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Changes and opportunities: investigating links between theory and practice in translation and interpreting

SPECIAL BOTANICAL LEXICON IN GENERAL BILINGUAL DICTIONARIES: FROM THEORY TO PRACTICE

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Abstract

It is not possible to include all vocabulary of daily use in a single average volume bilingual dictionary; therefore, the developers of such dictionaries should perform the selection of entries for the particular dictionary. The larger the volume of the dictionary is, the more peripheral lexis can be included in it. Moreover, a lexicographer should make a decision on whether to include as many entry words and their equivalents as possible, and just some basic information about the word, or to select fewer entry words and to provide more equivalents and as much additional information about it as possible. To a great extent, the selection principles of entries are determined by the expected volume of a dictionary, the intended user of the dictionary and the purpose of the dictionary. Botanical lexicon has a special status (e.g. Latin names) and it is characterised by extensive synonymy. The research examines the principles of including, handling, and presenting the special botanical lexicon in the general bilingual translation dictionaries.
Keywords: *general dictionaries, selection of words, lexis of special use.*

Introduction

During meta-lexicographical discussions the question about principles and criteria of the selection of lexis to be included in general dictionaries is usually not profoundly examined. H. Bergenholtz writes that, when evaluating new dictionaries, the main criteria reviewers mostly adhere to is the presence or non-presence of definite words. However this attitude leads to re-evaluating the importance of word selection, as the main requirement is as follows: it is better to have more entries than less; this factor may be important for large dictionaries that must ensure two functions – perception of the text (e.g. when the users are translating from foreign language) and producing the text (e.g. when the dictionary is used in the process of writing in the foreign language) (Bergenholtz, 1992: 49). Dictionaries published in Latvia mostly have vague and non-specific information about the selection of lexis; it is usually given by compilers in the

introductory part (Sviķe, 2012: 269–279). By analysing English – Latvian dictionaries L. Karpinska comes to the conclusion that a typical micro structural characteristic of English–Latvian dictionaries is an unspecified choice of entries. Karpinska admits that even in the most recent English–Latvian dictionary, there are no criteria or methods of selecting entries specified, which means that in the process of compiling the dictionary electronic corpus data have not been applied. Karpinska emphasises that the frequency counts might be the most important tool used in building a microstructure of the dictionary, so she believes that the volume of a dictionary is not the only important criterion determining its quality (Karpinska, 2006: 538).

The aim of this article is to provide an insight into meta-lexicographical research by analysing principles of selecting, handling and illustrating general and special lexis in general dictionaries, paying particular attention to special botanical lexicon. The article examines and analyzes Latvian equivalents of English botanical special lexicon taken from the English–Latvian dictionary (ELD) containing 45 000 words published in 2000 and compiled by Z. Belzēja, I. Birzvalka, L. Jurka, R. Mozere, J. Raškevičs and A. Treilons.

Principles of Selecting Special and General Lexicon

Selection of lexis in dictionaries is tightly connected with the volume and the goal of the dictionary being compiled. Apart from these two aspects for developing the criteria of selecting entries H. Bergenholtz advises the compilers to determine the type of potential users of a dictionary (amateurs, scientists, lexicographers, meta-lexicographers) (Bergenholtz, 1992: 49–61). Drozdowski claims, "The boundaries of any dictionary, for which the material for entries is selected, are the productivity of language and the special lexicon" (Drozdowski, 1977: 119). A dictionary compiled on the basis of a text corpus (Korpuswörterbuch) is usually preferred (Atkins, Rundell, 2008; Atkins, 1994: xix–xxvi; Bergenholtz, 1992: 49–65). A database is created as the basis of the corpus, and this language material is used for practical purposes. In the dictionaries compiled on the basis of a given corpus the main prerequisite in selecting entries is the frequency of words in the texts: the lexemes whose usage corresponds to the minimal number determined for corpus texts should be entered into the dictionary. H. Petermann emphases that the corpus used for choosing the entries to be presented in the dictionary should include not only the professional field texts, but also the texts which provide information about a specific field to a non-professional reader (e.g. textbooks, popular scientific articles, newspapers, fiction) (Petermann, 1982: 209). The list of selected words can be supplemented by lexemes and morphemes, and, if needed, by words from the closed semantic fields not included in the corpus (e.g. days of the week, colours, numbers) (Bergenholtz, 1992: 52). As to the special botanical lexicon, these can be the names of plants' parts, like *root, stem*, *leaf*, *blossom*, *bud*. When compiling a larger

dictionary, also the names of flower formation and leaves components can be included. Larger dictionaries include more peripheral lexis.

How can the dictionary be compiled, if there is no corpus data base for such texts? In this case H. Bergenholtz writes that the basic method of selecting words for bilingual dictionaries is using entries presented in any other dictionary of the same type published earlier (Bergenholtz, 1992: 52). If the dictionary is the first of its type, then any other dictionary can be used, and entries from other dictionaries can be taken, provided obsolete and outdated words are taken out. H. Bergenholtz believes that the dictionaries which use other dictionaries' data base are a positive example if the selection process is fixed in lexicographical instructions and a dictionary user is informed about it.

As to the selection of special lexicon for bilingual dictionaries, H. Bergenholtz writes that (1) the criteria of frequency should be taken into account, i. q. for the general lexis; (2) the lists of special lexis or lists of more widely used textbooks should be made (Bergenholtz, 1992: 53). T. Magay believes that in case of a selection based on frequency criteria, the most significant field terms will not be selected (Magay, 1984: 221–225). In these cases T. Magay recommends to conduct surveys among the specialists who, thanks to their professional competence, can evaluate the importance of special terms. The second practical and reliable method is research of textbooks (Bergenholtz, 1992: 53).

What should a lexicographer do if there is a scarce or zero number of field-related textbooks? In this case “compilers of dictionaries should use the latest dictionaries, internet materials and other sources of information, they should read regulations and standards affecting the interests of general audience, regularly follow public activities, social problems, sport news, etc.” (Baldunčiks, 2012: 134). Concerning general bilingual translation dictionaries, in which one of the languages is Latvian, A. Veisbergs admits that there is a lack of a broad-based, alphabetically listed language material, which includes the list of words, their meanings and collocations; which provides information about the frequency with which they are used, about changes and tendencies in their usage; or divides lexicon into spheres (special, general, colloquial, literary, etc.) (Veisbergs, 1998: 153).

Proportions of General and Special Lexis in General Dictionary

In printed midsized general bilingual dictionaries the question arises about the number of special lexis, or, for instance, of the plant names, and about the proportion of these names compared to lexicons of other fields. G. Spies believes that the names of animals and plants should not create a disproportion in the dictionary in relation to other special lexicons, and these terms should be included in the proportionate number compared to other special lexis material included in the dictionary (Spies, 1982: 225). This precondition should be taken into account unless the aim of a compiler is to specially emphasise special lexicon of any field. Indisputably, in the dictionaries already compiled the

number and selection of these entries might depend on the choice of similar dictionaries previously published and on the dictionaries used in the process of compiling, but in this case a lexicographer selects from the larger material given or enlarges the material he has if there is a need for wider information.

G. Spies writes that language has a general vocabulary that includes a concrete number of plant and animal names, which is known as an empirical rule; this can be a basis for entry selection for small-sized dictionaries. However, as to the large-size dictionaries, there is an increasing doubt that including and processing a concrete number of plant and animal names does not influence the quality of the whole dictionary compilation project, economic investment, and expenditure. Nevertheless, G. Spies also states that the selection is difficult to make because in educational programmes there is information about how many names of plants one should know within the corresponding educational programme and what exactly these names are (Spies, 1982: 223). After analysis of some botany textbook in the Latvian language it appeared that it is wrong to suppose that in the educational programmes there are no specific data about plant names or about learning plant names. Usually there are glossaries of plant names given, which can serve as a basis for selecting entries from botanic area. For instance, in the textbook *Biology, Form 7* written by E. Nagle and R. Gribuste, there is a list of 176 names of plants discussed in the textbook (Nagle & Gribuste, 2000: 184–188). Moreover, in the introduction to the textbook, the authors write that there is an alphabetical index of Latvian, Latin and Russian plant names. The authors also emphasise that the edition complies with the main national education standards (Nagle & Gribuste, 2000: 2). The names of plants in some lists are included also in larger monolingual dictionaries (Yong & Peng, 2007: 91). These lists can be used in the process of including special lexis in the dictionary with the help of specialists or subject teachers, if needed.

Processing and Illustrating Botanic Special Lexis in General Dictionaries

For general dictionaries to become more relevant to their users and provide them (be it a pupil, a student, or a researcher) with possibly more information needed for practical work – translation, they should offer accurate and qualitative information in the source language. L. Zgusta indicates that among lexicographers there is no mutual agreement on the way plant and animal names should be processed in a general dictionary and what index and marking they should have (Zgusta, 1971: 331–332). However, it seems that lexicographers are reluctant to deal with these issues and there is not enough research on the topic. G. Spies believes that marking plant names in a general dictionary should meet the needs of the users of the dictionary. Moreover, Spies writes that plant and animal names in all the special science and technology lexis have a special status and they should be viewed and handled differently in terms of language (Spies, 1982: 221–235).

One of the characteristics of plant names is their large synonymy and variety. The rich plant name synonymous range is characteristic not only of Latvian, but also of German plant names. Like in the Latvian language, plant names have a lot of synonyms, and in German the main problem for defining species is that in different regions plant species are called differently. As G. Spies admits, a wide synonymy in plant names is also common for the Chinese language (Spies, 1982: 222). The special lexis included in the ELD is also characterised by synonymy of English and Latvian plant names. For example, in this dictionary, there are five different names for *pīlādzis* provided in English:

> p. 57 mountain – ash pīlādzis; p. 888 quicken[b] – pīlādzis; p. 946 rowan – pīlādzis; p. 988 service[a] – pīlādzis; p. 1038 sorb – pīlādzis.

In the list of entries in the ELD, there are also different English names for *mežroze* given: p. 326 *dog-rose – mežroze*; p. 350 *eglantine – mežroze*; p. 1091 *sweetbriar – mežroze*; p. 1091 *sweetbrier* – see *sweetbriar*.

In the passive dictionaries, to which the ELD can be ranked, whose main function is decoding the meaning, such a wide range of synonymous plant names in the list of entries does not constitute a deficiency; however, one should be aware that a number of synonyms given for one plant is in proper proportion to the rest of the plant names.

Latvian names of plants can also be characterised by extensive synonymy, which complicates the lexicographer's work not only in the compilation of a monolingual dictionary, but especially in the process of making a bilingual dictionary because in such dictionaries a user should find the equivalent and the right translation in both languages. G. Spies emphasises that in such cases a lexicographer could include a whole range of possible plant names, but he/she should follow other criteria: decide on the name recognition, distribution, etc. In such cases, inevitable is subjectivity, disproportions and insecurity of a lexicographer, especially when the project of compiling a dictionary is not based on consistent long-term lexicographical traditions (Spies, 1982: 222).

Plant names in the source language in general bilingual dictionaries are usually given as equivalents for the target language. G. Spies writes that an equivalent may be the so-called popular name or the official name of the plant. If a bilingual dictionary is being compiled for two languages used in different climatic and geographical conditions, and if there are no such plants in the target language, then a compiler should use a consistent combination of the clarifying remarks, properly naming the next highest taxonomic unit (species or genus) of the corresponding system, which has a name in the target language. Besides, it should be noted in relation to the entry in the source language that this species, genus or larger group of plants is not identical to the scientific botanical taxonomic system unit. It might be possible when in the process of compiling a dictionary (small or medium-sized) in the source language not the official, but popular names of plants are given, which, depending on the scientific and cultural level of language users, as well as on their traditions may differ from modern scientific findings and conclusions (Spies, 1982: 228). As to processing the special lexical material in the

dictionary and selecting a Latvian equivalent for a foreign word, V. Skujiņa says that, when dealing with synonymic names, the first translation variant should be a more recommended word or the word that more precisely expresses its concept, and from a variety of synonyms a Latvian term should by mentioned first (Skujiņa, 2008: 217). This principle is not always followed in the ELD, e.g. p. 521 *holly* – bot. *akvifolija, akmeņozols*; p. 539 *immortelle* – bot. *imortele, salmene*.

In both examples the Latvian equivalent is given as the second variant. If several equivalent synonyms should be chosen for the entry, one should agree with A. Veisbergs who believes that "people who are not experts in the specific field and who are accustomed to the use of printed dictionaries, usually first select the first equivalent variant from those offered" (Veisbergs, 2004: 172–173).

The main language for specifying plant names is Latin. The question of including Latin names is especially important in case of larger dictionaries. The inclusion of Latin names will help the users of the dictionary to identify the corresponding foreign word. This is particularly true in those cases where the entry in the source language has a number of equivalents in the target language. As to the encyclopaedic information, if it is to be included in a general bilingual dictionary, G. Spies outlines two principles: 1. it should logically follow the corresponding equivalent or quasi-equivalent; 2. it should be developed form the standard language (*Normalsprache*) basic words (e.g. *medical plant*, *root vegetable*) and conceptually it should as consistently as possible follow one of the principles of characterising the corresponding plant (Spies, 1982: 182, 229).

Botanical lexis included in the ELD is not logical in illustrating these lexical units. For instance, synonymous plant names in the source language are illustrated in the target language differently: p. 740 *oregano – parastā raudene* (garšaugs), however on p. 741 *origan, origanum* – bot. *parastā raudene*.

In the first example after the Latvian equivalent of *raudene* there is an explanation given in brackets, while in the second, there is only a note 'bot.' given.

From the examples on p. 127 *blight – 1. miltrasa (augu slimība)*, but on p. 144 *brand* – 6. bot. *melnplauka* one can see that the equivalent *miltrasa* has an explanation in brackets, but *melnplauka* is marked only with the note 'bot.'

One more example from the ELD, p. 524 *honeydew – 1. medus rasa*. In this case the Latvian equivalent should be characterised by indicating the area of use or by giving an explanation in brackets.

Such an illustration of Latvian equivalents enables us to conclude that compilers of the dictionaries did not have a unified vision about presenting Latvian equivalents: they have added either the explanation of the usage area 'bot.' or specification that the corresponding plant is a spice plant. A unifying principle of presenting the equivalents would make the user believe that the dictionary is compiled accurately and logically. The dictionary with encyclopaedic information added to unknown plant names and

other terms would be much more user-friendly, especially if users are not experts in botany.

The analysis of the special botanical lexicon in the ELD has revealed typographical errors and lack of editorial material processing. For instance, on p. 409 in English *flash-bulb* – bot. *zibspuldze.*

It seems that in this case the note about usage area is not consistent and most probably is a typographical mistake.

In the ELD on p. 637 there is an entry *litchi* with an indication – see *lychee*, but there is no such entry *lychee* with a Latvian equivalent in the dictionary. Because of this mistake a user cannot find the Latvian equivalent for this word, thus there is less trust in other translation variants provided in the dictionary.

Conclusions

The current article follows some theoretical principles of selecting general and special lexicon for general dictionaries. The problem of the number of plant names and other botanical terms included in the mid-sized general dictionary can be solved with the help of botany textbooks or plant scientists. The article reveals the problems lexicographers have to deal with when processing special lexis, and the examples taken from the ELD demonstrate that it is exactly special botanic lexicon that should be processed with a high degree of attention. When processing largely synonymous plant names one should choose official terms and consider adding Latin names as well, as it is done for the most plant names in K. Mīlenbahs and J. Endzelīns' Latvian Language Dictionary ("Latviešu valodas vārdnīca") (1923–1932) or, for instance in E. Ozoliņa's German–Latvian Dictionary ("Vāciski-latviskā vārdnīca") (1942). When giving a Latin name, it should be specified, from what source it is taken and what the criterion of equivalents selection was for the whole dictionary. The prerequisites for the logical inclusion of botanic lexicon are: a clearly elaborated conception of dictionary compilation, a predefined type of the dictionary, and lexicographical instructions according to users' needs.

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Changes and opportunities: investigating links between theory and practice in management sciences

EDUCATING PUBLIC RELATIONS PROFESSIONALS ON ETHICAL PRACTICES IN A GLOBAL SOCIETY

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Abstract

This paper focuses on the field of public relations as strategic communication that contributes to political, economic, and cultural transformation. It discusses the public relations theory and practice related to ethics education for communication professionals, especially for those working within a global context. It reviews current codes of ethics of public relations associations, and specifically provides an example of an ethics education program of the Detroit Chapter of the Public Relations Society of America. This paper concludes by advocating for increased discussion among communication professionals to raise awareness of ethics in their home countries and globally.
Keywords: *public relations, strategic communication, ethics education, professional associations, international.*

Background and Overview

Although definitions and perceptions of public relations vary, 'public relations' is commonly defined as "a strategic communication process that builds mutually beneficial relationships between organizations and their publics" (PRSA 2014, "What is Public Relations?" para. 3). This is the current definition accepted by leading associations of public relations professionals, including the International Association of Public Relations, the Global Alliance of Public Relations and Communication Management, and the Public Relations Society of America (Elliott, 2012: B2). Public relations professionals work, for example, on behalf of corporations, government agencies, non-profit organizations, labour unions, educational and medical institutions, and in entertainment, sports, and the arts, to build win-win relationships with their organizations and their publics. The term 'publics' is broadly used in the definition to refer to the "very 'public' nature of public relations" (PRSA 2014, "What is "Public Relations" para. 7).

Historically, the public relations profession was founded during a time of adversity and significant changes in society that necessitated strategic communications between people and organizations. First linked with the American Revolution, and then the term

coined in the early 1900s in the United States, the practice of public relations continues to flourish with the continuing political, economic, and cultural changes around the world. It is now a multi-billion dollar, global profession, and one of the fastest growing professions worldwide (PRSA, 2014).

Edward L. Bernays taught the first course in public relations in 1923 at New York University in the United States (Cutlip, Centre& Broom, 2006), and now colleges and universities internationally offer public relations and communications management courses and degree programs. Public relations education continues to be largely rooted in Western-style public relations principles based on democratic society ideals. Yet, public relations practice can be influenced by local customs and the relationships between practitioners and government officials, journalists and media organizations, business leaders, and the citizenry within countries. Although contemporary public relations practitioners "think globally, but act locally", the various political, economic, and cultural environments can present ethical challenges and dilemmas for global practitioners, especially those working in post-communist and transitional societies.

Hence, public relations practitioners need on going professional development, especially in ethics education. They need more opportunities to openly discuss ethical dilemmas they may face from a local perspective and in international settings. This paper highlights common themes in the code of ethics of leading public relations professional associations as a starting point for discussion. It also provides an example of a practitioner-based ethics education program that was developed at the local association level to increase awareness and promote ethical practices among a group of professionals. This paper concludes by urging public relations practitioners and their member associations to make ethics education a priority, and encourage open debate and discussion of ethical situations and dilemmas.

Theoretical Foundations of Ethical Public Relations

James Grunig and Todd Hunt (1984) first developed the models of public relations practice. The four models include the (1) press a gentry/publicity model, (2) the public information model, (3) the two-way asymmetrical model, and (4) the two-way symmetrical model. In practice, the press a gentry/publicity model is one-way communication and is likened to propaganda practices of disseminating organization-focused messages as a way to persuade or manipulate publics and sway public opinion. The public information model is also one-way, but more similar to a "journalist-in-residence" whereby organizations deliver facts and other information to their publics. The two-way asymmetrical model is similar to the press a gentry/publicity model, but relies on research to get a pulse of public sentiment in order to craft and target messages more effectively. The two-symmetrical model also relies on research of feedback in an effort to establish a dialogue that encourages open and honest communication and

mutual understanding. According to L. Grunig, J. Grunig, and Dozier (2002), the two-way symmetrical model is the most ethical.

Other scholars have researched the models in different countries. Organizations may practice the models together; however, in transitioning societies there is a tendency for the press a gentry/publicity and two-way symmetrical models to prevail (J. Grunig, L. Grunig, Sriramesh, Huang & Lyra, 1995). J. Grunig et al. (1995) found practitioners in India, Greece, and Taiwan who practiced public relations as a craft with emphasis on the press a gentry and public information models. J. Grunig *et al.* (1995) suggested there were two additional patterns that also emerged from their research of "personal influence" and "cultural translation" that were variations of the four models that differed by culture of the country. Hiebert (1994) found the field of public relations in transition in Hungary. Huang and Hagan (2011) found public relations practiced more as more market-oriented in Taiwan. Karadjov, Kim, and Karavasilev (2000) found that in Bulgaria, for example, public relations is closely linked to media relations, reflecting the propaganda tradition from the former Communist system. Guth's (2000) findings were similar in his study of the emergence of public relations in the Russian Federation, as was similar of the exploration of public relations practice in Estonia (Tampere, 2006) and Latvia (Pētersone, 2004).

From a theoretical standpoint (Dozier, L. Grunig & J. Grunig 1995; L. Grunig, J. Grunig & Dozier, 2002), excellent public relations practices have common principles. The Excellence Theory, based on extensive research initially in the United States, Canada, and the United Kingdom, and later tested throughout the world, shows the value of public relations to organizations and society in social responsibility and the quality of the relationships between organizations and publics. According to the Excellence Theory, excellent public relations is viewed as a managerial function, different from marketing; it is strategic communication with a focus on symmetrical communication, and with a respect for a diversity of viewpoints. Additionally, excellent public relations is practiced with a strong sense of ethics and social responsibility. The Excellence Theory provides a framework for professional practice. For the purposes of this paper, the principle of ethical practice is the focus.

Public relations scholar Shannon Bowen (2007) argued that "ethics is a single excellence factor and the common underpinning of *all* factors that predict excellent public relations" (p. 275). Bowen (2005, 2007, 2008) has studied the theoretical foundation of public relations ethics, examining the moral foundations and philosophies such as utilitarianism and deontology, situational ethics, moral development, and decision making processes. She has summarized the works of Jurgen Habermas, Immanuel Kant, Richard De George, Albert Sullivan, and others. Throughout, Bowen has advocated for ethical public relations practice.

To promote ethical public relations practice, Kruckeberg (1989) stressed the need for an international code of ethics. However, just as public relations is perceived differently

throughout the world, agreeing on a worldview of public relations practice is not easy. J. Grunig and White (1992) synthesized the views of philosophers and scholars in other disciplines and concluded that an excellent worldview for public relations "should be *ethical* in that it helps organizations build caring – even loving – *relationships* with other individuals and groups they affect in a society or the world" (Grunig & White, 1992: 38). According to J. Grunig and White (1992:58), "Habermas's theory of ethics rests on his concept of an ideal communication situation – a situation characterized by a dialogue and in which participants agree upon a system of rules to facilitate that dialogue".

From Theory to Practice – Professional Associations and Their Codes of Ethics

Based on the Excellence Theory, for the management of communication to be credible, it must be rooted in ethical practices following established codes of ethical conduct and professionalism. Since the mid – 1900s, the public relations associations have formed not only to bring public relations professionals together for networking and professional development, but also as the means to promote the integrity of the profession and its standards of professional and ethical practice. The public relations associations have established formal codes of ethics, despite the associations lacking the ability to enforce if a practitioner acts unethically. Unlike the medical and law societies in most countries where doctors and lawyers can lose their license and be banned from legal practice if they do not abide by their established code of ethics, there is no public relations license that members can have rescinded. There is a universal certification program titled the Accreditation in Public Relations (APR), although there is little action that can be taken to de-accredit members. The public relations members are expected to abide by a code of conduct of their association based on an honour system and through peer pressure.

Despite efforts of professional associations to foster ethical behaviour, the ramifications of bad behaviour are lacking. Instead, associations focus on establishing standards of practice and professional expectations and offering positive reinforcement within a community of professionals. Unfortunately though, in the United States as in other countries, the bad behaviour of a few can influence the perceptions people have on public relations professionals. Even within the profession, there are those who consider the field to be unethical. In Latvia, for example, Pētersone's (2004) study found "public relations practitioners and students of public relations believe that the field is inherently unethical" (p. 129).

For the purposes of this paper, the author reviewed the codes of ethics of two international public relations associations, one Latvian, and one the U.S. association. Common themes included honesty, integrity of profession, disseminating truthful information, and relationships with organizations. All of the associations encouraged members to adopt the practices, yet none had any enforcement authority.

The *International Public Relations Association (IPRA),* established formally in 1955, is an international association that observes the principles of the UN Charter and the Universal Declaration of Human Rights. The IPRA provides its members with an "affirmation of professional and ethical conduct by members," or a "moral charter" (IPRA 2014). The IPRA Code of Conduct, written in 30 languages, was revised and adopted in 2011. According to the IPRA, the new code consolidates the former codes known as the 1961 Code of Venice, the 1965 Code of Athens, and the 2007 Code of Brussels (IPRA 2014). The IPRA Code of Conduct addresses 18 areas of public relations conduct under the headings: observance, integrity, dialogue, transparency, conflict, confidentiality, accuracy, falsehood, deception, disclosure, profit, remuneration, inducement, influence, competitors, poaching, employments, and colleagues.

Similarly, the *Global Alliance (GA) for Public Relations and Communication Management*, which was formally started in 2002, provides its 160,000 practitioners and academics from 50 countries (Global Alliance 2014, p. 2) with the Code of Professional Standards for the Practice of Public Relations. According to Global Alliance, the professional principles are based "on the "fundamental value and dignity of the individual" (Global Alliance 2014). Similar to the IPRA, the GA more fully explicates its "belief and support of the free exercise of human rights, especially freedom of speech, freedom of assembly, and freedom of the media, which are essential to the practice of good public relations" (Global Alliance 2014). The GA's more robust code includes the five overarching professional standards of advocacy, honesty, integrity, expertise, and loyalty, and includes "values-based guidance" and case studies with a greater global focus.

The nation of Latvia, which became a member of the European Union and NATO in 2004,may be considered a country still in transition when it comes to public relations practices. However, the field of public relations is expanding as realized with growth of the *Latvian Association of Public Relations Professionals (LASAP)*, established in 2001, and the *Latvian Public Relations Consultancies Association (LSAKA)*,which comprises public relations agencies. The LASAP promotes an "ethical approach to public relations profession and practice, because its members were issued binding international codes of ethics" (LASAP 2014). Although the LASAP does not have a specific code of ethics established for its members, members are "bound by the codes of ethics in Latvian and English." The code also references the Athens Code and the Venice Code. The organization lists ties to the Baltic Public Relations Association and International Public Relations Association. As noted earlier, Latvian practitioners face dilemmas as do other public relations professionals around the world who work in organizations undergoing economic, political, and cultural change.

The *Public Relations Society of America (PRSA)* was chartered in 1947 and has more than 21,000 public relations and communication professionals in the United States (PRSA 2014).The PRSA adopted its first Code of Ethics in 1950. After several revisions made over the years, the most recent update was adopted in 2000. The Public

Relations Society of America provides its members with extensive ethical guidance, understanding that:

> The practice of public relations can present unique and challenging ethical issues. At the same time, protecting integrity and the public trust are fundamental to the profession's role and reputation. Bottom line, successful public relations hinges on the ethics of its practitioners (PRSA 2014, "Ethics" para. 1).

The PRSA statement of professional values includes six value statements addressing advocacy, honesty, expertise, independence, loyalty, and fairness. Interestingly, the values are the same as those of Global Alliance, except the GA includes the value of integrity, whereas the PRSA includes the values of independence and fairness. Additionally, the code comprises six "Provisions of Conduct," which also include a statement of the intent of the provision, guidelines, and examples of improper conduct for each. The provisions include: (1) Free Flow of Information, (2) Competition, (3) Disclosure of Information, (4) Safeguarding Confidences, (5) Conflicts of Interest, (6) Enhancing the Profession.

For instance, the provision of Free Flow of Information, "addresses integrity of relationships, for example with the media, government officials." It states "the free flow of accurate and truthful information is essential to serving the public interest and contributing to informed decision making in a democratic society" (PRSA, 2014).

An explanation of Disclosure of Information includes examples of improper conduct such as establishing front groups or undisclosed interest groups, lying by omission, not correcting knowingly inaccurate information, and intentional public deception. The Conflict of Interest section suggests, "to build trust with the public by avoiding or ending situations that put one's personal or professional interests in conflict with society's interests" (PRSA, 2014).

On the PRSA website following the Code, there is an ethics pledge that members are encouraged to read and sign, whereby they pledge their commitment to abide by the Code. Following the extensive debate in past years, in 2000, PRSA members voted to eliminate any enforcement provisions. Thus, obligation to abide by the code is on the honour system:

> The revised PRSA Code of Ethics focuses on helping practitioners learn how to be ethical and to detect, deter and avoid unethical behaviour. Still, unethical behaviour continues, and it frustrates those of us who believe strongly in best practices and feel our profession and our personal reputations are damaged by the unethical behaviour of others (PRSA, 2014, "About Enforcement" para. 6).

In addition, the PRSA Board of Ethics and Professional Standard (BEPS) provide members with professional standards advisories on issues pertaining to current practices, along with other resources such as case studies and articles, in addition to an ethics quiz.

An Example of an Ethics Education Program for Practitioners

This section provides an example of an ethics education program for practitioners. It is meant to illustrate a method that a professional association can take to build awareness for ethics and improve the ethics intelligence of its members. The example is provided since this paper's author is most familiar with PRSA and especially the PRSA Detroit Chapter in Michigan, USA. The author has been an accredited member of PRSA (APR) since 1999, a member of the board of directors for the PRSA Detroit Chapter, and since 2009,a member of the Ethics Committee of the Detroit Chapter.

The Detroit Chapter of PRSA, with almost 400 members, has long had an established committee focused specifically on ethics education. During ethics month every September, the Ethics Committee has hosted an ethics education event for its members, their colleagues, other communication professionals, and students. The events have included panel discussions with journalists, government officials, and communication practitioners from corporate, local and state government, and non-profit organizations. There have been interactive workshops where attendees discuss, in small groups, case studies and personal dilemmas they face in everyday practice. Additional ethical resources are made available to members on the PRSA Detroit website (PRSA Detroit 2014) with intuitive links and easy downloads.

In addition to the annual ethics education events, beginning in 2011, the Detroit Chapter introduced its Ethics Honours Program. Members were encouraged to read and review ethics resource materials online and test their ethics knowledge by taking the PRSA national 10-question quiz. Members were asked to take a quiz testing them on their ethics know-how. The national PRSA Ethics Quotient (EQ) Quiz was written by Patricia Whalen, PhD, APR, in June 2011. The EQ Quiz includes 10 questions, with many questions cantering on U.S. practices, including questions on the use of copyrighted materials, plagiarism, and the hiring of student interns.

Those who completed the informal training and sent in a signed pledge committing to abide by ethical standards, received a certificate and were honoured at the annual awards banquet.

In 2013, the five-member Ethics Committee, made up of two academics and three practitioners from corporate, not-for-profit, and consultancy, developed a new Ethics Quiz as a part of the Detroit Chapter Ethics Honours Code program. The intent was a practitioner-generated ethics quiz that focused on practical situations and real-world dilemmas. Given that the Detroit area is home to the major automotive manufacturers and their suppliers, along with other multinational organizations, there is a diversity of members who have a broad range of experiences. The members of the Detroit Chapter were solicited to submit questions that addressed dilemmas they faced in their practices. Admirably, about a dozen members took the time to write mini-cases and questions tied directly to the code of ethics. From there, the Ethics Committee revised their

submissions and reduced the number of questions to 10. Questions were then sent to a panel of practitioners for review of content and clarity. The quiz was formatted as an online survey and questions dealt with real-world situations relating in particular to Detroit Chapter members. See Appendix 1 for a sample quiz question.

Detroit Chapter members were encouraged to complete the quiz by September 2013. Of the approximately 380 Detroit Chapter members, only 42 members and 21 students took the quiz. The 11% overall participation rate was much lower than expected. There were no prizes for completing the quiz, however, participants were acknowledged at the chapter's annual meeting in November, which was attended by about 100 of the most active members. Throughout the year, the Ethics Committee members actively engaged in making ethics relevant to members by including blurbs about ethics in the chapter newsletter and posting comments relevant to ethics training on social media sites. In addition, the Ethics Committee hosted an event in 2013 titled, "Fire Prevention Tips: Learn how not to get burned when ethics spark a conflict," for PR professionals. It included a panel of four practitioners, each sharing an ethical situation they faced. Following, event participants formed small groups and discussed how they may have handled the situation differently based on their interpretation of the codes and the situation.

Recommendations for Future Research

This paper briefly discussed a few of the public relations professional associations and their codes of ethics. Given the number of professional public relations associations worldwide, an extensive comparison study is recommended. There needs to be more theory building, especially given the increase in multinational organizations and cross-cultural work practices. More research utilizing qualitative and quantitative methodologies also needs to be conducted to weigh the value of public relations education and its correlation with ethical practices in individual countries and on a global scale. Moreover, continuous improvement must be made in developing curricula at academic institutions. Individual professional associations should investigate practical methods to engage their members. Local, regional, and international associations should work more closely together to compare their codes of conduct and provide scenarios and examples from actual practice.

Conclusions

Although all professional associations of public relations are geared toward educating practitioners, more must be done to train practitioners and engage them in discussions about ethics. According to Pētersone (2004), participants in her study of Latvian public

relations, for example, "believed professional associations of public relations professionals need to initiate the discussion" on ethics (p. 78).

Public relations practitioners face the greatest ethical dilemmas cantered on the role and relationships with the media, government officials, and business leaders, societal customs and norms, differences among cultural groups, open communication practices, and the integrity of the public relations profession. For these and many other reasons, it is imperative that there are increased discussions on ethics that allow practitioners to share experiences and learn from one another.

Strategic communication contributes to organizational success and can contribute to political, economic, and cultural transformation. As enterprises seek global exposure, there is the need for increased discussion about ethics among public relations and communication professionals. The author of the present paper advocates for increased education, through workshops, case studies, and discussions among practitioners *within* countries of practice, and also on worldwide scale. Professional associations should continue to promote high standards of practice to improve the integrity of the public relations profession.

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Appendix

PRSA Detroit Chapter Ethics Quiz – Sample Question

The PRSA Detroit Chapter quiz included 10 real-world practice questions. The web-based survey forced participants to select the correct answer for each question; once the correct answer was chosen, it offered an explanation. After participants received a passing score, they could download a certificate and Honours Code logo they could use on their business correspondence and webpages.

The question below is a sample of one particular question that challenged the practitioners since it addressed a global situation involving monetary gifts to journalists.

Question: Assume you work for a large multi-national corporation, but in a satellite office outside of the United States (e.g. in China, India, or Dubai). The U.S. division of your company has clear guidelines regarding media gifts and reimbursement for travel expenses to and from events; however, the company permits satellite offices to establish local policies allowing for some reasonable fluctuation of those amounts depending on local customary practices. You are approached by a journalist from a prominent newspaper who asks to be given a regular allowance. What should you do?

Answer Choices:

- Deny his request.
- Check with the human resources team in your market to get clarification on what is or isn't permitted by law and your company.
- Follow customary practices of the country, following the adage, "Think globally, but act locally" and agree to give him money on a regular basis.
- Tell him you think it is a bribe and you don't want to work with him.

Explanation

As a professional, you are expected to follow the ethics code of your organization along with the public relations profession. It is recommended that you check with your human resources team in your market, with the understanding that as a public relations professional, you are expected to "preserve the free flow of information when giving or receiving gifts by ensuring the gifts are nominal, legal, and infrequent"(PRSA, 2014).

21ST CENTURY SUSTAINABLE COMPETITIVE ADVANTAGE: CRITICAL CAPABILITIES THROUGH LEADERSHIP AND ORGANIZATIONAL DEVELOPMENT

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Abstract

In a global economy, organizations must have capabilities and core competencies in leadership, process, and people that foster critical thinking, collaboration, motivation, coordination, communication, as well as cross-cultural understanding. This phenomenological study aims at examining leadership behaviour to identify best practices for building the 21st century sustainable competitive advantage. Data were collected by online survey of 102 global business executives. Leaders noted the ability to manage complexity and uncertainty, integration and differentiation skills, open-mindedness, sensitivity, flexibility, and cross-cultural understanding as the critical capabilities needed in leadership.
Keywords*: organizational development, 21st century management, global competitive advantage, leadership practice, learning organizations.*

Introduction

In the 21st century, the organizations are confronted with a complex, multi-dimensional environment that poses many challenges for leaders and managers. Due to rapid globalization of markets, the focus of business has been shifting from a domestic environment to a global environment. As the traditional boundaries disappear and global competition intensifies, organizations need to take advantage of global growth opportunities. To gain sustainable competitive advantage in today's markets, it is necessary to develop core competencies that are difficult to replicate by competitors through building competitive advantage in a product, process, or knowledge-based differentiation in the industry (Hill, 2013).

Sustainable competitive advantage can only be achieved through strategic planning and implementation, analyzing both external and internal environmental factors, setting realistic goals, and achieving operational effectiveness (Dess, Lumpkin, & Eisner, 2011). However, although operational effectiveness is necessary, it may not be a sufficient condition for attaining sustainable competitive advantage. Sustainable competitive advantage may be gained through performing different activities than those

of the rivals or performing similar activities in different ways compared to the rivals (Dess *et al*., 2011: 12).

Critical capabilities and leveraging core competencies are important in creating a competitive advantage. Core competencies may be developed through utilizing the firm's strategic resources that may include explicit and implicit knowledge, advanced technology, financial, material, or other resources such as capital, people, skills, value chain activities, services, or specializations that incorporate the firm's collective learning or its superior position in the marketplace. A core competency is a unique capability that an organization can use to develop high value for stakeholders which, in turn, can give a sustainable competitive advantage for the firm. For example, human resources such as leadership development may constitute a core competency if and when a firm focuses on talent recruitment, acquisition, and retention based on its strategic goals of the planning and implementation process. To accomplish this, the human resource practices must support the firm's overall business strategy and focus on leadership development that can help the organization become more competitive through critical capabilities and sustainable core competencies.

Literature

The 21st century economy is characterized by intense globalization, a worldwide interconnection of economic, political, cultural, social, legal, and ethical differences that influence all aspects of management and leadership in organizations (Beechler & Javidan, 2007). Developing sustainable competitive capabilities in a global economy requires an understanding of multiple levels of knowledge connected to a larger contextual understanding, as well as integrated problem solving and application and transfer skills (Dede, 2007: 21). Organizations in a global economy are required to discover, manage, leverage, and utilize resources, people, and technology across varied cultures and countries (Beechler & Javidan, 2007). This necessitates the leaders' ability to differentiate and integrate varied information, recognize new patterns of associations and meanings, and develop competencies to be able to operate in unfamiliar, ambiguous work environments by understanding complex information. In the 21st century management, leaders are required to make decisions from multiple points of view, utilizing collaboration, cross-cultural teamwork, and inputs from diverse stakeholders (Goldsmith, Greenberg, Robertson, & Hu-Chan, 2003).

