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Power factors and negotiation strategies

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The paper explains the major elements of negotiations, key power factors of negotiating skills, the selection of a proper enterpreneurial strategy as well as significant ethic issues. Choosing a proper enterpreneurial strategy depends on what one finds more important – the basic outcome, the relationship outcome, or both. Success in negotiating is a matter of attitude to how the negotiation processes itself is conducted and what is being done to reach optimal results. Our aim in this study is to provide guidelines to be used both for the purpose of successful negotiating and of dealing with various situations we might find ourselves in as negotiators.

1. Drfining negotiation

There are numerous definitions of negotiations, among which three characteristic examples are listed in this report. Gulliver defines negotiating as a process in which two parties, supported by others, attempt to achieve a mutual decision on the issue of dissagreement [1]. According to Robinson and Volkov, negotiation is a process in which negotiators lay their objectives at the negotiating table, share information and search for effective alternatives [2]. Duening and Sherrill view negotiating as a process in which two or several parties attempt to reach an agreement in a situation characterised by a certain level of real or possible disagreement [3].

As much as these definitions differ in details, they nevertheless share some mutual features: negotiation includes two or more negotiating parties; each of the parties have their objectives which may be incompatible to a smaller or to a larger extent; during some kind of process alternatives are sought for the purpose of reaching an agreement between/among the parties.

2. Elements of negotiation

Negotiating normally consists of the following elements:
1. Negotiating is primarily a *process* that includes two parties – two persons, two groups, two organizations, or an interpersonal relationship. It is most frequently a one-to-one process. Negotiation can also be a group process, e.g. planning group whose members jointly work out a strategic plan. Negotiating can finally be viewed as a process going on within a sole person – an inward debate on how we are going to act.
2. The parties' *interests* are incompatible, that is, they disagree about some issue. The issue may be a conflict of preferences, disagreement in attitudes on priorities or, most frequently, a conflist as regards resources: disagreement as to who will obtain a certain volume, amount or grant.
3. Negotiating is a predominantly *voluntary activity*. Few negotiators are actually forced to negotiate; it is us who choose to negotiate in the belief that the process will improve our outcomes. Negotiations are voluntary in that we can always „take it or leave it", however we negotiate in order to improve our outcomes via dialogue and discussion.
4. Negotiations mean management of two types of entities: *tangible* and *intangible assets*. Tangible assets cover all the real issues to be solved through negotiating and most attention in planning and negotiating is paid to these assets. Intangible assets is not so visible, they are rather psychological. The psychological goals and aspirations are paid less attention to, although they are sometimes more important. Intangible assets may include superiority, „better advancing compared to competitor", „appear tough and strong", „being just to all parties", etc. Sound planning in negotiation require that the parties should determine any tangible and intangible assets important for the negotiations, and be careful about what is necessary to do so that intangible assets be efficiently satisfied.
5. Negotiating is a process of *giving* and *taking*. When the parties envisage negotiations, the starting situations are not the same as those in which the negotiations are terminated. Formulating an initial offer is done expecting that both parties will do it, and that they will normally differ in their starting positions; then they will „bargain" until they reach some points of agreement. Finally the parties expect that they come sloser to each other in a kind of expected but not really predictable game, in which different outcomes are possible.

3. Power factors in negotiating

There are different ways in which one negotiator can achieve advantage during negotiations. The power factor is an element that may significantly increase or reduce the negotiator's capability of achieving his goals. The following key factors act in such a way. (1) the nature and kind of available information; (2) the presence of constitutive boards and their support; (3) time and deadlines; (4) alternatives in reaching the agreement proposed; (5) negotiators' personal traits.

Information. In its core, negotiating is an exchange of information. This information is directed and organized so as to convince the other party to see it the way we do. It does not suffice that we just declare (or require) that we want something, we have to be able to state

why we want it and use convincing arguments to support our claim. Therefore, successful negotiators try to predict which information they will need in any possible situation and they prepare thoroughly. The better the preparation, organization and use of information, the better the chances that the party will have a more convincing case.

Although the real nature of information planning (which particular information will be needed) changes from one negotiation session to another, the following preparation of information is usually required in order that a favourable outcome be produced:

- Defining goals: What do we want to achieve? What are our goals?
- Defining information required to support our goals: How can we build a convincing case that will be in favour of our goals? Which facts and figures do we need?
- Defining information required to challenge the other party's arguments: Can we predict what they will want? How can we challenge the arguments they are going to produce?
- After we have offered our arguments, how are they going to answer? What can we do to refute their arguments or their attempts to undermine our position?
- How shall we define our „initial claim" and our „limitations"? If we prepare information carefully, we may make wise decisions as to which extent our claim will be taken as reasonable, having in mind that we will have to make concessions, but that we achieve our goal.
- Negotiators should collect information on their counterparty, their goals, style, reputation, etc. In any interaction, especially the competitive one, the more we get to know about or opponent, the better our predictions of his behaviour will be.

A better preparation, predicting the necessary information in order to successfully discuss the position or challenge the other party help increase our power most.

Constitutive board and organizational support. In a large number of business negotiations the individual does not negotiate only for himself. The goals and purposes are set together with other individuals and groups that will benefit from winning or lose if the negoriations are not terminated in our favour. A constitutive board is a group to which the negotiators belong and whose interests they promote or protect.

Constitutive boards play two important roles in negotiations. Firstly, they help us define our goals, tell us what is acceptable and what is not as regards the initial offer, goal or final purpose. Secondly, constitutive boards evaluate our achievement after we have returned from negotiations. They judge us on the basis of what we have achieved and they award or punish us accordingly.

The role of constitutive boards may be summarised as follows:

- As their *direct* experience about the other party is rather limited, constitutive boards tend to believe that the goals set for the negotiations are not difficult to achieve. It appears that constitutive boards are almost always „unreasonable" and expect more than can be achieved.
- As they usually do not hear the other party's arguments directly, constitutive boards do not see the reason to change their initial claims. Thus the negotiators often find it more difficult to persuade their constitutive boards which goals can reasonably be achieved than to persuade the other party about the nature of their goals. Hence, the negotiators always have to point out to their boards what is it that is possible and reasonable in negotiations, otherwise the expectations may slip the control.
- Constitutive boards appreciate and award a well done job, as well as criticize and punish the results contrary to expected. The boards' efforts are directed towards forcing the negotiator to do his best to achieve the set goals. The boards also manage the negotiator in that they manage his authority, his capability of doing the job himself. Although those who are authorised to contract business themselves are thought to have more power, the negotiator usually does not find an absolute authority advantageous! All negotiators may be exposed to intense pressures from the part of the other party to agree; a negotiator who has to consult his constitutive board always has a „safety gauge" protecting him from yielding to unreasonable pressures.

When a negotiator has a constitutive board that set reasonable goals to him and supports him in discussions, the negotiator is very powerful. In case the constitutive board does not support the negotiator or severely limits his authority, or when the negotiator enjoys absolute authority, his power decreases significantly.

Time and deadlines pressure. Negotiating is basically a time limited activity. As a popular saying provides, „work fills the time available", so the negotiations fill the time available. This means that the majority of concessions are made towards the end of negotiations.

The reasons for this are numerous: the parties fail to create a programme, they lose a sense of time, they argue for too long, etc. The most important reason, however, is that the deadline is a welcome excuse for making concessions. Each party may state their arguments and points of view for an infinitely long time; without a deadline, the parties will continue to hesitate and put things off in order to exhaust each other. However, when there is a deadline, the parties may use it to make concessions. Moreover, postponing may be useful for convincing your board that you „stuck as long as you could" before you were forced to make a major concession.

When both parties have the same deadline or neither has it, the power of deadline is balanced. However, when one party has a deadline, and the other does not, it is the party that does not, that has an advantage. The reason for that is that the party that does have a deadline feels pressure to move towards reaching the agreement, whereas the party that does not have a deadline does not feel a pressure at all; as a reasult, the latter may postpone things and set an unreasonable time pressure upon the former.

Options towards reaching the agreement. The fourth factor is the power to have more than one alternative. People always negotiate as if the outcome they wish to achieve were *the only* possible outcome; consequently, they entirely devote themselves to the process, doing whatever it takes to complete the task. This is a non-productive negotiation behaviour; in an emotion-heated negotiation we become too eager to get a contract only to gain a feeling of psychological success from concluding the negotiations. Psychologists call this process of excessive eagerness a "falling into a trap". In such a situation we feel as if we depended on the desired goal. We act like this because we are emotionally engaged; because we cannot withdraw in the face of obligations that are usually publicized, without fearing we will appear weak and silly to others; and because we invested so much time, money and energy so we cannot afford to withdraw.

Good options (for a possible agreement in negotiations) give us power, since they liberate us from these dynamics. We no longer have to insist in order that we should reach an agreement "at any price". If we have a good option, we will have no reason to feel desperate; if the job fails, we still have a chance to get back to that idea. Similarly, good options act as alternative to a "final solution" or "limitations". If we have a good option, we should continue negotiating only if we expect to gain an even *better* option. Fisher and Ury call this the *best alternative to a negotiated agreement* – BATNA (hereinafter we will use the term *best alternative*) [5]. The best alternatives enable us to tell the other party how to shape their offers, as the job discussed must be better than our best alternative in order that we should accept it as attractive; it is also a powerful tool to persuade the other party that the job has to satisfy our needs.

Personal power. The negotiators also have some personal qualities that can make them more powerful. These include:
- *Pesuasiveness*. Good negotiators have to stick to their attitudes and to create arguments in a way that they are persuasive. Good logic, good communication skills (eye contact, clear voice) and a strong personal committment to goals enhances persuasiveness.
- *Consistency*. Good negotiators are consistent. At

the beginning they do not accept *no* as an answer. A negotiator must be careful not to become a „pest", however, he must take care not to withdraw only because the first answer to his claim was no. Consistency helps good negotiators to discover that there are many *perhaps*, *it is possible* or *it depends*, behind the initial *no*.
- *Integrity and character*. Successful negotiators are reputable for their reliability, honesty and principles. If our character and motivation are doubtful, people will refuse to negotiate with us since they fear we will cheat them or that we will fail to fulfill our obligations. On the contrary, if we are reputed for high integrity, people will want to negotiate with us since they know we are truthful, that the offer is fair and that we will stick to the agreement.

Each of these factors can either increase or decrease the success of negotiating. The negotiators who feel powerless should study how each factor acts in the coming negotiations and work out the ways to either increase theiw own power or reduce the power of the other party.

4. Choosing negotiating strategy

Savage, Blair and Sorenson propose two questions that condition the choice of the strategy. According to these authors, prior to choosing a negotiating strategy, the manager should take into account his own interests as well as interests of the organization [4]. These interests will shape the answers to two basic questions: (1) Is the basic outcome very important for the manager? (2) Is the relationship outcome important for the manager?

These two critical questions should be dealt with separately. All the outcomes may appear "very important" in one moment, however, a decicion must be made on how high a priority these questions really have in negotiations. Similarly, we must decide upon the importance of relationships between the negotiators. Each negotiation has relationship outcomes as well as the basic relations of negotiations – the way we negotiate now will affect the quality of our relationships in the future. The relationship is measured by factors such as: the extent of mutual independence (to what extent we depend on the behaviour of the other party if we wish to achieve our own results); time span between the relationship (whether we predict to work together for a longer period in the future); the level of friendship we feel towards the other party and the correctness and ease of communicating with the other party.

Duening and Sherrill point out that basic outcomes and relationship outcomes are not mutually exclusive, however, deciding in favour of one category as dominant in relation to the other will affect the choice of negotiating strategies [2].

According to Savage, Blair and Sorenson [4], there are basically four main negotiating strategies, depending on

what we find important – basic outcomes or relationship outcomes, and these are presented in Figure 1.

Open inferiority. The strategy to be followed when the parties are seriously concerned with their relationship and the basic outcome is of lesser importance is the *open inferiority*. According to this strategy, we give in in negotiating essential issues to make the oter party "happy", that is, we give them what they want and keep and improve our relationship. Other terms for this strategy are *cessions* or even *flattering*. Why should a negotiator choose this straegy? There may be a number of reasons:

- The negotiator is not really concerned with basic issues, but wants the other party to give him something else.
- The negotiator is willing to trade the possible basic outcomes in the present negotiations for a greater advantage in the future negotiations.
- The negotiator cares deeply about the relationship and does not wish to increase tensions by a possible conflict about current issues.

Some negotiators find inferiority a difficult strategy since it looks lowly and degrading. However, experienced negotiators will agree that in some cases it is by all means advisable to let the other party win and thereby save the relationship and the opportunity for a later moment, when the stakes are much more important and attractive.

Strategy 1 STEADY COLLABORATION Both outcomes important	**Strategy 2** OPEN INFERIORITY Priority given to relationship outcome

Situation 1
• Basic outcome very
  important : YES
• Relationship
  outcome very
  important: YES
	Situation 2
	• Basic outcome very
	  important : NO
	• Relationship outcome
	  very important: YES

Strategy 3 FIERCE COMPETITION Priority given to basic outcome	**Strategy 4** ACTIVE EVASION OF NEGOTIATION Neither outcome is important

Situation 3
• Basic outcome very
  important : YES
• Relationship
  outcome very
  important: NO
	Situation 4
	• Basic outcome very
	  important : NO
	• Relationship outcome
	  very important: NO

Figure 1. *Four negotiating strategies*

Active evasion. The strategy to be followed when neither the basic outcome nor the relationship is important is known as *active avoidance*. Using this strategy in some circumstances, the negotiator may conclude that little can be achieved in negotiating essential (basic) issues and that the relationship is not worth wasting effort on. The plain refusal to negotiate is the most aggressive form of evasion; other forms are more agreable, politer and socially more acceptable, e.g. when we do not show much concern or do not complain but concentrate on things that can hardly be more productive.

Competitive strategy (fierce competition). The competitive strategy is implemented when the negotiator is concerned with the outcome, rather than the relationship with the other party. It is followed when one is willing to do anythuing to achieve his goals. The competitive strategy (*I win – you lose*) is usually implemented in the following circumstances: (1) the negotiator has short-term goals and has to achieve the best possible contract now, no matter what happens in the future; (2) the negotiator believes that the goals of the two parties are basically disparate, i.e., the more the other party gets, the less remains for me; (3) the negotiator believes that the other party is probably competition oriented, which justifies, even makes it necessary that he should resort to fierce competition to protect himself; (4) when the inexperienced negotiators are told to negotiate, they will probably acquire some or all the qualities of a classic competitive negotiator.

The competitive strategy requires that certain "points" in the bargain range be defined. These points are the following:

- The first point is the *target point* that marks where the negotiator would like to conclude the negotiations. For example, if the aim is to purchase a second-hand vehicle, the target point will be the amount of money one would normally be willing to spend. Suppose that RSD 250,000 were enough to by an appropriate car. The amount may be determined on the basis of savings and earnings, by determining the type of car that is required and selecting those cheaper than RSD 250,000, or on the information that someone bought his car at the price that amounts to this. Although a better planning of the target point leads to a greater willingness to stick to it during negotiations, any valid argument may lead to setting a reasonable target point.
- The second point is the *resistance point*. This is the ultimate point the negotiator will never go beyond. For example, the negotiator decided that he would under no circumstances spend more than RSD 300,000 to buy a car. This is his resistance point. The advantage of the resistance point, especially the one set in advance, is that it enables the negotiator to resist being drawn into the business he will later be unhappy about.
- The third point is the presence of the best alterna-

tive (BATNA). The difference between this one and the resistance point is that the best alternative means an agreement resorted to in case the outcome of the current negotiations has not been reached, whwreas the resistance point is the one at which we abandon the negotiations. The best alternatives offer a solution we may insist on if the negotiations do not advance the way we planned. A very successful strategy is to cherish an appropriate best alternative and to insist that the other party either consent or offer a more viable option in order that we conclude a deal. If we know that we can purschase a second best car at RSD 270,000, we have to insist that the other party sell their car at a price lower than RSD 270,000, or we will decide in favour of our best alternative.

The last defined point is the *initial offer*, which is the negotiator's initial position: the first offer or claim. Starting with an offer and gradually making cessions, the negotiator expects to move from the starting point towards the goal. This point is most difficult to define, since it depends on the circumstances in which we negotiate, rather than on what we want or are able to pay. In Table 1 we assume that the negotiator decided upon the starting amount of RSD 200,000.

Table 1 Bargain scope definition – the buyer's standpoint (in 000)

Initial offer	Target point	Best alternative	Resistance point
RSD 200	RSD 250	RSD 270	RSD 300

These four points make the negotiator's *bargain range*. In terms of this range, we are in a position to discuss the essence of the competition's negotiating (Table 1). The bargain range spreads from the initial offer, where the negotiator „starts" with the initial offer, to the resistance point, beyond which the negotiator will not go.

In most negotiations we *start negotiating knowing only our own points*. We may even be ignorant of the other party's initial offer. If, for example, the price of the car is shown on the car, it is the seller's initial offer; however, if an "on sale" advert is displayed, or if we bid without seeing it beforehand, we do not have any other information except our plan. Therefore, the more information we collect on the initial offer, on the target point and on the other party's resistant point, the more intelligently we will plan our own range. Similarly, it is obvious that we should plan our own target points and the resistance points in advance, so that we could be confident of our planning and understand that we might have to change these estimations when we obtain information on the others.

Getting information on the other party's initial offer, his target points and the resistence points make the *basic part* of strategic development. For example, when the initial offer is determined, experience tells us that such an initial offer should be made that leaves the negotiator space to make cessions, at the same time offering an agreement that is equal, if not better, to someone's target point. Thus one buyer would spend RSD 250,000 for a second-hand car, but is willing to pay up to RSD 300,000 for an appropriate car, and he will certainly not grudge to pay RSD 280,000! In order to do this, the buyer has to know how little he can offer and not offend the seller. Unfortunately, the practice does not offer a rule to this; rules differ largely from one negotiation to another and from one industry to another. If there is an active "market" for any kind of goods or services (such as cars or starting salaries for the employees), the market has probably defined a generally acceptable initial range.

It is important that the negotiator is familiar with the negotiation range, if possible. A significant disturbance of range may cause major problems: a dramatically high or low initial offer will cause the loss of credibility. In order to learn more on the generally accepted range at any market, we should ask people who have already negotiated similar matter, read articles on the topic or ask an expert's advice.

Collaboration strategy. The strategy to follow when both the basic and the relationship outcomes are important is the one dealing with a consistent collaboration (*I win – you win*). The negotiator wishes to achieve a favourable basic outcome, as well as ensure that the relationship retains open communication, the trust and the willingness of the parties to stay through the negotiations. The parties often view the negotiation situations as the "problems to be solved", rather than the confrontation arguments. In order to succeed in achieving the result and simultaneously retain the relationship, the parties will often have to sacrifiy some of the core issues, in order to protect and retain the relationship.

According to Fisher and Ury, behind the opposing positions lie not only the conflict, but also mutual and coinciding interests. We tend to assume that, since the other party's negotiator's position is opposite to ours, their interests must also be opposite. In a large number of situations, however, the investigation into the outcome issue will reveal the existence of many more interests that are mutual or that coincide than the opposite ones [5].

The method, which these authors [5] termed "principle based negotiation" may be summarised into the following key points:

1. *People* – separating people from the problems;
2. *Interests* – focusing on interests, rather than to a position;
3. *Choices* – creating different options before deciding on what to do and
4. *Criteria* – make sure that the results be founded on objective measurements.

The principle based negotiation approach is similar to that described by Menkel-Meadow [6] in which she opposes the advantages derived from the problem solving approaches to the limitations included into the negotiating strategies based on competition, where the supreme principle is maximizing of individual profit on account of somebody other's, which are claimed by this author to be based on wrong hypotheses.

Thus negotiations that stress collaboration may be reduced to two basic approaches to the collaboration process – the approaches that view negotiations as a solution to a mutual problem and the model of principle based negotiation, designed by Fisher and Ury.

The main concepts of successful principle based negotiations and problem solving are the following: (1) one party should try to understand the real problems of the other party; (2) either party should grant free flow of information; (3) one party should devote themselves to finding the best solution to the problem, the one that satisfies the needs of both the parties involved.

Having in mind that both parties agreed to fulfill the obligations they consented to, and on the basis of the model devised by Fisher and Ury [5], we highlight the following key points in collaboration strategy:

Separating people from problems. When the goals of the negotiating parties stand opposite to each other or then they are in conflict, the parties tend to see things distorted. Our ideas, needs and expectations are considered "right", those posed by the other party are "wrong". Moreover, we generalize our positive or negative attitudes towards people according to how we view their goals and activities. Successful collaborative negotiations require that we should be capable of separating personalities from processes, so as to communicate correctly with the other party and thus achieve an adequate share of expectations and attitudes. Fisher and Ury [5] maintain that we should be "polite to people, but strict to problems" –treat people with respect, but to be strict in our approach to problem solving and ensure that everybody's goals and endeavours be included and united.

Focusing upon needs and interests, rather than upon positions. The difference between the position and interest is best expressed as the difference between *what* we want and *why* we want it. In their initial statements the negotiators define their positions: statement on claims, positions and the target points of the agreement. This mutual statement usually makes the negotiations look conflicting, or, at best, that the parties cannot achieve more than just a compromise. However, when it comes to the interests, the parties may find that their hidden needs, values and interests are not really in serious conflict and that it is possible to find a mutually acceptable solution. Interests can be identified by asking the other party about their position; you learn "why they want what they say they want". You should also put the same

questions to yourselves if you want to share these interests with the others.

Creating different options for mutual gain. The negotiators should create a mutual statement showing their interests, since this statement will be a problem to be solved. The next step is to find possible alternative way to solve problems or state some or all interests. The ways to create options are numerous. A *sudden idea* is a technique used when a problem should be solved and the parties differ in their views to a desired solution; the parties are encouraged to offer alternative solutions, without discussing, evaluating or appreciating the quality of any of them. "*Streching a pie*" is used when the negotiation deals with the allocation of limited resources; here we are concerned with how to provide a larger quantity of resources so that, in case the parties have to share them, they be divided in such a way that either party gets more than 50 percent. A *non-specific compensation* is a procedure where one party gets something that is not necessarily part of negotiation package, but is enough to state the needs and interests and allow the other party to achieve theirs.

Insisting on applying objective criteria. A very important element in collaborative strategy is to create a good selection of options, finding ways to reduce the range of the options. The parties may reduce the list of options using a defined scoring system, by which a majority of options are eliminated and only the best remain. These options should be evaluated on the basis of a type of "objective criteria" to classify which solutions are of best quality, which of them will suit both parties, etc. If the parties can reach an agreement on which criteria should be used, they are close to closing an agreement. If the choice of alternatives is expected to be very problematic, the more reason there is to opt for developing and applying criteria for solutions evaluation before the very optional solutions are discussed and evaluated.

In this type of negotiations the parties should make effort to *draw a clear agreement*, which calls for precisely recording the solutions and their implementation plan. It usually happens that when the parties try to make a draw in a precise language and plan, the hidden disagreements and ambiguities surface. In this phase of negotiations it may prove practical to use a "unique text procedure" where one negotiator records the precise language and the text of the agreement. The draft of the agreement is then exchanged between the parties until they have agreed upon the language, the deadlines, the terms, etc. A similar result can be achieved if the parties negotiate in a room that is equipped with a board or a computer screen. The process of recording their work brings to surface possible ambiguities; thus the ambiguities are being cleared and the probability of problems arising as parties proceede in fulfilling the agreement will be reduced.

5. Negotiators' ethics

In a competitive and ethically imperfect world business people face serious ethic challenges. According to Cramton and Dees [7], a Macchiavellian gap between what is being done and what (ideally) should be done is a reality in business negotiations. A Macchiavellian answer surely makes thins worse, however, a purely moralistic (or philosophical) one will probably be ineffective. It is necessary to search for various ways of narrowing this gap and building trust and openness.

Evaluating negotiating strategy must include ethics. Here we can ask some relevant questions: what causes unethical behaviour, which type of unethical behaviour may a negotiator encounter and why the ethic standard should be part of the process.

What causes unethical behaviour. Causes of unethical behaviour are probably numerous. Risking to oversimplify the matters, we list the most frequent factors motivating unethical bahaviour:

Competition. The very nature of competition forces people to act in a way that will take them to the competitive edge, even when this edge is beyond the boundaries of the rules. The rules of "adequate" and "inadequate" behaviour should be established and clear to the parties and be approved of by the parties, i.e., the negotiatiors agree to play by those rules. The negotiations are especially sensitive to ambiguities, once the negotiators are generally expected to be "legitimately unethical" in their affort to satisfy their interests. Thus it is expected that, e.g., from time to time the negotiatiors "bluff" their intentions or avoid telling "the whole truth" when stating their end point. A tough part for new negotiators is drawing a separation line between "legitimate" and "illegitimate" dishonesty!

Satisfying one's ego and greed. In an environment in which the parties are motivated to satisfy their own interests, feed their own ego and show their "good image" to important public (looking successful, powerful, wealthy, etc.), ethical standards may often be upset. We distort the rules to go ahead, we deny having acted incorrectly, we hide our errors, refuse to take responsibility for them or correct them. We are concerned with social approval and recognition rather than with the rules we violated in order to reach the position we are at. Although sociologists claim that the "me-generation" is gone, their traces are present in our struggle to satisfy our ego, regardless of the rules.

Restoring justice. A negotiator may believe that he was misused and that he has to resort to "revenge". By this logic, the other party has already gained some competitive and tactical advantage, and our negotiator has to take "drastic" steps to regain some power and control. Lying and cheating in negotiations are often motivated by the claim that "the other party has already done the same"; although logics says that two wrong things do not amount to one right, emotional satisfaction resulting from the act of revenge often prevails.

Short-term prospects. What negotiators criticize most frequently is that in their activities they share a short-sighted, short-termed focus. The goal to be successful in a short time period results in their tending to neglect long-term relationships. Competitive behaviours are more appropriate to short-term, individual negotiations, however, if used in long-term relations, they threaten to upset and destroy them. A short-sighted, short-term focus many negotiators use often makes them resort to competitive or even unethical tactics in order to ensure an instant advantage.

Usual types of unethical behaviour. Here we list a number of unethical behaviours that may be encountered in negotiations:
- *Selective disclosing and exaggerating*. Giving emphasis to one side of the case while neglecting the other.
- *Incorrect presentation*. The negotiator is deliberately dishonest in relation to a desired agreement or resistance point.
- *Forgery*. Giving false information.
- *Misleading*. The previous behaviours are similar to misleading in that a logics is created that makes the other negotiator draw wrong conclusions. In its stronger forms, misleading may turn into fraud, when negotiators "confirm" the facts, the events or the work which are, simply, false.
- *Deliberate and direct evil doing*. This is the worst distortion of ethics and may include serious offence, such as: spying on the other party, stealing their documentation, besmirching them by lying about them or obstructing their work in order to prevent them to compete successfully.

Implementing ethical principles in negotiation. The negotiators have to understand their own ethic standards and limitations. Ethical reasoning must include the following factors:
- The negotiator has to realize that other factors of unethical behaviour may affect everybody, even most honest people. Competition, greed, opportunity to gain advantage, especially when we forget that what we are doing now may punish us in the future, distort our efforts in various ways.
- Negotiators have to define their limitations in advance. They must develop their own beliefs, a set of principles defining what they will and what they will not do! This personal code is generally shaped by personal standards of honesty and integrity, by religion and philosophy and often by painful consequences of their own or somebody other's unethical conduct.
- Negotiators have to realize that defining ethical boundaries in conflicts or in negotiations is not absolute. As we said above, a certain amount of "legitimate dishonesty" is often considered appropri-

ate in negotiations. There are no generally adopted ethical codes to help negotiators define what is appropriate and what is not (such as those valid for lawyers or some other professions). Most negotiators seem to agree that slight exaggeration and selective disclosure (stressing positive features over negative and not disclosing the end point) are acceptable and within ethical boundaries of negotiations, however, more serious violation of ethics may be inappropriate and less acceptable. It is an ethical challenge in negotiations not to disclose too much, but not to hide the truth and distort the rules in a way to destroy the trust and relationships between the parties either.

Conclusion

The paper focuses upon the key aspects of negotiations in business relations. The following basic components must be taken into consideration when planning and executing any kind of negotiations:

- Understanding major elements of negotiating correctly.
- Role of key power factors in negotiating.
- Importance of basic outcomes as well as relationship outcomes for both parties.
- Ethical principles and their implementation in negotiating.

The above four categories will strongly affect the type of strategy the negotiating parties will select. Successfull negotiators understand that these factors contribute to firm agreements and try to manage them in a given strategic planning and execution.

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Earned Value Management
From Government Contracts to the Project Management Universe

Wayne F. Abba

Earned Value Management *originated in the 1960s as a technique to manage large contracts in the United States Department of Defense. Over many years and many hundreds of contracts, EVM proved its value as the best way to measure progress in achieving contract objectives and to estimate the cost at completion. EVM now is mandatory for all United States government agencies. Their budget requests must include strong business cases exhibiting effective use of EVM, both for government and contractor effort.*

This paper traces EVM from its government origins and explains its increasing acceptance worldwide as the tool of choice for **integrating work scope with schedule and technical performance metrics** in project-based enterprises. Beyond government, EVM is gaining acceptance for projects of all sizes, due to several factors. First, the US government and its contractors developed an American National Standards Institute (ANSI) standard for EVM. Issued in 1998, ANSI/EIA 748 has replaced government regulations and is being adopted by companies in various industries. Second, inexpensive project management software has made EVM accessible to projects of any size. Third, the Project Management Institute has embraced EVM and published an EVM practice standard.

These influences – government leadership, technological innovation and advocacy by industrial and professional associations – are converging to make EVM the **preferred model for integrated project management**. Whether in government or industry, managers can use EVM to measure progress on the projects in their portfolios objectively, to quantify risk and to make informed decisions in the best interests of their project stakeholders.

Introduction

This paper discusses the author's experience in a large project management organization – the United States Department of Defense, where he served from 1982 until 1999 as the senior contract performance analyst in the Office of the Secretary of Defense. He developed management policy and analyzed contractor performance for a wide variety of products including airplanes, ships, land vehicles, software, spacecraft, electronics and weapons.

It is useful to understand that experience because management concepts being embraced worldwide originated in DoD, evolved during the author's public service career and continue to grow under the leadership of industrial and professional associations. Despite the differences between government and commercial business, the same basic principles apply to the management of all projects.

The contracts were for research and development and production, for total systems and subsystems such as aircraft engines, for entirely new systems and improvement of old ones – in short, the entire range of defense acquisition.

The DoD sought constantly to improve project management. When mistakes happened, DoD learned from them and moved forward. As its knowledge base grew, DoD shared information with researchers in government and academia to understand the trends and to improve management.

The Department meets its management challenges by relying on project management and a strong industrial base. The Department and its contractors originated many of the concepts that are used in modern project management. In a sense, DoD and defense industry comprise a huge project management "laboratory" where new ideas are tested. Those that work stand the test of time; those that fail go into the trash bin.

Integrated Project Management

The story begins in the 1960s, when Defense projects often produced unsatisfactory results. Late delivery and cost overruns were common.

New management techniques such as the Program Evaluation and Review Technique, or PERT and PERT COST were developed to solve the problems posed by increasingly complex projects. By 1964 the Army, Navy and Air Force had developed about ten different versions.[1] That complicated business for defense contractors because each new contract brought with it a new requirement that specified how the contractor would manage the work.

Department managers studied how the best American companies managed projects. They observed how Boeing, Lockheed, Martin Marietta and others organized, planned, budgeted, scheduled, executed and reported their projects, captured the essential elements and in 1967 put them in defense regulations not as specific instructions, but rather as statements that defined the essential features of an effective management con-

trol system.[2]

The central concept was "Earned Value Management" or EVM, an extremely powerful management technique that took project management to a new level. Until then, project managers focused mainly on technical performance and schedule.

Before EVM came into existence, cost performance on contracts was measured simply by comparing the funds planned to be spent at any point in time with actual cost expenditures. That's called "spend plan" analysis and has a serious deficiency: it cannot provide an objective measure of how much work was completed in comparison with the plan.

With EVM, contractors were required to integrate their project work, schedules and cost in a single plan. As they performed the contract, they could measure progress on any of those parameters, use the information to report more accurate status to internal management and customers, and estimate reliably the time and money needed to complete the contract.

The Department issued procedures for reviewing and approving contractor management systems. The contractor could then use the approved system for contracts from any Army, Navy or Air Force customer. This new philosophy was a big step forward and the contractor reports created a knowledge base in the Pentagon that would prove invaluable in later years.

Management and Reporting Problems

Earned Value Management became defense policy in 1967. In 1982 the author joined the Office of the Secretary of Defense., where for the next seventeen years he reviewed contractor reports from the Army, the Navy and the Air Force, prepared analyses for senior Pentagon leaders, and developed new management policy.

He quickly discovered that EVM was not working as desired. Air Force aerospace contractors were providing good information, but Navy shipbuilding contractors were not. Ship programs were in the news regularly with embarrassingly accurate stories of mismanagement.

He spent much time in the 1980s evaluating the shipyard management systems and correcting the problems. When DoD completed its improvement efforts, ship production was more efficient, management systems had been brought up to aerospace standards and the performance reports were much better.

The A-12 Fiasco

In the late 1980s, two events affected project management in important ways. First, in 1989 the DoD EVM office was transferred from the financial organization to acquisition, placing it closer to the decision makers. New leaders were happy to have the proven EVM capability available directly to them. Second, incoming officials in the George H.W. Bush administration asked the EVM office to analyze performance on a top secret program, the Navy A-12 Avenger II stealth bomber.

The A-12 program was so sensitive that its very existence was not acknowledged. But with just one look at the earned value information, EVM specialists in the Pentagon realized the program was a disaster. The analysis report moved up the management chain very quickly to the Secretary of Defense.

The analysis showed that the two contractors, General Dynamics and McDonnell Douglas, were in danger of losing at least a billion dollars on the contract. If the design and manufacturing problems could not be solved, the contractors would lose even more money – and there was no assurance the problems could be solved.

A Navy investigation revealed that the A-12 program contractors were not using their earned value information effectively. By the end of 1990 it was clear that the program was a disaster.[3]

The Defense Secretary declared "This program cannot be sustained unless I ask Congress for more money and bail the contractors out. But I have made the decision that I will not do that. No one can tell me exactly how much more it will cost to keep this program going. And I do not believe a bailout is in the national interest. If we cannot spend the taxpayers' money wisely, we will not spend it."[4]

The contract was terminated for default, meaning the contractors were required to repay the government more than a billion dollars. They did not agree and sued for relief in the United States Federal Court.

The A-12 is the largest contract termination case in history. The litigation that began more than a decade ago is not finished, despite five trials that produced more than sixty million documents. The contractors won every decision in the first four trials. However, the judge would not admit into evidence testimony about the earned value information.

When a higher court decided that the termination was based on contractor performance and overruled the judge, he finally heard the EVM testimony in 2001.[5] In August of that year he reversed his previous judgments and found in favor of the government.

As it stands today, the contractors owe the government some $2.5 Billion in cash including accrued interest, which continues to grow by more than $200,000/day while legal appeals frustrate a final settlement.

One thing is clear – this case should not have gone to trial. The courthouse is the wrong place for project management. Earned value data showed the contract status plainly and should have led to a negotiated conclusion. Whoever wins in the end, the taxpayers will have lost millions of dollars in legal fees.

It is difficult to change the culture in any bureaucracy – if indeed one can "change culture" at all. But it is possible to change behavior, especially when the catalyst for change is a crisis or a failure on the scale of the A-12. Industry and military careers and reputations were damaged and the Navy suffered as its aging airplanes became more expensive to operate.

