per policy parameter of their respective service. It was applied in the Departement of Posts where the number of employees was over

229

6 lacs and recruitment usually was taking place at the lowest level. This model helped in streamlining the HR planning needs of the organization and the results obtained from the model were accepted and implemented in the Dept. of Posts, Government of India.

4.2. CASE II: GROUP SIZES ALLOWED TO VARY WITHIN FIXED GLOBAL TOTAL

This is a case when group sizes are allowed to vary within a fixed globed total. The number of inductees will now be a random variable composed of two parts. The part one consists of those inductees who fill new vacancies arising from growth in the system and the second part of those who replace leavers. The expected value of R (T) will be

$$R(T) = N(T) - N(T-1) + \sum_{i=1}^{k} \overline{n}_1(T-1) a_i \qquad (5)$$

Substituting (3) in (5) above, we get

$$\overline{n}(T) = \overline{n}(T-1)P + \left\{ N(T) - N(T-1) + \sum_{i=1}^{k} \overline{n}_i(T-1)\overline{a}_i' \right\} \overline{r}$$

$$\text{or } \overline{n}(T-1)\{P + \overline{a}'r\} + \{N(T) - N(T-1)\}$$

Or $\qquad \overline{n}(T) = \overline{n}(T-1)\{P + \overline{a}'\overline{r}\} + M(T)\overline{r} \qquad (6)$

where

M (T) = N (T) = N (T-1).
Each term in this equation can be identified in the following way:
$\overline{n}$ (T-1) $\overline{P}$ represents normal internal movements;
$\overline{n}$ (T -1) $\overline{a}'$ represents recruits who replace leavers;
M (T)r represents recruits filling new or created vacancies.

We shall write $\overline{Q} = \overline{P} + \overline{a}'$. Where Q as the 'transition' matrix whose typical elements is $P_{ij} + \overline{a}' r_j$. The first term p_{ij} corresponds to a real direct flow from i to j, where $a_i r_j$ can be interpreted as a hypothetical indirect flow comprising that part of the staff attrition flow from i which goes back to j as recruitment.

Since the row sums of $\overline{Q}$ are all equal to one, Q is a stochastic matrix. Thus if M (T) = 0 for all T we have a constant –size system and in this case (6) is essentially the same as the basic equation of Markov-chain theory (An account of this theory can be found in Kemeny and Snell (1970).

4.2.1 Application of the Model in Real Life

Recruitment, Promotions and Staff Attrition in any large and hierarchical Scientific/ Technical/ Research & Development (R&D) institutions are some what different from other types of organizations. There are, generally, three phases of recruitment processes namely "Pre-Recruitment", "Recruitment" and "Post-Recruitment". The present case i.e. Case II, discusses the methodology developed for "Recruitment and Post-Recruitment" processes for R&D scientists of Defense Research & Development Organization (DRDO) in India This includes normal internal movements, fresh inductees who replace the leavers and inductees filling new or created vacancies. The Markov model in which individual group/level sizes are allowed to vary within a fixed global total was applied. The mathematical model employed in the present case was useful in identifying and planning

exact human resource needs of DRDO having about 8,000 scientists spread all over India. For details refer Kapur, Khurana and Seth (2008). The entire mathematics used in the software was embedded in the application software developed for the purpose. The results obtained from the application software were acceptable to the user organization. The HR Planning graph devised by the authors shown in Figure 3 was very useful tool in the hands of HR Planners. The graph clearly indicates that intake, promotion and attrition rate are inter linked and alteration of any one factor would automatically affect the other factors.

Figure 3: HR Planning Graph Scientist "B" to "H" (Direct)
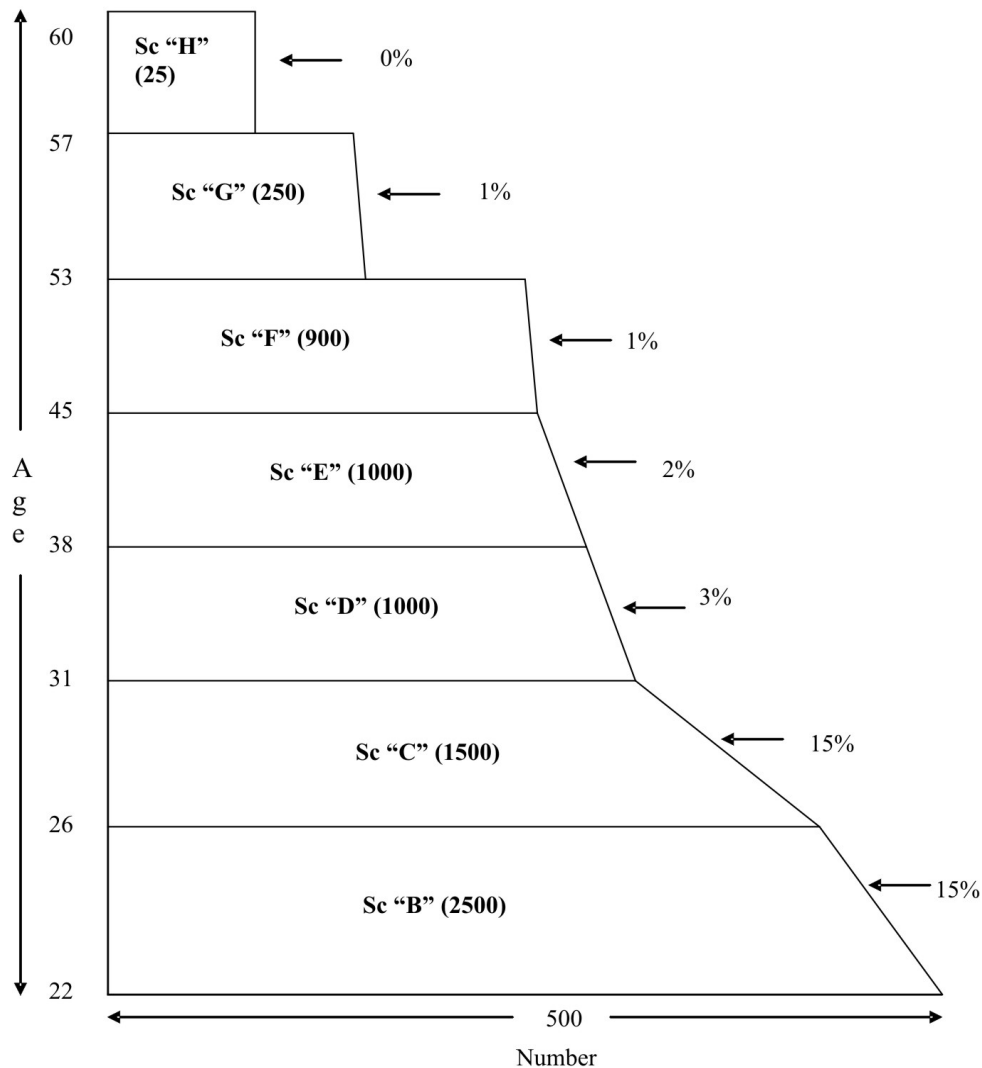
Source: Own research

The steps involved in the construction of career planning graph are as follows:

Step I: Determine from the past data the average age at which trainees join. Compute the attrition rate during training period based on past data and adjust it continuously.

Step II: Find the voluntary attrition based on past data for Group-I individuals.

Step III: Segregate the individuals at an average age of consideration for promotion to the next group based on promotion percentages.

Step IV: Individuals not promoted at all may leave prematurely or superannuate at the prescribed age.

231

***Step* V:** The average annual intake based on current strength of Group-I can be determined using the following formula: $I = P \left\{ \sum_{N=0}^{4} \left(1 - \frac{a}{100}\right)^N \right\}$

where I = Total current strength of Group-I.

   P = Average effective induction.

   a = Average annual attrition due to voluntary reasons in Group-I,

   Similar method can be adopted for other groups also.

4.3. CASE III: MARKOV MODEL WITH GROUP-AND-SENIORITY-SPECIFIC TRANSITION RATES

   Promotion probabilities generally depend upon the length of time an individual has spent in the current group or level. It is therefore required to define the classes of the model to facilitate for these variations. The biggest practical advantage of Markov model is that the classes can be defined in the manner required for the problem on hand. A detailed illustration of this case is given at 6. An Illustration of Case III.

5. DEVELOPMENT OF SOFTWARE

   All the mathematical computations required in the Markov Chain model have been embedded in the software. A few simple inputs are required for the software to evaluate any option with regard to induction, promotion, attrition rate etc. The software takes into account variation of sizes in levels within a fixed global total or otherwise. Refer Kapur, Khurana and Seth (2008).

The software provides answers to the following typical questions.
▪ What should be the intake during the fixed time interval (yearly, half yearly, quarterly etc) in each level to maintain or vary a specified inter-level structure?
▪ What should be the promotion prospects of the individuals in the system?
▪ What effect expansion or reduction will have on promotional avenues?
▪ How many people are needed over next 5 to 10 years?
▪ In which level or function do we need them?
▪ What skill do we expect them to have?

Input data required for the software may be collected as follows.
▪ Policy parameters of the organization i.e. age of retirement, qualitative and quantitative requirements (QRs) for promotion to next higher group etc.
▪ Attrition rate during next 5 years or so both due to superannuation and resignation etc.
▪ Desired inter-level structure of the institution by a specified time.

   To find answers to above questions, a range of HR matrices will be required. This may include comparative staff attrition, overall number of leavers and joiners and so on.

6. AN ILLUSTRATION OF CASE III

   The data in Table 1 below relate to a large private university teaching system of the four levels i.e. Senior Professor, Professor, Assistant Professor and Lecturer for the two academic years 2009-10 and 2010-11. Flows for a university Teaching System are shown academic year wise.

Table 1: Flows for a university teaching system in the examined academic years

Levels	L	AP	Prof	Sr Prof	Turnover	Total
2009-10						
Lecturer (L)	1580	80	0	0	90	1750
Asst Prof. (AP)	0	620	20	0	30	670
Prof. (P)	0	0	550	0	10	560
Sr. Prof. (P)	0	0	0	200	80	280
2010-11						
Lecturer (L)	1780	50	0	0	80	1910
Asst Prof. (AP)	0	650	40	0	30	720
Prof. (P)	0	0	600	20	0	620
Sr. Prof. (P)	0	0	0	250	90	340

Source: Own research

In actual practice, propensity to leave depends on the length of service or seniority in the relevant level. Similarly, the promotion probabilities depend upon the length of time persons have spent in their current levels. In real time scenario it is desirable to define the classes within each level. The beauty of Markov Model is that the classes can be defined as per requirement of the problem. In fact, there can be different number of classes in each level. In the above University teaching system, the classes are defined thus: Lecturer/Senior. lecturer level has been broken into three classes. Class 1 (C1) comprises lecturer with 0-2 yrs as lecturer. Similarly, C2 compromises lecturer/Sr. lecturers of 2-4 years seniority and Class 3 (C3) will be of those with seniority more than 4 yrs as lecturer/Sr. lecturer. Class 4 (C4) is class of Assistant Professors with seniority within 2 years as Assistant Professor and Class 5 (C5) consists of Assistant Professor of seniority between 2-4 years as Assistant Professor, whereas Class 6 (C6) is of Assistant Professor with seniority above 4 years. Class 7 (C7) and Class 8 (C8) are of Professors with 0-2 years and 2 years and more as Professor respectively. Class9 (C9) is a single class, at the level of Senior Professor.

Transition Probability matrix for a total of nine classes is given in Table 2 below:

Table 2: Transition probability matrix for a total of nine classes

Levels / Classes		Level 1			Level 2			Level 3		Level 4
		C1	C2	C3	C4	C5	C6	C7	C8	C9
Level 1 (L1)	C1	0.40	0.33	0	0	0	0	0	0	0
	C2	0	0.33	0.24	0.10	0	0	0	0	0
	C3	0	0	0.26	0.205	0	0	0	0	0
Level 2 (L2)	C4	0	0	0	0.44	0.27	0	0.13	0	0
	C5	0	0	0	0	0.37	0.27	0	0.13	0
	C6	0	0	0	0	0	0.20	0.033	0	0
Level 3 (L3)	C7	0	0	0	0	0	0	0.51	0.32	0.06
	C8	0	0	0	0	0	0	0	0.45	0.19
Level 4 (L3)	C9	0	0	0	0	0	0	0	0	0.64

Source : Own research

The above transition probabilities were calculated based on the data for the academic year 2010-11 given in Table 1 above coupled with the data shown for each class in the pictorial description of the above system in Figure 4 below, e.g. the value for the cell at the first row and first column is 770/1910 = 0.40 and similarly for the other cells.

Figure 4: Pictorial description of the examined teaching system
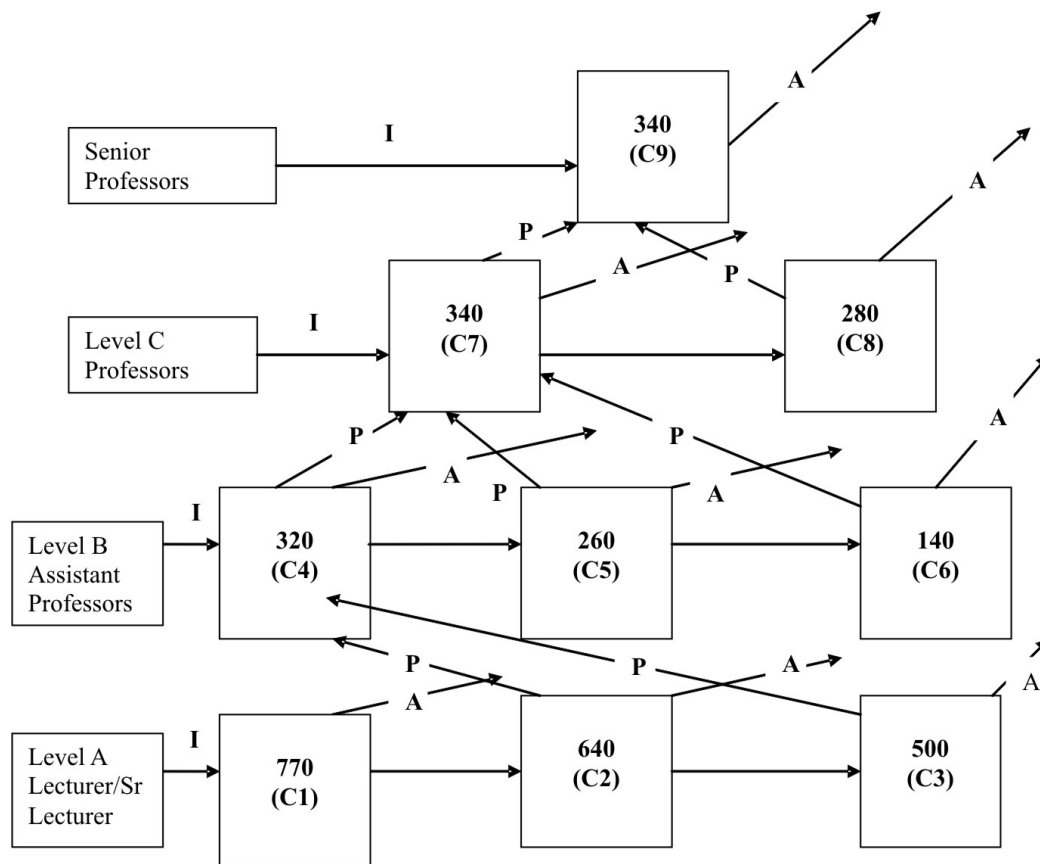
Source : Own research

Legend:
P: Promotion, **I:** Induction, **A:** Attrition, **C1:** Class 1, **C2:** Class 2, **C3:** Class 3, **C4:** Class 4, **C5:** Class 5, **C6:** Class 6, **C7:** Class 7, **C8:** Class 8, **C9:** Class 9

Data for voluntary attrition rate level wise was calculated based on averages of previous years, whereas figures in respect of involuntary turn over was computed on the basis of ages of current employees and other reasons. A set of promotion parameters for a particular University Teaching System were considered and fed to the application software developed for the purpose. It may be mentioned that the induction, promotion, attrition are happening simultaneously in dynamic fashion. It is like a moving car, where people are embarking disembarking at constant basis round the year. The problem on hand was to carryout the induction so that the requirement of a university is met and at the same time ratio between **L**, **AP** and **P** is maintained as 1:2:4 or any other desired by the university teaching system. The application software encompasses any possible number of hierarchal levels, calculates the transition probabilities required by the model. Top management can envision the structure of the organization for any number of years in future. Intervention of intake/promotion can be made for any level(s) in future years.

The following values were fed to the application software:
Number of classes (3 within Lecturer level, 3 within Asst Prof level, 2 within Professor level and just one in Senior Professor level) Thus the total number of classes say, K= 9
Number in each class say, N (Refer Figure 2) = [770, 640, 500, 320, 260, 140, 340, 280, 340]

Number of persons being inducted in each class of the above nine classes, during a unit time say, I vector = [160,140, 100, 80, 60, 60, 60, 40,10]

$$
\mathbf{P} = \begin{pmatrix}
.40 & .33 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & .33 & .24 & .10 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & .26 & .205 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & .44 & .27 & 0 & .13 & 0 & 0 \\
0 & 0 & 0 & 0 & .37 & .27 & 0 & .13 & 0 \\
0 & 0 & 0 & 0 & 0 & .20 & .033 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & .51 & .32 & .06 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & .45 & .19 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & .64
\end{pmatrix}
\begin{matrix}
.27 \\ .33 \\ .535 \\ .16 \\ .23 \\ .767 \\ .11 \\ .36 \\ .36
\end{matrix}
$$

6.1. SAMPLE OUTPUT OF SOFTWARE

A sample output of the software is shown in Table 4 below.

Table 4: Sample output of the software

Level	C1	C2	C3	C4	C5	C6	C7	C8	C9	Total	I
2010	770	640	500	320	260	140	340	280	340	3589 (100%)	710
2011	760	748	596	336	271	140	346	291	228	3716 (103.5%)	1290
2012	761	752	624	341	274	267	274	315	206	3248 (104%)	1110
2013	759	769	645	298	360	279	336	291	346	4083 (113.7%)	1328
2014	760	748	678	456	336	271	340	280	320	4189 (116.7%)	1250

Source : Own research

It may be observed from above that structure of the organization can be visualized by changing any value of N and I and the corresponding output can be observed and appropriate decisions taken.

7. GROUP AGE DISTRIBUTION GRAPH

Group Age distribution graph for the all employees of an organization is show in Figure 5. Group-Age graph gives the distribution of employees both age wise and group wise. This graph helps in determining the vacancies that will arise due to superannuation of the existing employees in next 5-10 years time period. The data extracted from this graph has been used in the Markov chain model to evaluate various options. The solid curve is the frequency distribution of age for the entire system. The dotted curves represent the age distributions within each group. Thus for any age the total number of individual in any system as well as in each group can be obtained. This graph gives the average lowest age at which the promotions take place and also in determining the number of people that would superannuate in next 5 to 10 years. This may help in determining with a fair degree of accuracy, the likely occurrence of vacancies in each group by virtue of the staff turn over due to superannuation. The attrition due

to voluntary reasons coupled with superannuation staff turn over will give total attrition group wise. The same has been used in the Markov chain model to evaluate various options.

Figure 5: Group Age Distribution
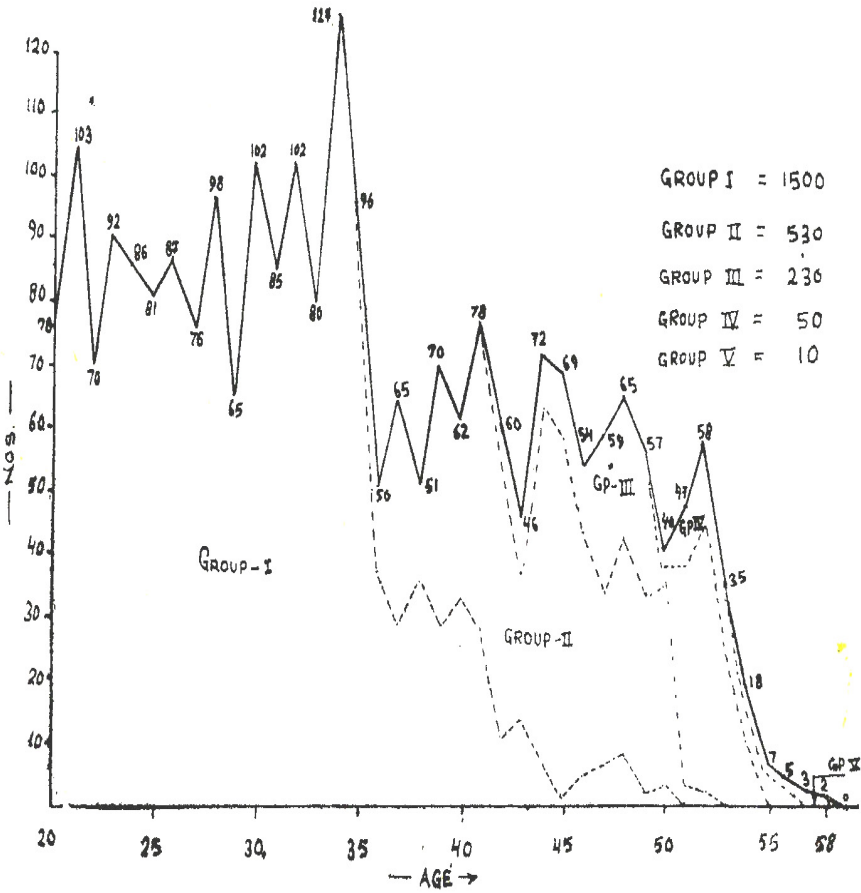
Source : Own research

8. CONCLUSIONS AND DISCUSSION

The fundamental point of the HR planning is to plan ahead for both the number of people and skills that they will need to deliver the organization strategy. The world is complex dynamic and multidimensional whereas paper is flat. How we represent the rich visual world of experience and measurement on a flat surface. The preparation of HR planning is seen as continuously changing and therefore it requires regular updating. No sooner it is prepared it will have changed. The most basic theory for HR Planning in an organization is to make sure that we have access to the data about the deployment of people in the organization. People join, leave, some work as part-time and some are temporary. Generally people are on move and tracking them is difficult. The only answer to this kind of situation is to take a snapshot of the HR planning on a particular date of the year. An organization payroll system is the best source to authenticate the information.

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4.2 USING MODERN FORMS AND TOOLS OF COMMUNICATION IN AN ORGANIZATION FOR THE EFFECTIVE HUMAN RESOURCES MANAGEMENT

Summary: The development of new technologies and their recent efficient implementation in the European countries, including Poland, facilitates fast flow of information and knowledge. It improves peoples' communication both on the individual as well as on the social (also organizational) level. Quick modern changes, novelties in the computing science as well as the development of new forms of interpersonal and group communication enables organizations and enterprises to connect and work in more effective ways, also globally. The article presents how these technological changes and development of new forms and tools of communication influence the field of Human Resources Management (HRM). The author focuses and indicates the ways in which new forms of communication enable reaching main goals of HRM and facilitate its processes.

Keywords: communication, technologies, HRM, internet, effectiveness

1. INTRODUCTION

Communication is the basis for existence of every group and organization. It includes the message, the transfer and the understanding of the meaning. Its main functions in an organization are: informing, controlling and motivating. The effectiveness of actions is strictly connected with the quality of communication processes in an organization. Analogically, ineffective, full of obstructions, badly planned and organized communication in organization can be the source of many problems and conflicts in organization. Effective communication, just like other soft skills of an employee, is extremely important in using the whole potential of human capital of an organization

In modern human resources management, there are numerous referring to the theory of social capital, which perceives the employees as people who learn and share knowledge in the organization. Efficient management of communication processes in an organization is one of the most important aspects of reaching goals of human resources management focused on modern solutions and high effectiveness, creativity and development of the employees. The concept of communication is a crucial one for another aspect of management of an organization. It is a key issue for the appropriate knowledge management, which is one of the characteristics of human capital model of management.

Knowledge management, which aims at sharing the potential and experience of the individuals for the benefit of the company and their employees, requires well managed communication processes. Modern ways and tools of communication are very useful for enhancing communication for the needs of knowledge management. They support exchange of information, experience, facilitate searching solutions to the problems or advice and integrating the employees.

The quality of communication processes has enormous influence on creating, acquiring, gathering, selecting and transferring knowledge in an organization. The processes of human resources management combine the knowledge management with realization of strategic goals of an organization (Słocińska, 2010, p. 224.).

The main goal of communication in the working environment is creating appropriate conditions enabling:

- stimulating of creativity and effectiveness of the members of an organization,
- the development of an organizational culture based on universally accepted values and rules,
- making the management staff sensitive to the needs and opinion of the employees,
- improving the communication and building the atmosphere of agreement between the superiors and subordinates as well as among the employees,
- the increase of the motivation of the employees thanks to the transferring comprehensible, clear, true information,
- reducing the resistance of the employees against the changes through preparation and their comprehension. (Olsztyńska, 2002, pp. 168-169.)

The department of human resources management should realize that there is a close interrelationship between organizing the effective system of communication and creating appropriate conditions for the employees to training, sharing experience and knowledge as well as development of human capital and increasing competitiveness of the whole organization.

While analyzing organizations, human capital may be defined as combination of the following factors:

1. "the qualities contributed by people, such as intelligence, energy, general positive attitude, credibility, commitment;
2. capability of an employee to learn: receptivity of the mind, imagination, creative skills and common sense;
3. motivation of an employee to sharing information and knowledge: team spirit and goal-orientation (Król, Ludwiczyński, 2006, p. 44.)."

Many of the factors which make up the human capital are shaped and supported by effective communication system in an organization. Conscious and deliberate creating communication processes of communication in an organization, including using modern tools of communication, coping with obstructions in communication, increasing the awareness of the employees concerning communication system functioning in an organization, facilitates the development of the human capital and enables reaching goals of the modern human resources management.

Increasing the effectiveness of human resources management by using the available tools and means of communication in an organization enables more efficient reaching goals which this field of organization management is faced with. Generally speaking, the main goal of human resources management is achieving success of an organization thanks to the people who work for it. When it comes to details, one can distinguish the following aims:

1. "providing various services supporting the aims of the company,
2. acquiring and keeping in a company highly qualified, committed, and well motivated employees,
3. increasing and developing innate capabilities of people (…) through providing trainings and continuous possibilities of development,
4. creating the atmosphere enabling maintaining productive and harmonious relations between the management and the employees (…), the conditions facilitating team-working and flexibility of people,
5. helping the organization in keeping balance and adapting to the needs of different interest groups, such as owners government agencies, management, employees, clients, suppliers and the whole of clients (…).
6. maintaining and improving physical and intellectual condition of the employees. (Armstrong, 2002, pp. 19-20.)"

A communication system, which is well organized and functions without obstructions – human or organizational ones – enables and supports the realization of the above-mentioned aims of the human resources management. Very significant to communicative aspect of knowledge management is organizational culture in an organization. It can facilitate or hinder the effectiveness of communication process in a company. Therefore, it is advisable for the management to focus on building the culture oriented on sharing knowledge.

Sharing knowledge in contemporary organizations is possible thanks to the technological instruments as well as social interactions between the members of an organization. Technological support is unquestionably essential in enabling and facilitating knowledge transfer. Means such as computerization, Intranet, Internet, specialized software are very useful, however if not supported by the adequate social relations in the company they may not be sufficient.

2. MODERN CHANGES IN COMMUNICATION

The technological changes and appearance of diverse means and forms of communicating in the recent years are very significant and they should be taken into consideration while managing the processes of communicating in an organization. First and foremost the technological progress enabled the development of new forms of interpersonal communication. Bordewijk and van Kaam (1986, pp. 16-21.) created the four patterns of interpersonal communication typical of interactive media based on the flow of information. These are: allocation, conversation, consultation and recording.

Consultation is the flow of messages between the centre and the recipient who searches necessary information. Thanks to the development of technologies such as Internet, the recipient is able to reach the needed information in much faster way than ever before. Recording is based on conveying information essential for the centre by the sender. The centre may acquire those information or data through creating databases, online shopping done by the internet users or through recording phone calls. Because of the lack of necessary security systems during using the Internet the outsiders may be able to acquire information about the Internet users, such as visited website, online payments, e-mail recipients etc. Allocation is the one-way, asymmetrical flow of information, which is based on conveying messages from the centre to the receivers. An example of allocation is radio programme, TV broadcast or the new media, which convey information to the selected receivers. Conversation is the process of double-sided and symmetrical communication between the receivers, which omit the centre (Witkowska and Cholawo-Sosnowska, 2006, pp. 109-111.).

In modern information society numerous new forms of conversational communication have occurred. We can name the most popular ones, such as:
1. WWW (World Wide Web) – which uses hypertext links in order to reach the information from the Internet data bases localized all around the world;
2. Electronic mail – messages sent from the sender to the receiver in the form of text messages, graphic messages etc.;
3. SMS, MMS – text or graphic messages from the sender conveyed to the telephone of the receiver;
4. chat – the exchange of messages between the interlocutors (also between one person and the internet users through the person of a moderator) through the WWW;
5. discussion forum – conversation by means of the website, which is made by the free number of senders and receivers, usually on certain topics. The messages which are sent are visible to all the receivers;

6. IRC (Internet Relay Chat) – a programme enabling the communication by means of WWW between large number of people exchanging messages on separate channels on which the users log;

7. discussion lists – the exchange of information by sending messages on the mailboxes of the registered participants of discussion groups;

8. Internet communicators – a means by which the interlocutors send messages (oral or written ones), which is usually free of charge and creates a competition for the mobile communications;

9. video conferences – communication between the users of the computer network with the use of simultaneous transmission of the sound and picture live. The video conferences are widely used in business, politics, science, education because they enable participation in a project people from all around the world (Witkowska and Cholawo-Sosnowska, 2006, pp. 109-111.).

The resources of the Internet may serve education and updating knowledge. It is the source of the professional, specialized knowledge and news as well as trade analysis, prognosis, opportunities or risks. It also offers very useful data bases with contact information and business activity details of companies (Małachowski, 2003, pp.104-105.).

One can add to the above-mentioned social networking sites. They are places of communication between registered users by means of the particular website or application installed on the multimedia portable devices. Apart from the exchange of information and staying in constant touch with the friends, family and acquaintances, the networking sites serve as a tool for building public image, establishing interpersonal contacts, including the business ones (profiles of companies and organizations). They can be used for integration and enhancing the identification of the employees with an organization due to the fact that they enable creating groups based on the affiliation with a given company or organization. Moreover, they can be a valuable source of information about a given person for the people recruiting for a job because people reveal a lot of information about themselves. Sometimes they unconsciously provide information about their interests, character and abilities.

In general, the development of computing technologies resulted in new information and communication technologies, potentially very beneficial for business and other fields. Adoption of ICT may facilitate coordination and control ability of a company because it eliminate or lessen the constraints of time and space in the flow of information. These technologies enhance the circulation of data, which are essential for effective management and decision-making as well as communication, and flexibility of an organization. (Spanos, Prastacos, Poulymenakou, 2002, p. 662.) Hence, the companies, which operate in a globalised, competitive environment of modern economic market, should make use of the new ICT solutions and benefit from the possibilities which they provide.

3. INFORMATION SOCIETY AND THE USE OF THE INTERNET

We are living in a constantly changing, fluent time, where the conditions of life are improving thanks to the development of science and technology. We are also becoming more and more dependent on the fast flow of information. People who want to be well oriented in modern world have to continuously search for new information, otherwise they may lag behind the others or become less competitive in professional sphere. Thanks to the development of the technology, computerization, mobile communications, and the Internet one can observe the development of the information society, where the information is the basis for the economical, political, social and individual development and competitiveness.

According to the IBM Community Development Foundation, information society is characterized by the following features:

- "high level of using information in everyday life by the majority of citizens and organizations;
- usage of homogenous and compatible information technology for personal use, social, educational or professional use;
- the ability of transferring, receiving and fast exchange of digital information regardless of the distance." (in Witkowska and Cholawo-Sosnowska, 2006, p. 15.)

The basis for the development of information society and new forms of communication is obviously the global network – Internet. It is a very fast and abundant in information tool. However, it is also chaotic, not always certain and reliable, difficult to control source of knowledge. After Grzenkowicz one can distinguish main advantages of the Internet, which are:

1. access to the wide source of information and current affairs from all over the world;
2. the fastest and the cheapest way of communication with other Internet users;
3. the possibility of sending digital files;
4. the possibility of discussing various topics with other Internet users;
5. making conferences, video conferences with numerous users from all around the world;
6. the possibility of shopping, selling, promoting and advertising, online banking from any chosen place with the access to the Internet (in Niedzielska, 2000, p. 122.).

From the other hand, one can enumerate a few significant negative aspects of the Internet. Nikodem points out what follows (in Niedzielska; 2000: p. 122.):

1. the threats for the security of information sent and placed in the Internet (currently there are applied such solutions as: encoding, SSL-Secure Socket Layer, SET-Secure Electronic Transactions etc.);
2. immense information noise, distortions, huge number of irrelevant, not reliable data and information placed in the Internet;
3. constant changes and dynamics which has to be followed by the users of the Internet; changes of location of information in the Internet.

Accessibility and popularity of the Internet in Poland is gradually increasing. According to the CBOS research (2011), 56 percent of the surveyed say that uses the Internet at least once a week (e.g. e-mail, Internet communicator, Internet websites). In the year 2005 the percentage of users was only 28 while in the year 2008 it was 44.Among the users of the Internet 95 percent uses it at home and 41 percent at work or at school. What is more, 51 percent of the users make use of the Internet communicators, 35 percent make oral conversations on the Internet, and 24 percent is active on the discussion forums and groups.

Internet is a very useful medium not only for a private person, but also especially for companies. It enables promoting and advertising by creating own websites or placing advertisements in popular professional websites, communicating with clients, co-workers, business partners, competition etc. What is more, the human resources management departments also make use of it. Internet provides tools for recruiting employees, including initial selection of candidates for a given post. There are numerous web portals where those searching for a job and those offering jobs place their advertisements and establish contact. If a company searches for a highly qualified employees, it cannot ignore or marginalize this way of recruiting people.

The Internet provides many possibilities of working more flexible in terms of time and place. A new form of working and communicating between employees and an employer is teleworking. This way of working does not concern only people who work at home, but also

those whose work requires a lot of travelling such as managers or business agents, sales representatives etc. In the last years, one of more interesting way of working has become the idea of hot desks in the office of a company, where an employee can use a computer with Internet or professional software, phone, fax and other office devices. (Witkowska and Cholawo-Sosnowska, 2006, pp. 162-163.). E.g. the possibility of working at home and communicating and sending the effects of work through the Internet may be beneficiary for people who take care of young children, are disable or live far from the place of work.

What is more, teleworking, being an innovative and flexible form of work, is not only a source of reduction of costs and improvement of productivity. First and foremost, it should be evaluated in the long-term perspective and effects on the company. Specifically speaking, teleworking may help to attract to the company employees who are highly qualified, with rare and valuable knowledge or skills. (Illegems and Verbeke, 2004, p. 321.)

We should be aware of the fact that changes in communication affect the way people work but the benefits have their limitations. "The bias is clear. Mobile workers tend to be senior figures in businesses with degrees of autonomy not enjoyed by the majority. The world of work is dominated by the geographically fixed office with its secure accountability and surveillance opportunities for managers. Employees, too, are able to exploit this environment, however. Being a mobile- or tele-worker imposes considerable discipline issues on individuals. Embracing wireless technology requires some significant – but realizable – changes in working methods and work organization". (Grantham and Tsekouras, 2004, p. 370.) Optimal management of human resources requires joining the realization of needs of a company with specific individual needs of the employees so it should take into consideration both benefits and limitations of a given form of work and its adjustment to a given individual.

Human resources managers may benefit a lot from the possibilities offered by new technologies, including Internet and specialized software. They can use special information systems such as pay systems, pension systems, insurance systems etc. in order to facilitate managing people and communication processes. Using these resources and tools of communication and management by Polish enterprises for enhancing management processes is gradually becoming more and more popular.

The Internet and it databases may be used on every phase of the human resources management. It is useful in the process of personnel planning, forming and motivating work teams as well as controlling the personnel management process. The Internet is particularly useful while selecting the candidates during recruiting process in order to match peoples' abilities and potential with the requirements of a post and organizational culture of a company. It lets save time, effort, and money during the recruitment. It is used in spreading the job advertisements, collecting and accepting the applications of candidates and the whole qualifying and recruitment process. The Internet mediation is especially valued in searching on the external labour market, because it enables reaching and exchanging information between enormous number of subjects – the employers and individual candidates, job agencies, vocational schools, job centers affiliated with the universities etc. People who search for a job can select job offers in terms of territorial area (near the place of living or the big cities etc.), in terms of required qualifications or expected salary. The effectiveness of this way of communication and exchange of data allows saving a lot of time and increasing the chances of finding an adequate candidate or a perfectly suiting job (Małachowski, 2003, pp. 100-103.).

Web portals such as job centres websites, catalogues of job offers, information services and discussion platforms are one of the most popular ones where the information about job offers and personal profiles of job seekers can be placed and found. On forums and discussion platforms people can create topic groups, in which people interested in finding employment in a given profession can exchange information. News and information portals, which gather and

make available for the receivers the information from wide range of diverse fields such as: economy, society, politics and culture may be very useful for enterprises for staying up-to-date and competitive on the market. Within economical web portals, companies can find financial portals, legal portals, particular trade portals etc. The social ones raise general social issues, administrative issues, family and lifestyle matters etc. Good knowledge of the Internet resources results in effective use the information for the benefit of a company. Recruiting highly qualified employees often requires using similar methods when advertising and promoting a company in order to attract appropriate people. Currently well and professionally designed and administered website of a company is the basis for the existence of a company in the Internet. It attracts the potential clients and business partners as well as future employees and enables fast and effective communication with the outside world (Małachowski, 2003, pp. 104-105.).

To sum up, the conscious and competent use of the Internet tools and resources is very beneficial, giving the possibilities of communicating within the company and outside, increasing the effectiveness of recruitment and other human resources management processes and enhancing the competitiveness of a company on the market.

4. TEAM WORKING SUPPORT AND OTHER TOOLS OF COMMUNICATION

The technological development of the last years resulted in gradual popularization of new software facilitating teamwork, multimedia, remote communication or corporate computer networks. The knowledge of the tools improving communication and exchange of information and data between co-workers is very significant for the more effective realization of human resource management goals.

Effective communication and collaboration of employees is a means to fostering creativity and innovation in the teamwork. Knowledge management enables it through ensuring among others non-technical, face to face forums of exchange of information (e. g. competency groups) as well as through providing technological platforms and tools for sharing knowledge (e. g. specialized software, online discussion forums). The management should guarantee the sharing of tacit knowledge in a collaborative environment as well as its codification into explicit one. (du Plessis, 2007, p. 25.)

The possibility of exchange of experience and cooperation between people, which is not restricted by the limits of space, and time allows building social capital of an organization and motivating to develop the potential of the individuals and the whole company. Electronic data exchange, which is sending by means of telecommunication networks the electronic messages with data, reports, transactions etc. between computer systems of given subjects is one of the most popular tools of modern communication. It is difficult to stay competitive on the market without using more and more popular and innovative forms of communication inside a company and with other subjects (Niedzielska; 2000, pp. 163-165.).

A great example of the beneficial and effective use of electronic data exchange is a workflow management system linking people's work and computer applications. It enables management of the business process including a sequence of tasks performed thanks to the computer application and special software not limited by the special or time restrictions. It is widely used when a part of business process is outsourced to a different place, even abroad.

A workflow management system deals with an organized process of performed tasks. "Using a process in a workflow management system, we can indicate in which way a particular category of cases should be handled. The process defines which tasks need to be carried out. As well as information about the tasks to be performed, a process also contains information about conditions." (van der Aalst and van Hee, 2004, p. 49.) Companies, which outsource performance of some tasks (technical service, customer service, accounting service)

often use special computer software, applications, Internet and other modern tools of communication to organize and perform tasks of a given process in a workflow system.

The appropriate implementation of a workflow system requires an appropriate infrastructure – a central server and clients which operates on Windows or UNIX. The main technical components include:

1. Hardware. A powerful server, personal computers, bridges, routers, hubs, gateways which build large network;
2. Operating system enabling using it by multiple users for multiple tasks;
3. Network software, which links server with the clients;
4. Database management system, usually used both by the applications and the workflow management system;
5. Applications, which support performing the tasks (standard software packages or customized software);
6. Workflow management system dealing with every component mentioned above. It enables exchanging information with the applications and the database system and cope with processing and network capacity. (van der Aalst and van Hee, 2004, pp.169-171.)

A good case study of effective outsourcing cooperation using workflow management system is the partnership of Capgemini Energy and TXU Corp., an energy company from Texas. The TXU Company outsourced such services as human resources, finance, accounting supply chain, information technology, customer care in order to reduce operating costs and focus on its core business.

For the use of accounting service and dealing with invoices simultaneously by the American TXU employees and clients and Polish Capgemini employees Integrated Future Technologies provided appropriate software applications and scanning hardware. IIFT designed a workflow solution, which worked with the document imaging hardware and software. Invoices are scanned in Capgemini American office and they are stored in a database. Invoice processors in Poland have the access to the images in a MasterScan Workflow, from which they can pull and work with invoices. When the processing of an invoice is completed and the data is released into accounting system the history of workflow is saved in the document folder of an invoice, which is important for future audit. Thanks to this solution, the invoice processing time is reduced and the electronic access to the invoice information is very fast and easy. (Capgemini and TXU Energy integrate Workflow with EMC ApplicationXtender. A case study, www.dditx.com) Without the newest computer technologies these kind of effective business cooperation would not be possible. Outsourcing numerous services to other countries with cheaper workforce or higher qualified workers is now possible all around the world contributing to the economic globalization processes.

Another solution, which facilitates communication, are corporate networks. They came into existence and were developed thanks to the appearance and use of the Internet. They are very useful tool for enabling and improving internal and external communication of an organization. One can distinguish two kinds of corporate networks: intranet (network connection of the subjects inside the organization, independent of the Internet) and extranet (network connection embracing wider geographic area) (Niedzielska, 2000, pp.163-165.). Both kinds of corporate networks enable gathering and sharing knowledge of the employees, the exchange of information and experience without obstructions typical of traditional forms of communication and support the knowledge management processes and development of social capital.

The example of the Intranet in the Polish PLL LOT airline company may serve as a case study. The Intranet is a second way of communication after the internal newspaper in terms of popularity among the personnel. It has existed since 1999 and offers currently over five

hundred pages for over two thousand users. It helps to reduce costs and increase efficiency of communication processes in a company. Access to the Intranet declares 78 percent of the staff and 55 percent uses it on a daily basis. The content of the Intranet includes current affairs, the most needed documents, company's forms and blanks, presentations, educational materials, short trainings, phone book etc. There are also separate pages of the LOT departments: the Department of the Recruitment and Development of Personnel, Social Department and History Room. Moreover, the employee can find there the discussion forum entitled "Today and tomorrow of LOT" and discuss current issues, problems, search for information, solutions, advice. It helps to integrate the employees with each other and the company because they can express their opinion, raise questions, report ideas and problems which they come across in everyday's work. It is also a safe way of communicating in a company because it is protected and only registered users are able to use it. The only flaw is that it is available only in Polish language version, which excludes the English speaking staff from the benefits of using it. (Szymański, 2009, pp. 1-2.)

The Intranet not only saves time and costs in a company but also enhances knowledge exchange, the development of the employees and enables integration and effective communication of a great number of employees in big companies, where interpersonal relations of such number of people would be simply not possible due to the technical and practical reasons.

As Brown indicates, "any design of organizational architecture and the ways communities are linked to each other should enhance the healthy autonomy of communities, while simultaneously building an interconnectedness through which to disseminate the results of separate communities' experiments. In some form, the stories that support learning-in-working and innovation should be allowed to circulate. The technological potential is available to support this distribution (e-mail, bulletin boards, home pages, etc. are capable of supporting narrative exchange". (Brown, 1998, p. 232.)

Apart from strictly information technology, human resources department has other means to support communication processes. The department deals with people and plays its major role in building organizational culture. It may and should support good communication and knowledge management in an organization. They can do it by means of the following:
- social gatherings of staff: in some organizations having conversations with other employees is not perceived as a valuable activity. The human resources department may encourage organizing staff meetings to support exchange of information and knowledge management,
- the layout of the office: the layout of places where people can meet informally is vital if a company wants to support sharing knowledge and exchanging the ideas. The human resources department could cooperate with management and help them to create office space for staff informal meetings,
- trust between employees of the company: in general, increased trust between employees multiplies the opportunities of knowledge sharing. The human resources department could enhance the trust among staff in order to facilitate good communication,
- differences in language and culture: it is a fact that the more languages employees speak, the bigger is their ability to acquire knowledge of customers and markets. The human resources department through its activity of recruitment and staff development may select staff with appropriate cultural and linguistic backgrounds in order to facilitate knowledge management activities,
- timeliness: one of the most important factors in successful knowledge management effort is timing. The timing of enhancing support for knowledge management process can have its input in the success of the project or program,

- learning and handling with problems and mistakes: if the employees are promoted for discussing their mistakes without anxiety, a culture of 'openness and seeking help' is really helpful for creating a learning organization. The human resources department can assist in creating a learning environment free from fear of reprimands and punishment,
- senior management support and involvement: the engagement of senior management in the knowledge management processes provides additional motivation for the employees to share knowledge. It may increase the likelihood of success of the knowledge management. The human resources department support in motivating staff can also facilitate the process (Soliman F., Spooner K. 2000, pp. 340-341.).

It is a very desirable situation when all organizational facilitations and activities are combined with the use of new multimedia technologies and software enabling and improving teamwork. Multimedia perform numerous roles, they serve for informing, communicating, presenting, illustrating, educating etc. People can use many tools and forms of communication to enhance their work: video conference, teamwork software, teleworking etc. Using the benefits of technology facilitates the realization of the goals of human resources management and the functioning of the whole organization. The appropriate and intentional using the new tools of communication for the needs of human resources management is not so much a possibility as a necessity in a new, constantly changing competitive social and economical environment.

5. CONCLUSION

Our constantly changing, fluent times are characterized by the fast development of science and technology. What is more, we are becoming an information society, more and more dependent on the fast flow of information. In order to keep up with the changing world, we have to continuously search for new information. The same applies to the situation of enterprises operating on the globalised market. They have to take into consideration changing times and their requirements concerning information and communication.

Well-managed company aiming at being competitive, creative, and employing satisfied and self-developing employees has to take into account the knowledge management requirements. This kind of management is based on sharing the potential and experience of the individuals for the benefit of the company and their employees. It requires well-managed communication processes including modern ways and tools of communication. They are very useful for enhancing communication for the needs of knowledge management. They support exchange of information, experience, facilitate searching solutions to the problems or advice and integrating the employees. They allow to overcome many problems and eliminate or lessen the constraints of time and space in the flow of information. They allow building social capital of an organization and developing the potential of the individuals and the whole company. Moreover, adopting new communication solutions enables effective knowledge management, more flexible working conditions, attracting and motivating highly qualified employees, as well as may positively influence the process of decision-making.

Generally, the aim of the human resources management is achieving success of the company thanks to the people who are employed in it, by creating the conditions and atmosphere of growth, development of their personal potential. Specialists who are responsible for the management of the communication processes in an organization should take into consideration new forms and tools of communication, which appeared due to changes in technology. It would be advisable to implement beneficiary changes on interpersonal, group, organizational and inter-organizational levels. In order to reach goals of human resources management in faster and more efficient way it is recommended to make use

of such tools as Internet, electronic data exchange, corporate networks, new software and multimedia.

The case studies shows the benefits of using such tools. The networks for communication enable cooperation of international work teams, coordination of international business cooperation, establishing and maintaining business relationships between companies or their branches around the world. As it was pointed out in the article, the outsourcing business successfully uses modern computing solutions for facilitating the communication between employees as well as employees and customers in different countries.

The enterprises operating on a globalised, competitive market should make use of the new ICT solutions and benefit from the possibilities which they provide. By means of creating and shaping modern communication processes using new tools of communication, focusing also on a organizational culture, removing obstructions in communication, enabling knowledge sharing, increasing the awareness of the employees one can effectively support the development of social capital and reach main goals of human resources management.

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4.3 I-DEALS AS A MODERN TOOL FOR HUMAN RESOURCE MANAGEMENT IN COMPETITIVE ORGANIZATIONS

Summary: The article considers the problem of idiosyncratic deals (in short: i-deals) which can be regarded as a modern tool for personnel management. By their adaptation to the needs and working conditions, and their individualized nature, agreements of this type may become an effective way to attract, motivate and keep valuable employees in an organization. In this paper the author presents the results of her own empirical studies that show the scope, forms and consequences of such agreements in the practice of Polish organizations.
As a result, the research hypothesis has been confirmed, saying that despite the observable benefits of this type of solutions, they are not fully used in the practice of Polish enterprises.

Keywords: employment relations, i-deals, negotiations

1. INTRODUCTION

In today's rapidly changing environment, we must seek new ways to effectively manage human resources. To be able to fully exploit the potential of employees, conditions of employment must be matched to individual needs and expectations of employees, especially those who decide about a company's market dominance. This goal can be achieved through individualized, tailored contracts between an employee and an employer/supervisor. This customization can be obtained by means of negotiations between an employer and individual employees, which results in signing idiosyncratic deals (in short: i-deals). This article aims to show the benefits and costs and the extent to which i-deals are used in the practice of human resource management in Polish enterprises. The empirical perspective will show us how employees perceive these problems. The hypothesis assumed herein implies that, despite the perceived benefits of i-deals, they are not a fully used tool for human resource management.

2. THE ESSENCE AND CONCEPT OF I-DEALS

The concept of i-deals is relatively young, and it was popularized, among others, by D. M. Rousseau in her work: *I-Deals: Idiosyncratic Deals Employees Bargain for Themselves*. This and other studies in this area highlight the inevitable end of collective agreements and template, unilaterally imposed contracts between an employer and an employee represented by a supervisor. This is due to the unique nature of work performed by individual members of an organization (Hornung, Rousseau, Glaser, 2009, p 739). Taking steps to retain the most valuable, competent and highly skilled staff is in the interest of an organization – this can be done by adjusting the negotiated contract to the needs and expectations of an employee.

According to D.M. Rousseau, "*idiosyncrasy in employment is found wherever individual workers change their job titles, draft their own job descriptions, revise the ones they started with, or otherwise customize their duties, work hours, and their conditions of work*". (Rousseau, 2005, p. 22). With such individualized treatment, there is a chance to keep an employee, while an employer can count on the stability of employment and greater loyalty and commitment, and employees can hope for terms and conditions of employment that fit their current life situations and ambitions.

Several key elements distinguish i-deals from other forms of specific agreements (e.g. based on nepotism, favourability) between an employee and an employer. They are (Rousseau, Ho, Greenberg 2006, pp. 977-994):
- Individually negotiated: an agreement negotiated by an employee must be individually tailored and different from other contracts with other co-workers.
- Heterogeneous: in a similar group of employees, contracts must be differentiated e.g. in terms of benefits, formal and informal incentives, and rewards matching the level of work performed.
- Benefiting for both parties (employee and employer): for an organization a success is to attract, motivate and maintain valuable employees by means of individually and fairly matched stimuli, as they in turn engage in work and the organization.
- Varied in scope: from a single individualized element in agreement in larger standardized package of settlement to total idiosyncratic forms of deals.

A condition to establish favourable i-deals is negotiation skills of those who participate in talks and who should get rid of inhibitions due to fear of reporting requirements. Indeed, this inside brake often makes it impossible to start a dialogue and establish a mutually beneficial outcome (Kowalczyk, 2011, p 364).

It must be noted that i-deals as the basis for cooperation between an employee and an employer/supervisor are more easily accepted in emerging companies which have not yet developed norms and strict labour standards (Rousseau, Ho, Greenberg 2006, pp. 977-994). However, negotiated, individualized employment contracts are a chance to achieve satisfaction by employees, and they occur even in labour markets with quite a bit of reduced competition. This was noticed during studies conducted on German officials in Bavaria which proved that negotiating i-deals brings measurable results – working time flexibility helps reduce the work-family conflict and lower the number of overtime providing a degree of involvement in an organization. Negotiated conditions for professional development involve affective organizational commitment, increased conflict of work-family roles, greater expectations related to fulfilling job tasks and a greater number of overtime hours (Hornung, Rousseau, Glaser, 2008, pp. 655-664). Thus, i-deals are becoming both a necessity and an opportunity related to the new economy in the early twenty-first century. Without them, it is difficult to satisfy the increasingly conscious employees, conduct business and manage its resources, including one of the most valuable of them – people. Hypothetical benefits and costs that may result from negotiating i-deals are presented in Table 1.

Table 1: I-deals: benefits and costs

Benefits	Costs
Outstanding commitment to work	Difficulties in balancing professional and personal roles
A sense of organizational commitment	Physical health disorders
Possibility of self-realization	Greater mental workload
Greater sense of security	Increased competition with other employees
Increased job satisfaction	Greater stress at work
Increased pay satisfaction	Greater burnout
Better atmosphere at work	
Increased self-esteem	
Professional competence development	
Better person-job fit	
Better person-organization fit	
Feeling a stronger connection between good work performance and rewards for it	

Source: own elaboration

The above items were subjected to empirical study the results of which are presented further in this article.