Leadership is the ability of a person (leader) to mobilize, influence, motivate, and enable others to contribute to and strive for achieving the goals and shared aspirations of the organization. Leadership is the process of influencing others to understand what the leader wants them to do and inspire others to follow the leader (Leslie, Dalton, Ernst, & Deal, 2002). In today's global environment, leaders must step out of their own comfort

zone and adapt to new modes of operation as they manage across cultures and multiple political, legal, social, and economic boundaries. According to Goldsmith *et al.* (2003) and Gupta & Govindarajan (2001), the study of leadership must be context-specific. Leadership involves inspiring and influencing the thinking, attitudes, and behaviour of people from different parts of the world (Adler & Bartholomew, 1992; Dorfman & House, 2004). One of the main requirements for leaders in the 21st century is to be able to work effectively across different economic, political, legal, and social systems, cultures, time zones, and physical distances.

In response to the challenge of defining and identifying the qualities of leaders, researchers often discuss leadership behaviour in terms of leadership competencies. Leadership competency came into use in the early 1980s to describe leadership behaviour that is considered essential to performing specific tasks in the global environment (Beechler & Javidan, 2007: 137). McClelland (1973) defines leadership competency as "a set of underlying characteristics that an individual or team possesses which have been demonstrated to predict superior or effective performance in a job" (In: Mendenhall, Osland, Bird, Oddou, & Maznevski, 2008: 64). In a global environment, leaders need to possess analytical skills to be able to understand the global dimensions of the customers, standards, industry, competition, environment, and differences in leadership practices (Jeannet, 2000).

Jokinen (2005: 200) defines global leadership competency as a set of universal qualities that enables individuals to perform their job outside their national and organizational culture, no matter what their educational or ethnic background is, what functional area their job description represents, or what organization they come from. Leadership is critical to the success of an organization. As globalization continues to impact the environment of leaders, organizations increasingly seek global leadership skills (Goldsmith *et al*., 2003). Researchers note a need for leaders with abilities in cross-cultural understanding and cognitive and relational skills (Dalton, Ernst, Deal, & Leslie 2002; Gupta & Govindarajan, 2002).

In performing management tasks, leaders must engage in planning that involves identifying organizational goals, establishing an overall strategy for achieving the goals, and developing a comprehensive plan to integrate and coordinate processes, people, and activities (Robbins, 2000). Planning should consist of determining the ends (what is to be done) and the means (how it is to be done). Planning in the 21st century economy requires the involvement of multiple constituents and the monitoring of complex and varied information.

Organizing and coordinating operations in a global economy require leaders to identify complex tasks and processes, hiring people, allocating job responsibilities, delegating tasks, working with teams, and setting up lines of authority and coordinating activities across functional departments and business units (Dessler, 2013). Coordinating organizational structures and operations in a globally connected environment requires

leaders to understand and appreciate cultural diversity, be able to adjust to political, economic, and cultural differences, and work with cross-cultural teams across physical and cultural boundaries (Jeannet, 2000). Leaders in a global environment need to facilitate flexible organizational structures, processes, and shared communications by empowering, inspiring, and motivating across different cultures, political, economic, legal and ethical environments.

Communication is crucial in leadership, and it is especially challenging in a global environment. Leaders who communicate effectively provide a clear vision and direction to employees, maintain focus on the tasks, include others in decision-making, listen carefully to other points of view, and generate continuous feedback (Conger & Riggio, 2007). Leaders in the 21st century economy are required to communicate with diverse workforce across physical and cultural boundaries. They often must evaluate complex and conflicting information, accommodate cultural differences, and work through challenging situations. Through motivation, leaders can influence behaviour to achieve organizational objectives. Leaders who inspire people through praise, incentives, or other means of motivation in a multi-cultural environment must show respect and appreciation towards differences and build trust among employees across different cultures (Yeung & Ready, 1995). The ability to collaborate with cross-cultural teams can help leaders accomplish tasks and energize the organization for high performance (Osland & Bird, 2006). By collaborating, leaders can develop mutually beneficial relationships, form strategic alliances/ partnerships, and facilitate networks with business and government organizations (Goldsmith *et al.,* 2003).

Scope and Methods

The scope of this study is to examine critical factors of leadership behaviour for developing 21st century sustainable competitive advantage. The research method consisted of a qualitative inquiry to examine leadership behaviour of CEOs to identify best practices to build sustainable competitive advantage in the 21st century management.

This study is an extension of previous research on global mindset (Konyu-Fogel, 2011). This study aims at expanding the previous quantitative empirical study to evaluate best practices in leadership for developing critical capabilities for competitive advantage. Leadership practice in this study is examined in the context of a core competency that can be developed as a critical capability of the organization. This study adds new findings on leadership behaviour practices for the 21st century management. In addition, this qualitative inquiry compares the findings to the results of the quantitative measures of the researcher's own Leadership Behaviour instrument that tested statistically significant in the 2011 study with high reliability and strong validity (Figure 1).

Data Collection

The population of the study was a purposeful, random sample of CEOs, business executives, senior managers, and leaders representing various industries. Invitations to participate in the study were sent by email solicitation. Participation was voluntary and anonymous. The population consisted of professional network lists of Fortune 500 and Forbes' Global 2000 firms. Participants were sent a direct link to the survey. Respondents were able to withdraw from the study or refuse to respond to any questions of the survey without any penalty. Confidentiality of the participants was assured by direct, anonymous access to the host site via a hyperlink sent to participants in an initial email, with follow-up email reminders after the first two weeks and every three weeks for two months to maximize the number of responses. A total of 102 responses were received and analyzed.

Qualitative Research Instrument

The online survey asked participants a series of open-ended questions regarding: (1) some of the most important characteristics of their leadership behaviour; (2) what they thought were the most important leadership practices and management style needed in the 21st century economy; (3) personal, educational, and professional experiences that influenced their leadership behaviour the most, and (4) additional comments on best practices of leadership behaviour as perceived for building critical capabilities for competitive advantage in a global environment.

Analysis and Results

Data analysis consisted of transcribing and coding the participants' perceptions and experiences on leadership behaviour and best practices using NVivo 10 software program. The interpretative phenomenological analysis (IPA) was used to gain a broad perspective of best practices of leadership for the 21st century management.

Phenomenological research uses the analysis of significant statements by building patterns, categories, and themes from the bottom up, and by organizing the data into increasingly more abstract units of information (Cresswell, 2009: 184). Accordingly, data analysis of the qualitative findings was conducted in three steps. First, the respondents' statements were evaluated to identify patterns and similarities in content to develop the main themes based on the frequencies of the responses (open coding). Second, the main themes were compared to the quantitative measures of leadership behaviour (axial coding). Third, the results of the qualitative inquiry were evaluated against the quantitative findings for cross-validation. See Figures 1–6 for quantitative results of the Leadership Behaviour (LB) instrument used in the 2011 study.

Responses to the open-ended questions of the qualitative inquiry were categorized by an inductive process of establishing main themes and identifying emerging patterns relative to the (1) most important characteristics of global leadership behaviour; (2) most important aspects of leadership practices needed in the 21st century economy; (3) personal, professional, and educational experiences of the participants influencing their leadership behaviour the most, and (4) additional comments on best practices of leadership behaviour as perceived for building critical capabilities for competitive advantage in a global environment (Tables 2–6 in Appendix).

Table 2 presents data on important characteristics of global leadership behaviour. According to this, about 15 percent indicated '*develop a global strategy but delegate locally/align local objectives with a global strategy'*. This was an interesting finding, especially because strategy development was not included in the quantitative instrument of leadership behaviour. It is recommended to further explore and examine strategy decision-making of leaders in future studies. The next two categories of leadership characteristics (each was noted by close 14 percent) were '*understanding differences in business environments*, *being sensitive, flexible, and show respect for traditions'*. The theme '*embrace diversity and appreciate differences'* was reported by close to 13 percent; '*open-minded, curiosity, willingness to learn'* were reported by about 11 percent; and '*recognize complimentary skills, build a global learning community'* were noted by close to 10 percent. Respondents also noted: '*good communication across cultures and languages by exercising patience, deep listening and clarifying goals and expectations'* (7.8 percent); '*understand what motivates people in different countries/cultures and understand the disadvantages of ethnocentrism'* (6.9 percent); '*be inclusive, participate in social and cultural events, build a customer-centric organization*' (5 percent); '*listen intently to understand meanings'* (3 percent); and '*show integrity and don't be arrogant'* (2 percent).

Table 3 presents important leadership practices needed for the 21st century management. Responses were examined in relation to the quantitative measures of the Leadership Behaviour (LB) instrument to compare the main themes as identified by respondents against the LB subscales of leadership behaviour. According to the results, '*developing a global strategy but delegating locally and aligning local objectives with global strategy'* is similar to the Planning, Coordinating, and Collaborating subscales of the LB instrument. Practices that '*embrace diversity, respect traditions, understand differences in business environments, and show respect to cultural differences'* indicate similarity to the LB instrument subscales of Motivating, Leading, and Communicating. '*Developing global learning communities and recognizing complimentary skills'* relate to the Collaboration and Coordination subscales, and '*understanding what motivates people across cultures, being flexible, exercising patience and sensitivity'* are also compare well to the Motivating subscale of the LB instrument. Behaviours of '*deep listening, willingness to learn about differences, listen intently to understand meanings, exercise*

clarity and good communication among cultures/languages' are components of the Communicating subscale of the LB instrument.

These findings provide additional insights into leadership behaviour in the 21st century that could be further examined in future studies. Results of the qualitative inquiry complement the 2011 quantitative study indicating that, to function effectively in the 21st century economy, leaders need to develop strategies that incorporate planning, coordination, and collaboration among many constituents. Leaders need to be able to manage diversity through understanding and adjusting to differences; use flexibility and sensitivity in the workplace; motivate and respect people; encourage frequent and open communication; and develop cross-functional teams and processes that are aligned to the strategic goals of the organization. These findings are in agreement with Beechler & Javidan (2007) and Jeannet (2000), indicating that effective leaders have to show understanding of the differences in business environments and be able to adjust their leadership behaviour to meet the needs of diverse stakeholders and respond to multiple points of view effectively.

Table 4 presents examples of comments on experiences that influenced respondents the most in their leadership behaviour. According to this, personal and work-related, professional experiences are important factors influencing leadership practice. The results show that successive leadership positions in different locations, living and working in foreign countries, international assignments and travel, and speaking or learning a foreign language had the most influence on leadership behaviour. Table 5 shows the frequency of responses on personal, educational, and professional experiences that influenced leadership behaviour the most. The three most noted experiences were: '*lived and worked in foreign countries'* (17.7 percent), '*learned about foreign cultures and differences'* (15.7 percent), and '*raised in different cultures/multi-ethnic family'* (11.8 percent). About one in ten (9.8 percent) reported '*graduate degree/training in business* and *travelling widely overseas'*. Other influencing factors noted included '*gained experience working with diverse people/ teams'* (8.8 percent), '*interest in global events and other countries'* (7.8 percent), '*learned to speak a foreign language'* (7.8 percent), '*participated in international assignments'* (5.9 percent), and '*engaged in challenging projects'* (4.9 percent).

Table 6 presents examples of additional comments on best practices of leadership for the 21st century management. The statements indicate that developing a global understanding is important as globalization continues to impact business and leadership. The findings show that to develop global skills and competencies, it is important to have an open-mind and show willingness to accept differences with an ability to adjust and learn new behaviours. The results suggest that training is important in learning leadership competencies in cross-cultural understanding. However, a positive, open-minded, and curious attitude is equally important to respond to the challenges of leadership in the 21st century management. The results also imply in the 21st century

economy, leaders are required to work in complex and uncertain environments, and should make decisions without personal bias, by withholding personal judgment, using patience and tolerance for understanding differences in business environments and practices across cultures and countries, and be able to handle ambiguity imposed by globalization. Overall, the findings suggest that leaders are required to have critical capabilities in effectively planning, coordinating, communicating, motivating, leading, and collaborating to accomplish complex tasks and meet organizational objectives in a global environment.

Conclusions

This study on the 21st century sustainable competitive advantage examined how organizations can develop critical capabilities through leadership and organizational development. The findings reveal that in a global environment, leaders are confronted with many challenges and opportunities, thus they are required to engage in complex planning and coordination, develop skills to quickly mobilize personnel and organizational resources, motivate, lead, and energize people, as well as foster collaboration and open communication to achieve high-performance and sustainable competitive advantage. Leaders in the 21st century must be willing to accept that they don't have all the answers.

The findings indicate that leaders in the global economy must understand and respect cultural differences, adjust their leadership and management style to respond to differences, and be able to connect with people in different cultures and environments effectively. In addition, the 21st century leaders must have strong analytical skills to be able to differentiate and integrate meanings at multiple levels and multiple dimensions in complex environments. This leadership competency can be utilized in organizations for analyzing the environment to identify strengths, weaknesses, opportunities, and threats in order to formulate business strategy that understands the global environment and its demands set by customers, standards, industry, competition, networks, and structures in global markets. The findings also show that collaboration, building partnerships and networks, are important skills in developing a competitive advantage.

In summary, organizations can achieve a sustainable competitive advantage through critical capabilities in leadership through organizational development. Specifically, the 21st century management can benefit greatly from practicing leadership, focusing on (1) developing organizational cultures that encourage cross-functional planning, teamwork, and knowledge sharing through incorporating different points of views, collaboration, and respect for diversity; (2) fostering cross-cultural understanding, flexibility, openness, and interest in gaining multiple perspectives; and (3) facilitating problem-solving, critical thinking, and effective organizational communication. Leaders in the

global economy need to communicate a strategic vision to align both internal and external resources effectively. Organizational support and best practices of leadership, as discussed in this paper, may help achieve a sustainable competitive advantage that is critical for success in the 21st century global market place.

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Appendix

Table 1

Reliability and Validity of Quantitative Leadership Behaviour Instrument

	Grand Mean[1]	SD	Comp. Mean[2]	SD	α	Factor[c]
Leadership Behaviour (LB) Full Scale (20 items)[1]	**3.27**	**0.94**	**65.37**	**18.7**	**.960[a]**	
Planning (3 items)	**3.45**	**1.13**	**10.35**	**3.38**	**.915[b]**	**.772**
Assess global opportunities/challenges/risks in business			3.43	1.27		.742
Analyze economic/cultural factors that impact business			3.64	1.21		.606
Solicit information from businesses outside home country			3.29	1.38		.863
Coordinating (4 items)	**3.20**	**1.04**	**12.79**	**4.16**	**.921[b]**	**.900**
Evaluate multiple points of view to resolve business issues			3.98	0.86		.630
Use production/marketing systems outside home country			2.92	1.35		.767
Integrate supplier networks across different Countries			2.78	1.37		.790
Share decision-making with executives in other Countries			3.11	1.33		.856
Leading (4 items)	**3.15**	**1.16**	**12.58**	**4.63**	**.942[b]**	**.948**
Develop organizational values that represent other cultures			3.31	1.23		.813
Delegate authority and assign tasks across Cultures			3.06	1.33		.843
Select/promote people from a global talent Pool			3.01	1.41		.862
Engage in cross-cultural training and staff Development			3.14	1.37		.817
Motivating(3 items)	**3.51**	**1.09**	**10.52**	**3.29**	**.943[b]**	**.895**
Respect accomplishments of cross-cultural Employees			3.78	1.11		.867
Use rewards that reflect values of cross-cultural employees			3.20	1.28		.820
Encourage cross-cultural engagement to achieve goals			3.55	1.23		.900
Communicating (3 items)	**3.36**	**1.07**	**10.08**	**3.20**	**.939[b]**	**.927**
Seek views of stakeholders from different Countries			3.29	1.15		.841

Respond to differences in business practices and cultures			3.44	1.12		.893
Participate in cross-cultural global information Sharing			3.36	1.27		.844
Collaborating (3 items)	**2.96**	**1.07**	**8.87**	**3.21**	**.911[b]**	**.850**
Work with cross-cultural civic institutions			2.59	1.19		.697
Use cross-cultural networks to achieve business objectives			3.19	1.23		.900
Develop cross-cultural alliances/partnerships/ventures			3.09	1.28		.805

Notes: Tests of model fit for confirmatory factor analysis (CFA): $\chi 2 = 261.608$, df = 158, p= .000; RMSEA (90% CI) = .076 (.059–.092); CFI = .945. [1] Leadership Behaviour scale items were scored on a 5-point Likert scale where 1= Never and 5 = Always. [2a,b,c] LB full (20-item) Scale Range = 23 – 98, Mean = 65.37 (SD=18.77), Median = 70, Mode = 72. Previously Published In Konyu-Fogel, G. (2011).

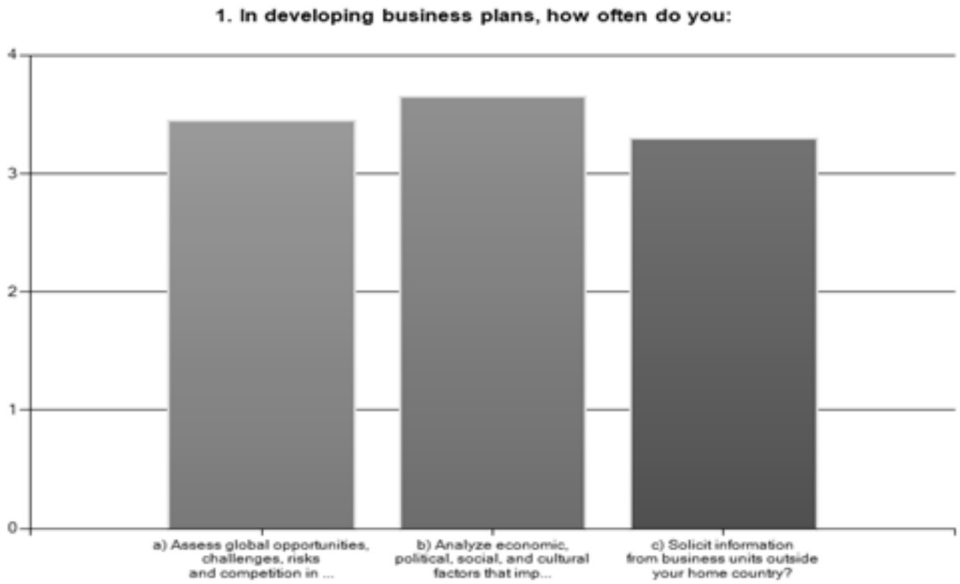

Figure 1. Planning Dimension of Leadership Behaviour Likert Scale Ratings (1–5) Where 1 = Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

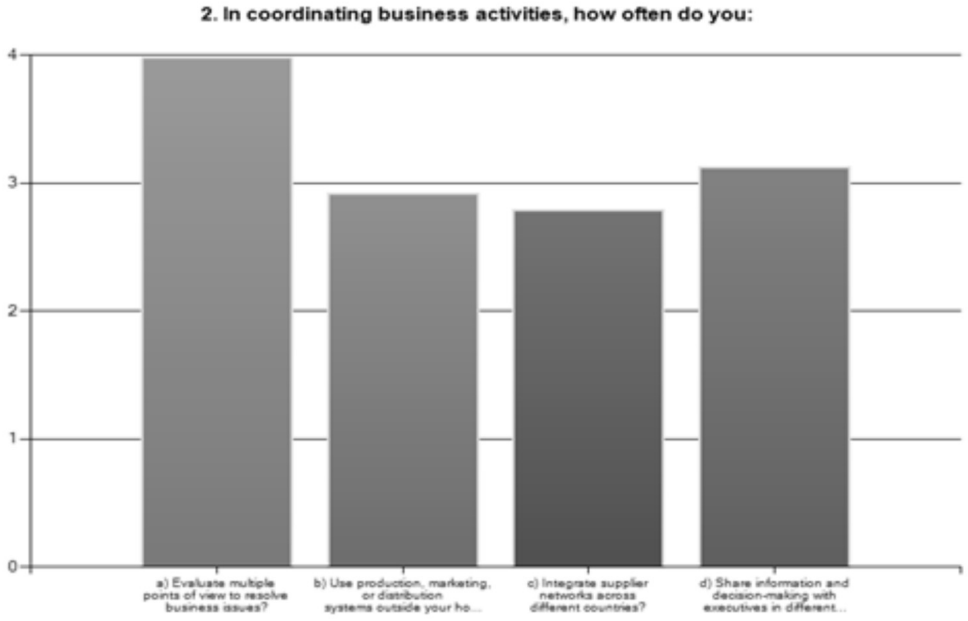

Figure 2. Coordinating Dimension of Leadership Behaviour Likert Scale Ratings (1–5) Where 1 = Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

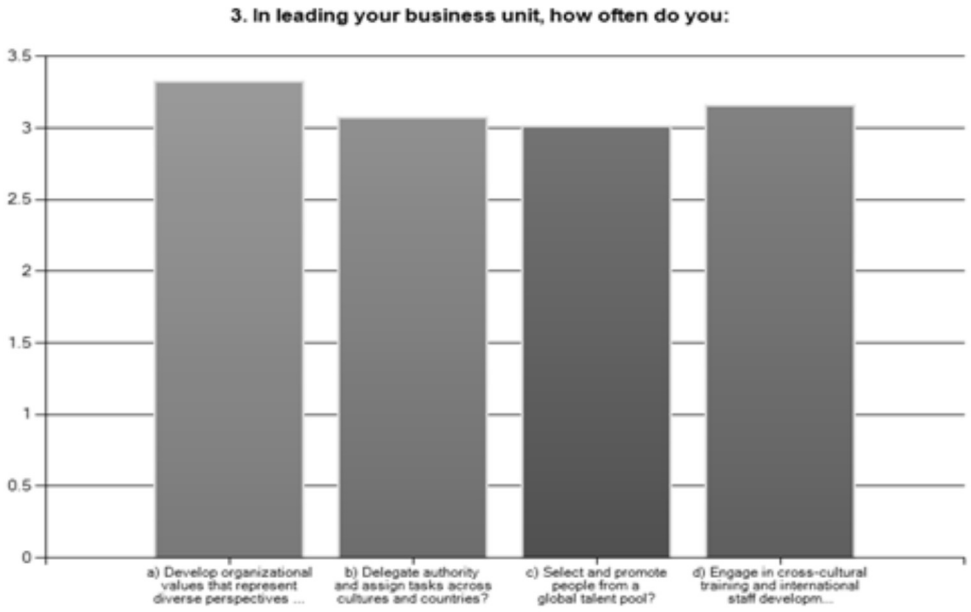

Figure 3. Leading Dimension of Leadership Behaviour Likert Scale Ratings (1–5) Where 1 = Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

Figure 4. Motivating Dimension of Leadership Behavior Likert Scale Ratings (1–5) Where 1 = Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

Figure 5. Communicating Dimension of Leadership Behaviour, Likert Scale Ratings (1–5) Where 1=Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

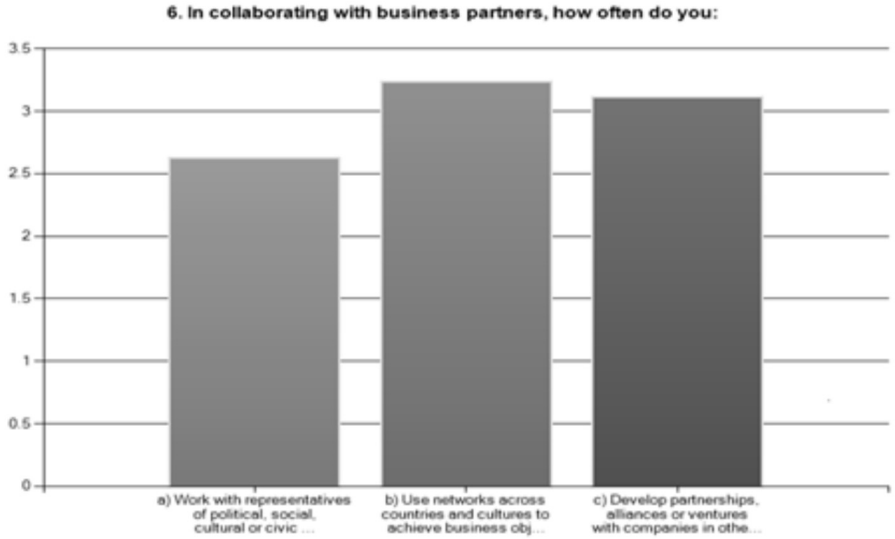

Figure 6. Collaborating Dimension of Leadership Behaviour Likert Scale Ratings (1–5) Where 1 = Never, 2 = Sometimes, 3 = Often, 4 = Very Often, 5 = Always

Table 2

Most Important Characteristics of Leadership Behaviour in the 21st Century

Main Themes of Important Characteristics of Leadership Behaviour	N	%
Develop a global strategy but delegate locally	15	14.7
Align local objectives with global strategy		
Understand differences in business environments	14	13.7
Be sensitive and flexible/show respect for traditions	14	13.7
Embrace diversity and appreciate differences	13	12.7
Open-minded, curiosity, willingness to learn	11	10.8
Recognize complimentary skills/build a global	10	9.7
Learning community		
Good communication across cultures/languages	8	7.8
Patience/deep listening/clarify goals and expectations		
Understand what motivates people in different countries/cultures	7	6.9
Understand the disadvantages of ethnocentrism		
Be inclusive, participate in social and cultural events	5	5.0
Build a customer-centric organization		
Listen intently to understand meanings	3	3.0
Show integrity and don't be arrogant	2	2.0
Total	**102**	**100.0**

Table 3

Best Practices of Leadership for the 21st Century Management

Leadership Behaviour Dimensions Quantitative Study	Statements of Respondents Qualitative Study
Planning Assess global opportunities, challenges, risks and competition in your business. Analyze economic, political, social, and cultural factors that impact your business. Solicit information from business units outside your home country.	Develop a global strategy but delegate locally. Align local objectives with global strategy. Understand political, economic, and cultural differences. Attention to detail & organization. Willingness to understand varied points of views.
Coordinating Evaluate multiple points of view to resolve business issues. Use production, marketing, or distribution systems outside your home country. Integrate supplier networks across different countries. Share information and decision-making with executives in different parts of the world.	Listen to multiple points of views. Develop products that fit the needs of different countries. Understand the political, economic, cultural practices of the countries in which business is intended to be conducted. Assess marketing programs by cultural differences.
Leading Develop organizational values that represent diverse perspectives among cultures and countries. Delegate authority & assign tasks across cultures and countries. Select and promote people from a global talent pool. Engage in cross-cultural training and international staff development.	Global organizations have to assure that the global work staff meets once a year face to face at different locations. Adapt to changing situations. Think outside your geographic location and remember that you are just a small part of a bigger picture. Forward thinking.
Motivating Respect, appreciate, and praise the accomplishments of employees of different cultures and countries. Use rewards and incentives that reflect the values, goals, and aspirations of employees from different countries and cultures. Encourage, coach, and mentor people from different countries and cultures to work together to achieve goals and objectives.	Build trust. Understand that everyone has something to contribute. Recognize that persons from different cultures need to be motivated, mentored, and rewarded very differently. Recognize that being different does not make something "right" or "wrong." Use flexibility. Respect others' views.
Communicating Seek the views of stakeholders from different countries and cultures. Respond to differences in business practices, cultures or country environments. Participate in cross-cultural meetings, brainstorming, and other global information sharing activities.	Communication across cultures needs to be developed and executed with the highest priority. Openness. Respect for individuals, cultures, religions, and business practices. Appreciate diversity, inclusion, listen intently to understand meanings.

Collaborating Work with representatives of political, social, cultural or civic institutions in other countries. Use networks across countries and cultures to achieve business objectives. Develop partnership, alliances or ventures with companies in other countries.	Know your flock, understand your customers, employees, and factors that influence their choices. Understand that our infrastructure in the US is totally different than every place else so we must seek to understand. Listen first, speak later.

Table 4

Examples of Influencing Factors of Leadership Behaviour

A succession of leadership positions in different companies and different countries, Dutch, French, Swiss, Israeli, U.K., and Saudi based companies with different leadership and cultural values.
Having lived in England, Japan, and Okinawa as a child, I learned that there are similarities and differences between cultures and you need to be open, respective and aware of your impact on others.
Meeting people from around the globe and sharing experiences with each other helped me a lot.
Role models such as young presidents and young entrepreneurs and the likes have helped a lot in sharing their experiences.
Managing cross-border activities. Global category, brand & work experience.
Mother is from another country. Significant experience working with people from many cultures.
Avid reader/TV program viewer of international markets.
Top government delegations (outward and inward) helped develop my understanding of foreign behaviour. My 9-year experience at an international bank with offices in Atlanta, Bahrain, London and Japan.
Living on the US-Mexico border and extensive work in Central America. Working in a global trade centre.
We were owned by a German company and now an Italian company. We have migrated from the German back to an American and to an Italian cultural perspective within my organization over the past few years.
Personally, I was raised in a different culture that helps me a lot. Professionally, I worked in different cultures during my graduate studies and travel.
Our professor in graduate school has shared a lot of leadership experiences that have been a tremendous help. On a personal note, my challenges of moving from India to a different culture have made me think from two perspectives.
I grew up in a travelling family, raised in a multi-cultural environment and began my career in a multinational company. I am currently the only foreigner in a Korean company that services global customers.
Completed graduate degree/training in business. Interested in global events and other countries environments.
Worked with logistics teams in many countries to achieve company goals.
Advanced education, foreign language training, international travel (business and personal)
Overseas education, postings, choosing different national corporate cultures. Assignments in China, Pacific Rim countries, Western Europe, EU.
Grew up with adopted siblings from another ethnic group, lived in Norway as a child, worked in 100+ countries, and am American but live/work in India.
Widely travelled to many countries, interact with locals a lot, suspend judgment.
I worked with many professionals from overseas and learned to adapt my leadership style.

Table 5

Personal, Educational, Professional Experiences Influencing Leadership Behaviour

Personal, Educational, and Professional Experiences	N	%
Lived and worked in foreign countries	18	17.7
Learned about foreign cultures and differences	16	15.7
Raised in different cultures/multi-ethnic family	12	11.8
Completed graduate degree/training in business	10	9.8
Travelled widely overseas on business and personally	10	9.8
Gained experience working with diverse	9	8.8
Interested in global events and other countries' environments	8	7.8
Learned to speak foreign languages	8	7.8
Participated in international assignments/projects	6	5.9
Engaged in challenging projects across countries	5	4.9
Total	**102**	**100.0**

Table 6

Additional Comments on Best Practices of Leadership in the 21st Century Economy

The value of developing global skills is likely to be the strongest if you are directly responsible for managing cross-border activities.
Overall, a global understanding can help influence how successful you'll become in life and business. It truly is a small world out there.
I believe that all managers should attend leadership conferences and seminars. In order to conduct business in the world today, leaders need to have global competencies.
The next generation of executives must think strategically, understand differences and be able to integrate multiple points of views.
21st century leadership should focus on building a learning community.
I believe effective leadership is something to which people often aspire but which takes courage and practice.
Leadership development must be executed top-down. This should be a significant focus in the 21st century economy.
In a global economy, leaders must develop knowledge of other cultures, respect other people despite of differences, and always stay professional.
It is important to realize that while cultures are important, at the end of the day, we are all individuals, not just "products" of our local contexts.
From my experience, in leadership, the key is recognizing the differences and appreciating and accepting them.
Open yourself to learning and understanding.
Do not be afraid to admit that you need to learn more, and if a mistake is made, admit it rather than covering it.
To me a positive attitude to travel does not mean a person is open to observe and listen to what other cultures have to say.
Be patient when necessary, do not use quarterly thoughts.

THE FIRST LEVEL PROFESSIONAL HIGHER EDUCATION PROGRAMMES AS A PART OF THE EDUCATION SYSTEM OF LATVIA: THEORY AND PRACTICE

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Abstract

In compliance with the Bologna process, college education is short cycle higher education forming a part of bachelor education, i.e. higher education. It means that the level of requirements and learning outcomes shall be as high as in any higher education programme. Still the professional focus of such programmes shall be respected as their primary task is to ensure the acquisition of up-to-date and marketable professional competencies within a short time period (2–3 years). The present research offers an overview of the main documents regulating the provision of the first level professional higher education programmes, the analysis of the strengths and weaknesses of such programmes, and the assessment of their role in the education system of Latvia. In the conclusion, recommendations are suggested for enhancing the curricula of present college programmes, and for raising their competitiveness by introducing structural changes in the education system of Latvia as such, and namely – in the college education sector.
Keywords: *first level professional education, college, quality of study directions, integration, consortium.*

Introduction

The first level professional higher education programmes implemented in colleges have demonstrated in practice that they are full-fledged short cycle programmes, which in most cases meet the requirements of the labour market, and are sufficiently flexible to facilitate opportunities for students to continue their education. During the period from 2010 till 2013, the number of matriculated students remained steady (http://izm.izm.gov.lv/upload_file/Izglitiba/Augstaka_izglitiba/Statistika/2012/), and compared with the previous year, this number has risen by 26% (in higher education institutions (HEIs) – by 8.61%) (see Figure 1).

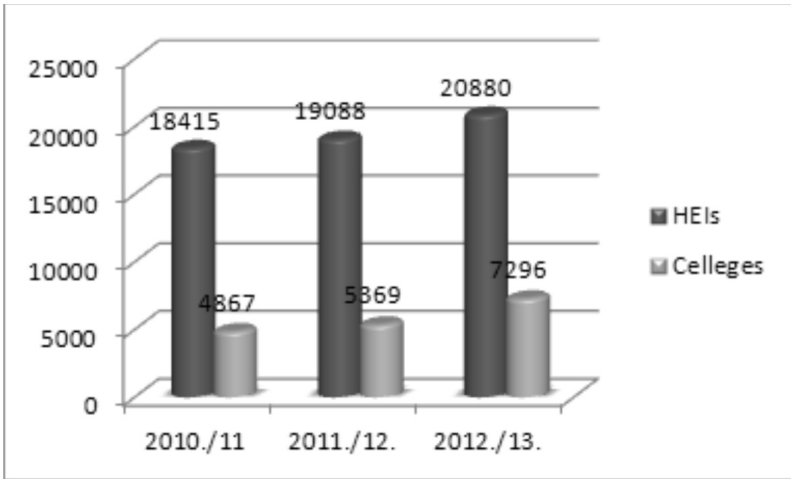

Figure 1. Changes in the number of matriculated students in colleges and HEIs over years

Approximately 30% of all students enter colleges each year. There are 25 colleges in Latvia, thus in the academic year 2012/2013 each of them could "expect" 290 entrants on average. However, it is clear that the choice of entrants is determined by several factors, one of the main being the quality of the study programme.

Objectives of the research: 1) to examine the experience of European states in implementing the first level professional higher education programmes (short cycle); 2) to analyse the strengths and weaknesses of the first level professional higher education programmes and assess their role in the education system of Latvia; 3) to assess certain results of college performance in Latvia in relation to the quality; 4) to examine certain tendencies for the involvement of college graduates in the labour market immediately after the graduation from the collage; 5) to analyse the tendencies of continuing education among the graduates.

Methodology of the research: In order to develop proposals for continuous improvement and development of study programmes grouped by study directions, in the period from January till December, 2013, the research was carried out, using the following **methods**: 1) a general survey of laws and regulations, as well as informative documents regulating the implementation of the first level professional higher education programmes in Europe and Latvia; 2) the analysis of self-assessment/annual reports of colleges in Latvia; 3) a survey of college directors/vice-rectors of HEIs; 4) a survey of directors of colleges that are integrated in HEIs, HEI agencies; 5) a survey of students at the University College of Economics and Culture and the Business Management College.

The research deals with 25 colleges and 22 HEIs of Latvia where the first level professional higher education programmes are implemented.

24 colleges have been sampled for the research. Initially the intention was to involve 10 HEIs as well, however, only two took active participation – Rēzekne Higher Education Institution and BA School of Business and Finance.

The author of the research analysed self-assessments of 92 programmes offered by 24 colleges in Latvia (27-programmes at private colleges, 65 programmes at state funded collages) and self-assessments or annual reports of 24 colleges. 154 college students and 126 students of the second level study programmes were surveyed.

A questionnaire for the directors of colleges and the directors of the first level professional higher education programmes at HEIs was devised. The questionnaire was sent via e-mail to 24 colleges and 10 HEIs. Answers from 8 colleges and 2 HEIs were received.

Legislative Acts and Policy Documents

According to the data of the Ministry of Education and Science of the Republic of Latvia (http://izm.izm.gov.lv/registri-statistika/statistika-augstaka/9495.html), in January, 2014, 170 accredited first level professional higher education programmes were implemented in Latvia (see Figure 2).

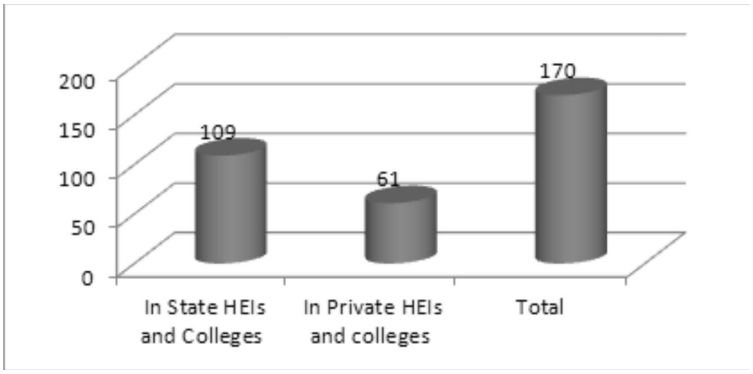

Figure 2. Accredited first level professional study programmes in HEIs of Latvia (2014)

The first level professional higher education programmes are offered in 25 colleges and 22 HEIs; the offer of study programmes is sufficiently comprehensive and varied.