On the positive side, the A-12 fiasco prompted immediate changes as the Navy and its contractors took steps to improve project management. For the aircraft program that replaced the A-12, the F/A-18E/F Super Hornet, they put responsibility for performance management – earned value – into the hands of the engineering and manufacturing teams, who used it weekly to maintain control.

The Super Hornet development contract was awarded to McDonnell Douglas for $3.4 Billion. It was completed on time and within budget while meeting its performance requirements.

The Boeing Company acquired McDonnell Douglas a few years ago. Since then, managers on programs like the Super Hornet have risen to senior positions and have adopted EVM for Boeing's commercial business lines, having learned that EVM can be used on projects of any size, scaled using the same basic principles and tools.

International Interest in EVM

Failure and crisis stimulate behavior change in bureaucracies. Unfortunately, that seems to be true everywhere. At the same time as the US DoD was discovering management and reporting problems on the A-12 and other programs, counterparts in other countries were experiencing similar difficulties.

First Australia and then Canada sent representatives to the Pentagon in search of better management techniques. In Australia, the search was required by a Parliamentary Committee of Inquiry after some serious cost blowouts on an Australian Navy ship program and on construction of the new Parliament House. In Canada, the search was prompted by the Treasury Board Secretariat when problems arose in government information technology programs.

In 1995, the three countries executed a memorandum pledging to recognize contractor management systems accepted by any of the countries. When Sweden and the United Kingdom took note of these developments and began using EVM, the countries created the International Performance Management Council as a forum to exchange information.[6] Through cooperation a foundation of mutual trust and respect has been built, not only among the governments but also among their contractors.

The Role of Government

In any country, government provides funding for capital projects such as roads, bridges, national defense, information technology, and so on. It also provides the legal framework for government acquisition and management. Thus, governments exercise enormous influence through spending and regulation. But governments come and go through political changes and may not have the long term view that is needed to improve project management in large organizations.

Having established its reputation, the DoD EVM office enjoyed support from leaders in each new administration, even ones with reform agendas. The National Performance Review and defense acquisition reform initiatives in the Clinton administration were the most far-reaching in the author's experience.

At a stroke of his pen, President Clinton's Secretary of Defense cancelled thousands of military standards and other regulations. The choice for the bureaucracy was clear – change the way you do business or go out of business. In the end, DoD leaders reaffirmed EVM and embraced it as part of defense acquisition reform.

Those leaders also encouraged international and interagency cooperation. With their approval, DoD reached out to other government organizations, especially NASA. At one time NASA had its own unique contract management requirements although it awarded contracts to companies that also had defense contracts.

During the 1990s DoD and NASA brought their policies into alignment. However, other government agencies such as the Department of Transportation and the Department of Energy either ignored EVM or did not take it very seriously.

As the 20th century drew to a close, the Office of Management and Budget in the Executive Office of the President extended to all federal agencies the same EVM management concepts used by Defense and NASA. The OMB also required the agencies to report earned value status once a year during the budget development process. Each year since, OMB has continued to refine the requirements and has both penalized and rewarded agencies based on the quality of their business cases and EVM implementation.[7]

The Role of Industry

When the author began his work at the Office of the Secretary of Defense, the government-industry rela-

tionship was adversarial. The more he learned about the reasons for the tension, the more he realized that industry complaints were justified. Government contracts required too much detail and intruded too far into industrial management practices.

Defense officials struggled with those issues and debated how much flexibility government should allow industry. In 1995, DoD suggested to the National Defense Industrial Association that it should undertake a transfer of responsibility for industrial management processes from government to industry. NDIA accepted the challenge.

When the first draft was ready, NDIA sent a copy to DoD for comments. Because it looked very much like DoD EVM regulation, defense officials worried that NDIA might have written the document to satisfy the perceived interests of its main customer.

At DoD's request, NDIA invited other industry and professional associations to participate, then reassured DoD that the document reflected their views. As a result, the American National Standards Institute issued the world's first integrated project management standard in 1998.[8] In 1999, DoD incorporated the standard in its acquisition regulations. This marked an important step in the transfer of responsibility for industrial management standards from government regulation to industry.

In 2002, OMB took the next step. It required all government agencies and their contractors to use the ANSI standard as the basis for project management and reporting. When agencies submit their budget proposals to OMB, they must provide strong business cases for their capital investments, supported by a project management plan based on the ANSI standard.

In this way, government reform efforts begun in DoD are now fully defined in an ANSI standard and put all government agencies on equal footing in terms of management expectations. Agencies are expected to achieve 90% of cost, schedule and performance goals and must report to OMB annually, including their contractors' EVM data.

The 1990s witnessed arguably the largest industry shakeout in history as the US aerospace industry shrank from 26 contractors to four. The survivors, Boeing, Lockheed Martin, Northrop Grumman and Raytheon, are using the EVM standard to define their enterprise management systems.

As they incorporate EVM for commercial lines of business, defense companies are discovering that it makes sense not only for large government contracts, but also for small projects and internally-funded projects.

It is very difficult for individual companies to talk candidly to their customers about management issues.

However, there is safety in numbers. DoD encouraged open communications channels to industry through NDIA. When issues arise, they are discussed in open forum and both sides provide members to joint working teams to develop solutions.

The Role of Professional Associations

Professional associations are very important in project management. For many years the only association interested in EVM was a small organization called the Performance Management Association. In the late 1990s PMA discovered the Project Management Institute and decided to merge its 800 members with PMI's 35,000 as the PMI College of Performance Management. In 2005 PMI published the Practice Standard for Earned Value Management, making this management technique accessible to some 250,000 PMI members worldwide.[9]

International Trends

Australia has more than ten years of successful experience with EVM as a government regulation. Canada also has been using EVM more than ten years and has adopted the ANSI standard because Canada and the USA are close trading partners.

Sweden and the United Kingdom began looking seriously at EVM more recently, in the late 1990s. In both countries, early experiments were successful and EVM is being adopted more widely. The UK is emerging as a world leader, as EVM is used by commercial construction companies and as part of the Ministry of Defense's "Smart Procurement" initiatives. The UK Association of Project Management produced a CD titled "Earned Value Management: APM Guideline for the UK" that is recognized by NDIA as philosophically equivalent to the ANSI standard.

Project Management in Transition

The American experience with EVM has repeated itself in other countries. The direction of movement usually is from government to industry. Along the way, typical issues arise:
- Should government or industry assume the leading role? Usually it is government, but progress cannot happen without cooperation from industry.
- How difficult will it be to implement this new management approach? It will not be easy, but nothing of value ever is.

The Future of EVM

Where will EVM go in the future? These predictions are not really speculative; all are happening today in advanced organizations, but it will take some time for them to become the norm.

Perhaps the most important trend is the growing relationship between project management and an organization's business objectives. Governments demand a strong business case supported by a sound project execution plan. Industry demands better results on the bottom line.

Better management systems integration makes it easier for common project management techniques to be used for smaller, less complex projects. An enterprise management system can be constructed that does not require all projects to be managed exactly the same way, yet all can be managed and measured consistently.

The demand for enterprise tools leads to more effective project management software. Tools once used at the high end are being adapted for wider application and tools used at the low end are becoming more sophisticated, thus providing more value and capability across the spectrum.

Of course, change on such a vast scale is not easy. But just because change presents a challenge does not mean it should not be undertaken. Counterparts in Australia, Canada, the United Kingdom and the United States have been through similar evolutions. Their representatives at international forums are candid and open. They describe successes and challenges, recognizing that both kinds of experiences must be shared if we are to advance project management knowledge.

As you ponder such questions, it is useful to keep in mind an essential difference between government and commercial management. If a company makes a fatally flawed or unethical decision, its responsibility ends with its owners. A company may in fact go out of business – ENRON and WorldCom may come to mind.

Government cannot operate the same way. It must deliver security and services to its citizens. When it fails, the pain is felt in the purse of every taxpayer and business organization. The public rightfully expects its government to operate with the highest ethics and to employ the best management techniques possible. Earned value based project management is the world standard.

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8. ANSI Standard EIA-748 is available through the American National Standards Institute webstore, http://webstore.ansi.org/.
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Modern Management in the Defense System

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The bases on which the plans in the defense systems are founded are usually rather uncertain due to dynamic change in the system, particularly to its close or farther environment. Nevertheless, planned and organized activities in these conditions, and especially in the area of sellection, creating and developing modern managers are both a must and a need, and planning human resources in the conditions of uncertainty is both a liability and a challenge for the top management and the planning departments in the defense system of the Republic of Serbia and all its parts. An appropriate selection, supplying with adequate knowledge and an adequate development of a military manager bear a promise of a steadier work and fewer „emergent tasks" in the defense system. The requirements posed by the practices, time requirements and modern trends in the field of military management demand that a photorobot of a modern manager of the 21st century be designed: desirable knowledge, education, conduct, techniques and methodology he uses. The developed countries and their defense systems have long realised that management is a scientific discipline, crucial in the successful work of the system and therefore worth paying due attention to. It is for this reason that we devote this work to this issue of the Republic of Serbia defense system.

Introduction

We live in a world of great change and challenge, therefore the present social reality is characterised by ample organizational, formal and crucial changes, change in capital ownership, change in the value system, plurality of thought, lack of fear and powerful destructive propaganda in internal affairs, insisting on transparency in work, intensive proclamation and striving for consistent respect of human rights and liberties, general access to information, high level of aspirations in people in general. The ordinary people are faced with high level of demand and expectations, being promised little in return. Human ideals have essentially changed. Fewer and fewer are those who are willing to struggle for supreme ideals at a price of ruining their comfort, even fewer are those prepared to pay the extreme price for these ideals, to sacrify their lives.

People adopt change more or less voluntarily, they help it root or they resist change, they take change as a success or as a defeat, a profit or a loss, all along reacting in different ways: showing delight, resignation, indifference, passive or active resistance. It is this change that should be managed, and this is the task of strategic decisions makers (managers) and top managers. Special emphasis is given to the management of the life and work in the defense system.

We may freely maintain that the current state of the defense system, the needs of practice, requirements of time and modern management trends have become a serious challenge to managers in the defense field. In the approaching period, the management in the Republic of Serbia defense system gains in importance and must actively and publicly take on the role of the front unit.[1] In order that military managers should successfully cope with the growing problems, it is necessary that there exist a long-term conception of development with a built in organizational aspect, that candidates for military managers be carefully selected and that they undergo continual education and qualification processes. The needs of modern practice that deals with situations of crisis, fighting terrorism and continual preparations for possible future wars require that the managers in the defence system should be chosen among people with leadership dispositions (abilities and inclinations) and knowledge of management, trained for the job they will do. For the time being, there are no appropriate and well elaborated criteria, publicly known and related to the selection and appointment of military managers to certain managing positions. The prevailing choice of methods is not impartial enough and reduces (almost eliminates) the impact of public – transparency to a significant degree.[2] It is generally established that there are two global types of managers in our practice:

- those well acquainted with work with people;
- those well familiar with technology of the work the people they manage are engaged in.

It is difficult to find managers familiar with both, and it is both of these qualities that are required in the operational activities (business activities in a most general sense) of the defense system. Hence there are only a few accomplished military managers, a management gap increases daily and it is of paramount importance that education of management personnel be started, with new contents and methodologies. Two problems arise in theory (and operational practice) related to adequate selection of military managers:

- insufficient number of candidates (alternatives) who meet the set requirements;
- biased and non-optimized selection of one among a

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[1] Majstorović, a: and Andrejić, M.: *Savremeno upravljanje ljudskim resursima u sistemu odbrane* (Modern Human Resource Management in Defense System) , the Tenth International Conference „Quality and Reliability Management", DQM Faculty of Civil Engineering Belgrade, June 2007, p. 422.
[2] Majstorović, A.: Državna revizija u sistemu odbrane, Economics and Finance Institute, Beograd, 2008, p. 144.

number of candidates who meet the requirements, as well as incorrect ranking of other candidates.

It is very important that a prospective candidate (besides knowledge, desired traits and skills) desires to be a manager. Any successful system, especially the defense system, must be work-incentive and use human resources (and any other resources) at its disposal appropriately and optimally.

In this report we discuss and propose a possible methodology of selection, creating and development of military managers as well as present the relevant knowledge that a modern and successful military manager needs. We will take into consideration the desirable predispositions and the development path, as well as education of military managers. Here the emphasis will be put on the current – peaceful management activities in the defense system, since the analysis of management in the past wars would be inappropriate in the context of this work, whereas the projection of management in some possible future crises and wars would not be reliable enough, due to a large scope of unknown factors.

It should also be pointed out that, in addition to systemic considerations, when selecting and appointing military managers we must take into account the situational approach and analyse each individual managing position – a public function (operational activities in the units at troop level, in commands at operational level, in administration departments, in educational and scientific institutions, in research institutions, etc), thus precisely defining the manager profile for a particular work position.

Specific features of management in the defense system

Some specific features in terms of the complexity of military organizational systems (combat system, production system, logistics, business system, personnel turnover: permanent and temporary structure), of human rights and liberties, autonomy in decision making, personnel solutions, mode of functioning, etc. make up the management in the defense system considerably more complex than it is the case in civil organizational systems. As regards the specific features of military organizational systems, if a non-incentive plan is established, it may lead to an average performance, implementation of double standards in personnel selecting and managing, to obstructions, eluding work obligations and to other negative consequences. The fundamental principles upon which the relations within defence system, especially those between the manager and other members are built are as follows:

not all the members of the system are included into decision making on all the important issues of the system;

the manager plays an organizational- technological-coordination role in order that the tasks are accomplished effectively, efficiently and economically;

the manager helps all the work group members in the process of creating and liberating their will, creativeness

and abilities, in order that they are adequately trained to achieve high performance and take an active part in improving management itself and the overall functioning of the system.[3]

In this sense, the most important features of a modern military manager are the following:
- the requirement to change both himself and others;
- collecting information, identifying problems, decision making in problem solving and their actual problem solving;
- translating solutions to the problems into decisions and actions;
- organizational frame within which he acts: he acts from the position that gives him power within the pyramidal structure, as well as responsibility. His attitudes are authoritative. People beneath him in the pyramid see themselves as more dependent than opposite. Numerous forces in his environment act in such a way so as to render him in that position. Despite a great and independent power, the manager still depends on his subordinates due to the size of organization and technology etc. (identifying problems, data gathering, analyses, decision making, making a decision operational). He works by influencing other people and must position himself in such a way that he may always demand more. He is expected to, and must himself try to, act as an extension of the ego of his superior. He is required to think creatively and originally, but also to act in a way his superior would act in a similar situation.

The essence of management in general is in devising such subtle ways of exerting pressure upon the subordinates so as to provoke least opposition and conflict between the subordinates and their superiors, between production forces and production relations, between the achieved work results and profit distribution, at the same time maintaining the existing relations, the method of functioning and the existing distribution of status. In addition to overall human qualities (emotional and academic intelligence, energy, creativity, decisiveness and firm character) the managers in the defense system should be gifted with some specific traits, characteristic of the men and environment in this country, such as capability of selecting and developing personnel, knowledge of people and their problems, correct estimation of their abilities.[4] The manager is always expected to be a leader, that is, to command great personal authority and power and to be able to conduct all the management functions and processes (planning, organizing, personnel, guidance, control, analysis, coordination, task assignment) successfully. In addition to the abovementioned, the manager is expected to identify problems promptly, deeply and broadly, diagnosing them

[3] **Majstorović, A. and Andrejić, M.,** *Teorijski aspekti upravljanja ljudskim resursima u sistemu odbrane*, **Novi glasnik br. 2/2007, Vojnoizdavački zavod Baograd, 2007, pp. 71-72.**
[4] **Majstorović, A. and Andrejić, M.,** *Teorijski aspekti upravljanja ljudskim resursima u sistemu odbrane*, **Novi glasnik br. 2/2007, Vojnoizdavački zavod Baograd, 2007, p. 74.**

briefly, making a difference between what is important and what is not and to always move efficiently across the defence system.

In order that the manager master the „right system of work", he must have some psychological qualities and act adequately in working with and addressing his subordinates. The means and methods used in management in the defense system are subjectively and significantly different, since they are part of knowledge and reason of the manager who sellects the methods he considers most appropriate to a given situation. In order that his choice be adequate, it is very important that the manager possess certain qualities: highly developed intellect, broad general culture, adequate professional and social preparation, matching of character and temperament, skill in handling demands and complaints from his collaborators, skill in managing the organization (group) and getting the feedback right. The modern manager's personality in the defense system today must be a set of different qualities the minimal scope of which will be the following:

1. **moral qualities**: highly developed social awareness and social feeling; sence of economics, decisiveness, enterpreneurship; sense for responsibility;
2. **intellectual skills**: methodic approach in reasoning and acting; objectivity; realism and practical sense; capability of persuading others;
3. **physical qualities**: physical and psychical health; vitality; endurance; agreable appearance;
4. **knowledge and experience**: general education as well as knowledge of skills and managerial work as well as work in schools for managers, experience in educational work.

Projections of knowledge necessary to the modern manager in the defense system

Knowledge in its broadest sense means a set of contents on a subject or a phenomenon and their definitions founded on the truth.[5] The military manager is required to master the knowledge necessary to any other manager, but also knowledge specific of managing a military organizational system and the organization of modern work in them. According to the principles of the modern theory of management, knowledge required from the manager can be classed as functional knowledge, system knowledge and knowledge in the field of situational analysis. Functional knowledge enables the manager to perform basic functions: planning, organization, task assignment, coordination and control. System knowledge helps him get an insight into the organization (and problems in it) as a whole made up of interrelated parts that function and achieve planned goals in an uncertain environment.

Knowledge of situational analysis allows for the operationalization of system knowledge within a concrete problem to be solved with a maximum respect of its specific nature.

It is necessary to specify the requirements of the military manager workplace, selecting candidates with natural tendency, candidates with knowledge needed in management in individual phases of the system's life cycle, candidates with experience in management or in training others in the field (teachers) and sellecting candidates who want to be managers. Similarly, the sellection of managers must not be based upon imposing the individual on the staff, but must respect the following requirements:

the staff should voice their opinion when choosing their manager, since in this way they acknowledge the manager's authority and approves of his mandate to manage;

managers of broader organizational groups in the system should also be granted opportunity to express their view and consent, so that a vertical unity of the technological process be ensured, and senior managers should be in a position to influence directly the selection of their direct collaborators;

the managing boards in charge make the final decision (approve of the choice) on the selection of individual managers, having in mind the interest of the system as a whole.

One possible classification of knowledge required of the military manager is presented in the following table.[6]

Generally speaking, there are general managers and expert managers in the defense system. In order that the general manager may perform his role he must form – gather a circle of competent collaborators. In this country, it is normally accomplished by forming a collegiate body. An increase in the scope of tasks within the management function, especially in large systems renders the modern management impossible without a permanent contact and collaboration with the expert managers in the system and results in splitting the unique function of management. The role of middle management is the least defined in the defense system (acts, regulations, rules...). Junior managers may encounter some problems in practice, the problems that are not manifested in their inappropriate technical knowledge and education, but in their problematic inclusion into the work group – collective as well as in their somewhat limited possibilities to actively and purposefully perform there.[7]

[5] Nadoveza, B., Majstorović, A. and Milojević, I.: *Računovodstvo i upravljanje troškovima*, Mladost, Beograd, 2006, p. 16.

[6] After: Majstorović, A. and Andrejić, M: *Savremeno upravljanje ljudskim resursima u sistemu odbrane* (Modern Human Resource Management in Defense System) , the Tenth International Conference „Quality and Reliability Management", DQM Faculty of Civil Engineering Belgrade, June 2007, p. 423.

[7] Majstorović, A.: *Revizija poslovanja sistema odbrane*, doctoral thesis, Faculty of Trade and Banking BK, Beograd, 2007, p. 122.

Table 1. Classification of knowledge required of military manager

KNOWLEDGE ACCORDING TO ORIGIN	KNOWLEDGE ACCORDING TO PURPOSE	KNOWLEDGE ACCORDING TO SCIENTIFIC FIELDS AND PROBLEM SOLVING AREAS	KNOWLEDGE ACCORDING TO UNIVERSALITY
- knowledge acquired by education in the educational system; - knowledge acquired through practice in doing some jobs; - knowledge acquired through permanent education during work;	- basic knowledge; - auxiliary knowledge; - back up knowledge;	- general knowledge in the field of organization; - general management knowledge; - knowledge in techno logy and organization of the field in which the problem is solved through team work; - public relations knowledge; - knowledge in the field of acquaintance with the internal and external military and other fields; - knowledge in psychology, social psychology and communication with people; - specialized knowledge in the field of team work and team managing; - specialized knowledge in the field of project management; - methodology knowledge; - knowledge in the field od planning (predicting, decision making an d devising plans); - knowledge of information technology and disciplines closely related; - knowledge from the analysis of internal and external environment;	- mutual for all mamnagers; - specific of a certain activity or organizational type; - very specif ic knowledge, related to very concrete types of activities;

The importance, role and tasks of managers in the defense system

The job of the manager at any level in the defense system is specific, sensitive and complex and his position can be shown in the following way:

1. There is no certain promotion if the given sequence of goals is absent.
2. Each of the phase goals requires adequate personal capacities and adequate characteristics of the environment.
3. In the first half of the career more attention should be paid to personal health, education and work than to promotion.
4. Results are a permanent and crucial goal in the career. They should always be presented to the society so that the society grants a promotion in career and an opportunity for improving in professional work. Therefore, for promotion purposes, those results should be chosen for which there is a demand, opportunities and conditions, in order to ensure reputation (privileges) and position (protections). Protections cannot be sought before the privileges are offered.
5. Quality of results conditions the quality of promotion and environmental response.
6. Each new position requires new capabilities, new knowledge, new work, new results and new reputation.

It is for this reason that one should publish his results, in order to create relations, privileges, protections and acceptability.

In his work, the military manager should observe global change and uncertainties they bring. If planning is reduced to mere routine or satisfying formal obligations, without a defined conception of development, in the system or in its part, it will be meaningless.[8] Some of the changes and uncertainties to which we should adapt the development of management, the way of thinking, acting and behaviour in the defence system can be globally expressed in the following way:

• The representatives of states, frontiers and their sovereignty become only administrative categories, the power centres being shifted to powerful lobist groups, of whose decisions the states are merely informed;

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[8] **Majstorović, A.:** *Revizija poslovanja sistema odbrane*, **doctoral thesis, Faculty of Trade and Banking BK, Beograd, 2007, p. 172.**

- The 21st century is announced a century of knowledge, and the millenium we entered will be qualified by the nomad life of labour force;
- A new world architecture is formed from modular units existentially capable of surviving locally, however not powerful enough to affect the environment (region) and incapable of survive by themselves on a global plane, especially not in the paths leading to significant sources of raw materials – energy paths;
- Unification of world business;
- A world government is formed, a world military force, a world religion, a unique language and a unique currency are introduced;
- The world has become small, a global village and each point in it is easily accessible;
- The world changes fast, so it is not easy to follow the changes;
- The worls has become complex and interdependent, even very complex and extremely interdependent;
- Temporary and flexible organizations are promoted;
- Clear and partial regulations are accepted, controls of results, not processes;
- State frontiers and frames are surpassed, external and international organizations are established;
- Transparent behaviour, cooperative relations and shallow organizational structure are developed;
- A growing primacy of ideas over manual work;
- A growing knowledge processing, a reduced data processing;
- More and more is being done in managing people, compared to managing processes, since technical-technological achievements and results of automatization and robotics facilitate manufacture management;
- Team work gains advantage over individual work, especially in the areas of research, development and management;
- There is an increasing stress upon free time and personal health management, not work management ...[9]

Perhaps more than the global changes listed above, the acting and thinking of people is affected by the present changes which are emerging worldwide, faster or more slowly: the rise in the living standard, higher level of education, general accessibility of information.

The manager is always required to:
- define the organizational policy he makes;
- gather a group of people to make an organization capable of functioning and producing results;
- find a way to obtain a maximum from the members of the working team.

In addition to knowledge, skills and habits necessary for a successful modern management, it is necessary to possess knowledge, skills and habits needed in managing specific fields of human activity in the defense sphere. This knowledge of knowledge, skills and habits must be, in a required scope and in an adequate way, formally and content selected, classified and presented to the staff.

The manager's behaviour is preconditioned by his personality, his knowledge, education, independence and responsibility, the type of work as well as the nature of the tasks, knowledge, education, independence and responsibilities of people he manages. Of course, in selecting a team, competent experts in problem solving are chosen, to be managed in their work after a unique methodology and offered a general, and sometimes specialized expert aid in certain spheres of problem solving. The managers development programme should be created in such a way that it helps people learn how to solve typical management problems in both typical and **atypical** situations, help them master the skill of gathering information from different fields, the skill of analysing this information, help them learn how to seek the possibilities for solving the problems and acting on their own choice, as well as enable people to obtain voluntary collaboration with other people to realise their own mission; as well as allow for maintaining balance and achieving objectivity in the conditions of time and psychological pressures. Managers should be taught to **identify relations**, not contents, correctly, to **understand**, not know at any cost, **to deal with every aspect of the problem and to solve them having in mind a goal**. Managers learn by acting, observing consequences, reorganizing and acting again. People with outstanding organizational skills (talents are scarce) should be discovered, then developed and educated.

A good manager is not merely a spontaneous product of nature; in order to be such he needs education, and this education means a long and painful effort in which the family, school, organization he works with and state participate.[10]

Managers education projection in the defense system

Education of managers is a complex problem that cannot be solved in haste, but by long-termed and persistant work. Forming and development of manager's personality is influenced by numerous factors, such as:
- ☞ family, school, social organizations and political parties and associations;
- ☞ people he works with – the company within which he works and acquires working and life experience;
- ☞ his immediate superior who imposes his own example on a young manager;
- ☞ institutions for additional training (within the defense system or outside it).

[9] **Majstorović, A.:** *Revizija poslovanja sistema odbrane (Review of Defence Systems)*, Defence Technologies Symposium – OTEH, Boegrad, October, 2007.

[10] **Majstorović, A. and Andrić, M.:** *Planiranje, programiranje i budžetiranje u sistemu odbrane* (Planning, Programming and Budgeting in the Defense System), the 34th Symposium on Operational Research SYM-OP-IS 2007, Zlatibor, September, 2007.

Possible techniques and methods of training a modern manager are:

- rotation among a number of jobs and organizational levels (experience);
- assisstance (work as an assisstant to a senior manager);
- education in its broadest sense and on different levels;
- group education directed towards solving (with perception reorganization) unprogrammed problems that require knowledge of the problem, knowledge of the groups and experience.

The end goal of the managers education in our defense system should consist of a tendency to increase the efficiency of managers' work and thus contribute to a better and more organized work, higher productivity of work and developing healthy and positive relationships among the employees, via a higher quality education. Therefore, a systemic, organized and continual education of managers has an aim to:

- ☞ enlarge and enrich their knowledge of sciences and humanities, significant for modern management and for improving the work organization in work collectives;
- ☞ refine methods, techniques and skills of management and organization of work;
- ☞ broaden the mind and establish correct attitudes and views, enhance their initiative in developing healthy relationships within the organization and between the organization and the society.

Immediate (concrete) goals of the education of managers in the defense system should stem from the analysis of real needs. The following questions should be answered:

- ☞ is the aim of education to **prepare new people to work in managerial positions** – education of young managers (importance, essence and basic principles of management and organization, acquiring skills and habits in implementing certain sophisticated techniques and methods, development of attitudes and relations with people, training for Himan Resource Management – HRM);
- ☞ do we tend to educate the **present junior and medium level of management in order to prepare space for executing higher levels of managerial duties, bearing more responsibility** – education for the purpose of improving certain techniques and methods;
- ☞ is the aim of education to **improve the present managers in order that they do their present job more efficiently** – education for the purpose of improvement (learning about the relevant achievements in scientific development for the purposes of more precise predicting, decision making, taking actions, breaking with the cases of staleness, of work blindness, improving the present methodology by mastering certain techniques and skills, forming new

views as regards work and people, training people to prevent achieving a „plateau" in developing managerial personnel).

In terms of educational aims and the management level, the focus is set upon the following:

- in junior managers and those at lower levels, at acquiring knowledge in order to adopt the principles of modern management and broaden views;
- in medium level managers, at adopting techniques and skills that can be readily implemented, as well as at acquiring certain attitudes as regards these etchniques (stress is on exchange of experience and attitudes);
- in top managers, at discussions on establishing business policies of the defense system on the global level.

The contents of education of the managers must be lergely adapted to real needs and capabilities of the defense system, as well as to the requirements of the job the managers do or are trained to do. In this sense, the possible forms of education are:

- schools for managers;
- courses and seminars;
- conferences;
- experience exchange groups;
- correspondence studies (open universities);
- individualised work (lack of spare time and ability to cope with an increasing quantity of writtwn material and documents).

In evaluating the results of manager education there are usually a number of methodological difficulties that arise out of the eduational results character and the ways in which these results are manifested. Normally, there are three groups of results:

- visible results, those that can easily be perceived and quantified;
- results that cannot be measured, but are globally visible, e.g., functioning of the modern organization of work;
- results that are not so visible, but can be felt, such as improved interpersonal relationships, greater satisfaction of the staff, higher work morale, etc.

What is most criticized in our practice of selection and apointment of managers is the following:

- in most cases people are not familiar with the criteria and the weight of criteria on which they were selected;
- it is often remarked that the selection was biased;
- there are cases when it is obvious that the selection was conditioned by factors other than work place and the needs of the group;
- the subordinates protest strongly against any sign of protection in selecting the manager.

Weaknesses emerging in practice concerned with defining the criteria are the ambiguously defined selection criteria, unsteady or insuficiently steady criteria, both of

which result in the criteria being adapted to the candidates, not candidates to the criteria based on real needs, as well as a unilateral character of the criteria, that is, the lack of balance among the suitability, expert-technical and social criteria. The decisions on the appointment of manager might be significantly improved if decision makers were presented the materials on:
- the directly superior officer's views;
- the attitude of the group the candidate is to manage;
- data and attitudes of experts (psychologist, human resource manager ...).

In addition to these, the following should be analysed and observed:
- competence (absolute and relative) for management, the work results achieved so far and the superiors' recommendations;
- knowledge of people and of the organization and process technology in the relevant field;
- acceptance from the part of wider environment;
- acceptance from the part of the staff he is to manage;
- reputation and authority in his profession;
- work habits;
- knowledge, education;
- experiance;
- method and management style he uses in his work;
- way of speaking (brief, distinct, clearly understandable, commands the terminology of the field he manages);
- techniques of submitting data to the superiors, the method and intensity of presenting his organizational system in internal setting;
- the method and intensity of presenting his organizational system (entity) to subjects outside his organizational entity;
- charisma:
  - ability to estimate who will do certain work in a most efficient way;
  - suggestiveness, ability to negotiate and assure, to transmit his own will to the others and encourage others to willingly collaborate and act, all based on self-confidence, self-discipline and strong will;
  - optimistic in nature;
- appearance and the way he dresses, etc.[11]

The preparation for manager promotion requires a situational approach conditioned by all the manager's qualities, specific features of the new workplace and the work group that is engaged in the preparations. The individual preparation of the new manager has to be executed systematically, timely and according to a set plan, the direct superior being most responsible in this. The individual preparation plan may include:

- education at workplace;
- changing jobs within organization according to the plan made in advance – rotation;
- temporary substituting the superiors;
- courses;
- work outside the organization (internship and practice);
- scholarships, expert exchanges and visits;
- special tasks (committe work, work on plans, analyses amd expert opinions)
- other elements requiring continual and systematic education.

Conclusion

We have already agreed that new times require new people. The focus is on the selection of people with modern attitudes to military management, on creating managers that absolutely adopt the transparency in work that calls for establishing an essentially different relationship between the defense system with the public and collaboration with the civil, democratically elected government, media, government and non-government organizations. The time before us requires the managers who clearly understand their position, role and task, their scope of work and their real power, the managers who develop and use teamwork, in contrast to those who „always know best and know everything"

Our times and our defense system require managers who understand the transient quality of life and a permanent need to change and develop the organization; who think about the resources necessary to accomplish the tasks (the price of the decision made and the price of managerial work estimated by cost/benefit analysis) and who view management as part of the development of the society and the system they manage; who have a clear vision and goals and understand their mission; the managers who focus upon the system (entity), not upon themselves and who are capable of translating the system into a higher quality state. It is for these reasons that the objectivisation of managers selection should be paid much more attention to. Criteria for the military manager selection must be known and widely recognized beforehand. Candidates for a large number of duties should be selected on the basis of results of the contest and they should be required to publicly explain their programmes of work in the four year period they are being selected to manage. The selection of military managers should be preceded by a consensus among influential subjects and an adequate preparation of public opinion and the immediate environment that are expected to accept a new manager.

Our task is to prevent by all means the ascent to positions of anonymous, uncompetent people, unknown in their field of work and to their profession, since the profession will not support their appointment. The new concept of the military manager means the one personnel oriented towards transformation, one who thinks in a different way, who understands global trends and changes in the environment and identifies the demands

[11] After: Majstorović, A. and Andrejić, M.: *Savremeno upravljanje ljudskim resursima u sistemu odbrane* (Modern Human Resource Management in Defense System) , the Tenth International Conference „Quality and Reliability Management", DQM Faculty of Civil Engineering Belgrade, June 2007, p. 423.

of time and practice; it means management that is not detached of what is going on and that is capable of acting apart from rigid bureaucratic structures, management capable of engaging resources avaliable in an optimal way, but also of saving resources, primarily human resources it is responsible for.

Generations of young officers are increasingly better educated, both technically and in the IT area and in any other way. They are familiar with the general trends in the environment and have alternatives in terms of employment. For these reasons such a management is required as to be capable of working with them. We should use any organizational methods to ensure the role of management in the system, from the junior to top levels. The changes in the global plan, in the direct vicinity of the defense system, call for a different approach to the selection, development, education, training of managers and their substitution with younger personnel; they call for dynamic insight into the future and departing from the classic approach. Completely worked out formulae for different acting unfortunately do not exist, however, this does not mean that nothing can and must be done.

The weaknesses identified in the area of manager selection, development and education in the defense system require adapting to the needs of practice, social capacities, time and modern management trends.

A more efficient and scientifically founded planning will allow for a higher quality of planned solutions, rational expenditure in the resource field, thus contributing greatly to raising the Army's combat readiness. An ever present requirement that the command be unified and the comand points be reduced in menpower, alongside raising operational skills and quality in work can be satisfied only by implementing theoretical achievements in the field of management. Similarly, it is necessary that external consultants and representatives of superior commands be included into the planning process.

The defense system must answer the need of unbroken functionality. This means constant and organized planning, monitoring the situation, the impact factors and the elements of the situation in order to prevent possible unpredicted situations and be ready to find adequate solutions at any time.

If we cannot plan the basic activities of military operational systems precisely enough, due to environmental change, we can certainly plan the organization, flexible enough to enable a wide range of activities. If we are aware of the speed and necessity of change, we have to establish mechanisms that will respond to change, identify it and capture even the faintest signals, and this is possible only by creating and projecting a modern model of management in the defense system.