Discussing the issues of i-deals, it is advised to distinguish this form from other, dysfunctional types of relationships between an employee and an employer/supervisor. This is illustrated in the table below.

Table 2: I-deals compared to other person-specific employment arrangements

Feature	Employment Arrangement		
	I-deals	**Favouritism or Cronyism**	**Unauthorized Arrangements**
Allocations	Negotiated by employee	Endowment to employee	Usurped by employee
Basis	Worker's value to firm and personal need	Particular relationship	Rule breaking
Beneficiary	Employee and employer	Employee and powerful others (e.g. managers)	Employee only
Coworker consequences	Effects on perceptions depend on content, timing and process of creating i-deals	Reduces trust and perceptions of procedural and outcome fairness	Reduces legitimacy of organizational practices

Source: Rousseau, Ho, Greenberg 2006, p. 980

The above considerations aim to explain the essence of i-deals, and allow for distinguishing this phenomenon from other, negative, individualized forms of cooperation.

3. THE SCOPE AND FORMS OF I-DEALS AS HRM TOOLS

According to Rousseau, Hornung, and Glaser (2009, pp. 738-764) i-deals can be divided into several groups which include:
- development i-deals (e.g. individual career development opportunities, individually tailored goals and objectives);
- flexibility i-deals – associated with flexible forms of employment;
- workload reduction i-deals (e.g. reduced hours, reduced involvement in work).

All of them are based on a negotiation approach to determining a relationship between an employee and a supervisor/employer. The research carried out by these authors shows that development i-deals, in the opinion of supervisors, are related to improved standards of work performed by employees and a change in their motivation, whereas flexibility i-deals are associated with changes in the work-life balance as perceived by employees. To the researchers' surprise, the third type of i-deals, in respondents' opinion, did not affect any of the above effects of activity.

According to supervisors, one of these forms is affected by structural conditions (e.g. the size of a group, job limitations), initiatives taken by staff, unfilled organizational commitment. At the same time, respondents believe that structural conditions are associated with flexibility i-deals and workload reduction i-deals, while initiatives taken by staff are related to development i-deals and flexibility i-deals, while unfulfilled commitments are related to workload reduction i-deals.

In a highly changeable environment, companies competing for employees, especially knowledge employees, should offer them new and attractive forms of cooperation, based on flexible forms of employment. This will make it possible to implement innovative personnel policy in an enterprise, as well as meet the needs of people employed in it and those who apply for a job (Kwiatkowski 2003, pp. 19-20; Dolny, Meller 1998, p.12).

In my opinion, as reflected in empirical research, the scope of i-deals may involve different forms of flexibility in the labour market which include:

- flexible working time – part-time, flexible, and variable working time (e.g. within a week, month);
- flexible wages – base pay, augmented pay (their value and mutual relationships) and cafeteria remuneration (bonuses most desired by an employee, selected from a list);
- qualification flexibility – the need to expand professional competence;
- occupational flexibility – the need to change occupation;
- workplace flexibility – teleworking, changing work environment, changing tasks within the same company, changing address, working in virtual enterprises (Kwiatkowski 2003, pp. 18-20; Auriga, 2005, pp.8-12; Strzemińska, 2003, p.130);
- Flexible forms of employment contracts (temporary, part-time civil-law contracts, self-employment, management contract) (Stojek-Siwińska, 2007, pp. 18-19; Labour Code, p. 41).

I-deals may also have different forms as both parties (employer and supervisor) may have a different impact, which is illustrated in Figure 1. Problem solving seems to be the most effective form of negotiation, while imposing solutions and taking the initiative may not fully satisfy the other party.

Figure 1: Forms of i-deals
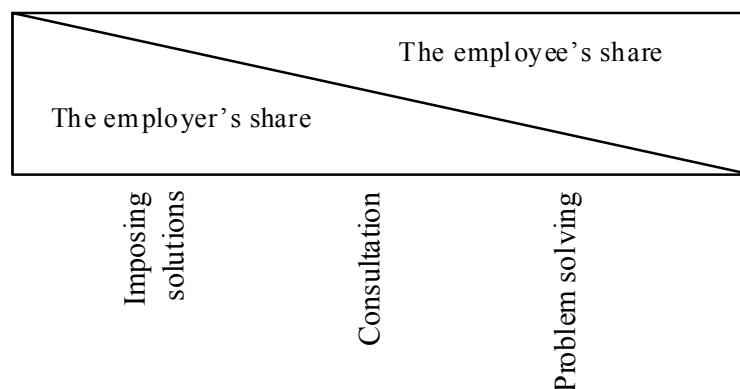
Source: own elaboration

Negotiating individual parameters of contracts, which is reflected in the psychological contract, and the form of their negotiation determines the specifics of i-deals that will be gradually treated as a human resource management tool, enabling employers to compete for high-performance workers.

4. NEGOTIATIONS AS A BASIS FOR I-DEALS

Negotiations are the basis for i-deals. If both parties are open and willing to talk, i-deals are likely to take the most desirable, problem solving character. There are some fundamental principles of negotiations which in determining i-deals can be as follows:

1. Know what, i.e. determining one's own priorities – what is the most desirable from the standpoint of an individual (development, flexibility, workload reduction) and organization (involvement, maintenance, employee's loyalty). By fixing important values, we talk about key issues and do not waste time on less important dimensions of cooperation.
2. Know why – negotiators should know about what is at stake, and this can result in work motivation, improved standards of work performance and perceived work-life balance. An organization can achieve better financial results and stabilize personnel.

3. Know whom – one of the major negotiation mistakes is talking to a wrong person, therefore parties acceding to negotiations should understand the scope of the mandate of the other party. Not always does a superior have the power to make binding decisions related to i-deals. It is advised to learn what the interlocutor is entitled to. On the other hand, the representative of an organization should also make sure to what extent the employee is valuable to the organization and what profits and character of work he can offer to them in this context.

4. Know how – it is crucial to find a way of communication between the parties. It is important that both parties could speak and hear the arguments and offers of their interlocutors. Therefore, argumentation, logical reasoning, and active listening skills are useful.

5. Know when – the moment when talks are initiated is also important, but it involves both a stage of an employee's life and career, and a stage of an enterprise development. An employee who takes care of small children, who wants to expand their competencies, who is before retirement, will value a different dimension of i-deals. Sometimes these deals should be renegotiated so as to keep pace with the dynamics of changes in the professional and extraprofessional life of an employee. The company during growth, stabilization and regression will also appreciate different dimensions of cooperation, which may be reflected in i-deals.

6. Know where – talks should be conducted in a special, usually isolated place so that the audience supports neither party in the talks. Observers are not conducive for focusing on the merits, and their presence makes the negotiators try to gain recognition and shine in their eyes. Besides, more often than in any other negotiations, it is easy to feel envy and a sense of injustice in the presence of a third party.

It is worth noting that both employees and employers should have negotiating competencies to be able to work together on the basis of i-deals.

Referring to the definition of competencies by A. Rakowska and A. Sitko-Lutek (2000, p. 16-18), we can conclude that competencies consist of knowledge, personal traits and skills, and attitudes. The assessment of competencies is based on the observation of individual behaviour, i.e. manifestations of their behavioural functioning. According to these authors, knowledge is built from an element of formal education and experience. In this case, its first component is the knowledge of rights and principles of negotiations, while experience is acquired in the face of situations that foster its use, in the case of negotiation competence, experience is acquired from an early age, and it can be also divided into the one we gain in non-business and professional situations. We should also note the impact of the attitude towards negotiations and negotiating on the general negotiation competence. According to the classical approach, represented e.g. by S. Nowak (1973), attitudes consist of cognitive, emotional, and behavioural components. Personal traits and skills are also the undeniable factors influencing competencies. As for negotiation competencies, it can be expected that they will be fostered by some traits of character and skills as needs, emotional intelligence, hope for success, social competencies, preferences for negotiation styles, the tendency to use negotiation techniques, information management, overcoming barriers.

Most of these elements can be improved during trainings, and their results will be reflected in the shape of a contract concluded between an employer and employee. At the same time improving negotiation competencies should cover both parties – employers and employees. Owing to that, a competent worker will be able to take the initiative and suggest to the employer/supervisor that they should discuss the conditions of his employment, which can lead to mutual satisfaction. A competent employer will know that despite his negotiating advantage, both parties have a common goal and it not worth demonstrating his strength and power in an ostentatious way. Because when he does so, the chances are slim that the other

party will be satisfied. Negotiations are successful when both parties benefit from the talks, save their faces, and are satisfied (but not necessarily to the same degree).

5. I-DEALS IN THE LIGHT OF THE RESULTS OF THE AUTHOR'S STUDIES

5.1. THE RESEARCH METHOD

The study was conducted in the first quarter of 2012, the survey was prepared in the electronic form and posted on the portal moje-ankiety.pl, and the link was passed for those who expressed a desire to participate in the study.

The study involved 212 people who were employed in the course of the study, or had been employed in the 12 preceding months. The gender structure of respondents was as follows: 41.5% (88 people) were male and 58.5% (124 people) were female. The mean age of respondents was 39.1 years, their job seniority was 7.9 years. Primary education – 0%, vocational education – 0.5% (1), secondary education – 9.4% (20), undergraduate higher education – 30.6% (65), higher education – 32.5% (69), postgraduate, doctoral education – 26.9% (57). The size of companies by number of employees in which respondents were employed is presented in Table 3.

Table 3: The structure of respondents in terms of the size of their employers

Company size	Micro (1-9 persons)	Small (10-49 persons)	Medium (50-249 persons)	Large (250-999 persons)	Very large (1000 and more)
Percentage (number) of respondents	10.8 % (23)	25.0% (53)	23.1% (49)	22.2% (47)	18.9% (40)

Source: own study

This study involved persons occupying various positions in the organizational hierarchy, as shown in Table 4.

Table 4: The structure of respondents' positions

Respondent's position	Regular	Independent / specialist	Junior manager	Mid-level manager	Senior manager	Other
Percentage (number) of respondents	23.1% (49)	42.5 % (90)	9.0% (19)	9.0% (19)	10.3% (22)	6.1% (13)

Source: own study

Taking into account the education and positions of respondents, they are knowledge employees, or they aspire to become them in the coming time.

Another factor which characterizes respondents is their net income in PLN, as shown in Table 5.

Table 5: Structure of (net) remuneration of respondents

Income	Up to 2000 PLN	2 001-2500 PLN	2501-3 000 PLN	3001-4000 PLN	4001 – 5000 PLN	5001 - 7000 PLN	7001-10 000 PLN	Over 10 001 PLN	Refused to answer
Percentage (number) of respondents	30.2% (64)	17.4 (37)	13.2% (28)	11.8% (25)	6.6% (14)	8.0 % (17)	2.8% (6)	3.8% (8)	6.1% (13)

The current average exchange rate of 1 EUR = 4.1721 PLN (30.04.2012)

Source: own research

The distribution of economic sectors from which respondents came was also varied – most of them represented financial and insurance segments (11.3%), wholesale and retail trade, repair of motor vehicles (8.5%), other services (8.0 %), education (8.0%), compulsory social security (7.1%).

Table 6 presents the ownership structure of companies in which respondents were employed.

Table 6: Ownership structure of companies employing respondents

Form of ownership	Percentage (number) of respondents	Form of ownership	Percentage (number) of respondents
State-owned enterprise	14.1% (30)	pan-European company	0.9% (2)
Cooperative enterprise	1.9% (4)	Limited liability company/Joint-stock company with Polish capital	24.5% (52)
General partnership	6.1% (13)	Limited liability company/Joint-stock company with foreign capital	22.2% (47)
Professional Partnership	0.9% (2)	Private partnership/ individual private enterprise	11.8% (25)
Limited partnership /Limited joint -stock partnership	2.4% (5)	Other, I do not know	15.1% (32)

Source: own research

5.2. THE SCOPE, BENEFITS AND COSTS OF I-DEALS

The first issue addressed in the study concerned the incidence of individual, tailored negotiation between an employer and an employee, i.e. i-deals. Respondents reported that they were implemented in 60.8% (129) of cases and in 39.1% (83) they were not practiced. It is encouraging that the majority of respondents negotiate with their employers, actively shaping the employee-employer/supervisor relationship. At the same time, respondents specified the scope of these talks as high in 13.2% (28), average in 30.7% (65), small in 26.7% (57), and not occurring at all in 29.2% (62). Unfortunately, a "wide range of talks" is still available for the minority, but perhaps this is due to the lack of habit to negotiate agreements between an employee and a supervisor, but it is hoped that this situation will change favourably.

Because not only respondents themselves but also other people from their organization could carry out such talks, another issue touched this problem. Respondents reported that other persons from their professional environment held such talks in 34.4% (73), while in 18.9% (40) no such talks took place, and in 46.7% (99) they had no knowledge in this regard. This means that employees are reluctant to share information about opportunities to negotiate benefits, maybe guided by a competitive strategy to build their own careers, and the dissemination of such information may be assessed by them as threatening their potential profits.

Further questions were directed only to those who declared that they had conducted individualized negotiations on work, and based on it the form of these negotiations was established. Respondents had to choose from several options depicted in Table 7 and Figure 1.

As shown in Table 7 employers and employees discussing their expectations and needs seek to reconcile their positions through *problem solving* negotiations in less than half of the cases, unfortunately there is still this one-sided exchange of messages (called "*imposing solutions*") dominated by an employer/supervisor in a relatively small degree interested in feedback from his/her subordinates. How much better the shape of i-deals would be, if the parties could freely submit their discussion ideas, expectations and concerns? Perhaps, the time to reach an agreement would extend, but the satisfaction of the parties would be greater,

and consequently the employer could rely on a greater loyalty and commitment of employees. It is really encouraging, however, that almost 10% of respondents took over the initiative – preparing an offer of their own accord. This approach breaks the stereotype that it is a supervisor who should initiate such talks.

Table 7: Nature of discussions between an employee and an employer/supervisor

What course did individualized negotiations on work take?	Percentage of respondents who held i-deals N=129
An employer/supervisor communicated his/her expectations and commitments, they were not subject to debate - "imposing solutions"	20.2% (26)
An employer/supervisor inquired about an employee's position and made an offer, which he/she announced, no further discussion occurred - "consultation"	20.2% (26)
An employer/supervisor asked about the position and needs of an employee, made an offer which they commonly discussed - "problem solving"	43.4% (56)
As suggested by an employer, an employee made his/her offer which he/she discussed with the employer/supervisor - "delegation"	6.2% (8)
An employee made an offer on his/her own initiative which he/she discussed with his/her employer/supervisor - "taking the initiative"	8.5% (11)
Other	1.6% (2)

Source: own study

Another issue examined is the scope and problems discussed during i-deals. This is illustrated in Table 8.

Table 8: Issues discussed during negotiations between an employee and an employer/supervisor

Topics of the talks included:	Percentage (number) of respondents who held i-deals N=129
Flexible working hours - part time, flexible working hours, variable working hours (e.g. within a week, month)	39.5% (51)
Flexible remuneration (base pay, augmented pay – their value and mutual relationships)	41.9% (54)
Cafeteria remuneration - selected from a list of available bonuses, most desired by an employee	4.7% (6)
Qualification flexibility - the need to expand professional competence	25.6% (33)
Occupational flexibility - the need to change jobs	1.6% (2)
Flexible jobs - teleworking, changing work environment, changing tasks within the same company, changing address, working in virtual enterprises	11.6% (15)
Flexible forms of employment contracts (temporary, part-time civil-law contracts, self-employment, management contract)	25.6% (33)
None of the above	13.2% (17)
Other	2.3% (3)

The results do not total 100% because respondents could choose more than one answer.

Source: own study

As can be seen from these figures, flexible working time and flexible pay enjoy the greatest popularity in the talks discussed, while the issues relating to professional competence development and working on the basis of flexible forms of employment contracts are less common as they occur in about ¼ of the cases. However, not all the potential opportunities faced by employers and associated with different forms of flexibility are used. As it has been

previously mentioned, flexibility in its various forms and scope is a chance to improve the labour market position of different groups of employees, it allows them to enter the labour market and gain experience, broaden skills, and therefore it is important to use its potential in building mutual employee-employer relationships.

Then respondents were asked to specify the observed effects of individualized arrangements they had conducted with their own employers (i-deals).

Table 9: The effects of individualized discussions on work (i-deals)

According to respondents, their i-deals have resulted in:	I agree (4)	I rather agree (3)	I rather disagree (2)	I disagree (1)	Mean value
1. Above-average work involvement	27.9 (36)	39.5 (51)	19.4 (25)	13.2 (17)	2.82
2. Difficulties in balancing professional and personal roles	12.4 (16)	17.8 (23)	31.8 (41)	38.0 (49)	2.04
3. Physical health deterioration	6.2 (8)	13.2 (17)	20.2 (26)	60.5 (78)	1.65
4. Increased psychological stress	17.8 (23)	25.6 (33)	22.4 (29)	34.1 (44)	2.27
5. A sense of organizational commitment	20.9 (27)	50.4 (65)	17.8 (23)	10.9 (14)	2.81
6. Greater sense of security	17.1 (22)	51.2 (66)	24.0 (31)	7.8 (10)	2.78
7. The possibility of self-realization	31.0 (40)	45.0 (58)	19.4 (25)	4.7 (6)	3.02
8. Increased job satisfaction	30.2 (39)	44.2 (57)	20.9 (27)	4.7 (6)	3.00
9. Greater pay satisfaction	24.8 (32)	47.3 (61)	20.9 (27)	7.0 (9)	2.9
10. A better atmosphere at work	18.6 (24)	42.6 (55)	29.4 (38)	9.3 (12)	2.71
11. Professional competence development	26.3 (34)	45.7 (59)	19.4 (25)	8.5 (11)	2.9
12. Increased competition with other employees	12.4 (16)	20.2 (26)	36.4 (47)	31.0 (40)	2.14
13. Higher self-esteem	24.8 (32)	48.1 (62)	21.7 (28)	5.4 (7)	2.92

The categorical results from the columns were converted to point values based on which the mean value for each row was calculated. Source: own study

As the data in Table 9 and Figure 2 show, the greatest impact of individualized employment contracts is reported in such aspects of an employee's functioning (25% of top results) as the possibility of self-realization, greater job satisfaction and higher self-esteem. The lowest effect was observed in such areas (25% of lower results in the group) as physical health deterioration and difficulty in balancing professional and personal roles, and competition between employees.

Figure 2: Effects of i-deals as perceived by employees
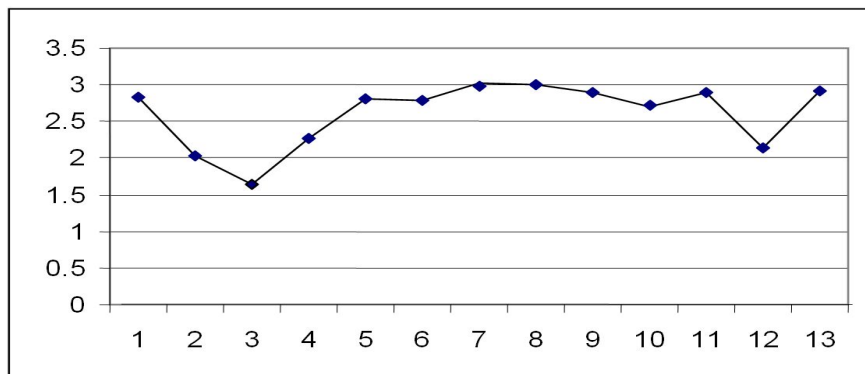
The numbers in the figure correspond to items in Table 9; mean results

Source: own study

Employees who negotiated individualized working conditions are more satisfied with it, they may feel more professionally fulfilled and are more confident of their competence which they may develop. What is more, they do not feel negative physical symptoms, and the negotiated arrangement allows them to fulfil both their professional and non-professional roles. It can be assumed that their quality of life is better.

In addition to the effects resulting from i-deals observed by respondents, the conviction about the potential effects that may result from such agreements is also important. All respondents referred to it, both those who conducted such arrangements, as well as those who did not have this chance.

Table 10: Beliefs about the potential effects resulting from negotiating i-deals

Potential effects arising from the possession of i-deals may be as follows:	I agree (4)	I rather agree (3)	I rather disagree (2)	I disagree (1)	Mean value
1. Greater employee work involvement	59.4 (126)	37.7 (80)	1.9 (4)	0.9 (2)	3.56
2. Greater employee commitment to an organization	51.4 (109)	42.9 (91)	4.7 (10)	0.9 (2)	3.48
3. A better atmosphere at work	44.8 (95)	40.5 (86)	11.8 (25)	2.8 (6)	3.27
4. Greater competition between employees	19.3 (41)	28.8 (61)	43.9 (93)	8.0 (17)	2.59
5. Greater competition between employers	19.3 (41)	44.8 (95)	30.2 (64)	5.7 (12)	2.78
6. Greater stress at work	10.8 (23)	21.7 (46)	47.6 (101)	19.8 (42)	2.24
7. Greater sense of security	31.1 (66)	51.4 (109)	15.1 (32)	2.4 (5)	2.80
8. Better person-job fit	49.5 (105)	42.9 (91)	7.1 (15)	0.5 (1)	3.42
9. Better person-organization fit	45.3 (96)	46.2 (98)	7.1 (15)	1.4 (3)	3.35
10. Larger conflict of professional and personal roles	6.1 (13)	16.5 (35)	50.5 (107)	26.9 (57)	2.02
11. Greater burnout	5.2 (11)	14.6 (31)	48.1 (102)	32.1 (68)	1.93
12. Mental health improvement	17.5 (37)	54.2 (115)	21.7 (46)	6.6 (14)	2.83
13. Physical health improvement	10.8 (23)	46.7 (99)	29.2 (66)	13.2 (28)	2.59
14. Feeling a stronger connection between good work performance and rewards for it.	40.1 (85)	48.1 (102)	9.4 (20)	2.4 (5)	3.26

The categorical results from the columns were converted to point values based on which the mean value for each row was calculated.

Source: own study

As the data in Table 10 and Figure 3 show the most anticipated results arising from individualized employment agreements (25% of top responses) are greater employee work involvement, greater attachment to an organization, and better person-job and organization fit. However, among the least expected effects of i-deals (25% of the lower responses) are higher burnout, conflict of the work-life roles and greater stress. Thus, in their opinion, i-deals give rise to potentially positive consequences for both employees and an organization which employs them. Because they are so much beneficial in the opinion of those who held them and the other respondents, this valuable tool for effective human resource management should be used to a greater extent, and not wasted, which is happening in 40% of cases.

Figure 3: Mean values showing the significance of the potential effects of i-deals
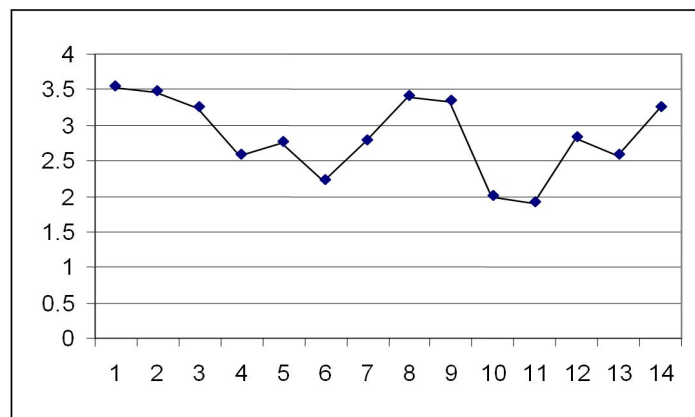
The numbers on the X axis correspond to individual claims from Table 10
Source: own study

6. CONCLUSION

The study shows that under the assumed hypothesis, despite the clear benefits resulting from i-deals, they are not fully used in the business practice in terms of their frequency, scope and form. At the same time the most important benefits, those perceived and potential, arising from the negotiation of i-deals mentioned by respondents are: the possibility of self-fulfilment, greater job satisfaction and higher self-esteem, greater employee involvement in work, greater attachment to an organization, and better person-job and organization fit. However, assumptions about the perceived risks associated with those agreements have not been confirmed. Taking these facts into account, we can assume that i-deals will gain significance and will be more often used in the coming years, as they are an effective tool for shaping the employer-employee relationships based on flexibility which is an irreversible trend observed in the contemporary labour market.

It can be expected that in the coming years i-deals will gain in popularity and this will be due to a number of reasons (Kowalczyk 2011, p. 364):

- a progressive increase in the importance of flexible forms of employment;
- drop in the significance of trade unions and collective agreements;
- a generation change and a new philosophy of life and work;
- a growing importance of skills and career understood as a constant development;
- rapid technological change requiring adaptive skills from employees and employers (including expansion competencies tailored to the changing requirements of their jobs – an argument for renegotiation of contracts, the need to recruit new, more competent staff – which will result in competing for the best in the market, and will set the course and results of negotiations);
- raising awareness of employees who will negotiate such benefits that will distinguish them from others, and thereby make their professional positions more significant.

The barriers for the so understood importance of negotiations in determining i-deals include as follows:

- a system of beliefs which limits activities of employees who do not submit requests to their employers/supervisors not to get into their black books;
- self-ignorance, not knowing one's offer, lack of faith in one's strength and lack of determination while pursuing one's goal;
- traits (especially neuroticism, introversion, low conscientiousness) and lack of candidates' skills (negotiation, constructive coping with stress, managing emotions);

260

- self-censorship of employees who withdraw from negotiations, refuting their own arguments in their inner monologue;
- thinking that any work brings satisfaction, without considering the benefits and costs related to its performance. This can observed especially during the crisis;
- an imbalance of forces, with a predominance of employer who can use it and impose an unilaterally favourable solution.

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Agnieszka Kwiatek

4.4 OPPORTUNITIES FOR PROFESSIONAL CAREERS IN A FINANCIAL INSTITUTION

Summary: The article present the issue of professional careers, theorists and researchers of different occupations, i.e. sociology, marketing, social psychology.

One refers to the factor strongly determining the careers, mainly to the different types of organizational cultures. On the basis of the financial institutions one presented the conditions required to be fulfilled in order to be promoted, the levels and possibilities of its achievement.

Keywords: professional careers, organizational cultures

1. INTRODUCTION

Due to the present globalisation of the market economy, one more often can face the dynamisation and expansion of the companies. Their presence on the market, development any other adjustments will be dependent on, e.g. the way of goals' realization and their goal itself; their effectiveness presented in multiple branches; ability to react accordingly to the information provided by the business environment; but also on the effective way of dealing with such information. The last element is highly dependent on the level of the knowledge, the experience possessed, the education obtained, and the motivation amassed and stirred up within the human resources.

Achieving success on the market of constant changes requires new, very often – individual and organisational, forms of adjustment to dynamic, turbulent environment. Presently, the tendency shows that the more market-competitive, pro-developmental companies direct their politics to the potential and capital of human resources.

According to P. Drucker, the modern economical politics at organization is not correlated to the classical capital, but to the knowledge and information obtained. The knowledge and the process of its acquisition is nowadays the most prominent resource that stands for the value of the organization and the human individual. The competence of the employees is equally important, as they build the major capital of the company. If one has it in mind, then taking care of the qualifications and the knowledge of the employees in the organization, leads to the realization of the "future career" model, where employees are able to capitalize their career potential. The literature of this subject directs the attention to the fact that the potential of an organisation's work is made by the individual units with the whole range of character features, like ability, value, acquired knowledge, the level of the motivation to work and to develop oneself, but also the whole system of relations between the units within the organization (i.e. the organizational structures), the decisions made and the actions underataken (Rybak, 1999, p. 250).

Thus, one may state that the most common criterion of promotion in the organization becomes the employee's engagement in the development of his competence seen as the set of knowledge, skills and abilities that influence the outcomes of his work. It requires the specific engagement in preparation of the promotion path, taking into consideration the individual plans and the possibilities of creating the capital of the units' career and organizational goals.

This dissertation directs ones attention the factors that determine the quality and the way of building up the career capital in the organisation.

2. CAREERS IN THE ORGANISATIONS

The organizations as the formalised institutions allowing the functioning and satisfying the needs of the units and communities become subject to modifications together with the changes and civilisation process.

The subject literature emphasises the ambiguity of the „organisation" term. Sztumski presents the definition that refers to its structure, where components act together in order to achieve the set goal, and also to processual and adjectival meaning of the organization (Kolczyński and Sztumski, 2003, pp. 7-8).

The elements that make an organisation defined as above are:
- people (their qualifications, skills, knowledge, attitudes, motivation etc.),
- material and informational resources (capital, buildings, technologies),
- goals and tasks, that the organisation is intended to achieve,
- stucture, i.e. the way in which the above elements are related to one another(Lendzion and Stankiewicz-Mróz 2005, pp.72-73).

The form of the organisation is dependent on the social needs, satisfied by the organization, where in case of the economic organization – their main goal is to achieve the profit and be market-competitive.

Modern organisations especially value the first element stated in the definition, i.e. people, and being more specific – their knowledge, skills, vital energy that is present in every human being, they all stand for the "non-material" capital of the organization. More and more often, it turns out that investments in the human resources and generating knowledge, gives better results in the process of achieving an organizational goal, then only material capital taken itself. Those differences are visible because the modern economy is not dependent on the classical capital, but on the knowledge and information. The knowledge is nowadays the most prominent economical category and the most important resource in the organization (Lendzion and Stankiewicz-Mróz, 2005, p.76.).

In order to compete successfully on the market, the organisations must attract, keep, motivate and most of all use skills and knowledge of their employees effectively. The companies must be aware of them, and that is why most of the companies "cannot afford" wasting the human potential.

In the traditional organisations the careers of the employees where strictly related to one, vernacular company. The steps of the career demanded from the employee to reach following levels of hierarchy. During the process they used the organisation's capital, experience, contacts that allowed one to get promoted in the company. Nowadays, the employees rely on their own capital, because they need such professional values, skills, qualifications and knowledge that they will be able to use in their workplaces.

The dynamic socio-economical changes and shortening average of company's existence, do not guarantee the stability of employment. Loose relations between entrepreneurs and employees have become a rule. Shorter "life" of products, the need for variety, forces the organizations to look for new ideas, and what comes after – professionals who offer their knowledge and experience. Most often, it results in great mobility and activity of employees that are employed for a given project. Thus, on the one hand, the organizations react to such conditions with elastics forms of employment, but on the other it forces great care of key employees that make the so called core of the organization.

Even the attitude towards loyalty and attachment to company undergo changes. In the traditional companies, the relation between the employees and the organization was measured by their devotion to the employer and the company. In the modern companies, the burden of the loyalty is placed on the task group, where the unit functions, and the job done is rather identified with its quality, rather than with a given company. The employee becomes rather a

partner to the company, its representative and consultant.n That is why, in the present condition of mobility of employees, one deviates from building the professional identity and loyalty to just one company. In the traditional organizations building the career was tightly related to reaching the following levels in the hierarchy within one organization. Nowadays, they must rely on their own capital and building their professional values, skills, acquiring knowledge that they will be able to use in other workplaces.

The modern professionals, having unique knowledge, qualifications and experience, able to adapt to changing conditions, not only at local market but also at the global one, looping for the new challenges and experiences in different organization, building thus their capital of career (Bańka 2005, p. 89.)

The competence of the career is made by the basic elements of the general employment ability, expressed by "know-why", "know-how", "Know-whom" (Bańka, 2005, p. 89). The capital of the career is atomized in the unit's experience, competence, being the good exchanged into other values. It is also the subject notion reflecting the diagnosis and forecast of accumulated groups of personal units. However, in order to debate on the factors constituting the capital of the career, it is important to state the notion of the "career".

The notion of the career and Professional development is connected to many disciplines, e.g., with sociology, psychology, theory of an organization and management, economics, that deal with the behaviour of a person in the working process. In the academic meaning, the career is analysed from the descriptional-neutral angle, in contrast to the presented subjective-valuations.

According to Bauman (1965) in the community "the career" functions in three different contexts:

- ▪ sociological – stating about the given sphere of objective social facto, it is seen as moving the units in the social space,
- ▪ ideological – seen as a model of life ideal in the consciousness of a unit, setting the motive and the direction of the actions,
- ▪ ethical – seen as a motive of action and object of the moral judgement according to the notion of „good" and „evil" (Bauman 1965, p. 10).

During the last decades the notion, understanding and attitude towards the professional career has underwent prominent changes depending on the socio-economical system. As Bauman Z. writes, the career may appeared together with the rise of capitalism, which created the hierarchy of the social position and provided the strong stimuli for the individual careers (Bauman, 1965, p. 14).

In the subject literature, the „career" is not defined clearly; most often it is stated by one of the factors characterizing it. Most often one can speak about the career in the category of results and final goal state of undertaken actions in regard to the social and professional activity of a given person: it is a sequence of fulfilled social, professional roles that are valid within a given community.

According to Szczupaczyński (1996). one can talk about the career in regard to almost every employee, because it is a sequence of job position that are held by and fulfilled in the time of employment in a given organization or in the whole period of professional activity (Szczupaczyński, 1996, pp. 5-7). Thus, if one adopts this view than almost everybody can make careers, because we change the job positions, the employers, the nature of tasks to be taken may be different, the status of organization, salaries change, and so on.

However, Porębska thinks that the career is the professional way of development that every employee intends to follow in his professional life. Understanding of this notion may be subjective, because every person has a different potential, interests, goals or aims that he would like to achieve (Porębska, 1996, p. 5).

According to the author not every professional development may be called a career. We have seen it that way when the development of the competence and experience of an ambitious and gifted unit is quite a fast one.

Career as a way of professional development may also mean the sequential achievement of the higher job positions (vertical career), or is connected to rising the autonomy and other benefits at a given job position or at the parallel position (horizontal career, alternative one). It may also be seen as a system of relations connected to the job experiences, actions and attitudes seen in the active mode of the professional life of a given person (Griffin, 1996, p. 762). The most commonly used notion of the career is used to describe the process of subsequently held position according to the order set in advance, to which bigger prestige, incomes and range of power are connected (Kluczyński and Włodarski, 1985, p.35). Some authors discussing the Professional careers, emphasise their pace showing quite fact acquisition of knowledge, developing competence and possession of experience.

Considering the core of the Professional career one must direct his attention to its particular, characteristic aspects:

- success or disappointment is dependent on the unit, not on other people,
- there are no models of career evaluation; the reference points are made by the individual needs and goals realized in the professional sphere,
- the subjective and objective dimension,
- cultural factors(Pocztowski, 1998, p. 245).

We can assume than that the career is a sequence of attitudes and activity of a unit, connected to his life and Professional experience. It means that every person that is professionally active, he realizes his professional career and builds its capital. Career is a process of dynamic experiences, successes and failures, because one can face not only promotion but also demotion – lowering the level in the system of professional hierarchy on his professional way. Career always has a subjective dimension, dependent on the individual features and motives. Until recently, people joined their professional way with only one organisation, such conservatism or passivity gave them some kind of sense of security and job stability "till retiring". More enterprising, success-seeking, were going up the hierarchy ladder in a given company.

The changes within the Polish economy inevitably lead to significant modifications in consideration of one's professional career. There is a view seen especially, among young, educated people that it is even natural and desired to plan one's own career and one cannot abandon the tendency present at Polish job market, which seems to foster ambitious, enterprising people that are essentially prepared to undertake a given profession, quickly adapting to new conditions and learning fast.

Planning the career must always start at the unit level, because every person knows best what he or she expects from the professional activity and what is his/her main goal. The person aiming at achieving a given position in the organization must state one's strategy, goals and ways of its fulfilment. One must analyse his weak and strong points, together with his aspirations and abilities.

The research of Bartkowiak on the evaluation of the meaning of professional career for young Poles, showed that they consider the professional career as important and quite significant. Nonetheless, many of them did not have a definite vision, or ability to create their career way (Bartkowiak, 1998, p. 67).

Contemporary professionals, that have unique knowledge, qualifications and experience, able to adapt to constantly changing conditions of not only local but also global market; look for new challenges and experiences in different organizations, building their career capital. The units may accumulate the values making the life competence and the competence that is valid and useable in stating and developing the career.

Analysing the career's phases of employees one sets it most often within age ranges.(Januszek and Sikora, 1998, pp. 102-106)

Table 1: Phases of professional career development

Phase	Age	Characteristic features
I - Quest	0 – 25	Maturation of interests, education, creating the vision of a career
II – Early career	18 – 40	Entering the business environment, adapting oneself.
III – Middle career	35 – 55	Evaluation and modification of goals of the present career
IV – Final/Late career	50 –	Maintenance of achievements, preparation to finish one's professional way.

Source: My own description on the basis of subject literature

One may see that after the period of searching there is a rise of the achievements of the unit until the point between 40 and 50 year of leaving. It is then when the rise or drop of achievements may be seen, or they may stay unchanged until the decline of the professional career of the unit. Assuming that the job market is the system of institutions and principles regulating the possession and provision of work (i.e. the principles of employment and dismissal, selection, remuneration, improvement of employees' abilities), is also a place of competitiveness of people and job positions, that is based on units' application for given job positions, but also of the employers to have such employees who fulfil best the requirements of the given job. According to the theory of the human capital, the employee is treated as a unit acting rationally, aiming at achieving maximum benefit and thus, undertaking given decisions considering the job market, the achievements and effectiveness of the employee are the results of the investment in the unit. The main source presenting the promotion opportunity of the employee is the training of the employees and their experience, the training increases the capital of qualifications, particularly in the early phases of employment.

The capital of the career is built through the education process, social and cultural experience. Just like in case of other kinds of capital (material, cultural, social, and so on), the career capital is subject to the same regularities. The units may accumulate it, change into financial capital, sell or may undergo devaluation. The career capital if properly planned and build, may rise and bring unexpected profits, but also may lose its value.

Building the career capital is not always based on the participation in the organisation; it is also based on the professional, social and life roles that are undertaken by the unit. Here, the women's experience, and particularly the transfer of skills related to acting of social roles (mother, wife, housewife) into the professional ones (employee, manager) will be a great example (Kwiatek 2005, pp.128-139).

Active investment into career capital, may also take place in the previously called power organisations, even in several simultaneously, being influenced by more and more attractive offers, the change of employers take place. Even if the unit stays off the organization temporarily due to some subjective or objective reasons, (e.g. the unemployment, maternity leave, and so on) it may actively stay off the job market, undertaking the reconstruction and supplement of career's capital, investing into new possession of new qualifications, educating oneself and so on (Bańka 2005, pp. 93-94).

The important factors differentiating types of Professional careers in present organisations are considered to be: the extent to which the unit plans his professional development and the degree of stability's kind or the workplace. Sikorski analyses the success, professional development and working careers in the context of organizational cultures and their different types. He thinks that the motivation of achievements and internal or external placing of the control, are shaped by the attitude of people towards the success in regard to the type of organizational culture.

3. ORGANISATIONAL CULTURE AND THE CAREER TYPE

Thus, undertaking an attempt to show the relations between the type of the organisational culture and the model designating the professional career and the attitude towards the development in those organizations, one must starts with the characteristics of the organizational culture phenomenon. At the same time, one must assume that the organization is a kind of community form where its members influence each other, create their attitudes, values, norms, forms of communication, interactions, and so on.

The complexity of the organisational culture leads to rise of many attitudes towards it and ways of its researching and defining. Thus, according to, for example, Elsner the organizational culture should be considered with the use of the analytic and synthetic approach. The analytic approach describes the components of the culture, diagnoses them, and investigates their practical aspect of use in improvement or introduction of changes into the organizational culture (Chojnacki and Balasiewicz, 2006, p. 227).

According to Griffin, the organisational culture is a set of values helping the members of the organisation to understand what is considered to be important and significant in it (Griffin, 1997, p. 762). However, Schein considers the set of basic beliefs as the core of the organisational culture, that were described, created or adopted to solve problems met by the organizations, adapted to the external conditions and integrated internally. He emphasizes clearly the working community and the behaviour of the group, that thanks to the set actions shows the new members the way of thinking, feeling and acting in the process of adaptation (Armstrong, 1998, p. 6).

The famous researcher of the organisational culture – Hofstede (2000) – considers it to be the specific, collective "programming" of the minds that differentiates the members of the one community from the other one. The organizational culture is presented by some as something that a given organization *has,* and by the others as something that an organization *is* (Hofstede, 2000, p. 267). According to him, the indicators of the culture are: symbols, heroes, rituals and values. He presents them as the "onion's layers" where the core is made by the values, the layer – the one most visible outside – are the symbols, and the middle layers are made by the rituals and heroes. The multiplicity of the definitions and kinds of organisational cultures, brought the researchers to the subject of grouping them according to the characteristical factors and creation of different typologies of organisational cultures. Hofstede. took into consideration the mentioned above indicators of the culture, and conducted the research on the organizational cultures in different countries. He stated its particular dimensions that were to be used to place a given organization on the scale, grouping them in the following manner:

- orientation to preserve the procedures – orientation towards achieving results (procedures – results),
- taking care of the employees – taking care of the production outcomes,
- belonging – professionalism (locality – features),
- the open system – the close system,
- lose control – tight control,
- normativity – pragmatism (Hofstede, 2000, p. 278).

Taking into consideration those dimensions, at the same time, he made an assumption that the different kinds of cultures cannot be clearly valued as "bad" and "good" ones, because there are such organizations, where one must concentrate on the procedures, e.g. the pharmaceutical industry, organizations of defensive type, and so on.

The researcher observed, that in the cultures *organised by the procedures,* people avoid taking risks and they present limited engagement in the job done and the professional development. In the *goal-oriented organizations,* people easily adapt to new situations and

they engage into the job performed. In the *organisations taking care of its employees*, one takes into consideration their problems, plan the development and the professional career accordingly to the individual expectations and need. In the organizations having *the cultures oriented at production,* the interest is gained thanks to the quality, the quantity of job done; important decisions are most often undertaken by a unit. Mostly, the orientation towards the development of the employees is directed to the skills and knowledge that will influence the improvement of quality and effectiveness of the organization.

The third dimension *(participation – professionalism),* defines the source of the employees' identification. In the organizations where the locality plays the major type (the participation), the organizational norms apply to the professional and private life (e.g. the Japanese companies). There is great interest in the unit, his ability to develop professionally; the employee relates his plans of the career with one company – from the very start of his career till its decline. However, in the professional cultures, the private and professional lives are two different spheres, where employment and promotions are based on the presented professional qualifications.

In the *cultures of open-type,* the employees have a positive attitude towards the newly employed members of the organization, people adapt faster, they may count on the help of co-members of the organization; the professional development is based on informal interactions or mentoring. *The close cultures* are characterised by bigger tightness, acceptance and adaptation to the new conditions in the organization require fulfilling the specific requirements.

The core of the another dimension is the climate of the Communications and the control. The organizational cultures of *lose control* are characterized by the little attention given to the control of results and costs, but also the terms. In contrast to the *strict control*, where there is great attention to the costs, one respects the time, the meetings are held systematically, most often this form of the organizational culture is associated with great formalization. The dimension of the organizational culture dealing with different issues and attitude towards the client, the pragmatic units are oriented at the market; in the normative, one emphasizes obeying the procedures and rules, the career is designated by the organization's structure and the so called succession way.

Deal, T. and Kennedy, A.A., adopted the criteria of the division of organisational cultures connected to the people's activity, i.e. the tendency to taking risks and quick actions (Zbiegień-Maciąg and Pawlik, 1995, p. 75).

According to the authors the organisational culture is characterised by the high degree of the information feedback, causing the actions connected to taking the risks to the so-called *"macho-guy culture"*. This kind of organizational culture prefers the actions directed to the spectacular effect, it puts on the young people – energetic and creative ones. The employees often use the specific language – jargon.

The characteristic feature of the organisations of this type of culture is the position of women equal to men, their access to job positions and ability to be promoted. The major slogan - "show me the mountain and I will climb the top" suggests the direction to the effectiveness of actions, professional development and success, spectacular career which means the high position in the organization, power and wealth.

The other type of the organisational culture mentioned by the above researchers is the so-called *the gambler culture* ("work hard, play hard"). It is characterized like the previous type of culture, by great dynamism of its employees' actions. The company offers great possibility of professional development, but it also requires the maximum of effort. The employees are subject to their job and organization completely. At the same time, it puts on the personal contacts, team work and high personal culture.

In the *culture of calm actions,* that is the so called "routiners", the employees are characterized by the secure actions, what at the same time means lesser degree of the risk of undertaken actions. Great attention in this type of organizational culture is directed to formalization of actions, strict order, sharing the duties, to the rules and procedures. Innovation and creativity is not seen as something positive, just like any kind of sudden, revolutionary organizational changes. The preferred type of career is the one in which a person climbs the subsequent levels of the ladder within the organizational hierarchy. The elder, having bigger experience, do not always have their wards, whom they prepare to undertake the job in the organization, ceding appropriate amount of knowledge needed to function within in (mentoring). Such a climate is the most prominent in the organization of the bureaucratic type.

In *the culture of durability and stability* (the levelled culture), there is a small degree of risks in the decisions undertaken and fast information feedback from the market. The employees have clearly defined actions to be fulfilled, everyone of them is informed what is expected from them, knows where is he placed in the organizational structure. The symbols connected to the position held are important, like the manner, own room, parking space, business car, and so on. Mentors, authority, tradition are of great importance. This culture is not open to changes. Most often, these are banks, insurance companies, pharmaceuticals industries.

Cameron and Quinn (2003, pp. 40-41) in their research offered the division of the organizational cultures according to the flexibility and freedom of actions, stability and control, orientation to the internal issues and integration, and position-orientation within the environment and the differentiation. They differentiated the following types of organizational cultures as based on the above constructed model:

- *hierarchy culture* – highly formalised and hierarchised action of people based on the procedures. Such organizations act on the basis of bureaucratic attributes proposed by Weber i.e. specialization, meritocracy, rules, hierarchies, separate property, impersonality, responsibility, that were to foster the development and effectiveness of the organization. The career takes place according to the organisation's structure, and often result in the length of employment at the given position,
- *the market culture* – this type of culture was differentiated and proposed by Williamson and Ouchi and their co-workers. The organization is highly oriented at the external issues, creating its position on the market; it acts according to the economical market's mechanisms, focusing at performing transactions to gain the competitive superiority,
- *the clan culture* – in this type of organisations, dominant is the orientation towards shared aims, values, great sense of community, cohesion and great degree of participation. Here, the Japanese companies may be the example, as they resemble rather big families than the companies. The team work and people's sense of responsibility for the company are the characteristic features, but also the company's responsibility for the employees; most often the career ways of individual employees are established jointly,
- *the culture of adhocation* – the organisations that have such a type of culture direct their efforts towards innovation, development of new products and services, and flexible planning within the conditions of changing environment. Supporting the creativity, entrepreneurship and searching for new solutions at their employees. Groups or working teams are made "ad hoc" and terminated after fulfilment of the task. Sometimes, the units that have adhocative features act within bigger organizations.

269

Offering to its employees the unitary system of measurement criteria and evaluation of their effectiveness, offers the possibility to state a clear idea of the development plan or the professional career. The organisational cultures allow one to understand the mission and the strategy of the organisation, identification of the aim and integration around the employees. As one strived to show, from the factors determining the type of the organizational culture, will determine the specific attitude towards the issue of functioning of its employees directing the efforts at professional development.

4. THE EMPLOYEES' CAREERS IN THE FINANCIAL INSTITUTION – THE CASE STUDY

The financial institution that is taken into consideration has been present on the Polish market since 1993. It has over 200 plants and offers employment for more than 2000 of employees in Poland. There are 5 regions operating at 16 political districts of Poland.

Figure 1: The simplified organisational structure of the studied institution
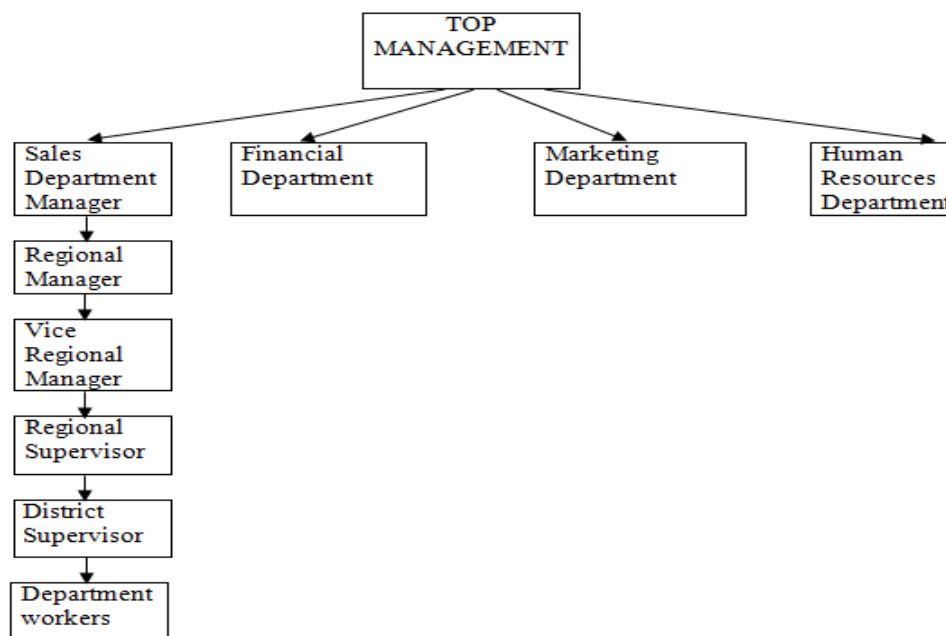
Source: author's diagram on the basis of the existing structure in the studied financial institution

The financial institution that underwent the research has an organisational structure of sale companies, that faced a change of nomenclature in 2009. Introduction of this type of changes was aimed at systematization of career and promotion paths, and at the same time, introduction of unified rules of career management. This issue is precisely regulated by the resolution stating when after completion of which conditions one will be able to change his position into a higher one in the hierarchy. The company created a description of the position for every one of them and included the goal that must be reached at a given position, one's duties and chores, his access to the IT systems, the range of responsibilities and the requirements that must be fulfilled to get a promotion.

In the following article one has narrowed the scope its scope to the discussion of the promotion way and the career's possibility within the unit constituted by the sub-companies. There are about 25 companies in the region.

Figure 2: The company's structure
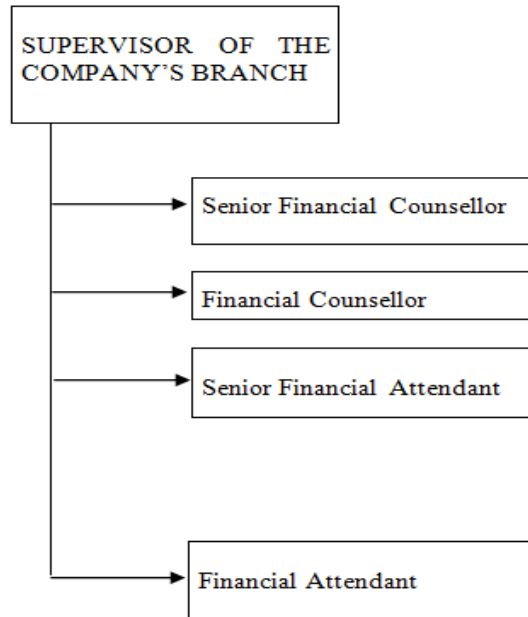
Source: the author's diagram based on the existing structure of the studied financial institution

Table 2 presents the requirements that are necessary and desired by the employer in order to offer a person a position of an attendant and senior financial attendant – the first career's level in the business hierarchy.

Table 2: Requirements for the position of the attendant and senior financial attendant

Application Requirements		
Application requirements:	**Necessary:**	**Desired:**
Education	Secondary education	University education
Specialist/Technical knowledge	The issue of retail credits and financial services	
Experience / working hours required to be fulfilled at a given position	1 year of practice at the financial sector	2 years of practice in the financial sector
Other trainings	Recognition of Polish sign tenders Anti-assault training	
Character features / skills	▪ Talkativity ▪ Ability to present the offered services ▪ Ability to solve the problems, ▪ Responsibility ▪ Goal-orientation, ▪ Abiding the rules and regulations, ▪ Engagement, ▪ Quality and on-time task's realisation.	

Source: the author's summary made on the basis of application requirements in the studied institution

Table 3 illustrates the application requirements for a person applying for the attendant's position. This level on the hierarchy requires form the applicants to have a university education obtained and at least a year or two of job experience. It often happens that this position is held by employees recruited in the course of an external recruitment.

271

Table 3:.Application requirements for the Financial Attendant

Application Requirements		
Application requirements:	**Necessary:**	**Desired:**
Education	University education	Economic, financial, manager-like or similar education profile
Specialist/Technical Knowledge	The issue of retail credits and financial services. The knowledge of the way in which the company's branch operates. The knowledge of the local market.	The issue of marketing loans
Experience/ working hours necessary to be fulfilled at the required position	1-2 years of practice possessed in the financial sector	3 years of practice possessed in the financial sector
Other trainings	Recognition of Polish sign tenders Anti-assault training	
Character features/skills:	- business-like awareness, - talkativity, - ability to present the services, - ability to pass the knowledge, - ability to take decisions, - ability to solve the problems, - Ability to take on the responsibility.	

Source: the author's summary done based on the application requirements in the studied institution

Table 4 presents the application requirements for the branch's supervisor as the one on the lowest position in the structural hierarchy of the organisation when seen as a one unit.