The implementation of the first level professional higher education programmes in Latvia is regulated mainly by the following laws and regulations:

1) **Law on Institutions of Higher Education**, stipulating that "a college is an educational establishment, which implements the first level professional higher education programmes and provides the possibility of acquiring the fourth level professional qualification. The first level professional higher education programme shall be implemented after the acquisition of secondary education. **The time period for the implementation thereof shall be two to three years**" (http://www.likumi.lv/doc.php?id=37967).
2) **Vocational Education Law**, providing that "the first level higher vocational education (college education) – higher level vocational education, which provides a possibility of obtaining the fourth level vocational qualification; the fourth qualification level – theoretical and practical training, which provides an opportunity to perform complicated artisan work, as well as to organise and manage the work of other specialists" (http://www.likumi.lv/doc.php?id=20244).
3) **Regulations on the Accreditation of Study Directions, HEIs and Colleges** (Regulation of the Cabinet of Ministers of the Republic of Latvia No.668 of September 25, 2012) (http://www.likumi.lv/doc.php?id=252142).
4) **Regulations regarding the State Standard for the First Level Professional Higher Education** (Regulation of the Cabinet of Ministers No.141 of March 20, 2001) (http://www.likumi.lv/doc.php?mode=DOC&id=6397_), determining that "the first level professional higher educational programmes (hereinafter – programmes) shall be implemented in an institution of higher education or in a college. The strategic objectives of a programme are to:
   - **prepare a student for work in a specific profession**, promoting the improvement of him or her as a mentally and physically developed, free, responsible and creative personality;
   - **promote the acquisition of knowledge and skills** (also skills for independent learning) that ensures the obtaining of the fourth level professional qualification and promotes competitiveness in changeable socio-economic conditions; and
   - **create motivation for further education** and provide an opportunity to prepare for the second level professional higher education and the fifth level professional qualification.
5) **Professional standards** (www.lm.gov.lv/upload/darba_devejiem/**profesiju_standarti**.).

The summarised information is reflected in the document prepared by the working group "Referencing of the Latvian Education System to the European Qualifications Framework for Lifelong Learning and the Qualifications Framework for the European Higher Education Area" (http://www.nki-latvija.lv/publikacijas/nacionalie-zinojumi).

The document highlights that the first level professional higher education (college) study programmes lead to the Latvian professional qualification level 4. The amount of the programmes is 80–120 CP (120–180 ECTS credit points), and **they are basically intended for the acquisition of a profession**, but the **graduates may continue studies** in the second level professional higher education programmes.

Also higher education cycle descriptors are given in this document. The description of qualification acquired by college graduates is presented in the Table 1.

Table 1

Descriptors of College Graduates' Qualification

Description	Competences relevant for the first level professional higher education (college) diploma include the competences of secondary education graduates and are acquired during professional studies that are organized in close cooperation with the professionals of the respective field.
	In addition to the competences of secondary school graduates, graduates of the first level education programme ARE ABLE:
Knowledge and comprehension	to demonstrate comprehensive and specialised knowledge and understanding of facts, theories, causalities and technologies of the concrete professional field
Ability to apply knowledge	on the basis of analytical approach, to perform practical tasks in the concrete profession to demonstrate skills that allow for finding creative solutions to professional problems
Analysis, synthesis, assessment	to define, describe and analyse practical problems in one's profession to select the necessary information and use it for solving clearly defined problems to participate in the development of the concrete professional field to demonstrate understanding of the place of the concrete profession in a broader social context
Communication	to discuss and provide arguments regarding practical issues and solutions in the concrete profession with colleagues, clients and management
General skills	with an appropriate degree of independence, to engage in further learning, improving one's competences to assess and improve one's own actions and those of other people, to work in cooperation with others to plan and to organise work to perform concrete tasks in one's profession or to supervise such work activities, in which unpredictable changes are possible

The analysis of documents is indicative of the fact that there is sufficient regulatory basis for the first level education in Latvia **where colleges are defined as the institutions of higher education**, which offer **programmes of certain level higher education**.

The first level programmes undeniably have some **benefits**:

- They have a definite position and meaning in the **framework of qualifications** with defined study results in the system.

- Most of them have **professional standards**, which are developed systemically for the acquisition of a certain profession, for example, at the fourth level – environment technician, at the fifth level – environment engineer etc.
- They provide **flexible transfer** (regulated by laws and regulations) **to the second level programmes** and the fifth level professional qualification.
- Ideally short cycle programmes are created as the first stage of a professional bachelor programme that ensures the fourth level professional qualification and **expands the range of opportunities**: to continue studies or to integrate into the labour market.

Analysing the offer of education programmes in 10 European states (http://www.studyineurope.eu/) it is possible to state that:

1) In most European states the term 'college' is not used to describe an educational institution that offers the first level professional higher education programmes.
2) In European states 'college' (*Kolegija* – Lithuania, *University College, Academy of Professional Higher Education* – Denmark, *Polytechnics* – Finland, *University of Applied sciences (Hochschule, Fachhochschule)* – Germany, *College* – Ireland etc.) is an institution of higher education that offers different level education, mainly professional bachelor's and masters' programmes, while in many countries, for example, Germany, Ireland also doctoral programmes.
3) Short cycle, or in our context, college programmes are offered in Denmark (*Academy Professional Higher education).* The period of studies is 2 years; the amount of programmes – 120 ECTS credit points. Having finished studies, a student receives the so – called Academy Profession (AP) Degree. As Danes admit themselves, Academy Profession degree programme (AP Degree) is a higher education programme where both the theory and practice-based approaches are combined. Usually in these programmes, there are fewer students than in universities, as Academies of Professional Higher Education offer a limited number of education programmes. Programmes are realised in close co-operation with entrepreneurs. There is a wide offer of professionals' guest lectures and visits to companies. There is also mandatory 3 month internship in Danish or foreign companies. AP Degree can be compared with the first 2 years of a 3 year bachelor programme. This encourages graduates with AP Degree to continue studies in universities and business schools in Denmark or abroad.
4) Two year (120 ECTS points) professional (Non-degree) programmes are offered in some University Colleges in Norway.

5) The duration of studies in Europe is usually 3 years (180 ECTS). At the end of studies, a student receives a professional bachelor diploma. In the colleges of Ireland, the offer is even more varied: after 1 year of studies the student acquires a Professional Diploma; after 1.5 years – Higher Diploma; 3 to 4 years – Bachelor'' Diploma. There are also programmes of different duration, and after the completion of these programmes a certificate is issued.
6) In Estonia, a college is created as a structural unit of universities, e.g. Narva College at the University of Tartu, Pärnu College at the University of Tartu, Haapsalu College of Tallinn University, Pedagogical College of Tallinn University, Tallinn College of Tallinn University of Technology, Kuresare College of Tallinn University of Technology etc. Colleges also offer professional education, for example, two year social care programme (120 ECTS), one year babysitter programme (60 ECTS) at Tallinn University Pedagogical College.

Communication with cooperation partners in Lithuania and Estonia shows that in these states the first (short cycle) level programmes have not been appropriately developed and regulated. It is reflected in the **Estonian Qualifications Framework** *(EN)* by Külli All and in the **Fifth Level–Lithuania** *(EN)* by Giedre Beleckiene (http://www.nki-latvija.lv/?p=1527). However, the representatives of both states have expressed the opinion that it is important not only to develop short cycle programmes, but also to offer them to the inhabitants of Latvia, especially in border regions (for example, in Valga).

Analysis of Specific Indicators of Programme Quality in the Colleges of Latvia

In order to assess the quality of colleges and their study programmes, the author has set the following tasks:

1) to determine the trend, how many graduates continue studies in the second level;
2) to determine the trend for the integration of graduates in the labour market immediately after the graduation from college;
3) to assess the necessity of academic research in colleges;
4) to assess the programmes of further education/lifelong learning offered in colleges;
5) to assess the international cooperation of colleges, opportunities for student and academic staff mobility;
6) to examine the offer of course modules, also in foreign languages;
7) to examine the existence of quality management system and its specifics in colleges.

In order to clarify the above-mentioned questions, self-assessments and annual reports of 22 colleges in Latvia were analysed. They are published on the website (for 2 colleges self-assessment reports were not available on the website, while for several colleges the latest report was from 2009 or even for 2006; in case of necessity, self-assessment reports of study directions submitted to the Council of Higher Education were used). Also college directors (a questionnaire was sent to the directors of 24 colleges, answers were received from 8 directors) and 280 students were interviewed.

The research suggests that several colleges carefully follow the career of their graduates or how they continue studies; however, in many colleges this information is not gathered.

The analysis of documents shows that college programmes are realised in line with the prospective outputs of the programmes:

1) preparing the graduates for the labour market;
2) developing the graduates for continuing studies by means of further education and lifelong learning.

The main **trends** are as follows:

1) After the graduation from colleges, **approximately 70% to 80% of graduates integrate in the labour market** (in several colleges this percentage is even higher, thus, for example, in the College of Business Administration – 90% of graduates, in Malnava college – 85 to 90% of graduates).
2) Further studies of graduates depend on whether there is a related fifth qualification level programme. **On average, 20% to 30% of graduates continue studies** (in some colleges this rate is higher, for example, in Alberta College they comprise 30–40%, in Riga First Medical School-up to 50%, depending on the specialization).

The fact that college graduates can flexibly choose their future plans deserves positive evaluation. This is also reflected in the survey of students where it was found why students choose to study in the first level professional education programmes or, on the contrary, enrol in bachelor's or second level professional higher education programmes.

154 college students and 126 students of HEIs took part in this survey. An open question was asked to students, "What determined your choice to study in a college programme?" The summary of results is presented in Figure 3.

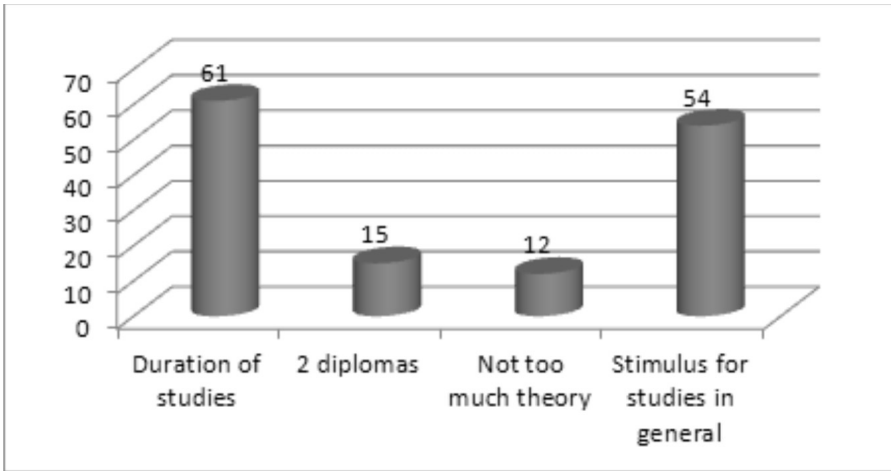

Figure 3. Respondent answers to the question, "What determined your choice to study in a college programme?" Results of questionnaire carried out in 2013

College students admitted that **the main motivator** was **the duration of studies**, i.e. 2 to 3 years, and **studies in a college provided an impetus for education** in general. It was also recognised that practice based professional learning motivates students. Considerable attention is devoted to the research of theory, and also an opportunity to continue studies in the second level to acquire the second education (bachelor or second level professional education diploma) in a shorter period (1.5–2 years).

126 bachelor and second level professional education programme students were asked an "opposite" question, "Why aren't you studying in a college programme?" See the summary of the answers in Figure 4.

Students of bachelor programmes and second level professional education programmes admitted that the main reason for not choosing studies in the first level professional higher education programmes is the low prestige of college education in the society. They believe that employers do not highly esteem college graduates, and do not want to hire them. The respondents wanted to continue studies in a master's programme.

In the previous accreditation of the first level professional programmes and colleges, as well as education institutions, **scientific activities were determined as one of the main quality assessment criterion**, though their implementation has always been a "stumbling stone" for colleges.

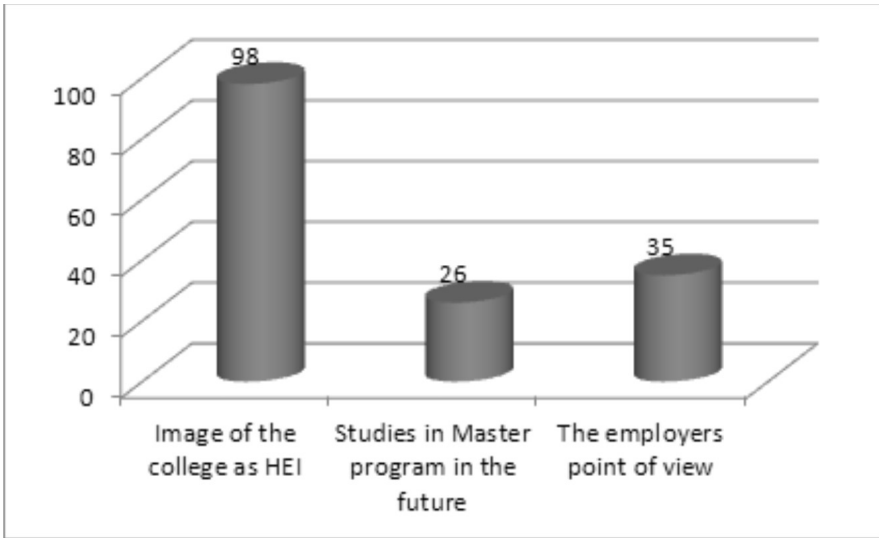

Figure 4. Answers of respondents to a question, "Why aren't you studying in a college programme?" Results of survey carried out in 2013

A paradoxical situation has developed. On the one hand higher education can also be obtained in colleges; colleges are involved in the system of higher education institutions, and thus they **must carry out scientific activities**, but on the other hand colleges are particularly professional education institutions, in which **practical studies could be carried out**. The majority of colleges are working in this direction, mentioning that the highest achievement is **the preparation of the qualification paper**, which in the best case is devised in collaboration with employers, in response to their request. In the worst case, the studies on the same sample theme are "reproduced" year by year. **Scientifically practical conferences of students and academic staff are organised every year**. In some colleges they have become international, while in some colleges these **studies are published in annual journals**. The above-mentioned facts show that **these activities cannot be perceived as scientific**.

The analysis of self-assessments of college programmes is indicative of the fact that for **50% of programmes there are no courses that would provide basic knowledge for academic research** or similar issues. The **courses**, which can be relatively linked to the basis of academic work and the number of credit points (for example, IT and Statistics-1 CP, Sociology-2 CP, Basis of Sociology-2 CP, Introduction to Research-0.5 CP, Introduction to Speciality-1CP) **provide no evidence to qualitative acquisition of research methods and the basis of academic research**, thus even more hindering and making academic research in these institutions impossible.

Weak research skills of college graduates is a considerable stumbling stone for continuing studies at the second level. The author has also experienced this, working with college and university students for more than 10 years.

In view of the above findings, the question arises how to solve this problem?

The answer can actually be found in the Law on Institutions of Higher Education (http://www.likumi.lv/doc.php?id=37967). It does not stipulate that a college should carry out academic research. This is the task of HEIs, academies and universities (further in the text the author's emphasis added):

- **"Institutions of higher education** are **institutions of** higher education and **science** in which academic and professional study programmes are implemented, as well as which are **engaged in science, research** and artistic creation. **In institutions of higher education**, at least twenty per cent of persons elected to academic positions shall have doctoral degrees. In academies, at least thirty per cent of persons elected to academic positions shall have doctoral degrees".
- "Scientific research shall be an integral part of the activities of each **institution of higher education**, and the entire academic staff of **an institution of higher education** shall take part therein in accordance with Section 26 of this Law" [Law on Institutions of Higher Education].
- "**An institution of higher education** shall regularly publish summarising informative materials regarding conducted research, indicating the definite structural units and authors of the research. These materials shall be regularly published on the Internet home page of **the institution of higher education** in the official language and may also be published in other official languages of the European Union".

The solution to this problem has to be reflected in official regulations, for example, in the aforementioned Law on Higher Education Institutions. The author offers two alternatives:

1) To clearly define differences between requirements for the field of research (scientific/practical) in higher education institutions and colleges.
2) To clearly define the place of academic research and its role in college programmes. In this case, it would also be necessary to add basic research skills in other legislative acts, for example, in the professional standards, in the description of skills for the performance of professional activities.

If academic research is defined as a priority of college activities, the requirements for academic qualification of the academic staff must be included in the Law on Higher Education Institutions, which actually **contradict the concept of college as a professional higher education institution**.

The offer of different further education and professional development programmes is one of the main indicators for qualitative functioning of a higher education institution.

The analysis of college activities in 2011–2012 suggests that further education programmes and courses are offered in 13 (54%) out of 24 colleges. The number of programmes and courses is very different: from one professional further education programme, for example *Sales and Management of Residential Property* in Riga College of Law, *Border Protection* in the State Border Guard College, to 45 professional courses of further education in Riga Medical College of the University of Latvia and 323 professional development courses in the State Police College, which were attended by more than 6000 students in 2011. Despite the activities of some colleges in the field of professional development, the offer of further education is one of the weaknesses of college activities.

Another weak point is international cooperation and the mobility of students and personnel. The analysis of college self-assessments shows (see Supplement 2) that only **9 colleges out of 24 (37%)** have involved into **Erasmus** mobility programme, moreover, this **cooperation is mostly unilateral** – Latvian students and academic staff study or have in-service training in partnership institutions of higher education, and **there are practically no foreign students or guest lecturers in these colleges.** In some colleges international experience is acquired through involvement in other projects, for example, *Nord Plus*, as well as **cooperating with similar profile education institutions abroad**, in Lithuania, Poland, Germany, Belorussia, Ireland, Denmark, Norway, Czech Republic, Sweden, Finland, USA, Canada and other countries.

Weak knowledge of foreign languages among college students and academic staff (especially knowledge of the English language) is obviously the reason why **colleges almost do not work on the preparation of course modules (especially in foreign languages)**. Only *Alberta College* can serve as a positive example, where in the study year 2011/2012 the preparation of study courses and modules in English was commenced. By now two modules have been prepared –*Creative Industries* and *Legal Science: Peculiarities of Agreements in the Baltic States*, 4 modules are offered in Accounting and Finance College, 14 models have been devised in the Riga Technical College. Unfortunately, the target audience for the above-mentioned modules is not clear, as well as how many people have completed these modules.

The Quality Management System is one of quality assessment tools in each organisation. The analysis of self-assessment reports shows that **each of 24 colleges uses a QMS**. In most cases it is internal. In the Social Integration State Agency, Liepaja Maritime College, Riga Building College and Latvian Business College the QMS is devised according to ISO 9001 standards, while in Alberta College, according to ENQA standards.

At the end of 2013, the methods for assessment of higher education institutions and colleges were developed (the document has not been officially published, only its draft is available) in Latvia where the above-mentioned quality criteria have been listed as the criteria for the assessment of:

- the academic research of students as a part of study process;
- scientific associations of students;
- topicality of academic research carried out by academic staff;
- the development of internal quality management system (the application of modern technologies) etc.

It means that the specificity of college as an educational institution is not respected in preparing professional employers for the local and international labour market in a maximum short period, leaving scientific research for the next stage – bachelor or master's studies.

Conclusions

To solve the question about the necessity for academic research in colleges, the difference between the requirements for HEIs and colleges in the field of research (scientific/practical) should be determined, or the place and role of academic research in college programmes should be clearly defined. In this case, the research skills should also be mentioned in other normative documents, for example, in the description of skills that are necessary for the performance of professional activities given in the professional standards, but the basis of academic research must also be strictly defined as the knowledge that is necessary for the performance of basic professional tasks. If academic research is defined as a priority of college functioning, then the requirements for the scientific qualification of the academic staff must be included in the Law on Institutions of Higher Education, which actually contradicts the concept of college as an institution of higher professional education.

To facilitate academic research in colleges, the skills at carrying out practical research at a definite level should be included in the list of descriptors of college graduates.

It would be useful to determine the offer of further education programmes as a criterion for the assessment of college quality, as well as the presence of guest lecturers in the programmes of study directions.

One of solutions to the development of the first level professional education programmes and the functioning of colleges as higher education institutions could be the integration of colleges in the institutions of higher education. Structural changes would not only influence the distribution of financial resources from the state, but would also facilitate the provision of study programmes with qualified academic staff, the use of shared facilities and infrastructure. They would promote international cooperation and improve academic research, as well as the export of education.

In the future, it is advisable to create wider consortia of higher education that would appear as voluntary organisations with the aim to use the experience of the best academic staff (including also foreign guest lecturers), the best facilities, implementing the

practices of good governance, developing international cooperation and facilitating the export capacity of the higher education of Latvia.

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CONSIDERING ADVERTISING MODELS THROUGH AN AUTOPOIETIC LENS

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Abstract

Traditional advertising models follow the stimulus-organism-response pattern. As traditional models are being challenged based on recent work in psychology and neuroscience, there is an opportunity to apply an important human behaviour concept from systems theory to the totality of advertising models. The underlying conceptual framework draws upon Maturana and Varela's theory of autopoiesis to evaluate advertising models classified by Vakratsas and Ambler's taxonomy of how advertising works.
***Keywords**: advertising, advertising models, autopoiesis, communications.*

Introduction

According to *Advertising Age*, advertising expenditures in the US continue to grow, e.g. from 2012–2013 up to 2.3%, while from 2011–2012 up to 3.9%. On a global scale, the numbers are also increasing, from 2012–2013 up to 3.9%, while from 2011–2012 up to 3.8%

Clearly, companies see value in advertising and that support is not without merit. Joshi & Hanssens (2010) found a positive relationship between advertising expenditures and the market value of a firm. These effects were both short and long term by nature. The increase in investor response exceeded the expected effects generated by increases in revenues and profits. Overall impact on market value came from firm's advertising and collective advertising of the firm's direct competitors.

Given the perceived importance of advertising, it is essential that firms understand the effect of advertising and advertising elasticity. Advertising elasticity is the change in sales or market share resulting from a 1% increase in advertising expenditures. Assmus, Farley, & Lehmann (1984) completed a meta-analysis of 128 advertising elasticities and found a short term meta-analytic mean of .22 and a long term meta-analytic mean of .41. Almost three decades later, Sethuraman, Tellis, & Briesch (2011) conducted similar analysis of 751 short-term and 402 long-term advertising elasticities and found that elasticities were declining over time with a current short term meta-analytic average of .12 and a long term meta-analytic average of .24.

Given that advertising is becoming increasingly important to firms, while the overall impact of advertising is declining, it is important to consider our understanding of how advertising works. The conceptualization of advertising models goes back to the first stimulus-organism-response (SOR) structure developed by Woodworth (1929). Even though Arora (1982) confirmed validity of the three components of SOR, a causal sequence was not proven. Over recent decades, many different theoretical models of how advertising works have been advanced. These models consider the different ways that consumers process advertising messages. Historically, consumers have been seen as cognitive information processors. Today due to advances in psychology and neuroscience research, which are discussed in a subsequent section of this paper, many different variables, including attitudes toward advertising, are seen as mediating advertising effect on brand attitude and purchase intention (MacKenzie & Lutz, 1989).

Which conceptualization of advertising models will help us best understand how advertising works? Extant research has not provided us a clear answer. Perhaps our consideration should look beyond cause and effect measures and explore dynamic rather than static ontologies. Systems theory might more adequately explain social phenomenon since systems are open to a larger environment. Williamson (1993) helps us build that bridge to systems theory by positing that organizations are systems. We can also look back to classic philosophers. Collectively, Pythagoras, Heraclitus, Thales and Anaximander, among others, argue toward unity that can evolve through numerous combinations of events (Collinson, 1987). This collective idea that everything is in flux is a starting point for a consideration of advertising models based on the systems theory of autopoiesis. To get to advertising models, autopoiesis is discussed as a theoretical concept and through extensions from biological roots through social systems to the external environment encompassing customers and finally arriving at advertising models, which actually re-connect to biological concepts of language and communication.

Review of Major Themes

The works by Pythagoras and his contemporaries were essentially about the nature of change. The ideas which were explored thousands of years ago by classic philosophers have definite relevance in modern times as well. A noteworthy work by the 19th century social scientist Carl Menger discussed the fact that flux and change of social systems are caused by more than simply human interaction – by the system itself (Zeleny, 1980). The basic argument by Menger and his contemporaries was that a social system had a life of its own. However, they did not necessarily state that the system was actually living. For example, a city consists of a group of individuals. While an individual can take actions that influence the city, there are large numbers of variables that act upon one another within the city's environment. As a result, it is difficult to link the specific cause and effect relationship between the actions of individual and the ultimate effect on

the city. There are dynamics beyond the individual that define a system in which the city exists.

The stage was set for Maturana and Varela to put forward and apply to social systems their theory of autopoiesis. The theory of autopoiesis was developed to explain the characteristics of biological organisms. The theory posited that "living beings are characterized in that, literally, they are continually self-producing" (Maturana & Varela, 1992: 43). Specifically, six considerations were identified to assist in identifying an autopoietic system (Varela, Maturana & Uribe 1974):

- Has the system an identifiable boundary?
- Is the system constituted by components?
- Does the system have a mechanistic character?
- Do the components that constitute the boundaries do so from their own mechanisms?
- Are the components of the boundary produced by the mechanisms of the system either by transforming a substance brought in from outside the boundary or by transporting the previously produced components?
- If all other components of the system are also produced by interactions of its components, and those which are not produced by the interaction of other components participate in the production of other components, then an autopoietic system exists in the space where its components exist.

These six considerations are directed to a biological framework where a living entity is structurally closed and any changes in the structure maintain the organization that defines the living entity. A living entity is considered autopoietic if circular self-producing processes characterize it.

The theory of autopoiesis has been applied to many different fields of study, including governance (Dunsire, 1996; Kooiman, 2003), law (Teubner, 1987; Ladeur, 1999), and psychology (Kaplan & Kaplan, 1991). In terms of relating autopoiesis to social systems, it is important to consider two of the six considerations in more detail, the issue of self-production and that of living versus non-living system characteristics. Self-production refers to the idea that the components of a system contribute to the production of the same components that constitute the system. The result is a circular organization where the outputs of the system are its own inputs (Mingers, 1995). Some entities, like manufacturing plants and robots produce things but they do not produce themselves and, therefore, do not conform to the definition of self-producing. Autopoiesis also describes the difference between living and non-living system characteristics (Maturana & Varela, 1992). The challenges of classifying artificial intelligence notwithstanding, a living system exhibits several characteristics including a physical presence, a sense of perception of its surroundings, and the ability to function independently. These ideas

open the concept of autopoiesis to criticism to being analogous to either social system or organizations.

Luhmann (1995) applies the idea of autopoiesis to social systems and looks beyond the biological context. Luhmann considers the relationship between life, consciousness, and communication. His writing considers the idea that relationships between humans and social systems can only be properly examined as environments for one another. Business functions can also be considered systems (Levens, 2012). These business functions as a part of a broader organization have been considered by Kickert (1993) who posited that autopoiesis could change the current perspective of the relationship between organizations and their environments and Liang (2001) who argued that organizations could be considered to be adaptive, complex and non-linear. Zeleny (2001) believed that an organization would reshape its own connections in the business value chain to adjust to the environment, including competition.

Morgan offers an autopoietic metaphor, which is the easiest of all the concepts reviewed, for application to organizational behaviour. This is due to the fact that the concept is metaphorical by definition. A strict application of autopoiesis as a biological phenomenon causes a host of philosophical debates on whether an organization is living or self-producing. Incorporating autopoiesis as one of his *logics of change*, Morgan offers a frame of reference that examines how organizational life is formed and transformed by processes with logic of their own (Morgan, 1997). Morgan acknowledges the reservations that Maturana and Varela have about extending the autopoietic model to social systems and, indirectly, organizations. Morgan considers three "intriguing implications for our understanding of organization" (Morgan, 1997: 217). These include the concept that an organization has a relatively closed relationship with its environment; it faces problems defined by its organizational identity, and organization's relationship to its environment influenced by evolution, change, and development. Extending the metaphor from the biological individual to the organization, Morgan claims that it is essential to understand the patterns that exist between an organization and its environment. To understand these patterns, several concepts beyond autopoiesis and the extent of this paper need to be considered. These concepts include chaos theory, mutual causality, and the logic of dialectical change. In the final analysis, Morgan (1997) explains that rules and patterns emerge but that they can only emerge in hindsight.

Theoretical Debate on the Concept of Autopoiesis

The differentiation between many viewpoints on autopoiesis starts with the idea that living beings are characterized as continuously self-producing. The question of a social system and organization could include both living and non-living elements, e.g. people and ideas. As opposed to Maturana & Varela (1992), Luhmann (1995) views social

systems and organizations as non-physical and non-living in nature. Higher level communication is the central element of Luhmann's work and he draws a distinction between the system and the environment, placing people in the latter. Luhmann's idea that an autopoietic system exists without people as a direct part of the system marginalizes the role of intelligence of choice by the individual. Accepting this separation of the individual from the system impedes the application of autopoiesis to organizational theory.

While Maturana's & Varela's (1992) criteria for identifying an autopoietic system are often extended to social systems, Maturana and Varela do not believe in direct application to social systems and organizations. Morgan has no problem with extending the autopoietic models to the organization through metaphor. Morgan's work is not necessarily challenged in substance but by the nature of metaphors. Even though Morgan cautions regarding the study of metaphors "the aim is to open a dialogue and extend horizons rather than to achieve closure around and all-embracing perspective" (Morgan, 1997: 4).

The theory of autopoiesis is not without its critics. Scheper & Scheper (1996) argue that the theory of autopoiesis cannot be empirically examined because the system is unobservable and, thus, lacks scientific value. Others criticize the identification of boundaries of the autopoietic system and suggest that a paradox could exist if autopoiesis is, in fact, a self-contained system yet includes people and ideas that might belong to more than one system. This could be the case in a business alliance between two companies or where an officer from one company serves as a board member of another company. It could also occur when customers choose different brands at different times from their evoked set of choices. While considering the criticisms, it is perhaps most appropriate to think of the theory of autopoiesis as a theoretical paradigm as opposed to a unifying theory (King, 1993).

Extension to the External Environment

As we look at the external environment outside an organization, the theory of autopoiesis presents many profound implications on relationships between consumers and organizations. As autopoiesis is reflexive self-determination, both consumer and organizational systems can be considered autopoietic. The motivation to earn profitable returns lies at the heart of organizations while consumers can respond to organizational actions by expressing their values through purchase decisions by attaching utility to various offers.

Foerster (1984) argues it is the knowledge acquired by observation and interpretation that is central to the concept of autopoiesis. It is these observations and interpretations, along with the reality of condition, that allow consumers to create an enacted environment (Smircich & Stubbart, 1985). An enacted environment is not built on the idea that an organization adapts to its environment but that they co-evolve (Beer, 1972).

This co-evolution is based on joint learning through cognition among groups of individuals and not at the individual level (Bouncken, 2008). It is more akin to market behaviour as opposed to individual consumer behaviour. Comprising many self-organized individuals, a market engages in higher order generalizations and continuous learning. A market, in the context of a particular organization, possesses its own logic but can be considered cognitively open to other markets (King, 1993).

Marketing facilitates relationships between organizations and consumers in the external environment. Autopoietic theory has been applied to several aspects of marketing, including brand management (Keane, Trueman & Wright, 1999), consumer behaviour (Hurtado & Landeck, 1999) and service science (Alter, 2008; Mele, Pels & Polese, 2010). Brand management may be one of the most natural applications of autopoiesis as marketing practitioners often refer to branding as business DNA. Keane, Trueman & Wright (1999) argue that an autopoietic system could reshape a network within the value chain resulting in the creation of brand equity. This equity then serves as a critical connection, and adaptive system, between the organization and consumers. Applying autopoietic theory, the evolving connection and the resulting structural states, rather than problem solving, are the basis for consumer behaviour. Although advertising is a major influence on brand equity, there has been little work done regarding autopoiesis and advertising models.

Characterization of Advertising Models

Starting with the hierarchy-of-personal-selling model developed in 1898 and its advertising extension (AIDA), in 1900, the study of the stages of purchase behaviour and their underlying mechanisms began (Weilbacher, 2001; Hall, 2002). The AIDA model, representing attention-interest-desire-action, considers cognition as the precursor to the processing of information. Cognition translates into affect that then leads to behaviour (Hall, 2002). Applying the AIDA model, exposure is intended to initiate product or service trial by placing a specific brand in the consumer's head and keeping it there through the advertising process (Hall, 2002).

Frey (1947) first articulated the mental steps that consumers move through in their purchase decision and suggested that marketers should consider the following: (a) attract attention to the consumer message, (b) endow the consumer message with qualities that will hold the interest of prospective consumers, and (c) present the message appeal in such a way that it will lead to consumer acceptance and consumer-preference for the product. Frey's work, as well as AIDA and its derivatives are, essentially, hierarchy-of-effects models.

Hierarchy-of-effects models were not challenged in academic journals for many decades (Weilbacher, 2001). There had never been an alternative model advanced. However, several shortcomings of hierarchy-of-effects models existed, including singular effects

of advertising, competitive hierarchical interactions and lack of validation (Weilbacher, 2001; Barry, 2002).

A hierarchy-of-effects model argues that the consumer decision process is initiated by advertising. The idea that a single message can propel a consumer through the entire awareness to action process seems to be simplistic. Consumers continually interact with an advertising message, a collection of messages and other market factors to make purchase decisions. However, the hierarchy models do not articulate how consumers move from one phase to another and therefore the model can be challenged (Weilbacher, 2001).

Four points argued by Weilbacher (2001) advance the lack of validation of hierarchy-of-effects models: (a) hierarchy-of-effects models do not consider most non-media activities such as sponsorships and cause marketing, (b) hierarchy models are based on largely discredited behaviourism theories that are simplistic cause and effect linear relationships, (c) hierarchy models consider effects similarly for all advertising, and (d) hierarchy models can be measured but that fact by itself does not confirm that the construct is proven true. Those who support a hierarchy-of-effects model recognize that the model can be considered simplistic and intuitive. Barry (2002) points to several strengths of the model: (a) the model helps predict behaviour regardless of how imperfect the model itself is, (b) the model provides information on where marketing strategies should focus (cognition, affect, and conation) based on audience and (c) the model provides a good planning and training tool. The foundation of the protagonist's argument is that the power of message communication is not fully understood and that the hierarchy-of-effects provides a basic framework to facilitate further study.

Essentially, advertising transfers information to consumers. People then process that information, value the information, and then take action (Barry, 2002). Each type of advertising has objectives – the goals of influencing perceptions, attitudes, and behaviours. The hierarchy model is argued by many to be relevant, but possibly not sufficient, for any of these forms of communication.

In recent decades, many different theoretical models of how advertising works have been advanced. These models consider the different ways that consumers process advertising messages. Most follow the stimulus-organism-response structure identified by Woodworth (1929). Many of these models can be grouped into broader categories. Vakratsas and Ambler (1999) developed a robust taxonomy of the many different theoretical models by completing a meta-analysis of over 250 books and articles published since 1960. They classified the models into seven categories:

- market response models;
- persuasive hierarchy models;
- low involvement hierarchy models;
- integrative models;
- cognitive information models;

- pure affect models;
- hierarchy-free models.

Market response models test the direct impact of advertising on purchases without considering intermediate effects. These intermediate effects include cognitive changes such as knowledge and beliefs, affective changes such as emotion, and experiential changes (Xia & Monroe, 2005). Persuasive hierarchy models involve a hierarchical process where learning influences preference. AIDA is an example of this type of model. Low involvement hierarchy models are hierarchical models relating to convenience goods where preferences are formed after purchase or usage. Low involvement acts much like hypnotic suggestion and links to brain pathways that are already formed (McDonald, 2002). In contrast, high-involvement conditions involve a cognitive and verbal process that reaches deeper levels of information processing (Chebat, Charlebois & Gelinas-Chebat, 2001). Some high involvement situations may be considered non-verbal, emotional and even metaphorical (Brace, Edwards & Nancarrow, 2002). Integrative models are similar to the hierarchical models but follow a non-sequential process. Cognitive information models emphasize the pre-purchase search effort where advertising can reduce search costs. This particular set of models assumes rational decision-making (Xia & Monroe, 2005). Pure affect models posit that advertising can influence media users through repeated exposure or emotion without intermediate cognitive effects.

Hierarchy free models are a small collection of models that discount the persuasive view of advertising. While this category is essentially an "other" group in Vakratsas's and Ambler's taxonomy, this happens to be the area where much of the philosophical work is contained. For example, some theories in this classification consider advertising to be part of a brand totality. Vakratsas and Ambler (1999) cite the case of New Coke beating the original Coke in product attribute tests but suffering in the marketplace where original Coke was established. The influence of neuroscience is explored in this category, particularly the concept that the brain accepts and processes information in parallel form. The interconnectedness of biological systems in the human body and the complexity of the way that the human brain processes information are argued by Vakratsas and Ambler (1999) as rational to consider hierarchy of effects arguments as "deeply flawed" (Vakratsas & Ambler 1999, p. 35).

While arguments on each side of the hierarchy-of-effects debate continue, advances in other scientific disciplines may make the debate moot. Modern psychology and neuroscience research are converging to explore the role of emotions in forging brand attitudes. The convergence also is explaining the role of cognition and how it functions in the minds of consumers (Hall, 2002). The result is a better understanding of how consumers think and feel.

As the complexity of the human brain is being increasingly studied, the viability of a well-ordered linear model to explain the processing of information does not appear possible. Information about a single subject is stored in different parts of the brain, processed and organized to satisfy consumer needs at a specific time in a specific experience context (Weilbacher, 2001). The processing of even a basic task accesses a multitude of different brain areas.

In the instance where one thinks about a specific brand, a variety of information is instantly accessed. This information includes past brand experience, if relevant, and all the advertising that can be recalled (Weilbacher, 2001). In addition, this information is processed in conjunction with existing attitudes, beliefs, and values, each of which can dramatically enhance or reduce the potential for a purchase decision.

As has been discussed, the traditional advertising perspective is focused on a one-way communication model. The advertising is presumed to deliver all context and meaning although consumers are left to interpret messages and construct meaning (Proctor, Papasolomou-Doukakis & Proctor, 2002). This view does not consider the information processing responses of the consumer as messages are interpreted (Proctor, Papasolomou-Doukakis & Proctor 2002). Several postmodern approaches, however, do consider the processing of information. Instead of the traditional method of focusing on the utility of a product, postmodern approaches consider the relationships in the context of consumption (Proctor, Papasolomou-Doukakis & Proctor, 2002).

The Memory/Affect/Cognition (MAC) model argues that advertising stimuli is filtered to access memories of past experiences of trial and a wide range of associated information. There is an ongoing exchange of experience and memory, which can result in new knowledge held in memory (Vakratsas & Ambler, 1999). Meyers-Levy & Malaviya (1999) developed an integrative framework for persuasion and judgment formation. Three potential responses to advertising exposure are noted: a purposeful systematic approach, a less rigorous heuristic approach or an experiential processing strategy where judgments are based on the experience of the processing action.