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Differential Responses to Managerial Incentives among Workers: Case Study

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There is considerable interest and debate over the effectiveness of managerial incentives MI. The paper examines the impact of sub-culture on preferences kinds of managerial incentives. The purpose is to investigate the popular assumption that cultural differences exist at this level and to see whether these differences have an impact on MI effectiveness. An experimental design is used to test a series of hypotheses based on a sample of Indians and Egyptians employees. The study was taken in Abu Dhabi, United Arab Emirates. It is found that despite the existence of cultural differences at an ethnic level, culture does not appear to have a significant impact on employee responses to MI. Finally the study also provides evidence that further validates a scale used for measurement of culture.

1. Introduction

The widespread use of managerial incentives MI has sparked considerable interest and debate over their effectiveness. The discrepancy between effectiveness or no effects of MI suggest that there are conditions and factors that can influence the effectiveness of MI.

Culture can influence both the development of a theory or concept and its application (Stewart and Gregersen, 1999). Organizational culture is the system of shared actions, values, and beliefs that develops within an organization and guides the behavior of its member. In the business setting, this system is often referred to as the corporate culture. Just as no two individual personalities are the same, no two organizational cultures are identical. Most significantly, management scholars and consultants increasingly believe that cultural differences can have a major impact on the performance of organizations and the quality of work life experienced by their member. (Schein, 1990).

The word culture is frequently used in organizational behavior in connection with the concept of corporate culture, the growing interest in workforce diversity, and the broad differences among people around the world. There is a need for research directed at understanding culturally-driven responses as incentives to MI, as cultures differ in their value systems, evaluations of management communication will differ. Therefore, there is a need for research to examine the effects of promotional activities on cultural groups within countries. (John and Malhorta, 1993). It also has been suggested that an understanding of culture can assist in making managerial decisions, such as whether to pursue standardized or localized strategies. (Schermerhorn, et al., 2003). In this respect organizational culture represents a complex pattern of beliefs, expectations, ideas, values, attitudes, and behaviors shared by the members of an organization that evolve overtime. (Kanfer and Kantrowitz, 2001).Culture varies in their underlying patterns of values and attitudes. The way people think about such matters as achievement, wealth and material gain, risk and change, may influence how they approach work and their relationships with organizations. (Bluedom, 1992).

In every culture, certain factors act as motivators and others act as demotivators. Specific motivators and their relative importance are unique to each culture and, all too frequently, to each situation.

Managers must be aware of the cultural backgrounds that they bring with them to the task of performance appraisal. They should be careful to avoid criticizing employees for cultural differences. (Adler, 1991). However, many cross-cultural studies in management have mainly examined the impact of culture across nations. It has been argued that cultural differences may also exist at an ethnic level. (Jarvis, 2002).

Cultural values, which represent collective beliefs, assumptions, and feelings about what things are good, normal, rational, and valuable. Cultural values can be quite different from organization to organization, in some, employees may care deeply about money, but in others they may care more about technological innovation or employee well-being. These values tend to persist over time, even when organizational membership changes.

Understanding and predicting employee's motivation continues to be one of the most popular areas in management research. The purpose of this study is to investigate cultural differences at this level. The study was taken in Abu Dhabi, United Arab Emirates. As, in many nations, increasing use is being made of MI by a diverse ethnic mix of employees.

This study makes several important contributions to both management theory and practices. Firstly, Although Chandon, Wansink, and Laurent (2000) attempted a cross-national replication; their analysis did

not specifically explore the impact of culture. Thus by incorporating culture, this study redresses one of the limitations of early study. This study is one of many pieces of research in management that empirically measures culture at an ethnic group level. It provides evidence to examine the popular assumption that cultural differences exist at this level. Secondly, the study also contributes to theory development by providing further validation of a new scale for measuring culture in an employee context namely the CVSCALE (Yoo, Donthu and Lenartowicz (2001). Finally, the study provides insights to management practitioners in the design of MI strategies. It addresses the issue of weather to standardize or localize MI between targeted ethnic groups. (Uncle and Kwok, 2002).

2. Managerial Incentives and the Potential Impact on Culture

The majority of past studies on the effectiveness of MI have focused on monetary issues. (Steers et al., 1992) .However, in practice, a range of both monetary and non-monetary incentives is used, and there are important differences between them. Monetary incentives (e.g., increasing salary) tends to provide fairly immediate rewards to the employee and they are transactional in character, non-monetary incentives (e.g., shifting to new post) tend to involve delayed rewards and are more relationship-based. (Tomer, 2001).

Motivation refers to the individual forces that account for the direction, level, and persistence of a person's effort expended at work; therefore, managerial promotions can offer many benefits. Improving the quality of life may be regarded as the primary benefit. However, there is evidence to suggest employees are motivated by several other benefits, including the desire for incentive pay, employment security, flexible job assignment, and labor relations. These benefits are further classified as tangible incentives (monetary incentives) or intangible incentives (non-monetary incentives).Consistent with such understanding, the benefits of value expression, exploration and entertainment can be classified as intangible incentives.

Culture is difficult to define, but typically it is seen as (the learned and shared ways of thinking and acting among a group of people or society). (Lewis, 1996).This definition is appropriate for several reasons. Firstly, it implies that culture encompasses all the norms and beliefs of society- it is the total way of life in a society. Thus the definition allows for the possibility of culture to have an impact on employee behavior. Secondly, the definition is flexible in allowing for different levels of culture. This is evident by the notion of 'society' within the definition, which means culture is not necessarily restricted to a country basis. This is important given the focus of this study is not on national culture. (Allen and Katz, 2002). In this study,

culture is examined at the ethnic-group level within the domestic Arabian context. Ethnic groups can be considered as sub cultural within a country. Thus, the study of culture by ethnicity within a domestic context is feasible and appropriate since each ethnic group will have its own unique set of cultural values. (Gerstner and Day, 1994).

Based on the distinction between the types of MI and incentive benefits, Chandon, Wansink and Laurent (2000), showed that monetary incentives provide more benefits (tangible incentive) whilst non-monetary incentives provide more (intangible incentive) benefits. These relationships are a matter of degree rather than absolute.

In this study, culture is examined at the ethnic-group level within the domestic Emirates context. Ethnic groups can be considered as subcultures within a country. They preserve the main characteristics of the national culture from which they originate but also develop their own unique norms and beliefs. (Usunier, 2000). Each ethnic group constitutes a unique community because of common culture. (Lee, Fairhurst, and Dillard, 2002).

Given the potential relevance of culture, a basis is required for assessing its impact. Here use is made of the five cultural dimensions popularized by Hofsted in (1991): Power distance, uncertainty avoidance, individualism-collectivism, self-esteem, and time orientation. Alternative dimensions have been suggested by other researchers (Clarks 1990) but Hofstede's dimensions are by far the most widely accepted and have been applied in many cross-cultural studies. (Sondergaard, 1994). Admittedly; there are several poignant criticisms of Hofstede's dimensions. His original study is relatively old and may be outdated, however despite such limitation; Hofstede's dimensions remain conceptually valid for explaining cultural differences. The appropriateness of these dimensions for this study is supported by the suggestion that "there are specific relationships between (Hofstede's) cultural dimensions and the appropriate promotional policy" (Kale and McIntyre, 1991).Indeed, one of the aims of this study is to verify whether there are any relationships between the cultural dimensions and employees responses to MI. Furthermore, although developed for cross-country comparisons, Hosfstede's dimensions are believed to be capable of explaining intra-country variations (Au, 1999), including at an ethnic-group level. Individual values and attitudes, both important aspects of motivation, have strong cultural foundations. What proves motivational as a reward in one culture, for example, might not work in another. We should be sensitive to these issues and avoid being parochial or ethnocentric by assuming that people in all cultures are motivated by the same things in the same ways. (Hofstede, 1993).

We have to put in our mind that money has a complex effect on high achievers. They are aware of their abilities and limitations and thus are confident when they choose to do a particular job. They value money as a strong symbol of their achievement and adequacy. A financial incentive may create dissatisfaction if they feel that is inadequately reflects their contributions.

3. Hypotheses

For the purpose of this research the researcher divides the MI into two types (i.e., Tangible and intangible) incentives. The tangible represents any monetary benefits in the short or long term period of time, whereas the intangible incentives present any improvement in the employee's status with no necessity of any financial benefits within the hierarchy of the organization.

Individuals who are not able to recognize and respect the impact of culture on behavior may contribute to the emergence of dysfunctional situations. On the other hand, by approaching a cross-cultural work situation with sensitivity and respect, one can find ways to work together without great difficulty and even with the advantages that constructive conflict may offer. (Latham, 2001). In general, it is hypothesized that differences based on Hofstede's (1991) five cultural dimensions can lead to relative differences between ethnic groups in their performance for incentive types. With relationships established between tangible (monetary) /intangible (non-monetary) incentives and incentive types, ethnic groups may differ in their relative choices of monetary and non-monetary incentives for example, whilst monetary incentives might be more effective for employees, the choice share of monetary incentives may be higher for one ethnic group than another due to cultural differences. (Locke, 2000). The following hypotheses are detailed based around the five cultural dimensions. It is should be kept in mind that the theoretical strength of the hypotheses is not equal across the five dimensions. For example, hypothesis regarding collectivism have a stronger theoretical basis than hypothesis regarding power distance. (Cummings, 2001). Also, reward power is the extent to which a manger can use extrinsic and intrinsic rewards to control other people. However, all five dimensions have been included to ensure that the study is comprehensive. Although all managers have some access to reward, success in accessing and utilizing rewards to achieve influence varies according to the skills of the manager.

Power distance: is the willingness of a culture to accept status and power differences among its members. It reflects the degree to which people are likely to respect hierarchy and rank in organizations. In high power distance cultures, inequality is prevalent and accepted. Indeed, privileges and status symbol are both expected and desired (Hofstede, 1991).Employees in such cul-

tures were thus likely to be more responsive to incentives that contain differential treatment. These mainly involve non-monetary incentives, in which differential treatment may occur by giving priority to value (e.g., shifting to new position) or by chance (e.g., temporarily rewards). In contrast, cultures with lower power distance are less tolerant of inequalities and special privileges (Hofstede, 1991). Employees in such a culture would have a relatively higher preference for managerial incentives that offer equal rewards for everyone. These mainly involve monetary incentives, such as increasing salary, as they are generally available with the same level of benefit offered to every one. In this respect the developed hypothesis is: '' Monetary incentives (Tangible benefits) are more likely effective for low power distance cultures relative to high distance power cultures''.

Uncertainty avoidance: is the cultural tendency to be uncomfortable with uncertainty and risk in everyday life (structured versus unstructured organizational situations). In high uncertainty avoidance cultures, there is a tendency to prefer stable situations and avoid risk. (Usunier, 2000). Thus to the extent that uncertainty avoidance is related to risk aversion such cultures would prefer incentives that offer more tangible and immediate rewards. (e.g., immediate payment).This is expected since such rewards are more certain and involve minimal amounts of risk. On the other hand, cultures with low uncertainty avoidance are more risk tolerant and see opportunities within future uncertainties. Thus, employees of such a culture will be more accepting of MI that offer relatively less tangible and long-term rewards (e.g., new managerial post). (Adler, 2002). The hypothesis developed in this respect is: '' Monetary incentives (tangible benefits) are more effective for high uncertainty avoidance culture relative to low uncertainty avoidance cultures''.

Individualism/Collectivism: refers to the tendency of culture's members to emphasize individual self-interests or group relationships. It reflects the degree to which people are likely to prefer working as individuals or working together in groups. Relationships play an important role in the search and choice processes. Value is placed on self-interest and independence as well as pleasure. In addition individualistic culture emphasizes differentiation and the ability to express one's uniqueness. With such characteristics cultures might be more receptive to non-monetary incentives since the associated intangible benefits are entertaining and more experiential. Furthermore such benefits can provide intrinsic value to individuals and provide an opportunity for self-expression. Thus, the extent of individualism may affect employee's choices between different types of MI. (Nakata and Sivakumar, 2001). In contrast, less individualistic cultures are characterized by close relationships and interdependence. There is strong emphasis on conforming to in-groups,

which are typically close social groups such as family and friends. (Sagie, Elizor, and Yamauchi, 1996). Thus, collectivistic cultures can be expected to be less responsive to relationship building incentives (e.g., incentive plan) since they will be reluctant to forge a relationship with an out-group. Instead, collectivistic cultures may be more likely to respond to monetary incentives since the benefits provided are more common (e.g., increasing salary) and are more readily shared amongst the in-group. (e.g., tangible benefits).The hypothesis under such attitudes is: ''Monetary incentives are more effective for collectivistic cultures relative to individualistic cultures''.

Self-esteemed (masculinity)/Femininity: refers to the tendency of a culture to value stereotypical masculine or feminine traits. It reflects the degree to which organizations emphasize competition and assertiveness versus interpersonal sensitivity and concerns for relationships. In self-esteemed cultures, strong values are placed on materialistic success and assertiveness. (Meyer, 2001). Employees in such culture are more likely to respond to monetary incentives, since the more tangible and transactional-based benefits can satisfy their need for personal and materialistic success. At the other end of the spectrum, less masculine cultures emphasize the caring for others and the quality of life, and relatively less emphasis on personal and materialistic gains. We have to put in our mind that money has a complex effect on high achievers. They are aware of their abilities and limitations and thus are confident when they choose to do a particular job. They value money as a strong symbol of their achievement and adequacy. A financial incentive may create dissatisfaction if they feel that it inadequately reflects their contributions.

We would predict that group work will motivate employees more when the country's culture scores high on the quality of self-esteem criterion. (Rheem,2000).Thus, employees with such cultures are expected to be more responsive to non-monetary incentives, since the benefits offered are more relationship focused. The hypothesis developed is: Monetary incentives are more effective for self-esteemed (masculine) cultures relative to low self-esteemed (feminine) cultures.

The final dimension concerns *time orientation*: The degree to which a culture emphasizes long-term or short-term thinking. It is the tendency of a culture to emphasize values associated with the future, such as thrift and persistence, or values that focus largely on the present. The higher or positive end is related to a future oriented perspective with values placed on persistence and loyalty. Employees in such cultures are more willing to make short-term sacrifices or investments for long term gains. This is supported by research studies which have shown that people with a future orientation have a preference for delayed reward (Klineberg, 1968). In effect, employees in cultures high on time orientation are expected to be more responsive to non-monetary incentives such as transferring to another department or getting a new job title, since many of the rewards are long term and loyalty-based. In contrast, the lower or negative end is characterized by a past oriented perspective, with an emphasis on traditions. Employees in such cultures favor short-term planning and more immediate financial gains (Spears, Lin and Mowen, 2001). Thus, employees of cultures low on time orientation (Confucian dynamism) are expected to react relatively poorly towards non-monetary incentives due to the delayed gratification involved. Instead, they are expected to favor monetary incentives given the benefits are more immediate and transactional. Therefore the hypothesis is : '' Monetary incentives are more effective for cultures low on time orientation relative to cultures high on time orientation.

Finally, an organization may use rewards and status symbols ineffectively and inconsistently. If it does, it misses a great opportunity to influence its culture because an organization's reward practices and its culture appear to be strongly linked in the minds of its members. In fact, some authorities believe that the most effective method of influencing organizational culture may be through the reward system.

Figure (1): Summary of the Hypotheses
Cultural
Dimensions

- Low power distance
- High uncertainty avoidance
- Collectivistic
- Self-esteemed
- Time orientation

Incentives Benefits

Monetary promotion	Non-monetary promotion

Financial Incentives   Non Financial Incentives
Incentives Type

Tangible Promotion	Intangible Promotion

Increasing salary	Incentive plan
Incentive category	Sales incentives effectiveness
Piece work, profit distribution	Shifting to new post

Research Methodology and Analysis

The two ethnic groups Indians and Egyptians are selected for investigation. The source countries of these groups differ markedly in terms of Hofstede's (1991) cultural dimensions. Relatively Egyptians are seen as high power distance, low on uncertainty avoidance, collectivistic, self- esteemed and time oriented, whereas, Indians are , low power distance, high on uncertainty avoidance, individualistic, low self-esteemed and low time oriented. It is expected that the main differences will still evident at an ethnic level and hence facilitate the testing of the hypotheses. The ethnic samples used are drawn from employees in Ajman University in United Arab Emirates. The main purpose of this study is theory testing and does not effects application. Thus, the use of a homogeneous sample such as employees is acceptable and appropriate, as it reduces variability and the impact of irrelevant factors (Calder, Phillips and Tybout, 1981). The samples are controlled for non-cultural confounding factors. Both macroeconomic and sociodemographic factors can affect employees of different cultures in their responses to MI. Macroeconomic factors, such as the level of national economic activity, are effectively controlled by examining only one country and thus, these factors can be treated as constants. In regard to sociodemographic factors, common characteristics considered in

cross-cultural studies on MI include age, gender, income and level of education. These have either been treated as covariate or controlled via matched sampling. However, it has also been argued that individual demographics do not explain any differential effectiveness of an incentive. (Bond, 1988). Given these varied findings in this study a mixed approach to the treatment of confounding sociodemographic factors is adopted. Firstly, the level of education is matched. The samples are restricted to graduate employees, to ensure a common level of education and reduce any bias from knowledge of a particular field. Secondly, the factors gender, age and income are treated as covariates and they remain important to examine as gender and age differences in employee behavior are possible particularly across different cultures. However, despite the validity of self-identification, it may be confounded with the effect of acculturation (i.e., the extent of assimilation of new culture by an ethnic minority). In this study acculturation is analyzed using a person's country of birth and the time spent living in the United Arab Emirates. In terms of recruitment, a self-identification process is used to determine the ethnicity of respondents. (Simon and Mark, 2002). Self-identification is believed to be more relevant for selecting subcultures within a country than other popular measures, such as the country of citizenship. Self-identification represents a person's internal beliefs and hence is said to reflect a person's cultural reality. (Bochner and Hesketh, 1994).

The main experiment of the research consists of a self-administered questionnaire, which is designed to test the validity of the CVSCALE and test the five hypotheses listed in the previous section (See Appendix A). The questionnaire was pilot tested. In the main experiment, two versions were used to test for ordering effects. Respondents were randomly assigned to one of the two versions of questionnaire. For both versions respondents were asked to i) choose between options for three monetary and three non- monetary, ii) provide the relative preference for monetary and non-monetary rewards preferences, iii) complete the CVSCALE items and, iv) complete demographic questions including gender, age, income, ethnicity and acculturation. Responses to the CVSCALE are used to determine the relative cultural values of both ethnic groups on the five cultural dimensions. For the whole sample, the reliability alpha of the cultural dimensions ranged from 0.58 to o.67 (Table 1). Although these results are modest, they are comparable to those reported by Yoo, Donthu and Lenatowicz (2001) and they all satisfy the reliability threshold of 0.6 that is commonly accepted for new scales. Furthermore, no significant differences were found in the responses between the two versions of the questionnaire. Thus, there appear to be no ordering effects. It should be that reliability levels varied slightly between the ethnic groups.

However, the variations are similar to those reported by Yoo, Donthu and Lenatowicz (2001) and in only one case did the reliability alpha fall below 0.6(0.52 for self-esteem among Indians).

Table (1): Reliability Analysis Results

Variables	Whole Sample	Indians	Egyptians
Power Distance	0.63	0.67	0.60
Uncertainty Avoidance	0.62	0.65	0.59
Individualism	0.65	0.60	0.68
Self-Esteem	0.58	0.52	0.65
Time Orientation	0.67	0.66	0.67

After reliability testing, factor analysis was used to ascertain the validity of the items (Table 2). Under the specification of five factors, the results of exploratory factor analysis provide preliminary support for the CVSCALE's validity. Overall, the results support the independence of the constructs

Table (2): Exploratory Factor analysis Results

CVSCALE Item Number	Power Distance	Uncertainty Avoidance	Individualism	Self-Esteem	Time Orientation
Power2	0.67	0.10	0.13	-0.06	-0.06
Power1	0.64	0.07	-0.02	0.09	-014
Power4	0.58	-0.08	0.11	0.11	0.05
Power5	0.56	0.16	0.04	0.01	-0.01
Power3	0.47	-0.24	-0.01	0.03	0.09
Uncertainty3	0.02	0.76	0.03	0.07	0.01
Uncertainty5	-0.03	0.62	0.04	0.15	0.15
Uncertainty2	0.10	0.51	0.09	-0.17	0.24
Time3	-0.06	0.43	-0.02	-0.07	0.42
Uncertainty4	-0.00	0.43	0.10	0.21	0.07
Uncertainty1	0.10	0.42	-0.00	0.15	0.26
Individualism3	0.00	0.01	0.65	0.14	0.17
Individualism4	0.19	0.01	0.65	-0.03	0.19
Individualism6	0.09	0.00	0.65	0.25	-0.05
Individualism2	-0.18	0.17	0.52	-0.07	-0.12
Individualism5	0.16	0.18	0.49	0.23	-0.15
Individualism1	0.05	-0.01	0.48	0.01	0.14
Self2	-0.04	0.07	0.00	0.74	0.13
Self1	0.35	-0.12	0.15	0.64	0.13
Self3	0.08	0.08	0.09	0.62	-0.00
Time4	-0.03	-0.03	0.05	0.05	0.68
Time5	0.07	0.07	0.06	0.01	0.66
Time6	-0.06	-0.06	0.13	-0.08	0.65
Time1	0.01	0.01	-0.03	0.07	0.56
Time2	-0.18	-0.18	0.22	-0.01	0.33

Using AMOS 4.0, the key results of the standardized solution are shown in table (3). The overall fit of the measurement model was excellent: X^2 (d.f. = 296) = 540.30, root mean square error of approximation (RMSEA) =0.03, normed fit index (NFI) =0.94, comparative fit index (CFI) = 0.96, and incremental fit index (IFI) = 0.96. These results provide strong conformity support for the CVSCALE and its use in studying the hypothesized constructs

Table (3): Confirmatory Factor Analysis Results

CVSCALE Item No.	Standardized Factor Loading				
	Power Distance	Uncertainty Avoidance	Individualism	Self-Esteem	Time Orientation
Power	0.58				
Power	0.50				
Power	0.38				
Power	0.49				
Power	0.44				
Uncertainty		0.43			
Uncertainty		0.43			
Uncertainty		0.72			
Uncertainty		034			
Uncertainty		0.59			
Individualism			0.36		
Individualism			.26		
Individualism			0.63		
Individualism			0.58		
Individualism			0.45		
Individualism			0.56		
Self-Esteem				0.58	
Self-Esteem				0.54	
Self-Esteem				0.57	
Self-Esteem				0.33	
Time-Orien.					0.53
Time-Orien.					0.20
Time-Orien.					0.46
Time-Orien.					0.70
Time-Orien.					0.45
Time-Orien.					0.63
Composite Reliability	0.80	0.79	0.82	0.76	0.82
Variance Extracted	0.50	0.50	0.50	0.50	0.50

	X^2	d.f.	RMSEA	NFI	CFI	IFI
Model	540.30	296	0.03	094	096	096

With regards to composite reliability, all the estimates were ranging from 0.76 to 0.82 (Table3). These results are evidence of the scale's convergent validity. In addition, whilst the average variance extracted for each dimension was only moderate at 0.50, they do satisfy the minimum acceptable level, thus the results provide support for the independence of the dimensions. Having confirmed the reliability and validity of the CVSCALE, responses to the scale are then aggregated for analysis. For the whole sample, an average score for each cultural dimension is computed for both ethnic groups. The score is calculated as the average of the individual items of each cultural dimension answered by the respondents of each ethnic group. This approach reflects the flexibility of the CVSCALE in that it allows culture to be measured at the individual level but analyzed at an appropriate aggregate level. Thus, individual respondents may differ from the average of their group but will remain appropriate for analysis. The average scores are then compared to classify the relative cultural values of the two ethnic groups on each dimension

Table (4): Average Cultural Scores

	Power Distance	Uncertainty Avoidance	Collectivism	Self-esteem	Time Orientation
Indian	3.90 Low	1.99 Low	2.65 Individualistic	2.90 Feminine	1.90 Low
Egyptian	3.71 High	2.0 High	2.41 Collectivistic	2.85 Self-esteem	1.71 High
T-value	2.10	1.5	2.60	3.00	3.01
Sig. P-value	0.01	0.11	0.00	0.0	0.00

Although the absolute difference appears small, based on conventional statistical standards there are significant differences between the two ethnic groups on all of the cultural dimensions (P <0.05), except for uncertainty avoidance. Using the relative averages, Indians can be classified as relatively low power distance, low on uncertainty avoidance, individualistic, feminine, and low on time orientation, and vice-versa for Egyptians. The

classifications largely conform to Hofstede's (1991) results. Indeed, as explained before, the purpose of using the CVSCALE is to provide a direct measure of culture and to avoid the limitations of inferring this from past studies such as Hofstede's.

In order to examine each hypothesis, the results of the experiment are analyzed using two main procedures. Firstly, logistic regression is used to test the relationships between preference and MI types. The dependent variable is the choice between incentive type (monetary or non-monetary) and the independent variables are incentive type (tangible or intangible) and the covariates of gender, age, and income. Secondly, choice shares of incentive types are analyzed to identify any differences in the choices between ethnic groups. Analysis is undertaken at an ethnic- group level and an individual level,

Table(5): Logistic Regression Results at an Ethnic Level

	Model Summary			Independent variables			
	-2 log Likelihood	R^2 Value	Omnibus Test of Model coefficients	Promotion Type	Gender	Age	Income
Power Distance Indian	221[a] (224)[b]	0.02[c]	0.42	-0.21 (0.48)[d]	0.62 (0.06)	0.13 (-0.67)	-0.29 (0.44)
High Power Distance Egyptian	216 (242)	0.14	0.00	-1.57 (0.00)	0.37 (0.25)	-0.15 (0.64)	0.56 (0.16)
Low Uncertainty Avoidance Indian	236 (240)	0.02	0.41	-0.46 (0.13)	0.53 (0.86)	0.07 (0.77)	0.45 (0.16)
High Uncertainty Avoidance Egyptian	239 (259)	0.11	0.00	-1.30 (0.00)	-0.13 (0.63)	-0.14 (0.64)	0.64 (0.08)
Individualist- Indian	259 (264)	0.02	0.27	-0.26 (0.34)	0.28 (0.34)	-0.02 (0.48)	0.59 (0.05)
Individualist- Egyptian	242 (256)	0.08	0.00	-0.93 (0.00)	0.28 (0.33)	-0.05 (0.83)	1.26 (0.02)
Self-esteem Indian	239 (240)	0.00	0.94	-0.14 (0.61)	0.14 (0.65)	-0.03 (0.86)	0.12 (0.69)
Self-esteem Egyptian	214 (234)	0.11	0.00	-1.35 (0.00)	0.39 (0.23)	-0.13 (0.68)	0.76 (0.07)
Low time Orientation Indian	253 (259)	0.02	0.24	-0.37 (0.20)	0.57 (0.05)	-0.05 (0.83)	0.21 (0.48)
High Time Orientation Egyptian	234 (248)	0.08	0.00	-1.03 (0.00)	0.33 (0.28)	-0.24 (0.44)	0.59 (0.08)

a Model -2 Log Likelihood   b Initial -2 Likelihood
c Nigelkerke   d Significant value

and across different acculturation groupings.

Edward Lawler, a management expert, has contributed greatly to our understanding of pay as an extrinsic reward. His research generally concludes that, for pay to serve as a source of work motivation, high levels of job performance must be viewed as the path through which high pay can be achieved. (Lawler, 1981). Logistic regression analysis is performed on each ethnic group for

each dimension. Thus, a total of 10 regressions were conducted (Table 5). Results show that the regression models generally have a poor fit since the reduction in the -2 log likelihood values and the R^2 values are relatively low. However, the omnibus test of model coefficients indicates that coefficients were significant for 5 of the model (p<0.05). Within the significant models, promotion type was consistently shown to have a significant and negative relationship with incentive type: high power distance (B = -1.57, p=0.00), high uncertainty avoidance (B = -1.30, p = 0.00), individualism (B = -0.93, p = 0.00), self-esteem (B = -1.35, p = (0.00), and time orientation (B = -1.03, p = 0.00). These results indicate that for each significant dimension, intangible incentives are associated with the choice of non-monetary incentives and tangible incentives are associated with the choice of monetary incentives. The covariates of gender, age and income were generally found to be insignificant. The only exception is that higher income was found to be associated with the choice of non-managerial incentives under the individualism dimension (B = 1.26, p = 0.02).

To test the hypotheses there are two pretests and one main experiment. However, it is first necessary to dis-

Table (6): Summary of Measures

Item	Measures/Source	Area of Application
Increasing salary benefit	- 18-item benefit scale - 3-item overall evaluation scale - (Chadon, Wansink and Laurent, 2000)	- Pretest one
Incentive category stimuli	- 4-item monetary index score (Batra and Ahtola, 1990)	- Pretest two - Main experiment
Incentive plan stimuli	- Secondary research	- Pretest one - Main experiment
Profit distribution + Piece work	- Secondary research	- Pretest one - Main experiment
Culture	-20-item CVSCALE (Yoo, Donthu and Lenartowicz, 2000)	- Main experiment
Shifting to new post	Employee post	- Main experiment

Table (7): Choice Shares for Monetary Promotions at an Ethnic Level

	All Incentives	Tangle Incentives	Intangible Incentives
Power Distance			
Low-Indian	81%	79%	83%
High- Egyptian	79%	68%	91%
(sig. p-value)	(0.51)	(0.01)	(0.05)
Uncertainty Avoidance			
Low-Indian	77%	74%	80%
High- Egyptian	78%	64%	87%
(sig. p-value)	(0.39)	(0.08)	(0.31)
Individualism			
Individualist-Indian	76%	73%	78%
Collectivist-Egyptian	775%	69%	84%
(sig. p-value)	(070)	(0.47)	(0.14)
Self-Esteem		78%	
Feminine-Indian	79%	71%	80%
Masculine-Egyptian	80%	(0.14)	89%
(sig. p-value)	(0.77)		(0.02)
Time Orientation			
Low-Indian	76%	73%	80%
High- Egyptian	78%	70%	86%
(sig. p-value)	(0.62)	(0.47)	(0.13)

4. Summary and Conclusions

Motivating employees has never been a simple task. Employees come into organizations with very different needs, personalities, skills, abilities, interests, and aptitudes. They have different expectations of their employers and different views of what they think their employer has a right to expect of them. The key findings and contributions of the study can be summarized in two main areas: culture and MI, and culture and ethnicity.

Some employees derive a great deal of satisfaction in their jobs and are motivated to exert high levels of efforts. Others get more satisfaction out of their personal interests and pursuits and nothing more. To work well, a merit pay plan should be based on realistic and accurate measures of individual work performance and create a belief among employees that the way to achieve high pay is to perform at high levels. In addition, merit pay should clearly discriminate between high and low performance in the amount of pay reward received. This study provides empirical evidence and further validates the CVSCALE established by Yoo, Donthu and Lenartowicz (2001). The flexibility of the CVSCALE is demonstrated, in that culture can be analyzed at both the ethnic and individual levels. Thus, the study provides further evidence for the validity and usefulness of this scale.

Another key contribution of the study is that despite cultural differences between ethnic groups, there are no significant differences in their preferences for MI types. With only 2 exceptions, this result is found to be consistent at an ethnic-group level across all incentives and for each incentive type. The absence of cultural effects is also evident at an individual level. The implication of this finding is twofold. Firstly, although cultural differences may exist, these do not appear to affect employee responses to MI at an ethnic level. This suggests that managers can use standardized MI when targeting different ethnic groups and avoid the use of more costly differential strategies. Secondly, the finding highlights the fact that cultural distinctions may be more relevant in some areas of management than in others. Thus, it would be a mistake to assume that cultural differences will affect all areas of management. Hence, the relevance of ethnic management as suggested by researchers (Higgins and McAllaster, 2002) needs to be considered within the specific context in which it is applied.

There are mixed findings in regard to the framework of managerial incentive effectiveness. With only a few exceptions, the covariates of gender, age and income were all significant in accounting for the choice of incentives. They were also evident across all cultural groups at all levels of analysis and thus, the impact of culture on these results appears to be minimal.

Limitations and Further Research

There are several limitations relating to the focus of the study and the methodology used. Some of these high-light useful directions for future research. Ethnic groups are not expected to conform to any single cultural dimensions as they involve a whole set of cultural values. In this paper the cultural dimensions are examined separately. There is no examination of any correlation effects between the dimensions and no assessment of the relative importance of each dimension.

Employee's response may be differ if the focus on other human resource variables is considered; therefore, it would be worthwhile for further research to explore other effects along with the impact of culture on employees' incentives. This study ignores the fact that employees may perceive themselves to belong to more than one ethnic culture and that the strength of identification with a particular ethnic group may differ between its members. These issues deserve further studies.

The current study only focused on employee motivation with a particular package of incentives, and other types of variables in other industries or economic sectors that may apply differently. Therefore, the study could be further extended by considering the use of alternative measures and stimuli, for example: culture may also be measured by using Hofsted's (1990) or the alternatives that have been proposed (e.g., Furr, Liu and Sudharshan, 2000). Finally, the generalizability of the results could be extended by other monetary and non-monetary incentive within the hierarchy of an organization, or even other statistical methods in addition to the techniques used in this paper.

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APPENDIX (B): Summary of Measures

1. Increasing salary:

Increasing salary benefits are defined and classified in this study according to the scale developed by Chandon, Wansink and Laurent (2000). The scale indicates six main benefits which can be classified as either monetary

or non-monetary. Specifically, increasing salary, incentive category, and piece work & profit distribution as monetary, whilst the incentive plan, sales incentives effectiveness, and shifting to new post are non-monetary. A direct replication of these classifications is appropriate as the scale has been shown to be valid and maintaining scale consistency can enhance the comparability of final results with the original research. The measures for the pretest are the same 18-item agree/disagree scales used in the original study.

2. Incentive Category stimuli:

In measuring the degree of monetary and non-monetary of incentive category, an adaptation of the scale by Batra and Ahtola (1990) is used. Specifically, incentive category is classified as either monetary or non-monetary based on a monetary index score. The index consists of 9-point semantic differential scales on two non-monetary items of '' fun/not fun '' and '' Pleasant/unpleasant'', and two monetary items of ''useful/useless'' and ''wise/foolish''.

3. Incentive Plan stimuli:

Examples of monetary and non-monetary incentives are used as stimuli for both the pretests and the main experiment. Specific examples of incentive techniques are used in the main experiment. They are drawn from currently offered incentives in the workplace in the UAE to ensure realism. This involved the use of a combination of secondary data and judgment. Consideration is also given to the fact that monetary incentives will be preferred over non-monetary incentives of the same nominal value. This is due to the time value of money and the psychological effect for both incentives.

4. Culture:

Culture is measured using a personality approach based on direct value inference (Lenartowicz and Roth, 1999). In particular, use is made of the CVSCALE proposed by Yoo, Donthu and lenartowicz (2001).It consist of 26-items, measured by 5-point Likert scales, relating to Hofested's five cultural dimensions. It allows culture to be measured at the individual level and then aggregated to form groups at a chosen level for comparison. This is appropriate as it recognizes that members of a society may not share the same cultural values (Au, 1999) and it allows different ethnic groups within one country to be analyzed. The CVSCALE is useful for analyzing cultural values in a heterogeneous country like the UAE and thus, the scale is particularly relevant for this study. Furthermore, the items of the scale have been adapted to suit the employee context. The CVSCALE has also been applied in cross-cultural research (Yoo and Donthu, 2002). Thus there is strong evidence to support the use of this scale. There are various ways to define and measure the effectiveness of MI. For the purpose of this study this

includes measuring the effectiveness of MI by management usage of the incentive. Therefore MI are measured by management's decisions, which is a proxy for incentives volume. The effectiveness of MI is then determined by a comparison between the choice shares of incentive types across different decisions. This is consistent with Chandon, Wansink and Laurent (2000).