Table 4: Qualification requirements for the branch's supervisor

Application requirements		
Application requirements:	**Necessary:**	**Desired:**
Education	University education	Economic, financial, manager-like or similar education profile
Specialits/technical knowledge	The issue of retail credits and financial services. The knowledge on the staff management	The knowledge of the labour law. The issue of the management loans. The knowledge of the local market. Category B driving licence
Experience/ working hours at a given position to be fulfilled	2 years of practice in the financial sector	3 years of practice in the financial sector and within this time – 1 year at the manager's position
Other trainings	Recognition of Polish sign tenders Anti-assault training	
Character features/skills	- business-like awareness, - ability to plan, - ability to delegate the duties and the resposibilities, - ability to take decisions, - ability to solve problems, - ability to take on the resposibility, - ability to coordinate and motivate employees, - Ability to control and supervise.	

Source: the summary made based on the application requirements in the studied institution

One should notice that the discussed financial institution once a year carries out the assessment of its employees. The spheres that undergo such an assessment are: the knowledge of the organization, work engagement, interpersonal communication, cooperation, ability to effectively organize one's own work, responsibility for the taken actions, decisions made and solving the problems. On the basis of the boss's and self-evaluation one confronts the data in order to find out whether the employee fulfils the conditions required at a given position.

The company offers its employees the possibility to raise his competencies through trainings and e-learning courses.

5. CONCLUSIONS

The study shows that there is a system of career's development stated in the organization, but not all of the employees are familiarized with it. This situation is caused by great rotation among employees within the branches and little attention given to the discussed issue.

The employees are aware that the position that they held are not the highest posts in the organizational structures that they may reach, and they may plan themselves their career's way. Even if the institution offers such possibilities, it is connected to the change of the life style, and thus only a few take such decisions.

Still, the employees evaluate the institution positively. It influences positively the company's image, because it is considered as a one in which the care is taken for its employees and at the same time a lot of attention is given to competencies and professionalism of the employees.

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4.5 ATTRACTIVENESS OF FINANCIAL MOTIVATORS ACCORDING TO OPINIONS OF HEALTHCARE EMPLOYEES IN THE SILESIAN VOIVODESHIP

Summary: Satisfaction derived from financial motivation is a main factor contributing to job satisfaction. With respect to financial motivators, in various business sectors there function various solutions utilised by various employers. This is also the case with regard to healthcare sector and various groups of medical professions.

The article discusses results of a survey conducted among medical professionals employed by hospitals in a voivodeship situated in southern Poland. The survey was conducted in order to gather the opinions of medical staff about the influence on their job satisfaction of particular elements of the financial motivation system implemented in hospitals. Special attention was paid to the evaluation of financial motivators by particular groups of medical professionals, as well as the existing correlations between the evaluation of these motivators and the form of employment.

Keywords: motivation, satisfaction, healthcare

1. INTRODUCTION

In contemporary organizations, people are perceived as a key element of the capital. Their knowledge, skills and commitment are key factors determining the success of a company. This is due to the fact that, in spite of the increasing automation and computerization of work processes, people still organize, manage and make key decisions. In order to make an optimal use of its employees' potential, a company needs to undertake activities aimed at constantly motivating people for work.

Therefore, work motivation ought to be listed in the first place among factors, which determine work results. Motivation can be divided into intrinsic motivation – a difficult one to be recognized as here drivers are an organism's intrinsic factor and relate to intrinsic values – and extrinsic motivation related to instrumental values. Motivation can be developed and the process in which it is shaped is called the process of motivating. (Borkowska, 1985, p. 10)

Motivating can be perceived in a variety of ways. R. Griffin believes that motivation is "the set of forces that cause people to behave in certain ways."(Griffin, 2004, p.518) T. Oleksyn defines the process of motivating as "a system of interactions geared at achieving intended aims and results as well as attitudes and behaviour of the people in a given organisation or its part." (Oleksyn, 1997, p.142) On the other hand, J. Stoner, R. Freeman and D. Gilbert see motivating as "a managing process which is meant to influence human behaviour while taking into account the knowledge of what actually determines that people behave in a particular way." (Stoner, Freeman, Gilbert, 1998, p.426)

Motivating is not a one-time situation, but a cyclical process. According to Griffin motivation begins with the manifestation of a need or sense of deficiency. An employee's natural reaction is to try to find a way to satisfy the need and assess possible benefits, which he or she has managed to gain as a result of a new activity. If the employee comes to regard the benefits gained as satisfactory, then he or she will abstain from further activity for some time. However, if he or she finds the benefits unsatisfactory, the employee will set out to seek other possible solutions, which will be likely to satisfy this particular need. (Griffin, 2004, p.518)

It should be remembered that the motivation system is individualized as many employees' attitude and behaviour patterns largely depend on their personality, personal system of values and their own experiences garnered during the process of work.

Effective work motivation depends on understanding how employees are affected by a system of rewards and conditions underlying employee reward policies. Mączyński presented five rules for generating work motivation:

- Using the types of reinforcement, which provide a strong and long-lasting rewarding value,
- Conditioning: required behaviour = gaining a reward,
- Setting work performance standards at the level attainable by the employees,
- Differentiation of rewards given to employees depending on performance and in comparison with the already established standards,
- Keeping employees informed on the types of behaviour, which lead to a reward. (Pocztowski, 1998, p.122)
- All the potential rewards (motivators) which an employee can receive can be divided into two groups. The first one comprises extrinsic motivators, which an employee receives from the organisation including salary, bonuses, promotion, praise, etc. The other group comprises intrinsic motivators, which include job satisfaction, contentment with job content, independence, self-development and other work-related achievements. (Pocztowski, 1998, p.122)

Due to different stimuli involved, the motivation system needs to be divided into two types of actions, i.e. material and non-material motivation. To achieve the required employee performance it is necessary to create a motivation system, which apart from incentives aiming at satisfying existential and consumer needs, should also include stimuli attempting to satisfy intangible needs.

According to Maslow's Hierarchy of Needs Theory the higher level needs can only be met when the most basic needs have been satisfied. Therefore, the most important element of motivating employees in an organisation should be remuneration. The money, which employees receive for their work, should at least enable them to satisfy their most basic existential needs while also achieving the work performance standard expected by their employer.

However, the notion of remuneration is multifaceted. Listwan, for instance, defines it as "a certain amount of money or another material equivalent of such amount which is paid to the employer for the work performed for the employer". (Listwan, 1999, p.139)

Major remuneration system components comprise salaries and financial incentives. They form financial and tangible expenses incurred in order to pay for remunerative work done by employees. Remuneration can be divided into two main areas:

- regular remuneration (basic salary),
- variable payments (bonuses, rewards, salary supplements, shares).

Remuneration components should be selected so as to meet employee's needs. Each component should have a certain aim:

- Basic salary should be determined by the kind and character of the position held by the employee. It is supposed to reflect the place of the position in the organisation structure and give a sense of security. With career development, promotion and vocational qualification improvement the employee is likely to have the basic salary increased.
- Payment of bonuses or premiums depends on meeting certain conditions provided for in bonus payment regulations. Employees should be aware in which situations and for what kind of effort they can receive additional money. Since bonuses, due to their discretionary character, are said to be weaker motivators, they should be awarded in

the context of short-term projects in an organisation, should have a positive overtone and should not exceed 20-30 % of the total remuneration.

Rewards are a type of variable salaries and they should be granted for specific achievements at work, for tasks and projects beyond the scope of the employee's responsibilities, which prove effective and likely to affect the performance of the whole organisation. (Listwan, 1999, p.144-147)

Other forms of remuneration include financial incentives connected with holding a responsible position in a company. Such incentives include a company car, company mobile phone or a free parking space, etc.

A salary system in an organisation plays a number of important roles. The basic four functions comprise:

- Income earning function,
- Motivating function,
- Cost function,
- Social function.

The income earning function is connected with the fact that salary received for work is the main source of income of employees and their families. Striving to get income from work is also one of the most important motivators for taking up work. From the point of view of this function income should be high enough to at least enable workers to restitute their ability to work again, i.e. to regain mental and physical strength and to provide money for most elementary existential needs.

The motivating function of remuneration involves encouraging people to take employment, give effective work performance, be flexible, seek professional development and take up new and more difficult organisational roles, as well as adopt approach and behaviour patterns which add to the market value of the institution. A motivating system of remuneration must feature varied rates which depend on:

- Preferences of the organisation resulting from its mission and objectives,
- Job content,
- Work effects,
- External market situation,
- Legal provisions.

The cost function means that the employee's salary forms a cost component for the employer. In such situation, the employer will strive to reduce its costs, especially if it is not competitive on the market. Thus, a natural conflict can be noticed here between the expenditure and the income functions; this conflict can be resolved by making a rise in wages dependent on increased performance. (Dobska, Rogoziński, 2008, p.369)

The social function of remuneration concerns the perception of salary in relation to the job performed, experience gained and the level of education. Awareness of salary differentials between various professions affects the decisions people make with regard to education, taking or not taking salary based employment or self-employment. Wage rates and differentials shape the occupational structure and social relationships. (Oleksyn, 1997, p.174)

The form of compensation has a large share in the process of motivating people to work. The most common forms of compensation include time-based salary, piecework pay, bonus compensation, performance-based pay and commission-based compensation.

Time-based compensation involves a system of payment where wages are determined by the amount of time when the employee is at the disposal of the employer. Such form is counts mainly in organisations where the quality of work is important and where work effects are difficult to measure. The advantages include easy payroll management, maintaining a sustainable pace of work, and providing income stability to workers. The disadvantage is poor

motivational effect due to insufficient differentiation between workers. Therefore, additional components are used frequently, e.g. bonuses or rewards.

Bonus compensation naturally supplements the time-based pay. Premiums depend on the achievement of previously established standards by the employees, which should be clear-cut and measurable to be controlled easily. Bonuses form an optional pay component. They are mainly used to enhance worker's motivation to achieve the required aims over a shorter time span.

Piecework compensation is a system where the employee is paid for the amount of action performed which ensures that there is a relation between work performance and the remuneration received. This form of compensation is very desirable in terms of motivation, as it stimulates workers' interest in and responsibility for the effects of their work. However, its use is limited to situations where labour standard can be established and where it is possible to measure performance over a time unit.

Performance-based pay combines the elements of time-base, bonus and piecework compensation. The basis for this type of remuneration includes specific tasks specified in the contract and assigned to particular employees or groups of employees. This form of compensation is usually made up of a fixed rate, a kind of guaranteed base pay, and a variable component being a percentage of the basic salary, which is paid after task completion.

Commission-based compensation is used among employees who enter into business transactions on behalf of their organisations. The employee's pay is usually composed of a fixed rate and a commission calculated as a percentage of the employee-transacted contract values. The motivating role of this form of compensation lies mainly in the fact that the employees can modify their earnings while accomplishing the objectives of the organisation. (Pocztowski, 2007, p.339-343)

2. FINANCIAL MOTIVATION IN HEALTHCARE ORGANIZATIONS

Financial motivation in healthcare specifically is strongly connected with the form of employment and type of the job performed. In the sector, it is common to work overtime and at night; many persons have multiple employment.

As regards the form of employment with healthcare organisations, healthcare workers have the following options:
- work under employment contracts,
- work under civil law contracts,
- work as part of self-employed practice.

Civil law contracts provide the basis of employment mainly for doctors. This type of employment can be further divided into three basic types:
- employment exclusively under a civil law contract covering normal working hours and on-call duty periods,
- employment under an employment contract while on-call duty periods are covered by a civil law contract,
- employment under a civil law contract exclusively covering on-call duty periods at night and weekends. (Ruzik, 2008)

Among other medical professions, such varied forms of employment including civil law contracts are much less frequent and limited mainly to the first type. It should be emphasised, however, that different forms of employment among medical personnel in Poland are a relatively new occurrence. It is because healthcare employees are not interested in changes. Employment contracts concluded pursuant to the Polish labour code are considered to be more secure, offering greater stability and regular income. People approaching retirement age do not wish to abandon permanent employment, as they are anxious about their future

278

retirement benefits. Employment contract gives annual holiday leave entitlements, redundancy pay in case of contract termination, remuneration provided for in the relevant legislation (Journal of Laws No. 52, item 543 as amended) and, very frequently, the protection of the trade unions. Another advantage (especially for nurses) is employment stability, even if the cost to be paid is a relatively low salary.

The adopted forms of employment are accompanied by various remuneration solutions. Healthcare facilities most commonly use time-based and premium-type remuneration. The pay structure is composed of two types of elements:

1. those connected with the work performed: base pay, premiums, performance bonuses,
2. those guaranteed by the Polish labour code: (Journal of Laws 1974 No. 24, item 141 as amended) length of service benefit, additional night time and overtime payment, idle time pay, retirement and pension bonuses, etc.

It has already been mentioned that especially among doctors there is a tendency to enter into civil law contracts with employer while abandoning the traditional form of employment. Under a civil law, contract employees work at their own risk and bear full liability for their work. When performing their jobs under medical services contracts, they have only such rights and entitlements as provided for in the agreement. Major entitlements include remuneration, stability, working time, annual leave and sick leave, women's work protection or qualification improvement.

Undoubtedly, employment under a civil law contract offers an opportunity to individually negotiate work pay rates. Each person pursuing a medical profession has to calculate his or her salary while taking into consideration the scope of duties, full liability for damage compensation related to the provided medical services, no extra payments for night work or overtime, no benefits, rewards or equivalent payments, etc. It is also important to think of ways to secure salary payment, as unlike employment contract pay, remuneration under civil law contracts is not subject to special protection.

Apart from that, medical services contracts offer more freedom in specifying contract duration and termination period. Services under a civil law contract are not subject to working time limitations and can be provided irrespective of the time of the day, on Sundays and holidays, with no public holiday entitlements. Annual leaves and sick leaves are not guaranteed if not negotiated in the contract. Women entering into such type of contract are not protected by the labour code provisions and any occurrences like pregnancy, maternity leave or sickness, must be reflected in the contract. (Molęda, 2006, p.245-247) The positive and negative aspects of medical services contracts have been presented in Table 1.

When analysing the information presented in Table 1, it is worth noting the opportunities and risks that this form of employment brings for both employers and employees, including remuneration, and comparing them with opportunities and risks relating to standard employment contracts. Such analysis allows to asses which forms of employment and payment can be considered attractive among healthcare personnel and why, and to compare the assessment with the actual opinions of individual healthcare employees in this respect.

Initial analysis leads to a conclusion that employment under a medical services contract is more flexible than work under an employment contract. It makes it easier to make the number of employees correspond to the actual needs of a given facility than in the case of employment contracts. It is also easier to adjust the level of salaries to the actual capabilities of the employer. Another unquestionable benefit is that it is easier to adjust to the changes in the medical services market, which is particularly attractive to highly qualified employees with specific skills and employers contracting such employees (negotiating types of services and contract values with the National Health Fund, selling services to other facilities, etc.) On the other hand, this can lead to increased costs of operating healthcare facilities, as such specialists will value their services, which will be reflected in their expectations with regard to

their earnings and not always fair competition between organisations to contract such employees.

Table 1: Opportunities and risks arising from medical services contracts in healthcare

Effect of contractual form of employment	Affected entity	Opportunity	Risk
Contract worker third party liability	Healthcare personnel	▪ Increased sense of responsibility for patients	▪ Liability exclusions used by insurance companies ▪ Treatment effect may occur after the period of insurance has expired
	Employer	▪ Lower operating costs (e.g. insurance costs are born by the employee working under the contract)	▪ Loss of trust or claims from patients when contractual employees fail to satisfy patients' claims
Higher remuneration	Healthcare personnel	▪ Rise in the current standard of living	▪ Low retirement payments in the future
	Employer	▪ Better atmosphere at work ▪ Increased approval for structural changes ▪ Increased attractiveness of profession and reduced deficit of workers, doctors in particular	▪ Spending increased earnings on growing payments to contractual employees ▪ Possibility to "hide" actual earnings in "costs of external services"
No limitations on working time	Healthcare personnel	▪ More freedom in organising one's own work	▪ Overwork due to unlimited working hours ▪ Possibly a greater number of errors or cases of negligence due to overwork ▪ No time for professional development
	Employer	▪ Eliminating shortage of specialists ▪ Greater flexibility of employees working under civil law contracts ▪ Possibility to sign a contract with the National Health Fund covering services unavailable due to lack of specialists	▪ Possible reduction in the quality of work
Change in legal relationship between parties to the contract	Healthcare personnel	▪ Employer and the person employed under civil contract become equal partners in legal terms	▪ No employer's support with regard to professional development
	Employer	▪ Costs of employment reduced by no obligation to pay social security and health insurance premiums ▪ Less problems with organising work, especially staffing on-call periods	▪ Poor identification problems of the employee with the employer ▪ Shifting some purchases to employees working under medical services contracts (evading public procurement procedures)

Source: Klimek D. (2010), Contractual form of employment in healthcare – opportunities or risks, Polityka Społeczna no. 7/2010

Moreover, persons with more common, less valued skills may have problems finding work or will be employed on worse terms, including financial conditions. It should be remembered that very often the majority of health effects depend on the work of the "regular" staff doing their routine, not the "celebrities". Hence, in medical environments this type of employment is not very popular, except among doctors. On the other hand, those who have tried this type of employment in practice express their satisfaction with it.

Another factor that should be considered in relation to a growing popularity of medical services contracts is the possibility of huge disproportions in earnings among particular medical professions but also within the same professions. Those disparities can result both from economic standing of the employing institutions, negotiating skills of employees and their can-do spirit. On the one hand, this will lead to sound competition on the market, and on the other hand, it can give rise to pathologies and cases of abuse, especially in public healthcare facilities.

Both healthcare institutions and employees face a huge problem of change in legal relationship between the parties. The typical employer-employee relationship ceases to exist with all its consequences, and a new relationship is established, that of two equal partners agreeing on terms of cooperation. The main threat here is the apparent equality of the parties resulting from the situation on the labour market. If the market lacks a relative supply-demand balance, then the equality of the parties will be a mere dream. The danger will be equally serious in the case of both abundance of workers as well and their shortage.

Looking at the current Polish medical professions market with a clear abundance of certain groups of specialists and their problems with finding employment as well as limited access to a series of forms and methods of qualification improvement, it seems evident that a large majority of medical professionals is against popularising medical services contracts and the resulting change in work and payment conditions. The problems discussed above are only part of the issues that need to be addressed in relation to the healthcare system reform and building new relationships. How those issues are seen by a large group of medical personnel employed at Polish hospitals in the Silesian Voivodeship, has been presented in the following section.

3. SATISFACTION WITH FINANCIAL MOTIVATORS AMONG MEDICAL STAFF EMPLOYED AT THE SILESIAN VOIVODESHIP HOSPITALS

The study on job satisfaction, and in particular remuneration, among medical professionals employed at hospitals of the Silesian Voivodeship, recruited 1,480 participants from 27 county, provincial and university hospitals. The study participants included 481 doctors, 635 nurses and 364 other healthcare professionals (paramedics, physical therapists, rehab medicine specialists, clinical psychologists, medical laboratory workers, x-ray technicians and dietitians).

Participation in the study was voluntary and anonymous; each respondent was given a questionnaire for completion, and after completion the surveys were collected. From 2,000 questionnaires, 520 were not returned or were completed incorrectly. Responses of the remaining 1,480 participants will be discussed further in this section.

Survey questions were grouped in problem sections concerning work conditions and financial motivation implemented in the work environment. The survey began by identifying the regulations forming the basis of employment and the type of financial motivators used by the employer. Next the respondents were asked how attractive they found those motivators and which financial incentives used by the employer they saw as most and least satisfactory.

To establish the pay scale among employees and the key factors affecting the remuneration it was necessary to identify the employment basis among the study participants,

as it shaped remuneration components and rates. The study revealed that the form of employment was strictly related to the type of medical profession (Table 2). A majority of physicians (nearly 73% of all doctors participating in the study) offer their services under medical services contracts, i.e. a form of employment that allows flexibility in negotiating terms of employment and remuneration under civil law, but on the other hand carries the risk of no protection of the employment relationship guaranteed under the labour code. A relatively small proportion of doctors is employed under a permanent employment contract or fixed-term employment contract (20%) and other forms of employment are hardly traceable.

Table 2: Form of employment at primary place of work

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Permanent employment contract	92	478	172	**742 (50.1)**
Fixed-time employment contract	10	38	51	**99 (6.7)**
Contract of mandate	17	2	18	**37 (2.5)**
Medical services contract	351	117	123	**591 (39.9)**
Residency	4	-	-	**4 (0.3)**
Other	7	-	-	**7 (0.5)**
Total	**481**	**635**	**364**	**1,480 (100%)**

Source: Authors' own survey-based study

Among other jobs, forms of employment differ. Nurses and midwives are in most cases employed under classic permanent employment contracts (¾ of the nurses surveyed), and among other medical professions, almost half of the respondents work under similar conditions as the nurses, approximately 40% performs work under civil law contracts (medical services contracts – 34% and contract of mandate – 5%), while others have fixed-term employment.

As has been stated above, terms of employment and remuneration in the Polish healthcare system are closely connected with the type of agreement governing the employment and offer various opportunities for making work more flexible. One of them is the possibility of multiple employment. Most opportunities in this respect exist for persons working under a medical services contract while least – for full-time permanent contract employees. Multiple employment opportunities entail increased remuneration prospects hence the request to survey participants to provide the number of their working positions. Also here the responses depend on the job performed (Table 3). Majority of physicians (nearly 93%) and other medical professionals (ca. 69%) have at least two positions, while among nurses and midwives only one employment prevails (over 80%). This leads to a conclusion that significant pay differentials exist among individual professions and also within the same profession among persons employed in single and multiple positions.

Table 3: Number of healthcare facilities where study participants are employed

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
One workplace	35	512	114	**661 (44.7)**
Two	281	109	219	**609 (41.1)**
Three	118	14	28	**160 (10.8)**
More than three	47	-	3	**50 (3.4)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

Large income discrepancies can apparently be treated as normal: an employee who is better qualified and more effective in the labour market, automatically earns higher salaries. It should be noted, however, that too huge differences, especially among employees performing the same job, lead to a sense of injustice in those deprived of the possibility to earn additional income, lower job satisfaction, poor work efficiency and more likely pathological behaviour, which can be particularly dangerous in the sector medical care services. Table 4 presents the level of income declared by the respondents. The survey questions deliberately focused on net earnings, not gross income, as in the case of medical services contracts, gross contract value does not correspond to the actual earnings – the employee has to cover the costs of social insurance, third party liability insurance, additional voluntary trainings, etc.

Table 4: Total monthly net pay

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Up to PLN 2,000	12	57	73	**142 (9.6)**
PLN 2,001-3,000	29	353	185	**567 (38.3)**
PLN 3,001-4,000	132	191	53	**376 (25.4)**
PLN 4,001-5,000	212	32	41	**285 (19.3)**
Above PLN 5,000	96	2	12	**110 (7.4)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

A glance at the figures reveals large remuneration differentials among doctors and other medical professionals. Additionally, even a cursory study of the information throws into doubt the reliability of salary statements made by physicians. This objection is grounded on the fact that most doctors have multiple employment, and medical services contract value usually exceeds permanent employment salary by several times. Despite those reservations let us present the analysis of earnings received by the study participants. A typical net pay among majority of medical professionals ranges between 2,001 and 3,000 zlotys[8] (55.6% nurses and midwives and 50.8% other professions) while majority of doctors declare earnings at 4,001-5,000 zlotys[9] (44%). The highest proportion of physicians also declared net monthly earnings exceeding 5,000 zlotys (96 persons, i.e. nearly 20%). In terms of earnings, doctors evidently form a privileged group of respondents. However, a close analysis of the relation between the form of employment and declared remuneration reveals that also in the two remaining groups of respondents, persons employed under services contracts declared higher income than employees working under labour code provisions. Thus, it can be concluded that a change in the form of employment can lead to increased earnings.

The level of earnings itself is not sufficient to evaluate the effectiveness of financial motivation system. It is also necessary to identify the reward framework and to assess the attractiveness of the framework components. Hence the description of tangible incentives used in healthcare services presented in the previous section and a request to the respondents to indicate the reward component which they find most motivating (Table 5). The replies were quite astonishing as the component that, by its nature, belongs to prime work motivators, i.e. rewards and bonuses, had no motivational value according to the respondents. This could be explained by the fact that this component is hardly ever used, or is awarded to all employees on the same terms and at the same amounts, without actually paying attention to and evaluating the employees' performance.

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[8] About 480-720 euros.
[9] About 960-1200 euros.

Table 5: Remuneration components perceived as the most powerful motivators

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Contracted salary	108	283	183	**574 (38.8)**
Pay supplements	23	45	16	**84 (5.7)**
Overtime payments	78	92	25	**195 (13.2)**
Rewards and bonuses/premiums	3	5	3	**11 (0.7)**
On-call period payments	146	109	94	**349 (23.6)**
Night hours payments	95	86	29	**210 (14.2)**
Informal components	21	7	2	**30 (2)**
Other	7	8	12	**27 (1.8)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

The strongest incentives are considered those that most significantly affect the level of income, i.e. contract salary – 38.8% participants, then extra pay on-call periods – 23.6% as well as additional night work payments (14.2%) and overtime payments (13.2%). Individual health care professions do not reveal great differences in this respect with the only departures visible among doctors who consider on-call duty payments to be more powerful motivators than contract salary. This is a result of arrangements offered by many hospitals, where payments for 24-hour on-call periods for physicians, especially at weekends and on public holidays, amount to two-three thousand zlotys.

When analysing the responses concerning this issue it is also possible to assess the possibilities of additional remuneration at the place of work for particular medical professions. Representatives of other medical professions are provided with most limited opportunities in this respect. This results from the fact that they cannot take employment outside their normal working hours, take on-call cover or work at night, as their job is performed within fixed hours, most frequently from 7.00 am to 3.00 pm.

Another stage of the analysis is to compare the position remuneration takes among other incentives used in work environment.

Table 6: Position of remuneration among work motivators

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Job satisfaction	17	58	38	**113 (7.6)**
I like my job	109	149	67	**325 (22)**
Pay	162	32	55	**149 (10.1)**
Prestige	137	94	75	**306 (20.7)**
Contact with people	67	97	32	**196 (13.2)**
Co-workers	27	159	31	**217 (14.7)**
Superior	31	26	37	**94 (6.3)**
Nothing	11	9	11	**31 (2.1)**
I don't know	1	2	4	**7 (0.5)**
Other	19	9	14	**42 (2.8)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

To do this, the respondents were asked to select from a 10-item response set the factor which forms the strongest motivator for them (Table 6). Two answers prevailed among the participants: that they like their job (23%) and that it is a source of prestige for them (20). Remuneration proved to be the fifth strongest motivator.

Similarly to previous survey questions, the authors sought to learn whether representatives of all the studied professions gave similar answers. To find it out all the responses were analysed again taking into consideration particular jobs. The analysis revealed differences in the way motivating role of remuneration and other drivers was perceived. The discrepancies mainly regard two categories: money and prestige. Money seems to be the weakest motivating factor for nurses and midwives, the strongest – for doctors. Among 635 nurses and midwives, only 32 found it to be the strongest motivator (5% of all nurses and midwives), while 162 out of 481 doctors were of the same opinion (34% of all the doctors surveyed). Among other medical jobs 55 persons selected money as the main motivator (15% of all the respondents).

Slightly smaller differences in the responses among the studied professions could be observed in relation to the motivating role of the job-related prestige. Also here the greater number of responses was provided by the doctors (137 physicians, i.e. 28%), but the disproportions were not so large, as the same answer was given by 94 nurses and midwives (15%) and 75 representatives of other medical professions (21%).

The strongest motivators for nurses and midwives include the persons they work with – 159 answers (25% of all responses), and the fact that they like their job – 149 answers (23%). Unsurprisingly, remuneration as a work motivator came sixth – it was selected as the key motivator by merely 5% of all midwives and nurses.

Thus it can be concluded that doctors form a professional group for which the key motivator is the financial factor. Significant position of money among work motivators may result from the fact that this group is mainly employed under medical services contracts (Table 1). This makes doctors and their families totally dependent on the contract value and the actual possibilities to offer their services.

What affects motivation is not only the level and structure of remuneration but also the level of individual, personal satisfaction with the income received. Let us examine the responses of the study participants in this respect (Table 7). In fact, regardless of income and professional group of the respondents, average satisfaction or moderate dissatisfaction prevails (32.7% and 22% respectively).

Table 7: Level of pay satisfaction

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Completely satisfied	31	48	23	**102 (6.9)**
Satisfied	46	57	41	**144 (9.7)**
Quite satisfied	173	215	96	**484 (32.7)**
Rather not satisfied	115	119	92	**326 (22)**
Dissatisfied	97	109	44	**250 (16.9)**
Definitely dissatisfied	19	87	68	**174 (11.8)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

Those definitely dissatisfied with the money they earn form a relatively large group – nearly 12% when compared to 7% of completely satisfied respondents. While the number of those fully satisfied is similar in all medical professions, those definitely dissatisfied feature mainly nurses, midwives and other jobs. Thus, it can be assumed that the level of satisfaction with remuneration is strictly related to the level of remuneration. Even if remuneration is not a

key factor affecting an overall job satisfaction, without ensuring it at an adequate level it is not possible to be effective in motivating people to work. This comes from a simple fact that money is necessary to satisfy one's own and family elementary needs and it is indispensable to create appropriate environment for professional improvement and personal growth. Money also gives a sense of self-esteem and help to gain personal and professional prestige. Conversely, lack of or insufficient earnings mean limited personal growth and needs' satisfaction and, as a result, poor social and professional prestige.

So what can medical professionals do to improve their financial standing and, consequently, their life and job satisfaction? One of the more effective ways is to take another employment and accordingly increase earnings. It should produce best effects among persons without additional job who have considerable amount of spare time which they can spend on work. In the case of medical professions, only nurses and midwives include a number of persons with single employment, however their job involves mainly shift work, on-call duty covers and night time work. Night time work and on-call periods concern also doctors and other medical professions so it seems that combining current employment with an additional job, regardless of profession, will be quite difficult and must entail private life limitations, so should not be very popular. The survey proved, however, that respondents have a different opinion (Table 8.). Those willing to take another employment made 80% while only 20% of all respondents were of opposite opinion. And all the medical professions surveyed seemed to take similar stance on this issue.

Table 8: Willingness to take another employment

Responses	Profession			Number of responses (and %)
	doctors	nurses/ midwives	other medical jobs	
Definitely yes	59	69	51	**179 (12,1)**
Yes	192	185	135	**512 (34,6)**
Rather yes	140	243	109	**492 (33,2)**
Rather not	72	95	39	**206 (13,9)**
No	11	24	18	**53 (3,6)**
Definitely not	7	19	12	**38 (2,6)**
Total	**481**	**635**	**364**	**1,480 (100)**

Source: Authors' own survey-based study

The interesting thing is that even among doctors currently working in 3 positions some are still ready to take another job. This conclusion comes from a simple analysis of data presented in Tables 2 and 5. There are 47 doctors having at least 3 employments, and only 7 those not willing to take another job. Thus, it can be argued that despite continuous and regular rise in the income of healthcare personnel, their earnings, when compared to other sectors, are still not found to be particularly attractive. They are not seen as an incentive motivating to work by both the respondents themselves and the public opinion. Moreover, the study reveals that the employees themselves do not expect the job to give them high income, and seek job satisfaction in intangible factors enhancing the attractiveness of their work.

4. CONCLUSION

Subject literature and studies on motivation unequivocally indicate that building up job satisfaction and its monitoring are among key elements of human resources management. Such studies have to take into account specific sector-related work characteristics and specific jobs. This refers also to healthcare staff whose jobs are commonly regarded as vocation, i.e.

require appropriate qualifications, skills, ethical fitness, but also bring prestige, respect and social regard. However, prestige and respect are not enough for job satisfaction among healthcare workers. In the case of employees representing medical professions, job satisfaction requires, apart from the presence of non-pecuniary motivators, that sufficient work and pay conditions be guaranteed. To what extent their expectations are met in the Polish healthcare system was a subject of the study conducted in one of the most densely populated provinces in Poland with the highest number of healthcare workers – the Silesian Voivodeship.

The study reveals that remuneration among healthcare professionals is at an average level, only doctors have earnings exceeding or considerable exceeding the average salary. But they receive such earnings working for more than one employer, usually under a civil law contract. This leads to an assumption that their workload per day, week and month must be really heavy and the time spent with family, on leisure or personal improvement is reduced to minimum.

Opinions of the subjects who have taken part in the survey allow to conclude that many of them, despite unsatisfactory incomes, are still satisfied with their jobs because non-pecuniary motivators function in their work environment.

A disturbing aspect of work motivation in healthcare system is the fact that basic components of financial motivation, i.e. rewards and premiums, are not used at all or are used ineffectively. They were quite insignificant among financial incentives to almost all the respondents. What had a greater motivational effect were factors not relating to better work quality and efficiency but to greater workload, i.e. payments for on-call duty periods, night time work and overtime.

Furthermore, it is also disturbing that all professional groups, including even the medical practitioners with the highest incomes, commonly voice their dissatisfaction with received remuneration. Dissatisfaction with earnings and complaining about its insufficient levels is inseparably connected with a medical career, and what is interesting, higher income does not eliminate this dissatisfaction at all. Even some of those claiming to have the highest earnings expressed dissatisfaction with their income.

A general tendency noticed among healthcare workers is additional employment taken to increase earnings. And the willingness to take another job is declared by the majority of respondents, irrespective of current workload and number of positions. It is just the intensity of actions aiming at finding an additional position that varies slightly among individual professions.

Summarizing, a conclusion can be drawn that financial incentives used by the healthcare system are not very diversified and they do not make much contribution to strengthening motivation to work among employees in the healthcare sector. The greatest drawback is a strong focus on quantitative aspects – additional payments for work on public holidays and at weekends, overtime and night time work, while disregarding qualitative aspects – patient care and investment in one's professional development.

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Agata Przewoźna-Krzemińska

4.6 MOTIVATIONAL ROLE OF PUNISHMENT AND REWARDS IN THE ORGANIZATION – THE SYSTEM OF PENALTIES AND REWARDS IN A CAR DEALERSHIP

Summary: Knowledge about motivation, i.e. what motivation is and how to motivate employees has every manager, the fact that that the rewards and punishments are the most popular motivating factor also seems to be obvious, but whether they are most effective way to motivate remains still an opened question. Contrary to popular opinions, motivating is one of the most difficult tasks that a manager should take. The concepts of motivational systems allows to identify what constitutes a source of motivation and the basis for building employee engagement activities. Penalties and rewards has been the most classic and effective motivator for centuries. This article presents the importance of the most traditional motivational factors, namely, penalties and rewards. The article has Theoretical-empirical character. The role of penalties and awards at the work of the salesman was presented.

Keywords: employee incentive systems, effective motivation, motivation incentives, motivating intangible, non-wage incentives

1. INTRODUCTION

Recent studies have shown that the system of motivation, in a broad sense, is a set of basic instruments and management tools. The criterion for selecting these measures should be motivation influence effectives. In practice of the modern companies, this problem boils down to not so much to building integrated, complex and powerful motivational systems, but mostly to the choice of tools and motivating factors that are a composition of these incentives, forming a motivation systems.

1.1 THE MOTIVATION AND THE PROCESS OF MOTIVATION

The word „motivation" is derived from the Latin word *movere* (induces to move). Continuous changes and market development causes many transformations in the organisations and it enforces the need to create a positive image in the eyes of employees, customers and the public. One of the tools is the motivation to work, defined as a set of psychological factors, psychological and physiological, inducing the desired behaviour in humans, to achieve its purpose. The concept of motivation has many different meanings. Most frequently, this term is understood by the man's state of readiness to take a specific action. In this sense, some people have the motivation to work, others to something else.

Problems of motivation occupies many sciences, especially psychology and economics. In each person the motivation is variable in time and space, so far no one has created a prescription for effective motivation, it is known that the source of motivation lies in the human psyche. Motivation includes all these factors, which stimulate a man to action, which give a certain direction and influence to maintain the state of arousal. In the science of management motivation is recognized as one of the main functions of management, and even one of the key management techniques. Since the motivation of action depends first and foremost the achievement of significant results at work.

In theory of human resources management, a thesis is formulated, that the occupational usefulness of worker is measured how they contribute to the development of company, is a

function of his qualifications and motivation. Poorly motivated worker is very little useful for companies, even those with high qualifications. Proper understanding of the process of motivation by managers and business owners is important for managing and directing people in the process of labour and wage policy. However, this requires knowledge and analysis of various theories of motivation to work, which was founded and many is still being created. In literature of the organization and management characterized are different ways and models of motivation.

Some general principles of motivation have already been etched permanently into management practices, but still there is no universal system of motivation for all employees. Individual needs, characteristics and behaviour of people working in organizations cause that only a framework projects of motivation can be moved from one company to another, but each employee should be driven individually, because he has different needs. Each organization creates a system of impacts on its participants, which aims to encourage them to favourable behavioural manifestations and avoidance of behaviours that are detrimental to the organization. All this type of interaction is called the motivation system.

Motivation is also a steering process consists in influencing the behaviour of people, including the knowledge of what causes this, and no other human behaviour. It refers to human behaviour, which lies between two extremes: the actions and learned reflexogenica habits. Motivation has been a subject of psychologists' research. Definition of motivation literature presents the entire spectrum, mostly it is stated that „motivation is a set of triggers for deliberate action," and the process of motivation is an internal mental process, constantly changing its intensity and even direction. Actions taken under the influence of the process of motivation are intentional, or are controlled by a conscious desire by man as a goal: (Borkowska 2004, p. 12.). „In literature, the process of motivation is characterized by two main features: the direction of desire - namely purposes for which the person seeks action; this influence of organization lies in the fact that it objectives and objectives of managed people are compatible, the strength of aspirations, that controls human behaviour, and set by the needs, values, aspirations, etc. The strength of aspirations is most important in difficult situations, when not only affect the intensification of activities, but also can change their form and directions." (Gick, Tarczyńska 1999, p. 27.).

Also, many authors points out that the negative factors (such as the threat of losing stability of employment, competition, fear of losing their position) make a stronger motivation than positive factors (e.g. interest, morale, training). If the chance of achieving the intended purpose is very small, or even close to zero, then the employee loses the engagement, looking for other options for action, and above all no longer identify with the objectives of the company. Motivators are no motives, those are internal promoters of human activity, and the best designed incentive systems in the company don't have the effect. If employees earnings do not allow him to have a decent live and meeting the needs of families, then work won't be for him a path to development. „Man is a system that regulates itself and its relationship with the environment. Important role is played in this regulation the emotional processes, which affect the level of energy that the organism will mobilize at any given time and whether that energy is consumed to maintain the state of affairs in which it is trigger, or the decommissioning of this state. „(Reykowski 1979:797).

Each person feels the need, and each seeks to strengthen and increase self-esteem, but the intensity of the needs and aspirations, and their character are not identical. To a large extent depends on economic and organizational factors. If the unit is to establish themselves to achieve a particular purpose, the goal of this activity must be for it attractive. Professional tasks become attractive when they are means to achieve something valuable, such as pay, praise, promotion. Regardless of how much influence it has on the conduct of the working man may have a internal motivation, you must reckon with the fact that for a long time for

people the external motivation will play a major role, for which the result of the work is only a means. It is connected in a natural way with the fact that much of human needs is satisfied with the economic measures (Reykowski 1979:38). In order to professional activity results become attractive, that is to gain for the individual award value, there must be meted certain conditions. Some of them relate to the permanent of an individual experiences (the conditions of education), while others relate to the situation in which the activity takes place (situational conditions). The management uses a variety of psychological models of motivation to encourage employees or result in more intensive and efficient work. Motivation plays a huge role in the life and functioning of the individual. It increases phenomenon of needs, change and intention. It accompanies man from an early age, and pushes it into action at every stage of his life. It is what makes people grow and improve. It has equally crucial importance in the case of the enterprise. It depends on the degree of employee motivation, quality and efficiency of work he does, which affects the condition of the company. There are three main approaches to motivation: behavioural, humanistic and cognitive sciences.

Behavioural approach – determining role in explaining human behaviour is assigned to external factors. Behaviours of people, according to the behaviourists, are reactions to stimulation which act on them from the environment. External stimulation are divided into positive and negative. Awards are called positive and negative punishments. Human behaviour are rewarded preservation, and punished by weakening and elimination.

Humanistic approach – highlights the role of internal determinants of human behaviour, especially his needs and emotions. It is stressed that external stimulation only after „processing” in all of us take on meaning of motivation. According to Abraham Maslow - people are motivated by a hierarchical system of five basic needs: physiological (hunger, thirst), safety (confidence, freedom), social (love, belonging), esteem (achievement, prestige), self (cognitive needs, the ability to interest).

Cognitive approach – the scope and structure of owned by human information about reality, creating a cognitive network, determine its behaviour. Cognitive network is shaped throughout the life of the human being under the influence of information extracted from outside and generated within it. The penalties are as old as the world. According to the Bible, our first parents Adam and Eve were the first showed tendencies for undesirable behaviour, and were expelled from paradise for it. It seems that they inherited this characteristic, and the reaction to it is a higher incidence of penalties than rewards in interpersonal relations. At least, according to a study conducted in Polish organizations in their rules of procedure punishments occupies far more space than awards, similar fact occur in the practice of their application.

1.2 THEORETICAL ASPECTS OF REWARD AND PUNISHMENT

The penalty can be defined as the punishment used for persons who commit a crime or in any way violated the law or moral standards, punishment is also the educational mean intended to inhibition of various offenses. Penalty is also a negative situation, the man is trying to avoid. The award however is a moral or material distinction for the merits or the achieved results; it can be for example a sum of money, a diploma and medal, a valuable object which is a form of recognition or awards.

The award, in contrast to the punishment is understood as a positive situation, which is usually a man tends. The function of the awards is to develop and preserve the positive behaviours, and the task of penalties is to eliminate bad behaviours and reactions by society. In order to motivate employees commonly used are the penalties and rewards. In organizations there are many types of penalties (such as statutory penalties or satirical penalties: derision, ridicule, contempt) and awards, which are divided into official (praise,

bonus) and informal (recognition, respect, co-workers). Rewards and punishments can be divided as to the material (cash, such as a pay rise, bonus, lower wage) and the immaterial (non-material, such as verbal praise, expressing respect for the worker, which is giving him confidence in management, allocating work more interesting, as well as admonition, reprimand). Rewards and punishments are the most important tools of motivational influence the behaviour of employees.

Organizational rewards and punishments are mainly related to the salary and promotion opportunities. Awards function is shaping or consolidating among the employees' behaviours aimed at achieving organizational goals, however penalties are designed to eliminate behaviour hindering their achievement.

Organizational rewards and punishments are included in the relevant regulations, in which defined is what behaviours desirable or undesirable assigned are the reward or punishment. About the way and the use of organizational rewards and punishments decide mostly managers. They also run own repertoire of rewards and punishments, which based on their personality, and manifests itself in a particular way treatment of subordinates. Some managers apply supervision awarding, and therefore recognize mostly positive behaviour subordinates and reward them while others apply supervision, judgment, that is recognize errors of employees and punish them for it. The source of rewards and punishments in the organization are also behaviours of individual members of work teams and whole groups.

1.3 MOTIVATIONAL EFFECTS OF PENALTIES AND REWARDS

It is worth noting on specific motivational influence rewards and punishments. Awards give pleasure. Positive emotion associated with their receiving expands on the entire work environment. It starts to appreciate the work carried out as well the company.

The use of penalties raises the opposite consequences. Rewarding supervision binds therefore the employee with its activity as well with the organization. However, punishing supervision is a common cause of taking by employee a decision to change jobs. The use of rewards by manager provides therefore chances for shaping among their subordinates a positive attitude towards work, and this in turn results in positive behaviours, higher efficiency and quality of work, more creative employees and willingness to cooperate with others for the good of the whole organization.

Under such conditions, the role of the manager may be limited to the use of towards their subordinates mild supervision and subtle forms of control. The use of penalties and strongly makes it difficult to development of positive attitudes towards work. Aversion to penalties is transferred to unwillingness to work, and in turn prevents the formation of a belief, that work in itself is something valuable and useful. Under such conditions, there is a need of direct and continuous managerial supervision and forcing subordinates to work.

1.4 TERMS OF EFFICACY REWARDS AND PENALTIES

In order to increase efficiency of conditioning from rewards and penalties on behaviour of employees situations and conditions which should influence on increasing effectiveness of penalties and rewards impact, must be identified and created. Table 1 presents the efficiency of rewards and penalties.

Table 1: The efficiency of rewards and penalties

EFFECTIVENESS - DESCRIPTION OF CONDITIONS	ACTIONS OF COMPANY EXECUTIVE
knowledge of staff over applied at the workplace rewards and penalties system	taking by the company executives appropriate informational actions
acceptance of penalties and rewards system by persons affected, by both managers and their subordinates	approval of categories of behavior deserving an award and on the penalty and type and size of very reward and penalties
awards should be sufficiently **attractive**, and the penalties **harsh**	management of the company should keep in mind the gradation of rewards and punishments principle. The essence of gradation of awards is to create a path of professional success, which walking through requires indeed more and more efforts but in return more and more attractions are waiting for the employee. In the case of penalties it is a path of failures but its length is so great that it gives time for reflection and a chance to stop in a safe spot. The exception to this rule is to set at the beginning of the path too great prizes or very harsh penalties. They contribute to disorganization of processes of motivation, and in extreme cases put an end to them. Once awarded with the main prize or inflicted with the most severe penalties there is no longer any reward and punish to perform.
speed of giving rewards and penalties	For example, the effectiveness of two ways of the organization of wage payments for the work. In the first wages are paid after each week's work, while in the second after a month of work. In applying the first method time between employee behaviour of receiving the award is relatively short. This motivates the employee.
consequence in the use of rewards, and in particular penalties **quality of emotional relationships** occurring between the parties	It manifests itself in the fact that undesirable behaviour meets punishment, and desirable an award. Managers of sensitive personality often have problems with the application of penalties. They are especially important in the relationship punished-punishing. The penalty, which the primary is to make unpleasantness, will be adopted by the punished as unfair. it is more likely to happen , when the punished has bad emotional attitude to who punishes. Subordinate, who hates his superior , can any penalty treat as unfair. And lack of feeling just penalties significantly reduces its strength of motivational impact. Often also This raises from the „victim" desire for revenge. In the case of positive emotional attitude towards the punished from who punishes, described above a psychological phenomenon does not occur. In the case of rewards it is far less important, because pleasure associated with the prize leads to the development of positive emotional ties between the parties.
adaptation penalties and rewards to the personality of a subordinate	The need for **individualization** is associated both with the selection of appropriate rewards and punishments, as well as with the strength of their use. Every man is sensitive to the other incentives positive and negative. It is worth to decode this structure of its sensitivity and exploit in order to more rational use of rewards and punishments. For example for some people occurs very strong feeling of internal penalty in the form of guilt, popularly known as pangs of conscience. Strong punishment of such persons by manager with exterior penalty could make that the total penalty external and internal would be too harsh and would lead to a psychic collapse of that person.

Source: own research of literature

Every company, in order to operate efficiently must have its own normative system, which shows individual workers, how to act, what behaviour should be avoided, which reward or punishment can meet them for the use or failure to follow indicated by the company patterns of behaviour. People starting work in the company normally follow their needs, expectations and aspirations. The role of the employer and carried out in its HR policy is therefore to integrate individual attitudes and behaviour of employees in such individual and collective behaviour, that are compatible with standards existing in the work environment. very often with the help penalties and rewards the employer shapes the behaviour of employees so that they are compatible with established patterns of action and responses to specific situations. Behaviour consistent with the models result in positive sanctions, in the form of prizes, and no respect for rules or ineffective action starts negative sanctions in the form of penalties. The system rewards and penalties, which is valid in the company controls the behaviour of employees, is intended to motivate them to desired by employers behaviours. The right to punish and reward subordinates is a determinant of superior status, attribute of his power. The greater the authority, the greater the powers to impose penalties and award prizes. Superior when imposing sanctions should be guided by the knowledge of the motivation of employees and the ability to predict the effects of the sanctions imposed. Each employee expects confirmation of his values, rewards are expected, praise. This type of stimulus binds him with workplace or profession.

In order to make used sanctions effective, person which it relates, needs to have overall brightness, about the fact what behaviour was condemned. That is exactly for punishment. He must also know how to proceed from this point (that is, what specifically do) to avoid the penalty in the future. The employer should punish immediately after noticing inappropriate behaviour and not in the presence of other employees. The penalty should be adapted to the size of the offense, a method of punishment possible for the grading . first should appear „Weak" penalty e.g. noticing , warning. If this does not work, further penalties should now be more formal and severe. Each time the punishment should be preceded by a conversation, during which chief clearly communicates what behaviour is inappropriate, and what behaviour are expected of the employee. This pattern is a classic example of proper provision of feedback. About the mechanism of punishment must be remembered that it motivates quickly but in the short term. Punishment is effective when the boss has the power and tools of punishment. When the tool runs out, penalty will lose its motivating power.

It should be remembered if a penalty is indeed to motivate it needs to be received as fair, namely, for example everyone for the same misconduct shall be punished in the same way. The punishment should also be very consistent. If for some misconduct „entitles to" penalty it should be always performed. Otherwise, the punishment mechanism is received as a set of cases (no one knows for what is the penalty or for what reason she lacks) and does not support any motivation. On the contrary, it demoralizes the team, which usually looks at the side of this, what are the consequences of not discharging from the obligations and violations certain rules. The same goes for rewarding employees. Rewarding, like punishment, should be quickly, namely immediately after the occurrence of behaviour, that boss wants to reward. here, however, it is worth to use forum and do that publicly. Rewarding in public gives a better effect, „it builds up" the person being award , and also it has a motivating effect on the team. The award, similarly as penalty should be graduated, namely appropriate to the size of merit, and its character should be adjusted to the circumstances and nature of award-winning employee. In the case of penalties, it is important that it always is bound with a particular offense, and in the case of awards, it is good that they are given in random periods of time and also for nothing. Awards are given irregularly and in an undeserved have the greatest impact. Such a procedure, however, in order to be motivating, must preserve the character of uniqueness. As a mechanism of motivation, prize is more lasting than

punishment. Award winning employee motivation lasts longer than motivation of punished employee. People, who feel respected, work better and achieve more. The use of rewards and penalties is based on the mechanisms of conditioning included into theories of learning. One of the forms of conditioning is the so-called instrumental learning. In this process, individual becomes aware that received by it prizes (gratification) and penalties (sanctions) depends on its behaviour. Motivation can therefore be shaped, creating conditions of danger or circumstances conducive to meeting the by the employee their needs and expectations. In order to reward or the punishment may fulfil its function, must be evaluated by the employee as right. When a lack of sense of equity occurs, award may cause frustration and figuring out if taking again the efforts makes sense, while the punishment, or the use of various types of repression, usually teaches an employee, how to avoid danger, to avoid sanctions. When using rewards and penalties keep in mind the principles which determine their effectiveness. Motivating through rewards and penalties is a process that should be above all, conscious. Presenting activities as habitual is one, and their understanding of another thing. It is important to understand the effects of these activities and to select those through which motivational power supply of employees will have consistent and positive character both for them, and organizations.

2. THE SYSTEM OF PENALTIES AND REWARDS IN A CAR DEALERSHIP

In this section, a system of penalties and rewards applied to staff engaged in sales in car dealership is presented. The tasks of trader are selling new cars, redeeming and selling used cars, selling banking products, such as loans or leasing and the sale of insurance products. In the manufacturing the dealer used are multiple motivators (penalties and rewards) affecting mainly on salary. These are both material tools, but there are also non-material. In car dealership functions proper bonus system, which is significantly cheers to achieve previously established goals.

An efficient motivation system in the described company has objective criteria for bonus tasks fulfilment evaluation and has qualitative and quantitative targets to achieve; it determines also opportunities for additional awards other than remuneration. The bonus program in the company is clear and legible and it consists of several elements. This allows its understanding and makes that it's know what to do to receive extra bonus.