A postmodern approach that addresses the role of cognition as currently understood and the relationship between consumers and brands is actually a reverse-hierarchical model (Hall, 2002). The Perception/Experience/Memory (PEM) model includes three critical characteristics: (a) cognition is subjugated to emotions, feelings, affect, and experience throughout the process, (b) perception is a dependent variable influenced by advertising and prior experience, and (c) multiple feedback loops relate perception and advertising at each stage of the process. Within the PEM model, there are three critical functions of advertising exposure, including pre-experience exposure, enhancing experience, and post-experience exposure (Hall, 2002).

The pre-experience phase emphasizes the role of advertising through framing perception. This framing creates brand expectation, anticipation, and rationale for the anticipation (Hall, 2002). Cognition enters the process only as a third-order effect after

anticipation and expectation (Hall, 2002). Thus, if advertising provides no story then a consumer will create one. The enhancing experience phase emphasizes the role of advertising as enhancing the sensory experience (Hall, 2002). The element of social experience can be enhanced both before and after the experience through advertising.

The post-exposure phase has the function of arranging memory. Cues are provided to access memory and evoke imagery from marketing communication (Hall, 2002). While reacting to a brand message, a different part of the brain recalls the actual message from the part that recalls the brand (Hall, 2002). Just as with pre-experience advertising, if an individual is not given a reason-to-believe, a consumer will create one.

The PEM model recognizes the complexity of how the brain processes advertising and allows for a much more interactive multi-causal set of relationships to be considered. The role of emotion and the recognition that cognition is a lower order variable are defining characteristics of the PEM model that makes it consistent with modern principles of psychology and neuroscience. It also amplifies consumer experience after consumption but before judgment and involves the belief that past experiences have been influenced by advertising (Braun. 1999).

Discussion

Leading genomics scientist C. Robert Cloninger pronounced, "We tend to think in terms of separate things operating causally in linear sequence. But that's not an accurate picture of the way biology works" (an interview with Natalie Angier for the *New York Times* in 2000). Since consumer response to advertising is a biological process, it would make sense that accepted advertising models would be consistent with contemporary understanding of biology, including the principles of the theory of autopoiesis (Angier, 2000).

When the effect of advertising is considered, using the principles of autopoiesis, then the circular relationships and feedback loops become apparent. Any action cannot be assumed to occur in isolation, and the impact can often be unintended. A systems pattern has to be understood as a whole and as processing logic of its own. It cannot be understood as a network of separate parts (Morgan, 1997). This reinforces the idea that complexity in a system belies simply a cause-effect relationship.

Maturana & Varela (1992) argue that the brain is closed, autonomous, circular, and self-referential. The brain does not process information from an environment as an independent domain and does not represent the environment in memory. Rather it establishes and assigns patterns of variation and points to reference as expressions of its own mode of organization. The brain organizes its environment as an extension of itself. Maturana & Varela (1992) along with Foerster (1984) address issues of simultaneous observation and production within the context of advertising. Underlying the advertising process is the idea of human communication where knowledge is actively transferred between individuals and through varying interactions and articulation (Watzlawick, Beavin & Jackson, 1967).

While there is significant abstraction of the theory of autopoiesis throughout this paper, and the discussion has expanded from biology to social systems, and further to organizations, external environment, marketing and advertising models, there is a concept that can be drawn directly from biology to advertising models. Maturana & Varela (1992) characterize a linguistic domain based on interactions from structural coupling. These interactions underlie communication which can take many forms. Luhmann (1995) contends that communication fuels the reproduction of social systems. Communication is considered at a different level than conversation by adding thoughts and actions to the concept (Mingers, 1995). While valuing the collective thoughts and actions of people, Luhmann considers people, themselves, as not directly consequential to an autopoietic system. Luhmann also argues that if one views communication as a synthesis of the concepts of information, utterance and understanding, then successful communication requires understanding. Advertising models are concerned with successful communication and with increasing research being focused on advertising context and the proliferation of feedback loops between organizations and consumers created by social media growth, an autopoietic lens is appropriate to consider.

Conclusions

The value of extending the concept of autopoiesis to advertising models includes forgoing the idea that there is a separation between an organization and its environment. The true learning for organizations from this analysis is that the nature of advertising cannot be understood separately from consumers and organizations. After considering a variety of interpretations of the autopoietic model, it becomes apparent that while a metaphorical model is the easiest to understand, it does not delve deeply enough into the behaviour of an actual organizational system. The contradiction comes from Maturana and Varela, et al. arguing that autopoiesis cannot be directly applied to social systems. Even assuming away the philosophical debate on extending the autopoietic metaphor to organizations, boundary definitions remain a contentious and unresolved matter. Just ask the many avid sports fans that don their lucky jersey or magic pair of socks while watching their team try the winning field goal or last second free throw if they are part of the autopoietic system and can influence the results of the game. Clearly, there are paradigms to be challenged regarding the relationship between organizations and consumers. In fact, as with some hierarchy free models where advertising is considered to be part of a brand totality, it is conceivable to view consumers to be part of the DNA of organizations. The nature of a symbiotic relationship between an organization and consumers and how change can be affected could serve as the basis for continued research. Similarly, postmodern advertising models such as MAC and particularly PEM that acknowledge the critical role of experience in the advertising process deserve continued study from the perspective of the theory of autopoiesis.

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THE INFLUENCE OF ACADEMIC RESEARCH ON INDUSTRY PRACTICE WHEN DEVELOPING MULTI-COUNTRY MARKET SEGMENTATION METHODOLOGIES

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Abstract

Understanding the distinct consumer segments in the marketplace has long been an important objective of marketing strategy. While market segmentation methodologies can be many and varied, there are some experiential practices to be considered in order to develop a robust model. Multi-country market segmentation adds tremendous complexity and also provides great clarity to the primacy of needs-based segmentation. Traditional multi-country segmentation considered demographic or geographic criteria and human behaviours to determine country segments. Contemporary multi-country segmentation has integrated knowledge from consumer psychology and cultural anthropology with the assertion that statistical modelling can support cross-border model construction. Considering the methodologies proposed by some of the world's leading segmentation providers, it is clear that academic theory has been only slowly finding its way into industry practice.
Keywords: *segmentation, global marketing, marketing strategy, segmentation methodologies.*

Introduction

As business sectors experience increased commoditization and global economic challenges remain, the efforts of marketers to expand share have not diminished. To accomplish share growth, many businesses choose to segment consumers based on a wide range of criteria. Segmentation of a mass market can create marketing efficiencies while still enhancing business performance. This paper considers a variety of qualitative and quantitative segmentation methodologies that can be used both in a single country as well as across borders. The initial literature section introduces the concept of global marketing, integrates the idea of culture, and develops a basic framework for market segmentation. A more detailed discussion on multi-country market segmentation methodologies in subsequent sections is then possible. Extant research on international segmentation is presented and criteria from that research are used to evaluate proposals

by leading global segmentation vendors. Seven large research suppliers with international capabilities offered approaches for a multi-country segmentation project for a Fortune 100 company that was to include the US, Canada, and the European Union. Gaps between the extant research and proposals are presented individually and aggregately.

Global Marketing Management

Traditional marketing strategy is founded on the tenets of the 'marketing mix' or '4 P's' of product, place, price, and promotion. International marketing addresses the elements of the marketing mix as well as additional issues such as geography, culture, legal and business environments, and political and economic realities. The essence of international marketing is reflected by understanding the global marketing strategy and adopting a global marketing orientation (Hassan, Craft & Kortam, 2003). Global marketing strategies are intended to create marketing efficiencies by emphasizing four elements (Kumer & Nagpal, 2001):

- cost efficiencies resulting from minimized duplication of efforts;
- opportunities to transfer products, brands, and ideas throughout various countries;
- emerging global customers;
- stronger links between country marketing infrastructures that supports development of a global structure.

Zou & Cavusgil (2002) identify three primary perspectives on the execution of global marketing strategies, which include the standardization perspective, configuration-coordination perspective, and the integration perspective. Firms that develop common marketing programs across various countries practice the standardization perspective. Standardized high-quality and low-cost products are created to establish economies of scale that can lead to an efficient servicing of consumers in different consumer markets around the world. A uniform pricing policy, standardized promotional and advertising strategies as well as consistent distribution are all reflective of standardization (Wasilewski, 2002).

The configuration-coordination perspective focuses on the value-chain activities of a company. This strategy is intended to take advantage of synergies in different countries as well as any comparative advantages that exist between markets (Zou & Cavusgil, 2002). The economic concept of specialization figures prominently in this perspective.

The integration perspective considers how competitive actions are developed and implemented across country markets (Zou & Cavusgil, 2002). Activity in international markets that allows for cross-subsidization is a core concept of the integration perspective (Zou & Cavusgil, 2002). Ubiquity in major markets can cause competitive responses moving from one market to another focusing on competitive advantage and

effectiveness in competition. Market integration can facilitate such responses through low trade barriers.

Considering each of the previously mentioned perspectives can lead to a more unified definition of global marketing strategy. Global marketing strategy can be defined as the extent to which a company standardizes its marketing mix strategy, coordinates its marketing initiatives, and integrates its competitive actions in country markets while predicating such strategies on the broadest possible market information. Ultimately, global marketing strategy connects the marketing mix efforts to brand management. The connection of the brand to multiple country consumer markets requires consideration of one specific international marketing variable: culture.

Hofstede's work on culture supports this paper on two levels. Just as culture influences marketing strategies, it also influences the design of international market segmentation models and Hofstede has been one of the leaders in this field. Another influence of Hofstede's work is an understanding of the importance of values as an essential component of segmentation analysis (Hofstede, 1980).

Market Segmentation Philosophy

The concept of market segmentation has long been identified as a core element of marketing management. Following Frederick's initial work in 1934, Wendell Smith published an influential paper on market segmentation in 1956 titled "Product Differentiation and Market Segmentation as Alternative Marketing Strategies" (Goller, Hogg & Kalafatis, 2002; Fennel & Allenby, 2002). Smith defined market segmentation as "viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of customers for more precise satisfactions of their varying wants" (Wedel & Kamakura, 2002). Product differentiation was identified as a collection of marketing strategies implemented to address the actions of a brand competitor (Fennel & Allenby, 2002). Market segmentation was introduced as a broader concept that links marketing strategies to an understanding of the variety of wants that individuals bring to a market (Fennel & Allenby, 2002).

The idea of market segmentation has evolved to refer to a search for groups of individuals with similar market responses (DeSarbo, 2001). These responses are consistent within a particular group but different from other groups (Lerer, 2002). Market segmentation is often referred to as simply segmentation, which has both marketing and research implications (Fennel & Allenby, 2002). Segmentation is, essentially, the division of consumer markets into meaningful and distinct customer groups (Levens, 2012). In order to qualify as a true segment, Dexter (2002) argues that a group must meet several criteria:

- a homogeneous set;
- a critical mass;

- core similarities of attitude, behaviour, and economics;
- different from other segments;
- robust and replicable over time.

Segmentation is not about explaining why users of various brands are different. Segmentation involves identifying groups of people in the market that differ in the behaviour with respect to services, products, brands, categories (Wedel & Kamakura, 2001). The same groups of people should be sensitive to marketing mix variables and indicators such as socioeconomics, demographics, psychographics, and lifestyle that are considered to relate to consumption behaviour (Wedel & Kamakura, 2001). The most valuable segments can then be targeted by marketing activities and loyalty cultivated (Reinartz, 2002).

The most basic form of market segmentation is to use cross tabulation of demographic or psychographic variables. Pre-defining the assignment of a consumer into a segment is called *a priori* segmentation (Sambandam, 2001). Segments are typically more complex and this type of segmentation is seldom sufficient. Typically, segmentation must be completed after the collection of data.

The application of segmentation in marketing situations has moved brands from the quest for variables that describe wants that arise in the course of typical life to describing how individuals respond to the market (Fennel & Allenby, 2002). As segmentation focuses on the choice sets that consumers are presented, as opposed to the conditions they experience, the concept has expanded from the task of identifying motivating conditions to support marketing strategy to identifying groups that respond similarly to marketing actions (Fennel & Allenby, 2002).

After considering the basic philosophy of global marketing and market segmentation, the premise of a market segmentation model should be evaluated. There are a variety of perspectives on the role and viability of market segmentation. Some challenge the relevancy of segmentation in a consumer market where there really are no needs; only wants. Others challenge the value of completing the segmentation exercise based on common practice. Still others place segmentation as the cornerstone of all marketing planning.

Ultimately one question can be asked to judge the viability of segmentation for a company. “What will happen to my business if I decide to do this (segmentation)?” (Gibson, 2001). The understanding of market segment composition, size, and associated classification information is not relevant unless it is possible to understand how segments would respond to different marketing mix plans.

Discussion of the Components of Market Segmentation

Market Segmentation Models

There are several forms of segmentation and the form chosen has significant implications on the potential for effective implementation. These forms span the range from basic product segmentation, demographic segmentation, and psychographic segmentation to more complex needs-based segmentation and values-based segmentation. Product segmentation can be the easiest segmentation process to complete. The characteristics of cars, packaged goods, and furniture can all be used to form groups. The problem is that company lore and tradition rather than consumer perspective could form the groupings.

Demographic and psychographic variables can also be used for segmentation but still could not reflect the consumer perception. A company could believe that they have one brand of product that appeals to consumers of a particular age group and another brand appealing to another age group. In reality, the products could be appealing to the same groups or groups of people and advertising could be misdirected and competitors misidentified. An example of an inappropriate demographic segmentation scheme could be in the area of service behaviour. Some marketers could believe that consumers that own a product of a certain age would most likely return to the purchasing location for all services and that after the typical warranty ends the consumer would then move to more inexpensive locations for service. Segmentation research could reveal that there are groups of consumers that return to the purchasing location no matter how old their product is and others would not go to the purchasing location under any circumstance.

Grapentine & Boomgaarden (2003) identify two primary segmentation types that are based on consumer perspectives – needs-based segmentation and values or behaviour-based segmentation. Values-based segmentation is clustering on derived conjoint or choice model utilities. Needs-based segmentation is clustering on claimed motivations for selecting one product or service over another. The selection of one methodology does not preclude the inclusion of other variables that are prominent in competing methodologies. A needs-based segmentation model could be employed to identify distinctive groups but the groups could then be classified by demographic, psychographic, and behavioural characteristics. The difference is that the segments do have some overlap in the classification variables such as segment one and two are both primarily females between the ages of 25–54 but the product-needs are completely different.

An application of needs-based segmentation can seem obvious for consumer packaged goods, products where product development can operate in small number of months to respond to a market opportunity. There is extensive use, by many consumer package good companies, of the syndicated life stage classification model called PriZm (Soper, 2002). PriZm, developed by Claritas, divides postal codes into 16 broad groups based on life stage and income, which is overlaid on lifestyle interests.

The question remains "can needs-based segmentation be relevant in other sector such as the pharmaceutical market with 12–15 year development cycles?" In the pharmaceutical market, annual growth has averaged 10% over a decade (Greengrove, 2002). This could lead one to believe that marketing has been optimized. Further examination reveals that innovation has supported this growth. Since new drug introductions have been declining and generic drug introductions increasing in recent years, differentiation is becoming increasingly important (Greengrove, 2002). Given this fact, needs-based segmentation plays a critical role. Figure 1 represents a consumer segmentation model that links demographics to attitudes and behaviours. Figure 1 also acknowledges other mitigating factors like life stage, marketplace and culture.

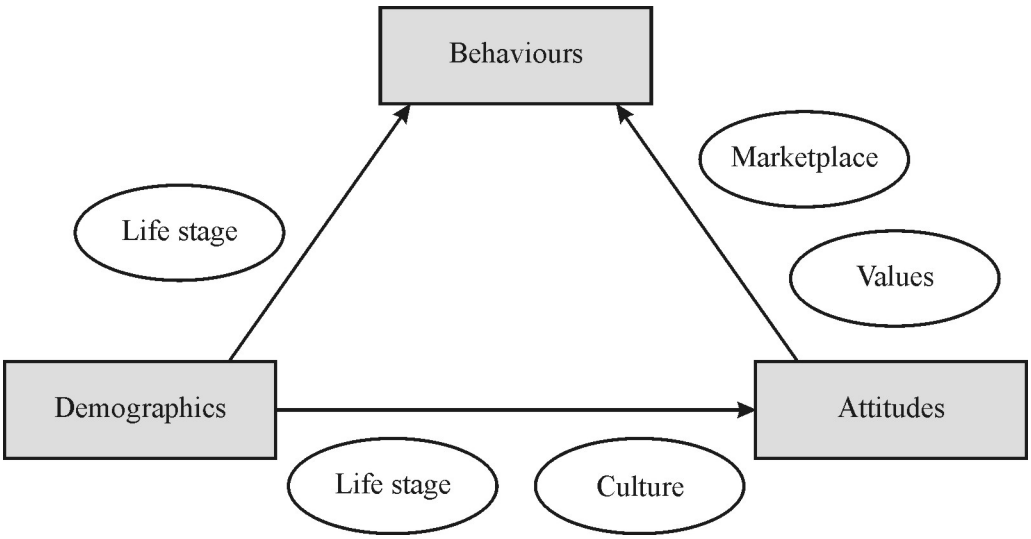

Figure 1. Dynamic segmentation model

Qualitative Techniques

There are varieties of basic qualitative research techniques that can be used to begin the process of segmentation. The appropriate technique depends on the scope of the project, the capabilities of the moderator, project timeline, and funding. Focus groups, one-on-one interviews, and in-home anthropological research can provide a strong basis to begin the segmentation process. The next step is to set up the quantitative phase. Exploration of attributes and beliefs are typical results of qualitative work. The means to those ends can be very simple or they can be more sophisticated.

Means-end chain theory provides a sophisticated framework. The means-end chain creates a link between tangible attributes and the individual and societal needs of consumers, including benefits and values (Vriens & Hofstede, 2000). Attributes are

relevant if they allow consumers to achieve specific benefits. A benefit becomes important if the consumer has a higher need for the benefit. The values of the consumer are of the highest order. Figure 2 illustrates the relationship between attributes extending from needs, which are based on values for SUV's.

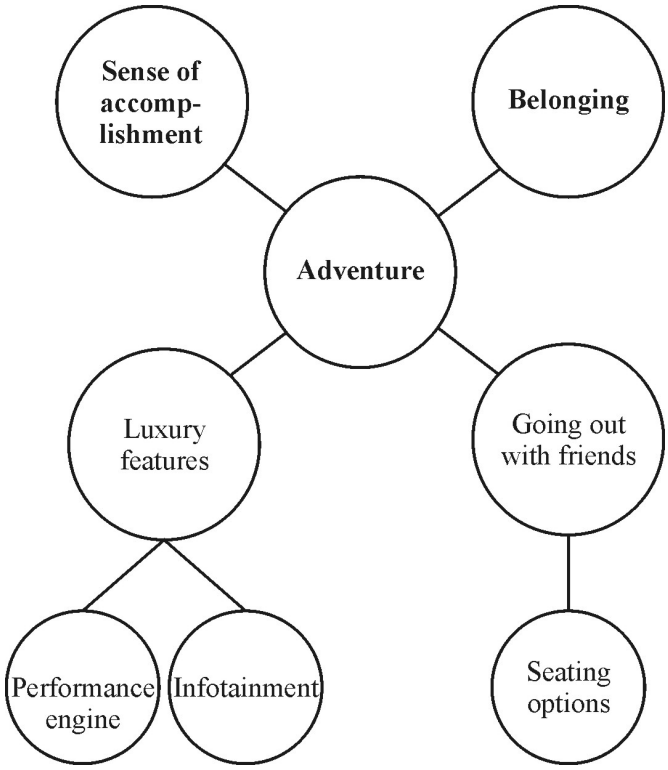

Figure 2. Means-end chains for luxury vehicle ownership

Means-end chain information is obtained through a qualitative technique known as laddering. The laddering process involves a series of one-on-one interviews, typically 30–40. An attribute statement, possibly obtained from a brand tracking study or from previous qualitative work, is inquired as why that attribute is important. A series of benefits develop and are interrogated through continued questions of why the respondent feels as he or she does. Ultimately a personal value such as security or enjoyment is communicated. Lynn Kahle identified nine values relevant for consumer behaviour and each of these can be considered in the qualitative process (Vriens & Hofstede, 2000). There are global opportunities for operating at the values level. The research is indicative of the following universal values:

- being well-respected;
- excitement;

- fun and enjoyment in life;
- security;
- self-fulfilment;
- self-respect;
- sense of accomplishment;
- sense of belonging;
- warm relationships with others.

Laddering to determine means-end chains does have limitations. Large-scale projects can make it difficult to identify representative samples. The skill level requirements of the qualitative researcher are considerable for this technique to be successful. These factors influence both the cost and project timeline, and can make the project untenable.

Quantitative Techniques

Cluster analysis is the most popular quantitative methodology for identifying segments. There are a variety of clustering techniques that can be grouped into two broad categories: hierarchical and non-hierarchical (partitioning) methods.

Sambandam (2001) articulates the hierarchical clustering process in detail beginning with the idea that each observation is a cluster. Observations are plotted and a group of near observations forms clusters. Each subsequent observation is then assigned to a cluster based on its proximity to the nearest cluster. The optimal number of clusters can be determined by considering standard measures of fit (cubic clustering, pseudo-f, and pseudo-t-squared). There are some hierarchical techniques that begin with all observations considered as one cluster and then work is done to break into sub-clusters.

Non-hierarchical techniques use random observations that act as seeds for a set number of clusters. These seeds serve as cluster centres, and as new observations are introduced, new centres are calculated. Babinec (2002) explains that K-means is the non-hierarchical clustering technique most used by research practitioners. This is so because K-means does not require calculation and storage of the distances between objectives and can be used with a large number of records. K-means starts by specifying K segments along with a guess for the initial cluster centres. Each case is assigned to the nearest cluster and the cluster centre is recalculated. The within-cluster variance is improved but the algorithm does not consider all possible assignments of cases to clusters.

Babinec (2002) identifies drawbacks to K-means. The number of clusters must be specified and the adjustments are biased to larger values of K as the within-cluster variance is minimized with more clusters. The initial set of cluster centres must be estimated although this can be improved by trying to identify K along with cluster centroids. It is also difficult for K-means to find a clustering solution that identifies a

homogeneous market segment while also obtaining a good explanation of an exogenous response variable (Brusco, Cradit & Stahl, 2001).

Babinec (2002) also identifies that a numerical scale of variables is also required. A linear transformation on one or more variables will create a different assignment of variables. Those variables with larger variances will take priority in the solution. K-means can marginalize outliers. Mixed scales do not work under K-means, only internal or ratio scaling. K-means assumes that variables in the analysis have equal variance and zero correlation. If this is not the case then K-means cluster will fit a spurious cluster.

Other heuristic methodologies include the Q-factor and R-factor analyses which are based on correspondence analysis (Vriens & Hofstede, 2000). Conjoint segmentation uses attributes as the basis for segmentation. Levens (2010) used conjoint segmentation based on attributes and concept approval ratings when developing the idea of lifestyle bundles. Stanford VALS (Values and Life Styles) approach uses values as a basis of segmentation (Vriens & Hofstede, 2000).

A combined method of R-factor and cluster analysis is also used when conducting both international and single market analysis. According to Steenkamp & Hofstede (2002), this two-stage procedure involves a set of items being reduced to a subset of factors. The scores of the objects on those factors are then exposed to a clustering process. This process does eliminate the problem of correlation between variables, due to the factoring, but the concerns associated with the choice of the number of factors and the issues associated with clustering remain.

In addition to the heuristic methodologies discussed earlier, there is also a group of model-based approaches. Model-based segmentation enables researchers to explore segments based on theories of consumer behaviour. Steenkamp & Hofstede (2002) considered this category of approaches and identified that they are particularly valuable to international segmentation models as cross-national theories of consumer behaviour can be included. Model-based solutions allow for normative inferences to be made with management input. Major classifications of model-based segmentation are neural networks and mixture models.

Artificial neural networks comprise a group of analytical models that are based on the physiological properties of animal nervous systems. Boone & Roehm (2002) describe that neural networks are composed of nodes that possess and transmit information. The architecture of the network determines how information is transmitted. Neural networks include supervised and unsupervised learning networks. Supervised learning networks can take the place of more traditional statistical techniques such as regression and factor analysis (Sambandam, 2001). Sambandam (2001) explained that unsupervised learning networks are used when there is no easily identified relationship between dependent and independent variables. The result of these techniques is pattern recognition which is also the goal of segmentation.

A self-organizing map is one type of unsupervised learning network. Sambandam (2001) describes the process, advantages and disadvantages of the methodology. A self-organizing map is comprised of an input layer and a grid-structure known as the Kohonen layer. The layers represent input variables and processing elements. Connections are formed between the input variables and processing elements with predetermined weights attached prior to analysis. The processing elements essentially compete with each other for the assignment of respondents. The "winning" element most closely represents the scores of the respondent. The weighting is then adjusted and the process learns from a continued analysis of respondents. The fact that this process is iterative minimizes the impact of outliers. This is an advantage over K-means. One major disadvantage is the amount of computer power needed to complete this analysis on a large input dataset.

Boone & Roehm (2002) describe another type of unsupervised learning network known as the Hopfield-Kagmar clustering technique. Each node in a Hopfield network is connected to other nodes but not to itself. The goal is to minimize a specific objective function. The Hopfield network has a variety of advantages over other neural network methodologies. As opposed to multiple layer perceptrons and Kohonen networks, the weights tied to each input do not change as the network learns. The optimal solution is identified by minimizing within-segment variation. Each node is allowed to behave differently when obtaining a solution and no training of the variables is required, in contrast to the other methodologies.

Boone & Roehm (2002) describe the relationship between a Hopfield network and K-means. A Hopfield network does actually seem to resemble K-means. This is because each methodology is an iterative process that minimizes within-segment variation. K-means assigns each respondent to a single segment whereas a Hopfield network uses partial assignment until the process is complete. In contrast to K-means models that require *a priori* rational information to perform strongly, a Hopfield network can begin with random seed variables.

Mixture models comprise an alternative segmentation methodology that is based on the idea that data contains many distributions or segments that are combined (Deal, 2002). Mixture models allow for optimization techniques to support segment number determination instead of the prior specification of segment numbers used in cluster analysis (Sambandam, 2001). A finite mixture model considers that data are a sample from a population described by a probability density function (Babinec, 2002). A mixture model allows a goodness-of-fit test to be conducted for the number of clusters although within-group covariation is possible under certain circumstances (Babinec, 2002). This type of model is of considerable value to international segmentation projects where multi-country segments can be identified while unknown parameters that

characterize the segments are estimated (Steenkamp & Hofstede, 2002). The challenge of this methodology is to deconstruct the distributions (Sambandam, 2001).

Latent segmentation analysis is one type of mixture model. This process involves a combined segmentation analysis and key driver analysis (Sambandam, 2001). Each segment can have its own key driver assessment that can allow for issues like customer satisfaction to be linked to segments (Sambandam, 2001). Latent-class models are based on statistical modelling and where dependent variable relationships are characterized by regression and logit specifications (Neal & Wurst, 2001). The analysis involves simultaneously estimating segment level models and identities (Neal & Wurst, 2001). After estimation, individuals can be assigned to segments based on probability of membership (Neal & Wurst, 2001). Figure 3 illustrates the assignment of a respondent to more than one cluster. Like other models, the disadvantage of this methodology is the number of assumptions that are required.

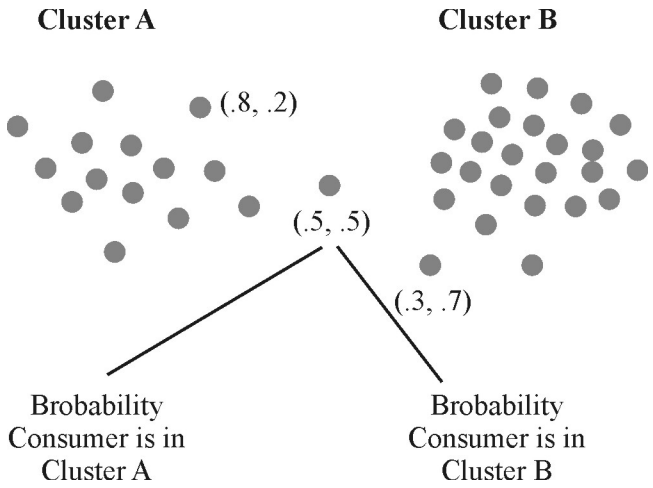

Figure 3. Latent-class Model

Steenkamp & Hofstede (2002) describe a Bayesian sampling-based approach as a newly proposed type of finite mixture model. This approach allows researchers to create flexible models that capture heterogeneity within segments and allow for normative modelling. Bayesian decision theory can be used if objective functions can be measured by the model. Posterior draws can be completed from the objective function and uncertainty can be reduced. According to Steenkamp & Hofstede (2002), this methodology is of great value to international segmentation for three primary reasons:

- Approach extends to model specifications of within-segment heterogeneity. This allows for the question of spurious multi-country segments.
- International models can be constructed in a modular manner using country-specific models.

- Prior knowledge can be built into a prior distribution model for multi-country segmentation. This mitigates the high cost of multi-country segmentation.

Another type of mixture model, called the association pattern technique, is a model of binary choice which identifies market segments that are different with respect to their means-end chains (Vriens & Hofstede, 2000). Probabilistic relationships are formed between attributes, benefits, and values. At the segment level both strong and weak links are identified through an estimation of the probability of a link. This model was created in 1999 by Steenkamp, Hofstede, & Wedel and combines product-specific and consumer-specific segmentation data. Both attributes and values are used as bases for segmentation by linking attributes, benefits, and values at the segment level.

The association pattern technique uses two matrices: attribute-benefit matrix and benefit value matrix. Consumers provide input into their perceived links between attributes and benefits and between benefits and values. This model can be combined with the qualitative laddering approach discussed earlier to create a robust two-phase process that can address a variety of marketing information requirements (Vriens & Hofstede, 2000):

- brand assessment and positioning;
- new product development;
- advertising strategy development;
- market segmentation.

The association pattern technique is a methodology that has been constructed to support multi-country market segmentation. The following primary features of the methodology support international segmentation:

- corrects differences in response tendencies;
- accounts for the international sampling problems;
- allows for differing segment sizes by country.

Vriens & Hofstede (2000) explain that international segments can be identified but individual country data is also identified. This can be very useful as the following relevant consumer segments are constructed:

- within-country estimate of the average likelihood of indicating a link (response tendency);
- within-country estimate of the variance of the response tendencies;
- an entropy measure that indicates how well consumers in a particular country fit the international segmentation scheme.

Segmentation is not meant to be a black box. Understanding the math behind the segmentation design can lead to improvements in effectiveness. Most segmentation research is based on a limited set of variables although a broad range of criteria actually determine a buyer's response to product offerings (Neal & Wurst, 2001). Different segmentation schemes with different variable sets can be used on a sample of buyers. If the test for successful marketing is to show that segments respond differently to variations in the marketing mix then many segmentation schemes are not successful. Further, research has shown that international segments are typically dynamic with respect to new product development (Lemmens et al. 2012). The historical practice has been to combine cluster analysis with various statistical procedures such as CHAID and CART to create market segments (Neal & Wurst, 2001). There are several advances to segmentation methodologies that should be considered:

- multidimensional segmentation;
- structural equation modeling;
- biclustering.

Multidimensional segmentation can allow a single customer to be a member of one segment in a number of different segmentation schemes (Neal & Wurst, 2001). Respondents in each cell can be similar on a particular set of dimensions and different from respondents in other cells on at least one set of base variables (Neal & Wurst, 2001). The downside to this is the fact that very large cell samples are needed for analysis. In addition, aggregation analysis is often necessary.

Structural equation modelling can provide a potential solution when other models cannot be effectively estimated using ordinary least squares, regression, or standard path analysis. Structural equation modelling is the combination of two statistical methodologies – factor analysis and multiple regression analysis (Biddle et al. 2001). These two methodologies allow for the relationships between variables to be estimated while still considering measurement error. The model can also be tested for goodness of fit and individual parameters can be tested for statistical significance (Biddle et al. 2001). One of the greatest challenges to effective structural equation modelling is that variables could have spurious correlation and go undetected (Teas, 2000).

Biclustering is a process where clustering of both variables and individual cases occurs simultaneously. Using this technique, it is not required to complete factor analysis to eliminate variables prior to analysis. This process is particularly useful to reduce dimensionality of data as an alternative to traditional factoring and clustering (Dolnicar, 2012).

Global Market Segmentation

While certain methodologies have been identified that allow for segmentation across national borders, there is still a need for a more detailed discussion of the underlying design requirements of global market segmentation. It is important to note that consumers in different country market segments can have more in common with certain segments in other country markets than with other consumers in their own country (Wedel & Kamakura, 2002). Global marketing strategies can be successful by identifying needs and wants of consumers than span national boundaries. Cross national segments can lead to global marketing mixes, which can be more efficient than a collection of individual marketing mix plans based on single country segments.

Global market segmentation is defined as the process of identifying specific segments – country groups or individual customer groups across countries – of potential customers with homogeneous attributes who are prone to demonstrate similar buying behaviour (Kumer & Nagpal, 2001). The process of global market segmentation can be very important to businesses for three reasons (Kumer & Nagpal, 2001):

- In a world market different products are in different stages of product life cycles.
- Product information can be easily disseminated across national boundaries online.
- Marketing goal is to break down the world market for a product into groups of country / consumers that differ in response to marketing mix programs.

There are varieties of conceptual and methodological issues that must be considered to optimize the implementation of global market segmentation (Steenkamp & Hofstede, 2002; Kumer & Nagpal, 2001):

- construct equivalence;
- level of aggregation;
- choice of segmentation basis;
- measurement equivalence;
- sampling equivalence.

Construct equivalence considers whether the basis of segmentation has the same meaning and is expressed similarly in different cultures and countries (Kumer & Nagpal, 2001). According to Steenkamp & Hofstede (2002), there are three main types of construct equivalence:

- functional equivalence;
- conceptual equivalence;
- category equivalence.

Functional equivalence refers to whether the basis supports the same purpose or function across countries. Conceptual equivalence refers to whether the basis occurs in different countries and whether it is portrayed in the same manner. Category equivalence refers to whether the basis belongs to the same specific classification of objects across countries. Without construct equivalence, international segments can be overlooked by different meanings of the basis in different countries (Steenkamp & Hofstede, 2002). One example where there is no construct equivalence is the role of bicycles in cultures such as the US (recreation) and China (commuting) (Kumer & Nagpal, 2001). Construct equivalence is more easily created for basic demographic variables. It is far more challenging for lifestyle variables.

Level of aggregation refers to the idea that data can be combined at the country level or simply at the individual level (Steenkamp & Hofstede, 2002). Geographic segmentation is the most common method to aggregate in international market segmentation (Steenkamp & Hofstede, 2002). Geographic segmentation results in segments that are usually quite accessible and cost effective to reach. In some cases, geographic segments can neglect to identify the differences that are present between consumers in the countries in question (Steenkamp & Hofstede, 2002). This can negatively influence the response levels of certain segments.

The choice of segmentation basis can be one of the most critical decisions that influence the success of international market segmentation. The segmentation basis comprises a group of characteristics that is used to assign segment members. There are two types of segmentation bases: general and domain-specific. General bases are exclusive of the domain in question and can be further divided. Examples of general bases are economic, political, environmental, demographic, values, lifestyle, and geographic factors. Domain-specific bases are dependent on the domain or product being considered and examples include penetration rates, benefit importance, and attitudes. Emerging segmentation bases include product diffusion patterns and response elasticities (Kumer & Nagpal, 2001).

There are eight criteria that the literature typically discusses when evaluating the viability of segmentation bases (Kumer & Nagpal, 2001; Steenkamp & Hofstede, 2002):

- measurability;
- size;
- accessibility;
- actionability;
- stability;
- responsiveness;
- competitive intensity;
- growth potential.

Based on the viability criteria, observable bases like geography and economic measures are easy to identify and can help create large potential market segments. However, actionability can be low as limited guidance is provided to support international marketing strategies and responsiveness can be low (Steenkamp & Hofstede, 2002). Unobservable bases such as values and lifestyles can also lead to identifiable segments. Since values are deeply rooted in people's self-concept, the segments that develop are highly stable (Steenkamp & Hofstede, 2002). It is, however difficult to act on the segments through marketing mix variables other than advertising (Steenkamp & Hofstede, 2002). Actionability and responsiveness can be increased if the values are linked to attributes and benefits through a means-end chain methodology (Steenkamp & Hofstede, 2002). Lifestyle-based segments, while common in popular syndicated segmentation, prove to be both difficult to act on as well as quite unstable over time (Steenkamp & Hofstede, 2002).

Measurement equivalence implies that the measures used to operationalize the segmentation scheme are comparable across countries (Kumer & Nagpal, 2001). Steenkamp & Hofstede (2002) identify three distinct concepts in measurement equivalence:

- calibration equivalence;
- translation equivalence;
- score equivalence.

Calibration equivalence involves equivalence in physical measurement and monetary measurement units and can be handled in a straightforward manner (Steenkamp & Hofstede, 2002). This type of equivalence also involves sociodemographic measures such as level of education and disposable income due to tax structures (Kumer & Nagpal, 2001). These are much more difficult to calibrate as the systems are quite different (Steenkamp & Hofstede, 2002).

Translation equivalence involves similar interpretations by participants in different countries (Steenkamp & Hofstede, 2002). Two important elements of this are effective back-translation and considerable pretesting of translations (Steenkamp & Hofstede 2002). This process becomes difficult when certain words or concepts exist in one culture but not another.

Score equivalence involves the equivalence of the observed scores on the measures (Steenkamp & Hofstede, 2002). A problem of score equivalence can arise if respondents in different countries reply differently to both the complete set of variables and to individual measures (Steenkamp & Hofstede, 2002). Score equivalence can be evaluated at two sublevels – metric and scaler equivalence (Steenkamp & Hofstede, 2002).

Whereas metric equivalence considers the equivalence in measurement units, scaler equivalence implies that scores from different countries should have identical meaning (Steenkamp & Hofstede, 2002) (Kumer & Nagpal, 2001). Scaler equivalence considers

the two aspects of scoring context and the response to a score obtained in the measure (Kumer & Nagpal, 2001). Where a five point scale may be used in the US, a 20 point scale may be used in France (Kumer & Nagpal, 2001). On such scales, does a particular response mean the same thing in different countries? Does 4 out of 5 in Brazil mean the same as 4 out of 5 in Canada?