4. Piece work and Profit Distribution:

There are various ways to define and measure the effectiveness of piece work and profit distribution incentives. The measures typically used are short-term measures, as both incentives are mostly used to produce short-term effects. For the purposes of this study, the effectiveness of this incentive is measured by profit percentage, which is a proxy for revenues volume. The effectiveness of piece work and profit distribution is then determined by a comparison between the choice shares of incentive across the industry.

In testing the hypotheses, the data were analyzed at an ethnic level. For the purpose of analysis, the upper median splits within each group on each cultural dimension are used. The choice share results for each ethnic group on each dimension are shown in Table (7). The results are reflective of the regression findings, in that financial incentives have a relatively higher choice share of monetary incentives than non-financial incentives. Another key result is that for each ethnic split, monetary incentives are preferred over non-monetary incentives across all preferences and for each preference type.

The choice share results also provide a basis to evaluate the hypotheses. As is evident in Table (7), there were no significant differences in the choice share between ethnic groups across all incentives. Within incentive types, differences were found in only 2 out of the possible 10 cases. Firstly, in the case of tangible incentives, low power distance Indians were found to have a higher preference for monetary incentives than higher power distance Egyptians (79% vs. 68%; p<0.05). This is in line with the prediction of hypothesis (1). Secondly, in the case of intangible incentives, Feminine Indians were found to have a lower preference for monetary incentives than masculine Egyptians

(80% vs. 89%; p<0.05). This is consistent with hypothesis (4). However, these were the only instances where differences were found. It is evident that, in general, there was no difference in the choice shares between ethnic groups across all incentives and incentive types, despite differences in cultural values. Thus, there is insufficient evidence to support the hypotheses of this study. The results were confirmed with a quartile-split sample. Although there was greater variance in the cultural values between ethnic groups, no significant differences in choice shares were observed for any of the cases.

Cultural Dimension	Measurement Items	5-Point Scale
Power Distance Value	P1. People in higher positions should make most decisions without consulting people in lower positions. P2. People in higher positions should not ask the opinions of people in lower positions too frequently. P3. People in higher positions should avoid social interaction with people in lower positions. P4. People in lower positions should not disagree with decisions by people in higher positions. P5. People in higher positions should not delegate important tasks to people in lower positions.	1= Strongly agree 2= Agree 3= Neither Agree/disagree 4= Disagree 5= Strongly disagree
Uncertainty Avoidance Values	U1. It is important to have instructions spelled out in detail so that I always know what I'm expected to do. U2. It important to closely follow instructions and procedures. U3. Rules and regulations are important because they inform me of what is expected of me. U4. Standardized work procedures are helpful. U5. Instructions for operations are important.	1= Strongly agree 2= Agree 3= Neither Agree/disagree 4= Disagree 5= Strongly disagree
Individualism Values	I1. Individuals should sacrifice self-interest for the group (either at school or the work place). I2. Individuals should stick with the group even through difficulties. I3. Group welfare is more important than individual rewards. I4. Group success is more important than individual success. I5. Individuals should only pursue their goals after considering the welfare of the group. I6. Group loyalty should be encouraged even if individual goals suffer.	1= Strongly agree 2= Agree 3= Neither Agree/disagree 4= Disagree 5= Strongly disagree
Self-esteem	S1. It is more important for men to have a professional career than it is for women. S2. Men usually solve problems with logical analysis, women usually solve problems with intuition. S3. Solving difficult problems usually requires an active, forceful approach, which is typical of men. S4. There are some jobs that a man can always do better than a woman.	1= Strongly agree 2= Agree 3= Neither Agree/disagree 4= Disagree 5= Strongly disagree
Time-orientation	T1. Careful Management of money (thrift) T2. Going on resolutely in spite of opposition T3. Personal steadiness and stability T4. Long term planning T5. Giving up today's fun for success in the future T6. Working hard for success in the future	1= Strongly agree 2= Agree 3= Neither Agree/disagree 4= Disagree 5= Strongly disagree

Structural and dynamic aspects of virtual organizations

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Sloboda Prokić

This paper depicts the basic characteristics of virtual organizations and some of their structural and dynamic aspects of functioning.
Key words: *Virtual organization, organizational structure, develpment dynamics.*

1. Introduction

Virtual organization is an electronically linked network of individuals and organizations whose aim is to achieve mutual interests, sharing the risks and resources, but also the benefits from the results obtained. It functions as a temporary network of legally independent, but organizationally related entities, where each entity adds to the economic value to the final goal for the purpose of which the network is actually formed. Connecting into a virtual network, the members of the virtual organization help reduce the complexity and uncertainty of the environment, acting together as a unique organization.

The logics that underlines the emergence and development of virtual organizations is founded in the idea that the survival in an ever more fierce competition on the global market largely depends on the organizations' ability to clearly define their core competences and cooperate with a large number of other organizations of complementary competences, in order that they should mutually succeed in accomplishing the goals set before them in most effective and efficient ways.

2. Basic characteristics of virtual organzations

"There are no results within virtual organization. Within an organization there are only efforts and costs borne. The results are outside. The only business results are created by the customer, who converts the efforts and the costs into the income and the profit, willingly exchanging his buying power for the products or services of the organization."[2] This is the basic premise upon which the logics that supports the emergence and developmet of virtual organizations should be based on. All members of the virtual network must be entirely marketing oriented, that is, they are to monitor the changes on the market and in other segments of the environment so as to be capable of permanently reviewing and improving the competences on which they base their competitive advantages.

Besides the abovementioned premise which is the basic precondition an organization must satisfy in order to be an eligible candidate for a virtual network member, it is possible to identify several other characteristics of virtual organizations. These are: a mutual goal, adding economic value, a moduled organizational structure, heterogeneity of network members, cooperation, and switching.

The mutual goal is the basic goal any prospective member must achieve. In order that an organization may become a member of a virtual organization, it has to identify its own interests within the interests of the goals of the project for which the network is formed. In other words, it is necessary that there be a certain extent of goal integration on the virtual organization level and the goals of each of its members respectively.

Adding economic value is a basic principle on the basis of which the broker selects the network members. Each member must at any moment act as a link that adds economic value to the overall goal (for the purpose of which the network is designed) on the basis of its own core competence, otherwise its presence in the network fails to be economically justified.

The moduled structure is the extent to which a virtual organization, based on customer oriented integrated processes, is composed of relatively small units that can be managed (modules). These units are distinguished according to their competence and their responsibilities for decentralised decision making [12]. The moduled organizational structure enables the virtual organization to change its structure (in terms of network members) presently, depending on the conditions in the environment.

Heterogeneity of the network members results from the need that the network members have different, but complementary core competences (moderate heterogeneity). The geographical dispersity of virtual organizations results in virtual organization members being culturally heterogeneous too.

Since the virtual organization is a network of small and medium organizations, they are forced to cooperate to carry out the projects which would never be realized without their ***cooperation***. The virtual organization

members make such a partnership with an aim to create a "virtual size", simultaneously trying to render the flexibility of their small organizations. The model of cooperation may vary from ordinary contracts on delivering services or trading certain products, to forming strategic alliances. Regardless of the model of cooperation applied, each network member must dispose of a satisfactory level of ICT facilities and competence so that they should successfully overcome the spatial and time differences in comparison with other network members [10].

The principle of *switching* means a flexible (re)combination of individual competencies to form projects on an ad-hoc basis, which allows for the virtual organization to adapt to changeable market conditions [8].

3. Virtual organization structure

In the conditions of discontinued environment, the organizational structure should have a high level of differentiation. Dispersed organizational components should be composed of executors to whom a high level of authority and responsibility is delegated, so that they should be in a position to make the majority of decisions "on the spot", that is, that they should be able to promptly respond to the environmental changes the frequency of which is increasing. In the conditions of fast changes it is necassary that the decision making process is as close as possible to the execution process. This, of course, must be followed with a greater extent of organizational integration, i.e., with a highly efficient coordination system which will allow for all the employees to jointly act in a synchronised way towards achieving the set goals [3]. Virtual organizations absolutely support such a logics of functioning. The virtual organization structure is flat, highly decentralised and spatially dispersed, with a strong coordination mechanisms in the form of mutual harmonization and the output standardization.

Interorganizational specialization and labour division in virtual organizations and the ad-hoc configuration of project networks implies that organizations have to manage quickly through cooperation in order that they should integrate the competences of their employees in mutual projects. In order to achieve that, they need a *flat organizational structure* that provides a higher level of flexibility due to the vertical flow of information being reduced.

As regards the processes it is permeated with, the organizational structure may be viewed in two ways (Figure 1):
- as part of business process that flows through it; and
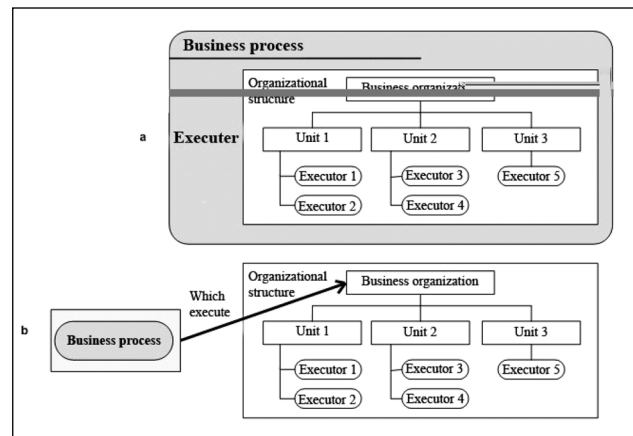- as a business process environment [7].

Figure 1. *Organizational structure: a) as part of business process; b) environmental to business process [7].*

The flat organizational structure allows that each virtual network member be allotted a clearly defined process or part of process it will be responsible for, and that the overall project be designed on a process basis (which is not frequent in traditional organizations).

A high level of decentralization grants all the virtual network members an adequate level of autonomy in decision making, thus enhancing the overall decision making process. Of course, each member's decision making activity is subject to concrete limitations that are contracted with the network broker.

Virtual organizations are *departmentalized* to a small or to no extent at all [9]. They are characterised by project oriented ad-hoc team creation.

Coordination is mainly effected by way of mutual coordination and output standardization. Mutual coordination is carried out by way of modern communication technologies, as well as in the form of implicit coordination via data basis, where two or more organizational entities have access to the same data base [4]. The output standardization is achieved through contracts concluded among the network members and through various forms of specification.

A dispersed organizational structure allows for the work on the projects in virtual organizations to run without halts, in accordance with the time zones. When the organization members situated at one end of the planet finish their work day, for the network members on the other end it has just begun. This type of work means a maximum time saving, thus enhancing the efficiency of work on the projects under way.

4. Dynamic aspects of virtual organizations

The essence of virtual organization is the restructuring process. The theory of the virtual organization design and implementation that describes dynamic mechanisms is founded on three synthetised notions [6]:

the network consisting of relevant, previously existing industrial structures, e.g., relations with partners in confidential cooperation or in the resources market, etc; virtual business doing, that is, cooperative processes that combine competences and resources during the period necessary to realise (materialize) the value; and value, as a force that makes the virtual organization restructure.

The processes of change in the virtual organization related to the network design, dynamic business restructuring, and creating new business opportunities or dynamic competition (Figure 2).
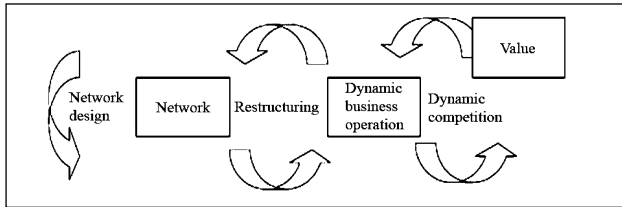

Figure 2. *Conceptual model of virtual organizations design and implementation* [6].

The virtual organizations life cycle can be described through four phases: task identification in the environment, network forming, project execution and network disintegration [11].

Opportunity identification starts with market research, or the identification of demand for certain products or services. On the basis of the possibilities of market absorption identification, the organization selects the task (job) it wishes to execute.

Network building is manifested through the identification and then the selection of members that will participate in the virtual network (at this moment the organization begins to act as a virtual network broker), so that in the end the network should be shaped by defining the position and role of each member of the network, tasks they are to accomplish, standards of their realization as well as their rights and liabilities during the project execution. The organization wishing to set up a virtual network (broker) must first analyse the project before it. Having decided, on the basis of the analyses carried out, which jobs must be performed in order that the project be executed efficiently, the organization builds a network. For the defined jobs in the project designing those members are chosen that offer the most favourable terms or are found trustworthy on the basis of the previous experience [5].

Project execution is a phase involving all the activities related to achieving the set project goals, that is, fulfilling the contracted obligations of a virtual organization as a whole, but also those of its individual members, as project subcontractors.

Network disintegration is the final phase in the virtual organization's life cycle and it starts at the moment the work on the project has been completed, to continue with the previously agreed distribution of profit and possible mutual property. The virtual organization's life cycle is presented in Figure 3.

Figure 3. *Virtual organizations life cycle* [11].

We propose introducing coordination roles as an adequate form of managing business operations in the virtual organization [3]. They are part of a long-term structure of virtual organizations and a way to overcome typical barriers in cooperation. The following coordination roles may be distinguished:

- The network trainer is in charge of overall management, infrastructure development, conflict management and defining relationships among network partners;
- The broker is responsible for the customer relations management (CRM), acquisition of offers and other market specific tasks;
- The task manager designs the configuration of a specific value chain, i.e., a short-term project network;
- The project manager is in charge of offer transaction, process management and, if necessary, project planning and management;
- The auditor takes care about the aspects of competition, especially about auditing and inspection (quality guarrantee).
- The In-/Outsourcing manager presents the interests of his organization to other partners.

Figure 4. *Roles within virtual organization* [3].

5. Conclusion

The essential difference between the virtual organization concept and the traditional concepts is that the former incorporates the change into the organizational design, while in the traditional concepts the change is the force frustrating organizational processes.

The advantage of virtual organizations is that they allow for a maximum flexibility, while simultaneously concentrating upon the best practices of the organization.

The analysis of modern literature has shown that, generally, two perspectives may be identified: a structural and a process perspectives. The former defines the virtual organization in terms of characteristics of elements and relationships within the virtual organization. The latter focuses upon the change process. Our aim in this paper has been to highlight the need for a holistic approach to virtual organization, which would allow for the management of the virtual organization to gain a better insight into how the virtual organization can be created in a dynamic business environment and thus be more successful.
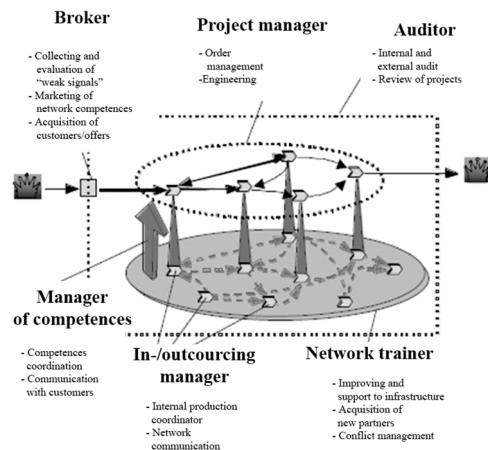
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Competitiveness through Entrepreneurship: an International Analysis

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During the last decade there has been a vocal discussion pertaining to economic growth. Nevertheless, a consensus has not been reached among the different studies and various authors. Moreover, while some focus upon the economic growth based on the traditional resources, others choose to highlight the technological changes, and others still pay special attention to the innovation phenomenon. The latter surpasses the technological change phenomenon to a large extent.

In light of the above, this paper endeavours to reflect, question and relate those factors on which hinge the importance of the human resources in the economic dynamism. Yet, in order for these HR, in effective terms, to become a strategic organizational asset, there is a need to verify whether the education that is supplied by the market does indeed perpetuate the entrepreneurial future capacity.

This analysis is related to the fact that we are experiencing the upsurge of a new economic reality, already labelled as an economy based on knowledge where learning takes on a fundamental role. Nevertheless, because the economic agents' reactions towards this new reality appear to be conflicting we shall endeavour to analyse the extent to which the perceptions' of the students are indeed influenced as a result of the responses of the Portuguese students taking Human Resource Management and Management degrees. The objective of this paper is to verify whether the aforementioned degrees do indeed instil dynamism within the minds of the assets of the future labour market so as to promote proactive and entrepreneurial behaviours. The findings seem to demonstrate that the reason for the weak existing entrepreneurial characteristics within the people, seem to be related to the course and the geographical as such.

1. Introduction

Entrepreneurship is an essential stone in the development of society. Nevertheless, entrepreneurship is governed by a set of values amongst which are culture, leadership and change. According to our view of entrepreneurship, this paper will highlight a voyage through the various interrelated concepts. The link between HRM and entrepreneurship is highlighted in the very aim of our research. The latter serves to ascertain to what extent the teaching done by various professors instils an entrepreneurship culture and mindset in the students, which are instrumental in the HRM realm. There seems to be a link between the general culture of and those values related to the education system. In view of the fact that Portugal is part of a wider economic European context, we consider it be pertinent to analyse the realities of these two realities: characteristics of general culture and those related to the educational culture. According to this perspective, we endeavour to take into account some of the obstacles imposed upon this theme by the economic, social and cultural contexts. Hence, the variables that form part of this study, namely, openness of character, continuous learning, individual competitiveness, imagination-creativity, the person at centre. Thus this study serves to identify and establish, in potential terms, a comparative analysis between the three geographical distinct settings, namely, Portugal (two northern regions) and Cape Verde.

2. Culture, leadership and change: the basis of entrepreneurship.

2.1 Culture and leadership

There is a strong relationship between entrepreneurship and organizational change. However, such a process puts the Schumpeterian theory into practice which, in turn, was made famous Schumpeter, during the process of his *creative destructiveness*. Alongside this theory is the innovation perspective. Thus the author, considers that it is necessary to learn how to destroy learning and behaviours already created. Consequently change and a more aggressive behaviour are more coherent and noteworthy.

In this context the entrepreneur is a change agent because he "*takes on the reigns of conducting the new processes and new projects*" (Freire, 2000: 331, cited in Petiz e Correia, 2004). He can also be seen as the economic agent who internalized both the importance and the capacity of making decisions about the different perspectives, (Ibid.op.cit.), namely:

- The perspective of directing and making the people aware through strategic thinking
- The operational perspective which entails current, consistent and flexible practices
- The business and organizational intuition perspective dealing with both potential and real opportunities and threats.

According to this perspective, an entrepreneur faces responsibility for his actions, as well as the consequences thereof, leading to a predisposition towards change. This responsibility, however, is the result of the symbiosis of various contexts namely, professional, personal and social. As far as the allocation of available resources, the decisions faced by the entrepreneur constructs are governed by efficiency (Herbert and Link, 1989). Some authors, as corroborated by Sahlman and Stevenson (1991), emphasise the capacity to identify and explore the opportunities in order to stress entrepreneurship and, thus, to construct strategies adapted to the particular situations.

Schein (1997:5) highlights the fact that leaders also change and create organizational culture while managers and administrators "live within them". In accordance with Schein (ibid. op. cit.), and with which we also corroborate, leaders do indeed require to "recognize and do something about this situation. It is in this sense that leadership and culture are conceptually intertwined".

Culture is sometimes applied in different contexts. The specific concept of organisational culture is created through the inequality of meanings. It is in this realm that Schein (1997:8-10) highlights critical issues which may be shared by the team and thus lead to consistency in organizational culture. In this context, Schein points out the following:

1. *Observable Behavouiral Norms* [1]
2. *Group Norms*
3. *Espoused values*
4. *Formal philosophy* [2]
5. *Ground Rules*
6. *Climate*
7. *Deep rooted skills*
8. *Thinking habits, mental models and/or linguistic paradigms* [3]
9. *Shared meaning*
10. *Rooted metaphors or integrated symbols* [4]

Despite the number of critical issues which Schein highlights in order to facilitate an understanding of organisational culture, he focuses on three major groups: i) artefacts (visible organisational processes, considered difficult to quantify and which have a high degree of subjectivity); ii) espoused values (strategies, goals, philosophies which are also seen as reasons for adopting these); iii) base of assumptions (values, perceptions, internalised subconscious feelings and thoughts).

Interaction occurs between these three abovementioned blocks if placed within a specific context. In this way, we understand culture as being an evolutionary process which presets a link between the culture of the organisation's founder that associated with the experiences of the different members of the group, and which produces new values which, in turn, induces an adoption of culture. Therefore, we agree with Schein (1997:212) in that organisational culture is a process and not a goal. According to Schein (Ibid.) the founder conveys his ideas to the organisation; he is surrounded by a core group which shares this vision, and, in turn, other elements enter the organisation thus prompting the process of creating the history of the organisation. If this group manages to obtain important shared learning experiences this will gradually develop assumptions about itself and its environment allowing it to survive, grow and develop.

This view of organisational culture set out by Schein is related to Senge's (2001) view on profound change. Senge views leadership as an internal capacity inherent to the human community so as to prepare its own future sustaining of the very process of change. Furthermore, such a process is inexorably linked to the vision of leadership as is set out by Drucker (in Schein, 2001). Therefore, it is fitting for us to establish a relationship between leadership, vision and culture.

2.2 Culture and change

The issues of entrepreneurship, according to Kanter (2003), are related to the new criteria for a successful organization. It is within this context, that she emphasises the importance of intangible assets, which include concepts[5], competencies[6] and relationships[7]. These three factors give rise to another concept, 'power'[8] as referred to by Kanter. Power stems from directing the intangibles, which are easily and depreciated. In order for power to be sustainable, it is necessary that it be fed with an entrepreneurial focus by stressing on learning and greater collaboration. It is within this perspective that innovative processes are launched which, in turn, nurture all objectives.

The underlying approach followed by all the authors under analysis, and many others who are not mentioned in this paper, is guided by the innovation processes, a concept which includes change. Hence, we share the opinion that this approach adds value to the overall analysis of the tendency and reinforcement of entrepreneurship.

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[1] **For this purpose, the author uses language, customs and traditions as examples.**

[2] **The ideological principle, which serves as a guideline for *stakeholders***

[3] **Cognitive shared parameters which guide perceptions through the use of a common language among team members, which are also used as socialization processes.**

[4] **Ideas, feelings and team images which develop as a form of self identification of the group.**

[5] **The author links this concept with the latest ideas, the designs and formulations of products or services which, in turn, created value for clients, thus highlighting customer loyalty.**

[6] **This refers to the ability to turn ideas into applicable forms of extremely high standards which, in turn, are to be used by clients.**

[7] **Refer to the alliances within the core business promoting nuclear competencies which, thus, created added value for customers, thereby, opening doors and widening horizons for the organization.**

[8] **Power tools include "information, resources and support." (Kanter, 1983:159). Power is derived from the capacity to dominate the intangible assets that leads to customer loyalty.**

We also share the opinion that entrepreneurship is based on change. We can well ask what are the alternative and more viable ways of implementing it - how it fortifies the organization and how change is its sustainable base. Other issues arise, namely, those related to the forces which block implementation. These issues are wide ranging, complex and are interlocking. Therefore, within this scenario, we are of the opinion that it is possible to bypass such complexities through an attempt to answer the following questions:

> What does change imply?
> How to implement a change process?
> How to quantify the change results?

In order for change to occur naturally, there is a need to do away with the resistance blocks which are against it. This should not be done by decree nor through coercive imposition. It is much wiser to do so through the cultural angle. The less resistance blocks there are, the greater the possibility the employees' will give themselves entirely to the tasks at hand, as well as greater will be the levels of confidence in carrying out these tasks, and there will be also larger levels of information and knowledge sharing. Simultaneously, however, other values arise which may support the ethical culture of the organization, namely, tolerance and mutual respect. We are convinced that the bigger these values are the greater the gains will be for the organisation. In this way, there has to be total commitment of employees, albeit a controlled and guided one through the clear explanation of their responsibilities. In this case, change can be seen as an abnormal disturbance upon the organisation's stability. This "abnormality" is related to the disequilibrium strategy; in order for equilibrium to be created, the foundations need to be laid. This, however has to be ongoing as it a process and not a situation.

In this regard, business culture aims at uniting all its employees and, therefore, it can also be regarded as a linking channel of shared[9] values. Thus, it "complements the organisational structure in the creation of a system of relationships which promote integration and coordination in a company". (Freire, 1997a:478, cited in Petiz e Correia, 2004). In this way the leader, in accordance with whichever type of leadership style[10] he adopts, must set the example by acting as an agent of change. Thus, business culture has its roots in the structural side of business and is not led by the circumstances in that "organisational culture should present itself in an all encompassing and flexible form, which should be a unifying link between all individuals in the company during the course of time". (Freire, 1997a:475, cited ibid. op.cit.).

Innovation can be considered as being the business objective, thus "strategy cannot be formulated by an elite and subsequently be implemented by the masses" (Hamel, 1998a:51 cited ibid. op.cit.). Strategy must, therefore, leverage all the existing imagination within a company, and for this reason, the author states that "instead of looking only at the financial return of the investments, managers have to bet on the emotional return of the investments, in other words, people are only prepared to get emotionally involved with their companies when they believe that the investment will have a return" (Hamel, 1998a:52, cited ibid. op.cit.).

The abovementioned perspective set out by Hamel (1998a, cited ibid. op.cit.) is corroborated by Kanter (1998), Peters (1982), and Peters and Austin (1985). Whereas Kanter (1998:80) deems "the revolution to be an attack from top down upon organisational rigidity, to the restrictions and to traditions", Peters and Austin (1985), on the other hand, consider the revolution to be everything, adopting enthusiasm in favour of innovation through the revolution in the form of destruction; in this way these views corroborate to Schumpeter's magic vision of "creative destruction". The authors believe that businessmen must employ people who are 'crazy' and obsessed by renewal and revolution, hence the reason why they understand the word "destruction" to be the order of the day.

The "revolution" - evokes a ferocious attack on organisational rigidity - contends that change and learning work together; hence, Kanter (1998:81) justifies the fact that "that those companies that are willing to change, recognise that learning and training are no longer exercises to be done from top down, but everyone, including the CEO has to be ready to listen and to learn".

All the hubbub around the concept of "visionary", takes into consideration that the embryo of innovation is not to be found here, even though it is wrapped up into a spontaneous creativity (albeit this does not guarantee the sustainability of innovation itself). Mayer (1998:90), however, holds a different view, as he considers that "innovation can not be planned, therefore, it lives from creativity, intuition, spontaneity and from luck". This is corroborated by Belasco (1992) who sees vision as a form of making a difference, as something which stimulates and inspires people, even though he is fully conscious of the deep need for it to be understood. He believes that language is a form of stimulation. It is within this realm that he is in favour of training through vision, stating that one should "stimulate managers through their consistent use of vision through training" (Belasco, 1992:210).

In this context, Santos (1997a:6, cited in Petiz e Correia, 2004) affirms that "managers and organisations need to prepare themselves to face the future; the answers cannot be found in anticipation nor in prediction, but rather in the creation and reinforcing of competencies. These are linked to generating factors we can well inquire about the alternatives and more viable ways of implementing it in

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[9] **In Marques (2000:27), the author regards culture as a concept made up of "systemic, shared key values and beliefs".**

[10] **In this context, we refer the reader to chapter 10 of the handbook, "Strategia, sucesso em Portugal", by Freire (1997a), Lisbon: Verbo, as well as, Appendix 10 of , "Cultura Organizacional e Liderança".**

future contexts; these can be systematized in the development of a strategic vision of organizational cohesion and the adoption of a competitive positioning". Therefore, he is in favour of the human factor, wherein, he believes, the lies competitive difference. We concur with Santos (1997a:7, cited ibid.op.cit.) that "the individual is the only factor possessing self-sustaining characteristics which enable him to be dynamic and able to respond to the challenges in a change context". Peters (1982) also holds with this view; for him the future is based on the foundations of constant change undertaken by everyone and this needs a dramatic rise in their capacity to accept the unstable. This factor leads us to conclude that flexibility is only achieved through the accountability of people.

However, organisational change is yet another type of change relevant in the business context. Both organisational culture and structure are thus placed in disequilibrium. We are, therefore, led to think that this type of change is relevant in the process of innovation, namely, at the social and organisational levels. They are crucial, as they lead to other types of changes and innovation, namely technological change, notwithstanding its incremental and radical position. In this way, we maintain that organisational change leads to other types of changes, previously designated as technological change.

2.3 The relationship between change and entrepreneurship

Despite the importance given to the above mentioned authors, others emphasise another view, thus relating entrepreneurship to new ideas and new perspectives with the notion of creating new opportunities. This approach views the concept of change as a way of motivating the entrepreneurship capacity. This approach is shared by Audretsch (1995). Others such as Dubini and Aldrich, (1991:306) view the concept of entrepreneurship as being inherently a network activity; a view also shared by us. According to Dubini and Aldrich, entrepreneurship is related to social capital. In turn, Aldrich and Zimmer (1986), view social and cultural capital as being of utmost importance in the entrepreneurship activities.

The perspective of personal network is related to these theories, which is based on the premise that entrepreneurship is a social role imbedded in the social, political and cultural context. Therefore, entrepreneurship means searching for change, and can even be considered as embodying change itself. However, one cannot ignore the fact that the
Entrepreneur is the instrument as well as the agent of change itself.

According to the above discussion we believe that entrepreneurship itself can be associated with the actual processes of change. There is a current debate in economic literature corroborating this view, namely, Dosi (1988), Dosi, Pavitt and Soete (1990), Drucker (1988; 1991), Metcalfe (1995), amongst others. However, Hofstede et. al. (cited in Audretsch :1995) are slightly more broad

ranging in their analysis as they combine both entrepreneurial as well as economic variables with data emerging from cultural variables. We agree with this opinion whereby the level of entrepreneurship is dynamic as it takes both quantitative and qualitative variables into account, in order to identify performance and the level of entrepreneurship capacity.

There is yet another type of change which can be considered as being of utmost importance for the growth and development of business. These are the so- called "creative business" changes. This type of change is important as it embraces both the actual concept as well as the process of innovation as the embodiment of the actual change. The very process of innovation is nurtured by initiative and by business creativity – which holds the entrepreneurship stance.

However, change may originate within the actual market, through the changes compelled by the market. In order for this change to be implemented, however, it is necessary that the economic agent pay attention to the fluctuations which occur in the market. This implies taking into account human being's specific characteristics in order to analyse the organisation internally as well as externally[11].

Both the notion and the importance of entrepreneurship have undergone profound alterations especially in the last decade. This is changing the face of the economic sphere. Given its contribution to change, entrepreneurship can be considered as an element of change both at the social as well as economic level.

In the dynamics of sustainable growth within the business context, one of the most important types of change is that which includes people and is thus known as "human change" or "human development". This change seems to be strategic as it shakes the communication structures. The accent has to be placed on training in order for this communication to be efficient. Training, considered as being a form of developing the human brain, leads to the enrichment of the people, thus providing them with new perspectives, new visions, and new work practices. Within this perspective, lies yet another embryo for organizational and human change.

However, change may also arise due to the actual market changes. But, for this change to be implemented, it is important that the economic agents take heed of the fluctuations which are noticeable in the market. This implies taking into account the specific human characteristics, through the analysis of the organisation and its external and internal contexts. This is known as a SWOT analysis; it is also known as Porter's 'five forces' analysis. The basic aim of this analysis is to implement strategies; thus, simultaneously allowing for the optimization of choices, which rely upon those aspects of management, such as subjectivity and intuition.

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[11] **This combined analysis is undertaken by a SWOT analysis.**

Innovative behaviour is related to change, as the latter can be understood as a form of innovation. But, what is important to know is how to conceive and to implement a change strategy. This should, however, be based on the leadership principles, as a continuous and controlled involvement of the employees.

The performance of companies can be seen and measured through a wide lens, amongst which are the following:

➢ Management capacity
➢ Growth capacity and sustainable development
➢ Capacity to enlarge market quotas, paying special attention to external markets
➢ Strategic management capacity

The change phenomenon and subsequently the innovation phenomenon are both linked to the abovementioned capacities.

Schumpeter advocates aforementioned theory of creative destructiveness. This is related to the desirable yet positive disequilibrium factors, from whence the Schumpeterian theory of creative destruction arises. However, we corroborated that, in order for this 'creative destruction' to occur it is necessary that the latter be based on entrepreneurship. This theory focuses on force and the importance of disequilibrium with a hint of the cause and effect processes of organisational change. This destructive creativity is underlined by the creative and entrepreneurial spirit of the businessman, which is supported by innovation, whatever the degree or type.

3. Empirical analysis

3.1 Methodology

The aim of our research is to reflect upon how potential learning effects in turn affect the entrepreneurship capacity of the student. The objective of this study is thus to ascertain the students' perceptions of the training they receive at the three universities. With reference to the methodology chosen, three institutions of higher learning, namely Jean Piaget University of Cape Verde, University of Minho and Lusíada University in Porto were used, whereby we randomly selected students in the Degrees of Management and Human Resource Management. The sample under analysis was randomly selected. Even though our concern was to survey the entire population of those degrees and years, this would be, however, unworkable and, therefore, we distributes the questionnaire to 400 students of which we managed to receive 160 answers. In view of the fact that 15 answers were less clear we decided to eliminate them in order to avoid bias on the analysis.

Therefore, our research totals 125 valid questionnaires for analysis. Moreover, the latter represents a 36.25% response rate which is considered as being reasonable and significant for our current research.

3.2 The questionnaire

The questionnaire was authorised by Prof. Simon L. Dolan, Catedratico de la Universidad Ramon Llull, Director of Research - IEL (Instituto de Estudios Laborales), ESADE Business School, Ramon Llull University, Avenida Pedralbes 60-62, 08034 Barcelona SPAIN.

In view of the fact that we are mainly conducting research on primary data we decided to formulate more generalised questions thus enabling us to infer beyond the concept of entrepreneurship. Thus, forty three wide-ranging questions were created. In accordance with the current research objectives we decided to select those which seemed most pertinent irrespective of the answers obtained. In the second stage of analysis it was decided to choose only five of these forty three so as to demonstrate a more cohesive and concentrated analysis. Moreover, age group and gender were also taken into consideration and analysed according to the selected five variables. These variables are thus: openness of character, continuous learning, individual competitiveness, imagination-creativity, the person at centre. These variables are described as follows:

i) openness of character – receptiveness to new circumstances, cultures, challenges. The respondent's perception of this dimension will, on the one hand, demonstrate the degree of sensitivity towards this dimension and on the other hand, convey the individual's perception of how the organization promotes a greater degree of entrepreneurial behaviour through this perception.

ii) continuous learning – enthusiasm towards enriching the individual's knowledge and know how. The respondent's perception, on the one hand, conveys the will to pursue the lifelong learning approach and to be imbued with this culture promoting entrepreneurial thinking, and on the other hand, the degree to which the organization nurtures this approach.

iii) individual competitiveness – person's ability to be demanding on him/herself and also in relation to the other colleagues/employees. The extent to which the individual has inner will and drive to search for challenging situations as well as the extent to which the organization instils this ability in order to promote a high degree of entrepreneurial behaviour.

iv) imagination-creativity: the link between entrepreneurial behaviour and the individual's capacity to introduce innovative ideas as well as the degree to which the organization enriches and promotes the individual's entrepreneurial thinking with reference to this capacity. This will enhance the individual's awareness and receptiveness towards organizational change.

v) <u>person at the centre</u> – the importance of the individual as well as individuality in the organization and its link to enhancing entrepreneurial behaviour on the part of the individuals.. The individual is viewed as an important contributing element thereby ensuring the survival and success of the organization is also stressed. The human side is enhanced as people are given more value and are no longer seen merely as a factor in the production process but are much more important than that. Thus we would further add that the human factor is much more important than other production factors –and so takes on such an important role.