Due to the simple and transparent bonus system, the car dealership employee is able to calculate of his income and knows how much, and how can he still earn some extra money at any time. This helps in effective and rational organization of work. The bonus system is not the only reward-instrument used in the described company. That, what motivates and at the same time isn't only a salary, but reward in work: relationship with the boss, positive atmosphere at work, equal treatment of all employees, development opportunities, sense of security, and consequently pro-efficiency organisational culture. One of the important awards instrument (motivational) immaterial are integration and training trips. The abundance of this kind of meetings on the training market causes that such events are not necessarily expensive, and affect the better understanding of and integration of employees, which are also among the company's goals. Relationships between superiors and subordinates at such meetings also tightened up, that often helps in performing daily duties and improving relations at the work. The realities of a competitive market favour the concerns about employment security. In the analyzed company manager provides a sense of security, because only in this situation can motivate to action those employees, who realize that not execution of the plan results in certain consequences. Employees in the company see perspectives of development, when they achieve the effects can in the work always count on the prize. A sense of stability and vision of the future give birth to peace and contentment, allow you to make plans for personal and
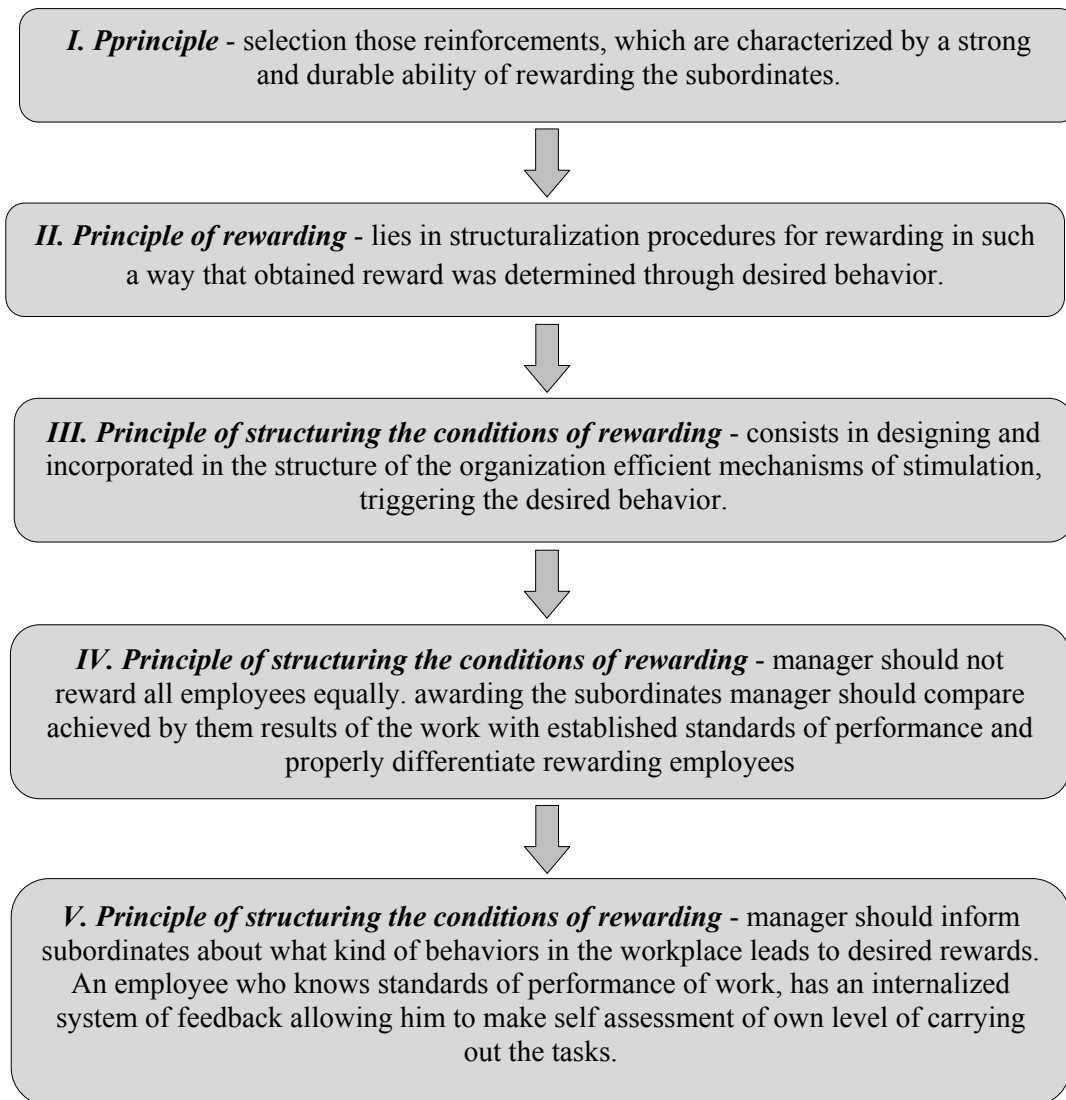
these are factors, which create conditions for use in full their potential in working life. In the referred company, as a salesman another important motivating factor and contributing to a sense of security is to provide good work organization. Employees of car dealership see their company as ordered and properly managed, in which they respected superiors and gain confidence in the sense of their actions. The usual so-called „Pat on the shoulder" this is another positively motivating factor observed in the described company. Almost every person likes to be praised by colleagues and bosses. For very few people gaining recognition in own eyes is enough. Letters and emails with thanks, praises expressed individually or in the forum, tokens of recognition transmitted in everyday conversation do not cost anything, and give wings almost to every employee. Under one condition only, that they are sincere and not overused. A major distinction for employees is to ask to perform specific tasks or to address the prestigious key customers. This is a reward, a true recognition for competence and capabilities of the employee. The company employees unwillingly write reports, those of best-rewarded are with the privilege of sending reports once a month, instead of every week. The price of such a decision is a loss of control over the activities of the seller, which must be a person truly fair and must be able to appreciate, how much trust has been endowed. Enrichment by the head of sales the work of his subordinates, protects them from professional burnout. Salesman, which will break from the daily visits and responsibilities, become more involved in the work. Many sellers treat the company meetings as an interesting diversion. A similar role-play is trip to a conference or fair, special sales projects, placing on the market a new product or change of promotion strategies. Solutions are many, all protects workers against falling into routine, discouragement and monotony and they motivate to action, are an excellent reward for the employee. The head of Sales, who himself is motivated to work, has a positive effect on his sales. Only such boss is able to push subordinates to act, persuade to increase their efforts and overcoming difficulties. The superior, who for some reason suffers from work aversion affect destructive to whole team, „Infects" it and takes away desire to make efforts. The role of properly selected purposes is well known. They must be clear, understandable and ambitious. In described the company employee as a salesman usually participates in setting goals and therefore feels share responsibility for their size and execution, therefore does not dispute the findings, that were previously agreed in conversation with supervisor. That is why at the company discussions are conducted in open way for both sides and partner relationships prevailing between boss and seller. Normally dealers anxiously wait for the results of their work. The more often may be informed about achieved sales results, the better. n the described Company effects are visible at once and add wings (or force them to reflect and search causes of failures). A significant role also plays a way of announcing sales results. Most of the employees like competition, as long as it is based for viable principles. In the case of car dealership so it is. Rankings are created, that distinguishes the best and warns the weakest. It must be remembered that both in the case of those outstanding sales representatives and those who need assistance those rankings are to be motivating. These rankings are to be form of reward, or penalty for inefficient traders. Theorem of A.L. McGinnis is worth remembering, he said: „every manager, boss must be a psychologist, because success of the company depends more on managerial skills, than on the hard work and knowledge. Much man does a brilliant career with vast technical knowledge. However when it reaches level on which further success depends on effort of others, He simply gets bogged down, because he has not learned the art of increasing of knowledge through motivations" (McGinnis, 1992). Any manager should properly motivate his subordinates in order to they gave everything that they can in the work. In order to create such an incentive, it must be remembered of at least about the following indications: motivation should be started from ourselves, because you cannot motivate someone, if you are not motivated yourself. When motivating others you have to remember about transparent

communicating, because the lack of understanding is the most common cause of conflict. Important is the awareness of own purposes and sincere devotion to them. The most convincing and motivating person is someone who knows where he is going and have complete confidence and faith that he will get there. It is essential that goal setting before employees, putting the bar high, challenges and goals. Few things motivate more than reward and praise. When saying to employees, that they do well, it makes them to even more effective work, this is the best reward. It is essential that also to create a friendly competition. Each person have a competitive spirit, therefore referring to it provides a positive motivation. To motivate people to work it is important not to give to them too much information at once. Employees of like to feel important, even indispensable on his post, so a very good way to motivate is to show by the employer, how much appreciated is his subordinates and believe in their abilities, skills. Of course, there are many ways to reward and punish workers. Surely, anyone who deals with managing people has his favourite, methods developed over the years. Note, however, that even the best way with time can simply „burn out" and then it would be good to change it. The differentiation, and therefore modernization of ways to stimulate motivation surely will come out for good for the company. Managers should be aware about several key issues. Namely, the employees usually want, that to be better than worse, employees have their individual needs, and basis for motivating is their recognition and satisfaction, employees need to know exactly for what they are paid, and for what rewarded (it is important to award with pay increases, bonuses and prizes were properly regulated). It is also important that employees understand correlation of their work with the work of others; they must know that their work is meaningful.

3. SUMMARY

Penalties and rewards in the organization are key influence tools on the behaviour of employees, relate mainly to wages, salaries, and possibility of realizing the career path. On the other hand, function of the awards is consolidation of behaviours serving the achievement of organizational goals; the penalties are targeted on eliminating the negative for the organization behaviours. Rewards and penalties have their specific in the motivation of staff. Awards usually give pleasure, and positive emotions associated with them they favour the integration of employee, integration with the work, with the organization, affect the quality and efficiency. On the other hand, excess of penalties also has consequences and reduces the attractiveness of work, affects the performance degradation and staff turnover. Every employee must know what rewards he can and should receive for good work and what penalties can be expected. An employee cannot have doubts, the behaviour attitudes or actions are rewarded and which are punished. It is important that the system of penalties and rewards refers to all employees, and policy of this system is stable, and that there is a relative balance between quantity and quality of reward and punishment in this system. The awards are the most effective means of motivating, every manager should be aware the power of rewards and punishments. There are managers, who often use the awards, however not always achieve the expected results, because they apply the wrong strategy for the prizes. If the manager wants to have an impact on the behaviour of subordinates, he must conclude what the consequences of behaviour have for them rewarding value and must be able to manipulate the consequences of these behaviours. Then the rewarding consequences of employee behaviour can be used to increase their motivation to work. In Figure 1, the five principles of effective rewarding procedures are presented.

Figure 1: Principles of effective application of rewarding procedures in the organization

> **I. Pprinciple** - selection those reinforcements, which are characterized by a strong and durable ability of rewarding the subordinates.

⬇

> **II. Principle of rewarding** - lies in structuralization procedures for rewarding in such a way that obtained reward was determined through desired behavior.

⬇

> **III. Principle of structuring the conditions of rewarding** - consists in designing and incorporated in the structure of the organization efficient mechanisms of stimulation, triggering the desired behavior.

⬇

> **IV. Principle of structuring the conditions of rewarding** - manager should not reward all employees equally. awarding the subordinates manager should compare achieved by them results of the work with established standards of performance and properly differentiate rewarding employees

⬇

> **V. Principle of structuring the conditions of rewarding** - manager should inform subordinates about what kind of behaviors in the workplace leads to desired rewards. An employee who knows standards of performance of work, has an internalized system of feedback allowing him to make self assessment of own level of carrying out the tasks.

Source: own elaboration

Punishment is one of the frequently used motivation al tool especially by Polish managers. Penalties inspire in employees negative emotions and negative experiences, which tend to evaluation. It happens that the organization has a strict catalogue of penalties, then it happens, that staff turnover is high. Catalogue of penalties of employee in large part sometimes depends on legal responsibility of employee for breach of labour discipline. In the Polish Labour Code intended are warnings, penalties and caution money.

In the organization are also used other penalties, such as degradation of employee from the workstation, disciplinary dismissal, reduction in salary, termination of employment, reprimand with entry in the record, etc. It is believed that the punishment being the opposite of awards will change behaviour. Prizes surely increase the likelihood of positive reaction in the future, while the effect of penalties cannot be clearly determined. Punishment is a negative reinforcement and may cause negative feelings and emotions, such as anger, humiliation, apathy, depression, aggression, and even lower self-esteem. The negative effects of penalties may occur long in the field of mental worker. Especially if the employee believes that the punishment was unjust or does not understand the cause / reason to punish. Penalty has an educational character in a situation when the employee feels the guilt and does not reject the arguments supervisor. It is destructive to punishing employee several times for one offense,

such as deprivation of bonuses and a reprimand. Abuse of penalties in the organization can lead to a decline in productivity.

Classic theories of motivation emphasized the similarity of all employees and the existence of one (or at most a few) best way to motivate employees. Just as important as motivating their employees is to maintain self-motivation high. If we are not enthusiastic, you cannot „transfer" of this enthusiasm to others.

If we do not believe in the success of the action, we cannot convince others to believe. To be a good inspirer, we should enhance our knowledge; establish contacts with other people considered good instigators (even if it requires to complete a long journey). Besides we should carefully analyze all the ideas, work on their improvement and avoid making hasty decisions. It should also be formed in each resistance to criticism, because no one will ever succeed in please everyone. Never fall apart. Man, who wants to lift the spirits of others cannot lose hope himself. The use of rewards and penalties is a skill in managing and motivating employees, in all there must be shown moderation and keeping in mind the most important thing in the organization is the man, and well-motivated employee is a success for the organization.

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CHAPTER 5

Ethical and Psychological Aspects of *HRM*

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5.1 EFFECT OF MORAL HAZARD AND TRUST ON WILLINGNESS TO COOPERATE: HUNGARIAN CASE STUDY

Summary: The paper examines the drivers of trust in economic cooperation. Our research has focused on the role of two factors on the basis of the widely referred trust model: faith in loyalty and capability. The empirical results clearly confirm the hypothesis of the theoretical model, namely, which partners will trust each other if their faith is high both in loyalty and in competence. Our research has also pointed out that the level of trust between partners is determined differently by the two examined factors: it is statistically proved that the impact of faith in loyalty is higher. By using one of the theoretical models of new institutional economics, the article analyzes the impact of moral hazard (through the trust) in cooperation arrangements.

Keywords: moral hazard, economic cooperation, faith in loyalty, capability, trust

1. INTRODUCTION

The two basic forms of economic action are exchange and production. The exchange of goods is in the interest of both actors because, by handing over their own goods, they can obtain commodities to which they ascribe a higher utility. At the same time, for both sides, the exchange involves risks that result from the false estimate of the quality of the goods and from the possibility that the other side will not perform the contract. Both sides are interested in realizing the exchange, but the possibility of obtaining an advantage by refusing commitments does apply in their relationship. If actors want to maximize their self-interest, it is rational for both actors to deceive the other about the qualities of the goods and, if possible, not to fulfil the contract. The possibility of non-performance refers to the role of time in economic transactions. Either delivery of the goods takes place only after the advance payment by the exchange partner, or it requires an investment of resources for which a remuneration can be expected only later. Because both actors know the risk of the exchange relationship the exchange can either be blocked or include high transaction costs. The risk is reduced through the legal means of a contract but the possible contingencies that can enter into complex exchange relations are only partially predictable and thus cannot be considered fully when the contract is concluded.

Production as the second basic form of economic action can be understood as a useful treatment of natural resources and nature, which initially does not require the cooperation of multiple individuals. However, as the division of labour enters production it requires cooperation of at least two actors, who must come to an agreement about their respective input and the distribution of the product of their labour. Cooperation is advantageous for both actors because individually they either could not produce the product or could do it only at higher costs, and so the production would be less efficient. If there is no clear control and the product of the work is not credited to the individual actor, it is rational for each actor to contribute as little as possible to the production and to claim the largest possible share for himself. A cooperation problem emerges with the same structural qualities as in market exchange. The expected behaviour is described in the theory of public goods as "getting a free ride," whereas information economics speaks of "principal-agent problems" or of "moral hazard." Here, too, it is to be expected that either the two parties do not cooperate

advantageously or control mechanisms must be installed that entail costs and thus reduce the profit from cooperation.

Only since the 1970's has economic theory given the appropriate attention to problems arising from the cooperation of actors with contradicting interests as central for understanding economic structures. The standard neoclassical model started from the assumption of complete information and neglected the possibility of reneging on contracts.

On the background of the concept of complete markets, the general equilibrium theory also starts from the notion that exchange leads to the achievement of a Pareto-optimal equilibrium. But cooperation problems were not studied prominently in economic theory, which concentrated on studying market equilibrium processes. Instead, the basic model of neoclassical labour market theory, for example, stated dogmatically that the wages paid correspond to the marginal product of labour, thus systematically excluding principal-agent problems from consideration.

Nevertheless, in the past three decades various methods have been developed in economics that deal with problems of cooperation of antagonistic actors to analyze the consequences for market equilibrium. Thus, information economics analyzes the problem of market failure due to an asymmetrical distribution of information (Akerlof, 1970), which leads to Pareto-inferior states of equilibrium. Transaction cost economics studies the existence of hierarchy (organization) as a function of market transaction costs, which emerge from the opportunistic action of selfish actors. Efficiency wage theory and more general principal-agent approaches of labour market economics move away from the assumption that the marginal wage corresponds to the value of marginal productivity and instead start from the notion that actors can behave opportunistically because of incomplete supervision of their activities. In general, these approaches can be characterized as refusing the opinion represented in economic theory since the time of Adam Smith that the pursuit of individual self-interest would in principle lead to a Pareto-optimal situation of distribution. Instead it is now considered more prominently that the pursuit of individually rational strategies can lead to inferior conditions of equilibrium and to market failure.

An important exception in economics to the orthodox approach in exchange relations and in production organized by the division of labour is game theory, which has been treating the problem of the cooperation of utility-maximizing actors analytically in the form of the discussion of non-cooperative games since the 1940s (Beckert, 2002).

In our article, we primarily focus on trust as an economic factor. Opportunistic people benefit whenever they encounter a trusting person – they are able to exploit him. As long as the number of opportunistic people in the population remains small, the social norm of benevolent cooperation may still persist, with disappointments for those trusting people who are unlucky enough to encounter opportunistic people. After a sufficient number of personal experiences in which goodwill and trust have not been reciprocated, trusting people re-evaluate their expectations and cease to be trusting. They no longer believe promises or accept personal checks in payment or give credit card numbers to suppliers that they do not personally know.

In a society with reciprocated trust, people thus benefit from the cooperative outcomes in the prisoners' dilemma and the trust game. However, in a society with social norms of distrust and opportunism, people live in a milieu of cynicism and mutual suspicion.

Benefits from trust require trust to have been established. It may be impossible to establish trust without a history of interactions – and as long as people choose not to interact, there will be no history of interactions on which to base trust. Because of the benefits from trust, trust has been described as social capital. The social capital, like all capital, is the consequence of investment. The investment is made through experience that justifies belief that trust will be reciprocated (Hillman, 2009).

The concept of social capital was popularized by Robert D. Putnam (Putnam, 2000) in a book titled "Bowling Alone". Putnam documented how activities that had traditionally been undertaken in social groups had, by the end of the 20th century, come to be more likely undertaken alone. People who "bowl alone" are islands unto themselves. They do not have social links to others and as a consequence are not trusting of others. Before television, and certainly before radio, people were more inclined to talk to one another and to be part of a social group. Entertainment was self-made. One or more of a group would bring a musical instrument and people might dance and sing and talk. Trust was built through socializing interaction. In contemporary societies, technology has personalized entertainment: listening to music can be a personal experience through earphones that block social contact. Societal institutions affect whether people have the social contact that builds mutual trust. Governments cannot, however, readily implement public policies to increase social capital.

It is widely accepted that social capital is at least as important factor of production as physical, natural and human capital. Although social capital has not any generally approved definition yet, it has the following elements that are usually listed: cooperation, trust and network. Empirical research has extensively confirmed the key role of trust out of these factors (Borgen, 2011; Jones- Kalmi, 2009; Wilson, 2000). Trust enables us to fight with uncertainty and risk that is typical for exchange relations (Tóth, 2004). The lack of trust „the low level of association ability" can be a serious obstacle to the economic efficiency and development in the society (Coleman, 1994). Quite evidently people living in a society in which there is sufficient trust for the wealth-increasing transfer to be made will be better off than in a society in which the initial transfer is not made (Hillman, 2009). Following the social transition, the fragmented estate structure was a general problem in the Central-Eastern-European countries (even in Western Europe compared to the United States), therefore cooperation is an important requirement of competitiveness (viability) in this field. Moreover it can be stated with a high level of confidence that the moral and ethical problems of the newly founded and unregulated market economies of the Central-European region state a serious threat on economic performance and long-term economic development.

These aspects have motivated us to extend our research on social capital, including the relations between trust, moral risk and cooperation, which have been less discussed in special literature and which are also a capstone of institutional economics.

2. THEORETICAL BACKGROUND

2.1. INSTITUTIONAL ECONOMICS

Over the past three decades the labels 'institutional' and 'institutionalism' have spread across most social science disciplines. The shared context to the emergence and diffusion of institutional or neo-institutional perspectives during this period has been a questioning of conventional and dominant perspectives in those different disciplines. The common thread has been a critical take on key defining features of these conventional perspectives – such as context-free agency, rationality and rational choice hypotheses, efficiency and utility maximization, unrestricted and free-flowing information, naturalistic evolution or 'one-best-way' structures and solutions. The perception of a complex empirical reality rendered those simplistic and simplifying features increasingly unsatisfactory and frustrating (Djelić, 2010).

The reaction, across disciplines, was to underscore the importance of the environment and, in particular, to bring institutions back in. Across disciplines, an institutionalist perspective starts from the basic recognition that human activities, including activities of an economic nature, are embedded and framed within larger institutional schemes that tend to be stable (Djelić, 2010). A core dimension of the institutionalist project has been to understand, here

again across disciplinary boundaries, how embeddedness matters, how institutions constrain and structure action, create regularities and stability, limiting at the same time the range of options and opportunities.

The success of institutional or neo-institutional perspectives reflects in part their ability to integrate complexity. The different variants of institutionalism have that in common that they make it possible to take into account the contextual embeddedness of economic rules, actors, organizations, or behaviours. Still, under the broad label of 'institutionalism', there is also a fair amount of diversity and resilient differences. There are, three main categories of institutionalist perspectives, each reflecting a different epistemological orientation. The terms 'rational choice', 'historical', and 'cultural' can be used to label those categories. Even though institutionalism was originally strongly embedded in European, mainly German, institutional economics, its transfer to the United States in the early part of the twentieth century would turn out to have consequences. Today, there are partial but identifiable differences, within disciplines, between institutionalist projects on both sides of the Atlantic (Greenwood et al. 2008).

The analysis of contracts and the organizational arrangements is one of the most researched fields of New Institutional Economics (NIE) (Laffont J.J, 1989). A critical contribution of NIE is its recognition that actors are not motivated solely by self-interest. Yet, at times, studies that analyze the strategies used by actors/entrepreneurs to achieve institutional change often ignore how and why institutional forces shape the strategies accepted as appropriate and the choice of strategies made by particular actors. Unless political processes are explicitly couched within an institutional context, the resultant story becomes premised upon actors behaving quasi-rationally and knowingly pursuing their interests. For us, this would be a political or resource dependence account, not an institutional one (Greenwood et al. 2008: 31).

Some of the theoretical approaches of NIE focus on different aspects of contracts on cooperation: the agency theory typically deals with the area of asymmetric information; the transaction costs theory concentrates on areas related with the costs of concluding the contracts; while the issues of residual control rights are covered by the theory of property rights. These theories, of course, overlap each other in many aspects, while the different theoretical approaches are extremely useful in the differentiated examination of contracts. The present paper describes the examinations made on the basis of principal-agent theory.

2.2 . THE PRINCIPAL-AGENT THEORY

The simplest organization imaginable is a two-party contractual relationship as, for example, between an employer and a worker, a landlord and a tenant farmer, a lawyer and a client, an insurance company and an insured person, a firm manager and the group of shareholders.

Often one of the parties, the principal, delegates to the other, the agent, an action that influences his welfare, such as output for the employer, the harvest for the landlord, and the court's judgment for the client. If the agent's action is observable, the principal can control the agent so long as he has the power to enforce the penalties necessary to punish any deviant behaviour on the agent's part.

In general, however, the action of the agent (for example, the level of his effort) is only imperfectly observable. In essence, the result observed by the principal is the joint product of an action, which only the agent knows, and of uncertainty (known or unknown to the agent at the time that he chooses his action). The product achieved by the agent on behalf of the principal is therefore stochastic. It depends directly on an action variable taken by the agent that is unobservable by the principal and costly to the agent. The basic problem for this mini-organization is to define the rules of sharing the product.

A sterling example for the principal-agent problem related to financial bubbles is given by Allen and Gale (2007). They develop a theory based on rational behaviour to try and provide some insight into these issues. Standard models of asset pricing assume people invest with their own money. They identify the price of an asset in this benchmark case as the "fundamental." A bubble is said to occur when the price of an asset rises above this benchmark. If the people making investment decisions borrow money then because of default they are only interested in the upper part of the distribution of returns of the risky asset. As a result there is a risk-shifting problem and the price of the risky asset is bid up above the benchmark so there is a bubble.

In the example, the people who make investment decisions do so with borrowed money. If they default there is limited liability. Lenders cannot observe the riskiness of the projects invested in so there is an agency problem. For the case of real estate, this representation of the agency problem is directly applicable. For the case of stocks, there are margin limits that prevent people directly borrowing and investing in the asset. However, a more appropriate interpretation in this case is that it is institutional investors making the investment decisions.

This group constitutes a large part of the market in many countries. The agency problem that occurs is similar to that with a debt contract. First, the people that supply the funds have little control over how they are invested. Second, the reward structure is similar to what happens with a debt contract. If the assets the fund managers invest in do well, the managers attract more funds in the future and receive higher payments as a result. If the assets do badly there is a limit to the penalty that is imposed on the managers. The worse that can happen is that they are fired. This is analogous to limited liability.

The agent theory – especially its normative direction, the principal-agent theory – stresses the asymmetric information and the consequent opportunistic behaviour. The asymmetric information is always present – although differently – if cooperation is set up between two or more parties. Within the frames of principal-agent theory, the authors distinguish two types of problems due to information asymmetry between cooperating partners: moral hazard and adverse selection.

2.2.1 Adverse selection

A typical case of adverse selection can be found within the insurance literature, where it had long been recognized that the willingness to purchase insurance at a particular price relayed information to the insurance company. Akerlof (1970) recognized that this phenomenon was far more general: the willingness to sell a used car, for instance, conveyed information about whether the car was or was not a lemon. Greenwald showed how adverse selection applied to labour and capital markets: the willingness of an employer not to match the bid of a competitor conveyed information about the current employer's judgment of that individual's ability; the willingness of insiders in a firm to sell stock at a particular price conveyed information about the insider's view of the price relative to the expected return. Akerlof's insight that the result of these information asymmetries was that markets would be thin or absent helped explain why labour and capital markets often did not function well. It provided part of the explanation for why firms raised so little of their funds through equity. The consequences go well beyond just an absent or missing market. Weak equity markets meant that risks could not be divested, leading firms to act in a risk averse manner, explaining some of what would otherwise seem to be anomalous aspects of firm behaviour.

The fact that current employers have more information than others means that labour mobility will be limited: a firm attempting to recruit a worker away from his or her existing employer is more likely to succeed if it bids too much, a version of the winners' curse. Because other firms know this, they will be reluctant to hire "used labour": the used labour market is thin, just as the used car market is thin. Firms, knowing this, may attempt to exploit

those who come to work for them; and because workers know this, before they go to work for a firm, it affects the terms at which they are willing to work. The labour market is affected both before the asymmetry of information is created in the process of hiring and after (Stiglitz, 2004). The issues of adverse selection are not discussed in more detail in the present paper.

2.2.2 Moral hazards

Moral hazard sets in when at least one input is not observable in the cooperation process and the quantity of this input cannot be determined in the contract (Royer, 1999). Following the suggestion of the problem many authors tried to develop an optimization scheme within the question. The special references dealing with the question offer a lot of special models within principal-agent theory. These are (according to Larsen (2008)): multiple tasks model (Holmstrom–Milgrom, 1991); double moral-hazard model (Agrawal, 2002); and, team production model (Alchian–Demsetz, 1972). This latter model is relevant in regards to our subject, because the team production model discusses the situation – as a basic case – when production is performed together with more farmers. In general, the cooperation between farmers can much rather be regarded as the network of farmers (agents) than in principal-agent relation. Nevertheless, it often happens in machinery sharing that the farmer temporarily acts as a principal or as an agent and these roles are changed from time to time.

In the literature of team production, the concept of moral hazard was introduced by Holmstrom (1982). The main point is the following: when the partners in the team are rewarded on the basis of joint efforts and at least one input cannot be observed by the others, it will encourage the individual agents to withdraw from the joint efforts (deadhead behaviour). This type of moral hazard is referred to as "effort moral hazard". Another type of moral hazard is discussed by Hart (1995). When inputs (e.g. machinery, tools, equipment, etc.) are divided among agents in the production process, it will drive them to excess use or misuse of the assets, because the user of the asset does not see the full value of the asset since he does not own it, or only partly. This risk is the so-called „asset moral hazard". In this case the information asymmetry comes from the imperfect controlling rights above assets because they are in joint use or lease with other farmers. The limited ability of control may cause damage to the assets because the necessary repair and maintenance is not made.

The moral hazard emerging in the economic relations between farmers results the reduction of trust level (Larsen, 2008), and this was the reason our research has been also extended in this direction.

2.3. Machinery and agriculture

As discussed in the introduction trust is very important in human relations, thus it is very significant in the cooperation among farmers, too. Questions of trust – as research topic – have become into the focus of interest in many scientific fields during the recent decades.

In agriculture – like in other sectors – the farmers work together within several groups and they make spoken or written agreements (contracts) for their economic activities. For farmers, capital costs of machinery and operating costs represent a significant expense. As a result many farmers have formed machinery cooperatives or other sharing ventures allowing for the spreading of costs over larger areas, thus achieving higher economies of scale and enabling access to newer, more efficient and technologically advanced equipment, saving labour. A number of authors have explored the potential benefits and the structural considerations for joint machinery ownership arrangements. A comprehensive overview is given by Kenkel and Long (2007). An estimation for saving from joint ownership ranges from 15% (Sweden) through 35% (Canada, Saskatchewan) up to 41% (US-South).

The options for equipment sharing include informal partnerships, formal contracts, limited liability enterprises, cooperative corporations, a vast number of successful examples exist worldwide. The simplest form is an informal agreement over the common purchase of equipment or over its shared use. The partners can form a schedule of usage, allocation of maintenance costs, etc. The obvious drawback of informal partnerships is the lack of a reliable formalised structure and the risk of a partner's under-, or non-performance. In the case of a contractual agreement a detailed specification can be made about all important factors, procedures, and price settings. In the case of a limited liability company the entity owns, operates and buys or sells the equipment involved, and a resulting profit or loss is possible. The cooperative form of joint machinery use is a basic, well-known structure very common both in Europe and overseas. They proved to be very successful in reducing associated costs and in provision of access to equipment for small producers. In some cases the admittance is contingent on approval of the executive board and a commitment period is required sometimes with an obligation of machinery procurement.

For Hungary the increased penetration of such cooperative forms would be very beneficial as the country lags behind the average EU level of agricultural mechanisation.

Trust as a subject of study in (agricultural) economics is a relatively new phenomenon in spite of the fact that it has been used widely in sociology, anthropology and other "soft" disciplines. However, in the last 25 years the number of publications on trust in the economics literature has grown vastly (e.g. McAllister, 1995; Sholtes, 1998; Szabó, 2010 etc.).

We used Sholtes's trust model in our research (based on earlier research experiences – Takács et al. 2006). Sholtes (1998) placed trust in the matrix of loyalty and capability. We can speak about trust if the faith in loyalty as well as in capability has high values among the partners.

3. MATERIAL AND METHODS

Our examinations are based on primary databases. In order to explore the effect of moral hazard on machinery sharing arrangements we have performed questionnaire survey in the South-Eastern part of Hungary, in the Southern Great Plain region, in Békés county. The research involved private farmers of three statistical micro regions (NUTS-4 level), namely Orosháza, Békéscsaba and Mezőkovácsháza. We collected information about 132 private farms (n= 132) during the survey. (It is important to note that in statistical terms we do not regard the sample representative either at national or county level, but on the basis of local-level representativeness of the sample we presume that the results collected from the examined region can be generalized because the region is not much different from the key agricultural areas of the country in regards to economy and society.)

A questionnaire was constructed in the frames of the empirical research, the questions of which covered the following topics: moral risk, trust, faith in loyalty and capabilities, cooperation activity (see Table 1).

As it was discussed in Theoretical background, the references describe two types of moral hazard, under the titles of "effort moral hazard" and "asset moral hazard". Upon designing the research and drafting the questionnaire we did not aim to cover the issues of "effort moral hazard", we rather concentrated on the aspects of "asset moral hazard". The questions were set up accordingly. The survey, however, proved that our presumptions were wrong: the dimensions of moral hazard cannot be clearly separated, or rather the questions we asked were not suitable for defining the categories. In many cases we found that the responses to our questions asked for measuring typically the "asset moral hazard" belonged to the concept of "effort moral hazard". For example, the negative experiences of farmers from lending the machinery were due not to the failure or breakdown of assets, but rather because they

considered the cooperation one-sided. They thought that they gave more in the partnership and made less benefit. In this approach the responses to the negative experiences could not be limited merely to the "asset moral hazard", but rather to the questions of "effort asset hazard". Considering this, the further examinations in the present paper are generally discussed under the question of moral hazard.

Table 1: The questions of the survey

Moral hazard (MOR)
Q1. Have you had any negative experiences during machinery services based on mutuality?
Q2. Have you had any negative experiences in case of providing machinery or assets for use?
Q3. Have you had any negative experiences in case of joint ownership and use of machinery and assets?
If yes, please evaluate their degree on a scale 1 to 7! (0 = No; 1 = Nothing, no big damage to me; 7 = Big problem, I suffered great losses)
Trust (TR)
Q4. How much do you trust your fellow farmers in general? (scale from 1 to 7)
Faith in loyalty (LOY)
Q5. I think my fellow farmers definitely keep their words (scale from 1 to 7)
Q6. I think my fellows would never do any harm to me even if the conditions of farming changed (scale from 1 to 7)
Faith in capability (CAP)
Q7. I trust that if any of my fellow farmers provides any machine work to me, the quality of his work will be the best possible under the given conditions (scale from 1 to 7)
Q8. I trust that if any of my fellow farmers provides any machine work to me, it will be done at the most appropriate time, under the given conditions (scale from 1 to 7)
Q9. I trust that if I lend a machine or tool to any of my fellow farmers, he will use it with the due precautions (scale from 1 to 7)
Cooperation activity (COOP)
Q10. Please evaluate the individual machinery operations from the aspect of the assets on your farm, how typical is the machinery labour based on mutuality! (0- never; 1- rare: 1-2 occasion/year; 2- median: 3-4 occasions/year; 3- frequent: more than 5 occasions per year.)
Q11. Please evaluate the machinery of your farm, how many times they are lended to others for use! (0- never; 1- rarely: 1-2 times/year; 2- median: 3-4 times/year; 3- frequent: more than 5 times a year.)
Q12. Please classify each machine of your farm, whether it is in joint ownership with other farmers! (0- No; 1- Yes)

Source: own construction based on Baranyai 2010

Out of the 11 items in Table 1 we have formed aggregated indices by each group of question ((MOR, LOY, CAP and COOP). The weights for the indices formed by weighting process were generated with PCA method.

The impact of moral hazard on the cooperation activity was examined with the so-called „way-model" which is the series of regression models built on each other. The logical interrelations of our model is drawn up in Figure 1.

Figure 1: The logic of way-model structure
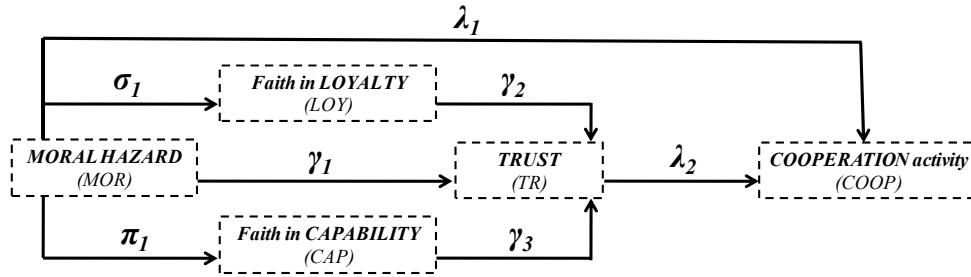
Source: own edition

The model was used for examining the impact of moral hazard (MOR), as an exogenous variable, on the cooperation activity (COOP). Besides the direct impact (λ_1) of moral hazard we can also analyze its indirect effect manifesting through the changes of trust: by using the Sholtes-model we take into account that the moral hazard directly (γ_1) and through changing the trust-determinants (LOY and CAP) (σ_1 and π_1) indirectly influences the level of trust which in turn also affects the cooperation activity (λ_2). Four regression models can be described on the basis of Figure 1:

Model I.: $COOP = \lambda_1 * MOR + \lambda_2 * TR + RESID_1$ (1)

Model II.: $TR = \gamma_1 * MOR + \gamma_2 * LOY + \gamma_3 * CAP + RESID_2$ (2)

Model III.: $LOY = \sigma_1 * MOR + RESID_3$ (3)

Model IV.: $CAP = \pi_1 * MOR + RESID_4$ (4)

where: λ_i; γ_i; σ_i; π_i: are partial standardized coefficients (beta); $RESID_i$: are residuals.

By drawing the equations together, the following equation can be formulated where the beta products express the strength of each „way":

$$COOP = \lambda_1 * MOR + \gamma_1 * \lambda_2 * MOR + \sigma_1 * \gamma_2 * \lambda_2 * MOR + \pi_1 * \gamma_3 * \lambda_2 * MOR + \sum_{i=1}^{4} RESID_i \quad (5)$$

4. RESULTS

The descriptive statistics of variable set in the regression models are listed in Table 2. The experiences of the empirical research prove that the moral hazard is obvious among the surveyed farmers but its average level (2.42) cannot be regarded significant (the theoretical maximum is 7.00). Sholtes (1998) traced back trust to two determinants: the faith in loyalty and the capabilities of fellow farmers. According to the results, the respondents believe a bit more in the capabilities (CAP) of fellow farmers that they fulfil the undertaken tasks in appropriate quality, than in their loyalty (LOY) that they always fully keep their promises.

Table 2: Descriptive statistics of the variable set

Descriptors		MOR	LOY	CAP	TR	COOP
Mean		2.42	3.59	3.94	3.77	1.47
CI 95%	*Lower Bound*	2.11	3.26	3.72	3.41	1.28
	Upper Bound	2.73	3.92	4.16	4.14	1.66
St. Dev.		1.61	1.92	1.27	2.13	1.03
Min/Max		0.00/5.82	1.00/7.00	1.33/7.00	1.00/7.00	0.00/3.01

Source: own calculations

The general level of trust (TR) is 3.77, which is weaker than median. As it is well-known, the respondents used a scale from 1 to 7 to evaluate their own level of trust towards fellow farmers. The replies were distributed as follows: 21% of the sample categorically declared, that: „today you can trust nobody in the world…!", they indicated the trust level 1. Another 19% chose level 2, thus indicating that they do not really trust their fellows. The weight of those with intermediate trust levels (scale 3-5) was 30%, while the upper end (scale 6 and 7) of trust scale was marked by 17% and 13%.

The average level of cooperation activity (COOP) is 1.47, which means a really modest activity. Examining it by the fields of cooperation the most typical is providing services on mutual basis, almost 50% of farmers participate in cooperation like this, while this ratio is less than 40% regarding the cooperation based on lending machinery to each other. These cooperation arrangements are occasional and cover only one or two work phases or machines.

The joint ownership of machines, as form of cooperation, is very rare in Hungary. In the next part of research we ran four regression models of the way model and the main results are summarized in Table 3. In model I, we estimated the impact of moral hazard (MOR) and trust (TR) on cooperation activity (COOP). The results have statistically proven that the moral hazard and faith in the economic relations affect the cooperation activity: as it could be expected, the moral risk has negative, while the trust has positive determination. Beta values demonstrate that the partial impact of moral risk is stronger, it affects the cooperation activity to a greater extent than trust.

Table 3: Summary of results of regression models

Models	Standardized Coefficients (Beta)			R^2	*F-sig.*
I.	MOR: λ_1= **-0.328**** (CI95%:-0.240 – -0.416)	TR: λ_2= **0.214*** (CI95%: 0.126 - 0.302)		0.260	*0.000*
II.	MOR: γ_1= **-0.115*** (CI95%: -0.009 – -0.221)	LOY: γ_2= **0.675**** (CI95%: 0.559 - 0.791)	CAP: γ_3=**0.336**** (CI95%: 0.206 - 0.466)	0.776	*0.000*
III.	MOR: σ_1= **-0.293*** (CI95%: -0.113 – -0.473)			0.089	*0.002*
IV.	MOR: π_1= **-0.527**** (CI95%: -0.367 – -0.687)			0.278	*0.000*

* significant at the 0.05 level   ** significant at the 0.01 level.
Source: own calculations

In model II, the impact of MOR, LOY and CAP independent variables is also statistically proven in respect to the trust level (TR). It can be seen that the moral risk reduces – although very weakly – the level of trust between partners. Another interesting experience that there is significant difference between the „strength" of trust-determinants of Sholtes model (the CI does not overlap!), which means that the faith in loyalty is much more important regarding the trust than the CAP. Models III and IV estimated the impact of moral hazard on LOY and CAP depending variables. The examinations have revealed significant relations and also proved that the moral risk erodes the faith in capabilities rather than loyalty.

By fitting the estimated coefficients in the way model, we can analyze the impact of moral hazard on cooperation activity (Figure 2). We have presumed in our model that the moral risk affects the cooperation activity in four „ways": (1) indirectly, the strength of this impact is -0.328 (λ_1); (2) through indirect impact on trust (TR), the strength of which is -0.025 (γ_1*λ_2); (3) by reducing the faith in loyalty, where the degree of the whole impact is -0.042 (σ_1*γ_2*λ_2);

and (4) through the impact on the changes of faith in capabilities, the strength of which is -0.038 ($\pi_1 * \gamma_3 * \lambda_2$). The main empirical results are described in Figure 2.

Figure 2: Way-model complemented with regression coefficients

Source: own edition
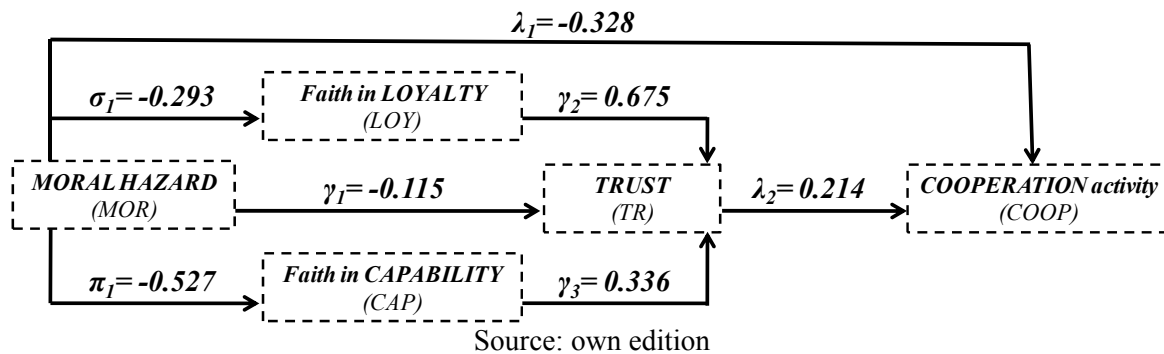
5. CONCLUSION

The study analyses the impact of moral hazard on cooperation activity by using a way-model. In our model we divided the impact of negative experiences of cooperation on the cooperation activity into direct and indirect part, where the direct impact was explained through the decline of trust. In fact, we did nothing else then divided the Pearson-coefficient (r = -0.433) between independent (MOR) and depending variable (COOP) into two parts. Our results prove that the direct impact of moral hazard is more significant (-0.328) because it gives about 75% of the Pearson-correlation value, while the totality of impacts appearing through the changes of trust represent the remaining 25% (-0.025 + -0.042 + -0.038= -0.105). All the above confirm that the moral risk, on the one hand, can directly and negatively affect the cooperation activity of farmers, but an indirect impact should also be considered, which becomes obvious through the decline of trust between farmers.

Summing up the experiences of the research, we can declare that although the statistical analyses have proven the negative impact of moral hazard on cooperation willingness but we cannot state in general that the low cooperation willingness in the machinery sharing arrangements can obviously be attributed to moral risk.

Our results raise the possibility of continuing the research in two directions. On the one hand, by expanding the size of the sample by ensuring the national representativeness. Due to the area limits (Békés county) and the low number of elements, the above results cannot be generalized at national level. On the other hand, it will be necessary to involve further explanatory factors in order to explain the cooperation activity. Besides new institutional economics, the game theory can also help in this work.

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Małgorzata Randak-Jezierska

5.2 SELF-MANAGEMENT IN TIME PERCEIVED BY FUTURE MANAGERS

Summary: In the world dominated by not having time and racing against time today, the ability to manage time is becoming a value of paramount importance. The paper presents the problems of self-management in time in the light of the survey conducted among the university students from the Faculty of Management in the Czestochowa University of Technology.

Keywords: self-management, time, manager

1. INTRODUCTION

Each day in human life has 24 hours. However, people spend this time in a variety of ways. There are some people who have time for everything, who live active and fulfilled lives. Some of them are waiting to the last moment and then they rush to work, performing many activities chaotically, hoping for the best and promising to change in the future. There are others, who live shiftless lives without any challenges and their days do not differ much from each other and seem to be endless. There are also some people, who do not even want to think about time as thinking about it makes them terrified. Every man has their own attitudes towards their time and, consequently, towards their lives (see Sędek, Bedyńska, 2010; Klein, 2009; Whitrow, 2004). However, there are professions where the problems of time are particularly important, such as the work of a manager. For this reason, there are a number of publications available in the market (see e.g. Idzikowski, 2011; Roguszczak, 2010; Drucker, 2009; Hutter, 2008) and trainings concerning time management which are aimed at helping managers to acquire this skill. An interesting suggestion for managers in terms of time is to familiarize themselves with the idea of self-management, which can be viewed as a component of management. The present paper discusses the problems of self-management in time viewed by the university students from the Faculty of Management in Czestochowa University of Technology.

2. SELF-MANAGEMENT IN THE WORLD OF BUSINESS

The concept of *self management* was first introduced into the world of business quite recently, at the end of the 20th century, by P. F. Drucker (2000 and 2006), who argued that in order to manage other people you should first acquire the skills of managing yourself. This author formulated in his books the first guidelines for managers to help them develop these skills. These guidelines concerned in particular:
1. finding your own strength,
2. focus on action,
3. fighting bad habits,
4. openness to knowledge from other scientific disciplines,
5. analysis of what actually was achieved by comparison to the previous assumptions and drawing conclusions for future work,
6. familiarizing with yourself (learning styles, working styles, reactions to stress, personal preferences concerning work etc.)
7. using your own systems of values when acting,
8. improvement in your own efficiency of actions,

315

9. rethinking your own contribution to the organization,
10. managing your own time,
11. care for friendly relationships between people,
12. supporting your own development and the development of other people,
13. development of interests,
14. care for personal culture.

Self-management can also be viewed as a continuation of the ancient philosophical maxim, which instructed everybody to learn about themselves (see Pseudo- Platon, 1973; Ksenofont, 1967), adapted to the sciences of management and extended with the aspect of acquiring a variety of practical skills that allow for using this knowledge in life. Adamiec and Kożusznik in their book „*Sztuka zarządzania sobą [The Art of Self-Management]*" (2001, pp.12-16) emphasized the above method of viewing this concept: " ...self-management is an idea which has accompanied people for ages and which is the focal point for the ideas and efforts made by a great number of people with different interests, professions and beliefs: virtually, the efforts of all of us. On reflection, almost all of us fight to acquire this skill and ability, the self-management, becoming the boss for yourself. There are no philosophy, no religion, no outlook on life and no pedagogical or psychological doctrine which would not, sooner or later, tell us how to live, how to decide, how to manage yourself, what to strive for and how to treat others…". These authors consider self-management as a practical skill, which integrates knowledge from a variety of scientific disciplines which combines the interest in humans (e.g. biology, philosophy, psychology). Moreover, they argue that these problems are of essential importance and should be taught in schools of a variety of types and degree according to the special design of the curricula which would contain theoretical considerations and practical exercises focused on assertiveness, independence, entrepreneurship, determination of your own mission in life, recognition of your own resources, skills of self-motivation, deepening the knowledge of yourself, ability to communicate with others, knowing your priorities, managing your time, ability to match the goals with personality, career planning, conflict solving, development of social competencies, coping with stress etc .(see Kożusznik, 2011; Chrapek, 2011; Randak-Jezierska, 2011a,b; Randak-Jezierska 2010; Baney, 2009; Sierpińska, 2009; Stewart, 2008; Rzepa, 2006).

Furthermore, Gut, Piegowska and Wójcik, the authors of the book „*Zarządzanie sobą. Książka o działaniu, myśleniu i odczuwaniu [Self-Management. The Book on Acting, Thinking and Feeling.]*" (2008), understand self-management as an ability of conscious, ecological and economical use of human's own resources and life energy which is developed through deepening the knowledge of yourself, building a positive picture of yourself, making conscious choices, improving your own talents, finding and supporting your life on your strengths, discovering the patterns responsible for acting, thinking, feeling and remodelling them if necessary, using intuition when acting, knowledge of your emotions etc. These authors also argue that "…Learning yourself brings (…) a lot of surprise. It might turn out that what we think we are is not the same what others think we are. We always create our own picture, which is not always received by others in a manner we plan. We think that we are something, but others view us from another perspective and think we are something else… Personal development is often accompanied by a phenomenon of dissonance, where (…) the picture of yourself does not always match the picture (…) of a person form the perspective of others (…) which provides valuable information that allows us to determine the differences in the area of 'me about myself and others about me" (ibid, p.28).

3. SELF-MANAGEMENT IN TIME AS A FOURTH GENERATION OF TIME MANAGEMENT

In the world's best-selling book, *The Seven Habits of Highly Effective People,* S. R. Covey described the habits, which are necessary to be developed in order to become an effective person who has the ability of self-managing in time.

The author listed four generations of time management. The first generation is creation of the to-do lists for each day and to tick all the things that have already been done. The second generation of time management consists in using calendars and schedules in order to help planning. The third generation, used the most frequently by the contemporary managers, consists in determination of priorities and hierarchies of values and then ensuring that the activities, which are performed are not in conflict with the values. The fourth generation of time management is self-management in time.

What traits have to be developed by a person in order to increase their efficiency and to be able to manage yourself in time? To provide answer to the above questions, Covey emphasized the following postulates:

1. *You should become a proactive person,* that is:
   - take responsibility for your life, not to blame others and unfavourable circumstances for the failures and difficulties you experienced,
   - make conscious choices concerning your own life,
   - add importance to your own experiences and learn from your own experiences,
   - be able to see the difficult things as the things which will make us develop, acquire new perspectives to look at your life which will allow for achievement of new qualities of the existence and acting,
   - take initiatives,
   - try and use proactive language (e.g. say *I choose* instead of saying *I can't,* say *I will do* instead of saying *I would do it if* say *I prefer* instead of saying *I have to*),
   - keep the promises and commitments,
   - put emphasis in your activities on the areas where you actually are able to do something etc.
2. *You should rest your life on the principles,* which Covey compared to sea lighthouses that showed the directions and warned against the dangers. The principles were also described by this author as natural rights with many centuries of tradition and a part of the human existence (the component of conscience and awareness).
   Among the principles which are important to people, this author listed:
   - fairness,
   - integrity,
   - sincerity,
   - recognition of human dignity,
   - serving others,
   - striving for perfection,
   - development of your own potential,
   - the principle of growth and process (in our lives, we go through a variety stages of growth: each of them is important and necessitates time and it cannot be skipped in order to accelerate growth or to find the shortcut), etc.
3. *You should formulate your mission in life* (philosophy of life) which contains such aspects as: development of your character, finding answers to the question of what you want to do in your life and determination on which values it will rest. However, in order for your own mission in life to be declared, it is necessary to discover what you can find in the centre of your own life, i.e. what makes you feel secure with yourself

(self-esteem, self-assessment, internal force, identity), know where you are going to (objectives, leadership, models, principles), acquire the virtue of wisdom (feeling of balance, judgement, understanding, integrity) and become stronger (power, potential, drive for action, vital energy). People might focus on different things (e.g. marriage, family, money, work, possession, pleasures, friends/enemies, Church, themselves). Focus on all these things seem to have some advantages and disadvantages, whereas the most solid foundations for the development of security, leadership, wisdom and strength is to rest your whole life on the principles which remain unchanged regardless of the circumstances and become a compass rose to show the fixed values which allows people to perceive life experiences as the ability to learn, to make your own contribution and to become more aware, free, independent but also full of understanding and acceptance for the fact that everything in your life is based on interrelations.

4. *You should spend most of your time in the 2nd quarter of the time management matrix (Table. 1), i.e. the non-urgent but important things.*

Table 1: Time management matrix according to S. R. Covey

	URGENT	**NON-URGENT**
IMPORTANT	**I** ACTIVITY: Crises Urgent problems Tasks with deadlines	**II** ACTIVITY: Preventing, everyday activity Building the relationships Finding new opportunities Planning, recreation
UNIMPORTANT	**III** ACTIVITY: Some phone calls Some correspondence, reports Some meetings Nearest urgent things Popular activity	**IV** ACTIVITY: Every day, overwork A part of correspondents Some phone calls Time devourers Pleasures

Source: S. R. Covey, *7 nawyków skutecznego działania [The Seven Habits of Highly Effective People]*, Diogenes, Warsaw 2001, p.165.