Sampling equivalence considers problems in identifying and selecting samples that are representative of other populations and comparable across cultures (Kumer & Nagpal, 2001). The emphasis of this concept should consider the equivalence of the information collected from the sample and not the method used or the profile from which the sample has been developed (Steenkamp & Hofstede, 2002). The sampling frame of reference and target sample choice are two areas that should be of critical importance (Steenkamp & Hofstede, 2002). If samples are not proportional to population sizes then the data can be re-weighted where disproportionate ratios exist (Steenkamp & Hofstede, 2002). Sample creation can be difficult as some countries restrict the availability of consumer contact lists and other personal information (Kumer & Nagpal, 2001). The survey instrument itself may be undermined if a significant percentage of a given country lacks basic educational skills to comprehend a questionnaire or similar instrument (Steenkamp & Hofstede, 2002).

Strategic Criteria to Analyze Multi-country Market Segmentation Methodologies

Based on the literature presented in this paper, it is clear that a holistic analysis of multi-country market segmentation should address two areas:

- model design;
- implementation.

Model Design

Successful model design involves the inclusion of relevant and appropriate variables as well as the selection of a strong statistical construct. The model must link back to the marketing objectives. In the case of global segmentation, the global marketing plan that relates individual country objectives with regional and global objectives should serve as the guide for model development. Looking for emerging global customers is quite different from simply re-sizing existing segments. The influence of culture and the recognition that values are the antecedent to the entire process should lead to the selection of a needs-based segmentation model.

Variable selection is the foundation for model development. The number and type of variables is a critical question. Two primary variables included in segmentation models are person-specific and environment-specific (Fennell & Allenby, 2002). Demographic

and psychographic variables are specific to individuals but can cut across various consumption contexts. Attitudinal variables are more action oriented and not specific to the greater context. Each type of variable plays a role but a question remains as to whether a combination of the variable types discussed above can accurately explain the motivating criteria of consumers. Fennell & Allenby (2002) offer a set of following recommendations to assist in variable identification:

- to define the relevant universe;
- to determine the unit of analysis;
- to measure the motivational component of an occasion for action.

The statistical construct is influenced by the input variables. While there is a great degree of flexibility in design, there are several basic guidelines to consider. Sambandam (2001) identifies the basic guidelines to improve the quality of segmentation results:

- to eliminate outliers;
- to use as few input variables as possible;
- to use input variables with low correlation between them (reduce collinearity).

Using these guidelines, specific qualitative and quantitative components can be considered. The qualitative phase of the segmentation project is the process that, if executed effectively, can reduce the level of subjectivity in the project. Since a needs-based segmentation process typically begins with a large number of attitudinal statements that form loose hypotheses, the more structured the qualitative phase is the better. Laddering provides one of the most structured tools. Laddering can lead to the construction of means-end chains where attributes are linked to individual and societal needs that include the ever-important benefits and values.

Entering the quantitative phase with a means-end chains model can further reduce subjectivity. Although many quantitative segmentation methodologies were discussed in the earlier section, global segmentation requires a robustness that can really only be addressed by a small number of procedures. R-factor analysis combined with cluster analysis provides one viable option, while the negative aspect is that the number of factors must be predetermined. Segmentation projects that either use weak qualitative methodology or are being conducted in a business sector that has not undergone previous segmentation should probably refrain from this model.

Finite mixture models are being increasingly used for growing, but still very limited number of global segmentation projects. Until recently the downside risk has been within-group covariation. However, Bayesian sampling can reduce this concern. The association pattern technique is one form of mixture model that is directly extended from qualitative laddering. Attribute / benefit and benefit / value matrices are the basis for the link. This process addresses most major design issues for global segmentation

and is by far the most complete segmentation methodology when combined with laddering. Structural equation modelling, although potentially a black box can further enhance the model integrity.

Implementation

While segmentation can be executed flawlessly from a statistical perspective and even from a marketing perspective through strong targeting and positioning, the implementation is one of the most important measures of true effectiveness. Implementation will ultimately determine the success or failure of the segmentation project. There are five fundamental failures associated with the many approaches to segmentation (Barron & Hollingshead, 2002; Dibb & Simkin, 2001). It is important to note that only some are related to model design:

- Customers can be targeted but they do not buy different things.
- Clusters can be identified but customers cannot be found.
- Business infrastructure can be a barrier.
- Sales, marketing, and management cannot agree what the segmentation looks like.
- Unwillingness to discriminate between consumer segments.
- Sabotage by inexperienced marketers.

The ease of segmenting markets by demographic information can generate a direct mail list but it may not reflect the true basis for segmentation. By trying to reduce the complexity of marketing mix plans the true opportunities in the market can be overlooked (Barron & Hollingshead, 2002). In cases where demographic criteria do not form the basis for segmentation, there is a need to conduct qualitative research to identify potential media links (Grapentine & Boomgaarden, 2003). While clusters can be found there can be challenges in communicating with the consumers in each cluster. Without viable classification of behaviours and demographic data, it may be impossible to connect with the targets.

A company's structure, culture, or resources can all be infrastructure barriers to effective segmentation utilities (Grapentine & Boomgaarden, 2003; Dibb & Simkin, 2001). An organization may have sacred beliefs about its brands and consumers and those beliefs could undermine a paradigm shift to a new perspective. Support from executive management and the human and financial resources must be available and capable to implement segmentation. One of the greatest barriers to effective segmentation is the lack of experience by company project managers utilities (Grapentine & Boomgaarden, 2003; Dibb & Simkin, 2001). There can be a focus on the process of segmentation while forgetting about the objectives of the project.

There can also be misunderstanding between functional business units such as sales and marketing as to the application of segmentation results. The idea that a new segment

solution can replace a previous segmentation scheme is not always easy or practical (Dibb & Simkin, 2001). The existing distribution model may not allow for effective targeting of new segments. Further, a previous segmentation perspective might show brands not competing with one another whereas the new scheme might reveal that brands now compete directly for the same customers and actually cause channel conflict. A stakeholder meeting can be conducted before the segmentation project to align expectations and limit the probability of sub-optimized marketing plans.

Some marketers do not believe that targeted marketing is effective and prefer a mass marketing approach. This is inconsistent with the premise of segmentation. Advertising messages can be effectively tailored to meet the needs of those most likely to purchase instead of communicating a broad-based message to many people who would not even consider the product. A commitment to segmentation implies a commitment to the process of segmenting, targeting, and positioning.

Inexperienced marketers can sub-optimize or undermine the application of segmentation. As customers of research, there must be a tacit agreement to understand stakeholder requirements for the next step of implementation. There should also be an agreement not to go half way. A qualitative solution, while easier and less costly than a qualitative and quantitative solution, can be limiting from the perspective of identifying emergent segments. The idea offered by Philip Kotler that segments should be measurable, substantial, accessible, actionable, and stable provides a foundation but does not address the design and implementation questions of segmentation (Dibb & Simkin, 2001).

There is limited academic literature to guide companies regarding the implementation of segmentation. Unfortunately, there is an overabundance of questions asked by marketers engaged in the process of segmentation:

- Is there a process model to use?
- What information is needed to start the process of implementation?
- Who should be involved in the process?
- How do I know if I have the right solution?
- Now what do I do with the segments?
- How will I measure if my segmentation is effective?
- How do I know if I included the right variables?
- How should the segmentation process be updated over time?

There are also other challenges to global market segmentation implementation that are more structural as opposed to process oriented. Models that attempt to span countries can be unstable due to poor reliability on certain attributes. Marketing concepts empirically tested in the US can lead to validity problems in some markets (Walsh *et al*. 2001). It is essential that model implementation is based on truly global segmentation and not on a priori extension of segmentation work in a single market.

Another challenge comes from the differences in the application of market segmentation schemes in both developed and developing countries (Dawar & Chattopadhyay, 2002). Segmentation usually is executed at a fine level in developed markets as consumers have the means to pay for specialized products. The fine level of segmentation assumes that market segments can be reached through marketing communication. Consider the fact that there are 18,000 magazine titles in the United States for a population of about 250 million people (Dawar & Chattopadhyay, 2002). In India with a population of over 1 billion people, there are just over 300 magazine titles (Dawar & Chattopadhyay, 2002). Even if the desired segments exist, it can be very difficult to reach them. Despite all the challenges that have been discussed in this paper, there are several steps that can be followed to increase the probability of segmentation success:

- to create a project team;
- to establish the scope of the project;
- to hypothesize and validate model variables;
- to identify the strongest model variables;
- to introduce behavioural data to needs-data;
- to optimize segments;
- to profile the segments.

Survey of Industry Practice in Application of Market Segmentation Methodologies

Seven large research suppliers with international capabilities offered approaches for a multi-country segmentation project that was to include the US, Canada, and the European Union. A Fortune 100 company, involved in transportation services, commissioned the study. The supplier names as well as the commissioning company are held in confidence.

Proposal 1

The recommended approach was a qualitative and quantitative process. The qualitative process was to be completed through six focus groups in the US, six in Canada, and three in each of the five-major Western European markets of France, United Kingdom, Spain, Italy, and Germany. The objectives of the qualitative phase were to:

- identify consumer needs, wants, desires, attitudes, values, and lifestyles;
- understand relevant consumer language;
- help set the framework for the quantitative phase.

The quantitative phase was intended to comprise either a 30-minute mail survey or 45-minute one-on-one interview at a central location. The sample size was intended to be 1000

completes for each country. It was claimed that only in-person interviews were possible for Europe and Canada but that a mixed data collection methodology was acceptable for data interpretation. The segmentation analysis was to be a two-phase CART analysis on behaviours, demographics, and lifestyles to segment on dependent variables and clustering to create a predictive equation for each market.

Proposal 2

The recommended approach was a qualitative and quantitative process. The qualitative methodology included a focus on both functional and emotional needs instead of attitudes and behaviours, which could be profiled. Eight focus groups with 6–10 behavioural questions to be included in an omnibus study were recommended.

The quantitative methodology included 800 completes from a 45–60 minute personal interview process at a central location. The number of completes was to be the same for each country but door to door interviewing was to be done instead of a central recruit. The segment analysis was to include factor analysis, derived importance, cluster analysis, correspondence analysis, and discriminate function analysis.

Proposal 3

The recommended approach was a qualitative and quantitative process. The qualitative component was to include eight focus groups to define key hypotheses on purchase motivation and to develop the appropriate language and terminology for quantitative analysis. The quantitative process involved 1200 phone interviews per country with predetermined 5–6 segments. The critical questions to be considered in segment creation were:

- Who are the customers or potential customers?
- What do the customers do?
- Why do the customers do what they do?

The analytical modelling to create the segments would be latent class analysis with static and dynamic segment modelling. Structural equation modelling would be used to consider the relationship between latent variables and indicator variables. This specification would then be tested against actual data. The creation of segments would consider the following questions:

- Is the segment large enough to justify marketing expenditures?
- Is the segment meaningful in demographic, attitudinal, and behavioural terms?
- Are the segments distinguishable?
- Can the segments be directly communicated?
- Are the segments compatible with attitudinal and behavioural terms?

Proposal 4

The recommended approach was a qualitative and quantitative process. The qualitative component was designed as 12 focus groups in the US, eight in Canada, and five each in the top five Western European markets. The quantitative component involves a 30-minute telephone interview methodology for all markets except mail for Italy and Spain. The sample sizes were 1000 in the US, 800 in Canada, and 3000 total for Europe with 600 each in Italy, Germany, France, Spain, and the UK. There would be a 5–10 minute pre-test interview in each country to test language. There was an anticipated 3–6-segment solution going into the analysis. Attributes would be added or changed for each market based on relevance. The segmentation would be accomplished using split sample validation and clustering techniques. The segmentation would be developed for the US and UK and benchmark clusters applied to other countries. Rating scales would be communized to either seven or 10-point options. The ultimate segmentation would be based on attitudes related to needs in terms of category products and services.

Proposal 5

The recommended approach was a qualitative and quantitative process. The qualitative approach included six focus groups per country concentrating on attitudes, lifestyles, involvement, behaviour, and category motivators. A competitive set would be constructed as well as the language of the category would be explored. The quantitative phase would include 1500 interviews at a central location that are pre-recruited by telephone. The interview would last 45 minutes and consider attitudinal statements, brand awareness, media usage, and demographic data.

Proposal 6

The recommended approach was a qualitative and quantitative process. The qualitative methodology would consist of 60-minute one-on-one in-home interviews. The laddering technique would be employed to construct means-end chains. Needs, motivations, and values would be modelled as would product features, benefits, and personal values.

The quantitative process would comprise a combination of 20-minute phone interview with an eight-page mail survey designed to take 30 minutes to complete. The samples in each market would be 2000 phone interviews and 1200 mail completes. Attitudinal ratings, values, and preferences would be modelled. K-means clustering would be used to create the segments.

Proposal 7

The recommended approach was a qualitative and quantitative process. The basic structure of the project was to execute attitudinal segmentation, linked with categorical

and behavioural information. The idea that attitudes drive behaviour in every country of the world was the basis for this design. The qualitative component of this analysis involves a combination of six focus groups and 30 one-on-one interviews in each country. Attitudes would be explored to gain insight into consumer needs.

The quantitative component of the research would involve the Q-sort methodology. Q-sort addresses calibration scale use across countries and allows for the processing of large numbers of attitudinal statements. The Q-sort enables a global segmentation to be completed by creating a pseudo-normal distribution of data. Segment solutions are then constructed through CART algorithms using two segments, then three, four, etc. until an optimal number of segmentation is identified. The segments are then profiled by attitudes, behaviours, demographics, and life stage.

Observations and Analysis

There were consistencies among the proposals in the fact that a qualitative and quantitative solution was recommended and that needs, behaviours, and values all should play a role in the development of the model. Beyond those facts, the proposals were quite divergent. Although each proposal was a minimum of 40 pages in length, there was a limited amount of detailed methodological data that was specific to global market segmentation. Much of the design was influenced by available resources and project cost. Each vendor had offices or partners in every country in question and each vendor, while assuring the client that there was capability to complete the project, stated that few true multi-country segmentation projects are ever done. It does not seem to be a good enough excuse not to have the methodological requirements to complete such a project.

Only one vendor recommended laddering. Others offered a combination of one-on-one interviews and focus groups or just one of the methods. Only half considered the importance of understanding language differences across countries regarding the questionnaire, attitudinal statements, or the category. Some of the more troubling recommendations included the idea that attitudinal statements could be added or deleted as necessary for each market and that the research could be completed for one or two markets and then extended to other markets in quantitative.

Each vendor approached the qualitative phase very differently. Four areas that were particularly divergent were the sample size, data collection method, analytical method, and the prior specification of the total number of segments. The sample size recommendations were either an equal number in each market or a graduated number based on country population. The lowest number was 600 per country and the highest was 1500. The countering factors are cost of data collection and the ability to analyze segments. Six hundred completed data points would allow six segments to be

comfortably analyzed if each segment averaged 100 responses and no one segment had fewer than 50 responses. Statistical testing would be of limited value though as the error measure would be quite high.

Data collection methods ranged from door-to-door to mail to phone and no single best method was clear. It was interesting to note that data collection methodology was rationalized by the generally accepted research technique for the respective market but no one discussed the issues associated with comparing data collected from different modalities. It was also interesting to see that no one recommended using the Internet.

The analytical methodologies ranged from a collection of univariate and multivariate techniques to non-hierarchical clustering. None of the recommended techniques were specific to multi-country segmentation design except one. A Q-sort analysis was recommended to force respondents in different countries to rate attitudinal statements by identifying those that they felt in most agreement and disagreement. A pseudo-normal distribution of data was created. No one recommended any of the mixture models, which seem to be a more elegant solution than anything offered in the proposals.

The segment solution was selected mainly due to the sample plan. Some proposals plainly stated how many solutions would be found. Others discussed the analytical iterations that would be used to arrive at an optimal segment solution. The latter option is preferred.

Overall, no single proposal directly addressed all, or even a majority, of the global segmentation design issues of construct equivalence, level of aggregation, choice of segmentation basis, measurement equivalence, and sampling equivalence. Clearly, there is a gap between academic research and industry practices.

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THE SCIENTIFIC TRUTH AND THE ETHOS OF THE ACADEMICS: BETWEEN THEORY AND PRACTICE

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Abstract

The present paper deals with the role and status of the scientific truth as well as certain dilemmas, which can be expressed in a form of juxtaposed concepts of being an academic or schemes of practising being the one. All this shows that we are dealing here with different models of academic professional lifestyles. Those are black-and-white alternatives. It means they can only exist theoretically. In reality, however, we should expect some shades of grey which means that certain academics are placing themselves within a space marked out by the mentioned alternatives, being closer of further to one of the extreme poles.
***Key words**: ethos of the academics, truth, dilemmas, theory, practice.*

Introduction

Deontological issues concerning academics have been a topic of discussion for a while. The beginnings of the disputes about the duties and obligations of an academic date back to the interwar period, however, the deliberations from the last fifty years appear to be closer to our contemporary times. The last 25 years witnessed considerable increase in the discourse on that topic. Some issues appear like a *leitmotif* in the discussions on the deontology of an academic. What are the tasks of the researchers? What kind of dilemmas do they face? How to implement professional ethical standards into the academic environment? Is a researcher obliged with higher moral standards that those of other professions? Is it possible to separate consideration for scientific truth from public involvement? Let us notice that it is very often fidelity to truth that is the essential duty obliging a researcher. "Researchers are called for being at the guard of the truth", reminds Ignacy Dec (2007: 10)[1]. It depends on the proper understanding of the notion of

[1] The truth in science is multi-layered because the reality that we study is variable, pluralistic in nature. Individual sciences apply their own methods for the purpose of discovering the truth, using appropriate tools. Detailed sciences present truth in the narrow aspect of a given discipline, theoretical sciences are able to show a wider context of reality. Nevertheless, in both

'truth' from the very start[2]; whether the deontological principles turn out to be effective, thus if they indicate the right way of behaviour.

Subjecting to the Truth

Let us have a look at the echoes of the disputes that were continuing back at the times euphemistically named as real-socialism, however disregarding ideological elements that were present in some of the utterances. At the second national Polish conference of ethicians (Ustroń, 27–30 April 1966), organised by the Faculty of Ethics of the University of Warsaw, during his speech Tadeusz Czeżowski (1967: 113) recalled a statement by Kazimierz Twardowski – a pre-war Polish philosopher, for whom subjecting to the truth was the main principle, and from it he took any consequences. The founder of the Lvov and Warsaw school of philosophy indicated that one of the biggest dangers preventing from taking up a free approach towards the objective truth, which is independent of any prejudice, is "internal affinity – not just formal one – to the organisations that order their members to believe certain ideas or at least behave in a way as if they believed them" (Twardowski, 1933: para 12). Thus he absolutized in a way the notion of truth in science, subordinating to it all other fields of life, regardless of circumstances. According to Twardowski, a university teacher "is most of all a servant to the objective truth, its representative and herald among the youth and public. This is an honourable and very worthy service yet at the same time one that requires not only adequate intellectual qualifications and suitable professional knowledge but also a great fortitude and strong character. The one who enrols under the banner of science must renounce everything and anything that could push him away from the pathway marked out by this banner. The individual must then mainly work on detaching from any prejudice that could stand in the way leading towards the objective knowledge and that is sourced in tradition, customs, influence of the environment, personal passions and repulsions" (1933: para 11).

Those are only fragments of a Twardowski's utterance that was quite richly quoted by Czeżowski. A heated dispute sparked among the conference participants. Although Zygmunt Ziembiński agreed that "the basic task of a researcher is the pursuit of the truth and whoever in this position avoids this obligation, is an imposter rather than a researcher" (Czeżowski et al. 1967: 131), yet that did not protect the position of the Polish philosopher from criticism. One of the allegations was that "the postulate of seeking the truth as the only moral postulate, neither supported by other postulates, nor an obligation of public involvement, is not sufficient, nor does it provide any answers to

detailed disciplines and more general sciences it is important whether the discovered truth is reconciliation with reality or more a creation of our imagination – a result of hypothetical assumptions (Dec 2007: 10).

[2] It can be therefore specified in more detail to avoid polysemy, subjectivism in understanding it.

the dilemmas faced by a researcher in the modern world" (Czeżowski et al. 1967: 136). According to one of participants of the dispute, it results from the speech by Kazimierz Twardowski, as well as from the opinion of Theobald Ziegler (1913: 26–30), a German philosopher and teacher – as quoted by Czeżowski – that the truth "has grown to the role of almost sole standard of a moral code of a researcher or scientist […]. Indeed – the moral directive of fidelity to truth as such is a lot and very little at the same time. A lot – because it emphasises the aspects associated with the very essence of the scientific work; it provides a researcher with self-awareness of his or her call and the directing guideline concerning the sense of their action. As far as they are researchers, they are obliged to seek and disseminate the truth. They also must not use their talent, their knowledge for purposes that are not in compliance with this pursuit. They have no right to spread untruth. However, practically, this directive means very little, and anyway it proves insufficient. Science or knowledge is an element of social practice. Hence, the moral code of a researcher must not disregard the tasks that are placed before him by the influence of science on the social life and the influence of the social practice on science" (Czeżowski et al. 1967: 136).

Neither did Mieczysław Michalik agree with the opinion of Twardowski that a researcher should only deal with study, putting public involvement aside: "The tasks of researchers probably include not only seeking and spreading the truth but also participating in its fulfilment, especially when public issues are concerned" (Czeżowski et al. 1967: 134). Marek Fritzhand thought alike, commenting: "It resulted from the fragments quoted by professor Czeżowski that there is a conflict between the obligation of seeking the truth by a researcher and their public involvement. It does not seem that the following postulate is properly formulated: a researcher should solely and only be devoted to the ideal of truth. It seems that the right wording should be as follows: a researcher should not get involved into anything that denies the truth. As an individual and a citizen one has also other duties and values; apart from seeking the truth they also have specific obligations of social and ideological[3] commitment. The more is one educated, the more knowledge they possess, the bigger is their responsibility for anything that happens around them. […] the researchers who did not lock themselves up on the 'temples of knowledge' but got involved in the life of their communities and nations honourably fulfilled their obligations as researchers" (Czeżowski et al. 1967: 134).

The participants of discussion warned about absolutization of the truth. After all, the truth on the grounds of the ethics of a profession of a researcher is not the sole value, which is expressed especially in exceptional, border situations, i.e., those in which a conflict between the truth and other values occurs (Jankowski, 1967: 127). Fritzhand provided an example of cooperation of the German scientists with the Hitler regime: in his opinion they also served a specific scientific 'truth'. He stated at the same time that a researcher who really wants to live out their vocation must not resign from fighting for

[3] Today we would probably call it: civil or citizenship.

such social transformations, which will result in the situation when science will fully serve the ideal of the truth (Czeżowski et al. 1967: 135). That in turn assumes involvement into an additional public activity – next to the science. Also Tadeusz Czeżowski himself joined the debate, warning against the so-called ideologization of science. In his opinion, this happens relatively easily when public involvement of a researcher becomes at the same time a political involvement associated with 'a certain ideology'. In this situation he called for separation of both matters (Czeżowski et al. 1967: 138).

Czeżowski (1967: 118–19), although originated from the concept of 'truth' later escaped from this term in the conclusions he formulated, reaching for a replacement. He has put forward the postulate of reliability. He said that it should be required from a worker in any field. Under this proposal, a researcher is obliged to fulfil the standards fully compliant with the requirements of the scientific method, regardless of the side effects. The scientific method, in turn, focuses on two major principles: 1) an accurate, clear, precise and unambiguous forming of utterances; 2) proper reasons for theses propounded. The postulate of reliability also requires readiness to confess a mistake if it is made. It is also staying within the boundaries of competence and responsibility for the proclaimed theses.

Academic's Dilemmas

The discussions concerned not only the role and status of the scientific truth itself but also the ethos of the academics. Janusz Goćkowski and Lucyna Hołowiecka in a passage entitled *Ethos profesjonalny uczonych* (*Professional Ethos of the Academics*), published in the *Etyka* magazine in the early 80s, presented certain dilemmas, which – as the authors ascertain – "can be expressed in a form of juxtaposed concepts of being an academic or schemes of practising being one" (1981: 169). Let us undertake an attempt at describing them.

The first dilemma: should academics be guild creators or company specialists? Standing with the first option is associated with selection of the ethos of a self-governing corporation of knowledge creators and teachers of this knowledge who, at the same time, deal with teaching and educating new specialists. The other option in turn means "a choice of a lifestyle suitable for highly qualified researchers and teachers, regarding and treating themselves as a staff of a company with whose interests and objectives one should identify as the company hires them, provides an opportunity of promotion, allocates resources enabling to perform activities associated with the profession and

achieving successes that are meaningful for the research career" (Goćkowski & Hołowiecka,–1981: 169)[4].

The second dilemma: should the academics perceive and treat science and knowledge as an autotelic value (aesthetic approach towards science), or should they be people dealing with science for the sake of pragmatism (utilitarian approach)? The two issues are associated with the following: who should be the most dependable circle of judges assessing the value of output of scientific work and what type of value is this output? In case of the first option, when knowledge is treated as an autotelic value, the colleagues are the most dependable judges, as being the competent specialists in a specific field of science, while the academic work – as long as it meets the conditions specified by the conventions of the academic environment – is an end in itself. In this situation fulfilling the duties of a knowledge creator and a teacher of knowledge creators is the essential obligation for those dealing with science and the potential benefits resulting from this knowledge – as we read – "are not a matter of great importance for them". Those opting for the latter alternative chose as their judges the decision makers and sponsors dealing with the issues of using science and knowledge by means of applying the results of research for the benefit of social practice; at the same time they believe that the scientific knowledge is a heterotelic value as its social status depends on its functionality towards the 'instrumental requirements'. As the authors explain, the former ones – with their mentality – are related to philosophers and artists while the latter are closer to the category of experts and engineers (Goćkowski & Hołowiecka, 1981: 169).

The third dilemma: should academics take up a role of intellectualists moved with civic sense or rather be loyal officers? In other words, the question is whether the academics should "retain the right to judge the social order", or "acknowledge that the principles of division of labour demand the decision makers to determine the social order and the academics to create knowledge that is cognitively valuable and socially useful" (Goćkowski & Hołowiecka, 1981: 170). Under this approach an academic as a citizen and an intellectualist is mainly a publicist and a philosopher dealing with the issue of status and function of knowledge in a society, while an academic as a loyal officer is a specialist reporting the result of their work to the superiors and delivering new, well-educated researchers and teachers (Goćkowski & Hołowiecka, 1981: 170).

The fourth dilemma: should academics be independent creators of a separate and specific type of knowledge or should they be the subjects of non-scientific authorities? In this case an essential question is whether individuals who professionally deal with

[4] It seems that the relatively contemporary document entitled *Dobre obyczaje w nauce* [*Good practice in science*] – developed by the Committee of Ethics in Science at the Presidium of the Polish Academy of Sciences – dispels any doubts. Namely it states that an academic should consider "firstly the good of science followed by the interests of the alma mater" (2001: ch. 8, para 2).

creation and determination of cognitive content of scientific type are guided in their professional life with a rule that a scientific authority does not accept dominion or maybe it is otherwise – they are ready to 'think obediently' not perceiving such attitude as betrayal of the essence of an academic profession, and they are disposed – as we read – "to be subjected towards authorities from outside the science field, who claim to be dependable on the issues of establishing and explaining the nature of reality in the area of the competences of creators of various forms of knowledge" (Gościkowski & Hołowiecka, 1981: 170).

The fifth dilemma: should the academics be guided by private or social factors? The question in this case is whether academics should care about their own business and their micro-world or should they be actively caring about the conditions of living and working of all their colleagues, especially making efforts to provide proper conditions for an academic work. On the one hand, the first option is undoubtedly a choice of a life path and the style of performed profession that is the same with choosing a particular interest above the universal interest; in other words it is about opting for one's own interest without caring about the needs of the general public. On the other hand, own interest can also be an interest of a wider scientific environment (Gościkowski & Hołowiecka, 1981: 170–71).

The above shows that we are dealing here with a series of variants of models of academic professional lifestyles. Those are black-and-white alternatives. It means that they can only exist theoretically. In reality, however, we should expect some shades of grey, which means that a certain academic is placing himself or herself – consciously or not fully consciously – within a space marked out by the mentioned alternatives, being closer of further to one of the extreme poles.

Conclusions

Let us notice the described dilemmas, especially the third and fourth ones, correlate with the issues undertaken during the formerly described discussion concerning the proposals of Kazimierz Twardowski. The discussion on the issue of truth is not a dead and gone matter. Also today its essence is reminded of, as well as the limits of the so-called whole and absolute truth. What changes is the context of the discussion as we have slightly different times. The above-cited Ignacy Dec raises the question of truth in the belief that other moral values are equally important in science. He points, among others, to the second main task of a man of science, which is to promote and do good. He quotes John Paul II here: "Whatever the field of research, scientific or creative work, anyone who engages their knowledge, talent and effort in it should ask themselves the question to what extent their work shapes his own humanity first, and on the other hand, whether it makes human life more human, more worthy of man in every respect" (1986: 15). Concludes Dec: "Yet is the discovering of truth the sole and only purpose of

science? By no means. There is a second equally important goal. Our vocation to serve the truth is also a vocation to transform ourselves into better people – through the truth whose fulfilling takes the form of love" (2007: 10). In the light of these words, the purpose of science is not only the discovery and communication of truth but also affecting the moral attitude of a man, shaping their humanity. Moreover, scientists must not disregard social life, but as far as possible they should be involved in transforming their environment so that it is more and more perfectly compliant with the care about human dignity.

What is more, the scientific truth shows its egalitarian character, which may be exemplified by the interaction between the academic teacher and the student, who are equal in the face of truth. The egalitarianism of truth understood as compliance between an object and the recognizing agent, is a factor exceeding the hierarchic organizational structure of a university (Chrobak, 995: 139). This absolute equality of the both sides of the educational process in relation to truth causes that the knowledge verification procedure, among others, is not treated a method of proof of the superiority of the teacher but as a dialogue with an objective to recognize the degree of mastering certain portions of information by a student (Nowakowski, 2009: 111–12). Research conducted in this area shows that students appreciate teachers' grading fairness and equity (Rewera, 2013: 249) as well as their objectivity (Nowakowski, 2007: 553). All these terms seem to be peculiar reflections of the scientific truth.

At this point it is worthwhile to recall two questions asked by Tadeusz Czeżowski (1967: 117). If the chief postulate of a researcher is to proclaim the truth, then is he responsible for it in a special way? Is a researcher obliged with higher moral standards than representatives of other professions? There can be only one answer: a researcher is not only morally obligated to spread the truth (Jankowski, 1967: 126–27) but he or she is also compelled with high standards in the field of morality (Czeżowski, 1967: 119). Somewhat in the same spirit Ignacy Dec (2007: 10) provides an ideal of a scientist who should possess appropriate virtues: *fortitudo* – fortitude, *constantia* – constancy, *timor* – fear, *amor* – love. Only on the basis of these skills is the full realization of the objectives of the calling of a scientist possible, the realization of the motto: *per aspera ad astra*. Besides, the very issue of the ideal man of science is an interesting topic for a separate, in-depth analysis.

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THE NECESSITY OF INTRODUCING MEDICINE IN MANAGEMENT AND MANAGEMENT INTO MEDICINE

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Abstract

It is evident that modern management works mainly on classical foundations set in the last century. Its main features are universalism, determinism, hierarchy, schematism and belief that a mechanistic approach, i.e. design and construction based on the principle of the clock mechanism constitutes the basis of success for any organization. According to this concept, organizations are viewed as the ratio between the main and side gears, i.e. hardware and software with synchronization between them being the most important issue. It is evident, therefore, that those organizations have no 'soul' for they neglect people as the main potential in every organization.

In the management of organizations it is an absolute must today to apply knowledge of natural sciences, especially biology and medicine, and to regard organizations as living organisms. This approach is more natural, since everything that exists in organizations also exists in a man as the most perfect self-organization. In humans, there are inputs, transformation processes and outputs. For organizations, inputs consist of raw materials, instruments of labour, and people. Through the transformation process, inputs are transformed into some other content, and in the end we receive either products or services as the output of previous activities. Consequently, organic, or natural approach is more adequate because an organization is perceived as a living organism and special attention is given to people and their inter-relationships and interactions.

The present paper aims at highlighting the above problem and pointing out the necessity of eliminating traditional organization and introducing new concepts, with special emphasis on transition countries and Serbia.

Keywords: *classical management, medical-biological concept, management in medicine.*

What Should Management Take from Medicine?

It is known from the history of management that the basis for its formulation and operation was put forward by engineers, above all Fayol, Taylor, Emerson, Ford *et al*. Technical science is based on mathematics, physics, chemistry and other disciplines, which always lead to determining and establishing absolute order in organizations, just like in technical systems. Material resources were dominant in the organizations management with an overall effort to spend as little material resources as possible, with maximum possible performance from humans. The problem was how to formulate models, formulas, standards and instructions to be applied across the board, with outcomes that can be predicted to the highest degree. Management that was able to absorb the laws of the above-mentioned sciences and implement them in management practice was the management able to provide satisfactory success in business.

Under modern conditions, it has become increasingly evident that it is necessary to introduce medicine, biology and zoology in management as a science. Of course, management is still full of medical terminology, such as sick businesses, diagnosis, treatment, therapy, life cycle of an organization or product, and so on. However, this is not enough. Introduction of other phenomena of medicine in management would contribute to more efficient management and organization of business systems. The above-mentioned scientific disciplines can be useful as they show that the analogy of the functioning of a man, animals and plants can be transferred to the organization, as an artificial creation, with a man being its sole natural element. By applying and using the above natural sciences, it is possible to consider an organization as a 'living organism', with overall effort to design, build and maintain the organization on the self-organization principle, i.e. on the principle of human organism as the most perfect case of self-organization. Findings from zoology, i.e. bio mimicry may be used to build an organization that works on the principles of a swarm of ants, a swarm of bees, flocks of birds, or animal behaviour in the pack.

It turns out that organizations are more or less imitations of things happening in the natural order. Actually, we see that in each animal pack there is a leader and protector of the flock, i.e. a dominant animal. There is communication between leaders and other individuals of the pack. All members of the flock act as a group. In case of danger, the whole herd will move as directed by the leader. By analogy, in organizing people to work together there is always a leader able to exercise influence over other members of the group to do or refrain from doing certain things; the role of this leader is critical for successful functioning of the group. That is why there is a saying that it is always better to have a herd of deer led by a lion, than a herd of lions led by a deer (Radosavljević, 2006: 21).

Further, when observing a colony of ants or bees, it becomes clear that there is a highly organized order, division of labour, and the pursuit of each individual to contribute to a

common goal, without any central authority to issue orders and reward those who are most successful. Scientists having artificial intelligence study behaviour of insects in order to transfer that behaviour to the design of human behaviour and design of technical systems. In each colony of ants, there are leaders, protectors, logisticians, etc. Actions of every ant affect other ants and ant farm as a whole. When an ant comes across a piece it cannot move by itself, it struggles trying to shift the load balance and drag the bit to the central depot. If the ant cannot manage on its own, other ants approach and help; this is the way they create their storage. So, it is the survival instinct that dictates they should help each other and use the energy rationally. We find the same situation in organizations as artificial creations. One individual is engaged in manufacturing, other in packaging, while the third in transmission, and finally the fourth in sale of a particular product or service. By analogy, everything that any individual does or does not do affects other individuals, i.e. parts of the organization or affects the organization as a whole. Using those principles from the natural order, it is possible to construct an analogous system of joint work in organizational systems. The concept of learning from ecosystems, primarily from animal ecosystem, and transfer of their properties to human, i.e. organizational system is called biomimicry. This system includes study of all living creatures, i.e. of animals, plants and man as typical examples of self-organization (Radosavljević, 2007).

If an organization is understood as a 'living organism', we provide conditions for the creation of flexible and efficient organization. Everything that happens in a person, more or less happens in organizations. In humans, there are inputs, transformation processes and outputs; a man must take food, air, water, and meet other needs. Through transformation processes, a man transforms inputs into energy, making it possible for him or her to live and perform work activities. The above exists in organizational systems as well, where they aim to deal with as few inputs as possible to achieve maximum output, i.e. maximum possible quantity of products or services.

Just as every living creature has mind, i.e. brain that controls all parts of the body, in the same manner strategic management assumes this role in organizations. It turns out that brain is the central organ that receives, through senses, impulses from environment, and, as feedback, gives orders to executive parts of body to react to external influences. Executive components have to implement what brain formulates without any objection or complaint. Arms, legs and other executive parts cannot choose what to do, as decisions are made by the brain. Brain coordinates the movements and activities of the body on the principle that 'the left hand should know what the right hand does' and the other way around. If the mentioned relations were established in organizations, they would become not only more efficient, but more effective, i.e. more successful as well.

By biologistical-medical concepts, the function of the heart is taken over by financial management. In the organizational systems, money does the same job as blood in a human body. In areas with insufficient blood flow we see extinction of certain parts of

the body, and if an organization or its certain parts lack money, the organization is doomed to decay and dilapidation. All this is only natural, because every organization is based on interest and can survive only if all its parts are motivated and willing to work for the organization. With other parts of the body the situation is similar, which, by analogy, we might apply in creation and management of organizations.

The need to introduce medicine into management became clearly evident when it was determined that the basis of personal and business success is in mental energy that creates a mental process, and this further creates mental activity, and in the existence of harmony between the emotional and motivational half. It has been scientifically proven that mental energy, just like electrical energy, has emotional and motivational pole, and if one of them is turned off, there is no mental activity. This is similar to electricity, because if we turn off either positive or negative pole, there is no electricity. Understanding that emotional pole creates needs and desires, and motivational pole creates will, only confirmed that classical management in modern conditions cannot be successful if we exclude emotions and emotional pole. In a classical, i.e. mechanistic management, emotions were not considered. It was even believed that emotions do not go 'hand in hand' with business and that any introduction of emotion is harmful for organization. Of course, there had been even theorists and practitioners who considered emotional people problematic and undesirable when selecting staff (Radosavljević, 2013).

In addition, medicine may be beneficial to management when making management decisions. It is shown that in medicine and in health care systems, decisions are based on facts or information, i.e. based on detailed analysis, thus minimizing subjectivity. In other words, the outcome of medical decisions is accompanied with high probability, because they are based on confirmed or scientifically proven information and facts. It turns out that a doctor is required to justify decisions he or she has made, or to prove that the undertaken interventions and measures are effective. The introduction of medical procedures in making important or the most important decisions in management, especially when it comes to strategic management, would increase their objectivity and effectiveness (Walshe & Rundall, 2010).