3.3 Data presentation

3.3.1 Introduction

The data pertaining to the three different institutions was analysed using SPSS 11.5 for Windows; these three institutions all have very different cultures and are situated in very different geographic areas, entailing a population with specific characteristics albeit the data are not entirely comparable but we endeavoured to compare and thus identify a common base. We thus, opted for an analysis of each of the three institutions in order to conduct a comparative and general analysis.

3.3.2 Analysis of the individual at Jean Piaget University of Cape Verde

The first variable considered to be most pertinent was the 'Openness of character'. This decision stems from the fact that openness, attention and sagacity may lead to creating the characteristics linked to entrepreneurship. In this way, the results obtained in relation to variables, the genders and age groups, were as follows:

Openness of Character in personal life

		Gender		Total
		Female	Male	
Openness of Character	little	1	0	1
	some	1	1	2
	reasonable	11	8	19
	complete	3	0	3
Total		16	9	25

Table 1: Openness of Character * Gender Crosstabulation
(Source: the authors)

If one compares the questions according to the gender and age group, several differences emerge. The female gender is more tolerant and sensitive towards this question. It is not our aim to provide an answer to this issue but indeed it can be considered for future research. Due to our dissatisfaction with these results we pose the following question: can this be related to the patriarchal culture? If this is the case, it seems that the type of culture and social structure imposes certain rhythms upon the actual entrepreneurship mental model.

In relation to the limiting size of the sample, the age variable poses a difficulty to infer more reasonable interpretations. Moreover, it is evident that as age increases the openness to entrepreneurship decreases, and, therefore, it therefore does not produce the expected entrepreneurial awareness. This is most alarming.

Continuous Learning in personal life

	(Unit of analysis)			
		Gender		Total
		Female	Male	
Continuous Learning	little	1	0	1
	some	2	0	2
	reasonable	10	8	18
	complete	3	1	4
Total		16	9	25

Table 2:   Continuous Learning* Crosstabulation
Source: (Authors)

As far as this variable is concerned we shall analyse it in terms of the following criteria: the majority of the population opts for the choice *"reasonable"*, the male respondents weigh 72% which is high in spite of the female responses weighing 62%. This connotes that reasonable is linked to the classification of this variable is considered as being sufficient as opposed to being "*complete*" which is linked to being 'very good'. However, while the female responses demonstrate a tendency to an equal distribution through all the criteria, the male responses on the other hand, tend to be concentrated on the opposing positive poles. This can thus be indicative of the major difference between genders. Thus, it seems to be evident that the need for continuous learning is present amongst the entire population regardless of gender.

Individual competitiveness in personal life

Count

		Gender		Total
		Female	Male	
Individual competitiveness	little	2	2	4
	reasonable	12	5	17
	complete	2	2	4
Total		16	9	25

Table 3: Individual competitiveness* Gender Crosstabulation
Source: (Authors)

This variable moves away from the previous one, in that both genders focus on *"reasonable"* - which coincides with the average of the variable, this is shown by the 75% of the female responses and 55,5% male responses. Thus, these results indicate that individualism adopts a prominent role in the entrepreneurial context. This contradicts the theory which focuses on cooperativism and collectivism. With reference to age, regardless of the age group, the results indicate a reasonable value weighing 58,82%, If we join the answers "complete", we confirm that the combined percentage adds up to 68% which is highly significant.

Imagination and Creativity in personal life

Count

		Gender		Total
		Female	Male	
Imagination and Creativity	some	2	3	5
	reasonable	8	4	12
	complete	6	2	8
Total		16	9	25

Table 4: Imagination and Creativity * Gender Crosstabulation
Source: (Authors)

In general, the responses in relation to the imagination and creativity of the respondents demonstrate that 68% are in favour of "reasonable" and some 32% are in "complete" agreement. In the analysis of gender, the male respondents predominate and comprise 78% of the findings while the female respondents total 63%. The age group demonstrates similar findings.

Person at the centre in personal life

Count

		Gender		Total
		Female	Male	
Person at Centre	some	2	2	4
	reasonable	8	6	14
	completeh	6	1	7
Total		16	9	25

Table 5: Person at the centre* Gender Crosstabulation
Source: (Authors)

This variable presents surprising findings but which were to be anticipated given the nature of the socio-economic reality and the weak infrastructure at their disposal. In general, 72% reveal "some" agreement as opposed to 28% which are in "complete" agreement. The findings obtained according to gender are even more enthusiastic in so far as 89% of the male respondents attribute "some" agreement in comparison to the 62% of the female respondents. In terms of the latter female findings, as opposed to the male findings, there is more concern in demonstrating the importance of this variable in that 38% of female respondents are in "complete" agreement. There are no divergences concerning the behaviour of the age groups.

3.3.3 Analysis of the individual at University of Minho

Openness of Character in personal life

Count

		Gender		Total
		Female	Male	
Openness of Character	little	0	1	1
	some	19	4	23
	reasonable	24	16	40
	complete	16	10	26
Total		59	31	90

Table 6: Openness of Character * Gender Crosstabulation
Source: (Authors)

We are of the opinion that the findings concerning this variable are of interest as the total number of respondents which show "reasonable" and "complete" agreement reach 73%. This demonstrates that variable's importance. Comparing the behaviour of the male with the female gender the findings are somewhat different, even though these exhibit "reasonable" and "complete" indicators, as 84% of the males consider it as being of importance and 68% of females share the same opinion. This can be analysed as a personality trait inducing aggressive behaviour. In terms of age group, the behaviour is similar.

Continuous Learning in personal life

Count

		Gender		Total
		Female	Male	
Continuous learning	Very little	1	0	1
	little	1	1	2
	some	13	5	18
	reasonable	31	21	52
	complete	13	4	17
Total		59	31	90

Table 7: Continuous Learning* Gender Crosstabulation
Source: (Authors)

The findings from this variable are similar to openness of character in that 77% of the respondents consider it to be of importance. These findings allow us to assess the respondent's need for continuous learning. In analysing the behaviour according to gender we are aware of the existence of a great percentage of females, 75% who consider this variable to be of utmost importance, and the 81% of male respondents are indicators which can be considered as being extremely high. Another issue which we consider of importance is the fact that 70 of the 90 respondents (78%) are in the age group between 19-22 years old.

Individual Competitiveness in personal life

Count

		Gender		Total
		Female	Male	
Individual Competitiveness	none	0	1	1
	Very little	4	1	5
	little	8	2	10
	some	22	13	35
	reasonable	17	10	27
	complete	8	4	12
Total		59	31	90

Table 8: Individual Competitiveness * Gender Crosstabulation
Source: (Authors)

Due to the findings obtained in the previous variables, we decided to divide this variable in three sections. The first, made up of "none", "very little", and "little"; the second section made up of intermediary values such as "some" and the third section, which includes the maximum values of "reasonable" and "complete". If we ignore the second sec-

tion we are aware that in general terms only 18% of the respondents answered "little" agreement in contrast to the 43% which we find in the third block. These findings allow us to conclude that the population under analysis can not be considered as being individualistic and instead is in favour of cooperation and of group work, which is a relevant finding.

In terms of age group, the findings do not have any elements worth mentioning.

Imagination and Creativity in personal life

Count

		Gender		Total
		Female	Male	
Imaginationand creativity	Very little	0	1	1
	little	2	2	4
	some	15	8	23
	reasonable	28	17	45
	complete	14	3	17
Total		59	31	90

Table 9: Imagination and Creativity * Gender Crosstabulation
Source: (Authors)

We were once again surprised by these findings, as 69% of the respondents consider this variable as being of utmost importance, and only 6% of the same population give it assess it as being "very little " and "little". In an analysis of the findings of the behaviour between male and female we conclude that there are positive behaviours, the male responses total 65% whereas the females are 71%. We can infer that the data arising from this specific variable demonstrate that the courses taught contribute in some way enrich the mind leading towards greater levels of entrepreneurship. In terms of age group, the findings do not have any elements worth mentioning.

Person at the centre in personal life

Count

		Gender		Total
		Female	Male	
Person at the centre	None	2	0	2
	Very little	2	1	3
	little	13	4	17
	some	20	12	32
	reasonable	15	13	28
	complete	7	1	8
Total		59	31	90

Table 10: Person at the centre* Gender Crosstabulation
Source: (Authors)

An analysis of these findings shows that the highest scale of the responses constitutes 40%, these being "reasonable" and "complete". However 36% of the respondents are average, these being "some"; whereas, 24% of the findings are concentrated in the "none", "very little" and "little". Although these values are of less quality in comparison to

the rest of the variables, they do nevertheless demonstrate that there is a desire to avoid placing the person at the centre of the issues. However, we insist in the need to improve these indicators. If this, however, does not occur, it may well neutralise the potential capacities highlighted in the remaining variables. In terms of age group, the findings do not have any elements worth mentioning.

3.3.4. Analysis of the individual at Lusíada University in Porto

Openness of Character in personal life

Count

		Gender		Total
		Female	Male	
Openness of Character	some	0	5	5
	reasonable	10	6	16
	complete	5	4	9
Total		15	15	30

Table 11: Openness of Character * Gender Crosstabulation
Source: (Authors)

This variable shows data similar to those of Cape Verde. On a general level 70% of the answers pay little importance to this variable, hence the answers to the topics of "some" and "reasonable", in contrast to the 30% of the answers which are in effect in "complete" agreement. If we analyse the data according to gender we can ascertain that they show similar behaviour seeing that 27% of the male answers are in "complete" agreement in contrast to 33% of the female respondents.

In analysis of the age group it is evident that the respondents in the age group 25-30 are seen to be more negative than the others. If we take into account that this group is in the peak of their productivity, than this indicator is somewhat alarming as it shows that the people don't have an open mental model, one which is based on cooperation, dialogue and listening to others.

Continuous Learning in personal life

Count

		Gender		Total
		Female	Male	
Continuous Learning	little	2	0	2
	some	1	4	5
	reasonable	7	7	14
	complete	5	4	9
Total		15	15	30

Table 12: Continuous Learning * Gender Crosstabulation
Source: (Authors)

The general behaviour of the respondents is similar to that of gender. Thus, in a general analysis it is visible that 30% of the respondents are in "complete" agreement. However, 23% of that same population are in "little" agreement. If one adds a part of the percentage referring to those indecisive respondents but who answered "reasonable" we ascertain that this percentage will rise, this

therefore, can be seen as an alarming indicator. It may be an indicator of a reduced aggressive entrepreneurial and business behaviour.

In terms of age group, there is little to highlight except that those between 26 and 27 years old tend to react in a more negative manner.

Individual Competitiveness in personal life

Count

		Gender		Total
		Female	Male	
Individual Competitiveness	none	1	0	1
	little	1	0	1
	some	8	6	14
	reasonable	3	7	10
	complete	2	2	4
Total		15	15	30

Table 13: Individual Competitiveness *Gender Crosstabulation
Source: (Authors)

This variable shows a significant distinction between genders. The male respondents seem to be more sensitive to this variable. This can be seen by virtue of the fact that 60% of the population giving it maximum weight, at the level of "reasonable" and "complete". This is in direct contrast to 33% of the female gender. However, in general term and for the set of categories which are "none", "little" and "some" this represents more than 53%. In face of these percentages we can infer that this variable of individual competitiveness is indeed relegated to a second plane. In terms of age group, there is little to highlight.

Imagination and Creativity in personal life

Count

		Gender		Total
		Female	Male	
Imagination and creatividade	some	3	3	6
	reasonable	9	7	16
	complete	3	5	8
Total		15	15	30

Table 14: Imagination and Creativity* Gender Crosstabulation
Source: (Authors)

This variable we find that only 27% of the respondents show "complete" agreement. In terms of an analysis according to gender we ascertain that the male sector gives a weight of 33% to "complete" agreement whereas the female sector gives 20%. In accordance with those percentages we are of the opinion that the population suffers from a deficit of creativity and imagination and thus does not allow for the revitalization of the entrepreneurship capacity. In terms of age group, there is little to highlight.

Person at the centre in personal life

Count

		Gender		Total
		Female	Male	
Person at the centre in the organization	none	3	1	4
	Very little	2	0	2
	little	3	1	4
	some	4	4	8
	reasonable	1	7	8
	complete	2	2	4
Total		15	15	30

Table 15: Person at the centre* Gender Crosstabulation
Source: (Authors)

The behaviour of the different genders is surprising. Whereas the male gender does not pay importance to the responses "none", "very little" and "little", giving these a weight of 13%, the opposite gender gives the same category a weight of 53%. On the other hand, those categories most answered at the level of "some", "reasonable" and "complete" have a weight of 87%, this is in direct contrast with the weight of 47% given by the female gender to these categories, Therefore, we find a great difference between the genders. Even though the findings of the females are high they are nevertheless considered to be much lower than those of the males, who believe they should be the centre of attraction. 67% of both genders are in favour of this issue. We are of the opinion that herein resides one of the major problems in energizing the entrepreneurial capacity. We can infer that herein resides one of the main stumbling blocks which energizes the entrepreneurial capacity. In terms of age group, there is little to highlight.

3.3.5. Analysis of the individual in the organization at University Jean Piaget of Cape Verde

Openness of character in organizations in Cape Verde

Count

		Gender		Total
		Female	Male	
openness of character in the organization	Little	2	0	2
	Some	3	1	4
	reasonable	11	7	18
	complete	0	1	1
Total		16	9	25

Table 16: Openness of character in the organization * Gender Crosstabulation
Source: (Authors)

In general, with reference to this variable, it can be stressed that 76% responded "reasonable" and "complete" agreement while 24% chose "little" and "some". In view of these responses we can conclude that there is some concern in relation to this variable. This can be a positive indication. There is nothing relevant to include in relation to the age group.

Continuous Learning in organization

Count

		Gender		Total
		Female	Male	
continuous learning in organization	little	1	0	1
	some	4	2	6
	reasonable	8	7	15
	complete	3	0	3
Total		16	9	25

Table 17: continuous learning in the organization * Gender Crosstabulation
Source: (Authors)

The positive values relating to this variable are situated at the level of "reasonable" and "complete" agreement. While the remaining 28% responses lie in "little" and "some" importance. We are confronted with a particularly relevant indicator in the realm of continuous learning. When a comparison is established between the genders and age groups, there are no great behavioural differences in this variable.

Individual Competitiveness in the Organization

Count

		Gender		Total
		Female	Male	
Individual competitiveness in the organization	some	5	2	7
	reasonable	10	6	16
	complete	1	1	2
Total		16	9	25

Table 18: Individual competitiveness in the organization *Gender Crosstabulation
Source: (Authors)

In general terms, the respondents demonstrate that they are in "some" and "reasonable" agreement with this variable as 92% of the population conveys a less convincing response as opposed to the remaining 8% who are in "complete" agreement with the variable in relation to the variable's importance. Moreover, the analysis of gender, we identify some difference albeit it is not considered notable. In this way, 89% of the male respondents are unfavourable towards this variable which is in opposition to the female responses which total 94%. These responses are equally weighted amongst the choices within the variable. Thus, in general we understand that the attribution of the lack of importance to this variable, lends itself towards absorbing the obstacles of entrepreneurship. This results from the fact that the individual is not conscious of this variable and this lack of consciousness leads to the lack of awareness of the need for the individual to participate within the organization.

In relation to the age, albeit there seems to be a similar behaviour in all age groups, we observe that the respondents between the 22 and 23 years old, are, in turn, essentially discordant.

Imagination and Creativity in the Organization

Count

		Gender		Total
		Female	Male	
imagination in the organization	little	2	0	2
	some	3	3	6
	reasonable	9	6	15
	complete	2	0	2
Total		16	9	25

Table 19: Imagination in the organization * Gender Crosstabulation
Source: (Authors)

This variable represents an identical behaviour as the abovementioned variable of Competitiveness as 92% of the respondents demonstrate little agreement towards this variable. The remaining 8% convey their complete agreement towards this variable.

A comparison of the genders demonstrates that in general terms there is some divergence as the male respondents choose to exclude the extreme classifications. In this way, the opposite genders attribute more weight, namely, 26%, to these extremes in equal proportions (13%), to "little" and to "complete" agreement. In relation to age, we highlight the 23 year old age group who responded negatively.

Person at the Centre of analysis in the Organization

Count

		Gender		Total
		Female	Male	
person at centre in the organization	None	1	0	1
	Little	3	1	4
	Some	1	3	4
	Reasonable	8	5	13
	Complete	3	0	3
Total		16	9	25

Table 20: Person at centre in the organization * Gender Crosstabulation
Source: (Authors)

This variable seemed to be of great importance. 64% of the respondents noted they were in general agreement, contrary to 36% of the responses which attribute little importance and distribute the responses to "none", "little" or "some". A comparison of the genders leads us to confirm that, even though the male responses exclude "nothing" or "complete" agreement, 56% of the respondents choose "reasonable". On the other hand the female responses choose to answer all categories. However, the two most answered categories are "reasonable" and "complete" which reaches 69%. From the above analysis, we can infer the traces of individualism, as a success factor for entrepreneurship are evident. In terms of the age group, the behaviour is identical.

3.3.6 Analysis of the individual in the organization at University of Minho

Openness of Character in the Organization

Count

		Gender		Total
		Female	Male	
Openness of character in the organization	Very little	3	1	4
	little	1	2	3
	Some	19	9	28
	reasonable	15	13	28
	complete	21	6	27
Total		59	31	90

Table 21: Openness of Character in the organization* Gender Crosstabulation
Source: (Authors)

As far as gender is concerned there are different behaviour patterns. In a general sense the female respondents are in agreement as 36% show a "complete" agreement with the variable. In contrast with the male respondents, these do not go above 19%. However, in general terms, 39% of the respondents provide a negative answer and 39% show "little" or "some" agreement. According to our interpretation this may signify that openness of character may be an obstacle to the entrepreneurship dynamics.

Continuous learning in the Organization

Count

		Gender		Total
		Female	Male	
Continuous learning in the organization	none	1	0	1
	very little	4	1	5
	little	6	5	11
	some	21	13	34
	reasonable	17	9	26
	complete	10	3	13
Total		59	31	90

Table 22: Continuous learning in the organization *Gender Crosstabulation
Source: (Authors)

The male respondents continue to attribute less importance to continuous learning, as reflected in fact 10% of the respondents are in "complete" agreement while 33% of the same respondents disagree or simply show "some" agreement. On the other hand, the female sector, demonstrates a less favourable position as 32% of the respondents are in "complete" agreement. However, there is yet another disagreeing indicator which demonstrates that 27% of the respondents is in favour of "some" agreement.

In terms of age, we can verify that 31% of the respondents are in low agreement with the levels, namely, "little" and "some". But, if we verify the age group we can infer that there is some concentration in the responses among the 19-23 year olds from which the response tendency is inverted.

In view of the above findings, we share the opinion that such a situation stems from the low level of intellectual and physical development. Thus, as the years go by, the people are more receptive to the needs and the importance of continuous training.

Individual Competitiveness in the Organization

Count

		Gender		Total
		Female	Male	
Individual Competitiveness in the organization	none	1	0	1
	Very little	4	1	5
	little	6	5	11
	some	21	13	34
	reasonable	17	9	26
	complete	10	3	13
Total		59	31	90

Table 23: Individual Competitiveness in the organization *Gender Crosstabulation
Source: (Authors)

This variable demonstrates that, regardless of gender and age, there is an entrenched worry in relation to the categories of "some" and "reasonable". In this way, this variable seems to convey little importance in relation to the respondents in analysis.

Thus, if collegiality is considered to be one of the strongest components of entrepreneurship, then how can the responses be interpreted? In view of these results, we are convinced that the course syllabi of the Management and Human Resource Management Degrees are not launching the roots for entrepreneurship.

Imagination and Creativity in the Organization

Count

		Gender		Total
		Female	Male	
Imagination and creativity in the organization	Very little	2	0	2
	little	3	1	4
	some	16	7	23
	reasonable	22	20	42
	complete	16	3	19
Total		59	31	90

Table 24: Imagination and Creativity in the organization* Gender Crosstabulation
Source: (Authors)

In terms of the gender behaviour we can verify that 68% of the respondents consider that this variable to be interesting and very interesting. However, the female sector continues to attribute more attention to it in view of 27% of these respondents are "complete" agreement in contrast to the male respondents in this category which total 10% . It is here that we encounter yet another diverging aspect between the genders, regardless of age group, which can be considered significant in terms of the behaviour analysis.

Person at the centre in the Organization

Count

		Gender		Total
		Female	Male	
Person at centre in the organization	none	2	0	2
	Very little	3	0	3
	little	7	6	13
	some	27	12	39
	reasonable	14	11	25
	complete	6	2	8
Total		59	31	90

Table 25: Person at the centre in the organization * Gender Crosstabulation
Source: (Authors)

With reference to this variable, it is considered strange that 80% of the respondents should demonstrate their agreement. Thus, seeing that this variable considers the person as being the centre of importance, this may indeed lead to the concentration of power. This concentration does not however facilitate the sharing of power which can lead to a negative impact upon the organization's performance in the future.

Thus, in view of the fact that the responses "none", "very little", and "little" do not go beyond 20%, we can infer that both genders represent an identical tendency and attribute equal importance to individualism in the realm of entrepreneurship. In this way, this demonstrates the way to sustain and nurture the entrepreneurial capacity. On the other hand, taking into the age group into consideration, it can be inferred that the behaviours are similar which thus leads to the need for structural change in the thought processes.

3.3.7 Analysis of the individual in the organization at Lusíada University in Porto

Openness of Character in the Organization

Count

		Gender		Total
		Female	Male	
Openness of character in organizations	Very little	0	1	1
	some	3	5	8
	reasonable	9	6	15
	complete	3	3	6
Total		15	15	30

Table 26: Openness of Character in the organization* Gender Crosstabulation
Source: (Authors)

On the one hand it can be inferred that the differences in behaviour are similar in relation to both genders. On the other hand, the response tendency orients itself towards valuing the variable as 70%, thus classifying this variable, in general terms, due to the responses being in "reasonable" and "complete" agreement. This fact is somewhat astonishing. In terms of the age group, the level of relevant physical maturity, however, continues to be expressed through the less positive responses, such as, "some" and "reasonable".

Continuous Learning in the Organization

Count

		Sexo dos inquiridos		Total
		Feminino	Masculino	
Continuous learning in the organization	Very little	0	1	1
	little	1	2	3
	some	3	3	6
	reasonable	9	6	15
	complete	2	3	5
Total		15	15	30

Table 27: Continuous Learning in the organization* Gender Crosstabulation
Source: (Authors)

It is astonishing that 33% of the respondents are against the importance of continuous learning in the institution as opposed to 17% which is "complete" agreement.

Individual Competitiveness in the Organization

Count

		Gender		Total
		Female	Male	
Individual competitiveness in the organization	none	1	0	1
	little	1	0	1
	some	5	5	10
	reasonable	6	6	12
	complete	2	4	6
Total		15	15	30

Table 28: Individual Competitiveness in the organization* Gender Crosstabulation
Source: (Authors)

In general terms, 60% of the respondents demonstrate that they are in favour of the individual competitiveness. This percentage appears to contradict the entrepreneurial capacity. We share the opinion that if the individual creativity is not collectively diffused, shared and matured it will not present positive effects. However, the fact that this behaviour is shared by both genders is also considered strange.

Imagination and Creativity in the Organization

Count

		Gender		Total
		Female	Male	
Imagination and creativity in the organization	none	0	1	1
	some	4	4	8
	reasonable	9	4	13
	complete	2	6	8
Total		15	15	30

Table 29: Imagination and Creativity in the organization* Gender Crosstabulation
Source: (Authors)

This variable is considered to be one of the base elements for the construction and actual building of the entrepreneurial capacity; albeit some disquiet stems from the findings obtained. In general terms this is due to fact that the respondents attributed an average importance.

However, as we analyse the genders we verify that the male respondents have a greater tendency towards imagination and creativity compared to the females as 40% of the male findings focus on "complete" agreement as opposed to the 16% of the female findings. However, in general terms, this variable is not valued by all. This allows us to infer that entrepreneurship is not nurtured through the findings obtained in relation to this variable. In an analysis according to the age groups we verify that the behaviour is similar even though a lower importance is given by the older respondents.

Person at the Centre in the Organization

Count

| | | Gender | | Total |
		Female	Male	
Person at the centre in the organization	none	1	0	1
	Very little	1	0	1
	little	2	1	3
	some	7	7	14
	reasonable	2	5	7
	complete	2	2	4
Total		15	15	30

Table 30: Person at the Centre in the organization* Gender Crosstabulation
Source: (Authors)

This variable produces some dissatisfaction in relation to the findings because in general terms, 83% of the respondents are in favour of its importance. The categories "complete", "reasonable" and "some" agreement represent 83% of the findings. In this way, the remaining 17% of the findings represent the levels of "none", "very little" and "little" which lead us to infer that individualism starts to be highly adhered to and which then becomes an obstacle in the entrepreneurial production in Portugal. A few differences were encountered in an analysis of the findings according to gender. The male findings reveal that 93% are in "complete" agreement with this variable, in the categories of "some", "reasonable", "complete" agreement while the female findings represent 73% in this variable. The negative responses add up to 27%.

In general, different levels of entrepreneurship are related to the behaviour differences and which, in turn, are more evident in the female findings. The latter shows a greater tendency and sensitivity towards entrepreneurship.

The behaviours are identical in terms of the age groups as there are no divergences in relation to the abovementioned factors in analysis.

4. Conclusion

Despite the fact that we consider those findings pertaining to Jean Piaget University of Cape Verde as being negative, on deeper analysis we are able to conclude that these are in accordance with the social and economic environments of that area and thus these findings may well not be as surprising as originally thought as these are close to the findings obtained for the Lusíada University in Porto. The

less reasonable findings we gathered are indeed many and this is irrespective of the geographic positioning of the respondents. This issue may well be reflected in a less positive behaviour and through indicators of extremely low productivity. Our concern was mainly to ponder upon some qualitative variables with immediate impact and which reflect on the quality of performance of the economic agents. We highlight the creativity and imagination variable as an example, which are not highly valued, and if the lack of predisposition to mental openness is added to this, the result will be a decrease in cooperation and reduced predisposition towards the sharing of knowledge. We consider entrepreneurship as being the foundation for the dynamic factors that sustain aggressive competitiveness. In view of these general findings the economic agents continue to display traits of passive behaviour, which impose difficulties upon the more dynamic traits.

All the findings from the University of Minho demonstrate highly attractive indicators in comparison to the two other universities, namely Jean Piaget University of Cape Verde as well as Lusíada University in Porto. The findings of the University of Minho demonstrate that they are apparently more consistent and more favourable. However, we cannot categorically state that its respondents are necessarily more entrepreneurial than the others. It seems obvious that the curricula taught exert an influence upon the capacity of sculpturing the personality of the students.

An analysis of the organizational environments which form part of this study, and in accordance to the answers given, we are aware that there is a reduced attractiveness and diminished tendency towards entrepreneurship on the part of the institutions as such.
Therefore, it is our opinion that the reduced awareness of entrepreneurship, as well as other more aggressive and dynamic behaviours in the quest for alternative answers of growth and of subsequent development and which are directly related to the actual institution are lacking. However, seeing that the institution is composed of a set of elements, amongst which are professors and scientists, we believe that there must be an alignment in the entrepreneurial behaviour. The students show a great deficit in those variables which are at the basis of our analysis, namely, "happiness", "friendship", and "collectivism", but we are aware that responsibility cannot, however, be placed entirely upon the given situation.

According to the systemic analysis focused upon by Senge, albeit other thinkers such as Lewin, Drucker, Kanter have also written extensively about this, and with whom we also corroborate, we thus consider ourselves as being interdependent agents, who are in constant interaction in the search of economic synergies. In this context, either we are considered as being the raising agent of change, or it is our opinion that change, be it organisational, social and individual, will be difficult to implement. Thus, even if some change is likely to occur, it will not be consistent and, therefore, it will produce negative externalities of entrepreneurship on which the society is so abundant and which forms the basis of our criticism.

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APPENDIX 1

The questionnaire was authorised by Prof. Simon L. Dolan, Catedratico de la Universidad Ramon Llull, Director of Research - IEL (Instituto de Estudios Laborales), ESADE Business School, Ramon Llull University, Avenida Pedralbes 60-62, 08034 Barcelona SPAIN, (+ 34) 93 280 6162 Ext. 2483 or 3749 ; Fax (+34) 93 204 8105, Email: DOLANŽESADE.EDU

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In reflecting over the values below, think about work and life in the 21ˢᵗ Century. To what extent do you believe each of the values will be important to your personal and professional life? Note: there is no right or wrong answer, simply mark only one digit (between 0 = of no importance at all; 1 = indifferent; 2 = of very little or no importance; 3 = of little importance; 4 = of moderate importance and 5 = very important) in every row and each column which reflect your belief.

Values and action principles which really affect and influence my every day life…

		My *personal* life	The *organisation* in which I work
		none — very important	none — very — important
1.	Happiness	0 1 2 3 4 5	0 1 2 3 4 5
2.	Love - sensitivity	0 1 2 3 4 5	0 1 2 3 4 5
3.	Open-mindedness	0 1 2 3 4 5	0 1 2 3 4 5
4.	Continuous practical Learning	0 1 2 3 4 5	0 1 2 3 4 5
5.	Harmony - aesthetics	0 1 2 3 4 5	0 1 2 3 4 5
6.	Adventure - bravery	0 1 2 3 4 5	0 1 2 3 4 5
7.	Friendliness	0 1 2 3 4 5	0 1 2 3 4 5
8.	Coherence	0 1 2 3 4 5	0 1 2 3 4 5
9.	Individual competitiveness	0 1 2 3 4 5	0 1 2 3 4 5
10.	Effective communication	0 1 2 3 4 5	0 1 2 3 4 5
11.	Confidence ("rely on")	0 1 2 3 4 5	0 1 2 3 4 5
12.	Collaboration - companionship	0 1 2 3 4 5	0 1 2 3 4 5
13.	Family care	0 1 2 3 4 5	0 1 2 3 4 5
14.	Money - material survival	0 1 2 3 4 5	0 1 2 3 4 5
15.	Emotional enjoyment	0 1 2 3 4 5	0 1 2 3 4 5
16.	Results efficiency	0 1 2 3 4 5	0 1 2 3 4 5
17.	Emotional empathy	0 1 2 3 4 5	0 1 2 3 4 5
18.	Work-Life balance	0 1 2 3 4 5	0 1 2 3 4 5
19.	Professional ethics	0 1 2 3 4 5	0 1 2 3 4 5
20.	Happiness (search for)	0 1 2 3 4 5	0 1 2 3 4 5
21.	Adaptive flexibility	0 1 2 3 4 5	0 1 2 3 4 5
22.	Generosity – sharing	0 1 2 3 4 5	0 1 2 3 4 5
23.	Dignity / Humbleness	0 1 2 3 4 5	0 1 2 3 4 5
24.	Utopia - ideal	0 1 2 3 4 5	0 1 2 3 4 5
25.	Equality (no discrimination)	0 1 2 3 4 5	0 1 2 3 4 5
26.	Imagination - creativity	0 1 2 3 4 5	0 1 2 3 4 5
27.	Integrity	0 1 2 3 4 5	0 1 2 3 4 5
28.	Justice - social responsibility	0 1 2 3 4 5	0 1 2 3 4 5
29.	Person at the centre	0 1 2 3 4 5	0 1 2 3 4 5
30.	Freedom - initiative	0 1 2 3 4 5	0 1 2 3 4 5
31.	Order - organisation	0 1 2 3 4 5	0 1 2 3 4 5
32.	Passion - illusion	0 1 2 3 4 5	0 1 2 3 4 5
33.	Pragmatism - realism	0 1 2 3 4 5	0 1 2 3 4 5
34.	Technical professionalism	0 1 2 3 4 5	0 1 2 3 4 5
35.	Respect for people	0 1 2 3 4 5	0 1 2 3 4 5
36.	Respect for the environment	0 1 2 3 4 5	0 1 2 3 4 5
37.	Sacrifice - austerity	0 1 2 3 4 5	0 1 2 3 4 5
38.	Health	0 1 2 3 4 5	0 1 2 3 4 5
39.	Security-prudence	0 1 2 3 4 5	0 1 2 3 4 5
40.	Serenity	0 1 2 3 4 5	0 1 2 3 4 5
41.	Process simplification	0 1 2 3 4 5	0 1 2 3 4 5
42.	Transparency - sincerity	0 1 2 3 4 5	0 1 2 3 4 5
43.	Patience- tenacity	0 1 2 3 4 5	0 1 2 3 4 5

a. Age:…..   *b.* Gender (M/F): ….   *c.* Place of residence (city/town): ..……………………………..

The transport policy between regulation and liberalisation

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An active academic debate on whether the state should interfere on the transport market and influence the development of transport has been going on in the developed countries for quite a long time now. On one side, there are the advocates of of the idea that the transport market has to be regulated, on the other, there are the promoters of its liberalisation (deregulation). In the practice of these countries so far the transport sector has been an area in which the state interferes to a smaller or larger extent. The debate on the basic dilemma of the transport policy is today especially heated in the so-called transition countries, which abandoned the socialist paradigm and oriented themselves to developing a market oriented economy. The facts the creators of the transport policy in the Western Balkan countries, the transition countries, must not ignore are that, firstly, the transport market in the European Union area is liberated to a large extent, and, secondly, due to the insufficient development of economy in the Balkan countries, it is not easy to create and implement the transport policy that would be in harmony with the philosophy of transport development in the developed European countries, the EU members.

1. Introduction

Traditionally, regulation as a method of transport policy came into force with the beginnings of the modern transport system. At the beginning, it was the control of the railways monopoly. Then, during the 1930's economic crisis, a more comprehensive protectionist system at the transport market was established. A dramatic fall in demand and a fierce competition among the transport companies proved to be a serious threat to the existance of an efficient transport system, therefore the governments of the majority of countries decided to act as "guardian angels".

The state control was still evident in the years after the Second World War. No really serious debates on the liberalisation in the transport sector had emerged until the mid sixties. A conclusion can be drawn that in the post war period, a model of controlled competition was implemented in the transport sector.

The debate on the role of the state in regulating the transport market became vigorous in the last two decades of the 20th century, however, its beginnings date back to the 19th century [Dante Flore, V., Economics of Maritime Transport and State Intervention in the Maritime business, Institute of Economics, Zagreb, 1966, p. 83].

The authors that maintain that it is necessary that the transport be regulated by the state support their thesis by the fact that transport is one of the most important factors of socio-economic development. It has a direct impact on the possibilities of using natural resources, on the positioning of manufacturing plants, on employment and on the distribution of the population in a country. In a nutshell, transport plays the central role in achieving socio-economic goals and the decisions concerning this matter are too important to be entirely left to those operating in the transport sector.

In the last years, however, there has been a growing number of theoreticians who approach the issue of transport not from socio-political, but from commercial aspects. An attitude prevails that transport is not best integrated into the market economy in a majority of countries. The advocates of this view maintain that it is impossible to structure an efficient transport system without a more consistent liberalisation of transport market.

2. Regulation

The advocates of transport market regulation claim that an abrupt turn from the policy of regulation to that of liberalisation may have a negative impact upon the transport sector, the overall economy and the development of the society in general.