The things, which are urgent and important (the first quarters) include crises or problems. They are connected with acting at the highest intensity, permanent putting out the fires under stress, which generates the risk of burnout. The people who are involved in the activities connected with this area are termed as the people managed by crises. Those who perform the activities of the 3rd quarter (things urgent and unimportant) often learn, after some time, that they satisfied the priorities of other people and they neglect their own priorities, which might make them feel exploited by others, being a victim or feel they lose control over their lives. The people from the 3rd and 4th quarter are viewed as irresponsible. The people who want to manage themselves in time should spend the most of their time on the activities of the 2nd quarter in the matrix, which is termed a heart of this skill, which means:
- development of the awareness of your own mission,
- resting your life on principles,
- care for the quality of relationships with other people,
- building relationships with other people,
- acquiring of the skills of seeing your life from a broad perspective,
- care for maintaining the balance in life in terms of different roles and duties,
- preventive actions,

- developing internal discipline,
- care for your own development,
- care for your health,
- becoming a proactive person,
- preventing minor crises etc. (Covey, 2001, pp.11-225).

The thoughts of S. R. Covey concerning the effective activity, with its component being the ability of self-management in time, have become an inspiration for the author of this paper to design and conduct a survey among the university students connected with the problem of managing their own time.

4. METHODOLOGY AND RESULTS OF THE SURVEY

The survey was carried out among the university students of the 1st year of the second-cycle university course in psychology and sociology in the Faculty of Management in Częstochowa University of Technology, Poland. The survey employed a questionnaire form with 10 open-ended, semi-ended, and closed-ended questions (see Appendix No. 1).

The aim of the survey was to determine whether the students are able to manage themselves in time. The following research hypotheses were proposed:
1. The most of the respondents think that they are able to manage their own time.
2. The most of the respondents manage their time according to the principles of the third generation.
3. The most of the students are able to impose an internal self-discipline on themselves and to independently strive for achievement of the goals they set.
4. The most of the respondents are familiarized with the concept of *self-management in time* and are able to characterize it.
5. The focal point in their life is family among women and studies/work among men.
6. The most of the students are striving for active formation of their own life through planning, searching for new opportunities, and preventing small problems.
7. The most of the respondents have clearly defined mission in life.
8. The most of the women rest their life on the principle of sincerity, whereas the most of men think that the most important principle is loyalty.
9. The most of the students think that everyday physical activity would improve the quality of their personal life.
10. The most of the respondents think that regular learning foreign languages would improve the quality of their students'/professional lives.

The study group included 86 people (62 women and 24 men) (Tab. 2).

Table 2: Characteristics of the study group in terms of gender and age

Respondents Age	Women	Men	Total
22-23	40 (64.5%)	12 (50%)	**52 (60.5%)**
24-25	20 (32.2%)	11 (45.8%)	**31 (36%)**
over 26	2 (3.2%)	1 (4.2%)	**3 (3.5%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

The group of the respondents was dominated by women, which means that the Faculty of Management in Czestochowa University of Technology is a significantly feminized faculty. The most of the respondents of both genders were found in the age range of 22 to 23 years.

319

The first question in the questionnaire concerned the abilities of managing your own time. The answers obtained from the respondents are presented in the table below.

Table 3: The abilities of time management among the respondents

Respondents / Time management abilities	Women	Men	Total
I can manage my time	46 (74.2%)	15 (62.5%)	**61 (70.9%)**
I cannot manage my time	9 (14.5%)	3 (12.5%)	**12 (13.9%)**
I don't know	7 (11.3%)	6 (25%)	**13 (15.1%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

Over 70% of the studied women and men answered that they can manage their time. Nearly 15% of the respondents were unsure about this question (this group was dominated by men (25%). The lack of the ability of managing their time was observed in nearly 14% of the respondents.

Another question asked the respondents to name the methods, which make it easy for them to manage their time (Tab. 4).

Table 4: Methods of managing time used by the respondents

Respondents / Methods	Women	Men	Total
To-do lists and notebooks	13 (20.9%)	4 (16.6%)	**17 (19.7%)**
Calendar and schedule	24 (38.7%)	3 (12.5%)	**27 (31.4%)**
Setting priorities, planning of the day	21 (33.9%)	16 (66.6%)	**37 (43.0%)**
Other	4 (6.4%)	1 (4.2%)	**5 (5.8%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

43% of the respondents manage their time by setting the priorities, long-, middle- and short-term goals and planning each day so that they can effectively realize the priorities. This group is dominated by men (over 66%). The group of women uses the most often the calendars and schedules, whereas setting priorities takes the second place. Almost 20% of the respondents manage their time by creation of the to-do lists. The female respondents wrote in the line *'other'*: *I chaotically cope with the things to do', 'I do everything that arises', 'I sometimes set the priorities and sometimes act spontaneously', 'I don't plan'*. One man wrote in the line *'other'*: *'I do everything immediately, seize the day'*.

Another question asked the respondents to indicate the factors, which motivate them for actions. The answers are presented in the table below.

Table 5: The motivators

Respondents / Motivators	Women	Men	Total
Forces from the outside People and circumstances	19 (30.6%)	7 (29.1%)	**26 (30.2%)**
Internal discipline	40 (64.5%)	14 (58.3%)	**54 (62.8%)**
I don't know	3 (4.8%)	3 (12.5%)	**6 (6.9%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

The respondents were quite consistent in this question: over 62% of them indicated the internal discipline, which makes them set the goals. Nearly 30% of the respondents answered that they are driven by external forces, people and circumstances. More men compared to women were unsure about the answer.

In the next question, the respondents answered whether they were familiarized with the concept of self-management in time (Tab. 6).

Table 6: Knowledge of the concept of self-management in time among the respondents

Respondents Knowledge of the concept of self-management in time	Women	Men	Total
I know this concept and know what it means	34 (54.8%)	10 (41.7%)	**44 (51.2%)**
I heard about it but I cannot explain what it means	25 (40.3%)	14 (58.3%)	**39 (45.3%)**
I've never heard of it	3 (4.8%)	0%	**3 (3.5%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

This concept was familiar to the most of the respondents: over 50% of them are able to characterize it, over 45% of them heard of it, but cannot say what it exactly means.

The next question in the questionnaire was: *What is the most important to you? What do you think is the focal point of your life?* The most of the respondents in the group of women indicated the family (33.9% of the answers), the second place was taken by the studies/work (17.7% of the answers) and the third place was taken by the husband/boyfriend (12.9% of the answers) and other things (12.9%) than those listed in the questionnaire, which included e.g. travels and developing your interests. The order was as follows:

- friend (4.8%),
- myself (4.8%),
- life resting on the principles (4.8%),
- possession (1.6%).

6.4% of the women were not sure about the answer.

In the group of men, the most of the respondents pointed to family as the centre of their lives (37.5% of the answers), the second place was taken by money (20.8% of the answers) and the third by resting your life on principles (16.7% of the answers). Next categories included: pleasures (8.3%), girlfriend/wife (4.2%), Church (4.2%). 8.3% of the men were not sure about the answer.

Another question concerned the strategies used by the students in solving a variety of things and problems they encounter in their lives (Tab.7)

Table 7: Coping strategies used by the respondents

Respondents Used strategy	Women	Men	Total
Acting under pressure of time and deadlines	11 (17.7%)	4 (16.7%)	**15 (17.4%)**
Planning, seeking new opportunities, willingness to form your life actively	39 (62.9%)	13 (54.1%)	**51 (59.3%)**
Putting off your own problems in order to take care of the problems of others	9 (14.5%)	4 (16.7%)	**13 (15.1%)**
Letting the things be solved by themselves; focus on pleasures	1 (1.6%)	3 (12.5%)	**4 (4.6%)**
Other	2 (3.2%)	0%	**3 (3.5%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

Nearly 60% of the respondents try to plan, seek new opportunities, prevent problems, that is, they want to actively affect their lives. 12.5% of the men declare that they do not care for the things to do and focus on what is pleasant to them. In the group of women, only one person declared that they let the things be solved by themselves. About 15% of the respondents can put off their own things to help others solve their problems. Two female respondents wrote in the *'other'* line that: *sometimes I wait until they pile up and sometimes I organize'* and *'it depends on the problem'*.

In next question, the respondents were asked to answer whether they formulated their missions in life. The answers of the respondents are presented in Table 8.

The most of the respondents (over 51%) answered that they had not formulated their mission in life, but they would soon think about it as it is important to them. 36% of the respondents have already defined their mission in life. This group was dominated by men in percentage terms (nearly 42%). 3 women thought that it was too early for them to formulate the mission and only one woman found it useless. Nearly 8% of the respondents were not sure about the answer.

Table 8: Formulation of the life mission by the respondents

Respondents ⟍ Formulation of the mission	Women	Men	Total
I have formulated my mission in life, I know who I want to be, what I want to do and which principles I should rest my life on	21 (33.9%)	10 (41.7%)	**31 (36%)**
I have not formulated my mission in life, but I will think about this soon because it is very important	32 (51.6%)	12 (50%)	**44 (51.1%)**
I have not formulated my mission in life; I think it's too early to do so	3 (4.8%)	0%	**3 (3.5%)**
I have not formulated my mission in life; I think it is useless	1 (1.6%)	0%	**1 (1.2%)**
I don't know	5 (8%)	2 (8.3%)	**7 (8.1%)**
Total	**62 (100%)**	**24 (100%)**	**86 (100%)**

Source: authors own elaboration based on the survey

Another question in the questionnaire concerned the principles to rest your life upon. In the group of women, the most popular answer was sincerity (19.3% of the indications). This answer was followed by:
- ethical and moral principles instilled by parents (14.5% of the indications),
- living in harmony with myself (9.7%),
- consistency (9.7%),
- being guided by pleasures (8% of the indications),
- hard work (6.4%),
- being guided by „*carpe diem*" maxim (6.4%),
- being guided by your own good and the good of other people; respect; trust; loyalty; honesty; fairness (4.8% of the indications each principle),
- dignity (1.6%).

One of the respondents wrote that she is guided by the principle: *If you want something, you will find the way. If you don't, you will find the reason.* One of them answered: *it's better to regret that you did something than to regret that you didn't.* Three people did not answer to this question.

The principles the male respondents rest their lives upon include:
- loyalty (25% of the indications),

- trust (25%),
- persistence (20.8%),
- honesty, sincerity and respect (12.5% of the indications per each principle),
- responsibility, keeping promises (8.3% of the indications per each principle),
- dignity, modesty, tact, being morally strong (4.7% of the indications per each principle).

One of the men included in the study answered that he rested his life on the principle of *carpe diem* and one of them wrote *I put off my duties, I strive for freedom and happiness* (the principle of pleasure). One of them answered that the principle he rests his life upon is *sex, drugs and rock'n roll.* One of the men could not answer to this question.

The next question concerned the activities which the respondents could do every day and which would impact on the considerable improvement in their personal life. The first thing the women mentioned was physical activity (gym, jogging, fitness etc.), at least an hour a day (30.6% of the indications). This indication was followed by:
- spending more time with friends, talking to them (19.3% of the indications),
- having more time only for yourself, better planning and organization of each day (8% of the indications for each activity),
- spending more hours on work in order to improve the financial comfort of their life, meeting friends (6.4% of the indications for each activity),
- reading books, hobbies (4.8% of the indications for each activity),
- relax, laughing, healthy diets, healthy lifestyles, openness to meeting new people, prayer (1.6% of the indications for each activity).

3.2% of the female respondents did not know how to answer and 3.2% of them did not answer to this question. In the group of men, the first place was also taken by sport (29% of the indications). Next positions were taken by:
- going to theatre, cinema, concerts, parties (20.8% of the indications),
- spending more time with your friends (12.5% of the indications),
- meeting new people, reading books (8.3% of the indications for each activity),
- healthy diets, combining hobby with work, more time for families (4.2% of the indications for each activity).

12.5% of the male respondents did not know how to answer and 12.5% of them did not answer to this question.

The last question in the questionnaire asked the respondents to indicate the activity, which, if performed every day, would considerably affect the quality of their students'/professional life. The most frequent answer among women was regular learning (24.2% of the answers), followed by participation in apprenticeship, professional practices, courses and trainings (19.3% of the answers), finding and performing work that matches their profession and learning foreign languages (9.7% of the answers for each activity). Next positions were taken by:
- regular performance of duties and reading specialized books (6.4% of the answers for each activity),
- association in students' organizations, setting goals and striving for achievement of these goals (3.2% of the indications for each activity),
- higher involvement in activities: getting rid of a part of the duties (1.6% of the indications for each activity).

One person was not sure about how to answer and 11.3% of the respondents did not answer to this question.

The male respondents indicated regular learning as first (25% of the indications), everyday work as second (20.8% of the indications), whereas the third indication was attending lectures, classes and reading scientific books and journals (8.3% of the indications for each

activity). The respondents also mentioned developing their interests, association in student's interest circles, doing some things immediately (4.7% of the indications for each activity). 16.7% of the respondents could not answer to the question and 12.5% of them did not answer. Moreover, one men wrote *'nothing is needed to achieve this'* and another *'I don't think about it, I put off the self-improvement'*.

5. CONCLUSIONS

The hypothesis which suggested that the most of the respondents think that they were able to manage their time was confirmed in the survey, since this answer was given by over 70% of the respondents. Another hypothesis, which said that the most of the respondents managed their time according to the principle of the third generation, i.e. setting priorities and planning each day, was confirmed in the case of men (66.6% of them gave this answer in the questionnaire), whereas this thesis was not confirmed in the case of women, who mentioned calendars and schedules, which are the attributes of the second generation of time management. Another hypothesis, which suggested that the most of the students were able to impose self-discipline on themselves and independently strive for achievement of the set goals, was confirmed by the survey. The internal self-discipline was indicated by nearly 63% of the respondents. Next hypothesis, which assumed that the most of the respondents were familiarized with the concept of *self-management in time* and were able to characterize it, was also confirmed in the survey as over 51% of the students provided this answer. Another hypothesis, which suggested that the most of the women regarded the family as the centre of their life and the most of men regarded studies/work as the focal point was partially confirmed in women, since nearly 34% of them indicated family in the first place. This hypothesis was not confirmed in the case of men, as none of them pointed to studies/work as the centre of their life. The next hypothesis, which assumed that the most of the students attempt to actively form their lives, was confirmed in the survey. The most of the respondents (over 51%) answered that they had not formulated their mission in life, but would soon do that as they thought that it is very important aspect of life. The hypothesis which says that the most of the women rest their lives on the principle of sincerity and the most of men find the loyalty as the most important principle was confirmed partially: the importance of the sincerity was emphasized by 19% of women and 25% emphasized loyalty as the first principle. Another hypothesis, which assumed that, according to the respondents, everyday physical activity would improve the quality of their personal life, was also confirmed partially. Sport was chosen as first in both groups, but only by 30.6% of women and 29% of men. The last hypothesis, according to which the most of the respondents regarded regular learning foreign languages as the factor which would improve the quality of their student's/professional life was not confirmed in the study, neither in women (only 9.7% of the indications) nor in men (none of men chose this answer).

Can the respondents manage themselves in time? The students are familiarized with the concept of *self-management in time* or they have heard of it. The most of them aim to actively form their lives and are able to motivate themselves for action. 36% of the respondents have already formulated their mission in life, and 51% of them, although have not done it yet, declared the willingness to think about their mission in the nearest future as it seems important to them. The principles mentioned by the students to rest their lives upon include: loyalty, trust, sincerity, persistence, honesty, responsibility, dignity, being guided by your own good and the good of the others. The most of the men manage their time according to the principles of the 3rd generation of time management. The most of the female respondents uses calendars and schedules (2nd generation of time management), whereas the second place is taken by setting priorities and planning the day (3rd generation of time management). The

third one is creation of to-do list (1st generation of time management). The most of the people of both genders place family as the centre of their lives and followed by studies/work and boyfriend/husband in the case of women and money and resting life on principles in the case of men. Only 4.8% of female respondents chose *'resting your life on principles'* as the centre of their life. It can be assumed that this choice results from the current stage in their lives, when family, entering in the relationships with the opposite gender, learning, finding suitable jobs and earning money play an important role in their lives and the considerations concerning the importance of the eternal principles and resting your life on these principles concern only few of them.

Analysis of the results of the survey allows for drawing the conclusions that the students are ready for self-management in time, which is expressed by their awareness of the mission in life, proactive attitudes, resting their lives on principles or striving for making decisions on their own lives. This readiness should be deepened in students through suitable trainings, workshops or seminars which will help them acquire adequate knowledge and tools that will allow them use these skills in practice.

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Appendix

QUESTIONNAIRE

GENDER
AGE

In the questions with an option to select the answers, choose and circle only one answer that best suits your situation.

1. **Can you manage your time?**
    a) a) yes
    b) b) no
    c) c) I don't know

2. *How do you manage your time?*
    a) I make a list of things to do and tick the thinks I have done
    b) I use calendars and schedules
    c) I try to set priorities, long-, middle- and short-term goals, I plan each day to achieve them effectively
    d) other (which?)
    ……………………………………………………………………………………………………

3. **What motivates you?**
   a) external forces, I succumb to people and circumstances
   b) I achieve the goals I set by myself
   c) I don't know

4. **Are you familiarized with the concept of self-management in time?**
   a) Yes, and I know what it means
   b) I've heard of it, but I cannot explain what it means
   c) I have never heard of it.

5. **What is the most important to you? What have you put in the centre of your life?**
   a) boyfriend/girlfriend; husband/wife
   b) family
   c) money
   d) studies/work
   e) possession
   f) pleasures
   g) friend
   h) enemy
   i) Church
   j) myself
   k) resting life on principles
   l) other (which?)
   ……
   m) I don't know

6. **How do you cope with the things to do and problems in your life?**
   a) I let them pile up; I act when I have no choice, under pressure of time and deadlines
   b) I try to plan, prevent, seek new opportunities, solve minor problems as they arise; I want to actively form my life
   c) I can put off my own things to do in order to take care of the things which are important to others
   d) life is too short to worry; I let the things be solved by themselves; I prefer to do what is pleasant to me
   e) other (which?)
   ……

7. **Have you formulated your mission in life?**
   a) Yes, I know what I want to be, what I want to do and on which values to rest my life
   b) No, but I will soon think about this because it is important
   c) No, I think that it is too early to formulate my own mission
   d) No, I think it's useless
   e) I don't know

8. **What are the principles on which you rest your life?**
   ……

9. **What would you do every day (what you don't do) that would considerably improve the quality of your personal life?**
   ……

10. **What would you do every day (what you don't do) that would considerably improve the quality of your student's/professional life?**
    ……

Beata Pawłowska

5.3 EMOTIONS MANAGEMENT IN ORGANIZATIONS

Summary: The aim of this article is to answer the following question: can contemporary organizations lead their participants' emotions in a way, which may as a consequence give the best effectiveness possible? Background of these reflections will be emotional work, which must be done by people employed in organizations of various types. Emotions management will be understood following a perspective of social emotions theory in cultural aspect (Hochschild, 1979, 1983, 2009; Thoits, 1989). Our understanding of emotions has also been influenced by an interpretative paradigm (Goffman, 1969, 1974, 1981, 2006; Gerth, Mills, 1964; Mead, 1975). We will talk about process of emotion regulations in organization and employee's self control. Both processes may be an outcome of an intentional shaping of emotions in an organization. We will now wonder whether contemporary organizations can cause their employees' positive emotions? We assume that employees work more efficiently when their social reception of emotions is positive. We will refer to a new kind of social sciences: positive psychology (see: research by Barbara Fredrickson, 2003, 2009). At the end, we will pay more attention to the notion of emotional intelligence, adapting it to the process of organizational management. As a consequence we will introduce a notion of emotionally intelligent organization.
The data was gathered using 1) narrative and semi-structured interviews (98 interviews) with employees of different organizations, different age, professional positions and trades and with persons employed as sales; 2) covert and overt participant observation and quasi-participant observations in direct sales organization, but also during many professional trainings and organizational meetings in other organizations.

Keywords: motivation, management by emotions, organizations, emotional intelligence

1. INTRODUCTION

Existence of human beings has always been accompanied by emotions. Through emotions, we express anger, joy and sadness. Emotions inform other participants of an interactional process about our actual state. We learn how to express emotions during process of socialization as well, as other cultural patterns (values, beliefs, language, symbols), internalized by our personality and subordinated by social control, which are means leading to reduction of tension and deviation (institutionalization, sanctions and interpersonal gestures, ritual actions, sectors of the system enabled to use force and constraint). During centuries patterns of emotional expression have changed, however occurrence of emotions itself has not changed. Every day we witness situations when someone cries, screams, gets angry or laughs.

The aim of this article is to answer the following question: can contemporary organizations lead their participants' emotions in a way, which may as a consequence give the best effectiveness possible? Background of these reflections will be emotional work, which must be done by people employed in organizations of various types. Emotions management will be understood following a perspective of social emotions theory in cultural aspect (Hochschild, 1979, 1983, 2009; Thoits, 1989). Our understanding of emotions has also been influenced by an interpretative paradigm (Goffman, 1969, 1974, 1981, 2006; Gerth, Mills, 1964; Mead, 1975).

We will talk about process of emotion regulations in organization and employee's self control. Both processes may be an outcome of an intentional shaping of emotions in an organization. We will now wonder whether contemporary organizations can cause their employees' positive emotions? We assume that employees work more efficiently when their

social reception of emotions is positive. We will refer to a new kind of social sciences: positive psychology (see: research by Barbara Fredrickson, 2003, 2009). At the end, we will pay more attention to the notion of emotional intelligence, adapting it to the process of organizational management. As a consequence we will introduce a notion of emotionally intelligent organization.

Conclusions presented in this paper are the results of many covert participant observations carried out by the Author in direct sales organization between 1997 and 2002, but also during many professional trainings and organizational meetings in other organizations (covert and overt, participant and quasi-participant observations, including covert observation of a training of sales representatives in comestible trade, conducted in May 2006). Moreover, analyses presented in this paper base on semi-structured interviews (37 interviews) with employees of different organizations, different age, professional positions and trades. Interviews concern their professional careers including turning points and emotional conditions connected with tasks and situations that took place in their professional environment. There has also been used material from non-structured interviews with persons employed as sales, medical and pharmaceutical representatives (61 interviews). It is important to stress that there appear big differences between those representatives. They have various levels of education, from secondary education (e.g. in technical trades: tool sales, central heating systems, and higher (e.g. physicians working as medical representatives). They also vary in age, however persons under 40 years of age outnumber other groups. They also represent many levels in organizational hierarchy (from merchandisers to sales managers in rank of board members).

2. EMOTIONS- THEORETICAL PERSPECTIVE

2.1. WHAT ARE THE EMOTIONS?

The question of the nature of emotions is still open. As the social sciences about the emotions we know more and more. However, due to the fact that emotions are in the sphere of individual experience of the individual, are natural and spontaneous equipment, still no clear indications of what the emotion when it arises, from which depend, and how to manage them. In Dictionary of Psychology says that "*probably no other term in psychology shares its non-definability with its frequency of use*". (Reber, 1985, p. 234).

The term itself derives from the Latin „*emovere*" which is translated as *to move, to excite, to stir up* or *to agitate* (Reber, 1985, 234). Most often emotion is "*every state of restlessness or psychical excitation, process of regulation began when a human being contacts stimulus (of inner or outer origin) which are of importance for his organism or his personality*" (Reykowski, 1992, p. 57) and usually is defined as such by psychologists. Emotions are mechanisms engendered by evolution over hundreds of years (Tooby, Cosmides, 1990). The man selected the kind of behaviour and related emotional responses that were functional. Emotions have become the mechanisms of a social nature. Show up and are the result of social interaction.

In an attempt to define the notion of emotional appeal is one of the first and still important texts for research on emotions, it is the text of Charles Darwin (1959/1872, 1988) in which, based on observations of animals and people, including their own children, described several specific expression and behaviour in response to specific emotions, showing the universality of emotional experience. For Darwin, emotion is not only a trait of mind proper to the human race, but the function of mental activity, which also occurs in animals. Emotional experience was genetically imprinted by evolution. It has become a mechanism of adaptation in mammals, and hence the universality of emotions (Darwin 1988. pp. 272-309).

There is no single definition of emotion. "Everyone knows what is emotion, until he asked him about the definition of" (Fehr, Russell, 1984, p. 446). Nico H. Frijda says that the emotion is experienced as a special kind of mental state (Frijda, 1986, see Oatley, Jenkins, 2005; Dolinski, 2004). It is implicated in human relationships with certain objects. In other words we can say, that in the human mind "are affective states and states of readiness associated with the objects and that these conditions coincide with what is usually called emotions" (Frijda, 1998, 2012). Affective state is often also referred to our overall mood (eg, "amused", "cheerful"). The mood usually is a short-lived. Emotions, in turn, is attributed to an extended character. So one of the elements that distinguish mood from emotion is the duration of affect. Another distinction introduced by a Dutch investigator, is to distinguish emotions from sentimental (emotional attitudes). Sentiments are stable dispositions acquired in the course of their own experiences and the experiences of others. Refer to the persistent sympathy and antipathy, love and hate. Sentiments could be understood as cognitive schemas that refer to cognitive "tendency to judge an object in a certain way and motivations, which activates the same appearance of the object of feeling, or thinking about it "(see Frijda, 1998, 2012, p. 61). Sentiments also determine susceptibility to a particular response. They are comparable to those available to the emotional personality. Further in the word emotion is used in different contexts, both for determining moods, emotional states, how and sentiments. We realize that the verbal signs of emotion relate to different concepts and phenomena. "Emotions can complete their survival as a sentiment, but also the mood can turn into emotional (...). Sentiments can cause emotional and underpin their survival (...). Temperamental and personality traits evoke both emotions and moods "(Frijda, 1998, 2012, p. 63).

Emotions do not appear in his full at once, but must undergo a process that will be called an emotional process (see Frijda (1986), Mesquita and Frijda (1992), Stein and Oatley (1992), Stein, Trabasso and Liwag (1994) and others). The emergence of emotion always has its cause and consequences. The first step is to see an event or behaviour. Frequently this is an unexpected stimulus, which may change the target of our efforts. The following assessment of cognitive events, the identification of significant events as well as valuation context, ie assessment of the emerging ideas. By setting the value depends on the appearance of being ready to act, or making plans for the event, so as to maintain or modify the target. Since the value depends also give the appearance of somatic changes and facial expressions and pantomime. In the last phase appears appropriate action in response to produce an action plan confirming the quest for the intended purpose or modifying the action already taken or modifying goal aspirations. At this stage, an entity shall consider the likely effects of the actions and decisions. Here follows publicly share their emotions and focus on the author of the interaction with the environment.

In the course of development of the concept of emotion has evolved the very definition of emotion. For William James, emotion is the result of arousal, the physiological effect of perception of physical sensations such as heart rate, muscle tension or tears. Source of excitement, here are the changes of muscle tension and changes in the internal organs (James 1884, p. 450). Walter Cannon (1927) and Philip Bard (1928) argued that emotions are processes occurring in the thalamus. Their thalamus theory belongs to the central concept is based on the physiological structure of the brain. Activation of emotion concepts based on the assumption that "emotion is a state of high arousal marked affectively. Affective sign may be positive or negative" (Dolinski, 2004). The concept of activation has become a central concept Elizabeth Duffy (1962). Stanley Schachter and Jerome Singer (1962) try to combine both approaches, saying that the experience of emotion is necessary physiological arousal and cognitive interpretation of such activation. Emotions here are the result of the interaction processes occurring within the body of information to arrive from the environment and with the information registered in the experience of an individual (see Dolinski, 2004). Today,

cognitive concepts define emotions as processes are the result of a specific relationship between the organism and the environment (Lazarus, 1991). Edmund Rolls (1999) defines emotions as mental states induced by reward or punishment, and the associated circumstances.

Thus, emotion is a subjective state. Feeling it, is often accompanied by normal somatic changes, mimic and pantomimic expressions and certain behaviours (Doliński, 2004, p. 322). In this paper, understanding emotions is a close approach, Joseph J. Campos, Donna L. Mumma, Rosanne Kermoian and Rosemary G. Campos where the emotion is "the processes that establish, maintain, alter or interrupt the reaction between the individual and community on issues important to the individual" (Campos, 1994, p. 285). This definition refers to the interaction between the individual and the environment, and their mutual influence is creating and maintaining social relationships.

2.2. BASIC AND COMPLEX EMOTIONS.

In the literature of the field, there is a disagreement on whether some emotions should be included to the basic ones. Many authors refer to research of Paul Ekman (1985) and his colleagues, who had proved the existence of cross-cultural universality of patterns of expression of certain emotions, which were considered essential (fear, anger, sadness, joy, disgust, surprise). They have been acknowledged as basic, as they are experienced and recognized by all humans (Doliński, 2004, p. 364).

Philip Shaker and his colleagues considered the basic emotions like love, joy, surprise, anger, sadness, and fear (Shaver, Schwartz, Kirson, O'Connor, 1987), and Beverley Fehr and James A. Russell – love, fear, sadness, anger and happiness (Fehr, Russell, 1984).

Other conception, which had a great influence on recognition of emotions as basic or not, was a theory of emotions published in 1980' by an American psychologist Robert Plutchnik. In the theory there have been proposed eight basic emotions (fear, anger, sadness, joy, acceptance, disgust, anticipation, astonishment) naturally evolved. These emotions are innate and directly refer to an adapting behaviour, which are to help to survive. Basic emotions are a reaction to their surroundings and creates a vast number of successive feelings. From them derive all other emotions (see also Plutchik, 1962, 1980, 1994). The main Plutchnik's suggestion is that we may feel a mixture of basic emotions and join them to become complex ones. He has proposed a diagram, called Plutchnik's circle of emotions, which describes relations between various emotions. Since the distance between the emotions of their power depends. Emotions that are close together are similar, those that are opposite to each other is its opposite, and various shades represent the intensity of the experience and the consequences that this entails. It implies that some emotions create dyads easily, and that for some it is not possible. So, for example dyad of joy and trust is love, and disgust and anger create envy. Combination of joy and fear causes guilt and combination of joy and anger is pride. Thus, from combination of basic emotions there become complex emotions. However dyads of opposed emotions do not create emotions as they are in conflict. And so, it is not possible to combine emotions of fear and anger, joy and sadness, trust and disgust.

Basic emotions are "hypothetical constructs, a kind of ideal states, whose properties and characteristics are inferred directly" (R. Plutchik, 1980). Form the basis of (prototype) for the emergence of other, more complex emotional states. Each emotion can exist in varying degrees and at different levels of arousal (see R. Plutchik, 1980). In other words, the basic emotions are emotions that are considered essential and are specific to people regardless of culture. The results on the expression of emotion on his face (see Turner, Stets, 2009, p. 27) confirmed the recognition of the emotional core of all these emotions, which have the same expression on his face in all cultures and are present in all primates, appear quickly and last

for a short or generate an automatic assessment of the stimulus. Frequently the emotional core shall be joy, fear, anger and sadness.

Complex emotions in turn, arise from the emergence of basic emotions in specific social situations (Kemper, 1987) and include for example: feelings of guilt, shame, hope, pride. Complex emotions, also known as secondary are more susceptible to social influence, the more are created by society (Lewis, Haviland-Jones, 2005, pp. 72-86). They are resultant of basic emotions.

Pointing to the various divisions of emotion should be mentioned on the distribution of emotions in two groups, distinguished because the sign of emotion. And so we have positive emotions about the trade, which is marked with affectively positive and negative emotions about the trade, which is marked with affectively negative. Under the sign of the positive emotions of the individual and encourage people to build new social bonds and to cultivate the already created. Serve as motivating the creation of social structures. Negative emotions make the bonds are broken and neglected. They build conflicts relationships.

What emotion will be caused by an event depends on the person's subjective judgment. If an employee is dismissed he or she may: 1. judge the fact as negative (lack of money, lack of possibility to find another job, wife's complaints etc.), 2. judge the fact as positive (more spare time for family, ability to work at home, ability to find a new job in a short period of time, personal development, husband's happiness, who has always wanted his wife to leave a poorly paid job and stay home with children). In the first case, emotions deriving from the judgment of the situation may be sadness, sorrow, guilt, shame. In the second, they may be happiness, joy, hope. Thus an employer should create social reality in such a way, that an employee would assess social facts in firm as positive, which as a consequence may give positive emotions, positive and strong social bond with the organization and the employer. As a consequence, such an employee would obey his duties better and this would result in the firm's success.

2.3. PROCESS OF EMOTIONS REGULATION.

Let us now look at the processes of revealing and constraining emotions. The first is a process of emotions regulation and "*a process of initializing, modeling and supporting experiencing of emotions and cognitive operations as well as behaviours connected with the experience*" (Doliński, 2004, p. 381). The process of emotions regulation is supported by a process of self control. Processes of self control, meaning behaviours consistent with social standards, may concern not only constraining expression of experienced emotions by an individual, but also to block initiation of programs of actions connected with feeling certain emotions, for example restraining extreme aggression even when feeling very strong anger (see Doliński, 2004, p. 389). Which emotions should be self-controlled derives from a certain societies culture and existing social norms. As Arlie Russel Hichschild writes: "*women from Zuni tribe do not know deprivation, Okinawans sexual shame or guilt, Samoans, in contrary to Navajo people spontaneity and personal freedom*" (Hochschild, 2009, p. 231).

Self-control means that our behaviour is consistent with accepted standards in the community. "We often meet with individual or social accountability for the lack or inadequacy of self-control of emotions, suggesting an underlying negligence on human control" (L. Golińska, www.terapia.rubikon.net.pl). This gives rise to frustration, fear and rebellion. Currently, psychologists are agreed it is that the prolonged suppression of emotions can lead to mental disorders in the functioning of the individual. Thus, to express the emotions experienced, and block or suppress them? The answer can be found using the elements of positive psychology. Do not block or hide emotions. Undue or break the rules of

social and institutional showing any emotion. We can learn to express emotions in a socially accepted, assertive and elegant. We have to talk about emotions correctly naming them.

Formation of a certain emotion, or lack of the emotion may be caused by our interpretation of others' reaction to our gesture. When a young girl is left alone by the altar, she is shocked. She starts to cry. Her mother may interpret her tiers as sadness, fear, anxiety or as anger and irritation. How the mother would interpret the girl's gesture will, as a result, influence the way in which the girl interprets the arising emotion (see Gerth and Mills, 1964, p. 55). The emotion will be named and subsequent gestures will guide to arising of a certain, maybe modified, emotion. Erving Goffman said, that individual's feelings may be deliberately constrained and controlled. In this context we may talk about social usage of emotions.

A person, who wants to influence their own emotional processes, may use various strategies. Mirosław Kofta (1979) describes three groups of such strategies (see also Reykowski, 1992, pp. 48-50):

1) To affect situations, which are source of emotions;
2) To affect symbolic processes (internal), which may modify emotions;
3) To take up activities, which are to reduce or intensify emotional arousal (tension).

When judging emotional abilities we are only able to judge emotional expression, thus "*all signals* (changes in the way a person looks, moves, sounds- B.P.) *emitted by an individual, which indicate, that a person is feeling a certain emotion*" (Doliński, 2004: 351). It is based on nonverbal communicates emitted by an individual, that we may observe, if in our interactional partner an emotion arose. We base our perception and recognition of a certain emotion on cultural or specific symptoms.

3. EMPATHY AND EMOTIONAL INTELLIGENCE.

Concept strongly associated with the concept of emotion is the concept of empathy, the ability to understand emotions and feelings of others. Empathy in H. J. Sullivan's theory, an unverbalized, covert communication process whereby attitudes, feelings and Judgements are passed from person to person without ever being publicly articulated. Sullivan's use of the term is quite broad and encompasses the more restricted connotations of the above Meanings. In different Meaning empathy is a cognitive awareness and understanding of the emotions and feelings of another person. In this sense the term's primary connotation is that of the affect of another (A. Reber, 1985: 238). Empathy is assuming, in one's mind, the role of another person. That is empathy meaning This involves taking on the perspective of the other person. Some theorists argue that empathy with another is a prerequisite for the development of a moral code. In other words, empathy is the result of preferences leading to the acquisition of behaviour, style of thinking, reacting to other people. It requires a conscious decision to stand open to the world of another person. Frequently occurs when an entity shall disclose a strong emotional commitment in relation to persons who have behaviour, feelings and responses are accepted.

Empathy being the desire to reciprocate is a result of emotions of gratitude. Forms the basis of prolonged cooperative relationship with this and no other individual. Allows for peaceful coexistence for the price reduction by the individual of his position in the stable dominance hierarchies (see K. Oatley, J. Jenkins, 2005: 90). M. L. Hoffman (1984: 103-131) discusses the emergence in children a sense of self-identified four types of empathy. And so the first type is a distinguished global empathy. It occurs when the behaviour, feelings and attitudes of one person are triggered by the behaviour, feelings and attitudes of another person. This happens through imitation. The second type of empathy, self-centered, when the person knows that the other person is experiencing certain feelings, but it reacts and behaves as if she was experiencing these feelings. As if it is directly concerned. Moreover, we

distinguish empathy understands, which is characterized by the understanding that the other person's feelings may be different from our own feelings. The last type is empathy towards the other person's life experience. It includes an awareness that in the course of one's life different experiences lead to different reactions. These types form the successive stages of development of humans empathy.

Experiencing similar emotions to the emotions of another person can look into the inner world of others. With empathy, we can better understand the world of other people, which allows us to choose an appropriate response in relation to other people. We can better understand and explain the specific actions and behaviours of others.

Ability to manage of the emotions of the other people is the essential art of establishing and maintaining social relationships and social issues. It requires mastery of emotional skills such as self-control and empathy. "On this basis, create and develop skills to commune with people. There are those social skills, which determine the effectiveness of our relations with others; shortcomings in this area lead to a failure to society or repeated failures in interpersonal relations. It is the lack of these skills may result in the person of the highest intelligence cannot adequately act in dealing with other people appear to be arrogant, flop, obnoxious, or insensitive. These social skills allow us to properly form relationships with others, mobilize and inspire them, to enjoy intimate relationships, persuade and influence others, make them feel comfortable in our presence. "(Goleman D., 1997: 183-184).

A notion important for further deliberations is emotional intelligence. A role of emotional intelligence has determined the direction followed by management theorists, who even claim, that it determines all other leader's actions. Emotional intelligence concerns, as Daniel Goleman (1997: 67) writes, such talents as ability to motivate and perseverance despite failures, ability to control one's impulses and postpone satisfaction, ability to regulate moods and not give up to the problems which handicap our ability to think, ability to empathize, to see the future optimistically. According to Jack Mayer and Peter Salovey emotional intelligence consists of perception of emotions, supporting thinking with emotions, understanding emotions, regulating emotions (see also Salovey, Sluyter, 1990). According to Rauven Bar-On, emotional intelligence consists of five elements such as: intrapersonal intelligence, interpersonal intelligence, coping with stress, ability to adapt and a general mood (see also Matthews, Zeinder, Roberts, 2004). Generally we may say, that emotional intelligence consists of three main groups of competence. The first are psychological competences concerning relations with oneself. These are: self-awareness, that is ability to recognize own emotional states, knowledge about own feelings, values, preferences, abilities and intuitive judgments; self- esteem, that is sense of self worth, belief in one's capabilities, consciousness of own abilities, skills and limitations, ability to experience oneself regardless of other people's judgments and self control, that is ability to consciously react on external stimuli, ability to shape one's own emotions in consent with the individual, his or her norms, rules and values. Second group are social competences regarding relations with others. Here we may include empathy, self assertion, persuasion understood as ability to cause wanted behaviours or reactions of other people, leadership and cooperation, that is ability to create bonds and cooperating with others, ability to work in a group in order to gain common aims, ability to complete tasks in a group and collective problem solving. The last, third group concerning competences named by Daniel Goleman praxeological, refers to our attitude to complete tasks, challenges and actions. In this group we may include motivation, adapting abilities, conscientiousness understood as an ability to take responsibility for tasks and completing tasks, ability to gain joy from obeying duties (see Goleman, 1997; Krokowski, Rydzewski, 2002).

4. EMOTIONALLY INTELLIGENT ORGANIZATIONS

As far as impact of emotional intelligence on life of an individual has been very deeply investigated and described, theorists and practitioners of management reflect on an influence of emotional intelligence on organizations. Can we, thus, talk about emotionally intelligent organizations? Our answer is "yes". Emotionally intelligent organizations are such, which in a process of management apply rules and procedures enabling, or even forcing an employee to work on his/her emotions. Organizations which control how we personally, individually control our emotions. They create an organizational culture called by us culture of emotions, in which the most important are positive relations between collaborators. Working on emotions takes place in context of creating positive feelings.

One of the basic tasks of a manager in organizations of this type is creating a certain kind of resonance, understood as an ability to introduce positive emotions into groups of employees and an organization as a whole. The aim is to gain employees' goodwill and making them feel together good enough to share new ideas, learn from each other, make decisions together and gaining individual and organizational aims with pleasure. Creating a positive emotional bond between employees and management has currently become one of the most important tasks of managers in big firms/institutions.

As research findings of Barbara Fredrickson (2003, 2009) show, positive emotions help to develop human's resources, which now, he or she may make use of. This concerns physical resources (e.g. health and immunity), psychological (e.g. psychological resistance, creativity, ability to cope with difficult situations) and social ones (e.g. good relations with other people). Human being influenced by positive emotions becomes creative and active. Positive emotions in a workplace affect positive climate, positive relations with other people and positive communication. All this impinges reaching organizational goals and profits.

Contemporary organizations have noted that the management of emotions (especially those positive), its employees translates into a profit company. This is why so popular recently in Poland are training, in which workers learn the positive emotions, training based on emotional arousal and formation positive emotional bond. The majority of current organizations have rules to express emotion, that the rules defining what emotions should be presented (smile for each supported client in a McDonald's restaurant) or masked (anger, frustration, irritation in the customer service departments, branches of the complaint) in a particular situation. The rules apply to express emotion, not only in factories but in every community. However, while the expression of emotions in a culturally accepted in the community as we are learning early in the process of basic socialization, organizational rules so we must learn to intentionally in an infinite number of secondary socialization processes. The former are seen by us as natural and therefore raise no objection. The expression "appropriate" emotions in organizations is not always easy. Before they become automata, must be repeated and persisted.

By building culture of emotions, managers try to act in a way, that could influence employees identification with an organization and with each other. They free employees' natural reactions and emotions, spontaneous actions basing on each employee's strong sides. They create an atmosphere of cooperation, friendship, acceptance, compassion, forgiveness and gratitude. Expressing emotions in emotionally intelligent organizations is natural and brings about a lot of profits.

Both for emotional intelligence and for emotionally intelligent organization important are the following basic areas and competences. As the first self- awareness, understood as an ability to recognize and name one's own emotions. Human managers know very well, that some actions undertaken in an organization cause emotional arousal in their employees. That is why it is useful to predict, recognize, name and finally stimulate emotions arising in

employees. An organization may manage collective and individual emotions thanks to the second competence, that is social awareness. Empathy enables us to deeply understand our recipients' feelings, and consequently make adequate decisions in certain situations of leader and subordinates. All changes in an organization may be accepted, and even inspired by a crew if we will manage emotions properly, which is a third competence needed in an organization with emotional culture. And finally self control, as a skill to be in control of destructive emotions, which enables an easy adaptation to changing situations. All these skills support organizational development. It is in such organizations, which promote open communication and enable a change of opinions and ideas, that contemporary employees want to work.

As an employee of the organization can say that the unit does double work on the emotions. First, it must adapt to the requirements posed by her organization, thus meeting its expectations for the management of emotions, and secondly to deal with the emotions that arise in everyday interpersonal relations with superiors, co-worker and client. Other predispositions requires professional trader, flight attendants and other debt collector. Writes Arlie Hochschild (2009) from the debt collector is required to aggressiveness and decisiveness in the transmission of communications, when the time of flight attendants gentleness and docility. Carrying out their responsibilities debt collector can build their advantage by lowering the status of the debtor, the attendant must build status by lowering its passenger. Debt collector may have the same sense of pride, strength, validity, and win, this time the attendant feelings of inferiority and loss.

In every profession people for jobs that are likely to have the qualities that are required therein. The selection process provides employment and to remain at work only to those who have to perform the appropriate personality traits. Similarly, the profession of a trader. The form of selection (beyond the strict recruitment process) is the level of staff turnover. In the profession are only those who adapted quickly to the demands posed by the emotional work with the client, or even those who did adequate work on the emotions. In the course of some kind of manipulation by an employee organization becomes part of the operation of not only economic but also psychological. Contemporary management staff is trying to persuade their employees to such actions, which they consider their own motives.

"I love what I do. I don't think I could do anything else. Working by a desk is not for me. My clients already know me. I may chat with each of them, sometimes make jokes. At the beginning it was not so easy, but now there is. (...) The company invests a lot in us. Many trainings, sometimes even to much. But it helps. Contact with customer is the most important thing, that's what they teach us." - salesman, 29 years old

"Yes, there are a lot of trainings here (...) they mostly teach how to communicate and negotiate, how to cope with some difficult customer. Well, when a customer complains and grumbles, I can't tell him to get lost. Sometimes I want to shout, or say something unkind, but I can't offend my customer. The aim is to cooperate in a long period of time, and I know it. That's why in such situations I have learned to stay quiet, sometimes agree, and then I present my offer again. That's how it is." - salesman, 32 years old.

"I used to get worried if a client came shouting because he wasn't satisfied. I took it to myself. I was concerned about it. Today it's different. There often come customers and say that they have been cheated, because the price is different. Sometimes they swear at the company. I try not to listen to this. I give them back the difference on the receipt and that's it. I used to feel like crying. I would come back home and shout at my daughter. Today I'm more calm. I got used to that. My boss used to say "don't worry, just do your job". And that's what I do." - woman working in one of Lodz supermarket's customer service, 41 years old.

Especially the last citations indicates the job as a respondent had to make over their emotions. Not only has complied with the requirements of the company, but also learned to separate the emotions that arise in the course of performing their duties at work with the emotions arising in domestic situations. Probably the respondent does not convey the emotions of today working on the sphere of home. Organizations are trying to help their employees countered with their own emotions by offering them participation in different types of training, including training for self-development.

"In our last training workouts are mainly interpersonal, assertiveness training, and work on stress. Sometimes there is still something of communication." - woman trader in the pharmaceutical industry, 31 year old.

"A little tired of my participation in training. I still work with the client and work with the client, but recently surprised me. It was very nice. We said what we are strong and what makes us the trouble and not just at work. Such a little therapy session." - salesman, 26 year old.

"Interestingly, we had training on emotional intelligence. The guy said the importance of empathy in the relationship with the client, but not limited to." - salesman, 24 year old.

As can be seen in the industry trade highlighted the importance of working together and working on their own emotions, but you must admit that in Poland there is still a margin of phenomena.

5. SUMMARY

Organizational everyday life may be rational, solid and homogeneous. However an organization consists mainly of people, who are not robots lacking feelings and emotions. Every day of an organizational life brings many situations, in which an individual cannot always stay rational. Emotional expression is not welcome in most enterprises I know. However the same firms realize that it is not possible to deprive an individual of his/her emotionality. That is why they often organize trainings, which are to direct arising emotions and make them affect in work effectiveness increase. Employees become participants, not only the substantive training designed to broaden their technical knowledge, but also training aimed at developing the so-called. soft skills. Today's employee participates in training based mainly on emotional arousal. The aim of such training is to increase employee identification with the company, increased motivation to work and bring about greater integration of workers as a team. Employers are beginning to recognize that most human actions based on emotions. They increase or decrease the incentive to work. Therefore be controlled may contribute to increased employee motivation and thus may translate to greater efficiency.

Positive psychology is a relatively new trend in psychology. It is focused on the constructive aspects of mental life and social life. The selection of content and presentation of problem the way they show a wide range of knowledge, which includes the discipline, and also developed in the framework of new and original approach to the practice of psychology. Using the perspective of positive psychology in management is a very promising discipline. Applying instruments of positive psychology creates new abilities to influence an employee and does not require destructive manipulation.

Thus, answering questions posed in the beginning of the article it is necessary to say, that organizations should pay more attention on making their employees familiar with mechanisms and ways of managing their own emotions. Polish organizations are only now learning how to use emotions in human resources management process.

Noticing positive aspects of behaviour and events enables a more efficient and less psychically burdened functioning in organization and in society. Emotional self control still is an important element of emotional regulation. It may be more or less efficient. It's efficiency

is higher when a human being tries to control his or her emotions before they have greatly arisen (see Reykowski, 1992: 50). Efficient self control may lead to an increased satisfaction, sense of authorship, happiness and many other positive emotions. That's why teaching employees positive emotional self control is important for entrepreneurs. It may cause in increase of complacency in work, but also decrease of absence and rotation of employees. Development of interpersonal skills (see Pawłowska, 2006) understood as ability to create positive relations with other people in process of interaction, communicating skills, ability to judge and understand situations and emotional skills, that is taking control over emotions in a workplace should take place regularly in trainings in organizations.

In the end it is necessary to say, that all these deliberations lead from work on emotions undertaken by each individual (individual perspective) through management of employee's emotions, however emotions arising in an employee must be consistent with obligatory organizational rules and norms (organizational perspective) to creation of culture of emotions in organization, which consequently leads us to rise of emotionally intelligent organization (individual-organizational perspective).

Figure 1 summarizes the process of creating an emotionally intelligent organization. To created an emotionally intelligent organization should be created culture of emotions in organization. Culture of emotion is the kind of organizational culture where emotions by directing employees produce in them the need for emotional work.

Figure 1. Process of create of emotionally intelligent organization.
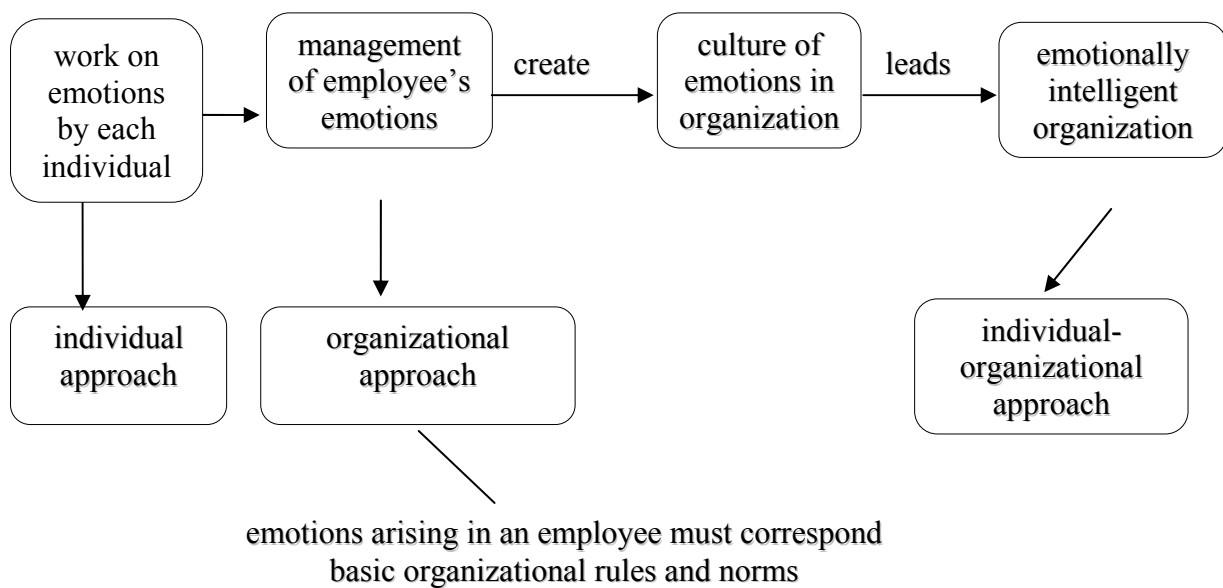
Source: own studies

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5.4 ETHICAL RESEARCH – FOCUS ON HUNGARIANS IN SLOVAKIA AND IN HUNGARY

Summary: Our research aimed to investigate, how respondents conceive of moral philosophy. The paper starts with theory about ethical idealism and relativism, followed by country descriptions and analysis of empirical data in two countries: Hungary and (Hungarians in) Slovakia. To measure it, we used the Ethical Position Questionnaire, that developed by D. R. Forsyth. This tool assesses personal moral behaviour, along two dimensions, idealism and relativism. The questionnaire asks individuals to rate their acceptance of items that vary in terms of relativism and idealism. The relativistic individuals believe that moral acts depend on the given situation. Relativistic people reject universal moral principles, but non-relativistic people accept universal principles when making ethical decisions. Idealism shows the extent in which the consequences of an action are important to a person. Idealists believe that morally correct actions result in good outcomes for all. On the other side non-idealists assume that even morally correct actions could lead to negative effects. The goals of the research were to analyze what is the relationship between ethical positions and objective variables among Hungarians in Slovakia and in Hungary. The objective variables were Gender, Age, Years of work experience, Where gained work experience in.

Keywords: ethic, moral philosophy, EPQ, idealism, relativism, Hungary and Slovakia

1. INTRODUCTION – WHY ETHICS IS NECESSARY – DEFINITION OF ETHICS

Pojman (2002) concludes that ethics are necessary for: (1) keeping society from falling apart, (2) ameliorating human suffering, (3) promoting human flourishing, (4) resolving conflicts of interest in just and orderly ways, and, (5) assigning praise and blame, reward and punishment, and guilt. We can find some definition of ethics. According to Spence and Van Heekeren (2005), ethics can simply be defined as a set of prescriptive rules, principles, values and virtues of character that inform and show interpersonal and intrapersonal behaviour: that is, the conduct of people toward each other and the conduct of people toward themselves.