Detailed analyzes show that medical staff and doctors make life-and-death decisions for patients based on laboratory analysis, videos, reviews , often in consultation with colleagues, assistants, etc. Collegial work is basically the rule in every major medical institution, and they often seek additional consultation, even by specialists outside the clinic or hospital, etc. This raises the obvious question, why management is not subject to evidentiary standards and tests, and clinical practice? Klein believes that the reason should be sought in different cultures between doctors and managers. One should always keep in mind that the problem is much broader and the reason should be sought in the indisputable fact that management is not yet sufficiently scientific, i.e. scientifically validated information when designing strategies and managerial processes

are not yet fully incorporated. Therefore, the same strategies produce different results, just as a variety of strategies in business organizations can achieve the same results.

At the same time, medical staff constantly works, so to say, under 'crisis' conditions, where the battle for time and quality of decisions is crucial for their success. In this context, the experience of the medical profession can be of great use in business management. Business management should get used to the pressure because estimates show that management will face less and less normal situations and increasingly more crisis situations where one works under pressure. Since the struggle for life and health is a permanent battle, medical personnel have to quickly diagnose the problem and make rapid and efficient decisions. Thereby, medical experts should have knowledge and experience, because any kind of hesitation could be fatal, which is not the case with other professions. Hence the claim that medical professionals, especially doctors and surgeons, always operate under pressure is true. It brings pleasure to no one, but only hard work and tension. The pressure here is not strictly related to the time necessary to complete one's work, but primarily to get the job well done. Business management should be used to pressure, because it is estimated that they will have less and less normal situations, and face an increasing number of crisis situations where they work under pressure. In this context, the experience of the medical profession can be of great use in business management (Gardner, 2010: 23–32).

What should Medicine Take from Management?

Research shows that complexity of health care systems is increasing and they continuously get more complex due to the interconnection and influence of many factors affecting them. Quantum of medical knowledge and technical amenities in health care has greatly improved, but the concepts of health system management are neglected, i.e. marginalized. In general, management and economics can improve the quality of health care. They should be in the function of health care, i.e. they should be servants, not masters of health. Given that every fifth employee in health care system is non-medical staff (technicians, laboratory technicians, logisticians and support staff), it is necessary both to bring those employees closer to health and medicine as a profession, and to bring medical staff closer to and make them more familiar with economics and management. Things have gone too far, for today physicians, engineers, and other professions are required to think as economists. This statement is extremely important because, in the words by Henry Towne: "Business management has become so important that it is now considered as one of the modern forms of art, without which it is impossible to imagine success and competitiveness (Kiechel, 2012: 4).

Medicine, i.e. health systems should take a principle or practice of professionalization of management from business organizations, especially when it comes to managing health care institutions in countries, which are in transition. Analyses show that in the

health care system as a whole, a high level of professionalism is established in the areas where competencies and scope of work belong to experts. Strict requirements are regulated for each position in terms of formal education. In this atmosphere, it would never occur to a nurse to perform tasks of a physician, or to an economy technician to perform job of a medical nurse. It is consequently insisted that required competencies must be fulfilled and any deviation from this principle is perceived as negative.

Nevertheless, when it comes to managerial profession in health care, especially when it comes to the choice of strategic management, the practice in most of the countries in transition shows that professionalism is completely neglected and that key positions are held by doctors and other medical staff, which is not competent and not trained to manage organizational systems, including systems in the field of health. It turns out that in hospitals, institutes, medical centres and other institutions medical experts are appointed to key positions, although they have to perform organizational rather than medical tasks. Thus, the practice of 'pulling out' the best surgeon and appointing him to the post of the chairman of the board or director of the hospital is wrong, for those people are great surgeons, but really poor managers, creating, therefore, poor health care.

Analyses show that when medical professionals (general practitioners, doctors) exchange their operating rooms or primary care facilities for leading positions in health care establishments, they regularly abandon the principle of documentary-based process of management decision making, although it is unthinkable in their profession. Although in medical procedures, it is impossible to make strategic decisions (surgery, amputation, complex surgery on the brain, heart, etc.) without laboratory, X-ray and other analysis or evaluation, management decisions are often made without detailed analysis and procedures, often without minimum of information or data. Professional management and experts who are business school graduates, educated and trained to manage organizational systems behave the same way when they are in health care systems. This is one of the main reasons for frequent economic and other crises in the world, as well as the use of traditional management concepts unable to resolve a modern problem.

Medicine and health systems could take from management certain rules of industrial organization, regardless of the fact that it is a highly intellectual organization. This was once exercised by Ford in his hospital, when he tried to bring some economic principles into hospital operations. He demanded that the hospital staff spend most of their time in hospital rooms, by the patients' bedside, rather than keep on performing administrative tasks and transfer certain documents from one department to another. Although health care has undergone enormous technological progress, increased commitment to patients would improve the quality of health services. This would reduce waiting lists and time-span from establishing a diagnosis until patients actually receive specific health service; this would further mean that it would be possible to compile lists of medicines that are to be prescribed free of charge, or to compile lists for medical treatment abroad.

This is important because the trust between medical and pharmaceutical institutions on the one hand and patients on the other hand, is at a very low level. The boycott of the vaccine by the citizens of Serbia, despite warnings and media campaigns conducted by the medical and pharmaceutical industries is indicative of the high level of distrust between patients and the medical and pharmaceutical personnel. The more intense the media campaign, the higher the resentment of the population; in many instances this campaign was treated as a fraud.

Confidence could be increased and improved through more intensive communication and improved health care offered by medical staff. Communication between medical staff and patients must be in the language of the patient. In this context, medical staff and patients need to create a 'therapeutic alliance' against the disease, and thus create new value in comparison with existing practices. This is particularly important at a time when patient does not accept or does not comply with proper treatment. It turns out that the patient is the same as any client in the area of business and that experience on this issue should be accepted by health care facilities.

Management has developed, with relative success, techniques of cost management as the core of any management. This issue has not received adequate attention in health care, even in highly developed countries. In 2011, a broad discussion was held in the U.S. on the values and costs of health care proposed by President Barack Obama, i.e. on how to reduce health care costs (Adižes, 2011: 156). Analyses show that there has been no significant result in this regard because outdated ways (i.e. principles of industrial revolution) are still used in cost management.

It turns out that medical staff along with people who work in military organizations are the least trained to economise and use resources in a rational way, although those two activities receive the largest share of any national budget. Part of the reason for inefficient cost management in health care is in the position that health must not be brought down to commercialization. Hypocrites oath given by the medical staff is considered to be the basis of the medical profession functioning and any savings in this regard may be counterproductive. Modern management is based on the premise that human health care must also be governed by economic principles, i.e. it must provide effective and efficient treatment of humans. Life and health are the highest values and we cannot put a price on them, their value is always greater than their cost. However, if a health problem can be solved by some readily available remedy, we should not use surgical incision. Even from such a trivial example, we conclude that it is necessary that each and every effort and goal must be pursued with the minimum economic sacrifices. This task is the responsibility of professional management, which should provide a high or possible even the highest quality of health care services with the lowest cost.

The problem keeps getting more complex as the needs and wishes of patients increase, and on the other side we have limited resources for health care within national budgets. State-owned hospital systems are funded based on the number of patients or the number

of hospital days, number of visits, repeated visits, and often unnecessary tests. The same applies to the financing of educational systems. The more students in a school, the greater the share of the budget; the more patient examinations there are, the bigger the participation of the health care system in national budget. It seems that there is a system error here, i.e. that the system is designed to constantly increase, rather than decrease costs (Harrison, 1998: 15–31).

This and other quantifications and principles are not eligible because health care systems are not encouraged to provide high quality health services, which ensure that the patient heals and returns to his regular activities as soon as possible, but rather to keep the patient in the hospital as long as possible and on that basis achieve higher subsidies from the national budget. The situation is similar with the introduction of performance merits where a physician is prescribed fixed time to examine a patient and this is further placed in relation with earnings. In this situation, doctors strive to meet the quota of patients, at the expense of quality and speedy recovery.

We witness the fact that large industrial systems have eliminated norm reasoning that organizations are not athletic tracks where one has to run against the clock, but they are socio-economic and technical systems with the aim of producing the best quality products and services. Due to the abandonment of performance norms, those organizations have become more successful, which is only natural because customers' trust is the hardest thing to gain and the easiest to lose due to lack of quality. In accordance with the above, health systems introduce performance although it is an obsolete way of increasing productivity and programming time for individual health activities. This is totally wrong, because it directly reduces the quality of health services and slows down the healing process. A stopwatch that was initially introduced by Taylor as a tool for norm-setting should be removed as a means of increasing productivity and reducing costs in all organizations, and especially in health care. This conclusion is logical, because health systems are highly intellectual organizations governed by the 'white coats' and 'golden collars. 'We cannot apply to those experts the same rules that are in force now or that used to be in force before for 'blue collars' whose work is based on muscle power. Doctors and other medical personnel are not automatic machines who work on pre-given platforms; moreover, each patient is different from the other and he or she probably has to tell the doctor something about his or her condition or emotions. Race against time is impossible leading to misdiagnosis of the problem, i.e. wrong diagnosis, and this further leads to prescription of wrong medication. Surely enough, no one is happy with this situation, most of all patients who are supposed to be the central axis of all decisions and actions in health care systems.

Regarding above statements, it should be noted that most of the costs and losses arise from outside of work activities, not because of the expenses which are incurred in the treatment. It is necessary to understand that doctors and other medical personnel do not engage in mechanisms, assemblies and sub-assemblies, formulas, etc. where errors can

be corrected much easier. The medical profession and all its employees have the primary task to cure the patient as soon as possible and make him productive, able to work, to create new value, all of which will increase the health insurance funds, and budget items intended for healthcare. This way we create multiple benefits for: (1) individuals, (2) the organization in which the patient is employed, (3) for the country with a healthy nation and a better quality of life.

Possibilities of Implementing Medical Knowledge in Management and Management Knowledge in Medicine in Serbia

Health in Serbia shares the fate of the economy and society. Compared with health care of developed countries it is at a much lower level. Recent pools of health services in Europe have shown that Serbia holds the last place in Europe. Regardless of the criteria that are taken into consideration for ranking, it can be concluded that health care is burdened by numerous and complex problems, which have been accumulating over a prolonged period of time.

Quality of health is influenced by the so-called natural and social factors. Some environmental changes are actually biological by nature and, therefore, difficult to eliminate, such as formation of bacteria, viruses, and other sources of infection. Another factor is the social and economic environment, i.e. national economy, legal and social framework, education system, the value system by which we establish the level of ethics and social responsibility, to the entertainment, tourism, recreational activities, diet, attitude towards life and health (Black, 1997: 485–505).

The necessity to remove certain misconceptions and stereotypes

In order to adequately apply medicine in management and the other way around, it is necessary to remove certain stereotypes and misconceptions that occur in health care and management. By clearing away some misconceptions, it is possible to make analysis more objective and management more successful.

Increased expenditure on health at the national level does not mean you will automatically improve the quality of health services, and reduce mortality, as is often thought. It is important to structure spending, i.e. how much is being spent on health services and health improvement and how the money is spent.

The mortality rate as a criterion of measuring health service, must also be taken with caution, because public health can be affected by numerous and relevant environmental

factors. For example, Serbia at the end of the nineties was subjected to bombing and the increased influence of radiation, increasing and constantly increasing number of malignancies, resulting in an increased mortality. Under these circumstances, it is difficult for a health system in a developed country to sustain this intensity.

The health system and general health is not focused only on preventive care, treatment and rehabilitation of citizenship. In addition to treatment, health systems provide other services that are in use, or without which we could not operate a hospital, clinic, etc. These services include the following: issuance of certificates about the health of children, adults, and so on. It also provides services in the insurance sector, court expertise, services in the field of labour medicine, services of administering sick leaves, giving opinions on disability pensions, issuing driving licenses, etc. In addition to the health services in the strict sense, the quality of health care should be evaluated through these parameters.

The quality of health services has a high level of correlation with socio-cultural and educational level of the population. These are external factors that directly or indirectly affect health improvement. Repeated appeals for constant monitoring of one's own health and recommendations not to neglect control often produce scarce results in early detection and preventive action. This factor is not under control of the health care system, therefore, increased mortality, or prolonged periods of treatment on this basis cannot be attributed solely to the health sector. Of course, under new conditions, health systems must create favourable health environment and educate the population. However, it is not easy, especially in countries that have a large percentage of functionally illiterate population and where health education requires slightly higher literacy and education.

The quality of health services depends not only on the medical staff, as is often thought. For extended life expectancy and better quality of life merit belongs primarily to increased quantum of knowledge and education of the population, scientific and technical progress in the detection and treatment of disease, the production of medicines and medical supplies, reduced working hours, better use of leisure time for sports and recreational purposes, and so on. It has not been sufficiently investigated and there are no expert studies on how and to what extent those factors affect the quality of health care.

Related to the above factors, the quality of health care is also determined by the quality of non-medical staff. Non-medical staff also participates in providing health care services. Its overall capability often depends on housing, nutrition patients, etc.

One of the preconditions for the use of knowledge and principles of medicine and health in business management is to eliminate certain past and other misguidance.

What can we implement from medicine in management and from management in medicine in Serbia?

Medical science and health practice can be implemented in numerous occasions in management as a science brunch and a profession. Medicine, biology, zoology and many other natural sciences study a man as the most perfect creature, and they study the functioning of the bio and animal worlds. The ways of functioning of natural system can be, by analogy, implemented in projecting, creating and maintaining the organizational systems. As stated before, organizations as groups of people who work together with a mutual goal are, in effect, imitations of what happens in the animal world, i.e. eco-system.

Apart from already stated, it seems that taking the principles of evidence-based medicine into management, i.e. the way in which strategic decisions are made in medicine would be very beneficial in making strategic decisions in other organizational systems. Given that it is impossible to make a quality decision in medicine without information, and laboratory or X-ray and other analysis and assessments made by the councils as professional teams, such practices should be carried out in management science, especially in formulating and implementing a strategy. This would significantly improve the decision making and management, although this concept is criticized for using the best and proven practices to stifle innovation and slow down the development of medicine, because it hinders or prevents the introduction of new ideas, and ignores individual expertise (Journal of Nursing Management 5, 1997: 195–198).

One of the reasons for poor functioning of health systems in countries in transition is the lack of professionalization of management of health systems. It turns out that the management of health services and systems in this area is the weakest link, which determines the strength of the whole system, because the chain is as strong as its weakest link.

In Serbia, management is generally highly politicized and ideologised in all sectors, including health care. The main criterion for the selection of leading people in health care is the party membership instead of competence. Members of certain political parties remain in managerial positions as long as their party is a part of the government or as long as they keep providing political privileges for the ruling party. The rotation of parties in the government brings about the change in management of health care system making, therefore, the management system temporary. This is contrary to the practice of organizations in the West, where a manager has permanent position, since there is a managerial profession that deals exclusively with matters of organization and management. The introduction of professional management into medicine, i.e. health care systems in transition countries and in Serbia, as well as the introduction of highly educated professionals in the field of organization and management, all this would reduce the number of problems, and their commercial success would be greatly increased. This way, in Serbia and in other transition countries a continual character of management functions would be established (Vučenović, 2001: 134–142).

The example of Serbia demonstrates the importance of professionalization of management of health systems in countries in transition. The introduction of the system of public procurement requires that health care managers deal with and participate in

procurement process or make decisions about them, as well as deal with legal, commercial, economic and other affairs associated with the announcement of procurement all the way up to its implementation, takeover and distribution of cases of public procurement. In view of the fact that the management of the medical profession is absolutely untrained for the above, the public procurement system in health institutions is ineffective, thereby leading to irregular supply, lack of certain drugs, or their excessive procurement and storage. It is clear that this system is not successful and too slow, and, from the economic viewpoint, it is not sustainable as it results in huge costs.

This is particularly important under modern, i.e. crisis-prone working conditions, when in many countries the problem is lack of money on the one hand, and increased patients' demands for quality medical treatment on the other hand. It would also reduce the waiting time, i.e. waiting lists would be eliminated as a major problem in countries in transition; health funds would be used in a more rational way, and the possibility of domestic treatment would increase considerably.

In both business organizations and in management profession we find a highly developed practice of including customers and clients into the process of reaching management decisions. The aim is to improve products and services and to produce nothing but what customers really desire. This practice could be introduced into the medical and pharmaceutical industry, and patients should be involved in certain segments of the production of medicines and provision of health services. This is necessary because the effectiveness of medicines is differently perceived by the medical profession on the one side, and by the patients on the other. Patients rightly suspect that research and experiments are not aimed solely towards their needs, but rather they point to the requirements of pharmacists.

Regarding the said context, it is necessary to:

- initiate public opinion to get engaged in this issue through city representatives, trustees, jury, or any other body;
- establish specific associations, committees and other bodies that would serve the patients and protect their interests;
- expand patient communication via websites, social networking sites where opinions would be posted and experiences exchanged;
- use pamphlets, videos, news articles to present views and concerns;
- educate health journalists who should be trained for communication with patients and creation of statements in written or electronic media;
- hold public meetings and debates on health care issue and general health services.

The above practice is more or less present in the health systems of developed countries, and has established itself as very successful. Most of those activities require no or minimum financial resources, so their implementation is realistic in transition countries as well.

Conclusions

The analysis shows that classical management is unsustainable under present conditions, for it is not capable of providing satisfactory business success. Instead, it is necessary to introduce management based on biological-medical grounds. Those sciences study all living creatures, and a man as the most perfect self-organization. Relations between different animal groups and relations in human body can be analogously applied in the organization and management of business systems. By studying the functioning of certain animal groups, or animal packs, swarms of bees or ants, flocks of birds, it is possible to create an organization where each and every member or part contributes to the goal, without any central authority to formulate strategy and oversee its realization. Using findings from medicine, particularly relations between brain and executive body parts, it is possible to transfer certain rules to the build-up of organizations that have a "soul", and where a man, with his knowledge, skills and abilities, is their most valuable potential.

Modern management should take from medical science and practice the principle of making reasonable, i.e. evidence-based decisions. Those decisions should be based on relevant and timely information, analysis and estimates, like it is normally done in medical practice. The introduction of this concept makes it possible to raise the objectivity and scientificity of strategic decisions, increasing the business performance of organizations.

Regarding the above, it is necessary for medicine, i.e. health care to take over certain principles upon which management of business organizations is based. The most important thing is that the field of management in a health care organization should be entrusted to management professionals qualified and trained to manage organizational systems. This especially applies to the management of health systems in countries in transition, where leading positions are occupied by medical professionals, not experts in the field of management. We see, therefore, that management of health systems is left to amateur managers because medical professionals (doctors) are not trained in management of organizations, but in treatment and preventative health care of people.

By introducing expertise in management of health systems, it is possible to use organizational solutions from other organizations, to introduce the management of health costs as the core of any management, to improve communication and cooperation between different segments of health care, etc. This would enhance the effectiveness of medical profession and health care system that would be beneficial for various interest groups.

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THE NECESSITY OF INTRODUCING NEW CONCEPTS IN STRATEGIC MANAGEMENT

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Abstract

Even nowadays we apply the concepts of classical management based on material resources, i.e. on determinism and organization chart, or clockwork; in the past those concepts searched for approaches and concepts able to produce the best results. The whole classical concept was based upon mechanistic determinism, and it was appropriate for the organizations of the second half of the last century. Instead of traditional and outdated concepts and strategies, the above highlights the need to introduce new, more flexible and adaptive approaches able to manage dynamic organizations in dynamic and turbulent environment. Above all, this applies to introduction of medical and holistic concepts. Instead of the classical strategy examining the variability of the environment and trying to develop adequate models able to adjust to the environment, current times increasingly insist on introduction of adaptive strategies and strategies able to modify the environment.

This paper aims at emphasizing the necessity of introducing medicine into holism of biology and of introducing holism into strategic management and business in general, i.e. the need to introduce the concepts that take into account volatility and high level of uncertainty.

Keywords: *classical strategy, medical concept of strategy, holism.*

The Necessity of Introducing Medicine in Formulating and Implementing a Strategy

Without going into further analysis of whether and to what extent strategy is a science, the fact remains that Porter's concept of strategy is no longer applicable, since it is grounded on mechanistic-deterministic basis that is not adequate for turbulent times. This is paradoxical, especially because Sun Tzu believed that 'the key element of warfare is spirit, or chi', which is the vital energy of life itself. We see, therefore, that as

early as 500 BC they were familiar with psychology in which the spirit was the basis of many aspects of Chinese thought, from metaphysics to medicine. It is not clear, however, how did spirit, managed by will and intention, disappear from warfare, and why is it so rarely mentioned by the classical management theorists and in the classical strategy (Dess, Lumpkin & Eisner, 2008).

Instead of a mechanistic deterministic approach, it is necessary to consider strategy from the standpoint of biologistical – medical science, which is only logical because strategy is the result of the process of thinking and of the mental energy that exists in a man. Functioning of humans and especially the relationship between brain and executive body parts could, by analogy, be applied to strategic management. Brain, i.e. top management has the ability to think and make mental constructions, i.e. to form alternatives and make decisions; body, i.e. executive organs in the organization have to implement what the brain has created. Thereby, a man works according to the following pattern: (1) ideas and strategies are formulated in human brain; then (2) body, i.e. organization performs the given strategy. The body obediently carries out the decisions of the brain. Arms, legs and other parts of the executive body parts cannot choose what to do; it is decided by the brain. Orders are one-way and go from the brain to the executive body parts, as is the case with information ranging from the brain, i.e. from the level of higher awareness towards organs with a lower level of awareness.

Medical professionals, especially neurologists, might not agree with such a simplified representation of the functioning of the brain. But it does turn out that from the standpoint of strategy and strategic management this indeed is an accurate metaphor. It can be used for both the formulation and implementation of a strategic process, especially if one studies anatomy and physiology of man as a conscious human being (Radosavljević, 2004).

The Relation between Mental Energy and Strategy

Any action or activity is conditioned on the use of some form of energy. That principle applies to the man-made technology, mechanisms and a man as such. So a man as a conscious and rational being has to use both mental and physical energies in his activities. In other words, a man must first come up with an idea what and how he will do, and for this he needs mental energy. Then a man shall perform the management decision for which he needs to use physical energy, i.e. strength of muscles, or he needs to use mechanisms he had created himself. On the one hand, when mental energy is being used, i.e. during the creation of mental structures, a man does not have to use physical energy; on the other hand, when he uses physical energy, he also has to use mental energy, i.e. to use intelligence as its product.

Strategy is closely related to mental energy, which is logical, because any strategic process is the result of mentality, from its formulation all the way to implementation of

strategic ideas. Thus, mental energy is the energy that is created in the human neocortex and it is the result of neurons' movement. It creates mental, i.e. strategic process, and this in turn creates mental activity in receiving impulses from the environment and the establishment of functioning of self-organization, i.e. organizational systems in accordance with the conditions in the environment.

Mental energy is analogous to electricity. As electricity has positive and negative poles, so does mental energy has both emotional and motivational poles. If there is one pole lacking, there is no electricity. If there is no emotional or motivational energy, there is no mental process and thereby no mental activity. Accordingly, no mental energy – no strategic process, i.e. no strategy as the result of mental structures (Vučenović, 2013).

The emotional pole is the one that creates needs and desires in humans. Desire originates in the mind. If a man desires something, conscience forwards that to subconscience that will fulfil the request without a question. Subconscience is the builder of the body and it is able to heal other parts, which is only natural because the law of life is the law of faith, and faith is a thought born in the mind. Every person and every organization has its own needs and that is the source for the creation of all social organizations.

In classical strategy, emotional intelligence is neglected, i.e. marginalized. People used to think and they still feel today that emotions should be excluded from business because they "kill" success. From this point of view the following attitude of classical top management was formulated: that strategy should rely on material resources, and then men should work according to the dictates and instructions of strategic management. The extent to which this attitude is unacceptable today can be seen from the fact that today successful organizations are the organizations that take emotions into account. Without that element, it is difficult to be competitive because every organization whose reliability is based on humans is not reliable (Reeves, Love, & Tillmanns, 2012).

It turns out that this is the biggest problem, because, objectively speaking, there is a large gap between desires and possibilities. This law applies to both individuals and social communities. On the one hand we see that in each new time dimension a man experiences not only new needs, but also the enlargement of requests for existing needs, especially in the domain of quality of satisfying the needs. On the other hand we have the problem of limited resources that is becoming more and more limited with every new time period; every time the very existence of those resources becomes more and more uncertain. The strategy should answer the question as to the most appropriate way to implement the strategic concept. It should enable an individual to achieve his/her goals and meet his/her needs with as little effort and other consumptions as possible, i.e. to achieve as great effect as possible with as few economic sacrifices as possible. Through strategy as a tool, the strategic management should develop the need and increase desires, thereby, the emotional pole that will, through feedback, positively affect the creation of desire. This also means that strategy itself is not a goal, but it is an instrument for achieving the defined goals.

The motivational pole produces will, i.e. it produces the will and motivation to fulfil the desire. If a man and organizations have desire without will to implement the strategy, desire remains useless. Therefore, the classical strategy and generally speaking management theory used to put forward different ways to motivate employees in order to encourage them to meet the goals. Sun Tzu felt that rewards and punishments were the main levers of military victory; rewards were a priority. He neglected punishments as he claimed that penalties can be applied only after creating an emotional basis. In other words, Sun Tzu claims, "If a penalty is applied upon the army before it becomes attached to its commander, the army will not be submissive. If the army is not submissive, it is hard to manoeuvre it into combat. But, if punishment is not used after the soldiers have become attached to their commander, the soldiers then become useless".

In this context, the Maslow's motif pyramid is based on needs, and it is the basis for the study of motivation today, although in its entirety it does not show universal application, especially when it comes to the hierarchy of satisfying needs that are of higher rank. Bearing this in mind, the strategy should address both emotional and motivational elements, i.e. desires, and it should motivate participants to implement the strategies.

The Necessity of Implementing Holism in a Strategy

When contemplating strategy, we can say that it is a specially organized structure of a whole, whose quality characteristics cannot be inferred from the quality of the parts that make up this particular unit. For example, it is impossible to obtain the level of quality of a strategy by analyzing certain elements, such as situation assessment, strategy formulation, implementation, etc. The classical theory insists on this concept and it is still dominant in the formulation and implementation of a strategy. It turns out that each element of strategy must be viewed in its entirety, i.e. their mutual relations must be observed, as well as its relations with the environment to which the organization belongs. This stems from the indisputable claim once defined by Plato and Aristotle, saying that the whole is always more than a simple sum of the quality of the parts of which it is composed. Further, Aristotle calls those interrelations between the parts a soul of the organization.

This theory has a number of practical implications. In this context, it should be noted that it is incorrect for strategic management to appoint one set of teams, agencies or consultants to formulate a strategy and then entirely different teams to implement the strategy. Of course, this conclusion is only natural, because it is necessary to ensure unified strategic thinking, that is, those who formulate the strategy should also be the ones to implement it. Imagine a situation where in combat one general defines a strategy, while the other is in charge of its implementation; they both perform strategic assessment, and the military operations are introduced by those who did not participate in strategy formulation. Imagine another situation where strategy was formulated

without the coach of a sports team, but was left to him for implementation. This could produce negative effects in both aforementioned cases, and in the field of business.

Hence there is the practice of adjusting the duration of appointment of strategic management with the duration of the strategy. When strategic management is changed, it is difficult, if not impossible, for the current strategy to survive, especially if it is the case of dynamic and changing industries. This does not mean that outside experts cannot be used in certain activities of the strategic process, but they must not dominate and they are simply not able to produce a high-quality strategy simply based on strategic contemplations of someone who does not know, or at least does not know this phenomenon well, no matter to what extent this phenomenon might be relative.

Practice shows that, theoretically speaking, it is wrong to over-emphasize the formulation and implementation as two elements of the strategic process, because they are two sides of the same coin. Otherwise, professionals who formulate a strategy will often ignore its implementation, because the problem will be addressed by other teams, and those who implement the strategy have no idea about the whole strategic concept and strategy as a whole.

However, we should keep in mind that strategy should be viewed as a whole made up of individual parts, such as operations and tactics through which it is implemented. Quality of strategy is particularly evident in its implementation. A good quality strategy is the one that has a satisfactory outcome for all stakeholders who directly or indirectly realize their interests in an organization or through that organization. A strategy that does not bring satisfactory effects should not be graded positively and, therefore, it must be changed.

Also, the strategy is a part of or a subsystem of the policy from which it arises and through which the policy of shareholders, i.e. owners is implemented. If there is no policy, there is no strategy, and this is only natural because if there is no whole, there are no functional parts. However, policy can function without a strategy, so those phenomena should be viewed as relations between a whole and its parts. In other words, a whole can exist and survive without parts, but no part can exist without the whole. This rule is derived from medical science. One can survive and function without legs, arms, or other parts, but hands and feet cannot function without the body (Radosavljević, 2006: 236–244).

Therefore, improving the relationship between the parts of the strategy, particularly in terms of increased complexity and interdependence between the individual parts and the relationships between parts and the whole, i.e. whole and the environment in which it operates can improve the quality of strategy. At the same time, interaction between the individual elements of strategy produces new energy called synergy. This is possible when the implementation of strategies differ from strategic ideas and strategic decisions, and when they make corrective policy decisions, which are both used in practice. Synergy as energy is free; it is energy that is obtained without additional financial

investment. So, if there is a dynamic synchronization and communication between the parts, then those parts of strategy produce new quality that cannot be inferred from the quality of the parts.

Conclusions

The radical changes that have occurred in the last decade, and especially the changes in the organizational, technical, technological, economic and other aspects of the organization impose the necessity to introduce new and more flexible concepts, especially the concepts of adaptive strategies based on science, and above all, based on biology and medicine. Medicine and biology deal with self-organization as the most advanced forms of organization. Laws of functioning of self-organization can be, by analogy, applied to the functioning of organizations as man-made creations. For knowledge of medicine and biology to be applied in organizational systems, it is necessary to uncover and study the natural order of things and to implement its laws in strategy.

By introducing natural science, it is possible to reduce subjectivity and increase objectivity of a strategy, i.e. of other concepts in strategic management; in particular, the introduction of factual or evidentiary medicine, will provide that strategic decisions are made on the basis of evidence. Thereby, we reduce the uncertainty in the outcome of strategic decisions, which would increase the scientificity of strategy and maximize business success of organizational systems.

The necessity of introducing holism into strategic management should be added to all above. Medicine was among the first to introduce the concept of holistic systemic treatment, where it is necessary to engage holistic experts in consulting teams. The task of holism is to evaluate certain measures from the point of view of the whole. Those findings may bring new quality into strategic decision-making and, generally speaking, into management of business and other organizations. Finally, let us keep in mind Tom Peters' claim, "Excellent *firms* don't *believe* in excellence – only in *constant improvement* and *constant change"*.

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IS PORTER'S CONCEPT OF STRATEGY DEAD?

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Abstract

The concept of strategy developed in the 80s by Michelle Porter is still being applied in management of developed countries. This concept is based on classical and mechanistic basis, i.e. determinism and organization chart, and has been effective in terms of small changes and high degree of certainty in management decisions. Therefore, the fact that Porter's concept of strategy has not changed for more than three decades and is still applied and studied at high business schools in the West, is the reason for its decay that leads to the final outcome – death.

In times of turbulent and radical changes, Porter's concept of strategy is inefficient and it needs to be replaced with new approaches, i.e. concepts that are based on biologistical-medical grounds, which are natural, and therefore more objective for the creation of high-quality strategies and strategic decisions. It turns out that it is necessary to redefine the postulates of the classical strategy, and to set a new basis and strategy for strategy development of, as well as for the introduction of new, primarily adaptive, flexible strategies and environment shaping strategies.

This study aims at highlighting the necessity of abandoning the classical strategy in strategic management and the necessity of introducing the concepts that take into account both volatility and the high level of uncertainty.

Keywords: *classical strategies, new concepts of strategy, problems with strategy.*

Is Strategy a Science?

We know from experience that, whenever a certain phenomenon is excessively talked about without the force of arguments, there is a problem with the scientific explanation of that phenomenon. Therefore, statements without scientifically verified facts can be deceptive, i.e. existing concepts turn into stereotypes and laws that are never addressed. Far too many quotations of the famous Chinese strategist Sun Tzu tell us that many authors tend to transfer certain laws of war strategy mechanically into the sphere of

business and beyond. For example, D. Cawood talks about military strategy in business, emphasizing that the principles of military strategy can be used in the market battles, especially in clear market conditions where modern economic activity can be compared with battle fields in which a number of companies daily disappear, leaving behind more chaos than we might face after a conventional war (Millson & Wilemon, 2009: 657). One should keep in mind that military strategy itself has changed, making its implementation impossible, not only because of the fundamentally changed environment, but also because nowadays the war strategy is directed at warfare actions that include modern weapons, but exclude participation of live force or distance where many elements of classical military strategies do not work, or do get marginalized.

Arguments for the Claim that Strategy is a Science

Contemporary management is based on classical grounds designed by Western theorists of organization and management. Its features include: determinism, schematism and hierarchy, i.e. relations of dominance and subordination. In this concept, the dominant role is played by material resources, while human potential gets neglected and is considered to be a mere 'tag on the machine'. In the second half of the twentieth century, the classical management gave satisfactory results, but in modern terms it is not applicable.

Porter's concept of strategy emerged in the mid-80s within the framework of classical management, and bore its features. From the present stand point, it is not old, but technically, technologically, organizationally, economically, socially and politically outdated; current ambient puts a question mark upon a form chosen by Porter, and also casts doubts on scientific nature of strategy as such.

The claim that strategy is a science is based on the undisputed fact that it has been studied – just like other sciences – in all well-known high business schools in the world for more than five decades. A large number of colleges, institutes, faculties in the field of business and management had been created in the 60s, and they study strategy and strategic management in various fields. Numerous scientific papers have been published in this field in reputable international journals, and there are also scientific positions in this field. Clausewitz, one of the recognized experts in strategy, claims that strategy is a science because, just like any other science, it aims at researching, i.e. to process knowledge necessary to conduct fights. However, he believes that skill must accompany a strategy, i.e. it is not enough to know the principles of strategy, but it is necessary to have certain skills to implement it.

We can conclude from the above that strategy like other sciences has a subject, methodology and scientific apparatus for drawing conclusions, as well as principles that cannot be questioned. Its laws are derived from the war activities or from experiments in different organizations. For example, Taylor used a stopwatch to measure performance on the basis of the norm for certain jobs and tasks, so that on that basis he could plan

individual stages of the production process. The last and most important experiment that was conducted in the field of management and motivation was the so-called Hawthorn's experiment conducted at the Western Electric Company in Chicago in the twenties and thirties in the last century by E. Mayo and his associates. This experiment was related to the study of influence of working conditions (microclimate, noise, lighting, and other factors) on the productivity of labour, and whether and to what extent control or supervision contributes to work performance. This experiment was a prelude to the emergence of the neoclassical theory of organization and management, which radically changed the organization. On the basis of the findings, the so-called Hawthorn's effect was formulated, stating the following, "The impact of isolated individuals can be increased by paying more attention to personality, rather than through introduction of tests and controls that previously had been dominant (Barton & Martin, 1994: 50). Later the concepts of management, such as the theory of X, Y, Z, the theories of motivation, organizational building theory are the modalities of the Hawthorn's experiment. Business colleges around the world study elements of strategy, working with people, morality, etc.

Bearing this in mind, strategy has further diversified according to different criteria and has often been treated by different sciences such as military science, industry, agriculture, tourism, services, etc. It was also treated from the national level of organizational systems, and from the standpoint of individual functional areas; therefore, we speak either of a national strategy, or corporate, functional strategy, such as: production, finance, marketing, development, quality strategy, etc. Therefore, strategy is characterized not only as a science, but as a multidisciplinary science. It uses achievements and insights of an overall strategy, but each branch, i.e. either corporate or functional strategies, study and research specific features.

According to the above-mentioned point of view, strategy is applied science. Large international companies have strategic managers with different titles: president of the company, managing director, executive director, board of directors, strategic manager, top management, etc. They use techniques and knowledge they have acquired through the formal system of business education, as well as through practice and experience they have gained in managing business organizations and other types of organizations. In the last decade, the analyses have shown that companies, which had trained strategic managers, had better business results than those who had not.

General effort to prove that strategy is a science was denied by the opinion that skill dominates in strategy. If you accept this view, strategists would be trained differently, i.e. through courses, training, simulations and tests in certain situations.

Arguments for the Claim that Strategy is not a Science

The first argument for the claim that strategy is not a science is that its laws are not based on scientific grounds, which are scientifically validated. In the process of strategy formulation, strategic management does not have enough scientifically grounded information, but the strategy is the result of strategic thinking, which may be more or less or completely subjective, therefore, losing objectivity and scientific basis for making strategic decisions. It turns out that strategy is a mental process, partly based on individual perception.

Therefore, strategy is accompanied by a high level of subjectivity regarding interpretation of the same facts and final conclusions, i.e. laws as products of those activities; this is not the case with other sciences, above all with natural sciences. For example, in medical science, decisions that influence patient's life or death are formed upon confirmed and scientifically proven facts, standards and procedures, leaving no room for different interpretation. The outcome of those and other decisions is predictable. If one methodology of treatment is administered with the same drugs and therapeutic means to patients with the same symptoms and diagnosis, it is very likely that equal results will be achieved. Doctors must justify every decision they make and they have to base it upon experimentally confirmed facts and scientifically verified procedures and standards. Those procedures are laboratory analysis, X-ray images, graphics, and evaluation of the quantification. If they face a complex problem, a consulting team is a must, which, from the perspective of a holistic concept, evaluates the outcomes of specific interventions and their effects on the whole organism (Walshe & Undall, 2001).

The same applies to technical science. If a bridge of certain capacity is being designed, we can calculate with a high level of accuracy the necessary resources, such as: brands of concrete, sectional steel parameters, fittings, etc. Data and standards leave no room for different interpretations, i.e. different conclusions. Failure to comply with those standards brings into question the capacity of the bridge.

However, this is not the case with strategy. If we apply one strategy for solving the same problems in the organizations with the same activities, organic structure of capital, the number of employees and the same value of assets, we receive different, and often completely opposite results. In one case, the same strategy can produce a satisfactory effect, while in other cases, a negative effect, which raises doubts regarding its scientificity.