In an analysis of the works of these authors H. Baum has come to a conclusion that the most relevant arguments proving the necessity of regulating the transport market may be listed as follows: 1) a long-term effective competition, with a large number of competitors would present a threat to many transport companies; a tendency towards concentration would change the market structure in favour of oligopolies and incite a trust-type behaviour; 3) without the market protection the railways system would be destroyed; 4) a constant pressure upon the prices would challenge the legitimacy of investments into innovation, which would in turn reduce the opportunity to be competitive as regards the level and the quality of services; 5) without subsidies, the financial basis for sustaining the transport of the consumers whose material status is poor would disintegrate; 6) the services in non-developed and distant regions, especially rural ones, would fail to be provided; 7) the inflation would increase, aided by additional effects of the prices in the transport sector, which will be subject to frequent and significant changes in the absence of regulation; 8) the safety of transport would decrease, due to greater competition [Baum, H., Possibilities and

Limits of Rgulation in Transport policy, ECMT, Paris, 1983, p. 90].

Regulation of transport market is generally explained by the following arguments: (1) the character of the very market structure; (2) external effects; and (3) state interest.

The transport market is characterised by some specific features, for example, a constant surplus of capacities, lack of flexibility of the production factors, high fixed costs, technical unity of production, a remarkable fluctuation of demand due to short-term economic trends, etc. Regardless of whether these factors do justify the state regulation or do not, the supporters of interventionism maintain that these, at least, still remain open questions and issues of economic and political debates.

The regulation is also justified by the negative external effects of the transport (noise, pollution, safety risks, etc). The neutralization of these external, non-market impacts by way of regulation measures (taxi, subsidies, regulations or prohibitions) may help restore the efficiency of market coordination.

The advocates of interventionism maintain that the regulation policy is necessary for the reasons of the so-called "state interest" too. The state interest is achieved by achieving certain political goals. There is a broad range of political goals, to mention only a few: the goals of the regional (development of undeveloped regions) and agricultural policy, railway system protection, improving safety on the roads and many others.

According to Bass, one of the basic arguments the advocates of regulation offer is an inevitable rise of monopolies or oligopolies in all routes, except on those where the transport is busiest. Achieving socio-political goals is also an important reason for the transport market regulation or for a specific interference of the state into some sectors of transport or some companies [Bass, T., C., Passenger Transport, ECMT, Berlin, 1985, p. 234].

A large number of economists understand regulation as an indirect method of achieving high technical and safety standards, which is a valid hypothesis and can be supported by evidence.

3. Liberalization

The views on the necessity of liberalization in the field of transport market are becoming more and more evident in the modern economic practice [On economy liberalization trend, see: Bajec, J., Joksimović, Lj., Modern Economic Systems, Faculty of Economy, Belgrade, 2006, pp. 117-119].

These views are supported, on one hand, by the suboptimal functioning of transport system and the disfunction of the existing transport market, and, on the other

hand, by the positive results of liberalization measures introduced by a majority of countries with highly developed market economy.

A large scale and often inadequate impact of the state upon the transport sector was subject to criticism by numerous prominent authors in the field of transport economy in the last two decades of the 20th century and at the beginning of this century. For example, in mid 1980's, Aberle warns that there is a strong and direct interest of some transport companies to prevent the emergence of any competition, which would be in accord with the rules of market economy and which suits to other sectors of economy. Interest groups always manage to prevent the creation of such a transport policy that would be competition oriented to a greater extent. In that way the state and certain special institutions of control become a sort of a guardian to the positions various lobies acquired, as well as an instrument in preventing competition [Aberle, G., An Overview of European Transport Policy – Objectives and Measures, ECMT, Berlin, 1985, p. 29].

The arguments in favour of deregulation are based on the criticism of the market regulation results as well as on the positive effects of liberalisation measures experienced by many countries. Generally, Baum considers the claims for further liberalisation well founded for a number of reasons [Baum, H., Possibilities and Limits of Regulation in Transport Policy, op.cit., pp. 103-104]:
1) The basic principle of transport policy should be the efficiency of transport. The growth in the transports of goods means intensifying of competition and creating conditions for a larger scope of transport.
2) The role of the state is not to define nor to protect the revenues and part of the market in some transport routes and companies. Performance should be evaluated the way it is done in other economic fields – under the conditions of competition. This enhances the flexibility of transport companies in the structural change process and ensures economic and technical progress.
3) By the depolitisation of the conditions of competition the transport companies are given a chance to approach the commercial management in a more serious way. The state's discretionary intervention in order that it should secure the citizens' votes or for the purpose of budgetary policy should be abandoned. With the stabilization of work conditions, transport companies would no longer be in a position to carry the main burden of opposing goals of economic policy.
4) The basic problem in the debates on liberalisation is the railways system. Opinions differ as regards the dilemma whether the far-reaching rationalisation measures should precede liberalisation or whether the liberalisation itself would allow for the rationalisation of railways. Waiting for rationalisation to come means blocking the progress that would follow deregulation for an indefinite period of time. The preceding liberalisation requires the railways to start an offensive policy, as well as the "intervention and concentration" strategy on the

market, where the railways system has an advantage in providing services.

5) Politicians would have to abandon the idea that the objectives of economic policy are to be achieved only through regulation, since such policy has already proved rather ineffective. A much more effective approach is intensifying competition. If some carriers are to perform special services not possible in the conditions of competition, then the state should pay for these services "political prices" – in the form of specific and adequate reimbursement.

6) "Concealed competition", which sometimes involves illegal actions, would be revealed and would become public. Those in charge of trust control could use their set of instruments, on the basis of competition laws, to prevent its distortion. The concentration tendency would weaken and the possibilities for the companies to reach optimal size would increase.

7) The negative external effects (pollution, noise, road accidents) could be efficiently reduced implementing limitations, sanctions and criteria intensifying. Here, market coordination always proved to be either inadequate, or its impact was weak.

8) The solution to the problem of whether liberalisation should be implemented fast or slowly is in that a systematic effort must be made in a reasonable period of time,

without seeking solution in postponing things – devising various long-term programmes.

Rask maintains that disfunctionality is immanent to the regulation concept. It is more or less obvious that regulation may have a negative impact upon the costs and quality of transport [Rask, L., O., International Goods Transport – Regulation, ECMT, Berlin, 1985, p. 186].

The supporters of transport market liberalisation claim that competition is an especially efficient mechanism. Where it is efficient, it encourages carriers to be careful about the consumers' preferences and thus an opportunity to increase their own efficiency. Competition allows for the use of various skills and trying different ideas, as well as identifying and filling the gaps on the market.

The transport industry is not less competitive than other industries, therefore there is no reason that it should be treated otherwise. Besides, transport is not the only industry in which one should be cautious as regards creating monopoly or oligopoly.

Thinking of transport as predominantly a public service and neglecting its commercial aspect cannot be justified. In case there are services that are of special inter-

est to the social community, but cannot be effected on the market, an efficient solution is found in subsidizing these services.

Furthermore, there is little evidence that the standards of services really fall where competition is allowed to exist. On the contrary, numerous examples prove that the situation is opposite.

The next, very conclusive argument does not stand in favour of regulating either the competition's entry into the market or the prices regulation. In fact, a motive to act efficiently and adapt the services to the market demand may be rather impaired by preventing competition in lower prices or setting barriers to the new competition to enter the market.

The advocates of the overall and prompt deregulation are convinced that it will allow for the competition to grow on the transport market and thus automatically decrease the importance of grey or black markets. Simultaneously, they expect the deregulation to contribute to the improvement of the service quality in accordance with the accelleration of technical progress, depolitisation of competition on the transport markets, administrative costs reduction and elimination of unnecessary bureaucracy.

4. Conclusion

The liberalisation trend, especially evident in the countries of developed market economy, cannot be explained solely by the victory of a superior idea or a powerful economic concept. It is largely a consequence of a level achieved in the development of a transport system and transport market, and, therefore, of a real pressure of transport companies. Conditions for a business and enterprising approach and the development of competitive competences of transport companies are today more favourable than ever.

The basic objective of the transport policy is to create conditions for the transport services to be provided to the community at the lowest prices possible. The classic regulation of transport market cannot be expected to produce the results desired, regardless of whether in measuring these results the stress is put on the efficiency (commercial quality) or righteousness (social quality); therefore deregulation should become the basic method of a modern transport policy. The quintesence of liberalisation lies in establishing competitive relations that cannot be cancelled by discretionary decisions.

We are rather certain in our predictions that the transport services market in Europe will become more and

more liberal. Therefore it is logical to ask what role the state will play in the conditions of inevitable liberalisation of transport market. State administrative bodies should participate in creating a development policy of investment into the traffic infrastructure, as well as in the harmonization of conditions of business operations, that is, in creating equal chances for competition on the transport market. Thus an appropriate context would be created for competition development, in which the basic criteria for selecting a means of transportation would be the service quality, adaptability to the consumer demand and enhanced productivity.

Božić and Novaković point out that modern concepts of transport policy in the developed countries are oriented towards two aims: a) participation of state administration in defining development programmes and allocation of a large portion of capital for building and modernization of primary transport infrastructure, including railway infrastructure, and b) developing and maintaining the railways business operations on economic principles, including the necessary modernisation and improvement of technical and technologic parametres, so that it should act in the transport market on as equal a footing as possible [Božić, V., Novaković, S., Economy of Transport, Faculty of Economy, Belgrade, 2006, pp. 362-365].

In creating the transport policy in European countries in transition we must not neglect the international aspect; in other words, the objective need to include these countries into coordinated activities undertaken within the European Union.

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Marketing and Management Support for Region Innovations within Human Resource Management

Ivana Butoracová, Šindleryová

Continual changes of regional global and local environment demand that new appropriate methods of area directing be found. Implementation of regional, even trendy, policy within the Slovak republic requires not only a space for innovation activities, but also the marketing support and suitable managerial access for their implementation. The reform of inflexible and old-fashioned system of management is truly inevitable. Regional marketing and management represent a new approach to the implementation of regional policy completely supporting the European model which is necessary for the human resource management and the real evaluation of human capital within the region in order to see its benefit for the regional innovations and development.

Prologue

In relation to the fulfillment of Lisbon strategy goals by 2010, the Slovak Republic has set the human resources sector development and education as one of the four most important priorities of the national policy. The increase of economic competition ability of the whole country as well as its single regions, even the backward ones, in the human capital may help create a market economy based on state support by creating appropriate conditions for development of knowledge, science, research and innovation potential. It is obvious that the knowledge economy is a challenge for the present system and contents of education and therefore any help of appropriate managerial skills and marketing promotion would be needed in its implementation into Slovak regions. The human capital is the most important one among the organizations capital sources, even the key one, in providing for the regional development. The real use of innovation capital of human resources is related not only to their identification or development but also to the regional potentials and the strategic marketing and management structure.

Based on the decision No 1672/2006/EC of the European Parliament and the Council of October 2006, the Community Program for Employment and Social Solidarity — Progress was enacted. The Lisbon European Council of 23 and 24 March 2000 incorporated the promotion of employment and social inclusion as an integral part of the overall strategy of the Union in order to achieve its strategic goal for the next decade, to become a most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and higher quality jobs and a greater social cohesion. It set ambitious objectives and goals to the Union in order to create the conditions for full employment, to improve quality and productivity at work, and to promote social cohesion and an inclusive labor market. Furthermore, the strategy was focused upon again by the Brussels European Council of 22 and 23 March 2005. Moreover, the Community created the

Action program to promote organizations working at the European level in the field of equality between men and women was created, as well as ththe activities undertaken at the Community level in relation to working conditions.

1. Current Status of Regional Management and Marketing in Slovakia

Planning is a typical feature of effective human work. The regional planning was part of the national planning process and its purpose was to provide a planned and proportional development of local infrastructure of the national economy. The regional planning presented activities related to an appropriate use of natural and social resources created and gained within the area in order to provide for an appropriate development of material environment for the social life. These activities were provided and guaranteed by national and local governments and national planning committees.

Regional management might be characterized as a process of cooperation among regional actors and personalities in order to promote the development concepts and create the conditions appropriate for a successful position of the region among its competitors. The practice has shown that the regional management presents the board of practical tools, experiences and recommendations as well as theoretical attitudes, opinions and methods used to manage specific activities directed to the fulfillment of a hierarchy of objectives. The objective of regional management is to eliminate the generality of planning system and its low flexibility by 1990.

Regional marketing is a tool of planning, management and decision-making and it means the social managerial and change oriented process which enables the region to bring into harmony the demand and the offer in the local area using the specific methods and tools based on commercially oriented marketing, respecting the significant features of regional development. Classical, economic view presents the regional marketing as the busi-

ness style of thinking oriented towards the market and defined by three main features: commitment to the market needs within all decisions, efforts of creation of preferences and gaining competitive advantage, systematic decision-making using modern methods in which marketing is to be a method, not a tool. However, this view of marketing is being modernized. Within the process of change, a lot of ideas and services enter the marketing processes and therefore it stems from the basic idea that the success cannot be achieved without satisfying the needs of final target groups.

Regional policy has changed a lot since the 1990's. It was firstly devoted to the monitoring of regional disparities and the causes of them as well as outlining the problem regions. The precautions implied were selective and not effective at all. The regional policy carried out in the Slovak republic was inappropriate to the EU standards mainly because of partial realization of the agreements set on the government level, not creating the regional development fund, failing to adopt system measures and ignoring the current status. However, the central management of the regional policy was later delegated as individual competences and responsibilities of the local regional actors and the development trend has been put forward.

2. Performance of Regional Policy of EU within Slovak Conditions and Challenges

At the end of the 1990's, the Ministry of regional development and building was given the power to control and guide the regional policy in the Slovak republic and its regions. The Integrated plan of regional and social development of the country has been processed, which will later be called the National Development Plan. These documents were proposed in terms of EU methodology and were based on strategic planning and long-term evaluation of the present sources and sustainable development possibilities. Strategic planning is concerned with the target policy a respective performer wishes to achieve in the future by creation of conditions to respond to the risks and uncertainties. The regional development has become more and more dependable on the activities of the regional actors, the ability to learn and any innovation perspectives because of the continual dynamic changes of the regional macro-environment as well as of the business environment of the region. Therefore the regional management has become the tool of regional planning and a general means of access to current and future tasks of planning, the whole philosophy and management concept.

Regional Management in Relation to Human Resource Sector Innovations and Challenges

Regional management is related to:
- innovations and management of sector and inter-sector processes by qualified human resources on the basis of regional performers ideas having in mind the regional conditions,

- planning and managing of development intentions and processes,
- providing of regional interaction in order to increase the interregional identity and competition,
- activation, strengthening and use of human sources,
- interaction and coordination of regional sources from the aspect of quality, personal and organizational improvement.

Regional management therefore might provide information necessary for regional development concerning new technologies and development trends. It might also bring applications of concrete plans and projects by personal project management and carry out a continual evaluation of self-responsibility and self-management tools. This way it is also activated within project organized regional development and policy. All cooperating subjects must interact through information sources and they must be delegated competences. The regional management is defined as the process of cooperation of all regional actors the purpose of which is to provide a suitable environment for devising development concepts, new project ideas and a successful positioning of "business area" and its products within the global competition.

Regional Marketing in Relation to European Regional Standards

In relation to regional management, it is necessary to present the regional marketing as a managerial method, a tool, enabling effective realization of good ides in the market in order to maximize the satisfaction of the final customer needs and wishes through the process of change as well as to minimize the risk of failure and provide prosperity. Regional marketing is a tool of planning, management and decision-making. It presents a continual social management and a change oriented process, which provides a chance for a more effective influence on the region development by creating interaction between the demand on the market and the offer of the region on the basis of implementation of specific methods and tools, which are based on the commercially oriented marketing having in mind the specific features of development and management of regions.

Regional marketing involves those activities that are devoted to the creation and change of attitudes or behavior in the region. It offers methods and tools to ensure the development of the area and gain prosperity. It defines products and perspectives of the development and evaluates the optimal use of its sources and the overall potential. Therefore it requires that the needs of the area be satisfied, emphasizing the social concern.
Considering the entrance of the Slovak republic into the EU as well as the need of learning new market access trends we may put the methodology and skills of creating the program documents and their realization into the status of management and marketing structure.

Management and marketing of a region as a tool of innovation and integration may allow for the Slovak regions to quickly adapt to the EU conditions. The human and financial capital seems to be the key factor of regional development and innovation potential if supported by appropriate management and marketing strategy in the Slovak Republic.

The European discussions since 70ties have mainly been concerned with the issue of general use of marketing in the communal area. However, we may say that marketing can be used in the areas such as commercial and business development, tourism support, education and culture area, public relations within the regional policy or the city image building and creation. However, uncoordinated activities devoted to elimination of risk cannot be called regional marketing. There is no unique definition of the term at all. However, only a complete satisfaction of the needs of customers can ensure the region a good name and image, a unique profile. The profile includes the development of the leader region image, which might answer the questions of its future steps, future planning and the ideas of the region. The creation of regional offer within marketing philosophy stems from four principles based on the business vision:

1. Philosophy, so that regional marketing claims to be devoted directly to the regional inhabitants and businesses as its target customers.
2. Thinking in target groups. According to the target market segmentation, the regional marketing requires evaluation of different target groups – SMEs, businessmen, cultural workers, social groups, etc.
3. Information. The target group orientation requires information about their needs and problems, the so called systematic market research and expectation analysis.
4. Strategy. Regional marketing requires systematic and long-term planning of the marketing mix.

In order to achieve such perspective, the institution – holder of regional marketing approach – must create appropriate and flexible organizational consumption. Marketing must follow the needs of all regional levels and communities. The communities should be viewed as holders of functions, but also as service providing businesses. The regional market requires the region to be the subject of offer of the product, the company which promotes and enters the market and the locality and centre of the market penetration.
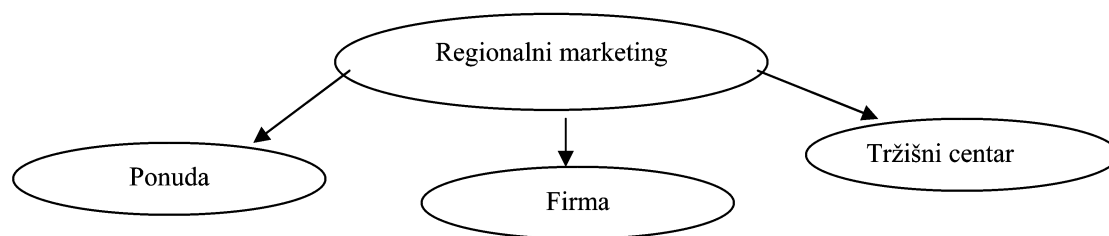

Figure 1: *Regional marketing in three dimensions*

The need for regional marketing implementation into the regional policy performance is undoubtedly set by social and business megatrends which were created by higher needs and expectations of the target groups as well as by globalization trends such as technological innovations, demographic changes, economic structure challenges or value orientation changes.

3. Innovation Potential as a Tool of Regional Social Disparities Elimination

Regional development is primarily related to the effectiveness of economy affected by the local conditions such as employment possibilities, investors' income, the use of state and European funds, the will to take the risk when entering the private sector, the mobility, etc. The increase of region competition power is not possible to achieve without identification and support to the development of those dimensions that might lead to labor effectiveness and concern. The innovation potential of the region but also of an individual must be taken into consideration when talking about a long-time perspective. Innovation policy involves innovation systems understood as science centers, universities, tools of innovation support and innovation potential use. The economic innovations are based on the creativity of individuals.

Within the innovation strategy of the EU a standardized system of indicators has been approved and incorporated into the practices of all states. The list of indicators includes: innovation level of human resources, knowledge creation, transfer and application of the knowledge, financial support to the knowledge and their application to the market. The regions that lack the innovation potential show common features such as inappropriate physical infrastructure, lack of access to the free capital sources, low structure of supporting institutions, regional isolation and individuality, lack of skills and possibilities to gain the education required.

Regions of Slovakia and Their Potential for Innovation Activities

According to the specific conditions of regional development within the Slovak regions, considering the Slovak economy, their competitive power will be formed by development of inhabiting and cultivation of human capital based on its appropriate use and restructuring, followed by infrastructure changes and innovative approach to the system of governing the regions. The Slovak regions are typical for their specific development conditioned by their history and different ways of access to the European economy market because of their different positions though all being set in the middle of Europe. This historical division set the trends of economical development especially in the area of human resources use and qualification.

Figure 2: Slovak regions divided according to the economy status (31.12.2001)
Source: Regional development of Slovakia (2004)

From all possible descriptions, we would like to consider especially the human resource potential. Human capital of the regions of the Slovak republic was set according to the amount of educated population and education structure and following groups were formed: very good situation, appropriate situation, average situation, inappropriate situation, very inappropriate situation.
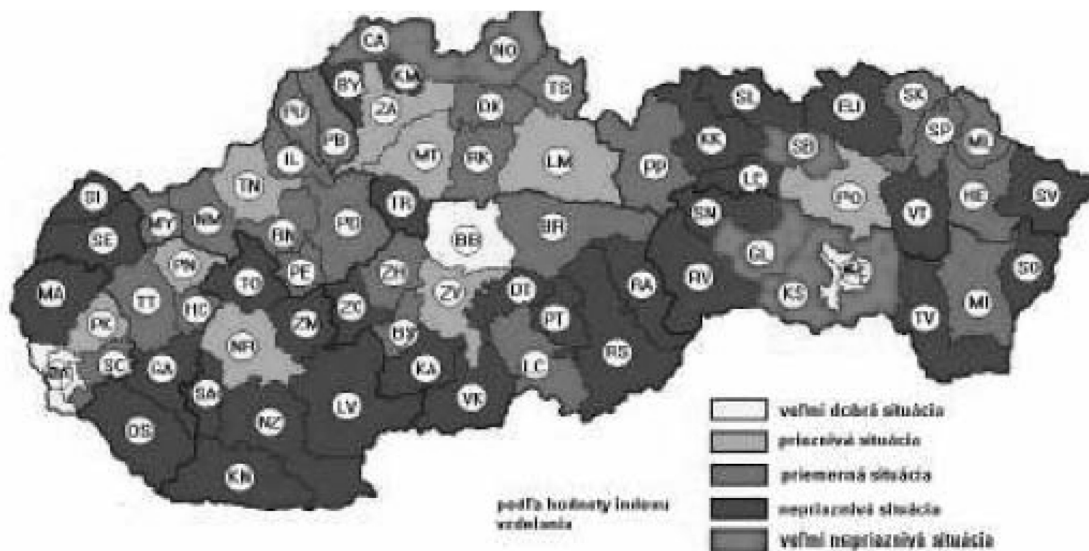

Figure 3: Human potential within Slovak regions according to knowledge structure
Source: Regional development of Slovakia (2004)

The process of implementation of the innovations within the human resources sector depends upon many factors including education level and qualifications necessary to perform the work offered. European policy within the social sphere is based on the principle of taking into consideration each factor and feature, without discriminating anyone.

4. Human Resource Sector and Regional Policy of EU - General European Framework

Non-discrimination has become a fundamental principle of the European Union. Article 13 of the Treaty provides that action be taken to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Non-discrimination is also enshrined in Article 21 of the Charter of Fundamental Rights of the European Union. The specific features of the diverse forms of discrimination should be accommodated, and appropriate action developed in parallel to prevent and combat discrimination on one or more grounds. Therefore, when considering the accessibility and results of the Program, the particular needs of people with disabilities should be taken into account in terms of ensuring their full and equal access to the activities funded by this Program and the results and evaluation of those activities, including the compensation of additional costs that they incur as a result of their disability. Experience gained over many years of combating certain forms of discrimination, including discrimination based on sex, may be useful in combating other kinds of discrimination. The establishment of a general framework for equal treatment in employment and occupation which prohibits discrimination in employment and occupation on the grounds of religion or belief, disability, age and sexual orientation, and implementation of the principle of equal treatment between men and women have become the principal standards for European employment policy.

Section 1: Employment shall support the implementation of the European Employment Strategy by improving the understanding of the employment situation and prospects, in particular through analysis and studies and the development of statistics and common indicators within the framework, monitoring and evaluating the implementation of the European Employment Guidelines and Recommendations and their impact, notably through the Joint Employment Report, and analyzing the interaction between the EES and general economic and social policy and other policy areas, organizing exchanges on policies, good practice and innovative approaches, and promoting mutual learning, raising awareness, disseminating information and promoting the debate about employment challenges and police and the implementation of national reform programs, including among the social partners, regional and local actors and other stakeholders.

Section 2: Social protection and inclusion shall support the implementation of the open method of coordination in the field of social protection and inclusion by improving the understanding of social exclusion and poverty issues, social protection and inclusion policies, in particular through analysis and studies and the development of statistics and common indicators, within the framework in the field of social protection and inclusion, monitoring and evaluating the implementation of the Program in the field of social protection and inclusion and its impact at national and Community level as well as analyzing the interaction between this Program and other policy areas, organizing exchanges on policies, good practice and innovative approaches and promoting mutual learning in the context of the social protection and inclusion strategy, raising awareness, disseminating information and promoting the debate about the key challenges and policy issues raised in the context of the Community coordination process in the field of social protection and inclusion, including among the social partners, regional and local actors other stakeholders, developing the capacity of key European level networks to support and further develop Community policy goals and strategies on social protection and inclusion.

Section 3: Working conditions shall support the improvement of the working environment and working conditions, including health and safety at work and reconciling work and family life, by improving the understanding of the situation in relation to working conditions, in particular through analysis and studies and, where appropriate, the development of statistics and indicators, as well as assessing the effectiveness and impact of existing legislation, policies and practices, supporting the implementation of Community labor law through effective monitoring, the holding of seminars for those working in the field, the development of guides and networking amongst specialized bodies, including the social partners, initiating preventive actions and fostering the prevention culture in the field of health and safety at work, raising awareness, disseminating information and promoting the debate about the key challenges and policy issues in relation to working conditions, including among the social partners and other stakeholders.

Section 4: Antidiscrimination and diversity shall support the effective implementation of the principle of non-discrimination and promote its incorporation in all Community policies by improving the understanding of the situation in relation to discrimination, in particular through analysis and studies and, where appropriate, the development of statistics and indicators as well as by assessing the effectiveness and impact of existing legislation, policies and practices, supporting the implementation of Community antidiscrimination legislation through effective monitoring, the holding of seminars for those working in the field and networking amongst

specialized bodies dealing with antidiscrimination, raising awareness, disseminating information and promoting the debate about the key challenges and policy issues in relation to discrimination and the incorporation of antidiscrimination in all Community policies, including among the social partners and other stakeholders, developing the capacity of key European level networks to promote and further develop Community policy goals and strategies in the field of combating discrimination.

Section 5: Gender equality shall support the effective implementation of the principle of gender equality and promote gender to be incorporated into all Community policies by improving the understanding of the situation in relation to gender issues and incorporating gender, in particular through analysis and studies and the development of statistics and, where appropriate, indicators, as well as assessing the effectiveness and impact of existing legislation, policies and practices, supporting the implementation of Community gender equality legislation through effective monitoring, holding seminars for those working in the field and networking amongst specialized equality bodies, raising awareness, disseminating information and promoting the debate about the key challenges and policy issues in relation to gender equality and gender aspect, developing the capacity of key European level networks to support and further develop Community policy goals and strategies on gender equality.

An ex-post evaluation covering the whole Program shall be carried out, by 31 December 2015, by the Commission with the assistance of external experts, in order to measure the impact of the Program objectives and its European added value. The Commission shall submit the expert evaluation to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The implementation of the individual sections of the Program, including the presentation of results and dialogue on future priorities, shall also be discussed within the framework of the Forum on the implementation of the Social Agenda. The outcome of the Program expected within its future benefits may be seen in a completely equal social society.

Conclusion
The importance of implementation of marketing and management into the process of regional innovations is definitely proven. Human resource sector does need a continuous reform based on knowledge and innovations in order to be equal to European standards, which is also claimed within the European general framework policy – a document based on the social policy priorities within the regional innovations and changes. However, Slovak regions still lack appropriate skills and human capital to achieve the goals set by the EU as for the education and its support by suitable marketing tools and managerial methods.

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Marketing activities of faculties

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The purpose of this paper is to present the key marketing activities of faculties. Faculties should differenciate their offer from the competition. The most important marketing decisions are: targeting – target market selection (customers), relationship marketing, strategies for positioning and differentiation of producrs/services and tactics marketing programs. Faculties should focus upon the value (of the faculties) and the benefit for students – education and knowledge.

1. Introduction

In a hyper-competitive environment, faculties (both state and privately owned) are supposed to be marketing oriented. "Marketing is directed to a dialogue between the organization and its clients, that is, school and students and their parents" [1, p.31]. The faculty marketing is a process of creating and maintaining value for students (and other target segments); a favourable image and profit for the faculties (in case of non-profit faculties the word profit is omitted). The key marketing decisions of the faculties [compiled after: 2-5] are made in terms of: the choice of target market segments, positioning and differentiating of services by value – benefit creating and delivery, as well as tactic decisions concerning the marketing mix tools (Figure 1). The paper stresses the necessity and importance of the holistic marketing of faculties. After the introductory part, we analyse target segments, relationship marketing, positioning and
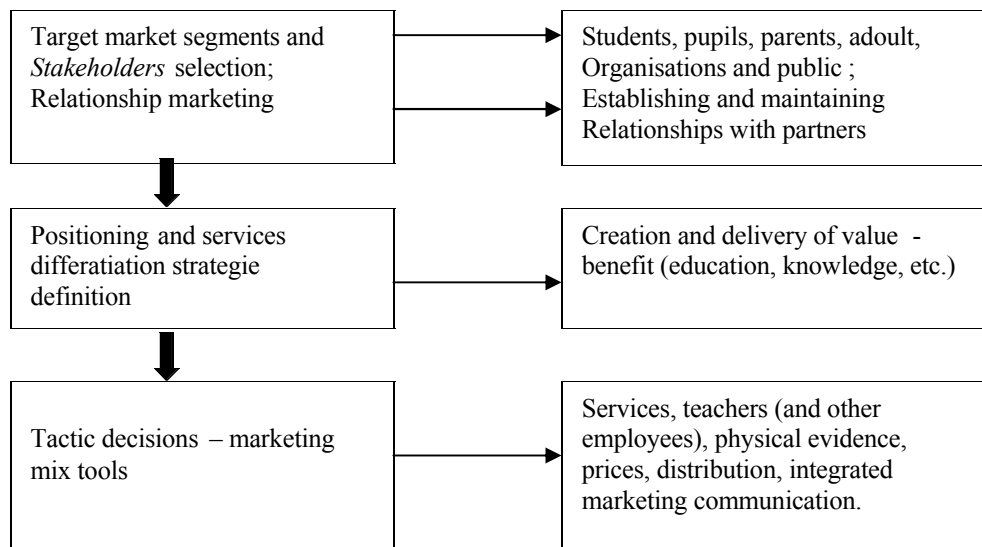

Figure 1. Crucial marketing decisions of faculties

differentiation of faculties' services. In order that marketing activities of faculties be affective, it is necessary that two key questions in marketing management be answered:

- Who are our customers?
- What do customers recognize as value?

Marketing oriented faculties address target groups and stakeholders such as: students (existing and prospective), parents (sudents' parents), adults, organizations and public (government of the Republic of Serbia – especially respective ministries, media, citizens, local community and broader public). Due to the changes in the environment, specially important are the decisions regarding relationship marketing, i.e., creating, developing and maintaining relationship with students and business partners. Faculties are positioned in the minds of these target groups and are differentiated vs. other faculties by way of creating and delivering value – benefit. On the basis of positioning strategy (in the minds of the selected target segments) and the differentiation strategy (as regards other – competitive faculties) faculties make tactic decisions on the marketing mix tools. The integrated concept of a marketing mix includes: services, prices, distribution, promotion, human resources (emploees), service setting and the service process

[after: 5,7]. The basic competitive advantage of the faculty is the speed – adopting (response to change in environment) and initiation change promptly. In addition to external marketing activities (directed towards target segments outside the faculty), it is also necessary to develop the internal marketing (directed towards all the employees at the faculty), in order that the employees should be aware of the necessity and significance of marketing orientation (of the faculty). The holistic (both external and internal) marketing allows for the orientation towards students and other crucial target segments.

There are four groups that benefit from the education system: pupils/students, parents, owners of schools/faculties and the society in general [after: 1]. Theoretical-practical knowledge guides the individuals, the organizations and the economy. Individual and organizational knowledge allows for the country's development strategy defining and implementation; strategies per individual activities, investment of money, time and engagement of human resources in the activities in which the country has achieved competitive advantage. This has a further impact upon the individual's income as well as the gross national product of the country [8].

2. Target segments

The key segments are the existing and the prospective (grammar and secondary school) students. With the importance of continual adult education in mind, the faculties may expand their activities to target segments such as adults and organizations. The Republic of Serbia's Ministry of Education enacted the Strategy for the Development of Adult Education in the Republic of Serbia. „The strategy of adult education is an invitation to create a culture of learning, of knowledge based social organizations and economics and of promoting the abilities and achievements of adults" [9].

The research results [adapted after: 10-13] show that the student preferences of a particular faculty are affected by:
- courses/subjects (a total number of courses, optional, compulsory, desired, number of credits per course),
- curricula (subject, objective, research methods characteristic of a course),
- the institution's reputation (quality and expertise), faculty's accreditation,
- people (lecturers, other employees and *alumni* – information on graduated students),
- quality level of teaching staff (average or above average),
- quality of lectures and other teaching methods, opportunity of acquisition both theoretical and practical knowledge; group size – number of students per group,
- possibility of getting a job on graduating (recognition of the diploma by future employers),

- price (scholarship fee, possibilities of delayed payment, necessary efforts in education process, distance from home, transport and living costs),
- integrated communications (public relations, publicizing academic research, scientific results of lecturers and students; advertizing in local and national printed media, advertizing in electronic media and other ways of integrated marketing communications)
- site (faculty location, other possibilities at location)
- general atmosphere at the faculty,
- faculty type („old" or modern, traditional or technologically oriented),
- recognizing previous qualifications.

Students may take into consideration even more „personal" factors, such as:
- the distance between home and faculty (including the time needed to reach university, public transport, parking lot)
- views and recommendations of family and friends as regards the faculty choice,
- friends' choice of faculty [after 10].

3. Relationship marketing

The basics of marketing are creating and management of relationship with consumers. Grönroos [14, p. 327] defines relationship marketing in the following way:"Marketing is supposed to establish, maintain and promote relationship with consumers and other partners, profit included, so that the objectives of all parties involved be achieved. The aforementioned is carried out on the basis of mutual exchange and promise keeping". Organizations establish and maintain long-term relationships with all the individuals and organizations – business partners (internally – with the employees, and externally – with consumers, suppliers and other important partners) who can affect the organization's business. Organizations manage relations with business partners and together with them they define and adapt the marketing offer. The relationship marketing concept includes marketing on the basis of databases, interactions and network marketing. The Internet encourages and facilitates interactivity.

Relationship marketing plays an important role in the development and implementation of a marketing plan and an educational organization strategy. Relationship marketing stresses both the establishment and development of relationships with the existing consumers and network development; it starts from the marketing orientation and consumer oriented organizational culture development and focuses upon the quality of services. The three crucial components of marketing orientation are the following: 1. consumer orientation; 2. competition orientation; and 3. interfunctional collaboration [15].