In Ferrell and Fraedrich's (1997), opinion ethical issues are problems, situations, or opportunities that require a person or organization to choose among several actions that must be evaluated as right or wrong. Gini (2004) considers that ethics is about the assessment and evaluation of values, because all of life is value-laden.

Personal moral philosophies are based on the traditional ethical theories of deontology, teleology and ethical scepticism. In this context, moral philosophies can be defined in terms of whether individuals approve high or low idealism and relativism (Bass, Barnett, and Brown, 1998).

2. THEORETICAL FRAMEWORK

According to the ethics position theory (EPT) individuals' personal moral philosophies influence their judgments, actions, and emotions in ethically intense situations (Forsyth et al., 2008). This theory enhances two dimensions: idealism and relativism. Idealism and relativism have a significant role to play in the development of ethical theory, for ethical ideology can explain differences in individuals' moral judgment (Forsyth 1980, 1992) the idealist individuals maintain the absolutism of a moral standard in contrast to relativists who try to avoid universal moral rules.

2.1. ETHICAL RELATIVISM AND IDEALISM

Most relativistic individuals mean that moral actions depend on the nature of the situation (Forsyth, 1992). Highly relativistic individuals refuse universal moral principles, but non-relativistic individuals accept universal principles when making ethical decisions (Bass et al., 1998).

Idealists believe that good outcomes for all can be achieved by morally correct actions (Forsyth 1980). According to non-idealists morally correct actions could also lead to negative consequences. Idealism measures the extent in which the consequences of an action are important to an individual (Hartikainen, Torstila, 2004). The intersection of idealism-relativism brings four moral philosophies: high idealism/low relativism (ethical absolutists), high idealism/high relativism (ethical situationists), low idealism/low relativism (subjectivists), and low idealism/high relativism (exceptionists) (Forsyth, 1980). Even though ethical ideologies are distinct from practical behaviour in particular situations, they are related. Absolutists tend to have the strictest moral judgments and higher ethical attitudes, whereas subjectivists tend to have the most lenient moral judgments (Hartikainen at el, 2004).

Forsyth et al. (2008) draws four ethical positions according to idealism and relativism dimension. Absolutists (high idealism – low relativism); Exceptionists (low idealism – low relativism); Situationists (high idealism – high relativism); Subjectivists (low idealism – high relativism).

Table 1: Ethical Positions by Forsyth

		Relativism	
		LOW	**HIGH**
Idealism	**LOW**	Exceptionism: Individuals should act in ways that are consistent with moral rules, but one should remain pragmatically open to exceptions to these rules	Subjectivism: Individuals' personal values and perspectives should guide their moral choices, rather than universal ethical principles or desire to achieve positive consequences
	HIGH	Absolutism: Individuals should act in ways that are consistent with moral rules, for doing so will in most cases yield the best consequences for all concerned	Situationism: Individuals should act to secure the best possible consequences for all concerned even if doing so will violate traditional rules about ethics

Source: Forsyth et al. 2008

2.2. FACTORS INFLUENCING ETHICAL CONDUCT: GENDER AND ETHICS

Ethical conduct is influenced by both situational pushes and pulls and the characteristics of the individual, that is, individual differences (Trevino and Katherine, 1999). Demographic characteristics, such as age and gender have an impact on ethics too.

Research has shown different findings in the relationship between gender and ethics. According to Bass et al., 1998, women are more idealistic than men and they are more concerned about relationships and feelings (Gilligan, 1982). When it comes to relativism, several studies have found that woman seemed to have higher ethical attitudes than men and lower relativism (Cohen, Pant and Sharp, 2001)

2.3. FACTORS INFLUENCING ETHICAL CONDUCT: AGE

The connections between age and ethics the findings are contradictory. (Bass et al., 1998). At the same time according to Forsyth's (1980), older people seem less idealistic than younger people and Marques and Azevedo-Pereira (2009) found older individuals more relativistic than younger ones.

3. THE METHOD

Our goal was to investigate, how respondents conceive of moral philosophy. To measure it, we used the Ethical Position Questionnaire (EPQ), that developed by D. R. Forsythe. This instrument contains 20 statements. The first 10 statements measure idealism and the last 10 statements measure relativism. In current questionnaire, each statement was rates by a 5-point-scale Likert-scale from 1 - strongly disagree to 5 - strongly agree. To indicate the Idealism and Relativism scales we scored average of first and last 10 statements. Higher scores represent higher levels of idealism or relativism.

The statements describing ethical idealism included: "If an action could harm an innocent other then it should not be done" and "A person should make certain that their actions never intentionally harm another even to a small degree". The relativism scale included: "What is ethical varies from one situation and society to another" and "Different types of moralities cannot be compared as to rightness" (Forsyth 1980).

The goals of the research were to analyze the relationship between ethical positions and objective variables among Hungarians in Slovakia and in Hungary. The objective variables were: Gender, Age, Years of work experience, Place of work experience. In order to find statistically significant differences comparing of means and ANOVA test was used.

4. THE SAMPLE

The research was conducted in two countries – Hungary and Slovakia – with the same nationality. Hungarian minority in Slovakia participated in current survey. 187 respondents were from Hungary, 154 from Slovakia. Total number of respondents was 341.

According to gender of Hungarian respondents, 17% were male and 83% were female. According to gender of Slovakian respondents 36% were male and 64% were female.

Figure 1: Distribution by gender
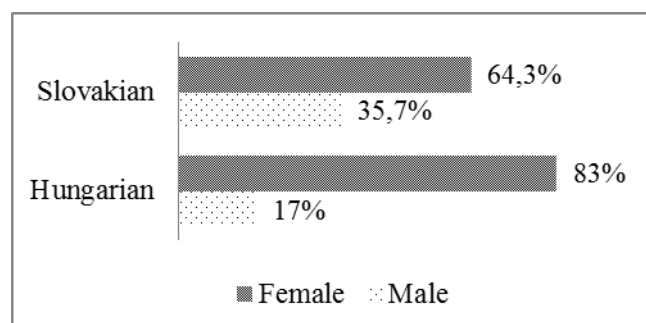
Source: own work

According to age of Hungarian and Slovakian respondents were divided into three groups: respondents below 25 years belong to the "youngest" group, between 25 and 35 is "middle" group and those above 35 years belong to the "oldest" group.

37% were in youngest group, 41% were in middle group and 22% were in oldest group of Hungarian respondents. 54,5% were in youngest group, 26% were in middle group and 19,5% were in oldest group of Slovakian respondents.

Figure 2: Distribution by age groups

The respondents had a variety of work experience from a range of sectors. Of Hungarian respondents, 44% had 0-5 years work experience, 26% had 6-10 years work experience and 30% had 11 years or more work experience. Of Slovakian respondents, 57,8% had 0-5 years work experience, 13,6% had 6-10 years work experience and 28,6% had 11 years or more work experience.

Figure 3: Distribution by years of work experience

According to sectors, 22% respondents were from the public sector, 74% from the private sector, 4% had worked in both sectors, in Hungary. According to sectors, 11,7% respondents were from the public sector, 37,7% from the private sector, 50,6% had worked in both sectors, in Slovakia.

Figure 4: Distribution by place of work experience
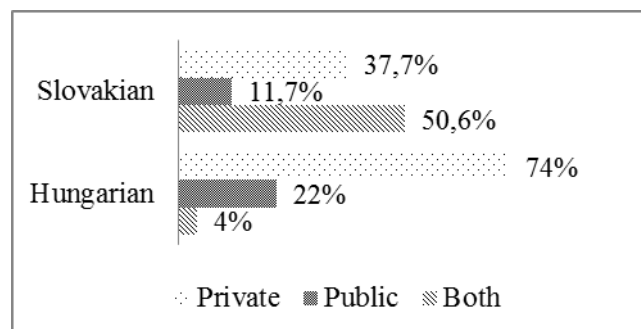
4.1 CULTURAL BACKGROUND

The discussion of relativism and idealism leans on studies investigating ethics from a cross-cultural perspective. Based on a meta-analysis of 139 samples related to ethics position theory (EPT) (Forsyth 1980) measuring idealism and relativism in 29 different countries around the world, Forsyth et al. (2008) found out important cultural variations in ethical ideology. In this chapter we draw the cultural background of Hungarians in Hungary and Hungarians in Slovakia.

Slovakia: Today Hungarians in Slovakia are the largest ethnic minority of the country, numbering 520,528 people or 9.7% of population (2001 census). They are concentrated mostly in the southern part of the country, near the border with Hungary. Averaged on district level, they form the majority in two districts (83,3%): Komárno and Dunajská Streda. This situation goes back to the Paris Peace Conference in 1920. In consideration of the strategic and economic interests of their new ally Czechoslovakia, the victorious allies set the Czechoslovak-Hungarian border further south than the Slovak-Hungarian language border. Consequently, the newly created state annexed areas that were overwhelmingly ethnic Hungarian.

A third of the population of the districts situated on the Slovak-Hungarian border is ethnic Hungarian. The birth rate of Hungarians in Slovakia is typically low, while their mortality is high. Thus, the Hungarian population is ageing: while the average age in Slovakia was 38.4 years in 2010, the same figure among the Hungarian ethnic minority reached 44 years. The ageing index also exceeds the corresponding Slovak figure significantly: there are between 105 and 160 people over the age of 65 to 100 zero to fourteen-year-old children. (Statistical Office of the Slovak Republic, 2011)

Ethnic Hungarians compared to Slovaks are more likely living in villages and are less educated (Miller et al., 2011). The Hungarian population has less favourable indicators for qualifications obtained as compared to Slovak average. Some of 30.5% of ethnic Hungarians in Slovakia has only the highest level of education of primary school. The proportion of the higher education graduates was only 4.3%, less than half compared to the Slovakian national average. These negative indicators can be explained by several reasons: previously, the Hungarian-language school system was not highly promoted by the state, and offered much less opportunity for the older age groups to participate in higher education.

The rural nature and a low urbanization level of the South Slovakian territories inhabited by Hungarians could be listed as further reasons. Previous written negative indices should improve by inaugurating Selye Janos University, Komarno, Slovakia as a state-run educational institution of higher education in Slovakia.

If we look at the figures showing economic activity we will see that the proportion of those employed in agriculture is 9.6%, which exceeds the national average (4,3%). 17.4% of those employed work in industry, which is lower than the national average (20.1%). Similarly, the number of those employed in the tertiary sector is also lower than the national average. Unemployment is high in the South Slovakian districts. The reason for this is that foreign investors prefer areas with better developed infrastructure in the northern regions of Slovakia, and that on the axis of Bratislava, Trnava, Žilina, Prešov and Košice. The labor policy of the Slovak government is rather passive. It is mostly manifested in the disbursement of unemployment and other social benefits. Active tools, such as the launching of training programs or temporary employment would prove to be more efficient. (Statistical Office of the Slovak Republic, 2011)

The number of those starting their own business in districts inhabited by ethnic Hungarians is rather low. What is more, it is mostly increased by businesses set up by Hungarian citizens from the other side of the border. This is due to the fact that there are more

advantageous tax rates in Slovakia. The regional competitiveness index of the business environment in South Slovakian districts is also lower than the national average. This is mainly due to the current state of infrastructure and to the districts' unfavourable position in the accessibility of resources. In spite of the above mentioned facts, ethnic Hungarians do not move from their region in large numbers, even if there are no local job opportunities. They rather commute, even to other countries. Several thousands of ethnic Hungarians are employed in Hungary, mainly as production line workers. Only 1 or 2% of them work as managers. Since the EU enlargement in 2004 Hungarian firms can employ ethnic Hungarians from Slovakia full time and that without significant red tape. Labour leasing can also be commonly observed.

„Many ethnic Hungarians desire a greater degree of autonomy and self-determination within the Hungarian areas in southern Slovakia, especially with respect to language, education, and cultural issues" (Hungarians). Miller et al (2011: 185) found that ethnic Hungarians in Slovakia compared to Slovaks are less inclined about corruption of officials.

Hungary: Although the Austrian-Habsburg royal absolutism, elaborating a framework of civil society was taken over by the local bourgeois forces at the beginning of the 19th century this evolutionary process had been overshadowed by a number of national tragedies and failures (fall of independence war of 1848-49-year, the oppressor but modernizing Bach era). The Austro-Hungarian Compromise of 1867 meant that the Habsburgs agreed to share power with the separate Hungarian government, dividing the territory of the former Austrian Empire between them. The Austrian and Hungarian lands became independent entities enjoying equal status.

By the Austro-Hungarian Compromise of 1867, the unity of the territory of the Hungarian Kingdom was restored, having had fallen apart before due to a catastrophic defeat of the Hungarians by the Turkish army in 1526. The Hungarian Kingdom has been one of the largest states in Western Christian world both in the Middle Ages and in 1867. The Austro-Hungarian Compromise of 1867 has accelerated the rise of the middle-class and the Hungarian society gradually approached the Western European way of life (Glatz, 1995).

Austria-Hungary was a multinational realm and one of the world's great powers at the time. The dual monarchy had existed for 51 years until it dissolved on 31 October 1918. The upheavals of World War I destroyed the central and eastern European state system, including the Hungarian State traditions of one thousand years. In the area of nation-states they have been expanded and developed at the expense of the Hungarians.

This trauma and the associated national remembrance are in the Magyars' feelings to this day. This value system greatly contributed to commitment of the Hungarian elite on the Germans' side in World War II.

After World War II, in Hungary the leading personalities of the previous Horthy regime were tried. Likewise, other countries of the Eastern bloc in 1949, dictatorship of the proletariat was introduced in Hungary, which aimed the elimination of class society and a violent change of ownership.

Forced pace and inadequate governance soon provoked considerable discontent, which led to the outbreak of the revolution in 1956. Because of the unfavourable international situation, this revolution "was condemned to death" and after a few months of unsuccessful fights it had failed, leading participants were cruelly punished, many of them were executed.

The relief came in 1962 when the Kadar government that had crushed the revolution of 1956 announced a reconciliation. This system had governed Hungary for nearly three-decades. It was then, when the slogan of the so-called "Goulash communism" was developed. This country was the first in the former Soviet bloc "to embark on the road to transformation into the market economy in the late 1960s" (Reuvid, 2003).

With the change of regime in 1989, the ownership and the structure of Hungarian society were gradually changed. Today, Hungary is a fully developed market economy. Private property has become commonplace. New values became important. Customer orientation has become crucial to the business world. With the spread of globalization, foreign language proficiency has become a necessity for success.

Overwhelming majority of the Hungarian society belongs to Jewish-Christian culture. Being religious in the Hungarian population is moderate (43%) according to the research of EVS (Halman, 2001).

The research of different cultures results (GLOBE, Hofstede) show that among the Hungarians individualism, masculinity, and cultural power distance are more typical. (Bakacsi and Weaver, 1998 and Hofstede and Hofstede, 2005).

Some relativities can be observed in the faith of the Hungarian society. Thus, inter alia, the followings should be mentioned:

▪ Besides a strong Western European orientation a "kurucos"[10] rebellious nature can be also observed as

▪ Besides the importance of the family and the nation, a very strong individualism can be also observed.

▪ Hungarians consider themselves a religious society but EVS research (Halman, 2001) shows a very moderate commitment.

5. RESULTS

During the data analysis we designed idealism and relativism variables with the average scores of the first 10 and second 10 questions. Hereinafter we explain what differences can be observed between the idealism - and relativism and some objective variables, and what differences can be observed between Hungarian and Hungarians in Slovakia.

Firstly, we analyzed the relationship between idealism and relativism by gender. Figures 5 and 6 demonstrate clearly that both Slovakian and Hungarian woman show more idealistic attribute than men. The difference is nearly equal between the two samples. This cannot be said in terms of relativism dimension, in the Hungarian sample there is no difference between the genders, while the Slovakian sample shows around two decimal deflections between men and women.

If we take a look on Table 2 and 3 we can see that idealism scale shows significant relationship to gender in case of Slovakian and Hungarian respondents. It means that women are more idealistic than men. In case of relativism this relationship is not so significant.

Table 2: ANOVA by Gender in case of Slovak respondents

			Sum of Squares	df	Mean Square	F	Sig.
Idealism * Gender	Between Groups	(Combined)	1,938	1	1,938	8,133	,005
	Within Groups		36,228	152	,238		
	Total		38,167	153			
Relativism * Gender	Between Groups	(Combined)	1,240	1	1,240	4,602	,034
	Within Groups		40,959	152	,269		
	Total		42,199	153			

Source: own work

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[10] This rebellious nature goes back to the 17th century when Hungarians led a decade long civil war against Austrian Habsbourg House.

Table 3: ANOVA by Gender in case of Hungarian respondents

			Sum of Squares	df	Mean Square	F	Sig.
Idealism * Gender	Between Groups	(Combined)	1,903	1	1,903	8,883	,003
	Within Groups		39,622	185	,214		
	Total		41,525	186			
Relativism * Gender	Between Groups	(Combined)	,000	1	,000	,000	,989
	Within Groups		85,083	185	,460		
	Total		85,083	186			

Source: own work

We analyzed the relationship between idealism and relativism by nationality. If we take a look on Table 4 we can see that idealism and relativism scales show significant relationship to nationality. It means that, Hungarian respondents are more idealistic and less relativistic than Slovakian respondents are.

Overall we can say that the respondents in Hungary stand for 4.28 average value in the dimension of idealism, while the Hungarians in Slovakia just 3.53, which is considered a significant difference. In case of relativism variable there is not such a difference between respondents, but ANOVA suggested significant difference.

Table 4: ANOVA by nationality

			Sum of Squares	df	Mean Square	F	Sig.
Idealism * Nationality	Between Groups	(Combined)	48,009	1	48,009	204,224	,000
	Within Groups		79,692	339	,235		
	Total		127,700	340			
Relativism * Nationality	Between Groups	(Combined)	7,545	1	7,545	20,094	,000
	Within Groups		127,282	339	,375		
	Total		134,827	340			

source: own work

Figure 5: Idealism and Relativism scales by gender (HUN)
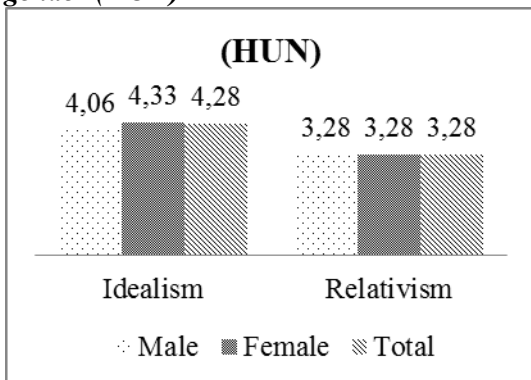
Source: own work

Figure 6: Idealism and Relativism scales by gender (SVK)
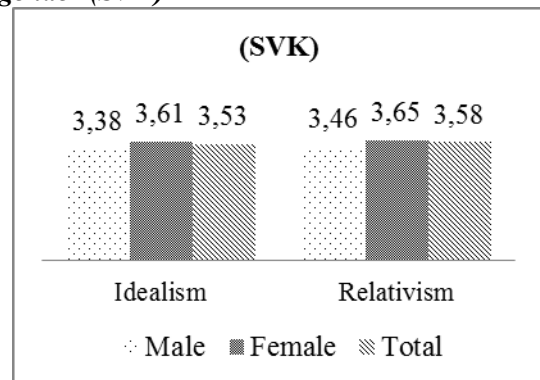
Source: own work

During the analysis, we developed three age groups. In Hungary, older people are more idealistic, the idealism value is increasing in a small compass. In contrast to this, the relativism variable shows declining tendency with age. In case of Slovakian sample the idealism variable shows increasing tendency with age, but it can be observed, that the relativism variable is growing too.

Figure 7: Idealism and Relativism scales by age (HUN)
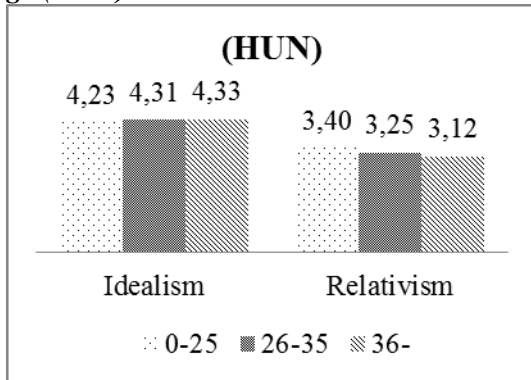
Figure 8: Idealism and Relativism scales by age (SVK)
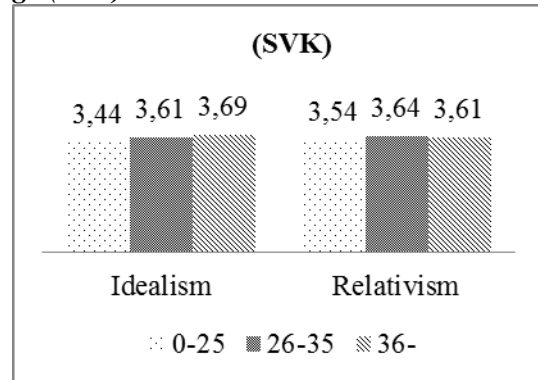
Source: own work   Source: own work

During the analysis we closed up the three age groups into two groups, and we considered the Hungarian and Slovakian samples together. The two age groups are 0-25 and 26-. The Table 5 shows the result.

Table 5: Report of ANOVA

AGE		Idealism	Relativism
0-25	Mean	3,7961	3,4747
	N	154	154
	Std. Deviation	,60541	,57696
26-	Mean	4,0658	3,3652
	N	187	187
	Std. Deviation	,59334	,66754
Total	Mean	3,9440	3,4147
	N	341	341
	Std. Deviation	,61285	,62972

Table 6: ANOVA by age groups

		Sum of Squares	df	Mean Square	F	Sig.
Idealism * Age	Between Groups (Combined)	6,142	1	6,142	17,127	,000
	Within Groups	121,559	339	,359		
	Total	127,700	340			
Relativism * Age	Between Groups (Combined)	1,011	1	1,011	2,562	,110
	Within Groups	133,815	339	,395		
	Total	134,827	340			

Source: own work

If we take a look on Table 6 we can see that idealism scale shows significant relationship to age and the significant relationship to age in case of relativism scale is not observed. It means that the respondents - who are under 26 years old - are less idealistic than older respondents.

Based on the below (9. and 10.) figures - like in case of age group variables – also observed that increasing of the variable years of work experience eventuates increasing of average idealism level and decreasing of average relativism level, according to Hungarian respondents. This relationship also can be observed among Slovakian respondents in case of idealism scale. This exploration can be traced back to the statement that who have more work experience, are likely older.

Figure 9: Idealism and Relativism scales by years of work experience (HUN)
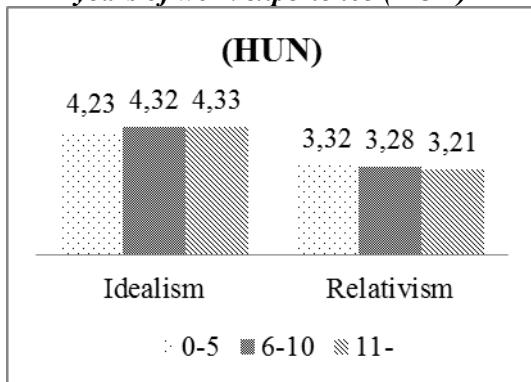
Source: own work

Figure 10: Idealism and Relativism scales by years of work experiences (SVK)
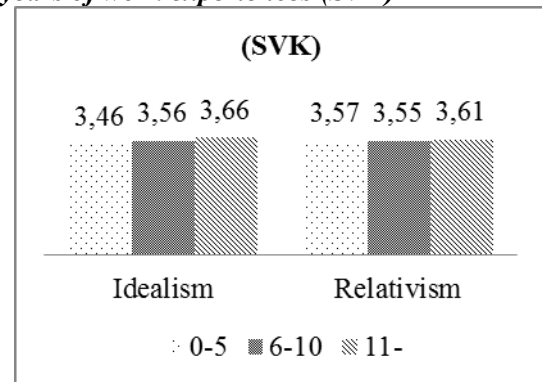
Source: own work

In this research the place of work experience has also been included. (Fig. 11. and 12.) We tried to answer the question: what kind of relationship is between idealism, relativism variables and the place of work experience? The Hungarian respondents who have experience just in public sector reached higher level of idealism and lower level of relativism than who have experience just in private sector. Similar coherence also can be showed in Slovakian respondents, but those who have experience just in public sector reached higer level of relativism than those having experience just in private sector.

Figure 11: Idealism and Relativism scales by place of work experience (SVK)
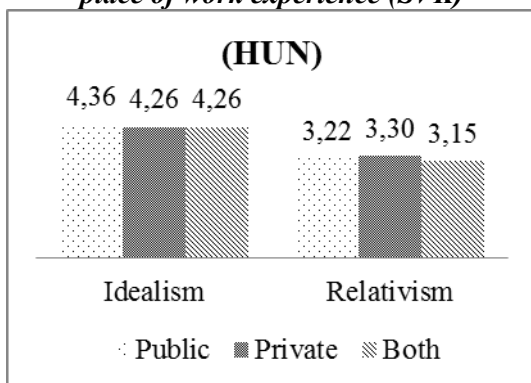
Source: own work

Figure 12: Idealism and Relativism scales by place of work experience (SVK)
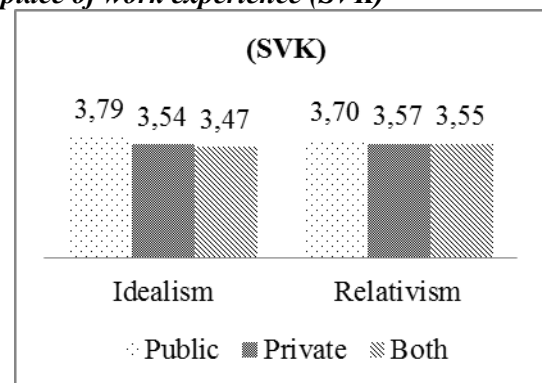
Source: own work

6. CONCLUSION

In general we can say that the Hungarian respondents are more idealistic than Slovakian respondents. The general ethical principles are better accepted among Hungarians in Hungary as among respondents in Slovakia. Originally (concluding from the sample) strong idealistic traits of Hungarians in Slovakia were lost over time. Examining the dimension of relativism, the Slovakian have higher value, but just in a three tenth. In addition to national culture, the individuals´ opinion of certain moral issues is also influenced by institutions´ regulatory systems. The rate and character of that influence has not been clarified yet. From these results we may conclude, that country of living has more impact on ethics than country of origin. (ANOVA sig .000)

Women were more idealistic than men. (ANOVA sig .003 HUN and sig .005 SVK) There were not differences in relativism, in case of Hungarian respondents, but were average differences according to Slovakian respondents. People younger than 25 were less idealistic and more relativistic than older respondents in case of both samples.

Our future visions are: We are planning the research extension of the Transylvanian, of the southern region Hungarians, the statistics methodology extension, correlation and regression analysis, clustering.

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Łukasz Skiba

5.5 ETHICAL DILEMMAS IN MANAGEMENT OF ENTERPRISES: PROBLEMS OF COMPETITION

Summary: The foundations of market economy are laid with economic freedom, which means the freedom of business activities (except for those forbidden by the state) and making sovereign decisions throughout the operation of business entities. The inevitable consequence of this freedom is competition between the independent entities that operate in a free market which fight for profit share, consumers, resources, employees, suppliers, customers, contacts, knowledge etc. The globalized market makes this fight even fiercer. Competition, if combined with consumerism, is undoubtedly a trouble spot in confrontation of the principles of free markets with the principles of Christian moral philosophy that obviously promotes charity, love, altruism and the virtue of temperance. Therefore, is it possible to reconcile ethics with free market? How to manage the enterprise so as not to be regarded as unethical? What should we get involved in and what should we avoid? The questions to these and similar questions will be the focus of the present paper.
The last part of the study will be an attempt to demonstrate positive principles of competition in business, based on the principles of business ethics and suitable institutional regulations.

Keywords: ethics, management, competition

1. EGOISM: DRIVING FORCE OF FREE MARKETS

Among the thinkers and scientists that represent the naturalist trend that identifies the source of human activities with the herd behaviour (social effect), who presented their views from the 17th to the late 18th century, there is little agreement about whether instinct manifests itself in egoistic or social part of human nature.

Instinct-based natural human attitudes was described in the 17th century by Thomas Hobbes, English political philosopher and thinker, who gave it a synthetic expression *homo homini lupus,* followed by Adam Smith, a 19th-century ethicist and creator of classical economics, who analysed the problems of the nature of wealth of nations. These scholars accentuated egoism i.e. your own good and living for yourself, as a driving factor in human activities in the market. A man-egoist, who aims at satisfying their own needs, uses their instinct to find partners in the market to cooperate with - (Given the principle of maximization of your own profit i.e. competing for profit share) - and to achieve this goal.

An intended or even unintended consequence of this cooperation towards satisfying of personal needs of an egoist man is the realization of the particular needs of the people who cooperated with each other under a kind of compulsion – the compulsion is understood as an internal compulsion, the egoist instinct and external compulsion which means rationality and economics of group activities – and, indirectly, increasing the so-called common good.

The supporters of the latter social approach to the nature of instinct that guides human behaviour were Jean Jacques Rousseau, the representative of the Enlightenment trend and K. Marx, promoter of communism - (In Marxist theory, this means the highest, classless form of organization of society which occurs after capitalism). J.J. Rousseau argued that humans are principally good by nature and this causes that they reject the egoist rivalry in favour of cooperation, living with others and for others. According to Rousseau, when working in favour of other people, men work for themselves. Similar opinion was expressed by K. Marx, who claimed that liquidation of private ownership would lead to revival of social instincts -

(Which frequently manifests in the form of altruistic and heroic behaviour) - which were suppressed by capitalism, but they would cause that the needs are realized based on the principle of reciprocity. Although contradictory, both egoistic and social interpretations of human nature consequently lead to satisfying the egoistic needs. In the egoistic concept, the realization of the common good occurs spontaneously, whereas in social approach, one should start from the superiority of the common good towards meeting the individual needs.

The history shows that both of the presented concepts of human nature exhibit certain deficiencies. The extreme forms of egoism lead to exploitation and destruction of human ties, whereas the social interpretation promotes laziness, lack of creativity and care for the common good or, in other words, it leads to an overall inefficiency of the system. Nowadays, politicians and the people of science do not think about the veracity of either egoistic or social concepts. The more topical question that remains today is: How to limit/prevent the negative social consequences of egoism?

The problem of to which extent the people are capable of subduing their egoism, at least through the ability of quick internalization of orders and instructions, was analysed by the above creator of the egoistic concept of human nature, Thomas Hobbes (Siewierski, 2002, p. 217). This British philosopher agreed in his book *Leviathan* that the only way to limit human egoism expressed by the phrase *homo homini lupus* is voluntary consent of each member of society to conform to the superior authority of the state. (Besides T. Hobbes, the concepts of social agreement i.e. the political and legal concept that exists in the doctrines of the law of nature, which assume that societies and states emerged from the agreement of the entities which previously lived in a state of nature were also proposed by H. Grotius, J. Locke and J.J. Rousseau). A. Smith responds to the Hobbes' vision of society subordinated to the 'strong hand' rule with the 'invisible hand of market' i.e. free market competition based on the principles of supply and demand, which is not limited by any regulations (See also: Turner, 1998, p. 179).

In model assumptions of free-market economy, the phenomenon of rivalry between the market participants has positive social effects since it motivates for being better than those we compete with. Therefore, one can argue that the market is efficient only if the competition present in this market is sufficiently strong. The rivalry causes that the people want to perform some activities faster and better, which causes that they start integrate within bigger business structures. The integration of the people who aim at higher market efficiency has led to the emergence of the enterprises, which compete, with each other. The principle of competitiveness in the market forces continuous improvement in efficiency. Thus, it sometimes happens that the entities that operate in the market merge with each other (mergers) or cooperate in order to fight competitors.

According to Georg Simmel, German sociologist and philosopher of the turn of the 20th century, rivalry is one of the foundations on which interpersonal contacts can be built. This scholar reasoned that humans exhibit a natural tendency for social interactions, they aim at facing rivals, seek them, although sometimes they encounter the rivals quite unexpectedly (Simmel, 1975, p. 63). Rivalry, combined with the freedom of economic activities, causes that market mechanisms are similar to social games on a large scale, where players must have something they offer in order to start the game and one of the players wins (gets richer) at the expense of the other.

It is remarkable that the above mentioned precursor of the theory of free market, A. Smith, argued that economic growth is connected with the idea of full freedom, which resulted from the belief that 'the competition has an inherent ordering capacity' (Nawroth, 1994, p. 10). Therefore, social order emerges as a consequence of interactions between individual entities, stimulated by a particular *a priori* mechanism of coordination of their interests. The concept by A. Smith excludes a voluntary cooperation or collaboration as it is the necessity for market

exchange of goods and services, aimed at realization of individual (egoistic) needs, which is the only form of socialization (Hardt, 2000).

The economic practice shows that this belief does not always match the reality. J. S. Mill provided the evidence that the interests of individuals is not necessarily in agreement with social interests, and that the principle of free competition might be limited by market monopolization. Therefore, present theorists of moderate free market, termed neoliberals or ordoliberals (such as Walter Eucken, Fridrich A. von Hayek, Milton Friedman) will find vote for economic freedom, but under supervision of the state – according to the principle of 'as much market as possible, as much state as necessary' – in order to reduce the unwanted effects of uncontrollable competition and thus to limit the *wild market*. (This market, based on inaccurate economic legislature, was oriented solely at achievement of individual profits, regardless of social interest). As Isaiah Berlin put it: *'...freedom of some people must be sometimes limited in order to ensure the freedom of others'* (Berlin, 1991, p. 120). In the model of market competition, one should aim at providing equal opportunities for the entities that participate in the market: the competition is supposed to adopt a form of rivalry based on the principles of fair play.

The most popular argument heard among the critics of free market economy is the contradiction of interests between those who sell and those who buy. This antagonism can be identified with competing for good prices. Christian Watrin claims that these contradictions are settled by the market itself (Partycki, 1996, pp. 58-59) as everything depends of the principles of supply and demand it is guided by. Market equilibrium – (This is a perfect state in the model of free market), - between the amount of goods and demand for these goods gives the feeling of making a mutually beneficial business.

When analysing the problems of the relationships between egoisms and the phenomenon of competition in free markets, one should emphasize its psychosocial aspect. Any competition generates the risk of failure. The awareness of risk might raise two extreme attitudes in people, which reflect the two different faces of egoism. First is avoiding risk and passivity (conservative egoism which results from minimization of possible personal loss, even if this activity was supposed to bring considerable benefits to society) or – the second – accepting it and taking market activity (expansive egoism which rests on the drive for success in the market, craving for getting rich even through *va banque* play). The social and economic consequences of market passivity, connected with not taking risk that results from competition are more expensive products (possibility of monopoly) is that causes it becomes unavailable to less rich part of society.

2. MORAL VIRTUES AND THE PROBLEM OF COMPETITION

Since the year 1989, which was marked by the Polish Round Table Agreement, Poles have been living in a free market economy. Being an element of this economic system, it is impossible not to know what the competition is. Taking competitive actions, we aim at achievement of the set goals, aiming to maximize the benefits. It is obvious that everybody can be the best and deserve the biggest share of the pie. Given human egoism – (Which was discussed in the first part of this paper), - the competition between the business entities alone cannot be regarded as evil as a rule of thumb because it results from inherent human desire to secure your and your family's interests as first (Adamczyk, 2009, p. 97).

Although mankind has always asked the questions of the sense of living, that is, what makes our lives legitimate and valuable, the first to propose the methodological categorization of virtues was Plato, the Athens' philosopher who lived at the turn of 5th century B.C. This was Plato who needed this division of virtues in order to provide deeper characterization of the division of society in ideal state into classes – (The members of individual states were

supposed to be characterized by the following virtues: rulers and philosophers: wisdom; warriors: brevity; peasants, merchants and craftsmen – temperance).

The Plato's heritage of the science of virtues was taken over and developed by his prodigy student, Aristotle, and then by the Fathers of the Church, with particular focus on St. Augustine, St. Thomas Aquinas and the Popes, particularly the authors of the encyclicals: Leo XIII, Pius XI and XII, John Paul II. Among the representatives of Polish school of thought of Catholic social teaching one should list Rev. Stanisław Adamski, Leopold Caro, Rev. Antoni Szymański, Rev. Jan Piwowarczyk, Fr. Jacek Woroniecki, Rev. Tadeusz Ślipko, Rev. Józef Majka or Rev. Józef Tischner (See: Gasparski, Dietl, 2001, pp. 142-152).

Nevertheless, it should be noted that the understanding of the concept of virtue which had been used in the ancient times was transformed at the moment of taking it by the Christianity. Classic approach was focused on competencies necessary for achievement of particular goals, which were regarded to be valuable and were strived for. The ancient philosophers emphasized the importance of perfect effects of actions according to the vocation, position and purpose. Therefore, the virtuous men was not only the smart master, brave warrior or skilled craftsman but the term virtuous also referred to the items which matched their purpose e.g. comfortable chair – virtuous chair, well-balanced hatchet – virtuous hatchet, healthy and tasty meal – virtuous meal etc. (Pratley, 1998, pp. 264-266).

Christianity transformed the understanding of virtues, as they were subordinated to the ultimate goal of each human, which theologically means salvation. Good and virtues are useful for developing some functions in a man; they are the competencies necessary to be saved. This approach to the term *virtue* subordinated the public good and personal goods to the primary religious goal (Pratley, 1998, pp. 266). Christian ethics adopts the main assumptions of the market economy, such as: market, private ownership, profits, free economy and capitalism. This ethics highlights the positive role of the listed characteristic elements of free market economy but it also accentuates such values as freedom of work, participation or entrepreneurship and it puts an emphasis on the fact that profit cannot be the only driver in social life and the life of economic entities. Catholics ethicists do not agree that the market defines the rules of the economy, but they claim that it should be subordinated to legal and ethical standards (Jan Paweł II, 1991, pp. 33-42).

This spirit was typical of the thought and creation of Michael Novak, one of the contemporary American intellectuals. In his views, this scholar accentuated the relationships between free institutions, modern business management, healthy economic structures, spirituality, ethics and religion and promotes the idea of democratic capitalism (Dylus, 1995, pp. 11-19). Principally, the views of M. Novak might be reduced to the thesis that modern states and economies should be built on resilient institutional foundations, with the main signposts being law and morality. The institutional system would be open to traditional values and moral virtues, which are inspired by the tradition and religious teaching. The above-mentioned Catholic theologian claims that it is impossible to build efficient state with the economic system without the reference to axiological basis. (See the views of M. Novak and Max Weber, creator of the institutionalized state, on economic activities and professional work are close in that they both consider them in the categories of calling; consideration of the study in categories of vocation is much closer to protestants than Catholics). The democratic capitalism and the freedom of economic activity preferred by M. Novak help perception and realization of the dual character of humans (both individual and social one), their creativity and dignity. It is doubtless to M. Novak that capitalism is the most economically effective system, which is conducive to the realization of the highest aspirations of a man (Dołęgowski, 2006, p. 10 author's paper).

Despite the fact that Catholic theologians do not see the contradictions between their views and the theory of free market economy, some non-conformances and dissonance can be

observed. J. Jackson, contemporary English philosopher, points to two aspects of business activities, which raise serious concerns because of their unsuitability to traditionally viewed morality that results from respecting the theory of virtues:

- competitive nature of economic life: the apparent constant need for cheating the rivals, which does not seem to match the requirements of fairness and humanity,
- promoting consumerism by businesses (advertising, promotions, instalment sale, credits etc.), which might seem to be in disagreement with the virtue of temperance (Jackson, 1999, p. 105).

This philosopher, who emphasized the rivalry in business, argued that acting to the detriment of competitors is not merely a marginal feature of the business but also its goal and that the success of some people means failure of others (Jackson, 1999, p. 105).

In the case of the criticism of consumerism, the Catholic ethics point to temperance, which, with traditional approach, concerns the moderate satisfaction of bodily desires and is supposed to indicate the insignificant importance of this satisfaction to good life. Therefore, in this respect, consumerism will be viewed as a liking for temporality and treated as the lack of temperance. For the same reason it will be found to be as a defect, as opposed to the virtue of temperance. According to this reasoning, the people involved in business activities are particularly susceptible to the temptations of the temporality since their whole energy is used for making money. Furthermore, the market demands, constant game where you have to always win, do not let you rest on your laurels and regardless of the profits you have already made, you are forced to strive for even bigger profits.

Therefore, it should be emphasized that Christian moral virtues of humanity, fairness and temperance do not match competition and consumerism of the free market. The virtues of humanity and fairness obviously stand in the way of profit-oriented fierce competition. How can we reconcile humanity (which necessitates, in some cases, sympathy, kindness, mercy, generosity) with e.g. triumphing over somebody's failure (i.e. cruelty, meanness, spitefulness)? The people who are characterized by the virtue of humanity are not indifferent to the defeated; on the contrary, they try and prevent their failures and, if necessary, give a helping hand. Similar situation is observed among fair people: they will not use their power against the weak and poor (Jackson, 1999, p. 105). Therefore, is there a chance to reconcile free market with moral virtues in consideration of the above difficulties? There is indeed. The foundation for levelling off the contradictions between the humanity and competition will be the reference to the division of human obligations into perfect and imperfect. As the obligation of humanity belongs to those imperfect, i.e. those that connect people in an open and undefined manner, there is a freedom of the choice of actions and means and, consequently, alleviating the tensions between the virtue of humanity and competition.

The competition does not solely concern business, but this phenomenon is inherent in a number of areas of human life, such as sport, play, courtship etc. If competition was regarded as immoral, it would be also unacceptable in the above areas, but we all know it is different. Humanity does not exclude maximization of your own benefits compared to others, whereas having this virtue determines how we will achieve this goal.

If we analyse fairness it will seem a particular disposition of human personality, which restricts the will to maintain the strength of limitation it imposes on humans. Businessmen, who are termed 'entrepreneurial', can take advantage of the weaknesses of competitors. However, the virtue of fairness prevents them from behaving in a cruel, mean and wicked manner. It is worth emphasizing that the more difficult the market (strong competition) the narrower the scope of what is regarded to be an obligation of fairness. Furthermore, there is an apparent antagonism concerning the chance of reconciliation of the virtue of temperance with free market consumerism. Aristotle, classical philosopher in the theory of virtues, did not see a contradiction between being a temperate man who has a passion to temporary pleasures.

The temperance was supposed to consist in having a suitable measure for indulgence. This measure would prevent from using the things in a wrong manner i.e. the way that is harmful to health, good temper and what remains in contradiction with what is morally beautiful and exceeds the property means of the purchaser (Arystoteles, 1996, 1119a).

The Aristotle's temperance relates not only to subduing bodily desires, but also to giving them a proper rank in the hierarchy of values. However, is this virtue of temperance unable to be reconciled with consumerism? Admittedly, the abundance of goods in the market puts consumer's temperance to test. There are some types of business activities, which are an obstacle in maintaining the virtue of temperance for the employees in the enterprise (e.g. chefs, bakers, confectioners, brewers etc.). It also happens that the people of business encourage others to abandon the virtue of temperance, although they maintain it at the same time. Another problem is the richness, which tempts to use it for pleasures (Jackson, 1999, pp. 122-123).

Businessmen are challenged by this and obviously by a number of other moral dilemmas which put their virtues to test. Behaviour according to the ethics of virtues in the competitive market undoubtedly limits it. Nevertheless, it should be emphasized that people are limited by moral principles not only in the area of professional life. The problems of morality and fair play do not concern exclusively the people of business. Living according to any principles (also, or even particularly, moral ones) necessitates a series of sacrifices and it is difficult.

Business ethics is of great help in promotion of moral attitudes among the businessmen. It makes them realize that it is impossible to reach long-term value in the enterprise without maintaining some moral principles with respect to both employees and the community. However, this will be discussed in detail in the following chapter.

3. BUSINESS ETHICS IN THE CONTEXT OF THE COMPETITIVENESS OF ENTERPRISES

The problems of ethics in present business activities are becoming more and more appreciated, also by the economists. It is emphasized that the ethical dimension of management somehow limits the enterprises, but, on the other hand, it might be treated as an opportunity for achievement of competitive advantage. The importance of institutional (also the ethical) factors in the process of gaining a competitive advantage by an enterprise, region or a country is more and more often emphasized. For example the problems of the relationships between the competitiveness and the institutions, although informal problems, which concern the morality has become the focus of studies by such authors as: J.Dunning, F.Fukuyama, T.Donaldson or Ch.Bartlett and S.Ghoshal in. T.Dołęgowski, *Dylematy konkurencyjności, czyli dlaczego ekonomista nie lubi etyki biznesu [Dillemas of Competitiveness. Why the Economists Do Not Like Business Ethics]*, see also M. Sułek, J. Świniarski, *Etyka jako filozofia działania zawodowego [Ethics as a Philosophy of Professional Activities]*, Bellona, Warsaw 2001, p. 208).

The people who analyse the problems discussed in this study use a repertoire of terms which are synonymous with *business ethics*, deliberately avoiding using this term in their studies as they claim that it does not fully reflect the problems they study. Some of them include: *ethics in the economy, business and society, ethics of the market, theory of social capital and institutions* and, in the context of the science of management, *corporate social responsibility* (Dołęgowski, 2006, p. 3 author's paper).

Regardless of how we term the scope of these interesting problems, it is clear that there is a need for reflection on the ethical principles of management in business, particularly because of the transformations and the process of globalization. The necessity of developing the standards and principles which would provide a guide for the economy seems to be obvious. Therefore, the entire ethical reflection aims to determine the importance of the axiological

area for the process of building market and market order and competitive advantage by economic entities in micro- and macro geographic context. It is also aimed at observation and description of the relationships between the economic system, law, morality, religion, culture, economic policies and the areas of management of enterprises (Zbiegień-Maciąg, 1991, pp. 48-51). The fact that the enterprises do not operate in isolation but in the surroundings of other business entities and customers, contractors, partners, suppliers etc. implies a series of problems of ethical nature. These problems include competition, advertising and promotion, professional interactions of the people of business. Ethical problems with competition typically arise when two or more business entities perform activities of the same character in a small market and see each other as potential threat to their interests.

Similarly, it is impossible to imagine advertising and promotion without maintaining a minimum ethics. The deceitful advertisements, which exploit the naivety, fears, needs and feelings or dumping in the case of dishonest promotion or pyramid scheme are only some examples of the abuse, which can be a consequence of depriving economic activities of ethics. In the case of interactions of the people of business, the fundamental aspect of this problem will be to meet the provisions of the contracts and agreements which are the basis for timely performance of financial liabilities and consequently the basis for any business activity (Rybak, 2004, p. 37). Nowadays the managers in enterprises realize that what makes a success in the enterprise is not only a price or quality of products or services but the enterprise's image, building its prestige and reputation is also affected by the elements of ethical nature. The entrepreneurs are aware that, through promotion of ethical behaviours, they strengthen the particular ties with its environment, i.e. trust. Therefore, it can be emphasized that business ethics is important to the entrepreneurs because it generates profits. Attracting and building trust among the customers is critical for a businessman and both can be achieved through ethical attitudes (Rybak, 2004, p. 37).

This ethical attitude with respect to enterprises should be manifested in social responsibility of managers' groups, in their ability to see the outcomes and threats generated by their business activities so that they are ready for taking responsibility for their decisions and actions and can react relatively fast and eliminate (at least partially) the negative phenomena. There is a growing demand for the managers who, besides profits in the enterprise, would care for the common good of the mankind, such as clean forests, water and air. The basic dilemma managers face when they manufacture a product which is harmful to people or the environment is to whether give up a part of profit and gain moral social acceptance or to build financial strong enterprise which provides employment for a number of people. There is no unequivocal answer to this question. This problem is complex as it involves subjective respect for ethical principles of the business game, outlook on life, hierarchy of values etc. (Ryan, Sójka, 1997, p. 31).

As mentioned before, ethics is an increasingly appreciated element of competitive advantage. The ethical principles declared by enterprises are collected within the codes of ethics. There has been an increasing interest in this form of codification of ethical principles among Polish enterprises since 2000. The advantages of these codes lie in clear definition of what is and what is not allowed in an enterprise as well as which is found proper or unacceptable. A repertoire of benefits of the codes of ethics also includes:
- motivational importance, which makes employees sure their behaviour is right, which might impact on the efficiency of work;
- preventive measures with respect to those who attempt to take actions which go beyond the code and what was found ethically acceptable;
- the code provides long-term guidelines concerning appropriate and inappropriate behaviour;

- the code helps find the way, especially through the situations which are ethically doubtful;
- the provisions of the code concern not only the employees of different level but also employers and owners.

Therefore, the code supports and protects employees from unethical demands of the managers; the code in the enterprise is a perfect measure for solving the conflicts of interests or disputes, where only one interest can be satisfied; the code performs a function which orders the scope of duties and responsibilities of market game (e.g. competitors, customers, partners, employees etc.); moreover, the code releases the economy from the obligation of taking care of what the enterprise should be responsible for and consequently wasting time, effort and money which can be used for something else.

However, code-based solving of moral problems raises some doubts. The sceptics of this form of increasing the ethical awareness in the enterprise will accentuate such deficiencies as: the lack of its generality, which means that implementation of these forms depends on the good will of enterprise's management; frequent lack of sanctions in the case of non-observance of these standards and consequently the lack of their authority; danger of identification of the code by the employees with only a set of regulation which do not have to be observed and even avoided (similar reasoning is typical of Polish citizens with respect to fiscal regulations) (Porębski, 1997, p. 29). Moreover, a person, who performs an ethical act because of their egoism or only because it is required by the law, is not as morally appreciated as a person who does this because they know its right to do (Sternberg, 1998, p. 115) – the problem of motivation.

Nevertheless, despite the weaknesses that can be attributed to codes of ethics, they perform an important role in building ethical behaviour among employees.

The proposed method to at least partially level off the weaknesses of ethical code is to make their interpretation more flexible at the expense of clarity and precision. They should not contain the provisions in the form of orders but rather postulates, proposals of a variety of methods to perform activities within the generally adopted standards and (Rybak, 2004, p. 51). This measure will cause that a person/people responsible for respecting the codes in the enterprise will assess the individual situation and, as a result of the analysis and interpretation of the general principles contained in the code, will judge the act. If one sticks to casuistic interpretation of the ethical code, there is no play and freedom – (Therefore, the morality of those who judge the act would be questioned since morality assumes the freedom of choice) - for judgement. The individual that assesses the act using the ethical code would be reduced to the role of the soulless machine which uses the algorithms and templates of the code of ethics. This would cause the ethical committees to lose their authority.

Codes of ethics in the proposed form contribute to improvement in permanent contacts with customers, increase satisfaction from provided services and thus the loyalty and trust. Implementation of the code in the enterprise will also lead to the improvement in the conditions of work, comprehensive development of employees and prevent exploitations, which generates greater profits in the enterprises using fair practices (Rybak, 2004, p. 51).

However, the temptation of the possible profits might often make people break moral principles. Nevertheless, the risk inherent in business activities might cause not only falling into financial troubles but the enterprise might also loose good reputation. It is a well-known fact that reputation is not built in a day and it takes hard work to make people call the enterprise honest, reliable and good, whereas losing the reputation does not take long and is sometimes irrevocable.

No man is an island and people live among others; similarly, enterprises operate in the surroundings of other business entities, customers and natural environment (Porębski, 1997, p. 33). The enterprises and associations that represent enterprises (e.g. Business Centre Club)

create the lists of unreliable business partners, which might lead to total isolation of unethical business entity.

Therefore, an important aspect of building the competitive advantage in business activities is care for proper company's image. It should be noted that the image is not only determined by such components as prices, quality or prestige, but essential place in formation of the image is taken by ethics, whose importance is never overestimated when building trust in the enterprise. The pillars of this trust are reliability and infallibility, which manifest in meeting the deadlines and keeping commitments (Adamczyk, 2009, p. 87).

The fundamental task of business ethics, using the methods and tools of normative ethics in terms of concrete requirements and moral judgements, is to find indirect solutions, which provide opportunities for reconciliation of these moral requirements with securing the strategic goals of the enterprise. These goals are not entirely devoid of moral inclinations and understanding of this fact might be advantageous to both the enterprise and its surroundings (Porębski, 1997, p. 40).

Striving for model indication from the standpoint of business ethics in enterprises, it can be stated that a perfect situation would be maintaining the following relationships with competitors in the market:
- attracting customers with good offer
- without undermining the competitor's credibility
- lawful information about competitors used internally
- no agreements with competitors in terms of prices or market share
- respect for priority and authorship of products and trademarks
- without using difficulties of the competitors
- in the markets with high barriers to entry: in furthest point of the rank, when niche is not filled
- location: big one far, small one close, exclusive one in the centre (Porębski, 1997, p. 52).

Furthermore, the pathologies of relationships with competitors include:
- fighting competitors using criminal acts (violence, conspiracy, wiretapping, stealing markets, brands, forgery, impersonation);
- branch collusion, price collusion,
- artificial competition (counterbid without call)
- dumping (shallow or deep, offensive or defensive) (Porębski, 1997, p. 52).