Further, experience shows that strategies that had been proven successful in the past, may be unsuccessful in another time dimension, and may even cause damage to the company; this is rare in other sciences, above all in natural sciences. This leads to the conclusion that strategy lacks scientificity, i.e. objectivity in drawing conclusions and laws.

The second argument for the claim that strategy is not a science is the fact that there is no clear and scientifically verified methodology for its formulation and implementation, and there is no strategy for strategy development. We face the question of whether it is

possible to establish them. Therefore, every organization formulates its own strategy as the result of strategic management's skills to assess environmental factors and to force the company to respond to changes in the environment. The difference between strategy and strategic decisions lies in the range of their formulation and implementation.

This argument is often disputed by claims that the main reason for the above statement may be found in differences in people who work in different organizations. It turns out that organizations with a greater share of human labour, as in the case of the service sector, are more susceptible to variations in the final result. However, in the treatment of humans, there are differences. As we know, there are no two men alike on this earth, and every person is different from another; how is it possible then that the same remedies applied upon different people give more or less same, i.e. expected results, whether as outcome (positive or negative), or as time span necessary for remedies to work. It is obvious that medical science has managed through scientific experiments to acquire scientific data that are universal and whose outcome is expected in each patient, i.e. each sick person, the same way it is expected by medical professionals.

A relatively strong argument that strategy is not a science is the fact that Sun Tzu in his book Art of War Comprehensive created around 509 BC talks about the art of war that comes down to skills of issuing directions, orders and explanations, i.e. exercising small units through segmentation, articulation and manoeuvrability, as the primary goal of military preparation. The key idea of this military leader was that one should not attempt to defeat the opponent by engaging in armed conflict, but to defeat the enemy without battle, and this is the matter of diplomacy (Sun Cu, 2005: 21–36).

A large number of successful businessmen both in the past and present knew nothing about strategy as a science, but they still managed to create and maintain their empires to this day. Their skills and ability to assess current situation and to use it appropriately are not a matter of science, but rather of skills. Finally, one of the most successful persons in the last two decades, Steve Jobs, had no formal education, knew nothing about management and strategy, but managed to make his company competitive in the industry considered to be highly variable. The situation is similar with other big names in the world of business.

The problem of strategy in strategic management increases if one takes into account that Japanese companies have no strategy or are abandoning strategy as the main tool for realization of set goals. Japanese management has but one single strategy and that is to produce the best quality products and services at a low price, i.e. sale price. In this context, there are different techniques and tactics, such as quality management, just-in-time, incentives and the use of innovation, creative imitation, etc. Abandonment or marginalization of strategy is the first sign, i.e. the first symptom that certain strategy does not increase business success.

One can conclude from the above that there is room for doubt regarding scientificity of strategy, because there is not enough evidence that its conclusions are based on

objective, i.e. scientific facts. Therefore, it is more realistic to perceive strategy as both science and art, with the following question remaining: to what extent the two phenomena matter. One of the reasons for the above might be the fact that for decades Porter's concept of formulation and implementation of strategies has been dominant, yet never reviewed nor corrected.

The Problems Encountered with Strategy Formulation and Implementation

Instead of traditional, universal strategies, modern business is dominated by adaptive strategies and strategies that shape the environment. This is in line with the level of technological, organizational, managerial, cultural – social and other changes taking place in modern conditions. Due to diversity of organizational systems, an overall characteristic today shows that there is no uniform strategy, but there are various and unique strategies. It turns out that there are no two strategies alike, because there are no two organizations or two business ambient alike where those strategies are operable, i.e. functioning. The extent to which this axiom is being neglected is evident in the fact that at the global level in certain areas, there are the so-called global strategies being created. For example, in 'May 2007 the meeting of Ministers of Education of Bologna countries adopted the international strategy that emphasized the need for ENRA to be open and attractive for students from other parts of the world, as well as to strengthen the higher education cooperation and political dialogue with non-European countries' (*Prosvetni pregled*, 2013: 3). The situation is similar also in other areas.

It is evident that objectives and means are mixed up here, and that it is impossible to formulate a strategy without consideration of diversity, because each strategy is formulated, firstly, to respond to new challenges in specific temporal, spatial, cultural, political, social, religious, customary, and other conditions. It turns out that those conditions vary in different countries of Europe, and that there is a big difference between European and non-European countries. Therefore, this is an example of classical, i.e. uniformed strategy that simply cannot give a satisfactory result.

Therefore, it is absurd to copy or take strategies of other organizations or systems. We see that each strategy corresponds to a particular organization or situation. In other words, one strategy within the same branch should be formulated for large enterprises, while quite different strategy for small and medium-sized enterprises. Moreover, the strategy can change depending on the life cycle of the organization. At the creation stage, i.e. birth stage, we formulate adaptive strategies because this is the most sensitive stage in the development of an organization. At the stage of maturity, when the environment is less flexible, classical concept of strategy should be applied. This is completely different from the concept given by Porter and other classical theorists of strategy (Reeves, Love, & Tillmanns, 2012: 2).

In adaptive strategies, strategic planning, based on the concept of classical strategy, has been losing its importance for several decades. Instead of designing universal strategies based on stable elements where the quality of those strategies is evaluated by the duration of their existence, the modern concept is based on flexibility, and strategic plans are replaced by permanent 'daily battles'. Consequently, Spanish chain *Zara* operates on an adaptive strategy based on a flexible supply chain. This strategy allows issuing new models of clothes every 2–3 weeks on average, while the industry's average is 4–6 months. Shortening of the life cycle in the fashion industry has brought significant advantages to this company. Due to the above, *Zara* has managed to take over a significant market share from other companies, such as *Marks& Spencer* etc. We should add one more alpha plus, i.e. that the relationship among players in their supply chain are partner-like relations, i.e. dramatically different compared to the traditional strategy where each member has his/her own interests in mind without regard of the others.

The second and, perhaps, the most important quality of a modern strategy is an attempt to shape and change the environment. In classical strategy, SWOT analysis is a commonly used tool to design strategies, i.e. to design a concept based on assessing their own strengths and weaknesses and on comparing them with the opportunities and threats that come from the environment, as well as from demographic, socio-cultural and technological, economic and other types of segmentation (Dess, Lumpkin, & Eisner, 2008: 44).

Strategy formation is particularly applicable in variable industries, such as digital marketing, IT industry, fashion, and other areas. In contrast to the above, classical strategies have greater success in traditional industries, such as automotive, oil, mining and other less volatile sectors. The classical strategy is applicable in industries with monopoly or domination of certain individual national economies at a global level. However, they have also been changing and adapting to new trends.

The introduction of foresight in strategy shaping results in a higher level of quality of endeavours to shape the future and to find out what the future will actually look like in the coming periods. Practice shows that certain companies have the ability to shape and predict the future, but are not ready for a radical strategy. The example of the Chinese Tata company confirms the above statement. The company had already constructed an ultra-nano vehicle and promoted the strategy "build it and they will come". The fact is that any delay in strategy, i.e. waiting, including this type of delay, will not bring a satisfactory effect; the solution must be based on the old Christian claim: "Seek and you shall find".

The Problem with Strategy Implementation

The very thing that determines the quality of a certain strategy is its implementation. A strategy might be well formulated, but there might be problems with its implementation, meaning that the assumptions on which strategy is formulated are not real and deviate from the actual situation in the organization, in the environment, and, above all, on the market. Therefore, Einstein was quite true by saying that we should spend most of our time on defining the problem, especially the cause of that problem, phenomenon, or process, and only then should we attempt to resolve it.

Analyses show that strategies often fail due to lack of coordination in organizations. Disagreements are inevitable, as employees often attribute their own failures to other departments, mostly to finance and marketing, and other functional 'storages' that have their own procedures and principles of functioning. This strategy problem can be rectified through team rules which are to define the rules of engagement similar to contracts (Sull & Eisenhardt, 2012: 4).

Analyses show that strategic management approaches the process of new strategy defining, including its application, without first defining the problems that the strategy must address. In this kind of situation, strategists often solve wrong problems the right way. For example, Kodak's leadership used to be inconsistent, because any change of management meant change of strategy. Although Kodak had led the way with photos in 1880, it was slow in changing its strategy and the photographic industry was taken over by Fuji film that dominated the market. Due to the above, Kodak had been losing tempo and dynamics. It turns out that Kodak management suffered from mentality of perfect products, rather than thinking of new approaches. In other words, Kodak was trying to improve, to the ultimate degree, the wrong product. This indicates that strategies are indeed mortal because they are exposed to immortal, endless combat. Those who survive –survive; but new danger looms in the very first new step they make.

Strategy is also burdened by the problem that there are special teams for formulating and other teams for implementing one and the same strategy. Strategy formulation is often entrusted to special organizations, consultants, agencies and other external entities, while the implementation is left to other teams or managers. That is not the company's strategy, but someone else's strategy. In a broader context, this is not strategy at all, but advice of consultants who often fail. This turns out to be a mistake, because the one who formulates strategy neglects its application, and the one to apply it has no clue whatsoever of the whole strategic concept. This is the result of too great insistence from strategy theorists, i.e. from Porter himself that strategic processes must consist of formulating and implementing the strategy.

Strategy formulation and implementation are two sides of the same coin. One without the other does not work and does not make sense. To neglect the above would be, to give a Shakespearian example, just like having a theatre play without Romeo, or Romeo

without his theatre piece. Therefore, efforts should be made to ensure that the formulation and implementation of strategies remain within the scope of strategic management; still, one is certainly entitled to use external services too. In other words, strategy must be comprehensive, and its theoretical subdivision to formulation and implementation must never be the line of separation, but of convergence. This is particularly evident in theoretical aspects of strategy and strategic processes.

Strategy is formulated at the top of the hierarchical pyramid, and executed at all levels, through operations and tactics. It is always related to the whole. A high-quality strategy should be simple. In other words, every strategy is more effective if the employees use simple guidelines in making and implementing strategic decisions. For this to be achieved, it is necessary for those who implement strategy to participate in strategy formulation. It turns out that strategy is too serious matter to be left only to strategic management. There are too many people who like strategy, but too few of those willing to deal with its implementation, especially when unpredicted circumstances occur. Let us not forget Steve Jobs who was obsessed with creating elegant computers that are simple to use. He found out that computers were difficult to use, especially for those who are not specialists, and the main cause for this were too many engineers in software industry (Gelernter, 2011: 1).

When formulating and implementing a strategy, one must take into account cultural and sociological dimension of a particular company or organization. This aspect is neglected in the classical, i.e. Porter's strategy, or maybe it has not received due attention. The classical strategy is acceptable in traditional cultures that are slow to change, and that reward efficiency and punish flexibility. In contrast to this, there are cultures that are favourable for the development of adaptive strategies, that are ready for rapid change, or that do not produce significant resistance to change.

Conclusions

The analyses show that the classical concept of strategy, created in the 80s, is not able to provide satisfactory business success of organizational systems. The reason could be found in the classical postulates on which organizations were based, such as hierarchical dominance and subordination, determinism and assignment of excessive importance to material resources on the one side, and omission of man as the primary resource of any organization. This strategy did produce satisfactory results within general effort to create a strategy that provides for stability and development of the organization. Due to the above, a number of successful organizations did indeed survive and they realized defined objectives.

Radical changes that have occurred in the last decade, especially changes in the organizational, technical, technological, economic and other aspects, brought about the necessity to introduce new, more flexible strategies, especially new concepts of adaptive

strategies that are to be based on natural science, above all biology and medicine. It is only natural that by implementing these sciences it becomes possible to design and build organizations that would, by analogy, function on self-organization basis as the ultimate modality of an organization. It is shown that those concepts are of higher quality and are able to respond to increasingly complex and uncertain challenges faced by strategic management and organizations in general. In the end, we must remember the old wisdom of Naguib Mahfouz, "You can tell whether a man is clever by his answers; you can tell whether a man is wise by his questions".

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EMPLOYEE AND MANAGEMENT DISAGREEMENT IN DEVELOPING CREATIVE COMPETITIVE ADVANTAGES

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Abstract

The aim of this research, conducted in one of the Latvian IT companies, is to investigate the differences between the administration and employees in understanding of the value of creativity in developing competitive advantages. Two separate questionnaire-based surveys were conducted to compare the views of employees and managers on the issues related to creativity management in the organization. The obtained results revealed significant difference between employees and the company administration in the perception of creativity and its management that might have a negative effect on the analyzed company's in-house communication and performance. The future research directions and practical implications of the survey results are discussed.
Keywords: *creativity, competitive advantages, organizational culture, human capital.*

The Role of Creativity in Developing Modern Competitive Advantages

Competitiveness is a characteristic of any company that rivals other businesses in a given market or industry. It is the key factor that determines whether the company is successful and leading the market, or unsuccessful and forced out of business. Companies that are able to strengthen and effectively develop their competitive advantages, can promote their products and services to new markets and in new ways that ensure more sales, higher profitability and greater cash flow, which is more effective than simply fighting for the same customer already supplied by a competitor (Mitchell & Coles, 2004: 3). Determining the source of competitive advantage is the basis for the development and implementation of company's business strategy.

Nowadays competitive advantages arise not only from business entrepreneurial ability to adapt to unstable and rapidly changing external environment, but also from the ability to develop its own trends and products that could meet unexpected or perspective customer needs. According to R. Mabourne and W. C. Kim *Blue Ocean Strategy*, only the companies that could create uncontested market space and make competition irrelevant are able to become true market leaders. Creation of uncontested market space

requires from every company concentrated and targeted activities, aimed at developing unique competitive advantages that are difficult to reproduce (Mabourne & Kim, 2005: 5–8). To achieve this goal, every company needs to strive for innovative technological and organizational solutions, to develop strategies and take advantage of the state-of-art solutions and market trends. The range of available competitive strategies is restricted – either to compete for customers in the existing market, trying to expand the market share, or to create new demand and market shares.

The key factor of successful business strategy implementation is human capital – knowledge, experience, loyalty, motivation and creativity. Human capital, generally classified as the most important intangible asset of a company, is a strategic capability of every company. Although human capital is not physical and listed on a balance, it is organizationally determined and growing in economic and business activity (Howard, Smith & Diez, 2013: 9–10). Human capital and its determined development are the most important factors for innovative and high-technology companies that operate on the edge of competitive struggle.

In the last decades, many companies and researchers have recognized the value of creative dimension of human capital as a key factor of successful innovative development and implementation of competitive strategies at the enterprise and country levels. According to R. Florida *Creative Class Theory*, a fundamental transition happens nowadays from resource-based economy to new creative economy. The main driver of new economy is a special group of workers – creative class. They are the people for whom creating and developing new, innovative ideas is a daily routine (Florida, 2010: 10 – 15). Analyzing the differences in the development of countries, R. Florida has determined that the regions with a higher proportion of creative class representatives are more successful and capable of successfully developing and realizing their inherent competitive advantage. To use personnel creativity as the basis of comparison between countries, the Global Creativity Index was developed, which is based on three main creativity dimensions – Technology, Tolerance and Talent (The Martin Prosperity Institute, 2011: 3). R. Florida and the researchers from Martin Prosperity Institute, a part of the Rotman School of Management at the University of Toronto, point out that there is a strong correlation between a country's creativity and competitiveness, which indicates a significant role of creativity in the development of modern competitive economies (The Martin Prosperity Institute, 2011: 17–18).

Considering the fact that the main power of modern economy is constituted by private companies, it is possible to claim that creativity is becoming nowadays a new and important source of company's competitive advantage (Nonaka & Takeuchi, 1995: 115–118). In modern, rapidly changing markets, strengthening company's creative dimension provides an opportunity to make a market breakthrough, creating completely new market shares with zero or low competition from rivals.

To direct the positive effect of employee's creativity to the achievement of corporate goals, it is necessary to build a special management system, which could indicate creativity development trends and problems.

Managing Employees' Creativity

Creativity management could be applied to both the company as a whole and each specific employee individually. On the one hand, organizational (company) creativity is defined as a process of development of new, valuable and useful ideas, with spiritual powers of a number of individuals acting in complex, structured social system (Woodman, Sawjer & Griffin, 1993: 3–5). On the other hand, creativity of an individual is defined as the associative mental process that combines together a number of previously unrelated ideas in one new whole, appearing new original ideas and ways of solving problems (Jing & Shalley, 2008: 4–7). Company's creativity is determined by the synergy of its employee's individual creativity potentials.

The management of company's creativity gives a significant possibility to develop flexible competitive advantage, based on employee's ability to create new, innovative ideas, corresponding to the market situation and company's business needs. In most cases, creativity management is based on the formation of appropriate organizational culture that supports and provides opportunities for individual and organizational potential development. To develop a sustainable organizational culture that supports creativity and idea generation, it is necessary to consider the following principles:

1) *Informal organization.* Innovations and generation of new ideas depend on the initiatives of employees. In this case, the assessment of an idea and expected results could not be based on formalized or old decision criteria. The administration should encourage and support the creative potential employees – new ideas generators;
2) *Innovative climate.* Supporting the idea generators and freedom of thought is especially relevant to market push innovations, giving employees an understanding that a chance will be given for every reasonable idea to be implemented;
3) *Recognizing potential.* Generators of innovative ideas inside and outside of organization must have a chance to convince the management team and other stakeholders in its potential;
4) *Giving freedom.* If the management team and stakeholders are convinced in the potential of the proposed ideas, the employee must be given freedom and authority with an appropriate salary sometimes with an added bonus;
5) *Bottom up approach.* Most successful market push innovations are not initiated by the top management tasks in order to solve existing problems, but developed through the creativity of employees, having have an idea of a new process or product;

6) *Trust.* The development of innovations as a creative process cannot be fully controlled and regulated using the strict rules. On the one hand, the management team should trust the employees and believe in their potential and ideas. On the other hand, the employees should trust the administration in that the given freedom will not be abused;
7) *Exempted individuals*. Every new idea comes from a specific employee. It is essential that those people get a chance and freedom to take part in developing and implementing their ideas;
8) *Temporary full time innovators*. In many cases, the innovators come out of an ordinary job within the company; their work as an innovator is only temporary. When the development of a new product or process is completed, these employees return to their daily work.
9) *Result responsibility*. Employees who are given a chance to implement their ideas need to understand clearly the responsibility for the result of their work. If the idea loses management team and stockholders trust, its implementation should be terminated and the employees should return to their daily work. The responsibility for the implementation of the proposed ideas gives an opportunity to cut off the populist ideas (Nijhof, Krabbendam & Looise, 2002: 6–7).

The aforementioned principles are focused not only on developing creative work environments, but also on implementing the results of creative process. The most distinctive characteristic of the creative work principles is their close relationship with the company's values. The values, adopted by the company, determine how the company treats its employees, customers and partners.

Nowadays creative work environment and creativity-based organizational values are the key factors for skilled, ambitious and positively motivated employees. For young, talented employees creativity and willingness to change are two distinctive factors that give them drive and motivation. Challenges and promotion opportunities would not let them become bored or lose their energy (Espinoza, Uklej & Ruschs, 2010: 74).

Within this context, it is particularly important that the administration and employees share the same values, organizational culture and management principles that give an opportunity to develop steady and strong creativity-based competitive advantages.

Commitment to Common Creativity Management Principles in Latvian IT Company

In order to compare how the administration and employees of the company understand creativity management principles and the development of creative competitive advantages, a questionnaire survey was conducted in one of the Latvian IT companies. The company

under the study is providing business software development and technical support services for local and overseas clients. At the request of the stakeholders, the name of the company is not disclosed in this article.

In order to administer the survey to the administration and employees and compare the opinions of the mentioned groups, two questionnaire forms, based on creativity management principles, were developed. Within the framework of this study, managers were considered to be those who permanently manage at least one person; all the others were considered employees. To ensure the confidentiality, employees were assured that the survey is anonymous and will be processed only by a researcher. In accordance with the obtained survey results, 93% of company employees have filled out the questionnaire forms; 16% of them where management questionnaire forms, but 84% were employee questionnaire forms. The survey data analysis results are summarized using graphic charts. The results of the study are explained below, complying with the order used in administered questionnaire forms.

The first question of the survey was designed to evaluate employee and management understanding of company's competitiveness. The results are shown in Figure 1.

The obtained results show that both the administration and employees positively value and have common views on the competiveness of the company under the study. That is indicative of a team spirit and common confidence in company's success.

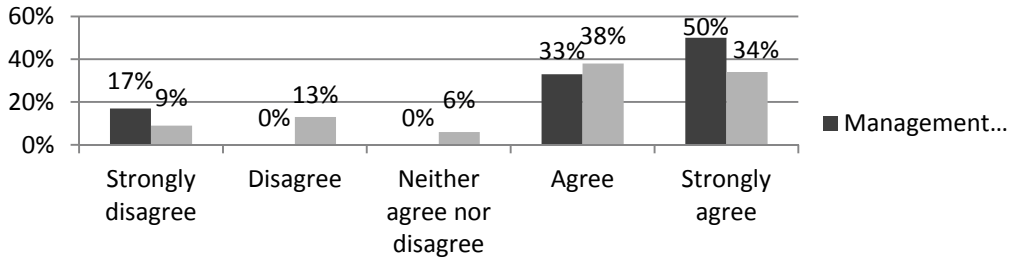

Figure 1. Distribution of employee and management answers to the question: "Do you think your company is competitive, compared to others?"

The second question of the survey was designed to evaluate employee and management views on the priorities of the company under the study. The respondents were asked to arrange proposed activities by their importance for the company. The results are presented in Table 1.

Table 1

Employee and Management Arrangement of Company's Priorities

	Managers answers		Employee answers
1.	Increase of the profit rate	1.	Quality improvements
2.	Expansion of sales markets	2.	Increase of the profit rate
3.	Increasing the number of loyal customers	3.	Increasing the number of loyal customers
4.	Quality improvements	4.	Development of employee's creative potential
5.	Application of new technologies	5.	Expansion of sales markets
6.	Development of innovative products	6.	Application of new technologies
7.	Development of employee creative potential	7.	Development of innovative products

The obtained results show that managers and employees of the company under the study have different views on its priorities. The increase of profit rate ranks the first in the managers' priority list, but according to the employees, the most important are quality improvements. The position of managers is explained by the influence of stockholders, demanding higher profits and market shares, while the employee position is influenced by managers who encourage employees to strive for excellence at work. It is necessary to note that, according to the position of administration, the development of employees' creative potential is not a priority for the company; however, employees point out the importance of creativity. Different evaluation of the role of creativity is the first revealed area of disagreement among the personnel of the company.

The questions from the third to the fifth where designed separately for managers and employees. The third question of the survey was designed to evaluate how managers perceive and take into account the employees' ideas. The results are shown in Figure 2.

The obtained results show that the majority of managers state that they discuss their decisions with employees; however, most of employees adhere to the opposite opinion. This indicates the next area of disagreement – lack of communication, which hinders the development of new creative ideas.

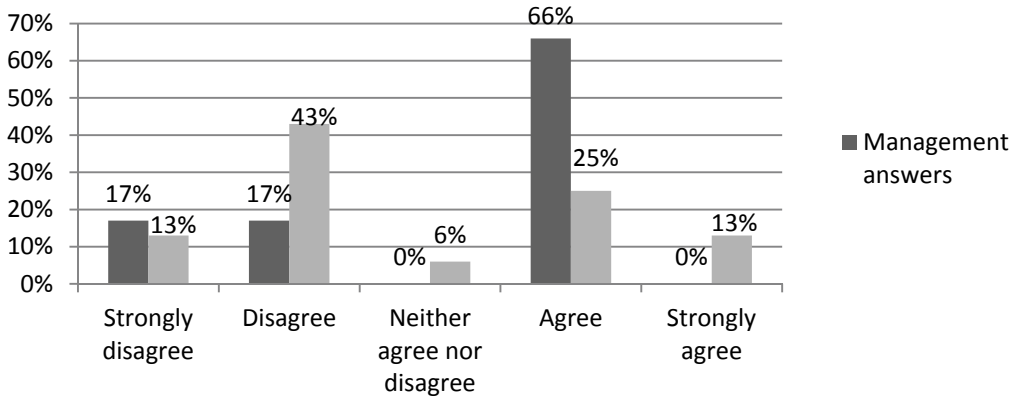

Figure 2. Distribution of employee answers to the question "Do your managers always take your opinion into account?" and answers of the managers to the question: "Do you discuss planned decisions with your employees?"

The fourth question of the survey was designed to evaluate how employees and managers evaluate the role of creativity in their daily work. The results are shown in Figure 3.

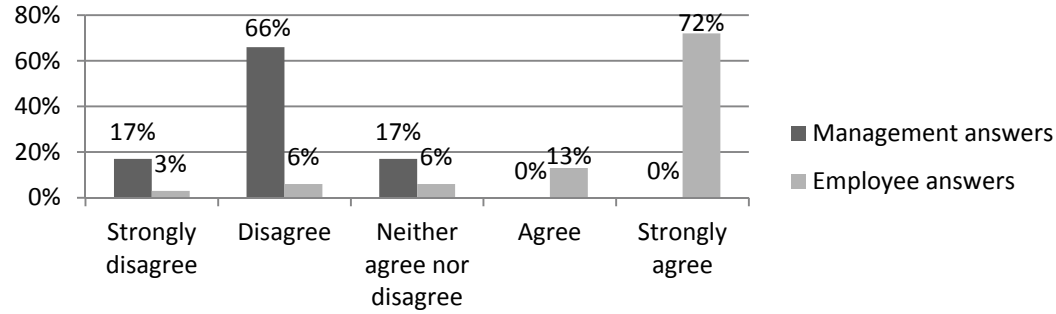

Figure 3. Distribution of employee answers to the question "Do your daily work duties require creativity?" and the answers of the managers to the question "Do you take into account the employees' creative potential in the process of assigning tasks?"

The obtained results show that the members of the administration do not take into account the creative potential of the employees. This is indicative of another field of employee and management disagreement – lack of knowledge about the value of creative potential and its role in development of modern competitive advantages.

The fifth question of the survey was designed to evaluate how the employee initiatives are supported and developed in the company under the study. The results are shown in Figure 4.

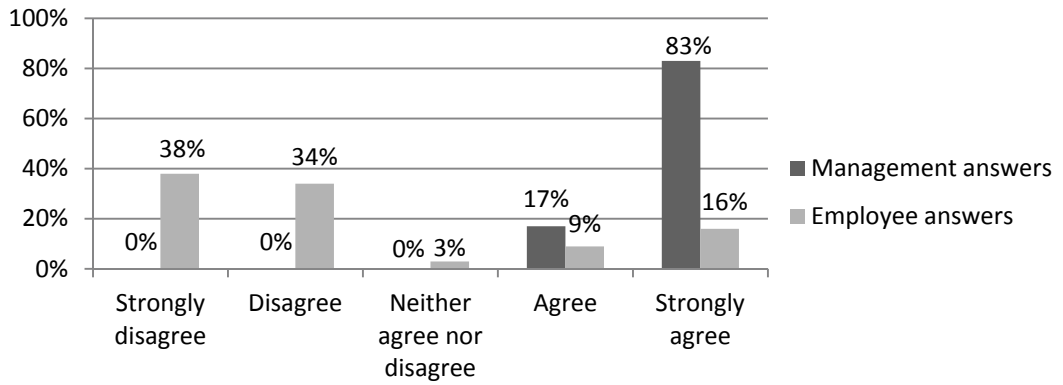

Figure 4. Distribution of employees' answers to the question "Do you agree that initiatives are heard and supported by the management?" and the answers of the managers to the question "Do you agree that employee initiatives must be supported?"

The collected results demonstrate that the administration of the company is ready to support and use employee initiatives, but the employees do not believe in the ability of the administration to understand them and bring their creative ideas to life. This is explained by the authoritarian management style exercised by the administration and the corresponding organizational culture, which discourages the individual initiative and hinders freedom of expression. Therefore, the next area of employee and administration misunderstanding should be identified as inappropriate and outdated management style and organizational culture.

The fifth question of the survey was designed to evaluate how the employees and management cooperate in search for new creative ideas. The results are shown in Figure 5.

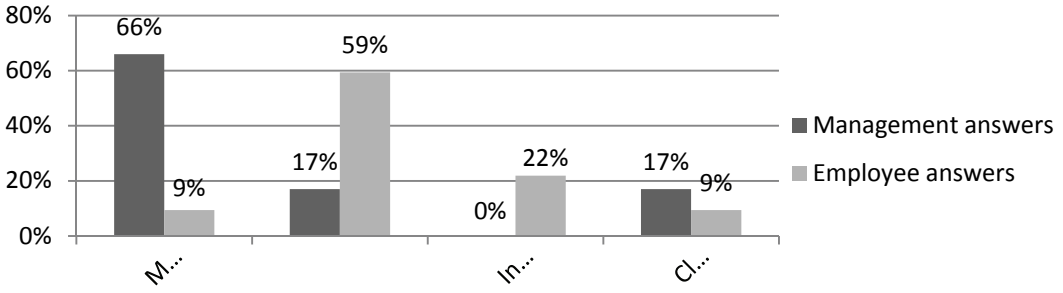

Figure 5. Distribution of employees and management answers to the question: "Where it is most appropriate to search for new ideas?"

The obtained results indicate that the representatives of administration focus on generating new ideas during the meetings, in which employees do not participate. This excludes them from the process of finding new creative solutions. In contrast, the employees believe that they could be a valuable source of new ideas. Nevertheless, the

members of administration do not trust the employees and avoid delegation of responsibilities, being afraid of losing their positions or privileges. This identifies the next area of employee and administration potential disagreement – lack of trust and confidence, which prevents effective cooperation between the administration and employees.

The survey results show that in most cases managers' and employees' opinions are cardinally different. This reveals the existing underestimation of the role of human capital, the weaknesses in management and in-house communication. The research results demonstrate that the creative potential of the human capital in the investigated company is not fully realized. The reason for that is that there is no clear understanding by the administration of the role of subordinate personnel in creative development of the company, as employees' creativity is not encouraged, supported and properly supervised.

Conclusions

Nowadays creativity is becoming a new and important source of company's competitive advantage. Human capital, especially its creative dimension, is a key factor of successful innovative development and an inexhaustible source of new productive ideas, which is especially important in modern high-technology industries. Creativity management principles are widely discussed in the scientific literature but rarely implemented by companies in real life, as employee creativity is not widely supported by the management.

The present research, conducted in one of the Latvian IT companies, allowed the author to reveal the main areas and causes for potential misunderstanding between employees and the management on the strategies for developing the company's creative working environment and creativity-based competitive advantages. The results of the research show that there are the following main areas and causes of potential disagreement between the company's management and the employees:

1) Different evaluation of the role and importance of creativity in business.
2) Insufficient two-way communication between employers and employees (lack of feedback from employees).
3) Lack of knowledge about creative strategies and the potential of creativity.
4) Inappropriate and outdated management style and organizational culture.
5) Lack of trust and confidence between employers and employees.

The drawbacks in management revealed in the company under the study are indicative of the necessity to develop a creativity management model and special human resource management strategies that would enable the staff of the company to build a common organizational culture and achieve consensus on common values and creativity support principles. The methodology applied in this research could be used to evaluate the current situation and include the creative dimension into the strategic management systems of modern companies.

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THE CENTRE FOR COMPLEX AND STRATEGIC DECISIONS: A PROPOSAL FOR THE U.S. EXECUTIVE OFFICE OF THE PRESIDENT OF THE UNITED STATES

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Abstract

The U.S. Congressional Project on National Security Reform (PNSR) Vision Working Group recommended the establishment of a decision support tool set for the President of the United States. The Centre for Complex and Strategic Decisions is a prototype of that Centre. This paper describes the history of the work and process used to determine the need for the Centre and why it is useful for decision makers in any organization or government. Based on the interviews of leading experts in national security and specifically, two former national security advisors in the White House, the Centre's functions and tool sets will be outlined in detail as well as the partnership with Argonne National Laboratory's Decision Sciences Group.
Keywords*: executive decision-making, strategy, complexity.*

Introduction

The Centre for Complex and Strategic Decisions is the outcome of the Vision Working Group of the U.S. Congressionally mandated and funded Project on National Security Reform, (PNSR) established in 2007.The Project's study *Forging a New Shield* (2008) was released to the President of the United States, the President-elect and the Congress on the 2nd of December 2008. The Vision Working Group Report and Scenarios followed in July 2010.

Originally, the non-partisan Project was tasked by the U.S. Congress with producing recommendations regarding changes to the National Security Act of 1947 and its subsequent amendments, presidential directives to implement reforms, Executive Orders and new Congressional committee structures and practices. This Project was especially exciting since the United States had an opportunity to address many problems with their national security system evidenced by tragedies from 9–11 to Katrina.

Through several years of research with the Project on National Security Reform (PNSR), a common consensus among many upper echelon national security and foreign policy decision-makers in Washington and around the world has emerged. There is a need for a non-partisan Centre for Complex and Strategic Decisions located within the Executive Office of the President of the United States. This Centre would have the capacities to undertake long-range scholarly projects with a more holistic emphasis on environment and stakeholder connections, with the underlying aim to identify the most influential variables in national security, conflicts and the complex interconnections between them. Such a Centre would be able to produce analysis of complex phenomena with predictive value in readily accessible and easy to understand scenario format that would give policymakers several alternative visions of possible future developments based on particular actions taken or not taken. This approach has been endorsed by several national security policy experts in Washington D.C. such as two former national security advisors in the White House who worked directly with the Vision Working Group as members of the Project's Guiding Coalition. Lt. General Brent Scowcroft, who served as the National Security Advisor to President George H.W. Bush, and Professor Leon Fuerth who served as the National Security Advisor to Vice President Al Gore provided regular feedback to the Vision Working Group over the years of the Project, 2008–2010.

Although the Project was successful in documenting the weaknesses of the current national security system and recommending systemic solutions for the United States, the willingness of the Congress to tackle the enormous problems of reforming the "interagency space," the need for collaborations among government agencies and departments, the antiquated budgeting process and its inability to fund "missions", as well as the Congressional committee structure for oversight, were limited.

Systemic Approach

The Centre for Complex and Strategic Decisions makes use of both quantitative and qualitative analysis. In the case of quantitative analysis, researchers at the Centre have used publicly available data from sources such as *Foreign Broadcast Information Service* (FBIS) and *Lexis Nexis Academic Universe* to compile data chronologies that are transformed into databases for analysis. Statistical techniques that have been used in the past by researchers on sources of conflict include simple bivariate analysis (i.e. cross-tabulation table analysis) and more advanced and powerful multi-variate techniques such as negative binomial distribution count models that have a set of relaxed assumptions about data distributions; those are useful with truncated data sets (i.e. there are no negative terrorist or common criminal activity events) where data on deaths and injuries in discrete events are oftentimes heavily skewed because of the large number of events that are death or injury free events, and for example, the disproportionate

number of terrorist events that do not involve civilian targets. In the broader sense, those techniques are used to illuminate statistically significant relationships between conflict explanatory variables to provide broader descriptions of possible interrelationships between variables and overall conceptual parameters of conflicts and their stakeholders Chasdi (1999, 2002, 2010).

The systemic approach used in the PNSR process, especially with the integration of the Working Group leaders of the Congressional study, was ground-breaking. Taking a systemic, holistic approach demonstrated how to examine, not parts of a puzzle, but the whole. The Project leadership stepped out into the next larger system and the system beyond that to look across the entire mosaic at the elements and their interdependence and interactions to better understand the whole and its behaviour. The team leaders engaged in both analysis and synthesis. Therefore, it was difficult to separate geo-political, social, technological and economic phenomena. The project saw all these elements interacting as a system of systems. From this process, the Centre for Complex and Strategic Decisions (CCSD) was conceived. The Vision Working Group (VWG) of the Project, through its research efforts, determined that the country as a whole, and the President, in particular, has no mechanisms in place to take a long-term view and develop 'grand strategies' on behalf of the nation. Enabling the President to improve decision-making using the most sophisticated and state of the art tools led to an articulation of how a Centre might support the President (Ronis, 2010, 2012).

The development of analytical and synthetic tools within a political system is problematic and requires sets of innovative solutions in a unique environment, the White House. Building upon the lessons learned in the Vision Working Group and a study of a similar Centre in Singapore, the need to establish a prototype Centre became clear (Ronis, 2012). Walsh College, partnering with Argonne National Laboratory's Decision Sciences Division, established the Centre for Complex and Strategic Decisions to experiment with the decision support tools necessary for the President. The expected data should help to create a sustainable set of capabilities that can be demonstrated as useful for executive decisions and policy making. The Centre will be a place, a set of many processes and capabilities that can develop and test grand strategies for the nation, particularly to support the national security system but also for issues of national import. The nature of the tools in the Centre can support executive decision-makers who wrestle with complex challenges in any organization or government.

The world is a very complex place to do business, set policies, and create secure and sustainable communities. Senior executives in government, industry, and other organizations increasingly find themselves making important strategic decisions within a more global, complex, and dynamic environment. The traditional organizational hierarchies and stove-piped/linear approaches are no longer sufficient to provide organizations with tools to navigate the 21st century landscape. Processes and toolsets need to advance to provide more systems-level decision-making.

The CCSD will provide decision support tool sets to help organizations in solving their problems. Working in a project format, the Centre will help organizations from industry, non-profits and governments, to define their most salient strategic problems. Using a disciplined process and set of advanced tools, the Centre will help decision-makers to understand their complete systemic environment, identify the interdependencies, and craft potential solutions that appreciate the complexity of today's global organizations.

The CCSD will bring together the best complexity science and advanced analytical capabilities to bear when addressing decision support for complex and dynamic environments. Examples of sets of tools used throughout leading edge organizations in the 21st century include:

- Risk assessments that span all across social, technological, economic, environmental and political sectors.
- Foresight capabilities, including forecasting and scenario-based planning incl. the use of 'visionaries' to explore various assumptions about the future.
- Systems-based modelling and simulation.
- Complexity science algorithms and tools.
- Strategic management models and concepts.
- Formal leadership and cultural constructs.
- Any tool that can assist in the strategic decision-making of a senior executive.

Functions of the CCSD will ultimately also include:

- Outreach, through symposia and publications.
- Education through public accessibility.
- Gaming exercises to test various courses of action.

While still a newly formed centre, the CCSD has been developing global strategic partnerships with universities and non-profits to help build broad sets of knowledge, experience, and capabilities to truly advance complex and strategic decisions of the 21st century.