Orientation towards consumers means that the employees at the faculty (management, deans, teaching staff, administration and others) study and recognize the demand and preferences of target markets, therefore create and deliver superior value [after: 15]. The faculty's customer orientation is determined by the following factors: recognizing the students' needs, care of the students' welfare, effective response to parents' demand, keeping promises to (students') parents, recognition of the type of studies parents value most, informing parents in a way that they understand the ways and methods of studying, teachers' readiness to aid students, prompt response to the complaints from either parents or students, a simple complaint procedure, teachers being informed on the parents' expectations, teachers' politeness, management's and deans' customer orientation, encourageing parents to contribute positive and constructive suggestions as well as negative comments (complaints, criticism), committment to the faculty, annual evaluation of parents' and students' satisfaction, good teachers the students are satisfied with, impact of parents' attitudes on the studying process, response to parents' and their children's needs are the prioritised tasks [after 15].

Competirion orientation means that the employees at the faculty study and recognize strengths and weaknesses, capabilities and potentials of competiton. The listed activities in the competition study may have a positive impact upon decision making, especially in case of developing new initiatives – additional services to students and their parents (as currently studying or prospective key consumers and influential personalities) [after: 15]. The faculties' competition orientation is determined by the following factors: survey of the competitive faculties, permanent analysis of other faculties' activities by the dean and the management, impact of information of the activities of teachers at other faculties on improving teaching, faculty's response to new initiatives/cevelopment of new faculties, higher rank compared to other faculties [after: 15].

For the survival and success of faculties in a competitive market it is of special importance to provide superiour value to target consumers. This may be realized only on the basis of integration and coordination of the faculty resources, establishing and maintaining relations with the consumers. Recruiting and retaining students-consumers should not solely be in charge of management, but of all the employees. In order to accomplish this, all the employees must be entitled to an access to the information on students, on competition, environment, community etc. [after: 15]. The level of interfunctional coordination is determined by the following factors: contribution of all departments to the faculty's marketing activities, teaching staff collaboration towards improving the faculty's image; marketing should not be solely responsibility of the management; analy-

sis of information on parents' requests at the faculty departments meetings, and towards promoting the faculty's image; analysis of information in view of marketing activities with teachers – teachers are not paid only to give lectures; they should give a hand in recruiting/enrolling prospective students; key elements in composing the programme curriculum or new initiatives are parents' and students' demands [after 15].

An „education offer chain" is proposed that means collaboration among faculties, schools, students and employers (of their future graduate students) in selecting courses at the faculty. Integration and collaboration ensure that the faculty establish and maintain communication with all „target markets" [after: 13]. Besides the abovementioned collaboration in selecting courses, further proposed is collaboration among lecturers, students and employees in organizations in practice reasearch. At „Harvard Business School" (HBS) [16] students are given opportunity to develop their practical skills in that they participate in projects and face the challenges of a particular organization. A team composed of three to six students works on a project of strategic value for the organization and makes recommendations at the end of the term. Each team is expected to conduct research, analysis and to prepare the report and a final presentation – supported by the research results and recommendation. In addition to the HBS example, faculties may influence interaction among teachers, students and practitioners (organizations) towards engagement of teachers and students in these organizations. The employees in the organizations should recognize the communication with teachers and students as an investment of time into the future (not as a „waste of time"). Namely, in engaging teachers and students, organizations acquire new knowledge and ideas from young people who want to show their skills. Besides, organizations may choose among the best students and employ them. Students are included into the activities of the organization, and teachers get an opportunity to use theoretical knowledge in practice.

Numerous authors emphasize the necessity and importance of theory and practice to be closely related, but also the problems of the faculties that are more theory than practice oriented. Some 50 years ago, the „Polaroid" company suggested that every business school should have their „own business". The ways of incorporating the teachers and the students into „practice" (engagement in problem solving) are: conducting this „business", research for the purposes of other organizations, consultancies, etc. [after: 17]. Instead of having a gap between the „academics" and the „practitioners" there should be collaboration. Theoreticians need practical knowledge in as much as the prectitioners need theory. A graduate student should command both (be both a theoretician and a practitioner). In which way can he acquire this knowledge? A simple an-

swer would be: by modern curricula and methods. Therefore, it is „only" necessary to define and implement modern curricula and methodologies at the faculties.

Integrated – theoretical and practical knowledge results from joint, complementary actions of knowledge and interactions among lecturers/researchers, practitioners and students. Integrated – theoretical and practical students' knowledge results from the complementary actions of multidisciplinary curricula and methodologies. The teaching method is necessary, it is effective in learning theoretical bases and principles, however, it is not enough. In order that the students apply the learned theory, the teaching process should include case studies. Of special importance is the students' engagement in organizations („practice") in the course of their studies. Faculties can: compose and apply modern teaching programmes and methods, have their own business, institutes, or conduct research for other organizations, provide consulting services, etc; engage students (in performing additional activities); and/or establish and maintain communication with other organizations in which students acquire additional – practical knowledge (skills); and thus ensure that the students acquire integrated knowledge. By acquisition of theoretical and practical knowledge graduate students will be qualified to tackle multidisciplinary issues of organizations and/or economy.

4. Positioning and differentiation of faculty provided services

A large number of authors list seven tools of marketing mix (the so-called "7P's") in service marketing. So, "7P's" are: products/service, people, process, physical evidence, price, promotion and place/distribution. Faculty may position and differentiate themselves on the bases of the marketing mix tools – quality services – primarily education, curricula, scientific research results teachers obtained, employees' politeness, physical evidence, the service rendering process, price, distribution and promotion.

Internal marketing means the development of an internal organizational infrastructure ensuring the delivery of value [after: 18]. The basis of a faculty's success is providing service – benefit to students. Students enter a particular faculty because of the benefit perceived. The crucial benefit is the opportunity of acquiring education and knowledge (and getting a job and further promotion based on these).

Marketing activities should be directed primarily towards education as a basic value. If not, everybody loses – faculties, employees, students [after:18] and the society in general.

Faculties provide the following services:
- For students – an opportunity to acquire knowledge and specializing aided by modern curricula

and methods, additional programmes (foreign language learning, work on computer etc.;
- For adults – seminars (having in mind the necessity and importance of continuous education and professional learning);
- For organizations – research and consulting.

The quality of services at a faculty depends on the expertise and motivation of the employees, especially teachers. A good management should carry out a clearly set vision and mission. In addition to the marketing activities aimed at the students, of special importance are marketing activities oriented towards teachers, as well as recruiting of appropriate personnel. Faculties should encourage scientific research; participation in seminars, symposia and other activities aimed at improving scientific and research results. What is necessary, therefore, is the coordination of management, teaching staff, administration and technical staff as well as the employees' committment to the faculty.

Physical evidence – location, premises, number of students in a group, equipment – may affect students' perception of the service quality.

Privately owned and state faculties (for self-supporting students) may decide upon:
- reduced prices of services ("scholarship fees") compared to other competitive faculties, as well as more relaxed terms of payment (in installments, throughout the school year) in order to attract a larger number of students, or
- high prices, in order to ensure a higher standard of working in smaller groups.

The prices of symposia, research and consultancy for adults and for organizations should be aligned to the value of the offer.

Whether it is concrete premises or a virtual room, the conditions of studying and the equipment should clearly prove that the service given is expert, that the faculty takes its role for serious, investing in the place [6]. Faculties may distinguish themselves on the basis of geographical distribution – e.g. by adopting distance learning. Virtual faculties are of special importance for poor students (families) and/or working people who wish to study but lack financial means and/ot time to attend classic lectures.

Faculties establish and maintain communication with various segments of public (secondary and grammar school students and directors, students' parents, present and prospective students, respective ministries of the government, media, local community and broad public). To communicate with students, they need to approach secondary and grammar school directors and teaching staff. The basic ways of integrated marketing communications are advertizing, publis relations, direct

marketing, promoting sales and personalised sales. Faculties may advertize their services by way of printed and electronic media (printed advertisements, newspaper and journal articles, brochures, bills, flyers, bilboards, promotive materials, radio and TV spots, websites, banners, CD, etc). Especially effective is word-of-mouth advertizing (recommendations) from satisfied students and other segments of public. Faculties may hire referent individuals (e.g. particular lecturers, graduate students of the faculty who became successful businessmen, famous and recognized personalities) to do the promotions.

In addition to this „one way monologue" of the faculty (by advertizing), of special importance is a „two way dialogue" – direct communication (with current as well as with prospective students, their parents and other target segments) on the basis of direct marketing. Direct communication may be conducted at the faculty (with the public relations service and/or manager, with the dean, teaching staff, students) in the high school or the grammar school (oral presentation and appropriate promotive aids – on the basis of CD's, DVD's), by telephone, classic or electronic mail (*e-mail*) etc. Internet marketing provides a faster and more direct communication. Faculties may use websites to present their services, they may advertise by way of *banners* (ads on the internet); while the teaching staff and/or services can reply to enquiries promptly, by e-mail.

Faculties may establish and maintain public relations by way of the following:
- publications – brochures, annual reports, bulletins, journals (of international and/or national reputation) etc;
- events – meetings and symposia (of international and/or national reputation), presentations of works and results of the teachers and/or students from the faculty, the awards obtained (of international or national reputation), anniversaries, sponsorships, press conferences;
- newsletters, speeches etc.

Promotion can be conducted on the basis of improvimg sales – granting free scholarships for the best students, organizing specialized fairs, etc.

One university developed the "student ambassador programme" according to which each applicant student is assigned a student currently attending classes. The so-called student ambassador replies to any enquiries the applicant might pose, from the moment of application until he enters university [12].

All the above mentioned elements are important for the students' satisfaction, the faculty's image, a university reputation and an increase in the number of applications. According to Olins [20, pp. 244-245]: "competition among the high education institutions is cruel. The

best reputed universities get resources, and therefore the best lecturers and the best students. They are also reputed for the best research. The best reputed brand is the one that wins. Similarly to many commercial brands, the university brand is a combination of services, communication, behaviour and environment. The key role, of course, is played by the service. However, communication, especially with graduate students who are sometimes prospective donors as well, is also important. The American universities always have this in mind. Their graduate student network is based on a simple premise of reciprocity – we gave you something, now it is your turn to pay back. American universities receive enormous summs from their former students". The graduate students care profoundly about the image of the faculty they graduated from. Therefore, faculties should continue communications with their graduate students. Faculties can create and update the databases of their graduate and successful students. Actually, graduate students get jobs and they still need additional training and specialisation (e.g. continuing studies and/or symposia) and/or research and/or consulting for the organization they are currently employed in. Also, satisfied students convey their feeling of satisfaction and experience to their colleagues and friends, so the faculty gets an additional promotion.

The rules for maintaining service brands [adapted after: 20] are:
- Organizing activities related to brands; different organizational brands should communicate and understand what brand is, so that the employees can, and are willing to offer quality services;
- Training and motivating the emploees to "live the brand";
- Behaviour in accordance with the promises given to consumers (students, parents) and all public segments:
- "Employees for the brand" – exert the greatest influence on the service quality, creating and maintaining the brand image;
- Consistence and coherence;
- Respect for clients – especially students – they are not just the "profit gaining units" ("indexes numbers"), but young people that can affect the faculty's success;
- Listening to clients – accentuating services and replies to complaints;
- Following the exaample that comes from the top. On having conducted these activities, it is necessary to believe that "the employees will live the brand" [after: 20, p. 89].

5. Conclusion

Marketing oriented faculties are oriented towards target segments such as: students (current and prospective), (students') parents, adults, employees, organizations and public (the Government of the Republic of Serbia – especially the respective ministries, media, cit-

izens, local and broader communities). Due to the changes in the environment, relationship marketing, i.e., creating, developing and maintaining relations with students and business partners, is becoming increasingly important.

The bases of faculties' positioning are:
- qualiuty services – an opportunity to study, acquire theoretical and practical knowledge and specialize (on the basis of courses/subjects, curricula and methods) and products – textbooks, collections of works of faculty teachers;
- people – teaching staff (reputation, scientific and research results, lecturing quality, communication with students and other clients, replies to students' enquiries and/or complaints); teachers' conduct, conduct of student services as well as other services at the faculty;
- delivery process (service delivery) – the process of conveying knowledge (methodology – *ex catedra*, interactivity, discussion groups, seminars, control tests, etc.); communication process with teachers (during lectures, councelling, by *e-mail*); communication with student service (when entering faculty/school year, taking exam, etc. – in the office or by *e-mail*);
- physical evidence – space (enough space for students, theatres, rooms, teachers, cabinets, library, study-rooms, student club), parking lots, group size, equipment (computers, overhead projectors, video beam, etc), atmosphere at the faculty, etc;
- price – scholarship fees, possibilities of deferred payment;
- distribution channels/place – site (location) of faculty and/or electronic channels – virtual faculty (possibilities of *online* sales of services and/or service delivery – virtual rooms and lectures/practice);
- integrated marketing communications (public relations, advertising in local and national press, by electronic media; communication by the internet – by website, *e-mails*; recommendations provided by family, friends and graduate students as regards faculty, etc.).

The basic effects of holistic marketing activities of faculties are the following:
- for students – education and science;
- for adults – specialzation (having in mind the necessity and importance of continuous education and professional specialization);
- for other organizations – research and consulting services;
- for faculties – educated and satisfied graduate students, favourable image (of faculty) and profit;
- for the country – expert employees.

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Marketing Beer – A Greek Brewery's Case Study

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The purpose of this paper is to examine the issues related to the promotion and marketing of 'Heineken', the famous Dutch beer, which in Greece is produced by the Athenian Brewery S.A.

The case study method was employed because its fundamental characteristic is the "focus on a particular setting or event".
The findings showed that the company offers a beer of high quality, which is marketed as a premium beer and it has a higher price than the other beers of the same category. The company employs marketing practices to increase its market share to convince consumers to drink beer in any occasion and women to change their attitude towards beer.

This paper is one of the very few so far that have provided an insight in the production and marketing of beer in the Greek market. The results of the study support the findings of other studies mentioned in the literature and they can be of definite interest and potential value to managers in this sector.

1. Introduction

Heineken is a favourable beer in Greece produced by the Athenian Brewery S.A. The company was established in Athens in 1963 and in 1981 got the licence from H. Heineken & Co brewery in the Nederland to produce the beer.

H. Heineken & Co brewery was established in 1863, in the Nederland by Gerard Adrian Heineken. Today the beer is manufactured in 110 breweries around the world and the yeast is transported from the factory in Nederland to all the breweries to maintain the high quality of the beer.

There are three principal types of beer: lagers, ales and stouts Lagers are served chilled, ales are brown in color, they are drunk at an ambient temperature and stouts are heavy, dark-colored beers (Nwabueze and Zoe, 2001). The biggest standard lagers on draught are Heineken, Carlsberg, Carling, Foster's and Castlemaine XXXX.

Beer can accompany all types of food snacks, sandwiches and even mussels! As Corinne Goff Lavielle of Heineken in France mentioned: "Beer has a long history in accompanying and satisfying with every meal". Heineken, is a lager beer and can be served with any type of food even with piquant dishes from Asia and Indonesia.

The objective of this study is to examine the issues related to the marketing practices implemented by the Athenian Brewery S.A. to promote Heineken beer. Thus, the product, its target market and competition are analyzed, a SWOT analysis is performed and the marketing mix is presented. The marketing practices implemented by the brewery will then be assessed, on the basis of those employed by other breweries in the international beer market.

2. Literaure review

2.1 The Global Beer Market

The global beer market showed a compound annual growth of 2.1% in the time period between 1999 and 2004. Draught lager beer market is the largest cohesive segment in the beer market (Vignali and Vrontis, 2000). The market is reshaping continually through mergers and acquisitions. For example Heineken in Netherlands purchased Brau Union and several breweries in Russia in 2004 and 2005. In 2002 it took over the only brewer in Egypt to increase its presence in Eastern Europe and Asia (BMC, 2005).

Europe in 2004 leaded global brewing industry with 35.1% of the global beer production However, the consumption of beer in the European countries has been dipping slightly in recent years (BMC, 2005).

Greeks are not big beer drinkers. The Greek market grew by an average of 3% per year between 1996 and 2001 and it is a competitive market, thus the entry is difficult. However, there is a potential for growth in imports and most Greek breweries import beers, although consumers are somehow reluctant to try them (IOBE, 2001).

The European beer market is complex with many external elements influencing it. These are factors such as competitors, suppliers, government regulations, associations and legislation (Vrontis 1998). In addition, it is influenced by fluctuations in import-export policy (i.e. protection of domestic brands) the economic situation, buying power, making investments and market orientation (Dumicic et al., 2003)

2.2 Competition In The Beer Market

Beer is the predominant alcoholic drink in most of the European countries and has a large share of alcoholic drinks in all markets (Dumicic et al, 2003).

However, competition from non-alcoholic drinks, together with consumer concerns over health issues and drink-driving, has hampered beer demand. Moreover, consumer interest is stimulated by new product developments, such as ice beers, as well as on premium and luxury products. Competition is severe in the European beer market and the aggressive reactions of competitors cause changes and make this market unstable (Vrontis 1998).

2.3 Marketing Practices In The International Beer Industry

The analysis of the brewing industry enables several characteristics to be emphasized and highlighted. In this industry product differentiation, especially that relating to image and segmentation, is of great importance. In addition, the creation and maintenance of a strong portfolio and a clear positioning strategy are critical in sustaining competitive advantage. Furthermore, the role of branding is important since it is an excellent defense against price competition. In the UK, Carling Black Label beer is targeted at young, male football spectators and drinking this beer seems to imply a strong link with having a passion for football. Carlsberg, which tries to portray a more serious, quality image and Carlsberg Ice are examples of brand extensions that penetrated the competitive beer market without any difficulty. In some cases brewers, despite possessing greater economies of scale, in order to maintain the quality image of the product, keep prices at a higher level (Vrontis, 1998).

In addition, Nwabueze and Zoe (2001) agreed that cost in the brewing industry is not an important factor. Price competition is not generally used and in many cases prices are made artificially high to promote the image of a premium quality brand. For this reason, costs will be kept to a minimum only to increase profitability. Although, reduced costs can be passed onto the consumers in the form of cheaper prices, the industry focuses in below-the-line methods such as promotions and above-the-line advertising.

Coors Light beer, which is brewed in Colorado, has captured the major share of the competitive beer market in Puerto Rico by developing a successful marketing and distribution strategy. It adopted a promotional campaign specifically tailored to the bars, restaurants, nightclubs and other social venues that account for 70% of the island's beer consumption. The company reinforced the correlation between Coors Light and an active lifestyle by promoting the beer at international volleyball tournaments and other sporting events. The beer is portrayed as being an integral part of the lifestyle and culture of its consumer group. This belief is reinforced also by using powerful slogans backed up by images of action and vitality, which also incorporate messages about the beer's smoothness and drinkability (Strategic Direction, 2003).

3. Researsh methodology

3.1 Case Study Approach

Since the aim is to examine the marketing practices employed by a certain company, the Athenian Brewery S.A., to promote Heineken beer in the market, the case study method is employed, since its fundamental characteristic is the "focus on a particular setting or event" (Stake, 1995).

3.2 Sampling Method

Purposeful sampling is the most appropriate for the case study approach, because 'information-rich' cases can be selected so as to get more information (Patton, 1990). Two types of purposeful sampling were used in combination: "snowball sampling" and "maximum variation sampling" (Minichiello et al., 1990). Snowball sampling relies on people identifying others to investigate. The maximum variation sampling was needed because it allows to pick cases purposefully and illustrate a wide range of variation on dimensions of interest. Thus, the interviewees came from different departments of the company. The On Premise & Key Accounts Field Manager was approached and he was asked to suggest five more people in the company from different departments. In particular, six in-depth interviews were conducted with the On Premise & Key Accounts Field Manager and the managers and top executives of the departments: Exports, Marketing and Public Relations.

3.3 Data Collection Methods

In-depth interviews are considered to be the most valuable data collection method (Lincoln and Guba, 1985). The in-depth interviews were based on a questionnaire presented in **Appendix ?.** The questions were broad, to allow respondents as much freedom in their answers as possible and an effort was made to avoid leading questions and create an interpersonal and communicative climate with the respondents. The summation of the responses was based on the content analysis method (Kent 1999). Qualitative content analysis was applied and the material from the interviews was divided into content analytical units. Thus, the results were carefully put into categories according to the points of interest of this study and the strong points were presented.

However, several authors have suggested that it might be useful to gather data from multiple sources when conducting qualitative research (Patton, 1990, Mason 1996, Lincoln and Guba 1985). Thus, apart from the in-depth interviews secondary data concerning general information about the company's operations and organizational structure were gathered through press articles, the company's leaflets, newsletters and monthly reports and its Web page.

4. The findings

4.1. General Information

ATHENIAN BREWERY S.A.' is producing and trading beer as well as the mineral water 'IOLI'. The beers include: Alfa, Amstel, Amstel Bock, Amstel light, Athenian Buckler, Carib, Chimay, Desperandos, Doreley, Duvel, Endiger, Weissbier, Ichiban, Konig, Kriska, Marathin, Mc Farland, Murphy's Red. ?oday the company has 1.400 employees.
ATHENIAN BREWERY S.A.' was established in 1963 by a group of entrepreneurs together with Amstel Brouwerij B.V. In 1965 the first factory was established in Athens, which produced Amstel beer. Since 1968 ATHENIAN BREWERY S. A.' is managing

Heineken N.V in Greece, following the merging between Amstel and Heineken which took place in the Nederland.

The company' values are: *"Respect, enjoyment and passion for quality"*

4.2 The Market

Heineken is very popular, it is the first beer in Europe, as far as its sales are concerned, and the second beer in Greece. Its success is due to its high quality. It is marketed as a beer of perceived value and it is not sold everywhere, it is sold in good restaurants and bars.

There are three types of consumers: acceptors, adaptors and adorers or heavy users. Acceptors drink beer rarely. Adaptors have chosen a certain type of beer and buy it regularly and adorers or heavy users buy this beer very often and prefer it from the other beers. According to the EU legislation, beer is an alcoholic drink, thus only adults can consume it.

Heineken is communicating the following message to consumers on its bottles: 'Enjoy responsibly', reminding to them that the consumption of alcohol should be done with responsibility. In this way the company is trying to educate consumers about the negative consequences alcohol can have and convince them to adopt a responsible attitude towards drinking alcohol. All the affiliates of Heineken are obliged to adopt this campaign.

4.3 Competition

The main competitors of Heineken are: Amstel, which is a lager beer and it is sold .in a little lower price than Heineken. In addition, it is Stella Artois, also a lager beer, which is cheaper than Amstel and Heineken. Furthermore, it is Mythos, a lager beer, which is sold in a lower price than the three beers mentioned. It is also the lager beer Verginas which is the cheapest. Finally there is Kaizer, a pils beer, which has about the same price as Heineken. Apart from the above beers, which are manufactured in Greece, there are also the imported beers such as Bud, Pilsner, Corona etc., which are lager beers, however their price is much higher.

4.4 SWOT ?nalysis

SWOT analysis is a tool for auditing an organization and its environment that helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats and requires listing and analysing these four issues (Doyle 1994). Thus, a SWOT analysis is performed to identify the company's strengths and weaknesses as well as its business opportunities and possible threats:

Strengths

Heineken is a premium lager beer. It is considered the best beer in its category and it is keeping high quality and the same taste.

Packaging is important for Heineken, thus it gives special attention to the materials it uses. They can be recycled and do not pollute the environment. All its packages have an aluminum coating so that the beer can freeze quickly.

Heineken is continually renewing its packaging for marketing reasons and to communicate to the consumers the various events which it sponsors.

The Athenian brewery is regularly upgrading its mechanical equipment. In addition, the company has established an optical laser link between its two main buildings to facilitate communication.

Furthermore, the company has a well-organized distribution system and supplies all the shops every week with the quantities required so that consumers can always find the beer. The company decides the packaging suitable for each shop (cans or bottles) so that consumers will buy fresh beers and not beers that have remained in the shops for months.

The company always pays attention to customers' complaints.

Weaknesses

Heineken's consumers are mainly men. Women do not drink a lot of beer because they consider that it has a bitter taste and a lot of calories.

Heineken does not have line extensions, for example it does not produce beers with various tastes such as fruits, which would be more suitable for women.

The price of Heineken is a little higher than that of the other beers in this category, because it is considered a premium beer and it has high quality.

Opportunities

Heineken is distributed all over Greece and it is exported in Balkan countries such as Albany and FYROM. The company is planning to expand its exports in other Balkan countries.

In addition Heineken is the first brewery in Greece that is planning to introduce in the Greek market a domestic apparatus for serving beer. This is a small refrigerator with a small barrel containing the beer. This apparatus will be ordered by phone and specialized technicians of the company will installed it in consumers' houses.

As it was mentioned, mostly men consume Heineken because it has a bitter taste and it is not considered suitable for women. However, now it is planning to create a new promotional campaign to convince women not

only to taste the beer but to consider it as an alcoholic drink which is not only an advantage of men but it is suitable for women as well.

Threats

Consumers' income has decreased because of the economic crisis, this may result in a decrease in spending for entertainment and consequently in a decrease in sales for the beer.

Another possible future threat for the beer can be the changes in consumers buying habits. Consumers tend to show a preference for Ready To Drink (RTD) products or even substitutes for alcohol such as refreshments, fruit juices and mineral water.

In **Figure 1,** SWOT analysis is presented.

S	*W*
⇨ Heineken is a premium lager beer. ⇨ It is keeping high quality and the same taste ⇨ Modern packaging, continually renewed. ⇨ The materials used can be recycled and do not pollute the environment. ⇨ All its packages have an aluminum coating so that the beer can freeze quickly. ⇨ Packaging communicates to consumers the various events sponsored. ⇨ Well-organized distribution system. ⇨ Consumers can buy fresh beers and not beers that have remained in the shops for months. ⇨ Always pays attention to customers' complaints. ⇨ Regularly upgrading its mechanical equipment.	⇨ Its consumers are mainly men because women do not drink a lot of beer since they consider it has a lot of calories and a bitter taste ⇨ It does not have line extensions ⇨ Higher price
⇨ Exports in Albany and FYROM ⇨ The first to introduce in the Greek market a domestic apparatus for serving beer. ⇨ New promotional campaign to convince women not only to taste the beer but to consider it as an alcoholic drink which is not only an advantage of men but it is also suitable for women. *O*	⇨ The decrease in consumers' income ⇨ Changes in consumers buying habits and preference for Ready To Drink (RTD) products or even substit utes for alcohol such as refreshments, fruit juices and mineral water. *T*

Take in Figure 1

4.5 The ?arketing Mix

The marketing mix is also known as the 'four Ps'. The marketing mix elements are product, price, place and promotion. A fifth 'p' was also added to the marketing mix elements, 'people' (Kotler 1994).

The company pays special attention to all the components of the marketing mix and combines them in various ways in order to achieve its objectives.

Product

Heineken is available in cans and bottles of 330 and 500 ml, which have a characteristic green color. In addition, there is Heineken XLN with a new elegant green bottle, which as it is mentioned in its promotional campaign 'it is so attractive that no bottle-opener can resist to it'. This is presented in a successful promotional campaign titled: 'Openers Campaign' together with the popular Heineken's bottle-opener.

Furthermore, there is 'Heineken Paco', a new pioneering green aluminum bottle with a very modern style and design. It was designed by the French designer Ora-ito and it is sold in special nigh-clubs and bars.

Finally there is the 'magnum bottle', either 1,5 or 3 litters, which is the festive packaging of Heineken. It is sold during Christmas and it looks like a Champaign bottle.

Price

As it was mentioned, since Heineken is characterized a premium lager beer, which has a leading position in the Greek market, it has a higher price than the other beers of its category.

Heineken's pricing is based on the cost of transportation of the yeast from Holland, the production cost, employees' cost, the fixed expenses cost and the distribution cost. However, a big amount of the budget is allocated to the promotion of the beer.

The price of Heineken slightly differs between the shops because the rent they pay is not the same in all the areas of the country.

As it was mentioned, consumers' income has decreased because of the economic crisis and this may result in spending less for entertainment. Then Heineken will have to decrease its prices to avoid a fall in sales.

Place

Heineken has a well-organized distribution system and supplies every week all the shops with the necessary quantities of beer, so that consumers can always find the beer. In addition, the company decides the packaging suitable for each shop (cans, bottles, barrels) so that consumers will buy fresh beer and not beer that has remained in the shops for months. This is convenient also for the shops because they do not have big stocks.

Promotion

Heineken, due to its successful advertising emphasizing the value of the beer, has gained a leading position in the Greek market. It is advertised mainly on TV and sometimes on the radio. In addition, it conducts outdoors and Internet campaigns. Furthermore, the company places advertisements in newspapers and in magazines. Through its advertisements on TV, Heineken addresses its target market and creates a positive image for the product and for the company. The advertising spots of the beer are often renewed so as not to tire consumers. They are created by Spot Thompson and they are filmed either in studios in Hollywood or outdoors. To create an advertising spot six to nine months are needed. The company always assesses the results of its advertising campaigns.

The packaging of the beer is also an advertising mean. On the packages the sponsorships are advertised so as to attract new customers.

Heineken has not combined its name with football, as other beers do. However, it sponsors very famous athletic events such as the 'Champions League', where no violent incidents occur. Furthermore, for its promotion, the company issues advertising brochures and organizes events. However, since the beer is a premium one, with a leading position in the market, it does not make discounts and offer gifts. In addition, the beer is never offered as a gift with other products. A characteristic example is when Mc Donalds, offered as a gift a collective bottle of Heineken with their menus, customers complained for the gift because Heineken is considered a premium beer and such promotion was considered inadequate.

Heineken is sponsoring various events, music, cinema, theatre, art, education, sports and cultural events. Heineken sponsored the Olympic games of 2004 and the UEFA Champions League. About the 80% of the budget for advertising goes into sponsoring.

During its sponsorship in the Champions League the company created a special web site 'ChampionsPlanet.com', where spectators could send comments and photos. Then the best were selected and presented in the site.

People

The company's success is also due to its well-trained employees who respect and obey the values of the company and they are doing their best to achieve customer satisfaction.

5. Discussion

Today Heineken is the first beer in sales internationally and the second in Greece. The beer has succeeded because of its high quality in all the countries where it is produced. Thus, the aim of Heineken is to maintain

its high quality and to have always the same taste, so as to differ from the other beers. In addition, the success of the company is based on its well-trained employees who respect the values of the company.

Heineken has implemented an environmental protection policy and all the materials it uses can be recycled.

The company is facing strong competition from many other beers produced in Greece and also from imported beers. In addition Greeks are not big beer drinkers and the market is not as big as it could. As (IOBE, 2001) mentioned competition in the Greek beer market is severe.

Furthermore, the economic situation and the falling income is a threat because consumers will spend less on entertainment. As seen in the literature review, Dumicic et al. (2003) mentioned that the economic situation is an important factor influencing the beer market.

Heineken is marketed as a premium beer and its price is a little higher than that of the other beers of the same category. As Nwabueze and Zoe (2001) and Vrontis (1998) mentioned, in some cases brewers in order to maintain the quality image of the beer keep prices at a higher level.

Heineken has an excellent distribution system, which can individually cover the needs of each shop, so that consumers can find fresh beer any time. As it was mentioned, Heineken does not have line extensions, such as Carlsberg's 'Calsberg Ice' (Vrontis, 1998). This, the company could produce beers with various tastes such as fruits, which would also be more suitable for women.

As Nwabueze and Zoe (2001) claimed the beer industry focuses on below-the-line methods such as promotions and on above-the-line advertising. Through advertising Heineken is trying to create a positive image for the product and for the company. However, it has not combined its name with football, as other beers do such as Carling Black Label (Vrontis, 1998), but it sponsors very famous athletic events. As it was mentioned, a problem is that mostly men consume the beer, because women believe that it has a bitter taste and a lot of calories. Thus, the company will contact a promotional campaign to convince women that the beer can be a women's drink too. In addition, in Greece beer is a drink, which is consumed mostly at night. However, beer can be consumed all day long, thus, another promotional campaign would be conducted to convince consumers to drink beer in any occasion. As it was mentioned, breweries through advertising influence consumers' attitude and an example is Coors Light, which reinforced the correlation between the beer and an active lifestyle by using powerful slogans backed up by images of action and vitality (Strategic Direction, 2003).

In addition, through advertising, Heineken is differentiating itself from the other beers by communicating the message 'Enjoy responsibly', trying in this way to educate consumers about the negative consequences alcohol can have. The packaging of the beer is also an advertising mean, since all the events sponsored by the company are advertised on the package of the beer.

6. The contribution of this study

This study contributes to the alcoholic beverages sector since it is one of the few that have provided an insight in the marketing practices employed by breweries. In addition, it is the only one so far that has gathered knowledge concerning a Greek brewery and the marketing of 'Heineken' beer in Greece where very limited research has taken place in this sector. The results of this study support the findings of other studies mentioned in the literature and they can be of definite interest and potential value to managers in this sector. Academically, further research based on these findings can add to the present pool of knowledge by further examining the marketing practices employed by other breweries in Greece and worldwide.

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Correlations between sime qyality management practices and internal knowledge transfer

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This paper analyzes the relationship between the degree of implementation of the different quality management (QM) practices, knowledge transfers and firm's performance. The proposed model and the hypotheses were tested on a sample of 102 managers from 34 Serbian firms. The analysis of obtained results was conducted using Structural Equation Modelling (SEM). The results confirm the importance of the teamwork and process control as QM practices on internal knowledge transfers and strong positive correlation between internal knowledge transfers and firm's performance.

1. Introduction

Quality management (QM) is one of the most important research issues in the field of operational management [1] as well as in academic circles [2,3].

The relationship between QM and financial and business results has been the subject of numerous research works [4].

In this work, our aim is to explore the relationship between quality management and business operations from a different point of view. Here we analyse the implications of various areas of quality management upon the knowledge transfer within the firm. The relationship between the QM field and business is not analysed directly, but on the basis of improvements in internal processes whose importance in generating competitive advantage has already been presented.

The aim of this work is to prove the thesis that there is a relationship between the implementation of QM and organizational business operations. We follow the same research methodology used by Molina [5] and collaborators. Whatever the importance of knowledge management within the firm [6], there are only few empiric studies on its relationship with QM [5]. In the current study we analyse the impact of QM practices upon knowledge transfers, having in mind that the extent to which the firm employs knowledge transfers is taken as a key one in explaining the differences in business operations among firms.

This paper begins with a review of literature on QM and knowledge transfer. Then, on the basis of literature data, we analyse to what extent the QM and the knowledge transfer fields are interrelated and certain hypotheses are set. The fourth chapter deals with the description of the methodology, and then the results are presented. The paper closes with the discussion on the results and a conclusion.

2. Quality management and knowledge transfers

2.1 Quality management

Quality management is defined as a management approach consisting of a "set of complementary principles, in which each principle is characterised by a set of areas and techniques" [7]. In the area od business operations [8], this approach distinguished itself from other strategies by its features. In order to determine the level of QM implementation in a firm, we have to analyse the fields that are possible to observe and estimate in QM, since we deal with very general principles, whereas, on the other hand, techniques are extremely detailed [9].

Since the earliest works of Saraph and collaborators [10], many a study relied on the literature on quality management in an effort to identify different types of key areas of QM and develop measurement tools to analyse the QM implementation in the firm. The review of the studies was conducted by Haynak [4]. The studies have shown that QM includes the methods needed to improve both the firm environment and the relationship between the firm and the given environment. It also includes the areas related to the technical amd social sections of the firm.