The competition occurs in virtually every area of our lives: from rivalry of individual people, enterprises to state economies or the economies of the whole blocs of states (Adamczyk, 2009, p. 97). Enterprises, similarly to humans, enter into the relationships with others in their surroundings, which necessitates making decisions of ethical character. The problems of ethical competition concern all the entities of the free market since the threatening alternative is monopoly. The business ethics is not a panacea for all the undesirable activities, particularly for elimination of competitors, but it certainly limits these behaviours, taking care for good relationships of the partners doing business at the same time.

4. SEEKING PRINCIPLES OF ECONOMIC COMPETITION

Competition in economy means rivalry between business entities aimed at achievement of biggest possible benefits when selling goods or providing services (*PWN Encyclopaedia,* 1997). Survival on the market is a minimum that the enterprise needs. However, life causes that even bigger market saturation and growing number of competitors causes that the enterprise formulate new strategies that would help obtaining competitive advantage.

Although this strategy is connected with bigger effort and risk, it is more creative and motivates the employees.

From the standpoint of the enterprise's mission, the most important strategic principle is not fighting competitors but attracting customers through providing them with products and services with ever greater values (Walkowiak, 1998, pp. 90-92).

New ethical problems arise in this new situation for organizations, concerning: legal regulations for operation of enterprises, relationships between business entities, customers and consumers and moral aspects of internal problems in the enterprise. The concept of competitiveness has become a driving force for innovation, increase in productivity and a stimulator for human aspirations. 'Supporters of competitiveness demonstrate that it is only competitive market economy which is an efficient manner of the development of the economy' (Pogonowska, 2000, p. 118).

A number of moral dilemmas arise in business competition. This mainly concerns the borderline between acceptable or legitimate methods of competing in and access to the market and the activities, which are doubtful in moral term as business competition, consists in a rivalry of market participants for achievement of high profits and avoiding loss. Another question remains unanswered: Which business activities can be regarded as fair competition and which of them are unfair (not only for both parties but also for the whole community).

It is generally accepted that fair competition is the one where the rivalry between the entities occurs according to certain principles, while unfair practices mean those which violate the adopted standards. The idea of fair competition is often reduced to the rivalry which does not interfere with competitors. This is termed as positive competition.

L.S.Paine formulated the following principles of positive competition: (Pogonowska, 2000, pp. 119-120); See also: (Gasparski, Dietl, 2001, pp. 112-113).

1. *the principle of independent initiative*: all the business entities exist independently and act on their own, i.e. they cannot produce and sell using the trademarks of other business entities or impersonating them;
2. *the principle of constructive activities*: promotion of creative and innovative activities; the obligation of choosing the action which is the best option;
3. *the principle of formal equality*: given that real chances for the existence of business entities are always different, taking care that formal chances are always equal;
4. *the principle of respect for external entities*: when competing, one should reject activities based on forgery or bribery and good reputation should not be built through deceitful advertising,
5. *the principle of respect for the rules*: respect for law and traditions.

The attempts are made in Poland to regulate these problems with the Act on Combating Unfair Competition (Journal of Laws 1993 No. 47, pos. 211 with further amendments). According to this act, the unfair competition means all the activities which are contrary to the law or customs and morals and if they threaten or interfere with the interests of other entrepreneurs or customers (Pogonowska, 2000, pp. 121). The entrepreneur in the act is defined as any person (natural/legal persons or organizational entities without legal personality) which performs, at least marginally, professional or profit-generating activities and participates in business activities (Journal of Laws 1993 No. 47, pos. 211 with further amendments).

The act lists the activities which are found to be unethical, i.e. it contains the principles which are regarded to be negative competition practices. The activities of unfair competition include: (Journal of Laws 1993 No. 47, pos. 211 with further amendments)

- *misleading customers in terms of the identity of the enterprise and its symbols* i.e. their name, abbreviation or trademark which makes it similar to other enterprises;

- *misleading marking of goods and services* i.e. origins (also geographical ones), quantity, quality, components, ingredients, application and the risk inherent in using them,
- *imitation of products* i.e. copying of the external form of products. However, it is acceptable to imitate the functionalities of the product, but only if it is necessary to provide products with functionality and usability so as the customers are not misled in terms of product identity or the identity of the manufacturer;
- *inducement into non-performance of the contract or employee's duties* i.e. persuading an employee in the enterprise into not performing or insufficient performing the employee's duties or persuading a customer into dissolving or breeching contract with an enterprise in order to achieve benefits or to do harm to an entrepreneur;
- *disclosure or using foreign information which is the enterprise's secret* i.e. unacceptable disclosure, to public information, of information that an entrepreneur regarded as confidential and took necessary measures to protect it (e.g. technical, technological, organizational and other information that is included in know-how). The acts of unfair competition in these terms include: passing, disclosure, use or purchase of foreign information that constitutes company's secret from unauthorized persons;
- *distribution of false information* i.e. making untrue information available to public or purposeful misleading others concerning your own or other enterprises in order to derive benefits or to do harm to others;
- *preventing from access to the market* i.e. sales of goods/services below the costs of manufacturing or purchase (dumping), unjustified differentiation in treating customers or taking fees in exchange for goods other than commercial margin. This part of the act prohibits sales without commercial margin in shops with surface area over 400 m² except for the three cases: post-season sales, sales organized because of approaching the 'best before' date or minimal product durability and because of liquidation of the shop;
- *offering bribes to people who perform public authority functions*: this act of unfair competition is also regarded a crime according to the provisions of the Penal Code;
- *stealing the television signal* – production, import, distribution, sales and other use of unacceptable devices i.e. those used for illegal access to protected services;
- *unfair promotion* i.e. selling goods and services to consumers which involves granting to all or a part of purchasers the unpaid bonuses in the form of products or services other than those which are included as a subject of sale. The act of unfair competition is also promotional sales where a product or services have: insignificant value (or a sample of goods) or a prize won in a promotional lottery of contest whose result is not random;
- *pyramid schemes* i.e. selling goods when the customer is suggested to purchase goods and services through promising the purchasers obtaining material benefits if they make other people perform similar transactions. The pyramid scheme is not regarded as unfair competition if:
  - the promised benefits come from the sold goods/services at a price which does not significantly exceed their market value;
  - a person, who wants to give up the participation in the system is able to re-sale to the organizer, for at least 90% of the purchasing price, all the products purchased from them within past 6 months;
- *sales in discount shops using your own trademark* i.e. the products with a trademark of the owner of the chain or subsidiary entities if the products' value is over 20% of the turnover.

The entrepreneur who gets involved in unfair competition incurs civil and criminal responsibility (Journal of Laws z 2003. No. 153, pos. 1503 with further amendments); See also: (Journal of Laws z 2007 No. 50, pos. 331 with further amendments) and (Nowińska, duVall, 2008).

In the case of civil responsibility, the claims can be advanced by the entrepreneurs whose interests were infringed or only threatened. The entrepreneur might demand that the other entrepreneur who performs the acts of unfair competition should:

- stop the prohibited activities,
- remove the results of these activities,
- write an adequate statement,
- redress the harm done,
- give back the groundlessly obtained benefits,
- pay an appropriate amount of money for a social purpose if the act of unfair competition was culpable.

These claims (with certain exclusions) can be also lodged by an organization whose statutory mission is to protect the interest of entrepreneurs.

In the case of criminal responsibility incurred due to unfair competition, the basis for any claims in these terms is the above *Act on Combating Unfair Competition.* Committing any of the crimes/offences included in this act is liable to pecuniary penalty, restriction of liberty and even imprisonment up to 8 years. The legal proceedings in these cases are started at the request of the injured party.

5. CONCLUSIONS

Despite seemingly adequate legal regulations, the phenomenon of unfair competition remains unsolved and is experienced in a number of enterprises, institutions, self-governments and ministries. Recent examples can be telecommunications operators, even those of the highest level, food industry enterprises (affairs with industrial salt, dried eggs or frozen fish recently disclosed in Poland).

It seems, however, that nowadays, when ethical behaviours are being promoted and the ethical codes created in business entities and institutions (termed 'ethical dam'), the level of ethics should be improving. The enterprises should get a positive competitive advantage through seeking new markets, continuous innovativeness and creation of the products matching current demand in the market: all of this made with continuous care for the company's good and its reputation. The managers in the enterprises should be familiarized with current behaviours of consumers and the customers' needs. They should also be aware that positive competition consists in attracting the customers rather than destroying the competitive enterprises. Manufacturing goods and providing services with increasingly high values will bear the fruit of company's development and building its positive image. The employees who act improperly and cause damage to good reputation of the company should be condemned by society. They must realize that finding the job with a negative reputation is always difficult.

For these reasons, the companies which need to survive and thrive in the market should act with respect for legal regulations, business ethics and good customs and morals. They should not be exposed to the plea of acting unethically and be aware that only fair competition will make them look credible among customers and will generate measurable benefits in the form of decent profits rather than reaping benefits at any price.

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CHAPTER 6

HRM in Local Governance

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6.1 THE MOTIVES FOR RECREATIONAL AND TOURIST ACTIVITY

Summary: The author's own studies, and the research of other authors show that the opportunity to experience something new, stay away from home and contemplate the scenery are the three most important reasons for choosing a holiday destination for both domestic and foreign tourists. Tourists, who rested on farms are usually between 31-50 years of age (over 55%), have higher education or secondary education (90%), and they are in a very good financial situation (almost 50%). In order to compete effectively on the market of tourist services, service providers should systematically improve their offer and thus raise the standard of accommodation, care about food quality and extend the package of additional services.

Keywords: motivation, tourism, recreation

1. INTRODUCTION

Work, leisure and tourist activities are currently among the most dynamically developing areas of social practice which undoubtedly demand an in depth psychological reflection. The usefulness of psychological knowledge in relation to tourism and recreation activities relates to both subjective aspects - selected processes and psychological characteristics of an individual as well as situational and environmental condition forming a natural social space, which determines the choice and implementation of various forms of active recreation and tourism.

There is a great variety of forms of human behavior in the area of recreation and tourism. It is caused by the fact that recreation and tourism outside the home meet many basic human needs e.g. biological, social and cultural. Every act of human behavior is determined by many factors both endogenous and exogenous, which to greater or lesser extent influence what we do. A characteristic feature of human activities performed daily is that they are multi-motivational. This means that a person taking an action is guided by more than one motive, to achieve their goal. The decision to go on holiday is also determined by a number of motives. For example, the reason for leaving may be the will to see another country, experience another culture, relax outside the home, refresh body and mind, and make friends

The article presents the essence of motivation, classifications of motifs and the reasons for recreational and tourist activities of the residents of Warsaw in relation to the results of studies conducted in other countries.

2. THE CONCEPT OF MOTIVATION AND CLASSIFICATION OF MOTIVES

Human activities generally run in an organized manner, controlled by the corresponding result (goal) they aim at. This brings up the question why a person chooses those and not other goals, why they are keen on achieving such and no other result. The mechanism responsible for the selection of activities is motivation. „Motivation (Strelau et al., 1978. 9. 170.) is a set of motives currently occurring in an individual (...), it is sometimes used interchangeably with the term motive." So what does the term motive mean? This concept comes from the Latin word movere, which means as much as move or push. It is commonly used in psychological and sociological literature. There are different definitions and classification of the term, so the scope of its meaning is enormous. The most general approach

is presented by Maslow (1986, p. 27), when he states that: "motivation for me is a feeling of desire, need, longing, or lack". By contrast Zimbardo and Ruch (1994, p. 671) define the concept of motive as "a state, usually of social or psychological character, which is meant to direct an individual's behavior towards a certain goal. According to Kopycińska (1992, p. 6) a motive is "the reasons for which a person behaves in a certain way."

There are different classifications of motives. Lewicki (Lewicki and Sanowski, 1974, pp. 44-45) distinguishes primary motives, referred to as instinctive and emotional, and secondary motives of social and regional character, which are acquired and learnt. With regard to the purpose of the action, they are divided into direct and indirect motives. The author also distinguishes social motives, intellectual motives and practical motives - focused on one's career and remuneration for work.

Reykowski (1970, p.18) defines motivation as "a process of psychological regulation, which determines the direction of human activity and the amount of energy that a person is willing to sacrifice for it. This is an internal process determining the drive to achieve goals". Penc (1996, p.137) defines motivation in a similar manner, claiming that it is a psychological mechanism triggering and organizing human behavior focused on intended goal. It is the inner strength, which determines the size and structure of the overall mental activity of an individual, the will to undertake difficult tasks and take a risk. Pocztowski (2003, p. 233, and in Potocki, 2005, p. 250), on the other hand, defines two basic meanings of the term motivation to work:

- attributive - the inner strength and the state regulating human behavior in the workplace i.e. directing and maintaining people's activities targeting their career goals (internal motivation),
- functional - the configuration of external factors influencing people's behavior and determining their strength and perseverance (external motivation).

Okoń (1998, p.245) makes a similar distinction between internal motivation stimulating acts of a value in itself (e.g., a passion for something) and external motivation, creating an incentive for action, which is in some way rewarded or helps to avoid punishment (e.g. grades at school).

Motivation can also be divided into conscious and unconscious. Kozielecki (1978, p.103) believes that internal motivational forces are unconscious. Generally a person does not realize why they act the way they act.

Motivation is related to the choice of different types of activity however the possibility to choose is no the same for all people. Ultimately, it is a choice between any activity or inactivity. Motivation is a concept explored by many sciences such as psychology, organization and management and to some extent economic sciences. The multiplicity of definitions makes it impossible to determine finally what really motivation is. The effects of motivation are more discernible in the form of changes in the external state of affairs, internal change of an individual or a change in a person's situation. If one is to be self-motivated one must recognize the goal as useful and valuable and be confident that it can be achieved under the circumstances. (Sekuła, 2008, p. 10)

3. MOTIVATION IN TOURIST ACTIVITY

Motivation is a dynamic process undergoing transformations and modifications. When we undertake a tourist activity, we are often motivated by other motives than those which in the future will lead us to continue this activity. For example, for young travelers the typical motives will be of cognitive and social character while older people will rather seek sources of rest and relaxation.

In order for an individual to initiate voluntarily an action the following conditions must be met:

- There must be a factor initiating an action (e.g. an advert of a travel office),
- This action should have a value for the individual or help cherish a value, (e.g., recreational skiing is healthy),
- There must be external conditions, which - according to the individual - enable the implementation of the action (such as an attractive price of a tourist offer, the possibility of payment in installments) (Kruczek, 1988, pp. 135-136)

Motivation can be defined as "a process of regulation, which acts as the control of activities - so that they lead to a defined result, which can either be an external change in the state of things or a change in oneself or change in one's position". (Reykowski, 1975, p. 579) Motivation determines the direction of human action and the amount of energy a person is willing to sacrifice in order to achieve the goal.

Przecławski (1973, p. 43 and 2001, pp. 40 – 44) distinguished the following categories of motives behind tourist travels:

- being present in a given country, region or locality,
- leaving the place of residence for a while,
- spending time with someone outside the place of residence,
- the will to make new friends,
- meeting emotional and aesthetic needs,
- meeting creative needs,
- meeting biological needs,
- practicing tourism in the broad sense, i.e. tourism, for business, family reasons, cult and sport purposes, participation in conferences and others.

The structure of tourist motivations by Gaworecki (1998, pp. 115 – 116.) includes three groups of motives: social motives, family or tribal motives and personal and egoistic motives. The author draws attention to the "ritual of imitation," which makes us take certain actions because of the existing social standards. In the analysis of the nature of tourist motivation, it should be noted that in modern society going on holiday or for a weekend became a habit, fashion or a social standard.

The economists often refer to the conception of Middleton (2008, p. 50.), who distinguished six main motives of participation in tourist activities:

- cultural, psychological, educational motives, (e.g. participation in cultural events, pursuing of one's interests),- physiological motives related to physical culture (e.g., the will to rest, relax, tourist activity as a source of fitness and health),- social and ethnic motives, (e.g. traveling with friends, a will to see places related to family tradition),
- motives related to fun and entertainment, (e.g. visiting fun parks or mass events),
- religious motives (e.g., visiting places of worship),
- work-related motives (e.g. conference tourism or travelling on business).

For an individual, tourist activity can constitute an autotelic or instrumental value. In the first case the key motive is the motive of exploration originating in human curiosity and the desire to subordinate the natural environment. Implementation of these plans provides an individual with the feeling of competence, self-improvement, development, and thus is a source of strong, positive emotional experience. When a tourist activity constitutes an instrumental value, then we have to consider two schemes: internal and external. In the first case a tourist activity, addresses non-explorational needs of an individual. It provides, for example, inner silence, deeper rest and relaxation, helps to maintain good health and keep fit. While external, or environmental determinants of tourist activities are related to social

influence (e.g., we are going on a trip, because we want the company of certain people and we are not especially interested in natural and cultural heritage of the region.

4. MOTIVES OF TOURIST AND RECREATIONAL ACTIVITY IN THE OPINION OF THE RESPONDENTS

The aim of the study was to identify the motives of the residents of Warsaw to undertake tourist and recreational activity. The empirical evidence has been collected mainly by the method of a diagnostic survey, which consisted of three research techniques: interview based on a questionnaire, participant observation and literature. The study was carried out under the direction of the author in 2010 among 127 inhabitants of Warsaw. They concerned the motives for tourist and recreational travels and the motives for choosing a farm stay as a holiday destination. The findings of the empirical studies have been processed with the use of the classification of motives by Przecławski and the findings were related to the results of research studies of other authors.

The aim of the study was to answer the question: Who are the tourists who use various forms of recreation, including visiting farm stays. The data on this subject are presented in Table 1.

Table 1: Socio-demographic characteristics of surveyed tourists (in%)

Characteristics	Tourists	
	N=127	Percentage
Sex:		
- men	59	46,5
- women	68	53,5
Age (in years):		
- up to 30	22	17,3
- 31 – 40	33	26,0
- 41 – 50	37	29,1
- 51 – 60	24	18,9
- 61 and over	11	8,7
Education:		
- Higher level	71	55,9
- Secondary level	46	36,2
- Vocational level	8	6,3
- Primary level	2	1,6
Disposable income per one person in the household (in PLN):		
- Up to 1000		
- 1001 – 2000	21	16,6
- 2001 – 3000	45	35,4
- 3000 and over	48	37,8
	13	10,2

Source: own research.

The studied population consisted of 46.5% of men and 53.5% of women. The respondents were diverse in age. The dominant group were people aged 31 to 50 (55.1%), while the smallest group consisted of respondents over 60 years of age (8.7% of total population). 55.9% of respondents completed higher level of education, 36.2% secondary level of education, 6.3% - vocational education and only 1.6% - primary education. Stay on a farm was attractive for tourists from different income groups. The vast majority were respondents with incomes exceeding 1000 PLN per one person in the family.

The study tested the following motives for tourist and recreational trips: the opportunity to experience something new, staying away from home, contemplating scenery, participating in sports, meeting new people, social contact, and improvement of health and travel fashion. Our findings were related to the average values in the world and presented in Figure 1.

Figure 1: Motives for tourist and recreational trips in Poland (black) and the world (grey) [in %]
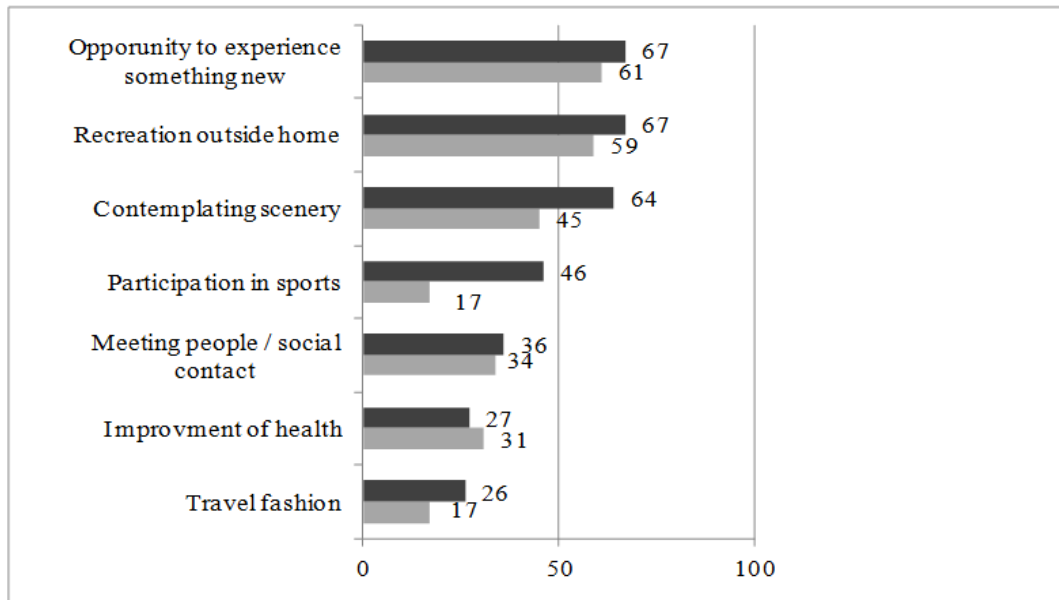
Source: Average values (own research) (research quoted in: A. Krzymowska – Kostrowicka and Zarys, 1995)

Most of the motives for tourist and recreational trips both in the world and in Poland are convergent. The differences relate to participation in sports, contemplating new, beautiful scenery and travel fashion, which are more frequently pointed to by foreign tourists.

Figure 2: Reasons for choosing holiday on farms stays in Germany (grey) and Poland (black) [in %]
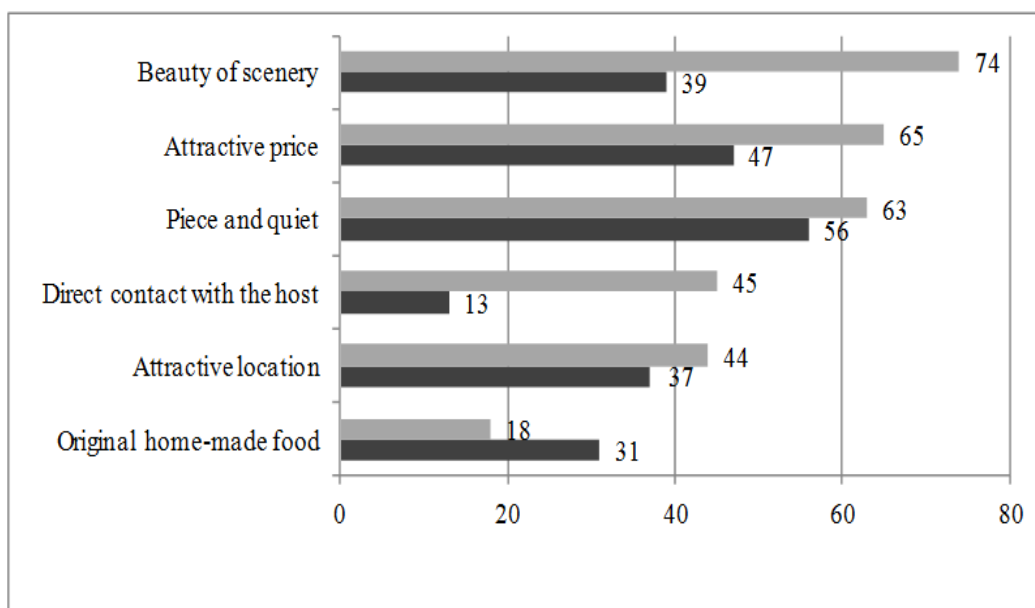
Source: (own research) Germany (research quoted in: Deutsches Seminar für Fremdenverkehr Berlin, Berlin, 1995, p 57th), Poland.

Reasons for choosing your holiday on a farm have been culturally conditioned. The Germans[11] preferred beautiful scenery while the Poles favored peace and quiet. The second position was taken by a good price of the service pointed to by both the Germans and the Poles. The Poles are more interested in the traditional food and specialties while the Germans highly value direct contact with the host farmer

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[11] There are national preferences concerning the scenery. The Germans prefer spruce and pine woods, the Swedes – pine forests and the French – deciduous trees especially oaks

Konrad Głębocki

6.2 TOTAL QUALITY MANAGEMENT AND HUMAN RESOURCES MANAGEMENT IN CITY OFFICES – PROCEDURE OF RESEARCH

Summary: Purpose of this paper was to construct procedure for research on the introduction of total quality management in the aspect of human resources management in city offices. The principle method used in this paper was examination of documents. Specific tools (interviews and questionnaire) for the future research to be carried out in Częstochowa city office had been developed in the paper. The tools, if used adequately, could be helpful in research carried out in the offices of other cities. For giving the necessary background for this research, in the first sections of the paper there is an analysis on the following themes: the comparison of management of private enterprises and public offices, human resources management, first experiences of quality management systems implementation in Polish public offices, role of HRM in quality management systems in the examples of Polish public offices, total quality management in general and its use in public offices, theoretical background for HRM and Total Quality Management in public offices.

Keywords: HRM, TQM, Public Offices

1. MANAGEMENT OF PRIVATE ENTERPRISES AND PUBLIC OFFICES

In contemporary management, private sector and public sector are using mutually their experiences, there are a lot of similarities between the two sectors. However, there are also substantial differences in activities of these sectors. It concerns their goals, legal aspects, time perspectives and income sources.

Table 1: Differences in Activities of Public and Private Sector

Differences in activities	*Public sector*	*Private sector*
Goal	Best possible execution of public tasks	Highest profit
Legal aspects	Every activity must have its legal basis	No activity is to be in disaccordance with legal order
Time perspective	Precise term finished with new elections	Generally not diminished
Income sources	First of all taxes	Revenues coming from sales of products

Source: Głębocki, 2010, p. 11.

The first difference between the activity of private and public sector is the different main goals. Private enterprise is set to gain as high profit as possible. Even if for some period of time there is no profit private enterprise is using all resources to change that situation. In case of public sector, the main goal is best possible execution of public tasks. Even if for some public services of e.g. city office payments are being collected, the level of these payments is not set strictly basing on economic terms. In relation to legal aspects of activity, there is a very substantial difference. The obligatory rule in the public administration of any type is that if there is no legal basis for the action– no action could be undertaken. In case of private subjects, the action does not need to have the legal basis but of course; no behaviour could violate the law. Time perspectives differ and this difference has its effects. Public authorities have terms based on the law. In Polish legal environment both national government and

territorial government act within the four years terms. New mayor to be elected once again must govern in such a way that palpable results could be observed before the end of term. Whereas in case of private enterprises time perspective could be unlimited what could in turn result in better investment policy worked out within long-term strategy. Of course, in case of subjects like limited liability company the board could also act within the terms but even then the possibilities of explaining and execution of long-term strategy are much greater than in case of public units. The last main difference is about income sources. In case of public entities higher of smaller income is ensured thanks to steady income sources – taxes. In case of private enterprises, the situation is much worse if in long-term there is no profit it would mean the fall of the enterprise.

The research carried out by European Institute of Public Administration brought results which confirm that the differences between the activities of public and private sector are smaller and smaller but they still exist and the sources are always the same. Clerks in public offices act in the environment based on strict regulations and must take into account also the influence of politics and different lobbies. This results in differences in ways of setting goals, increased role of control and in relation to this diminishing the autonomy of employees. The above has an effect on: smaller innovation attitude, diminished determination in goals realization, the greater dislikes towards risk. The characteristics as e.g., care for image of employer, client satisfaction orientation, and change attitude could be observed both in private and public sector but sometimes with different level of intensity (Rostkowski, 2012, p. 212). There are the above differences however taking that into account the experiences of private sector could be used in public offices and vice-versa. It concerns also quality management – one can use the experiences of private sector however taking into account also the specificity of public sector and the above listed differences between the two sectors.

2. HUMAN RESOURCES MANAGEMENT

It is not the goal of the paper to define precisely the notion of Human Resources Management (further in the article as HRM). However, it could be pointed out that there are a number of problems related to this such as e.g. the relation between HRM and Personnel Policy. These two notions were used as synonyms for some time. In the 80-ties of the past century the two meanings split up. HRM became wider notion related also to the strategy of the organization and comprising the following:
- Obtaining the employees;
- Assessing work effects;
- Training of employees;
- Wage policy (Polish Open University, 2006, p. 3).

The similar scope of the HRM definition one could find also in documents which are worked out by consulting firms in private sector: "Human Resource Management is the organizational function that deals with recruiting, managing, developing and motivating people, including providing functional and specialized support and systems for employee engagement and managing system to foster regulatory compliance with employment and human rights standards" (Strandberg, 2009, p.2).

The definitions of HRM could differ among themselves in details but in general they are similar. One should nevertheless remember that there are some substantial differences between HRM in private and public sector such as e.g. higher wages in private sector and more stable employment in public sector.

3. BEGINNINGS OF QUALITY MANAGEMENT SYSTEMS IMPLEMENTATION IN PUBLIC ADMINISTRATION IN POLAND

First initiatives concerning quality management systems in public offices in Poland were undertaken by Cracow section of the PF ISO 9000 Club as early as in 1995. In the effect of these initiatives, Cracow Net of Quality Promotion Program under the patronage of the Polish Ministry for Industry and Trade had been established. In 1996, the net comprised nine regions of the Southern Poland. The net set its goals as:
- Implementation of ISO norms and TQM in the state enterprises;
- Introduction of TQM in the offices of state regional administration;
- Application of computer system for documents management and information circulation with regard to requirements of ISO 9000 norms.

Main participants of the above net apart from the state regional authorities were: higher schools, enterprises, Cracow section of ISO Club and department of Industrial Policy of the Ministry for Economy (Wawak, 1997, p.114).

ISO 9000 norms could be treated as the first stage of TQM strategy implementation. History of their origin goes back to 1987 when the International Organization for Standardization with the seat in Geneva produced its first version. In 1994 and 2000, new versions had been issued which took into account up-to-date experiences and new tendencies in organization management. The current version propagates the process attitude in organizations. The ISO norms could be used in different organizations: business, public and non-governmental ones. The confirmation of the use of ISO 9000 norms set is a certificate ISO 9001:2000 issued by the authorized certificate unit (Papaj, 2008, p. 116).

First certificate ISO 9001 given to public administration unit was the one consigned to the 15 thousand inhabitants Canadian city Saint-Augustine de Desmonres, which belongs to the municipal community of Quebec. It was in 1995. From that time on the interest in the implementation of quality management systems according to ISO norms and philosophy of management through quality (Total Quality Management - TQM) is increasing. In Poland, the state of knowledge and level of engagement in the implementation of quality management systems is not sufficient. In many public offices on different levels of administration, hierarchical structures, inefficient communication system, dispersed activity procedures, weak contacts with socio-economic environment are dominated. In 1999, the office of Polish Prime Minister launched the program "Quality Management in Public Administration". It was common undertaking of Umbrella Project and Prime Minister's Office with financial support of Development Program of United Nations. Thanks to intensive propagation in 2004 70 self-government public offices were rewarded with ISO certificate. Among the first were the offices of the following cities: Szczecin, Dębno, Polkowice, Wrocław (regional authorities office), Zgorzelec, Kamienna Góra, Wałbrzych, Dzierżoniów and Wieluń (Bugdol, 2004, p.113).

Standards comprised by the ISO norms are good basis for pro quality policy in public offices. Among these standards, the primary significance have those configured in form of procedures. The public office must prove the following procedures (among others):
- Supervision over documents;
- Internal audit;
- Corrective actions.

The basic criteria for ISO norms, which are important base for further development of quality management systems, are:
- The frame of quality management system;
- Responsibility of managers;
- Resources management;

- Realization of product;
- Measurements, analysis and improvement. (Papaj, 2008, p. 117.)

In improvement of a quality management system in public offices the proper set of measurements is very important. For example, the following measurements could be used:
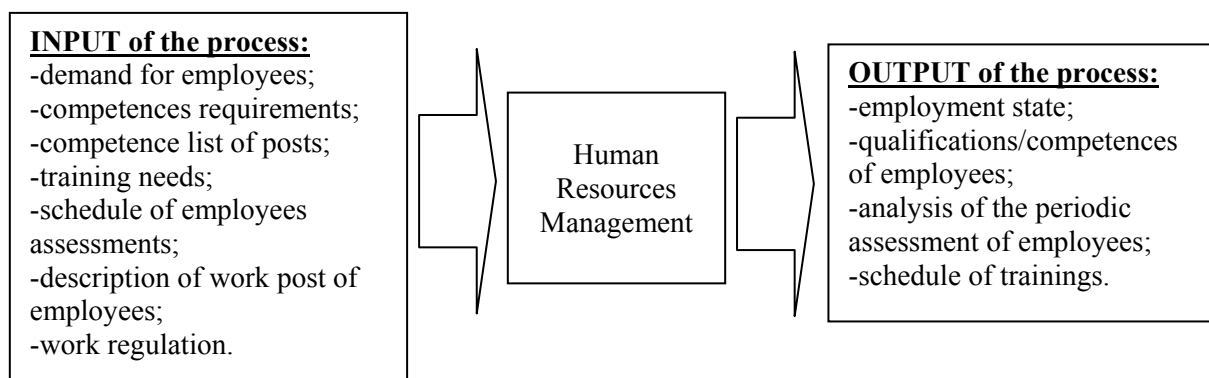
- Number of new implemented procedures (management field: principles of creation and introduction of procedures);
- Number of carried out supervisions in a given year (management field: supervision of quality management system by top managers);
- Number of internal audits (management field: internal audit);
- Number of corrective actions being carried out (management field: corrective actions)
- Number of decisions issued in accordance with administrative code and number of annulated decisions (management field: issuing decisions);
- Number of interpellation of city council members concerning delays in materials supply (management field: organization of city council sessions);
- Number of incorrectly addressed correspondence (management field: documents circulations);
- Number of shifts between sectors in budget (management field: working out budget project);
- Number of invoices paid after the term (management field: realization of financial obligations);
- Financial resources gained and spent with regard to acquisitions and sales of real estate in relation to budget predictions (management field: acquisitions and sales of real estate);
- Number of annulated decisions of permission for construction (management field: issuing decisions of permission for construction);
- Number of annulated decisions on conditions for construction and use of terrain (management field: issuing decisions on conditions for construction and use of terrain);
- Number of labor court judgements on incorrect dissolution of labor legal relationship (management field: human resources management);
- Number of investments which are started in relation to all planned investments for a given year (management field: preparation of investment for realization);
- Percentage number of investments in which the contract execution terms were crossed in relation to all realized investments (management field: supervision conduction on realization of investments);
- Number of annulated decisions in relation to all refusal decision of access to public information (Management field: supply of public information in accordance with the law on the access to public information);
- Number of court judgements positive for public unit in relation to the assumptions (management field: city representation before judicial organs)(Papaj, 2008, pp. 118-119).

Of course, the above catalogue constitutes only exemplification of measurements in quality management system. One could add additional measurements such as the number of waiting days for decision on permission for construction (management field: issuing decisions of permission for construction), number of waiting days for decisions on conditions for construction and use of terrain (management field: issuing decisions on conditions for construction and use of terrain), improvement in percentage of cover of the city surface with local spatial plan (management field: spatial management). Another example could be the number of satisfied clients of city office in the survey (management field: services supply by the public office).

4. HRM IN QUALITY MANAGEMENT SYSTEMS IN POLISH ADMINISTRATION

HRM is one of the management fields regulated in quality management systems. The Polish examples concern both the state and self-government administration. In the Second Tax Office in Gliwice (which is part of state administration), the book on quality management systems was worked out. Within the part, "Processes of Quality Management System" HRM constitutes part 6.3. Therefore, it is placed as one of the first three processes what responds to the important role of HRM in management of public offices in general. First two parts are about supervising/improvement of quality management system and planning of functioning of the office. The goal of the process was formulated as follows: assurance of the proper knowledge level of employees who work in fields, which do influence the quality level of services of Tax Office. The scope of the process in turn was described as: harmonizing procedures concerning the recruitment of employees, assurance of personnel training to improve its competences and consciousness on functioning quality management system.

Figure 1. HRM – input and output of the process within the scheme of quality management system of Tax Office in Gliwice

INPUT of the process:
-demand for employees;
-competences requirements;
-competence list of posts;
-training needs;
-schedule of employees assessments;
-description of work post of employees;
-work regulation.

Human Resources Management

OUTPUT of the process:
-employment state;
-qualifications/competences of employees;
-analysis of the periodic assessment of employees;
-schedule of trainings.

Source: Michalak-Bartłomiejczyk, 2006, p. 18.

In the above schedule, its author classified as input of the HRM process elements like the demand for employees, demanded competences, description of work posts and competences related to these posts, training needs, the employees assessment schedule and work regulation. It must be stressed that to some extent these input elements are determined in Poland by national law. HRM leads to the output in shape of a given employment state, certain qualifications and competences of employees, reports that are the effect of analysis of periodic assessment of employees and worked out schedule of trainings. Further, it leads to the output in shape of trained employees.

In the mentioned book of Gliwice Tax Office measurements were also described:
- Measurement of employees qualifications improvement (number of realized trainings/number of planned trainings);
- Measurement of employees assessment (number of positive notes/overall number of notes);
- Measurement of education improvement (number of employees with higher education/number of all employees);
- Measurement of external trainings effectiveness (number of positive notes/overall number of notes) (Michalak-Bartłomiejczyk, 2006, p. 18).

Another example of HRM integrated in quality management systems is of municipality of the city of Płock in central Poland – the example of self-government administration. Themes concerning the competences and trainings of the employees are regulated in a separate document "Improving professional qualifications of employees of Płock City Office"

(Uchwał, 2011, p.16). In the book of integrated management system of Płock City Office the goal of the HRM process has been described as ensuring human resources for the appropriate tasks execution, improvement of the level of knowledge and competences of employees, adaptation of newly hired employees to the work at the city office. Relation of the HRM process with the completely integrated management system was described in turn as improvement of qualifications of the office employees (Uchwał, 2011, p. 18.).

In another part of the book of Płock city office there is such a statement: human resources are the most important part of capital of the organization and they decide about its development. Realization of the function of social capital management relies on planned and purposeful choice and coordination of specific elements of personnel system and their fitting into the organization strategy. HRM process was made a separate process due to better identification of needs and better use of existing potential through improvement of knowledge level and skills of employees, realization of programs for personnel, preparation of new employees for the best use of their potential for the benefit of the organization (Uchwał, 2011, p.21).

In case of both analysed examples, Gliwice Tax Office and Płock City Office HRM had an important role in quality management system. In both researched cases improvement of competences of the employees was at the front of the process of HRM. Only in case of Płock City Office there is connection between HRM and organization strategy strictly expressed. In case of Gliwice set of measurements for HRM within quality management system had been worked out. For the purpose of this article additional document "Improving professional qualifications of employees of Płock City Office" was not analysed – it is possible that the similar set of measurements of HRM within quality management system is placed for Płock City Office in this document.

5. TOTAL QUALITY MANAGEMENT AND ITS USE IN PUBLIC OFFICES

According to Hamrol and Matura quality management means in fact execution of management function in relation to the quality of managed system and its elements. Apart from traditional management functions such as planning, organizing, directing and controlling new management function – quality improving is being named (Papaj, 2008, p. 58).

Total Quality Management was developed primarily for business environment. There are various TQM techniques; one of them is Deming's rules. Based on his works one could worked out procedure of a number of steps. First step is to clarify the concept – define precisely vision, mission, and goals. Having clear vision and energetic motivation one must make a concept a matter of daily practice. Next step is constant examination in ever-greater depth the process of production or service that is to be delivered. Statistical methods should be used to control, use plan-do-check-act cycle constantly. The next step is about monitoring the outputs and to make everyone responsible. Especially important in the context of HRM are following rules: rigorous pre-employment screening, rigorous pre-work training, retrain on the job, management constantly learning from entire team as well as from clients and competitors. The next rule is that all levels of the organization must be involved and full commitment at the top is needed. Last part of rules concerns: promotion of steady small gains rather than disruptive crash programs, involving clients, getting their feedback and ideas, spreading profits to workers as a team – with the elimination of merit pay for short-term performance (A. Mead MD, www.ammdoc.com)

Total Quality Management and government meet at least at three levels. One level is about the need that government promotes TQM as a movement, as a philosophy and of course as a tool in improvement of quality governance and management. The second level is about measures toward Quality Assurance. TQM could be viewed by government as a mean to

achieve national goals in global environment. Moreover, TQM is a useful device in promotion quality of performance and living conditions of its citizens (Farazmand, 2005, 211-212). There is also very important third level – the use of TQM in the public office itself. The office of territorial public administration, which, in a constant manner, introduces TQM, thinks and acts strategically. Such office acts on the assumption of constant improvement of the process of quality management. Quality becomes strategic category. Introduction of TQM strategy begins from systematic improvement of specific processes, resources, organizational units of the public office (Papaj, 2008, p.44.).

The range of use of TQM in public administration offices in the world differs. Interesting are experiences of European Union countries. Research carried out by the team (team for innovative public services) managed by Zurg in September 2005 specified activities in implementation of TQM in public administration of European countries. Within this research the following criteria were identified and assessed: the attitude of public administration towards quality management, policies in quality management, organizational structures which promote quality, models of quality improvement, international quality standards, quality rewards, benchmarking, services quality cards for citizens, quality measurement in public administration, clients satisfaction assessment, training in quality management, publications on quality management within public administration, quality tools in public offices and other important information. Every of 21 examined European countries assessed state of advancement of public administration offices in the above criteria. In Poland most advanced activities on TQM strategies implementation are carried out in public offices which were rewarded within the Regional Quality Prize and Polish Quality Prize. In 2006, these rewarded public offices were, the Regional Office of Małopolskie Region in Cracow, Regional Office of Mazowieckie Region in Warsaw, City Office of Kraśnik. In 2005, Regional Office of Małopolskie Region in Cracow and City Office of Bydgoszcz were rewarded. In 2004, prize was given to City Office of Bielsko-Biała and Regional Office of Świętokrzyskie (Papaj, 2008, p. 65-66).

Training of personnel is one of the main pillars of Total Quality Management. In case of Wojewoda Office of Dolnośląskie Region in Poland TQM is being introduced through:
- Full responsibility of the Office managers for realization of the approved quality policy;
- Proper delegation of competences;
- Systematic training of all clerks;
- Constant application of approved activities procedures and monitoring of their effectiveness;
- Proper conditions of work and clients service.

It should be stressed that introduction of Total Quality Management in the above-mentioned office was accompanied by training of all levels of employees. Training of top level managers was concentrated among others on: development of responsibility for the effective activity of the office, implementation of the feeling that constant personal and intellectual development is crucial, improvement of skill of delegation of competences and decision authorization, waking up innovative behaviour. Training of middle level managers comprised: reinforcement of leadership and reduction of execution attitude, learning the trainer role in front of subordinates, innovation and creativity training, shaping the self-dependence. Training of rest of employees was built around: binding the role of an employee with the strategic goals of the organization, development of team work skills, creativity training, culture of client contact, introduction of habit of best possible execution of tasks (Mączyński and Błoński, pp.176-177).

6. HRM AND TOTAL QUALITY MANAGEMENT IN PUBLIC OFFICES – THEORETICAL BACKGROUND

Among the fundamental principles of total quality management one can name also establishing modern human resources management of which main objective is to enhance the motivation for quality and participation. Looking more precisely introduction of the model of Total Quality Management in public administration and services involves greater degree of difficulty than in case of private enterprises. Among the principles, which support the introduction of Total Quality Management it should also be mentioned the following statement concerning some aspects of human resources management: "improving the ambient environment where the clerks are developing the activity through collaboration and training of personnel. Establishing jobs is done by taking into account the latest knowledge related to motivation and leadership quality" (Diaconu, 2009, pp.1581-1582).

Oakland formulated TQM definition, interesting in the context of human resources management. In this definition, Oakland understands through TQM the concept of excluding waste by inviting every employee to the quality improvement process – TQM leads to improvement of competence, effectiveness, and elasticity of the whole organization. The model proposed by Oakland concentrates on four pillars (so called 4P) – Planning, Process, Performance and People (Papaj, p. 60-61).

There should be interdependence and mutual support of Total Quality Management System and Human Resources Management. TQM should be reflected in improved HRM. It could be manifested by team attitude, interfunctional work, clients satisfaction, quality and leadership. Into HRM should be introduced characteristics typical for TQM such as quality circles, constant improvement of quality, diminished control, autonomous groups, authorization. Multidirectional training is another trait of TQM, which influence HRM. Team determination of goals, stress on constant quality improvement. Employees' selection process could be widened because of the influence of TQM by the placement of potential worker in a work place and then collective assessment by co-workers. In traditional organizations, there is vertical way of employees' promotion whereas using TQM means horizontal way of promotion. TQM is also related within HRM with employment stabilization. There is an opinion that for quality improvement employment stabilization is crucial. Stabilization policy means that the employers could gain their goals and reach their aspirations and at the same time the organization functions properly. Stabilization activity consists of:

- Orientation on young people before or after the end of their education, guarantee of employment when fulfilling requirements of the organization;
- Employers assessment determined by the type and character of tasks, systematic and universal assessment;
- Reward especially for team successes, individual reward only in case of very special success, wage differences between individuals;
- Systematic promotion system, variety of ways of career development;
- Training treated as long-term investment (Szczepańska, 2010, p. 117, 121).

The goals of TQM strategy partly concern human resources management. Beneath there is set of TQM principles in relation to HRM:

- Clients orientation: understanding of current and future needs and expectations of clients, partnership strategy building, systematic clients satisfaction research;
- Leadership: vision, mission and goals creation, motivating employees, understanding and reacting to changes in the external environment;
- Employees engagement: creation of competition principles in realization of strategic goals, gaining high level of employees involvement in the process of operational decisions making;

- Constant improving: setting up the assessment system with examination of the progress in goals realization, the assessment of the results according to previously established criteria and measurements, supplying to employees methods and tools of problems solving, redefining processes and innovation in processes;
- Decision-making based on facts: decision making and activities which maximize productivity and minimize losses, using results of statistical methods, using benchmarking with the aim of improving the results.

Implementation of TQM strategy in the offices of territorial public administration requires non-standard attitude because the experiences from implementation of such strategies in classical business organization could be used only partly. Taking into account specificity of public administration offices – proper attitude towards TQM policy could be expected from city mayor. Mayor as a leader of the organization should be innovative, engaged, and persistent. Only these mentioned characteristics could lead to implementation of TQM in the public office. Specificity of public office in the context of TQM and HRM result in the following:

- Skill of motivating and training of personnel employed in the office, which often is poorly qualified;
- Use of the internet as source of communication with clients/citizens, as well as the use of Public Information Bulletin, system of electronic circulation of documents and information;
- Organization of work in such a manner that administrative decisions are taken as fast as possible;
- Creation of the office for clients services, information points for enterprises. (Papaj, 2008, pp. 72-74).

7. METHODOLOGY OF RESEARCH ON TOTAL QUALITY MANAGEMENT SYSTEM IN THE ASPECT OF HRM IN PUBLIC OFFICES

The author proposes the following procedure of research on introduction the total quality management system in the aspect of human resources management in public offices:
1. Examination of a given city office documents such as book of quality management system, work regulation, wage regulation;
2. Construction of tools of direct contact with leaders and employees:
   2.1. Interview with top leaders such as mayor, vice-mayors and city office director;
   2.2. Interview with heads of city office departments;
   2.3. Questionnaire directed to all employees;
3. Carrying out the interviews and questionnaire enquiry;
4. Analysis, assessment, and conclusions based on the examination of documents, interviews and filled questionnaires.

Many cities in Poland worked out and introduced books of quality management systems with parts of them related to human resources management. These books mostly are related to the ISO standardization. As it was written above, ISO could be a step in the direction of the introduction of Total Quality Management. So one could find the elements of TQM in these books on quality management systems. All public offices because of legal obligations have work and wage regulations. In these regulations consciously or not mayor and his/her administration include some elements of TQM. Taking that into account the procedure of research should start from examination of these documents so that in interviews and questionnaire, the questions would concentrate on the information not found in documents or the questions will be asked to confirm or verify the information included in the documents.

In the next section, there will be an example of constructing the specific research tools for case of Polish city Częstochowa. First, basing on the analysis of three documents (book of quality management, work regulation, and wage regulation) the information relevant to TQM in the aspect of HRM will be presented. In the next step sets of questions for interviews and questionnaire will be formulated (these sets of questions are not universal but could be treated as a help tool in cases of other cities and adequately used after the analysis of documents of a given city).

In the next section, points 1 and 2 of the above proposal of research procedure will be carried out. Bringing the results of carrying out points 3 and 4 would exceed the length of one part of monograph. The author will present the effects of this part of the research in a separate paper in the future.

8. CONSTRUCTING RESEARCH TOOLS FOR CASE OF POLISH CITY CZĘSTOCHOWA

Quality system in the Częstochowa city office is currently based on ISO 9001:2009 norms. This system is specified in the Book of Quality of which last version is from the year 2004. The book's authors admit that full responsibility for the quality of services lies on the side of the city office. For the assessing and motivating the employees of the office, specific mechanisms were worked out. These mechanisms are based on the Deming's rule "Plan-Do-Check-Act".

In the context of HRM especially important is subsection 6.2. titled "Human Recourses (personnel management – selection, training and periodical assessment of personnel)". It has to be mentioned that basic qualifications requirements are regulated in the national law on self-government employees. Additionally mayor of Częstochowa who is supervising the personnel policy in the city office determined requirements for all employees in so-called Cards of Post Requirements.

In order to ensure that personnel is fully conscious of significance and influence of its activities on the quality level of the office - in the office functions adaptation and employees training system, students practices conducting system according to the Internal Regulation 4/04 of April 2004 on instructions concerning procedures in the Section of Personnel in the Organizational Department. The regulation introduced in the city office the principles used by:
- Ensuring the proper adaptation of newly employed clerks;
- Unified system of employees training;
- Casual additional training of employees;
- Aimed training of employees;
- Realization of students practices in the office;
- Scope of competences and responsibilities.

The city office maintains all the written information on the education and experience of the employees, conducted trainings and qualifications of the employees. The information is gathered in the personal files of every employee.

The system of the employees' assessment was introduced in the city office of Częstochowa by the Regulation K/132/10 of June 2010. The results of the assessments are to be taken into account in the decision-making process concerning:
- Promotion,
- Prize awarding or other forms of esteem;
- Training program in order to supplement or gain new qualifications;
- Disciplinary punishment;
- Dismissal of employee in forms provided by national law (Rajek B. 2010, p. 36-37).

In the wage regulation of the city office of Częstochowa, there is a provision which concerns TQM. The provision states that for special gains in the work, especially related to finding new solutions, which improve work of departments or the office as a whole unit, causing savings for the city budget employer can award prize exclusively within discretion. The prize could be awarded by the mayor of the own initiative or clerk authorized in labour law, after the justified motion of the head of department (Appendix to Regulation, 2010, nr k/136/10 of Częstochowa city mayor, par. 10: 2 and 3).

Taking the above into account questions of interviews and questionnaire for analyzing the introduction of TQM in the aspects related to HRM into Częstochowa city office had been worked out.

Interview with mayor and vice-mayors:
1) What is the mission of Częstochowa city and what are/should be strategic goals of city?
2) What is the definition of Total Quality Management and should it be introduced into the city office?
3) Is TQM introduced in the Częstochowa city office?

Interview with the director of city office:
1) Is there a constant internal examination of different processes of public services?
2) Are statistical methods used to assess processes, for example is there a medium time of expectation for administrative decisions of various type measured?
3) What is the scale of trainings - internal and external ones?
4) Did trainings concern elements related to quality improvement?
5) Does city office learn from competitors – other cities offices?
6) How often and in what way city office measures satisfaction of clients?
7) Does city office learn from clients – is there a system of asking the clients how to improve work of the office?
8) How motivation for quality improvement is enhanced?
9) Is there any yearly prize for the best department in terms of quality improvement?
10) Is city office currently participating in any benchmarking program on quality management effectiveness?
11) Is there a constant system of the improvement of the service-desk for clients?
12) How many facts of delegation of competences had been registered in the last year?
13) How is measured effectiveness of various procedures?
14) Were any prizes awarded to employees for new organizational solutions or for solutions which effected with budget savings?

Interview with heads of departments:
1) Are you as leaders involved in the process of Quality improvement?
2) In what way this involvement is done (if the answer for the previous question is "yes")?
3) Do quality circles function in your department?
4) Are there meetings of whole staff of your department concentrated on quality improvement?
5) Are there procedures of hiring for a short term and carrying out common assessment of potential new employee by potential co-workers?
6) Are there any rewards for team successes?
7) Did you participate in training in quality management for managers?
8) What tools of waking up innovative behaviour of employees are used in your department?

Questionnaire for employees:
1) What are the city strategic goals?
2) How are you informed about strategic goals?

3) Did you receive any letter of top managers on the importance of quality improvement?
4) How quality policy is being communicated to you and how is being realized?
5) Are you informed on the prizes for quality improvement?

9. CONCLUSION

In case of quality management in public sector, one can use the experiences of private sector however taking into account the differences between the two sectors and the specificity of public sector. First trials of quality management systems introduction into public offices in Poland were carried out in 1995. Apart from traditional management functions which are planning, organizing, directing and controlling new management function such as quality improving was determined. Human Resources Management is one of the management fields regulated in quality management systems. Introduction of Total Quality Management in public administration and services involves greater degree of difficulty than in case of private enterprises. TQM could be understood as concept of excluding waste by inviting every employee to the quality improvement process. There should be interdependence and mutual support of TQM System and Human Resources Management.

One could use the following procedure of research on introduction the total quality management system in the aspect of human resources management in public offices:
1. Examination of a given city office adequate documents;
2. Construction of tools (interviews and questionnaire) of direct contact with leaders and employees to get the information not found in the documents or to verify the information included in the documents;
3. Carrying out the interviews and questionnaire enquiry;
4. Analysis, assessment and conclusions based on the examination of documents, interviews and filled questionnaires.

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Tadeusz Wrona

6.3 PROFESSIONALIZATION OF LOCAL SELF-GOVERNMENTS BASED ON INTERNAL AUDITING

Summary: The paper discusses the problems of internal auditing in local self-governments as a systematic evaluation of risk management, organizational order, and control processes aimed at improvement in activity of local governments and better utilization of human resources to achieve goals. Based on the author's experience, some procedures of performing internal auditing implemented in the Częstochowa City Hall were presented. The paper also discusses the selected topics for auditing tasks contained in the annual audit plan and basic recommendations, opinions and conclusions. The risks inherent in the recommendations, opinions and conclusions were also determined. The paper also provides the evaluation of the effects of the implemented auditing tasks.

Keywords: local government, internal auditing, human resource management

1. INTRODUCTION

Internal auditing has its beginnings in the 18th century in the period of the industrial revolution in England, when the activities of controllers who were employed by the owners of companies were not only focused on the analysis of financial documents, but they also concerned the assessment of the systems within the organizations (Bartoszewicz 2011). In 1941, the Institute of Internal Auditors (IIA) was established in the United States and since then, contemporary auditing started to be developed, whereas internal auditors started to include in their activities the assessment of all the aspects of operation of organizations, hence acquiring the position similar to external auditors (Winiarska 2008). The Institute of Internal Auditors is the most popular and recognized organization in the field of internal auditing among the international professional organizations. According to the definition developed by the Institute, internal auditing is an independent and objective activity with assurance and advisory characters, aimed at increasing value added in the organization and improvement in functioning of the organization. The internal auditing supports organization in achievement of the predefined goals through regular and consistent activities aimed at the assessment and improvement in the effectiveness of risk management, system of control and the processes of management of organizations (Czerwiński 2004).

Low effectiveness of the used methods of control of management of public funds and the example of the standards of auditing used across the European Union have caused that since 1st January 2002, with the Act on public finance (The Act 2001), the internal auditing was introduced in the entities of the sector of public finance, including the entities of the local self-governments. The act stipulates that internal auditing means the wholeness of activities which allow the managers in the entity to obtain an objective and independent assessment of the activities in this entity in the field of financial management in terms of the legality, good management, purposefulness, reliability as well as transparency and openness.

The current definition of the internal auditing, which was brought into force on 1st January 2010, implemented with the amendment for the act on public finance (The Act 2009), says that the internal auditing is an independent and objective activity, whose goal is to support the minister who manages the division or a manager in the entity in the achievement of the goals and tasks through regular assessment of the management control in the division of governmental administration or an entity of the sector of public finance. The act also defines the requirements to be met by the people who perform the responsibilities of auditors.

The main element of management control are measures which determine the degree of achievement of the goals, determined by the manager in the entity of the sector of public finance after consultation of all the parties interested in proper operation of the institution (The Communication 2011). This means a revolution in management, because external, invariable and immeasurable regulatory criteria of periodical assessment within the framework of internal control have been replaced by flexibly modified criteria which are measurable, easy to be verified, adopted and declared each time in the beginning of an annual management cycle by all the entities of this management. The specific nature of management control is also confirmed by the obligation of the collective and comprehensive (systematic) assessment of individual aspects of functioning of the entity of the sector of public finance (with particular focus on the utilization of human, financial, property and information resources) and the effectiveness of the activities (quality, costs, risks) at the stage of planning, implementation of plans and in the course of the audit. It is the comprehensive assessment performed for the purposes of the reports and statements on the state of management control which encourages systematic activities. The outcome of the implementation of management control should be changes in the structure and activities of the entities of the sector of public finance which is supposed to prepare these units for reacting to conflict events. One of these activities can be development of internal principles and procedures to be used in the case of mediation (Szpor 2011).

Internal auditing is a tool for evaluation of all the processes that form the organizational order and to present adequate recommendations for facilitation of the processes. This means the achievement of such goals as adequate principles of ethics and values within the organization, ensuring effective management of organization's performance and responsibility for the outcomes, transfer of information about the risk and control to particular areas in the organization (International 2011). One of the fundamental principles of internal auditing is the independence, which is emphasized in the theory of control (Anczakowski 2011).

The detailed principles for procedures in the process of internal auditing were contained in an ordinance by the Minister of Finance (The Ordinance 2010), which concerned in particular the method of preparation and the components of the annual audit plan including the risk assessment, list of risk areas where the assurance tasks will be carried out, analysis of human resources and time planned for achievement of the tasks and the advisory and controlling activities. The ordinance also stipulates the method of documentation of the internal auditing, the method of preparation, and the elements of the results of internal auditing.

2. INTERNAL AUDITING IN LOCAL SELF-GOVERNMENT

According to the act (The Act 2009), internal auditing in the entities of local self-government has to be performed if the total of expenditures and outlays in the budget resolution in the entity of local self-government exceeds 40,000 thousand zlotys. The responsibilities of the manager in the entity connected with internal auditing are performed in Poland are performed by *wójt* (commune head), *burmistrz* (mayor), *prezydent miasta* (city president) and the heads in the powiat boards (*powiats* are principal units of territorial division in Poland of the second level) and voivodeship boards.

Internal auditing in the units of territorial divisions does not mean a "supercontrol" but it is aimed at the examination of the effectiveness and disturbances in performance of the processes. The entity of territorial self-government is regarded to be a set of systems and subsystems created in order to achieve the goals. It is important to indicate which of these systems are of key importance for financial consequences of the activities(Gawroński 2010).

The tasks within the internal auditing oriented toward the examination of company performance and good management are focused primarily on different areas of institutions'

activities. In recent years, one of the emphasized areas has been the personal function and the problems of the evaluation of the effectiveness of human capital management. The term of personal auditing has also been coined. One of the most substantial disturbances which limit the effectiveness of the system of internal auditing is the lack of coherence between its components. A variety of errors might ensue throughout the process of auditing and they might become a factor that disturbs proper functioning of the process. These problems might arise from the lack of time, insufficient knowledge, improper organizational solutions, lack of coordination, turnover of employees, disproportionate costs, frequent changes and the reluctance to make changes (Lisiński 2011).

The internal auditors perform important role in preparation and proper motivation of the human resources employed in self-government administration. The analysis of improperly functioning processes of human resource management and formulation of the facilitating recommendations allow the auditors to contribute to rationalization of employment in their office, prevent rejection of the offers obtained from the best candidates that participate in the recruitment process, irrational salary policies, unreliable employee documentation and promotion of professional improvement for the employed according to their needs (Gosk 2011). Internal auditors are also supported with the benchmarking in improvement in their own practices. A strong recommendation of the internal auditor would be to instruct some operational units to use benchmarking in order to implement best practices in particular areas (Moeller 2011).

After initial adaptation stage, the internal auditing implemented in 2003 in the Częstochowa City Hall provided the executive body in the local self-governments with a powerful instrument for optimization of operation in institutions, whereas regular assessment of management control and the advisory activities performed by the specialized units support the managers in the achievement of the goals and implementation of the tasks (Wrona 2011).

A separate organizational unit, named *Zespół Audytu Wewnętrznego* (Internal Auditing Unit) was established on 1st February 2005 by virtue of the ordinance by the President of the City of Częstochowa (The Ordinance 41/05 2005). In the first period of operation of the Internal Auditing Unit the fundamentals of their activities were defined in the form of the internal audit charter and the procedures of performing internal auditing, which were implemented with another ordinance by the President of the City of Częstochowa (The Ordinance 47/05 2005). Internal audit charter is a document which determines the goal, facilitations and responsibility inherent in the internal auditing process. Its aim is to define general principles of auditing by means of the determination of general principles and goals of internal auditing, rights and obligations of internal auditors and their independence, the scope of the audit, procedures of preparation and sending the reports from internal auditing and the method of managing the internal auditing unit (Kiziukiewicz 2012). The internal audit charter that contains all the necessary components, used by the local self-government in Częstochowa, is presented below (Appendix 2010), (The Ordinance 2010).

3. INTERNAL AUDIT CHARTER IN THE CZĘSTOCHOWA CITY HALL

The aim of the Internal Audit Charter is to determine general organizational framework, goals, basic actions, responsibilities and rights relating to internal auditing.

3.1. THE FUNDAMENTALS OF INTERNAL AUDITING

The following regulations are utilized in the area of internal auditing of the sector of public finance:

1. the act of 27th August 2009 on public finance (Journal of Laws No. 157, Pos. 1240 with further amendments), with particular focus on the Chapter 6: Internal auditing and coordination of internal auditing in the entities of the sector of public finance,
2. the Ordinance by the Minister of Finance as of 1st January 2010 on implementation and documentation of internal auditing (Journal of Laws No. 21, Pos. 108),
3. the Communication No. 23 of the Minister of Finance as of 16th December 2009 on standards of management control for the sector of public finance (Journal of Laws of the Minister of Finance No. 15, Pos. 84).
4. the Communication No. 4 of the Minister of Finance as of 20 May 2011 on the standards of internal auditing for the entities of the sector of public finance (Journal of Laws of the Minister of Finance No. 5, Pos. 23).

3.2. GENERAL PRINCIPLES AND THE AIMS OF THE INTERNAL AUDITING

1. Internal auditing is an activity which is independent and objective and supports the President of the City in achievement of goals and tasks through regular evaluation of management control and the advisory activities.
2. Internal auditing helps achieve the goals through systematic, disciplined approach to the assessment and improvement of the effectiveness of the processes of risk management and control.
3. Internal auditing encompasses the activities of assuring and advisory character. The fundamental importance is from the activities of assuring character.
4. The assurance task is a set of activities performed in order to provide an independent and objective assessment of management control.
5. Advisory activities are other assurance tasks, activities taken by the internal auditors with the character and scope discussed with the President of the City, whose goal is to facilitate the functioning of the unit.
6. The role of the internal audit consists in detection and evaluation of the potential risks which might arise in operation and the examination and evaluation of the effectiveness and performance of the system of management control, aimed at elimination or limitation of these risks.

3.3. RIGHTS AND RESPONSIBILITIES OF INTERNAL AUDITORS

1. Rights of internal auditor:
  1) the internal auditor is authorised to perform internal auditing activities in all the areas of operation,
  2) an auditor has right to:
    a) have insight into all the information, data, documents and materials connected with the operation, including those contained in electronic carriers of information and to make copies, duplicates, comparison or printouts, maintaining the regulations concerning the secrets protected in legal regulations,
    b) have access to facilities and premises within the scope necessary for performing internal auditing,
    c) to demand that the managers and employees in organizational entities provide the necessary information and explanation. The verbal information and explanations should be also written and signed by a person who gave them and by the internal auditor or signed only by internal auditor,
    d) to demand that the employees in the organizational units prepare all the necessary copies, duplicates of documents (certified true copy), comparisons and calculations, including those contained in electronic means in order to add them to audit documents,

e) sign the certified true copies of the documents collected in the course of performing the auditing task and independent preparation of the comparisons and calculations, including those contained in electronic means of information in order to add them to audit documents.

3) the auditors cannot refuse to accept and include in current documents of internal auditing the declarations by the employees of the audited entity made on their own initiatives,

4) in the cases which require special qualifications, the auditor can agree with the President of the City to appoint an expert,

5) the auditor can, on their own initiative, make motions aimed at improvement of operation,

6) the auditor is not responsible for the processes of risk management and management control, but, through the agreements and recommendations ensuing from internal auditing, they support the President of the City in proper implementation of these processes,

7) the auditor cannot adopt the tasks and authorizations that are included in the area of management,

8) the auditor can refuse to perform advisory activities if the scope or the goal of the activities is inconsistent with the goals of internal auditing,

9) the auditor cannot assess the operating activities they were responsible for within one year prior to cessation of this responsibility,

10) the auditor can provide advisory services, also in the field of operational activities they were previously responsible for,

11) the auditor is not responsible for detecting crime, but they should acquire knowledge that allows for identification of the symptoms of crime,

12) in terms of performing their own tasks, the auditor cooperates with external auditors/controllers and the controllers from the Supreme Audit Office,

13) the auditor is independent in both organizational and operational areas, which means:
   a) they should not be exposed to the attempts to impose the auditing areas, influence on the way their work is performed and to pass the results,
   b) they cannot participate in operational activities,
   c) they should follow legal regulations, standards of internal auditing in the entities of the sector of public finance and procedures of internal auditing, described in the Appendix No. 2 to this ordinance.

2. The responsibilities of internal auditors:
   1) reliable, objective and independent:
      a) determination of the actual state,
      b) identification and analysis of the causes and effects of deviations,
      c) presentation of the comments and recommendations aimed at removing the deviations and at facilitation of operation,
   2) if the internal auditor finds the symptoms which, according to their assessment, are sufficient to start disciplinary actions in the field of public finance, legal lawsuits or active legal proceedings in relation to tax offences or tax crimes, they are obliged to notify the President of the City,
   3) to follow the principles and procedures defined in the ethical code of the employees of the Częstochowa City Hall,
   4) to use the standards of internal auditing in the entities of the sector of public finance,
   5) to carry out the actions according to legal regulations concerning internal auditing,
   6) to respect legal regulations and internal regulations that have to be used in the audited unit,

7) to recognize and support the achievement of the objectives which are consistent with legal regulations and the rules of ethics.

3.4. THE SCOPE OF INTERNAL AUDITING

1. Internal auditing encompasses the examination and assessment of adequacy, effectiveness and efficiency of management control and advisory activities.
2. Internal auditing evaluates the effectiveness and contributes to facilitation of risk management processes through examination whether:
   d) the goals of the entity are consistent ant support the mission of the entity,
   e) essential risks have been identified and evaluated,
   f) proper reactions to risks were defined,
   g) essential information about the risks is identified and communicated at right time to allow the employees, managers and the President of the City to perform their duties.
3. Internal auditing might include all the areas of activities in the City and Gmina of Częstochowa (gminas are principal units of territorial division in Poland)
4. If the internal audit necessitates the performance of the activities in the subordinate or supervised unit, the auditor employed in the City Hall is allowed to perform these activities.
5. The scope of internal auditing cannot be limited. The President of the City should be immediately notified about all the attempts to limit the scope of the audit.
6. The internal auditor has full freedom in the field of identification of risk areas.

3.5. MANAGING THE INTERNAL AUDITING GROUP

1. The internal auditing group in the City Hall is managed by the Head Internal Auditor who is directly accountable to the President of the City.
2. The Head Internal Auditor ensures organizational separateness of the tasks performed by the Internal Auditing Group and represents the group with relation to both the employees and the persons who are not employed in the City Hall.
3. The Head Internal Auditor is responsible in the field of audit in particular for:
   1) reliable and professional performance of auditing tasks predicted in the audit plan and the non-planned activities,
   2) effective coordination of the activities of internal auditors according to the standards adopted for internal audits in the sector of public finance and good practice,
   3) ensuring that the Internal Audit Group is not directly responsible for the audited activities and does not supervise them,
   4) preparation of annual (operational) audit plan based on the results obtained from risk analysis,
   5) preparation of annual statements from the implementation of audit plan for the previous year.
4. The Head Internal Auditor is independent in terms of planning the activities of the Internal Audit Group, performing internal auditing and making reports.

3.6. RELATIONS WITH THE SUPREME AUDIT OFFICE AND OTHER CONTROL INSTITUTIONS

1. The Head Internal Auditor cooperates with external control institutions.
2. When planning and performing auditing tasks, the Head Internal Auditor should consider, if possible, the plan of control and verification activities performed by the Supreme Audit Office and other control institutions in order to avoid the unnecessarily repeated controls and audits.

3. When performing the risk assessment, the Head Internal Auditor should consider the results of controls and inspections performed by the Supreme Audit Office and other control institutions.
4. The Head Internal Auditor should communicate with the Supreme Audit Office and other control institutions in agreement with the President of the City.
5. The documentation from internal audit, including the reports and memoranda from control activities should be available to the Supreme Audit Office and other control institutions in agreement with the President of the City.

The scope of activities subject to internal auditing performed by the Internal Audit Group is the wholeness of activities performed in the City Hall and the entities which are subordinate and supervised by the City. A key component of the audit is identification of the most important risks that exist in all the processes that occur in the self-government. The choice of the people from management and employees in different areas of activities, who, being experts, will be responsible for identification and help assess the risks, is also of essential importance.

After assignment of points by experts and auditors for auditing tasks, the point scale was defined for individual risk areas as an arithmetic mean of the number of points assigned to individual risk areas. The example of the ranking of risk areas in the decreasing order of scores based on the internal audit plan for the year 2005 is presented in Table 1, whereas Table 2 presents the scope and organization of auditing tasks.

Table 1: Risks areas by the degree of importance (The Ordinance 47/05 2005).

No.	Risk Area	Score
1.	Supervision	28.00
2.	Information systems	27.40
3.	Communal property	27.00
4.	Environmental protection	26.50
5.	Geodetics	25.33
6.	European Union funds	25.00
7.	System of information flow	25.00
8.	Office management	24.00
9.	Expenditures	23.83
10.	Security	23.50
11.	Revenues	22.83
12.	Architecture, urban development and spatial planning	21.00
13.	Education and sport	20.67
14.	Accountancy	20.00
15.	Health care	20.00
16.	Social assistance	19.00
17.	Investments	19.00
18.	Budget	16.67
19.	Public procurement	16.50
20.	Administration	15.00
21.	Special measures	15.00
22.	Target funds	15.00
23.	Culture	12.33

Table 2: Subject-related scope and organization of auditing tasks (The Ordinance 47/05 2005).

No.	Auditing Task	Planned deadline for internal audit	Necessary resources (number of days per person, others)	Risk area	The need for appointing an expert (scope of work, planned working time)	Notes
1.	Gmina's property registry	January-February	70	Communal property	-	
2.	Management of the real estate owned by the State Treasury	March	40	Communal property	-	
3.	Implementation of spatial development plan	April	40	Architecture, urban development and spatial planning	-	
4.	Policy of IT security	August	64	Information systems	Employee from the IT department in the City Hall	
5.	Lease and rent of property components	September/ October	70	Revenues	-	
6.	Use and administration of housing facilities in gminas	December	60	Communal property	-	
7.	Process of privatization of independent public health centres	May / June	80	Health care	Employee from the Department of Budgeting and Analyses in the City Hall	
8.	Operation of the system of inter-department communication	November	60	System of information flow	-	

The procedures of performing internal auditing used in the Częstochowa City Hall (Appendix 2008) defined in particular planning of internal audit with the analysis of risk areas and the procedures for development of annual audit plan and the methodology of assurance tasks.

4. PROCEDURES FOR PERFORMING INTERNAL AUDIT (COMPONENTS)

4.1. PLANNING INTERNAL AUDIT
1. Analysis of risk areas.
    1) In order to prepare the audit plan, the internal auditor should:
        1) perform analysis of risk areas in terms of the operation of the entity where the internal audit is performed. The process of the analysis of risk areas should be documented.

    2) ensure in the process of the analysis of risk factor the participation of the manager from the entity where internal audit is performed.

2) The auditor should consider for the process of planning:

    a) goals and tasks,

    b) significant risks that affect the implementation of goals and tasks,

    c) existing systems of control and management,

    d) risk factors, including in particular:

       - complexity of the activities,

       - number, types and size of performed financial operations,

       - number and professional qualifications of the employees,

       - organizational and legal changes,

    e) results of previous audits or controls,

    f) management's comments.

3) The risk analysis is performed using evaluation methods (Delphi method) based on professional assessment of the auditor or mathematical methodology, performed by means of risk matrix.

The decision on choosing the method of risk analysis used for the development of annual audit plan is made by the General Aditor.

As a result of the analysis, the risk areas are ordered according to their size and the audit tasks are assigned for the year the plan is prepared for.

2. Annual Plan.

1) The General Auditor prepares, in agreement with the President, an annual internal audit plan, referred to as audit plan. The audit plan is signed by the General Auditor and the President.

2) The General Auditor determines the order for performing internal auditing in individual risk areas in consideration of the priorities and takes into account the organizational factors, with particular focus on:

    ▪ time necessary for performing auditing tasks and organizational factors,

    ▪ time used for training the people employed in order to perform internal auditing,

    ▪ available human and physical resources

    ▪ time reserve for unexpected events

    The risk areas that should be subjected to internal auditing should also be determined for the next years.

3) The General Auditor presents the President, before the end of October of each year, with the audit plan for the next year, prepared according to the template defined by the Minister of Finance.

4) If, when implementing the audit plan, the General Auditor finds that performing all the auditing tasks is impossible or immaterial, the scope of audit plan should be agreed upon in writing with the President.

5) Where justified, with particular focus on new risks or changes in risk assessment, the internal audit is performed besides the audit plan on application of the President of the City or in agreement with the President. The ordered audits can also be performed besides the plan.

6) If performing the internal auditing besides the plan poses threat to its implementation, the internal auditor notifies the President of the City.

7) The General Auditor presents the President with the report of implementation of the audit plan for the previous year before the end of March of each year.

4.2. ASSURANCE TASK METHODOLOGY

1.Preliminary Review.
  1)Before the implementation of the assurance task, the preliminary review is performed. It consists in collecting information about the examined activities. On demand of the internal auditor, the manager in the audited entity passes the documents and provides information within the scope connected with the task.
    The main goals of the review include:
  a) understanding of the activities,
  b) separation of essential areas that necessitate particular focus in the course of the audit,
  c) identification of threats and mechanisms of control,
  d) acquisition of information that facilitates the performance of the tasks.
  2) In the cases that necessitate special qualifications, the internal auditor can, in agreement with the President, appoint an expert. In the case of considering the participation of the expert in the assurance task, the available specialists in a particular domain employed in the City Hall are taken into consideration.

2.Assurance task Program.
  1)In order to perform the assurance task, the internal auditor develops a task program, with particular focus on:
  a) goals and tasks in the entity
  b) essential risks
  c) systems of managing risk and control
  d) opportunities for implementation of facilitations in the systems of management and control
  e) data of commencement and the expected duration of the task.
  2)Audit program is an obligatory document prepared in the phase of planning the task by the auditor or coordinator of auditing task and is subject to confirmation by the General Auditor.
  3)The task program defines in particular:
    a)task subject,
    b)goals of the task
    c)authorization number with indication of the type of the task (planned, non-planned),
    d)subject- and object-related scope of the task,
    e)significant risks in the area subject to the task,
    f)method of performing tasks.
  4)Where, justified, the auditor can make corrections to the task program during the performance of the task.
  Changes in the program should be documented and confirmed by the General Auditor.

3.Opening Meeting.
  1) When starting the implementation of the assurance task, the General Auditor calls an opening meeting with:
    a) the manager of the audited entity and the employees suggested by the manager,
    b) audit task coordinator
    c) internal auditors who participate in the audit task
    d) the President or a person authorised by the President.
   Other people who can participate in the meeting include:
    a) The City Hall Director,

b) the Quality System Manager.

2) The internal auditor presents in the meeting the goals, content and organizational assumptions for the task. Furthermore, the manager from the audited entity presents the information concerning the entity's operation and agrees with the auditor on the methods of avoiding disturbances in the operation of the audited entity throughout the performance of the assurance task.

3) The auditor prepares the protocol from the meeting that contains the information about the goal, course and the outcome of the meeting, signed by the manager of the audited entity/unit and the internal auditors who participate in the meeting.

4. Techniques of Implementation of the Assurance Task

1) In the course of the implementation of the task, the internal auditor can call meetings with the manager and employees of the entity where the task is performed. These activities are documented by the memoranda from interviews and protocols from working meetings.

2) Employees in the audited entities are entitles to file a statement concerning the subject of the assuring task. The internal auditor includes these statements to audit files.

3) The internal auditor utilizes the techniques adapted to individual situations that might include in particular:

   a) familiarizing with the documents,

   b) obtaining the explanation and information from the entity's employees,

   c) obtaining the explanation and supplementary information from other people,

   d) supervision of performance of tasks by the entity's employees,

   e) performance of inspections,

   f) reconstruction of events or calculations,

   g) examination of the reliability of information through comparison with the information from other sources,

   h) comparison of particular sets of data,

   i) graphical analysis of processes,

   j) sample analysis which consists in collecting random samples and testing.

4) The internal auditor, when selecting the sample, uses statistical, estimation and mixed methods of sample selection. The choice of the method is made by the coordinator or an auditor responsible for the task.

5) In order to determine the actual state, the internal auditor uses the review tests, conformance tests and actual tests (for efficiency or reliability). If the auditor, based on the conformance tests, finds the use of particular control tests, the actual tests are performed on smaller samples (limited reliability tests).
   If the control mechanisms are not used, the reliability tests are performed on a relatively bigger sample (extended reliability tests).

6) If the internal auditor, in the course of auditing works, decides that urgent actions from the President or the managers in the audited entity need to be taken or time of audit is long and some agreements should be communicated to the involved persons before the deadline for completion of the audit, the auditor prepares the transitory report.
   The transitory status of the report should be clearly defined.

After completion of the tasks, in order to present the initial findings and conclusions and to reach an agreement on the findings, including the proposed improvement, corrective and facilitating measures, and the internal auditor calls a closing meeting with participation of the manager of the audited entity. The entities/persons responsible for the implementation of the recommendations following the assurance tasks are assigned during this meeting.

The participants of the closing meeting include the auditors who perform the task, coordinator of audit task, the General Auditor and the manger from the audited entity with the appointed employees as well as the President of the City, the City Hall Director and the Quality Manager. The internal auditor can invite the people who supervise the operation of the entity and other persons to take part in the closing meeting. A protocol from closing meeting is prepared and then signed by the manager of the audited entity and the auditors who participate in the closing meeting. In the case of refusal to sign the protocol, the manager is obliged to justify the reasons for the refusal in writing, whereas the internal auditor records this fact in the protocol.

5. CONCLUSIONS

Internal auditing is an instrument of improvement of the entities of territorial self-government based on highly-specialized human capital. It gives great hopes and expectations concerning the care for clear and transparent organization where a position of the internal auditor was created (Kuc 2002). It is important to put emphasis more on the future effects of the corrected system where some non-conformities are eliminated rather than on providing a list of the errors. The question remains: Do self-governments fully utilize the opportunities of professionalization of their activities provided by the internal audit?

The results of the implementation of the procedures for the internal audit in the self-government in Częstochowa and a number of Polish cities show that it is a good instrument for optimization of the activities of the administration which is the closest to the citizens, i.e. self-government administration. However, this task was not implemented everywhere with similar determination and the effectiveness and the audit outcomes cannot be always utilized, hence the assessment of the internal audit in local self-government performed by the supervisory and control institutions is varied and often negative.

According to the analysis performed by the Ministry of Finance (Audyt 2007), the method of organization of internal audit entities i.e. maintaining the organizational separateness of the internal audit (the internal audit in 86% of the analysed entities of local self-government are independent organizational entities or independent positions, whereas in 14% of the entities the internal audit is connected with the control unit) can be assessed positively. The positive assessment also concerned the delegation of the coordination of the internal audit unit to the entity's manager (in 99% of the analysed local self-government units) and development of the documents that determine the goal, scope and authorization for the internal auditing (the document which meets the requirements of the internal audit charter was declared by 88% of the studied offices). The obligation of preparation of many year strategic plans was insufficiently carried out: the plans were prepared only in 40% of the analysed local self-government units and the documented self-evaluation of the operation of the internal audit unit was performed in only 30% of the entities.

The Supreme Audit Office has examined twice the performance of management control in the local self-government units with particular focus on the internal audit. The first examination concerned the gminas of the Pomeranian Voivodeship (Information 2010).

Despite the non-conformities found in the examination, the Supreme Audit Office positively assessed the method of organization and performance of the internal (managerial) control and the implementation of the internal audit tasks in gminas of the Pomeranian Voivodeship subjected to the control.

In terms of organization and performance of the control instruments in the processes of public procurements, the non-conformities that indicated the insufficient performance of the systems were found, which increased the risk of occurrence of the non-conformities.

The non-conformities and negligence concerned in particular:

- non-consideration of certain key standards of control when developing the procedures (for the legally defined processes),
- lack of continuity, coherence and effectiveness of the defined control instruments and consequently breaking the law of public procurement.

Although formally implemented, the function of internal auditing did not considerably contribute to facilitation of the processes of risk control and the organizational order.

The tasks of internal control (management control) and internal auditing are not the self-contained goals, but they are aimed at reinforcing the capacity of public institutions to efficiently and effectively perform the tasks. Increasing the institutional effectiveness might be ensured through modernization of the processes of management in public administration, including the implementation of management driven with goals and results. The internal control and performance of the functions of internal auditing might become the instruments for meeting these expectations. The results of the control indicated that the problems of internal control and internal audit were perceived by the managers of the audited entities more as the inspection ex-post activities, aimed at detection and correcting the non-conformities rather than as a tool for support of management of organizational units.

During the second control, the Supreme Audit Office negatively assessed the progress and the effects of the implementation of the management control in selected entities of local self-government throughout the country (Information 2011). There were 2,479 gminas in Poland at the end of 2010, of which 732 gminas were obliged to perform internal audit as their budget exceeded 40,000 zlotys. The organizational solutions implemented in gminas took into consideration the standards of management control within the limited scope, thus not meeting the quality requirements defined in legal regulations. The internal regulations, including the procedures used in public procurement, were developed without linking to risk management and were not much oriented towards the achievement of the goals of operation and prevention, detection and correction of non-conformities.

The activity of internal audit, carried out according to legal regulations, insignificantly contributed to systematic support of the managers in the controlled entities in achievement of the goals and tasks. Because of the narrow subject-related scope and the number of performed tasks which was usually insignificant in relation to the needs, the results of the audit tasks did not represent the sufficient source of information about the adequacy, effectiveness and efficiency of the whole system of internal control. The advisory activities, which constitute the essential aspect of the internal audit, also supported the implementation and functioning of management control. The causes of this state are the lack of homogeneous methodology of implementation of management control and the frequently insufficient preparation of gminas for the implementation of the statutory obligations. The weaknesses of internal auditing remain unchanged for years and are typically connected with the personnel-related difficulties in ensuring the staff which is adequate to the current needs, which results in the problems with implementation and maintaining the continuity of meeting these obligations.

The insignificant scope of the assurance tasks generates the risk that the internal audit is an incomplete source of information if, in the light of the standards of management control, its results are considered as one of the key components on the basis of which the entity's manager prepares the declaration on the state of management control. The results of the control indicate the need for re-consideration of the concept of the whole system of management control and the internal audit in the entities of local self-governments, stipulated in the provisions of the act of 27 August 2009 on public finance. With its current form, it does not bring unexpected benefits and does not open up such opportunities for the future.

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Leszek Cichobłaziński

6.4 LOCAL PUBLIC MANAGEMENT IN THE MODEL OF MULTI-LEVEL GOVERNANCE: CHALLENGES AND OPPORTUNITIES

Summary: The presented article is dedicated to the role of local public management in the model of multi-level governance. The problem of local public government in the multi-level governance (MLG) model is of particular importance, especially, in the light of current collapse of the Cohesion Policy in the European Union (EU). This policy has been very important for regional development in the recently acceded member states of the European Community, and particularly significant for countries in Central and Eastern Europe. The article presents the essence of MLG-level governance as a tool of modern management in a diverse EU. The place and role of local government in the model of MLG will be predominantly emphasized. Another important issue for the Public Management in the MLG model in the context of diverse EU is the process of making decisions, and taking over some functions of the national state by other actors, such as local authorities or non-governmental organizations (NGOs). MLG development seems to be particularly important for European integration and its economic and social cohesion in the current crisis of community policy.

Keywords: multi-level governance, local public management, cohesion policy

1. INTRODUCTION

The reactivation of the local government in Poland in 1990 was followed by establishing the municipality as the basic unit of administrative and territorial division of the country. Thus, territorial authorities have been separated from the central government. This change resulted in the decentralization of power and an awakening of civic attitudes of local communities. People could take responsibility for the fate of their local homelands and local government as a basic unit of state power could fulfill public tasks by having its own property (assets), the budget and its own administration (Wojciechowicz, 2003, p. 7).

Local government is an organization - this obvious claim raises a number of important implications. The most important one is the need for recognition of its operations from the perspective of management. With regard to this aspect of a local government one can encounter two different terms: 'management in local government' and 'local government management'. The literature presents the first term more often, but it seems more appropriate to use the term 'local government management.' A reason for this is that the local government as an organization is in the process of management, while the concept of "management in local government' may suggest that the local government manages various processes, but the local government itself is not a subject to management, what seems contrary to the superficial perspective of the complex, social, legal and political reality.

Present changes in the public management lead towards a model called the New Public Management (Zawicki, 2002)[12] the management of public administration is slowly transforming from a bureaucratic system (mainly based on procedures) towards the efficient system open to the effective realization of objectives.

This transformation is partly influenced by a gradual impact of market mechanisms on the functioning of a public administration and an increase in need for local communities' participation in making decisions in local government, not only during the elections of local authorities, but also during the performance of its statutory duties. Hence the growing interest

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[12] The term 'governance' is also present in the scientific literature (M. Zawicki, 2002).

in public consultation, research on social preferences and deliberations used as tools of ongoing monitoring of local authorities activities by the local community.

The concept of new public management brings the public sphere management closer to the model of entrepreneurial management (Zalewski, 2007, p. 26). This involves primarily the focus on goals rather than procedures (as is the case of classical bureaucracy), and cooperation with other private and non-governmental entities while treating citizens as customers. It should be added that relationships between government entities and the clients are of polycentric and not hierarchical nature, which form a network with all its consequences. For example, the system deals with regulation rather than redistribution (Szczerski, 2005, p. 11).

2. THE NOTION OF MULTI-LEVEL GOVERNANCE

This specific issue of a new public management is an integral part of MLG model and it is becoming one of the most important tools of administration management. It has its beginnings in the community policy of the EU that involves a decentralization of power. It functions in not only the hierarchical structures of power but also in a vertically-oriented network of various public entities that have a significant impact on making administrative decisions and governance at various levels.

Multi-level Government is a different term to describe this type of operation of administration. In Multi-level Government, management at various levels functions according to different rules and with the participation of different actors (entities), both public and private. This model refers to supranational, national, and local authorities (Szczerski, 2005, pp. 10-11). The complexity of the organization (EU), the pace and depth of its transformations and the pervasiveness of the crisis, which has become a commonplace instead of an incidental phenomenon, make the network structures play a greater role than the hierarchical structures and their functioning principles are increasingly based on a multi-valued logic. In these conditions operations of authorities and social entities are subject to a permanent process of metaregulation, self-regulation and reflection (Staniszkis, 2009, pp. 32-33).

Tensions arising in this way, conflicts and even crises - including the identity crisis - make the management of these structures require new methods that significantly differ from the classical, Webber principles of bureaucracy operation. The fluency and openness of the processes taking place in present EU create not only risks but, above all, opportunities to develop new methods of management in the public sphere, based on the analysis of a substance of social and institutional changes, including the ontological aspect rather than ideology. Although the concept of MLG was mainly used for the analysis of governance at the macro-institutional level (EU and the management of state) and, so far, it has been less related to the regional and local government sphere, it seems, that the unprecedented sequence of institutional complexity caused by European integration makes them particularly suitable to describe and explain the actions of social, political and administrative entities in this particular area (Szczerski, 2005, p. 9).

The term of multilevel governance refers to the complex system of activities that are taken both within individual countries and internationally, that can be referred to as a policy management (governance). [13] 'Policy management is the central matter (essence) for the EU's functioning, which on one hand truly differentiates this political system from nation-state systems (where the internal balance attainment by the state through the establishment of a political order and social peace are based on a well-defined catalogue of common social

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[13] The term "multilevel governance" in this article will reffer to the activies of the European Union. This type of governance is also used in other regions of the world, i.e. in the U.S. (Mitchell-Weaver, Miller and Deal Jr, 2000: 851–876) and in Canada (Benz, 2010). The MLG is also presented in global terms (de Prado, 2007).

values and on redistribution mechanisms), and on the other hand, allows for a definition of the community system as a governance system governed by supranational regulations and institutionalised interest bargaining' (Szczerski, 2005, p. 74).

Therefore the main problem of policy management in the EU is a combination of internal regulations of each member state with union mechanisms that have transnational dimension. In this context, the meaning of the term 'politics' changes from its traditional aspect, where it is primarily understood as an organized set of actions taken for the common good and based on a system of values regulating the achievement of complex objectives (as in the national policy), towards a system which regulates itself, to maintain an external political structure in a relative equilibrium to member states. A key objective in this context is to develop a decision-making model, which takes into account fundamental interests of individual states on one hand, and on the other hand, allows the system integration of the EU as a political community.

The term 'multilevel governance' in this paper will refer to the role of local authorities (government) in decision-making process at the EU level and to internal management models within the same government, because the rules of governance at the macro level must be relevant to the micro level. One can already point out many forms of convergence in a local government practice of multilevel governance, as indicated by the increasing role of public consultations and NGOs in the policy of Polish local public management. In conclusion, Kojło, Leszno and Lipski (2009, p. 7) state that 'multilevel governance system can be incorporated into the great innovations of European governance, i.e. in European cohesion policy, which allows to reconcile the agreed priorities of high-level European governance with local, specific circumstances. '

3. THEORIES OF MULTI-LEVEL GOVERNANCE

The starting point for the analysis of MLG is the concept of 'governance', which in its essence has much more to do with management than with the 'regulation' that is characteristic for traditional administration. It can be defined as a self-organizing network, functioning at the intergovernmental level - in the sense of national and local governments. Andy Smith (2007, p. 337) describes this network with the following words:

1. Interdependence between organizations. Governance is broader than government, covering non-state actors, changing the boundaries of the state [means] the boundaries between public, private and voluntary sectors become shifting and opaque.
2. Continuing interaction between network members, caused by the need to exchange resources and negotiate shared purposes.
3. Game-like interactions, rooted in trust and regulated by roles of the game negotiated and agreed by network participants.
4. A significant degree of autonomy from state. Networks are not accountable to the state; they are self-organizing. Although the state does not occupy a privilege, sovereign position, it can indirectly and imperfectly steer networks.

A key issue in the meaning of the term 'governance' is the network, a set of various entities connected by common goals and exchanging key resources - especially knowledge (Słocińska, 2010) - according to the negotiated rules. One can claim that the EU is a system of continuous negotiation between governments at different levels - supranational, national, regional and local levels (Hassel, 2010, p. 160). Trust is the key issue in addition to permanent negotiations. Without trust, the exchange between entities in the network may be unequal, which in turn, can lead to disturbances in proper functioning.

It should be emphasized that such an exchange does not occur without conflicts, and negotiating the terms of the exchange in the network plays a key role in maintaining a

balance. [14] Mediations between social actors perform a similar function (Smith, 2007, p. 384). The mediating role may be held by governing institutions at different levels, i.e. local governments. Management of common relations between various entities becomes a key process in this situation: government, NGOs and private entities. Developing goals and means to implement plans that lead to their achievement become the main challenge to local governments in the current phase of development of representative democracy, both at national and European level (Nitkiewicz, 2005). Preventing, resolving and managing the conflicts arising in this area are one of the major functions of a local government. The complexity of conflicts in the MLG model requires the use of advanced methods of conflict managing and solving (Mayer, 2010).

Deliberation is one of the methods utilized to reconciliation of objectives and actions. Jacek Sroka writes on its role (2009:, pp. 12-13): 'The second type of solutions (macro) places a deliberative policy in the centre activity of governance areas, which today are somehow bound to attract the resources from a large networks spanning the social tissue. They can only try to coordinate the network from both the outside and (what starts to happen more often) from the inside - simultaneously, on many levels where these networks function.' The term 'network management' should be introduced at this point. In English literature its equivalent is 'metagovernace '. This term refers to the network governance, and to be more precise it is used to strategies management for 'the actors who are involved in the network' (Sroka, 2009, pp. 62 - 63).

4. THE DECISION-MAKING PROCESS IN THE MULTI-LEVEL GOVENRNANCE MODEL

The decision making process is another important issue in the MLG model. It can be stated as a general rule that 'the management is a constant process of making decisions' (Obłój, 1994, p. 143), but in case of public sphere, the complexity of this process is significant. Properly defining the problem and, subsequently, finding a solution very often requires making an agreement on many conflicting interests articulated by various entities. Solving social problems only by administrative decisions, understood as 'unilateral, authoritative act of public authority, solving the specific case of an individual entity (...)' and introduced within the traditional model of Weber bureaucracy, causes tensions and conflicts, that on the basis of new public management concept can be avoided with the assistance of various participatory mechanisms.

Problems outlined above are in a 'Good Governance' - currently strong stream of scientific reflection on modern methods of public management (Sroka, 2009, p. 7). It is important, especially in view of current issues surrounding European integration and the related need to improve methods of public administration at all levels. A local government plays an important role in the process. Due to development of regional policy, the government has a more extend of subjectivity and - what comes with it - broader responsibility. Although the MLG by its definition refers to multiple levels of functioning of the administration: local, regional, national, European, and even global (Rosenau, 1999), in this study the emphasis is placed on the role of local government as a coordinator of a complex set of actions taken by individual actors (entities) in an integrating EU (Kojło, Leszczyńska, Lipski and Wiszczun, 2009, pp. 17-19). Improving governance in this field in compliance with democratic standards has a crucial meaning for functioning of the administrative structures as a whole.

Hooge and Marks (2001, pp. 3-4) distinguish the following features in a decision-making process in the Multi-level Governance analysis:

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[14] More about the subject at: J. Hejdtman (2002, pp. 7-42).

1. Decision-making competences are shared by actors at different levels rather than monopolized by state executives.
2. Collective decision making among states involves a significant loss of control for individual state executives (notably, through qualified majority voting in the Council).
3. Political arenas are interconnected rather than nested. Sub-national actors operate in both national and supranational arenas, creating transnational associations in the process.

A distinction between institutions and actors (entities) is a key issue in the model of MLG. Institutions define and divide authority in any given territory, while the social actors are individuals or groups to which institutions provide the context for actions, but these groups or individuals may change the above mentioned institutions.

The term 'governance' will define a set of rules created by the actors, processes and structures directed towards the common good (Zurn, Walti and Enderlein, 2010, p. 3).

Table 1: Decision-making model in different political environments

	Decision making procedure		
Preferred values in the public sphere		Majority procedure	Reconciliation procedure
	The common good	State control	Corporatism
	Individual interests	Pluralism	Multilevel governance

Source: Own analysis based on (Szczerski, 2005: 15)

Making decisions in complex systems can be divided according to two criteria:
1. Preferred values, and
2. Procedure of making a decision.

MLG, as mentioned earlier, also called a network management combines targeting individual's interests with the reconciliation procedure of making decisions. This means the actors involved in the exchange within the network are equal and do not subordinate their interests to the common interest. The differences in opinions are not overcome by a vote where the interests of minorities are ignored. A decision making happens through negotiation, mediation and deliberation, where a common position is established through discussions between all participants.

Administrative reforms, which aim at decentralization of governance, are another important factor that creates favourable circumstances for introduction of the MLG. 'It seems that one of indisputable pillars of present policy in Europe is a conviction of the rightness of decentralization and the need for increasing the role of local governments in management of public affairs.' (Szczerski, 2005: 29) Decentralised management can also be called a diffused management. It involves a substantial diversification of authority (Hooghe and Marks, 2001). The flow of information, knowledge and decision-making process takes a horizontal form instead of a vertical one as demonstrated by the traditional bureaucracy and administration in the Weber version. The principle of partnership is particularly difficult to implement in the traditional model of administration that is characterized by a hierarchic structure and centralized authority. In this model, the authorities tend to treat entities (others) as applicants rather than customers. This new MLG process is determined by the multiplicity of various networks, which influence each other. To summarize this part of the argument, it should be emphasized that the MLG is featured with the following properties: partnership, diffused management and use of the postmodern techniques (Szczerski, 2005, 39). Modern communication technology, particularly the Internet is an important factor in supporting

functioning of the MLG. They help in the creation and operation of the various networks that are partnering entities to public administration. Administration itself is also increasingly taking advantage of new technologies and starts to carry out its functions by means of these technologies.

5. LOCAL GOVERNMENT IN A MULTI-LEVEL GOVERNANCE MODEL

Reflections on the role of local government in the MLG model should start from the statement by Hooghe and Marks: 'Multi-level governance is both an international and a domestic phenomenon'. (2001, p. 78) The task of local government in the control and coordination of actions in a complex system of structural, institutional and economic relationships in the EU at the current state of the network society is invaluable. The local government has, in fact, adequate means and resources to initiate the formation of such networks, as well as to support the exchange of knowledge between them.[15] What is particularly important, the local government has the ability to act on such policy both at the national and international level. Support of already operating networks in contact with similar networks functioning within the EU can bring measurable results for regional development (Bauer and Borzel, 2010; Fekete Farkas, Tompe, Villanyi and Toth Naar, 2011). These multileveled actions may support local initiatives by providing adequate infrastructure and using relevant government agencies for this purpose. Local authorities' communication with these agencies is less difficult to accomplish than within any newly formed associations or foundations. Such actions may be taken at the local, national and international levels. 'Within this multilevel system, the objective is to let the regional government undertake a coordination role among the EU, national government and local bodies in a participatory governance process.' (Gherardi and Facc, 2007, p. 102) The role of local government should be particularly emphasized in initiating and coordinating the cooperation between different social actors at the international level, what is important in shaping the cohesion policy (Olbrycht, 2007, pp. 81-92).

It should be noted that the MLG is not a model that can be implemented in a conflict-free mode. The nation-state that is strongly centralized cares for its own integrity. In this context, it is worth to recall provisions of the German Constitutional Court in Karlsruhe issued on 30th June 2009 (Kucler Dolinar, 2010, p. 102), which provides that:

1. There is a danger 'of a structural democratic deficit at the European level';
2. The demands of the right of the Bundestag to participate in the decision-making process should be clearly spelled out in law and should thereby 'effectively secure German citizens' right to vote' and ensure that the European Community 'does not exceed the authority that it has been granted';
3. Without a common European nation, the European Parliament in Strasbourg does not have real political legitimacy of its own, since its legitimacy arises from nation states (i.e., Member States);
4. The primacy of European law is not absolute; the German Constitutional Court reserves the right to block any particular European law, thus preserving its sovereignty and 'constitutional identity', something that is also written into the Treaty of Lisbon regarding the European Union constitution;
5. Member States are sovereign over certain exclusive spheres of authority: justice and criminal procedure, police, military and taxation;

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[15] Initiatives of local authorities like creating clusters of knowledge and innovation or technology parks are typical examples of this such activity (Czarnecka, Słocińska and Wrona, 2011).

6. For the formal establishment of a European federal state, and for the transfer of state authority, the German constitution would have to be changed and a referendum would have to be held.

The questions to be raised at this stage of the argument are:

- How can a local government function in a MGL system? This problem seems to be particularly important in the context of Europeanization [16]
- How can municipal authorities participate in MGL led by other entities, such as the State or bodies of EU, and
- How to use this model to achieve one's own goals and objectives as well as the objectives of other entities functioning within their own jurisdiction?

The new management model, where governance is gaining advantage over the government and the traditional division of the internal and external state functions is blurred, as exemplified by the growing role of NGOs in international relations. The local government has to find its place in this new institutional order. The state becomes the subject of operations according to the principle of 'primus inter pares' in the complex network of interactions most of which have the negotiating aspect. This diffusion of authority makes it difficult for the state authorities to control all interactions between social actors (including interactions in a European dimension). They can only monitor them. A good example of this situation can be the fact that in Brussels there are 150 independent agencies of subnational governments and transnational networks created by these governments, i.e. Assembly of European Regions, the Council of European Municipalities and Regions, the Associations of European Frontier Regions, etc. (Hooghe and Marks, 2001, pp. 86-88) Good exemplification of the European initiative which can function at all levels of governance is Bologna Process. "The introduction of Bologna Process generated serious problems, not only in domestic institutions but also in those foreign higher education institutions, which use different systems.' (Kozma, Dunay and Illes, 2012, p. 355)

It should be noted that the concept of MGL changes the model of leadership as well. The formal leadership that is related to the position occupied in institutional hierarchy is of less importance now and the personal leadership is increasing. In practical terms, one can point to ever-increasing importance of local leaders and initiators of various projects carried out for local communities.

Multilevel governance is particularly important for the cohesion policy. European integration is based on this process, which cannot exist only at the national governments' level. It will be difficult to realize this is one of the most important principles guiding the EU policy without the active participation of various actors at the local levels. 'Thus, the national parliaments through the Lisbon Treaty have gained the right to review initiatives undertaken by the European Commission, they are also required to consult on this issue with the government at regional and local level.' (Hubner, 2010, p. 27).

In the field of international relations, powers of local authorities grew through the structural funds, which fuelled EU regional policy in a significant way. It aims to support regional identity, which in turns is intended to foster European integration. This is the way how Christopher Szczerski sees the new role of local governments in the European integration and the cohesion policy:

1. The emergence of supranational power (of an international character), whose decisions are binding in national law;
2. The emergence of new channels of political articulation, the EU's political system is based on numerous networks of multiple negotiations, contacts, networks that interact and jointly put pressure on decision-making process within the EU.

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[16] Now this concept is used more often as a synonym for European integration (Bache, 2008).

3. Membership of the state in the system of intense international cooperation within the EU brings multidimensional relations.
4. The institutions of the public authority must be essentially prepared to cooperate with all European bodies – the absence at political bargaining process means political oblivion.
5. The emergence of new types of public authorities' activities related to the operation of Community policies (Szczerski, 2003, pp. 84-85).

6. CONCLUSIONS

Understanding of a Multi-level Governance adopted in this argumentation (Bache, 2012, pp. 628-641.) means complex interactions between political authorities at different territorial levels and between different actors: public, private and NGOs, where a complex decision-making mechanism within the framework of current policies emerges as the result. The essence of MGL is a synchronized operation of many authority centres with complementary and overlapping competencies and operating at various territorial levels (local authorities – regions – countries – the EU). Thus, the role of local government under this concept immensely increases. It should be emphasized that it does not have to interfere with the powers of the nation state and its sovereignty and the auction of interest between various levels of power does not have to be a zero-sum game (Szczerski, 2003, pp. 14-15).

Local governments are more autonomous in this context, and the need to plan, coordinate, control, and above all, making decisions in a diverse network of relationships and interactions within the EU Community policy, require them to adopt a new, more flexible management model.

In this regard, strategy for local government should be based on several principles[17]:
1. The ability to formulate objectives
2. The ability to realize objectives
3. Securing the policy

The ability of the formulating the objectives, in other words, formulating the local government policy consists of knowledge acquisition and analysis of the situation. In order to do that, so called "think-tanks' are needed. 'Multilevel governance of knowledge and information' based on good communication between local government institutions, the central government and EU institutions are also necessary. It is extremely important to know one's own human and infrastructure resources. The realization of objectives is about 'the rate of pulse production and its transformation into action of various structures', which is inter alia a function of the efficiency of administration. A skilful leveraging of the European institutions and the people working in EU Parliament (such as the deputies) is important to implement the policy. Protection of policy is based on the early detection of various threats to its implementation.

Functions of local government in a MGL grow enormously in relation to the so-called 'state centric' model that assumes strict separation of state power bodies from the structures of local government and civic institutions such as NGOs. In current situation such model is untenable. This does not mean that (as the supporters of the EU as a superstate) the role of the nation state is past, it just changes functions that treat about the equality of state structures and other structures of public life.

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[17] Szczerski applies these rules primarily to the state, however they can be addopted by local government as well. (Szczerski, 2011).

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AUTHORS

This book aims to provide long overdue perspective on how to shape HRM in light of different socio-economic influencing factors. This contribution outlines important changes in HRM theory and practice. It is packed with instruments, case description and contributions from experienced experts and academics. The international author collective offers a diverse and complex insight into different aspects and fields of HRM. This book is a useful resource for practitioners, management scholars and students as well.

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The 'Human Resource Management and Corporate Competitiveness' publication, edited by Prof. Csaba Bálint Illés, is an excellent source of knowledge on the significance of human resource management in increasing operational efficiency of the enterprise. The texts included in this publication significantly broaden readers' knowledge of both theoretical and empirical issues concerning the subject. Therefore, the book may be an attractive reading matter for both the representatives of the world of science and management practitioners alike. Moreover, it should be emphasized that the issues addressed in the book are a thorough and comprehensive study of the problem. First of all, the reader may find the texts on the frequently underestimated issues relating to the social aspects of management, i.e. the value of human capital, the role of knowledge and innovation management, the effectiveness of human resource management in an organization, or even the role of HRM in regional management. The value of the book is also enhanced by the international composition of its authors. Their complementary theoretical approach as well as their empirical analysis make the publication attractive for the reader in the globalizing world.

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This book is important and a very interesting. It shows the complexity of HR issues not only in Central and Eastern Europe, but also in some other countries of the world, such as the USA, Germany, Greece and India. HR problems and challenges are described in the context of demographic and financial crisis reality. International team of authors is very competent and clever. It is a good reading for HR theoreticians as well as practitioners.

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