In the field of the firm's relationship with its environment QM plays an important part in the cooperation with the suppliers and the consumers alike. When talking on the cooperation with the suppliers and the consumers, we have in mind the organizational inclination to take part in non-competitive activities with the consumers and the suppliers, as well as to cherish good rapport with them [11]. One of the basic ideas of QM is a premise that the firm functions as an integrated (unique) system [8]. This idea on the system, however, is not confined only to the relations existing within the organization. It is also valid in the relations the firm establishes with the outer world. The total value chain of the product is thus viewed as one system, and so it must be viewed, for the purpose of its optimisation; after all, such a quality of the product should be achieved that will satisfy the customer [12]. Schonberger [13] maintains that, in accordance with QM, the firm is actually a part of the supplier-customer chain.

In a strictly internal arena, QM includes the areas related exclusively to the firm's social component, the areas such as autonomy and team work, then the areas entailing technical issues, such as the process control. Team work means a tendency to solve tasks within the group, rather than individually. Autonomy refers to the groups or individuals' capabilities of being relatively independent and self-confident in accomplishing their tasks. The process control means explaining organizational tasks to people who are to accomplish them, as well as investigation into the sources of unintentional errors [14].

2.2 Knowledge transfer

According to Darr [15], knowledge transfer is defined as a learning proces in which one organizational unit learns from the experience of the others. The internal knowledge transfer points to the fact that the unit providing the knowledge is situated within the firm. This field of research has recently become very interesting and includes studies that deal with both understanding of the transfer process, and identification of the factors that may enhance or hinder the transfers [16]. The factors determining the extent to which knowledge transfers may be easy or complicated may be classed into factors related to the source units only, factors connected with the recipient, factors related to the connection between the source unit and the recipient and factors related to knowledge only.

According to Krone [17], any communication consists of the following elements: message, sender, code system, communication channel, recipient and the decoding system. Frome these elements factors are derived to explain in a simplified way both the transfer and knowledge characteristics (message) which the sender wishes to send as well as the difference between the two unit systems of coding.

3. Postulating hypotheses and modelproposed

3.1 QM team work and internal knowledge transfer

Structuring the firm into work teams is one of the basic principles of QM. Improving coordination means that people who contact most due to the tasks they are assigned cannot communicate among themselves using classic hierarchal mechanisms. Instead, they have to use some other ways of communication that mean a greater extent of adapting mutually [6]. Dean and Evans [12] maintain that the QM team effectiveness "consists of achieving the goals in quality area timely and of strengthening the relations within the team itself as well as within the organization as a whole". In order to achieve these goals, it is very important that the problem selection process and information search be improved. Improving the knowledge transfer is a necessary precondition for the team work within the firm to be successful. In addition to this, the field of human resources is closely related to knowledge transfers. Sparkes and Miyake [18] even stress that, once a valid communication among people has been established, knowledge transfer is taken for granted and happens indirectly. Team implementation is considered a fundamental element. Hedlund [19] states that organizations wishing to improve their knowledge managementshould consist of temporary constellations of workers, in which the lateral communication is dominant. When talking about temporary constellations, Hedlund has in mind the idea of the flexibility of human resource mobilization after the system of temporary work teams. Dougherty [20] maintains that implementing the team in the work enhances the creation of the image of belonging together, which actually helps knowledge transfers in the organization. Similarly, Crossan et al. [21] state that "action creates an opportunity to share common experience, which will lead to the development

of one way of understanding common reality".

Brown and Duguid [22] use the term *practical communities* to denote work groups created among the workers doing the same job. These communities should not be limitted to only one firm; on the contrary, they should consist of the members of different firms. Brown and Duguid think that "these groups of interdependent participants create a working context in which the members not only build their mutual identities, but also create a social context in which these identities are mutually shared and known, and the organization itself becomes something more than just a practical community". In such a way, by defining a shared (common) knowledge, work teams contribute to forming a common basis to which knowledge is transferred.

In a similar way Orlikowski [23] explains the way people acquire knowledge through practice, so that the practice of transferring knowledge within the group in order that a task be accomplished actually leads to acquiring that knowledge required for the transfer to be effected, both within one group and with other groups. In other words, the need to transfer knowledge in order that work be coordinated, in fact, creates knowledge necessary for the transfer.

Hansen [16] finds that the fewer the mediators in the relationship between two individuals that are not directly connected, the better the knowledge transfer. Here, structuring the firm into work groups shortens the communication chains, since it is no longer necessary that we stick to hierarchy in order to discover the possibilities other groups have already used.

Grant [24] finds that today's great interest in the team based structures is a result of the need to improve integration and knowledge transfer within organizations. According to Grant, QM is in fact a "technique based on team work that does not recognize hierarchy and that allows for the organization to approach the source of knowledge and use the individual's knowledge located in lower levels of the organization".

Having in mind all these we postulated the following hypothesis:

> **H1. The level of team work implementation within QM shows a positive correlation with the internal knowledge transfer**.

3.2 QM autonomy and internal knowledge transfers

The importance of decision making among workers is in the fact that, according to the QM doctrine, the sites where the best information are stored are the very ones where the decisions are made, which may very often mean that the necessary knowledge (information) is actually stored in workers themselves. Grant [24] maintains that the more implicit knowledge is, the less efficient hierarchy is, since no manager is capable of integrating the knowledge of his subordinates. Grant also suggests that "decisions demanding idiosyncratic implicit knowledge that is not easily transferred, should be made at the sites where the knowledge is stored".

QM requires that people make real changes in their way of work. Dean and Evans [12] comment that it is only the

employees who are included into the processes that possess the necessary understanding, which is an important reason for which such a large number of managers think that inclusion and autonomy of the employees are a very important part of quality marketing. Moreover, decision making normally requires integration of a large quantity of knowledge that is scattered all over the firm. This means that decision makers must serach for necessary knowledge within the organization, and then transfer that knowledge to work groups, where it is needed in a given moment.

Where decisions are made in the head office, information must be steadily and equally transferred throughout the organization. If, however, a large quantity of information apperas, workers' knowledge must be coded, summarised and shaped, so that the management can make decisions. Therefore, if workers do not enjoy a sufficient level of autonomy, there is a serious possibility that a powerful vertical transfer of coded knowledge or information appears, which may result in an extremely inefficient decision making process. Similarly, Teece [25] mentions that an efficient knowledge management requires not a bureaucratic, but a decentralised company structure.

However, when the employees enjoy an increased level of autonomy, the implicit knowledge transfers among various work units and groups must be at a high level, since the decisions must be made and implemented by the workers themselves. O'Dell and Grayson [26] maintain that it is necessary that the employees should be responsible for their own work in order that internal transfers should come to being.

Therefore, we propose the following hypothesis:

H2. The autonomy level within QM correlates positively with internal knowledge transfers.

3.3 QM processes and internal knowledge transfer control

Processes control within QM requires that people understand the organizational processes they conduct [10], and also makes involuntary errors identification possible [14]. In order to achieve these, QM implements a set of basic tools that include statistic control techniques (SCT). These tools supply the organization with important information as regards the key aspects of the processes carried on within the organization.

An important standpoint in the relationship between the QM processes control and internal knowledge transfers refers to the fact that a systematic implementation of the control process in the organization clearly affects the search for information, as well as the very knowledge transfer these processes are applied to. This is the first step to take towards knowledge transfer. Secondly, this helps identify the source of necessary information. Information as to the various processes carried out in the organization and the possibility of comparing and assessing this information facilitates work to a large extent and can serve as a signal system [26]. For this reason O'Dell and Grayson [27] maintain that "estimation of business activities may help when identifying some advanced area,

otherwise it may not be enough by itself". The importance of QM in the continual improvement of processes is great and those firms that implement QM will search for knowledge and use the knowledge they need [7].

Similarly, a systemic implementation of the same tools (instruments) in the firm will ensure that the language become common. One of the basic problems in the knowledge transfer is the need that the sender and the recipient both communicate using the same code system, the one they both understand. Therefore, when the knowledge transfer refers to goals, requirements or the flow of processes implemented among various groups, it is important that a language be used that is understood throughout the organization since this will enhance the transfer among the groups. Hence, when the costs and benefits of each transfer are viewed, we can say that the control process, especially the one including SCT, can help reduce the costs of transfer.

Another important viewpoint is the reduced risk for those who have to learn and, as the case may be, have to implement the acquired knowledge. This risk can be reduced when the recipient is certain (knows, sure) about the data accumulated, since in this case, and this is statistically proven, the transfer of implemented knowledge is highly efficient. Whether the words of the sender are believed to is not important; important is the quality of the data gathered. A lack of confidence in the real effectiveness of knowledge on the part of the recipient is a key problem of a satisfactory transfer of internal knowledge. Finally, the process control implementing SCT includes an attempt to decode part of implicit knowledge implemented in the processes. Knowledge that failed to be decoded when it should have been is a lost chance. The transfer is halted, although the decoding of knowledge would help improve the operations throughout the organization, as well as allow for the transfer and implementation of knowledge in other units within the firm.

Having this in mind, we formulated the following hypothesis:

H3. The level (extent) of processes control implementation within QM has a positive impact upon internal knowledge transfers.

3.4 Knowledge transfer and profitability ratio

A positive ratio between a better internal knowledge transfer and the firm's profitability is an amply studied theoretical issue, however, it is hardly mentioned in empirical studies. This ratio is supported by the fact that the transfer of best techniques and procedures improves the average operations of the firm [28]. Therefore, if the inefficient actions and procedures are substituted by the more efficient ones, the general performance of the organization will be improved, especially if we take into account that the differences in the firm's performance may be big even in case of one and the same process [28].

On the other hand, knowledge transfer from different members enhances integration and correlation among different workers. Thus, internal knowledge transfers help create a larger extent of familiar (mutual) terms and meanings understood by all the memebers of the firm,

creativity and transmission are increased and, finally, conditions are formed that workers collaborate well with less effort [6].

On the basis of the abovestated, we formulate the following hypothesis:

H4. Internal knowledge transfers show a positive correlation with the firm's performance.

4. Research methodology

4.1 Sample and data gathering

In order to test the hypotheses proposed, we conducted an empirical research in thirty-four firms in Serbia that introduced a quality system. The questionnaire was specially designed to test the relationship between the quality management and the internal knowledge transfer. 102 valid answers were collected. The answers were collected by means of personal interview, from May till July 2007. In all the cases that are taken as valid the respondents were quality managers or other very top managers in the firm. The managers were chosen to be respondents since they receive information from different departments, therefore they are a very important source of estimate of various variables in the organization. They also have the main role in forming and shaping these relations in that they define the type of behaviour that is expected and encouraged.

4.2 Questionnaire design

The questionnaire design was similar to one used by Molina and collaborators [5] in their research, and was composed on the basis of already published works [11]. It had 5 groups of questions related to team work, autonomy, process control, internal knowledge transfers and business operations. The total number of questions was 22 (see Appendix A).

4.2.1 Team work

Three indicators were used to determine the extent of team work in the firm: a) to what extent team work is enforced by management; b) how often the firm implements team work in solving prblems; and c) in which way the firm uses interfunctional teams. Likert scale was used (1="never", 7="to a great extent").

4.2.2 Autonomy

Four indicators were used to determine the extent of autonomy within the firm. The task was to find out: a) the extent of control over workers and the extent to which they themselves bear responsibility for their work; the extent to which the workers are encouraged to identify and solve problems related to work process; c) if the extent of autonomy in decision making is increased. Likert scale of seven figures was used to measure this group of answers.

4.2.3 Process control

Four indicators wre used to determine the extent of process control present in the firm that is part of QM.

Likert scale was used again (1="never", 7="to a great extent") to find out to which extent: a) statistical methods are applied in quality control; b) whether the processes are performed in accord with the adopted attitudes and views on quality; c) whether the design of product/service and final quality are guaranteed; d) whether the employees are familiar with the statistic control techniques used in the process control.

4.2.4 Internal knowledge transfer

The respondents were requested to mark the extent of transfer in different units of the firm, on a Likert scale (from 1="never" to 7="to a great extent"): a) goals and responsibilities; b) specific tasks/requirements; c) procedures presented in writing and practical guidelines on how to approach these procedures; d) practical implementation that was proven most efficient in accomplishing tasks; and e) clear recommendations and advice as to how to improve accomplishing the tasks.

4.2.5 Business operations

We adopted the business operations measuring scale proposed by Murray and Kotabe [29]. The managers in the firms were asked about what they appreciate, again according to the Likert scale (1="much worse compared to competition" , to 7="much better compared to competition").

5. Results

The data analysis was conducted using SE modeling (SEM-Structural Equation Modeling). To calculate and analyse data the LISREL880 (LISREL-Linera Structural Relationship) program was applied [30].

The assumed hypothetical model of positive impact of certain quality management components: team work (T), autonomy (A), and process control (PC) upon the internal knowledge exchange (transfer) (IKT) as well as a beneficial impact of IKT upon the firm's business operations (BO) is presented in Figure 1.
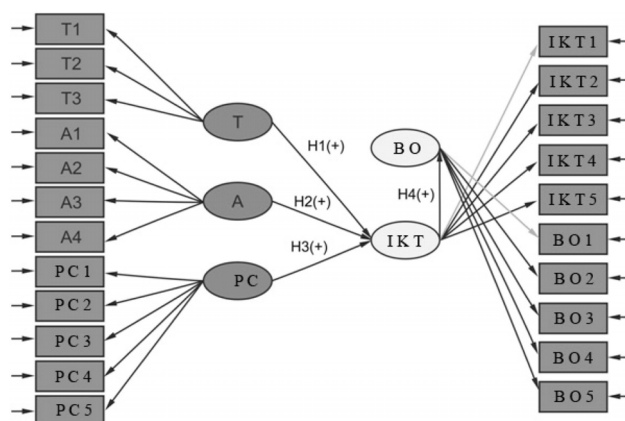

Figure 1. *Hypothetical model of certain areas of quality management impact upon the internal knowledge transfer and the firm's business operations*

The values presented in Figure 1 mean the following:

T1, T2, T3 – variables from the questionnaire – team work indicators (T).

A1, A2, A3, A4 – variables from the questionnaire – autonomy indicators (a)

PC1, PC2, PC3, PC4, Pc5– indicators from the questionnaire – process control indicators (PC)

IKT1, IKT2, IKT3, IKT4, IKT5 – variables from the questionnaire – indicators of internal knowledge sharing (transfer) (IKT)

B1, B2, B3, B4, B5 – variables from the questionnaire – business operations indicators (BO)

T, A, PC, IKT, and B – latent variables of team work, autonomy, process control, internal knowledge transfer and business operations, whose cause-effect relationaships are subject of our research.

The structural analysis results are presented in Figure 2.

At the beginnning of the result analysis we analysed the values of the indicators obtained denoting whether the proposed model fits the starting data in a satisfactory way. The following indicators were analysed: Root Mean Square Error of Approximation (RMSEA) and Goodness of Fit Index (GFI).

The RMSEA indicator shows the approximation error and the lower its value is, the better the model fits the starting data. The acceptable model is characterised by the values of this indicator lower than 0.1. In our model, the RMSEA value amounts to 0.097 which is an acceptable value.

The GFI lies within the values 0 to 1. The higher the value of this indicator, the better the model fits the starting empirical data. The acceptable values amount to over 0.9. Therefore this indicator is acceptable for our model (GFI = 0.93).

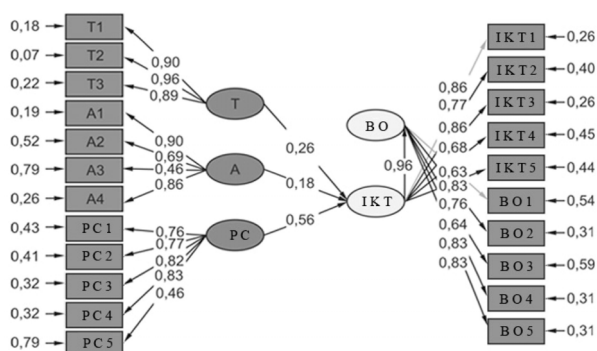Figure 2 shows the calculated path coefficients (correlation) between the variables observed.

Figure 2. Calculated path coefficients for the model observed

It is evident that in case of all the proposed hypotheses the respective calculated values of the coefficient paths are positive. Prior to concluding upon the acceptability of the hypotheses, the respective T-values had to be defined in order to test the statistical significance of the results obtained. In order to test the statistical significance

of the correlations obtained, T-values were calcualted for each path coefficient. For the T-value above 2, the calculated path coefficient is significant and in this way the assumed a positive correlation between the variables observed is proven. Figure 3 shows the calculated T-coefficient values:
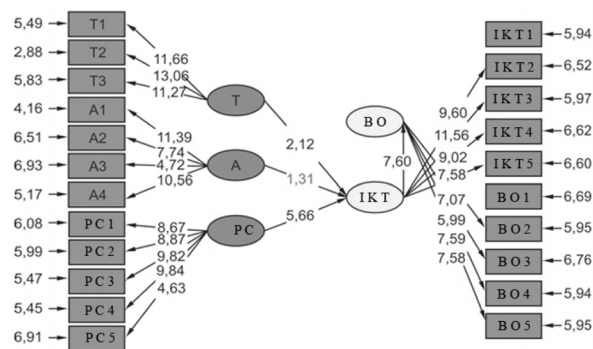

Figure 3. t-values in the model observed

The calculated t-values prove the hypotheses H1, H3, and H4. It is only a certain correlation in the case of ther H2 hypothesis (the autonomy level correlates positively with internal knowledge transfers) that is not statistically significant. Other relations proved to be significant to a large extent ($p<0.05$). The results prove the general hypotheses of the study; namely, the QM implementation in the firm has positive implications upon knowledge transfers. Similarly, a beneficial impact of internal knowledge transfers upon the firm's business results was proved.

6. Discussion

The first conclusion that can be drawn from this study is that the results prove a positive relationship between the team work within QM and knowledge transfer. This result can be linked with a need to form strong connections among the members of one team as well as among various teams. Thus the knowledge transfer is increased within the group, but also among the various organizational units.

In hypothesis 2 we assumed that the workers' autonomy is in positive correlation with internal knowledge transfer. Autonomy entitles individuals or groups to choose those procedures that suit their tasks best. In most cases the workers have the best knowledge of their work, as well as the best information on the validity of some areas and their implementation. Although a positive correlation between autonomy and internal knowledge transfer was proven, the significance of this result is insufficient to prove the hypothesis.

Furthermore, the study supports the hypothesis that the process control within QM aids knowledge transfers, making the firm's problems clearly visible and stressing the differences in efficiency among the various processes which are underway in the firm, and which are based on facts rather than on intuition. Similarly, the process control contributes to the search for more efficient processes and improves the level of knowledge coding in the firm. The relationship between the process control and internal transfers is verified, especially in case of the processes that are described.

The results presented in this report partly coincide with those of Molina and collaborators [5] who also identified an express positive correlation between the process control and knowledge transfer as well as between the knowledge transfer and the firm's business operations. The essential difference is that the positive correlation between team work and knowledge transfer, verified in this work is not equally verified in theirs, whereas in their work a positive impact of autonomy upon knowledge transfers was verified.

Results also show that the internal knowledge transfers are crucially important for the firm's business operations. QM increases the firm's capability of transferring knowledge. This capability means meeting the requirement for creating competitive advantages and it can be used to explain a powerful impact of QM upon business operations.

7. Conclusion

Our subject in this paper was to analyse the relationship among certain areas of QM, internal knowledge transfers and business operations. We started by listing the results achieved so far in the fields of quality management and knowledge transfers. On the bases of literature data four hypotheses were postulated, related to the SE modelling technique. The results obtained have shown that the mutual (joint) implementation of social and technical aspects of QM, such as team work, autonomy and process control has a paramount impact on knowledge management, especially on knowledge transfers. Applying the SE modelling helped prove the hypotheses on the positive impact of the QM elements, such as team work and process control towards an intensification of knowledge transfers within the firm.

The results of this work also support the thesis on a positive relationship between QM and business operations in a theoretical sense. We can conclude that, since QM has a positive impact upon knowledge transfers, its influence upon the firm's resources and capacities, as well as its competitive advantages is also positive.

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Appendix A: Questionnaire

Please mark (according to you) the extent to which you agree/disagree with the statements presented in the table and referring to the level of implementation of certain quality management areas in your firm.

Team work

1 = "strongly disagree", 7 = "strongly agree"							
1.Management encourages team work	1	2	3	4	5	6	7
2. Our firm uses team work to solve problems	1	2	3	4	5	6	7
3. Interfunctional team and group work are implemented in our firm	1	2	3	4	5	6	7

Autonomy

1 = " strongly disagree ", 7 = " strongly agree "							
1.Workers have control and responsibility for their work	1	2	3	4	5	6	7
2. Workers are motivated to seek solutions to problems they encounter in their work	1	2	3	4	5	6	7
3. Workers' autonomy in decision making increases	1	2	3	4	5	6	7
4. Workers have control and responsibility for their work	1	2	3	4	5	6	7

Process control

1 = " strongly disagree ", 7 = " strongly agree "							
1.We implement statistical methods to estimate and control quality	1	2	3	4	5	6	7
2. Organizational processes include mechanisms to ensure quality	1	2	3	4	5	6	7
3. New products/services design processes guarantee their final quality	1	2	3	4	5	6	7
4. employees responsible for conducting different processes in the firm are acquainted and skilled in using the process control techniques	1	2	3	4	5	6	7
5. Variations in accomplishing tasks and processes within the firm are viewed as a way of business improvement	1	2	3	4	5	6	7

Internal transfer of knowledge

Mark how often different kinds of knowledge, skills, techniques, information, etc. Are transferred or shared among work groups.

1 = "never", 7 = "to a large extent"							
1. Current goals, responsibilities or activities of the group	1	2	3	4	5	6	7
2. Specific requirements of the project such as predicting sales, market studies and customer needs analysis	1	2	3	4	5	6	7
3. Procedures presented in writing and practical knowledge necessary to start these procedures (interpretation, term explaining, adapting to situation...)	1	2	3	4	5	6	7
4. Areas that proved most successful in their application	1	2	3	4	5	6	7
5. Clear recommendations and *tricks* in improving operations	1	2	3	4	5	6	7

Business operations

Answer the following questions, having in mind the situation in your firm in the past three years. Compared with the competition, how would you estimate the performance of your firm in terms of the following aspects?

1 = "much worse than competition", 7 = "much better than competition"							
1.Profitability of the firm measured by the profits of acquiring assets	1	2	3	4	5	6	7
2. Profitability of the firm measured by the profits obtained through own resources	1	2	3	4	5	6	7
3. Profitability of the firm measured by profits obtained from sales	1	2	3	4	5	6	7
4. Placement of main products at the market	1	2	3	4	5	6	7
5. Increase in sales of main products	1	2	3	4	5	6	7

D.F. Spulber, Global Competitive Strategy, Cambridge University Press, 2007

The global competitive strategy means superior performances as compared to the competition on both the national and the international markets. The managers act with respect to the global perspective and standards in terms of costs, efficiency, product quality and innovations, at the same time adjusting their offer to the local tastes and specific demands. The international global competitive strategy integrates the dual requirements put both in relation to the international standard and in relation to the local particularities. Differences among countries do create problems, however, they may be an opportunity to do business. The book presents a special tool called "Analysis by the star" that provides support to managers in their formulating the global strategy based on taking into account the key differences among countries. The five arms of the star refer to the need that the firm should respect and adjust to the requirements of its own country, the supplier countries, consumers, partners and competition. This method is praised to serve as a consistent and systematic approach to varied information on the specific features of the countries that the global firm does business with.

The analysis by the star helps managers create a global competitive strategy, and the author, Daniel Spulber lists five basic types which he names the "G5 strategies". The first is the strategy of global platform, insisting that the firm should define itself by choosing the activities to do in accordance with the global, world standard, as well as those it will tailor separately, as the demand of local markets may be.

The global network strategy focuses upon the building of a large and complex network of consumers and suppliers, linked into global supply chains and distribution systems.

The global mediatory strategy means that the firm focuses upon the mediating activities or the activities of connecting the major players, or has the role of the creator of a specific market on which the parties concerned will compete. In such a case, the focus of this strategy shifts towards increasing the efficiency of transactions to be executed by means of globally venturing beyond the national borders.

The fourth strategy is that of the global enterpreneur that creates new combinations in the consumer – supplier relations in an international frame.

The global investment strategy stresses the difference between the horizontal and vertical forms of foreign direct investments and refers to the alternative possibilities of entering a target market.

These strategies make it possible for the company to achieve a global competitive advantage in a more detailed and subtle way compared to the classic, traditional approach that means achieving competitive advantage by decreasing costs and/or by differenciation.

An important step in achieving global competitive advantage is related to the research into the global added value created within the company. The value of international business operations is estimated on the basis of the revenues achieved by trading that exceeds the national borders, from which the costs of such a trading are deducted. The profitability of international trading depends on the amount of value created the company may retain, having in mind the complexity of transactions normally expected in the international context. This capability is said to be directly related to the global competitive advantage expressed by a relative ratio of added value the company offers in comparison to its competition.

International trade includes huge costs that are spent to go beyond national borders, thus the term "sticky" borders is used to depict more vividly the need to analyse in detail whatever "sticks" to the border when crossing it. Varied costs act as economic terms for the "stickiness" of international borders. The transaction costs are listed as the first type of costs generated in international trading. The firm accounts for costs related to adjusting to different business environments in different countries, which includes the difference between languages, cultures, social circumstances, business practices, political, legal and legislative conditions. There are also differences in time zones, which require special type of adjusting, doing business using different currency with all costs and risks involved. The firm meets different local suppliers and consumer groups at different localities, which will involve further adapting the business methods and approaches to use. In each of the concrete situations the international trading will require that prices, products, sales, services, contracts, supplies, employment and the very management practice should be adapted.

The international trading makes a large number of international transactions by means of bringing into contact the suppliers and the consumers from various parts of the world. The personal computer purchaser, for example, is virtually unaware that the producer has previously achieved the best combination of the parts for the computer through a global supply chain that links a large number of countries. These are, for the customer, the activities going on "backstage", by linking different suppliers and customers from different countries via different legally valid contracts which are to ensure that the end product or service are offered timely and in the right place, and provide the required quality at a contracted price.

Transaction costs, however, may be a source of valuable advantage for the companies that use creative approaches to ensure greater efficiency and reduce these costs. This is a significant potential opportunity for achieving competitive advantage in international trading. The author lists tariff and non-tariff costs, transport costs, as well as costs related to the time that elapses while the transaction is in progress.

The international business brings a number of advantages that the managers can recognize and try to use to a highest possible extent; these include achieving a variety and economy of scope, a comparative advantage, a comparative availability of production factors, and innovation and technology transfer.

The global and competitive advantage is achieved by creating an appropriate global investment strategy. Direct International Investments (DII) are executed in accordance with either a strategic choice to retain the operations "within the house", in which case the firm is vertically integrated, or to "outsource" certain operations, in which case a certain operation is left to the others to do – to suppliers, consumers or to partners. The global strategies are presented on the examples of the Lenovo, Cemex, Danone and other companies.

Dr Maja Levi-Jakšić

ESTIEM – Case Study Show

       WELCOME is not the first word which welcomed participants of Case Study Show 2008, but the sentence "Are you ready for new challenge?" For the second time on the Faculty of Organizational Sciences hasty cravats could be seen, as messengers of new challenges.

   The very thought of realization Case Study Show was born by young students which were ready for new challenges, keen on new experiences, opportunities, chances and knowledge.

The idea was born, and the spirit was spreading. ESTIEM (European Students of Industrial Engineering and Management) and his representors of local group in Belgrade,which works on Faculty of Organisational Sciences,they were ready to respond on challenges which were set in front of them and once again to connect best with the bests-companies and students.

     ESTIEM is europian student organisation with general and productive management,established in Netherlands in 1990. Belgrade with his local group got the opportunity to interweave in net of europian ideas which goal is to connect students of all countries and to integrate expirences,knowledge,abilities,wishes and smiles in spite of all obstacles which intrude society where we live. In different seminars,workshops,projects,competitions and journeys which realises on international level,our students had a chance to see and learn how is studiing in Europe and to bring over some ideas in our desks.ESTIEM momentary assembles over of 45.000 active students,from 24 countries which operate in 65 local groups.

   Local group ESTIEM Belgrade exists since 2005 ,in 2007 got the status of full-time member.Today counds around 50 members which are students of Faculty of Organisational Sciences which from the day of establishmend contribute development of global ESTIEM and raising studies on a higher level,with their creative ideas and initiative.Through different projects, droup has a goal to ennoble course of study with new themes and practical use of knowledge.

   Some of the projects,that we realised until now ,stand as the witnesses of our ides and wishes.

      ESTIEM LG Belgrade succeeded to realise successfully next projects:

- Case Study section-as the goal has advancement of students' practical knowledge from a territory of management through lectury and methods of learning , through solving case study.
- Motivation weekend-wants to gether representors of ESTIEM during the work and during the rest. Represents perfect opportunity to raise new ideas through game and smile.
- TIMES-the bigest europian competition of students in solving case studies.
- CR Coordination meeting-gathering of most successfull students of global ESTIEM.
- Activity week –gathering of students in Belgrade and Novi Sad from all parts of Europe with goal to make the acquaintance with Serbian culture and habits.Everyone of us desirously is waiting opportunity to show Europe his country,culture,habits and life
- Lecturing of proficient from different area ,who are always welcomed to share knowledge and experiences with students.
- Workshops and trenings ("How to erite good CV and motivational letter" , „Goal-setting – A Skill For Life"...).

      This is not the end of the ideas.

   Case Study Show – Show What You Know was the slogan that 2007. gathered for the first time companies and sudents who were ready for new chalenges. Untill now it's the bigest project that LG Belgrade realised trough great support.

    Project itself was born in 2006. and its goal was to gather students od final years of Faculty of organisational sciences and confront them with claims of modern business of the most outstanding domestic and world companies. The best srudents had the chance to get an emplyment and companies to charish a helathy employee politics and to give employment to the best.

Case study represents a modern way of studiing that demands of students to itegrate their theoretical knowl-

edges for a short time and solv real problems. Companies gave case studies in the spite of their needs, and students faithfully answered to their demands. Selection of students is based on their CV-s and their motivacional letter, and companies give cases from diferent areas of their business. Students also chose companies as they wish.

Project *case study show 2007* contained the first steps of our idea. Beside the most corageous students, last year participated these companies: L'Oreal, Saga, Uniqa, Daimler Chrysler i Coca-Cola HBC. Case studies who, last year, gave mentioned comapanies were most from the area of PR, IT, marketing and logistic. Students had the chance to solve their case in seven days, and the presentaion of their solutions lasted for three days. Project got the support of the People's office, but it also had grait media attention and spnsors support.With us were Doncafe and MCDonalds, and to make the whole story complete, we owe great appreciation to media support (Radio3, Biznis&Finansije, Radio Index, E-magazin, Ekonometar, Monopolist, Preduzeće, Market, Politikin Magazin, Infostud...).

Also, young potentials got their chance. We recorded the great response of high school puples. And now their majority are students of Faculty of organistional sciences.

But the story doesn't end here. Company Show was the one more chance, and for those who weren't involved in Case Study Show, they could come to the presentaion of the company and leave their CV. With Company Show comapnies succeeded to accomplish interaction with all sudents, and also to present themselves to the public.

After the project two students got the job in L'Oreal company, one in Coca-Cola, and all companies resumed cooperation, with students who solved their case, trough meny workshops and trainings.

Project **Case Study Show 2008** is realised succesfully, for the second time . Old idea and experience got us to spread our limits. This year the story is expanded for the foreign students too. We gathered 80 serbian and 20 foreign students. In this way we oppened new chances and opportunities. For our students to work in teams of international caracter, to exchange knowledges and expiriance, and companies to cooperate with foreign students, and in that way to ensure themselves promotion all over the Europe.

This year companies participants spreaded . As last year with Case Study Show faithfully there were Coca-Cola HBC i L'Oreal, but the value of the project realised companies who participated for the first time this year Hemofarm Logica, Holcim i Delta Maxi Group. In this way companies show one public responsible menagement,and with that they are positive in the consciousness of the students, their potential emplyees. Trough case studies and their solutions, representors of the companies have clear access to the method and the way of thinking of every individual. How they react on the work under preassure and function in teamwork, all that relives the process of selection and reduces the probability of mistake. For them that solutions represent real threasure of fresh and original ideas and opinions that are possible to apply in pracitce.

Also this year we got numerous support. We owe grand appreciation to the Fculty of organisational sciences, support of the People's office of the president, all companies that participated in project, PR agency Pleon Olaf&McAteer, Foreign Inestors Council, to the media who enabled our promotion and of course to students without who this projech wouldn't have any scence.

This year's story was just the ouverture for Case Study Show 2009. new names, chalenges, ideas and successes are waiting for us next year too. Are you ready for new chalenges?

TITLE OF PAPER IN ENGLISH
(two lines at the most)

Marko Markovic[1], Ivan Ivanovic[2]
[1]Faculty of Organizational Sciences in Belgrade
[2]Faculty of Economics in Belgrade

Abstract - *These are instructions for preparing papers that will be included in the jou rnal. Your papers should be prepared according to the instructions.*

1. INTRODUCTION

Papers have to be written in English. Original papers should be typed one sided A4 format (210x297mm). Use margin 2,5 upper, 2 cm lower, left and right.

Maximal length of paper is 8 pages including tables, text, pictures, literature and other appendices. Pages are numbered with graphite pencil in upper right corner.

Send two copies of the paper (original + one copy) and diskette in format MS Word 6.0.

If the last page of text is not filled up, the columns on the last page should be even, of the same length.

2. SUBTITLE (SIMULATION MODEL) (example: SIMULATION MODEL)

In the middle of the first page, after one empty line, insert English title of the paper. Use font Times Roman Bold 14 pt.

The name of authors and the names of their institutions in font Times Roman 10 pt. should be centered as in the model given at the beginning of this instruction..

Other parts type in two columns 0,5 cm in between. Paper is typed normal space and double space between paragraphs. Font Roman 10 pt is recommended. Beginning of the paragraph is typed at the very beginning of the columns.

The title of the paper and names of authors are followed by short abstract in Italic. All subtitles are typed in Bold, capital letters same sized as in the previous text (not smaller than 10 pt).

3. SUBTITLE (example: COMPARATIVE ANALYSES)

$$\sigma^2(r_p) = E(\sum_{i=1}^{n}[r_{p,i} - E(r_p)]^2) \qquad (12)$$

All equations type in one column, numerated at the right side, as illustrated.

4. CONCLUSION

All figures, tables or graphic presentations are adapted to the width of one column. If necessary, when the figures do not fit in one column, use the width of the page , and then continue as previously, in two columns. See the figure below.
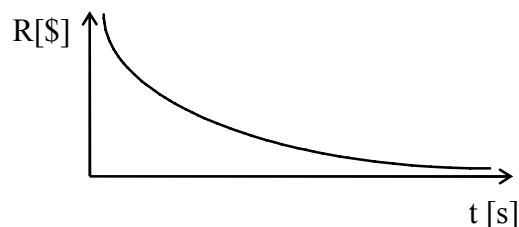
Figure 1. Graphic presentation of results

REFERENCES

Only the literature related to the problems and main ideas presented in paper should be including and ordinal numbers of the references type in angular brackets.

Literature in text has to be quoted in angular brackets to the order of their quotation . For example in [5] it is shown that. The example of literature is shown below.

[1] Banks, J. and S.J. Carson., Discete - Event System Simulation Prentice - Hall, New - Jersey, 1984.
[2] Bodily, S., "Speadsheet Modeling as a Stepping Stone", Interfaces, vol. 16, No.5, pp 34-52 1986.
[3] Protic D., Simulation of work on Airport Belgrade. Proceedings of work, SINFF-N, page 75 -81. Zlatibor 199