In a world of increasing complexity, any country or organization should adopt long-term, holistic thinking and planning approaches. Countries that have established such a set of capabilities within the heart of their government are the United Kingdom, Finland, Israel and Singapore. For that reason, the set of capabilities in Singapore was benchmarked to further develop specificity for the proposed Centre as a part of the Fulbright Project. The CCSD will build upon the synthesis of lessons learned from the UK, Finland, Israel and the Singapore system recognizing that not all of the processes in those countries are scalable to the U.S. government. For most organizations, and in many respects even for the U.S. government, the lessons are useful, without regard to scaling.

The Vision Working Group's Findings of the Project on National Security Reform

For many years, corporations and government agencies and departments have used management tools such as forecasting, scenario based planning, strategic visioning, political and economic risk assessments. The future will increasingly belong to those who know how to work collaboratively and holistically to solve problems with partners wherever they are needed.

What mechanisms are needed by governments and organizations to improve their planning; to be better prepared for the future that is very different from their past? The CCSD, as a learning organization will be able to support any organization, including government agencies and departments. The Centre will learn, analyze, assess and synthesize risk, foresight and the development of the 'grand strategy'. *The Centre is currently conceived as a place to think about and test ideas and assumptions; not to predict the future, but to inform policy-making in government, businesses and other organizations.*

One of the findings of the Vision Working Group included the need to synthesize "all of government" solutions to complex system issues and problems, and sometimes "all of society". Another finding was the need to systematically use contemporary tools and processes to improve decision-making and, create mechanisms for that to happen at the whole government level – at the level of the President. This Centre will be in business of developing scenarios and 'grand strategies' to apply lessons learned in a world of complexities that requires context and synthesis.

As the rate of change and the complexity of challenges continue to increase, there is little doubt over the value of conducting long-term strategic planning and attempting to create 'Anticipatory Governance' (Fuerth, 2006). Long-term planning is critical for organizations though frequently, it is perceived as so difficult, it is not attempted.

By studying the Singapore Government approach to the use of foresight in planning and making decisions, Peter Ho of the Singapore Civil Service states that there are four major roles for their Centre for Strategic Futures Ho (2010). They are:

- "Challenge conformist thinking" by building global networks and partnerships with academia, think tanks and global thought leaders through conferences and projects.
- "Identify emergent risks" by creating risk maps and communicating emerging issues to decision makers.
- "Calibrate strategic thinking processes" by using scenario planning and risk assessment to develop policy and new capabilities.
- "Cultivate capabilities, instincts and habits," by using systems and strategic frameworks and mindsets to deal with uncertainty, disruptive shocks and whole of government approaches regularly.

These are good lessons for any executive. The Centre will experiment and research these concepts to see how well they can be implemented, in multiple scenarios.

The Gaming Function

One of the most critical functions of the Centre will be the capability for gaming issues to support an executive's need to make a strategic decision from many alternatives. Gaming, a part of scenario development, looks at the step by step process needed to accomplish a specific goal. Looking at a variety of potential scenarios that can unfold and thinking through how all the constituencies and stakeholders will react to changes is a good exercise for an executive and/or the executive team to engage in. Gaming processes can improve the ability to develop strategies and policies or choose specific decisions over others in a world of uncertainty. The objective of a game, however, is not to predict behaviours but to learn about the potential of certain behaviours and their effects over others and which sets of behaviours and therefore outcomes might be best for the 'end game' you are looking for. Scenarios are structured thinking processes, 'gedanken experiments' which ultimately produce analysis and synthesis to improve decision-making regarding strategies and policies. They can test assumptions to see how well they perform in alternative worlds. Scenarios can also test assumptions using analytical tools such as risk analysis.

Engage in Rigorous Problem Analysis

Effective policies must be grounded in rigorous problem analysis incorporating both a multi-disciplinary approach as well as sensitivity to the ways in which policies will affect other variables. Failing that, policies may be made based on false or outdated assumptions or may produce unintended consequences in the long-term.

Nowhere does the capability exist to thoroughly test the assumptions of analysts, which may prove false, outdated, or incomplete. Their conclusions, moreover, are invariably aimed at achieving short-term objectives, and they lack the ability to thoroughly assess the medium – and long-term impacts of proposed policies.

The Centre should continuously develop scenarios and provide assessments of the global climate and of emerging national challenges. Decision-makers can also task the Centre to engage in specific projects where the agencies and departments lack the resources to conduct such analysis themselves, or where the issues transect multiple departments or agencies. Its research, which employs a variety of analytic and testing tools and draws on a broad range of expertise, will help inform policies and 'grand strategy' in the interagency.

The Centre should also provide a rigorous framework for analyzing and testing assumptions, as it continually develops scenarios, games and simulations to anticipate the effects and secondary impacts of potential solution sets and proposed policies into the medium – and long-term.

Conclusions

In summary, the Centre's core capabilities need to include:

- Strategic and systems thinking and "visioning".
- The development of a holistic and evolving view of the global environment and national context.
- The ability to game specific scenarios to assist in the formulation of contingency plans and to test the impacts of proposed policies.
- Regular development of scenarios out 10, 20, 50+ years.
- The capacity to house leading edge tools and technologies for assessments, especially 'system risk'.
- Engaging in gaming and alternative analyses to test assumptions and solutions with rigorous problem analysis.
- Providing the development of 'grand strategies' as needed and projects assigned by the President and facilitating long-term planning, as well as preserving the institutional memory.
- Providing networking and outreach to government, academia, industry and the general public, including public seminars and conferences.
- Challenging conventional wisdom in the Singaporean sense and the Project on National Security Reform sense.

The Centre should be established to help senior government policymakers plan for the future and the role the U.S. will play in that future, including what role the United States will play in the world of the future.

The Centre will also explore how the tools to enable the President of the United States to support decisions can also be useful for any executive in any organization.

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DEVELOPING INDEPENDENT RESEARCH SKILLS OF CULTURE MANAGEMENT STUDENTS

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Abstract

Contemporary economic and social environment in requires the reconsideration of teaching research skills in order students be successful in their academic (university assignments) and their professional work. This brings forth questions about necessary skills and competences for students and about employing the integrative approach to teaching research methodology. The aims of the article are the following: first, to gain a whole picture of what research methods are offered to students across the variety of disciplines; second, to disclose the overlapping and repetitions of the same during the study process; third, to identify possible gaps that are in need to be filled; fourth, to accomplish mapping of skills and competences to be developed. In order to delineate the main fields of investigation there was an extensive study of literature in the under-graduate research methodology curricula and student competence assessment. The empirical study included analysis of the actual curriculum (the course plan), course descriptions and the standard of profession; this was followed by semi-structured interviews with the according lecturers. The results were analyzed thematically, coded and interpreted quantitatively and qualitatively. The structure of the article where the first chapter is devoted to literature on teaching research methods; the second chapter – to developing student research skills and competences; the third part describes the methodology used in the present inquiry; whereas the fourth part focuses on the research results and their interpretation; the conclusion contains the summary of research and a set of recommendations. Main conclusions: the ranking according to the frequency of cases clearly demonstrates that during the study process that the main stress is being put upon the monographic methods –literature analysis, document analysis and secondary data analysis, while the interactive research methods, such as, surveys, interviews, etc. are being advocated within the singular courses, thus students do not acquire all necessary skills for their independent research.

***Keywords**: research methods, pedagogical research culture, student skills, student competences.*

Introduction

In the rapidly changing contemporary economic and social environment an emphasis is being placed upon training students to conduct business research in order to be successful in their academic assignments and, even more important, to be fit for job and future professional requirements. This brings forth questions about necessary skills and competences for students and about employing the integrative approach to teaching research methodology. Taking into account the fact that both authors of this article are actively involved in teaching the course of research methods in the University College of Economics and Culture results of the present inquiry would yield not only theoretical, but also practical outcome. The aims of the article are the following: first, to gain a whole picture of what research methods are offered to students across the variety of disciplines; second, to disclose the overlapping and repetitions of the same during the study process; third, to identify possible gaps that are in need to be filled; fourth, to accomplish mapping of skills and competences to be developed. Still it is necessary to set some limitations since besides the generic research methods there are the specialized ones that are being applied in different areas (finance, business management, culture management, design, translation, etc.). The subject of the present research: teaching research methods within the curriculum of culture management. This could be regarded as the first step in more comprehensive study of teaching research methods in the private higher education establishment in Latvia that would result in improved curriculum and development of 'pedagogical culture' in research methods. The authors use term 'pedagogical culture' in order to describe interaction between various teaching aspects.

In order to delineate the main fields of investigation there was an extensive study of literature in the under-graduate research methodology curricula and student competence assessment. The empirical study included analysis of the actual curriculum (the course plan), course descriptions and the standard of profession; this was followed by semi-structured interviews with the according lecturers. The results were analyzed thematically, coded and interpreted quantitatively and qualitatively. This accounts for the structure of the article where the first chapter is devoted to literature on teaching research methods; the second chapter – to developing student research skills and competences; the third part describes the methodology used in the present inquiry; whereas the fourth part focuses on the research results and their interpretation; the conclusion contains the summary of research and a set of recommendations.

Approaches to Teaching Research Methods

Although the literature devoted to teaching research methods to university students is quite diverse, according to Wagner, Garner and Kawulich, there are seven dominant themes: (1) research methods teaching in general; (2) teaching qualitative research methods, data; (3) teaching quantitative research methods; (4) teaching mixed methods; (5) techniques for teaching research methods; (6) teaching research methods for specific disciplines; and (7) teaching ethics in research. (Wagner, Garner, Kawulich, 2011: 78–80). Within the context of our investigation, let us briefly dwell on the fifth aspect as one of our research questions pertains to the way knowledge of research methodology is relied to students. According to literature, there exist two basic models of teaching – one model treats teaching as transmission of knowledge, while another model accentuates research as a process of knowledge construction, learning; this, in its turn, involves interactive learning, exercises, tutorials, students direct or indirect involvement in their advisors' research, group work, etc. (Wagner, Garner, Kawulich, 2011: 80). The latter approach is being explicitly demonstrated by M. Simons and J. Elen in their collaborative project "The 'research-teaching nexus' and 'education through research': an exploration of ambivalences" (Simons, Elen, 2007). In there the authors promote different approaches including exercises, experiments, tutorials, workshops, projects, participation in the actual research, etc. The latter approach seems to be the most appropriate in the contemporary situation, since during the study process students acquire skills that are vitally important for their future professional carrier, and, even more important, students develop abilities to be innovative and creative. "There is no generic research template to which researchers can turn for every study they conduct. Research is entirely context bound and no template or skill set will apply to every context. Therefore, it is necessary for research educators to also help students develop the mind of a researcher, recognizing that research is as much art as science." (Earley, 2009: 103) Although every research method requires specific approach, there is something in common, namely, research can be regarded as "a set of processes in which the researcher makes a number of decisions, the skills we help our students develop must include how to understand and reflect on their context and processes." (Earley, 2009: 105) Besides that students come to understand the research process itself: to develop research questions and working hypotheses; to conduct a critical literature review; to design a project (plan); to conduct an empirical data gathering; to interpret results and to write a research report, as well as to present it. In other words, each step involves decision-making abilities. But if we turn to the main theme of the present article, i.e., developing research skills of culture management students, we have to narrow the field. "Management is a field of study with indistinct boundaries and it includes a wide range of specialisms such as marketing, organizational behavior, strategy, human resource management (HRM), accounting, finance and operations as well as multidisciplinary studies which cross these boundaries." (Thomas, 2004: 1) In

general, management research involves two fundamental processes – describing and explaining phenomena. "The specialized techniques and processes adopted by researchers are very largely focused on achieving these ends in a systematic and rigorous fashion." (Thomas 2004: 14) The process could be depicted in the following manner.

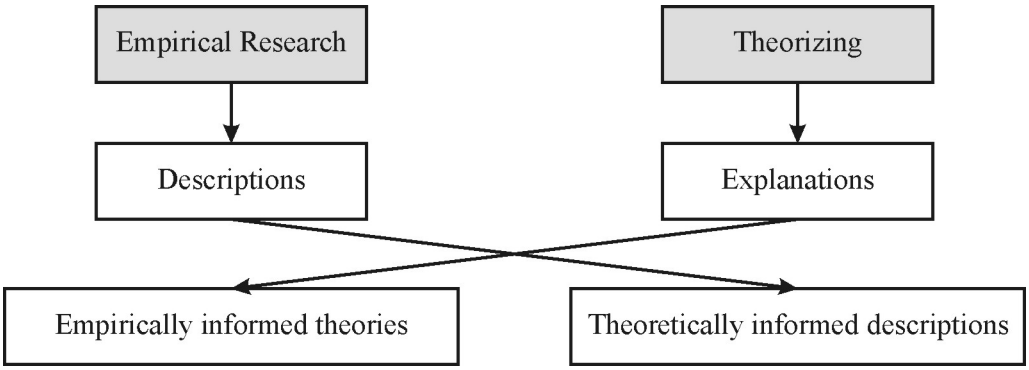

Figure 1. Basic research processes. (Thomson, 2004, 17)

An empirical research is directed towards description of some social phenomenon and whole process ends in theoretically informed descriptions, while theorizing as a systematic body of reasoning attempting to explain phenomenon starts off with systematically construed theories results in empirically informed theories. Thus, in the end, descriptions become theoretical, while – explanations acquire empirical background. Nevertheless in reality it turns out "that teaching research methods is difficult and often a miscellany of approaches is used to proffer students less than useful introduction to a wide range of concepts." (Strayhorn, 2009: 119) This calls for an integrated approach to curriculum and coordination of their efforts among lecturers as similar methods (although differently) are being taught in the variety of subjects (for example, principles of conducting survey are touched upon in sociology, marketing, management, project management, arts communications management, etc.). If there is no coordination students face to unsatisfactory possibilities – either they are forced to repeat more or less the same several times (it in no way fosters the development of students' creative abilities, they could be even plainly bored), or – offered approaches are so varied that students may feel totally confused. C. Wagner, M. Garner and B. Kawulich offer a possible remedy for such pitiful prospects – the concept of pedagogical culture for research methods. "By pedagogical culture we refer to the exchange of ideas within a climate of systematic debate, investigation and evaluation surrounding all aspects of teaching and learning in the subject." (Wagner, Garner, Kawulich, 2011: 75) The outcomes of the pedagogical culture include the following:

- interdisciplinary cooperation develops if methods are not taught in isolation;
- students of qualitative research are exposed to a range of disciplines;

- students are better prepared for the increasingly required cross-disciplinary team-work;
- students are encouraged to explore research questions they would ordinarily not have addressed;
- employers place greater emphasis on independent knowledge construction, often at the expense of specific disciplinary expertise;
- the transfer of generic skills is important in today's world, in which career changes are becoming more common. (Wagner, Garner, Kawulich, 2011)

Although in the teaching literature there is no univocal positive attitude towards the interdisciplinary and integrated approach, there is an opinion that courses should be taught within the substantive courses to give students more specialized and deeper knowledge about the subject, as well as it would open up possibilities for students to participate in the actual research already undertaken by professors. Not taking sides, the authors of the present article believe that consultations among teachers, intra and inter university discussions, methodological seminars are of a vital importance to student skills and competences for research.

Assessing Student Research Skills and Competences

What skills and competences are to be regarded as 21st century skills and competences? In general, we can speak about two classifications. What is the contemporary conception of the terms 'competence'? Let us answer the second question at first. The European Centre for the Development of Vocational Training (Cedefop) – the European Union's reference Centre for vocational education and training defines the competence like this: "The ability to apply learning outcomes adequately in a defined context (education, work, personal or professional development)." (Cedefop 2008: 47) This definition is applicable not only to cognitive abilities (the use of theory, concepts or tacit knowledge), but also to functional aspects (involving technical skills), interpersonal attributes (social skills) and ethical values. Skills, on the other hand, are described in the following way: "The ability to perform tasks and solve problems." (Cedefop, 2008: 164) According to this view the interrelation between skills and competences could be viewed hierarchically, involving the third element experiences. At the base of this hierarchy, traits and characteristics provide the foundation for learning, the next level atop on the first represents skills, abilities and knowledge, integration of all fore mentioned aspects can be called competences (the third, the highest level). (Banta 2001: 3) Various observers identify different sets of skills and competences. For example, skills have been organized into four groupings: ways of thinking, ways of working, tools for working and living in the world. (Binkley et. al., 2012: 18–19) Or skills are being viewed in close relation to innovation and human capital (OECD, 2011). For the

purpose of our present study we would like to employ a working definition of the 21st century skills as "those skills and competencies young people will be required to have in order to be effective workers and citizens in the knowledge society of the 21st century." (Ananiadou, Claro, 2009: 8) Within this framework there are seven groups of basic skills. (1) *Basic skills and digital age literacy* enable people to access and interpret information in a knowledge-based society, to use digital technology; (2) *Academic skills* are generally obtained through the educational system; (3) *Technical skills* are needed in occupation and include skills and knowledge of certain tools and processes; (4) *Generic skills* include problem solving, critical thinking, ability to learn, and ability to manage complexity; (5) *"Soft" skills* – working and interaction in teams and heterogeneous groups, communication, motivation, volition and initiative, ability to read emotions; (6) *Leadership* – teambuilding and steering, coaching and mentoring, lobbying and negotiating, coordination and ethics; (7) *Creativity and design* – generation of new ideas and transforming ideas into new products. (Ananiadou, Claro 2009: 32–33) Managers of the 21st century having knowledge of research have advantage over those without because they are able to understand, predict and control events that are dysfunctional to the organization. (1) Identify and effectively solve minor problems in the work setting; (2) Know how to discriminate good from bad research; (3) Appreciate and be aware of the multiple influences and effects of factors on a situation; (4) Take calculated risks in decision making, knowing full well the probabilities associated with the different possible outcomes; (5) Prevent possible vested interests from exercising their influence in a situation; (6) Relate to hired researchers and consultants more effectively; (7) Combine experience with scientific knowledge while making decisions. (Sekaran, 2003: 12) Apart from skills that could be broadly described as to be "fit for job", after completing the university program "students should be equipped to secure funding (depending on the context they practice in) for research that is relevant and accountable, that is based on partnerships across various sectors of society and that makes use of different disciplinary fields." (Wagner, Maree, 2005: 42)

The assumption that can be deduced from the literature discussed above is that the curricula of under-graduate research courses should be examined in order to make recommendations how to improve them taking into account the changing social and economic environment that requires new interactive and dynamic approach that presupposes interaction between different subjects, between classroom studies and fieldwork.

Method

Research design. In order to investigate beliefs held by academics, we chose a qualitative research design – semi-structured conversations with participants to explore their opinion about their curricula. Approaching the lecturers involved in under-graduate research courses provided a first-hand account of how they make use of the

curriculum and all factors that influence it. Academics were approached with the request to be interviewed about research methods and the practical application they use within the according courses. Interview guidelines were developed on the basis of literature study; they were centered on such basic conceptions as teaching methods, student research training, student skills and competences to be developed. Interviews were conducted via telephone conversations. (Sekaram, 2003; Walliman, 2006) Prior to interviews the study of the background documents was conducted: (1) of the list of subjects taught within each of 4 academic years within the program of culture management at the University College of Economics and Culture; (2) of the Company Head Professional Standard; (3) of the course descriptions. The research questions of the present study were formulated in the following way:

1) What research do methods students use attending particular course (literature analysis, document analysis, observation, survey, and interview)?
2) In which cases do students submit the written reports reflecting results of research using the given method (paper, data of document analysis, observation protocol, questionnaire and results of survey, etc.)?
3) What additional, not mentioned above methods do students employ within limits of the particular course and what is the form of reporting or presenting results?

Sample. Once the research design and interview method were established, it was necessary to make a decision about the sampling unit (a unit of population chosen during the sampling process; the unit should contain one or more elements describing the population). Participants of the semi-structured interviews were chosen according to the curriculum to include lecturers involved in teaching culture management students of the university in question. This procedure can be described as a probability (element) sampling, i.e. single stage procedure where sampling unit contains only one element. (Smith and Albaum, 2012) Altogether 27 lectures were interviewed, that comprises 84% of all lectures involved in the program, according to data obtained from the program director. The courses cover wide range of subjects starting from the general educational (arts and culture history, philosophy, languages, etiquette, etc.) and ending with the specialized ones (marketing, arts marketing, management, advertising, project management, culture politics, etc.). The courses can be classified also according to volume of research methods taught: sparse courses (where the number of topics that are covered is small), pluralistic (courses that convey many methods in social science research), qualitative-based (based solely on or emphasize topics commonly associated with qualitative research) and quantitative-based (where topics focus on quantitative methods or analysis of quantitative data), training model (face-to-face, extramural, distance).

Analysis. Results of the semi-structured interviews were coded – a code was assigned to each research method, namely: L/A – literature analysis; D/A – document analysis; INT –

interview; SUR – survey; FCG – focus group; OBS – observation; SCD/A – secondary data analysis. Additionally, the second code was assigned, namely A1 (answer to the first research question regarding which method is being used), and A2 (answer to the second research question regarding the form of result reporting). Values (0 and 1) were assigned to methods and results were depicted in the program plan for each study year (1^{st}–4^{th}) respectively. Then the quantitative summary of all results was created. Finally, all results were ranked according to the frequency of mentioning by the interviewees.

Research and Discussion

The basic professional competences of the company manager, according to the professional standard (Company Head Profession Standard 2011) can be divided in four main groups: (1) related to managerial activities (for instance, leading staff, working in groups, developing strategies, etc.); (2) related to market, organizational, social situation comprehension; (3) related to information technologies; (4) related to juridical literacy. Apparently, in our paper, according to the current research task we have to pay a special attention to the second group – analytical, intellectual competences. Each group of competences presupposes a set of practical skills. Let us mention a few of interest: to understand actual processes and principles of economic development; to analyze processes within economic environment and to take steps according to situation; to analyze company operation, to identify problems and work out their solutions; to analyze, systematize and integrate necessary information. (Company Head Profession Standard, 2011) The skills mentioned are related to the marketing information system – a system that analyzes and assesses marketing information, gathered continuously from sources inside and outside an organization. And these skills are to be instilled and developed during the study process – an integrated activity based on the thorough planning and pedagogical research culture as described above. The logical step towards the integrative approach, in our opinion, would be the introduction of the research methods applied and taught within each course description. Though, at the first sight it might look as a formal requirement for lecturers, in reality it would be a chance of better coordination, a possibility to detect overlapping, differences and shortfalls. The study of the current course descriptions shows that, although there we can find transcription of competences and skills, there is no place for research methodology outline, thus each and every lecturer works according to his/her own agenda. It is not a bad thing necessarily as many lecturers are professionals in their respective fields and can offer students hands on experiences in information gathering and processing, still if approaches were complementary, it would benefit the learning process in general. Further on we will discuss the results of semi-structured interviews. The first table contains the answers regarding the use of research method within the first study year of the program “culture management”.

Table 1

Use of research methods during the 1st study year (raw data)

1st year	L/A		D/A		INT		SUR		FCG		OBS		SCD/A	
	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2
Basic Economics	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Philosophy	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Recordkeeping	1	0	1	1	0	0	0	0	0	0	0	0	0	0
Business Etiquette	1	1	1	0	0	0	0	0	0	0	0	0	0	0
History of World Art	1	1	0	0	0	0	0	0	0	0	1	1	0	0
General Culture Theory	1	1	0	0	0	0	0	0	0	0	1	1	0	0
Management	1	0	1	1	1	0	0	0	0	0	1	0	0	0
Communication Psychology	1	1	0	0	0	0	1	1	0	0	1	0	0	0
Occupational, Environment Safety and Civil Protection	1	0	1	1	0	0	0	0	0	0	0	0	0	0
Culture Politics of Latvia	1	1	1	1	0	0	0	0	0	0	1	0	0	0
Cultural Sociology	1	1	0	0	0	0	0	0	0	0	0	0	1	1

The frame of coding units: L/A – literature analysis; D/A – document analysis; INT – interview; SUR – survey; FCG – focus group; OBS – observation; SCD/A – secondary data analysis; A1 – answer to the 1st research question; A2 – answer to the 2nd research question; 1 – positive answer; 0 – negative answer.

The list of courses is not complete; the lecturers of such subjects as Foreign Language, Law Fundamentals, and Rhetoric did not take part in the survey due to different reasons. Still, taking into account the number of participants, the results represent the situation and give a full insight into teaching research methods during the first study year.

Table 2

Use of research methods during the 2nd study year (raw data)

2nd year	L/A		D/A		INT		SUR		FCG		OBS		SCD/A	
	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2
Basic Tourism Management	1	1	0	1	0	0	0	0	0	0	0	0	1	1
Research Organization	1	0	1	1	0	1	0	1	0	0	0	0	0	0
Cultural Management	1	1	1	1	1	0	0	0	0	0	1	0	1	1
Informatics	0	0	0	0	0	0	0	0	0	0	0	0	1	1
History of Latvian Culture	1	1	0	0	0	0	0	0	0	0	1	1	0	0
Art Communication Management	1	1	0	0	0	0	0	0	0	0	1	1	0	0

Due to different reasons (one of them could be involvement of professionals who teach particular courses but who aren't deeply involved in the study process) the lecturers of Foreign Language, Mass Media and Journalism Basics, Acting Basics, Advertising Management did not participate in the semi-structured interviews. At least in four instances their answers would be essential for the current investigation; therefore obtained information regarding the teaching research methods during the 2nd year of studies could be qualified as partly representative.

Table 3

Use of research methods during the 3rd study year (raw data)

3rd year	L/A		D/A		INT		SUR		FCG		OBS		SCD/A	
	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2
Creative Industries	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Project Management	0	0	1	1	0	0	0	0	0	0	0	0	0	0
International Cultural Systems	1	1	1	1	0	0	0	0	0	0	1	0	1	1
Informatics in Cultural Enterpreneurship	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Culture Services Marketing	1	0	1	1	0	0	1	0	0	0	0	0	1	1
Human Resources Management	1	0	1	1	0	0	1	0	0	0	0	0	1	1
Public Relations	1	1	1	1	0	0	0	0	0	0	1	1	1	1
Recordkeeping	1	0	1	1	0	0	0	0	0	0	0	0	0	0

Lecturers of World History of Theatre and Cinema, Basic Tourism Management and Enterpreneurship Basics didn't answer the questions. In general, there is enough information to have a representative insight into the processes of teaching research methods during the 3rd study year.

Table 4

Use of research methods during the 4th study year (raw data)

4th year	L/A		D/A		INT		SUR		FCG		OBS		SCD/A	
	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2	A1	A2
Intercultural Communication	1	1	0	0	0	0	0	0	0	0	0	0	1	1
Culture Economics	1	1	1	0	0	0	0	0	0	0	0	0	1	1
Exhibition and Gallery Management	1	0	1	1	1	0	0	0	0	0	1	1	1	1

The lecturers of Accounting Basics and Producing didn't take part in the interviews. Still the results in this case can be regarded as representative for the 4th study year.

The results of answers to the third – open-ended research question regarding additional research methods used within the study course demonstrated that three times there was mentioning of media monitoring and result presentation, as well as three times the case study method was noted with a special remarks that (1) data were gathered using different methods (observation, document analysis, etc.); (2) it is necessary to develop guidelines for case study research.

Table 5

Quantitative summary of semi-structured interviews regarding use of research methods within study process

Answer code	Frequency of cases				
	1st year	2nd year	3rd year	4th year	Total
L/A A1	10	4	5	3	22
L/A A2	8	3	2	2	15
D/A A1	3	2	7	2	14
D/A A2	3	2	7	1	13
INT A1	1	1	0	1	3
INT A2	0	1	0	0	1
SUR A1	1	0	2	0	3
SUR A2	1	1	0	0	2
FCG A1	0	0	0	0	0
FCG A2	0	0	0	0	0
OBS A1	5	3	2	1	11
OBS A2	2	2	1	1	6
SCD/A A1	1	3	5	3	12
SCD/A A2	1	3	5	3	12

Assigning a rank to the research methods according to the frequency of mentioning, it is possible to set up such a list (in the descending order):

1) Literature analysis (L/A) and its result presentation (accordingly 21 and 14 cases) are dominant within the first study year. This can be explained by the fact, that majority of the courses are of the general educational nature.
2) Document analysis (D/A) is the most sought after research method during the third year (accordingly 14 and 13 cases). The reasons for this can be the following: on one hand, such subjects as Iinformational Systems, Human Resource Management, Recordkeeping, International Cultural Systems are based on the document analysis; on the other hand, we have to conclude that lecturers perhaps do not comprehend the full potential of using other, more interactive research methods as yet.
3) Secondary data analysis (SCD/A) also dominates within the third study year (12 and 12 cases accordingly); this can be explained by the reasons mentioned above, since learning financial aspects lagerly depends on the research into statistical and other quantitative data.
4) Observation (OBS) and submition and presentation of results (10 and 5 cases accordingly; it has to be noted though that in the half of cases the report is being requested, and, more significantly, only in 1 case the report is in the form of the observation protocol) dominate throughout the first year.
5) Survey (SUR) and result reporting were mentioned 3 and 2 times accordingly.
6) Interview (INT) and submitting/presenting results were mentioned 3 and 1 times.
7) Media monitoring and its result submition were mentioned in 2 and 2 cases.
8) Focus group analysis was not mentioned at all.

The situation that survey, interview, and media monotoring as research methods are not being used more often is quite alarming and needs a serious consideration, since all three methods are the most frequently used methods when writing students' bachelor papers. Without proper training students can face difficulties in planning, executing surveys and interpreting their results, as well as conducting in-depth and semi-structured interviews. Also it is problematic for students to elaborate theoretical caterories of the study, which are founded through literature analysis, into interviews' and surveys' items. Not unfrequently students execute their surveys formally, and the obtained results are not valid and representative. The same can be said about media monitoring because students have to learn the art of setting proper criteria and executing and monitoring, fixating results in a proper manner. Moreover, the practical non-existence of focus group method shows that students don't know how to use this significant mode of obtaining information. This leads to the unsatisfying conclusion that there is no gradual building up of student research skills, that is, students have to learn all this at once (in the form of crashcourse) while working on their final papers. Thus the reponsibility about the quality of the bachelor thesis is being unjustifiably transferred to the students,

their academic advisors and pre-defence commissions. The situation would be different if there existed the pedagogical research culture and clear vision of the existing situation, but the results of the semi-structured interviews, as well as of course description studies demonstrate that lecturers work rather independently each of other. And, even if student competences and skills acquire a prominent role planning and executing teaching process, there is no coordination of the whole process in general, moreover, there is one more factor to be taken into account – students' professional performance in internship. The latter aspect was outside the scope of the present investigation but it would be the future research task.

Conclusions and Recommendations

The aim of the present article was to to research the current situation in teaching social research methods to culture management students of the University College of Economics and Culture during the four-year study process. Main theoretical background concepts were: pedagogical research culture; student competences and skills. If the first concept comprises the contemporary approach of interdisciplinarity and interactivity in the teaching process; competences and skills pertain to the students' prepareness for their future professional lives. After the investigation accomomplished by the means of document analysis and semi-structured interviews with the lecturers involved in the program we came to the following conclusions:

- Teaching research methods and developing student independent research skills is the matter of importance for the University College of Economics and Culture: there is a special course devoted to the teaching research methods, as well as methodological seminars attended by the lecturers; students, in their turn, participate in the annual student scientific conferences, etc.
- The ranking according to the frequency of cases clearly demonstrates that during the study process thai main stress is being put upon the monographic methods –literature analysis, document analysis and secondary data analysis, while the interactive research methods, such as, surveys, interviews,etc. are being advocated within the singular courses, thus students do not acquire all necessary skills for their indpendent research.
- Lecturers do not pay attention enough to the reporting of student research data (presentations, protocols, special reports, research diaries, etc.), as a result students can encounter difficulties in substantiating their findings.
- There is no provision of including description of research methods applied and taught in the course description.

Accordingly we have worked out recommendations to improve the teaching of research process and the study plan in the culture management studies.

- It is necessary to continue the present research in the following directions: (1) to plan and carry out the student survey, taking into account their respective study year; (2) to survey graduates of the program, enlisting the help of the Alumni association; (3) to conduct the semi-structured interviews students' internship supervisors.
- To organize the methodological seminar for all lecturers involved in the program in order to discuss findings of the present investigation and intiate regular opinion exchange, i,e,, to develop the pedagogical research culture.
- To work out guidelines for repoerting the students' independent research results.
- To develop students' interviewing and other interactive research through joint course assignements, where students can play different roles.
- To include in the course descriptions more detailed research method descriptions.

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CONTEMPORARY FAMILY IN THE FACE OF GLOBALIZATION

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Abstract

The process of globalization leads to numerous social changes. It transforms the way of work, spending of leisure time and lifestyles of society, as well as the functioning of the family. Globalization affects consumer choices, which have mainly been made under the influence of the media. Globalization contributes to the spread of post-modern and popular culture. This process causes the standardization of lifestyles in different countries. People behave in a similar way in their work and in other areas of life (i.e. spending their leisure time or eating lunch in a restaurant). The family is also under the influence of the process of globalization. It makes a family adopt various alternative forms of living. Globalization affects the changes in the family lifestyles. We are dealing with a new phenomenon – increased income diversification, which leads to diversity of family's social life. Global enterprises force out small and medium-sized companies. As a result, some of them cease to exist. Reduction of jobs leads to redundancies. Loss of work by at least one of family members significantly lowers the standard of family living. Another phenomenon of economic globalization is diversity in the labour market requiring very high or low skills. The latter are usually low-paid jobs, and commonly do not provide proper living conditions for the family.

Key words: *contemporary family, globalization, social changes, functioning of the family.*

Introduction

The primary goal of this article is to show the impact of globalization on a changing model of a modern family in European countries, but mainly the Polish one. This issue seems to be very timely especially in the former socialist countries, which before political changes and changes in the system were characterized by a relatively closed culture and defence against the influences of Western Europe. In contrast, due to social and cultural transformations since the early 90s of the twentieth century, the societies of

the former socialist countries are relatively open to the influence of western culture on marriage and family life as well.

This problem affects almost all European families. However, these transformations are the fastest to be observed in the post-socialist countries. Today, we are dealing with the so-called global profile of moral attitudes of Europeans. This is manifested by changes in moral behaviour, also in the field of marriage and family. Even such factors as greater mobility of trips of Europeans associated with emigration for economic reasons and rapid development of the media, as well as universal access to them contribute to the global nature of these attitudes. The media provide nearly instant flow of information. The impact of globalization and the associated dissemination of mass culture in a way significantly contribute to the change of opinion and the assessment of the marriage and the family. It is indicated by (relatively still uncalculated) published results of sociological research and studies[1].

Therefore, these are relatively new issues, which have inspired the author of this publication to describe the impact of globalization on changes in the functioning model of marriage and family, both in Poland and in other European countries.

Globalization and Labour Migration

Globalization is a term frequently used in relation to various aspects of human life. In general, it is commonly believed to have a significant impact on many spheres of human activity. This term, especially since the early 90s of the twentieth century, has been used by academic groups. It referred to the emergence of a new specific world system. A significant role in the formation of globalization and neoliberalism was played by uncontrolled nature of modern capitalism. The world is becoming more integrated, starting from the labour market to the lifestyle of people (Lavalette, 2010: 371).

The process of globalization formation has been associated with numerous factors. The most important of them are: economic, political, cultural changes as well as rapid technological development. Globalization has led to the economic aspect of the internationalization of production and sales, and also to the way of working. Production is crossing international borders, companies are becoming international, and therefore the production is transferred, if necessary, from one place to another. Production plants are located in the places where labour is cheaper. This situation can lead to a lack of stability in the labour market, especially in those places where jobs were liquidated. Losing one's job, even by one of the family members, fundamentally affects the functioning and realization of individual tasks and family roles. Difficulties in finding

[1] These changes were tackled in the books by: Bogdan Więckiewicz, Maria Świątkiewicz-Mośny, Witold Wrzesień and Sławomir Zaręba and others.

employment can be a factor for making a decision to travel abroad to make a living by one or both spouses. This increases the rate of migration, particularly the forced one.

Antoni Rajkiewicz writes that what underlies economic migration are the factors discouraging families and individuals from the labour markets of other countries and pulling factors. Pushing factors include mainly the lack of jobs in the place of residence, low wages and lack of career prospects. In contrast, the main pulling factors include the employment offer from managing companies, which are looking for hands to work. Families leaving abroad to earn the living have above all the opportunity to raise their standard of living and to realize many goals in life for which adequate financial resources are necessary.

Consumerism as a New Lifestyle of Modern Families

In the era of globalization a new consumer lifestyle of mass society has also been observed. A feature of the new form of life is more and more common tendency for families to primarily satisfy their material needs. Therefore, the phenomenon of deliberate limitation of the number of children has been observed or even spouses' resignation from having an offspring. Stephen Cunningham, citing a number of experts in the field of demography, writes that, on the one hand, we have to deal with the phenomenon of prolongation of the period of human life; on the other hand with an aging population. In the future, the consequence of these changes can create financial burden impossible to bear by the people (Cunningham, 2010: 276).

Analyzing globalization at the cultural level, the progress in the media industry, telecommunications is to be observed, which in turn leads to unification of the world in terms of culture. Contemporary culture is dominated by commercialism and pop culture. Homogenization of contemporary culture causes the penetration of the different cultures, arts, lifestyles, forms of work, leisure, eating, or organization and functioning of many social groups. These phenomena lead to the formation of similar forms of social life in many parts of the world.

The processes of globalization lead to a number of significant changes in the functioning of societies, including the family. We are dealing with new phenomena, which are substantially different from the existing social order. Globalization manifests itself in many aspects of life such as: political, social, cultural or economic one. As noted by Ulrich Beck, globalization leads to a new area of action in the modern world. Political life is increasingly detached from the boundaries of the state, which in turn leads to a situation in where an increasingly important role is played by new players from outside their own circle in the country. The impact and importance of other people, often strangers to the community and culture leads to the formation of new rules of conduct, often previously unknown, new conflicts and contradictions, observed the formation of new social roles (Beck, 2005: 23).

In the light of globalization, the existing societies undergo significant changes. Their functioning changes, including the change of ownership of enterprises through the form of labour, pastime, lifestyle, as well as the functioning of various social groups. The processes of globalization fundamentally lead to changes in the existing culture of the nation and the state. Dissemination of the mass media leads to a rapid opportunity to learn the culture of other communities. The special role of the media is associated with a huge impact on attitudes and standpoint of the majority of population. The media promote mass and popular culture that is available to everyone. It does not require much intellectual effort. Mass culture is a postmodern culture. It is characterized by the lack of distinction between higher and lower culture; it is subject to the phenomenon of copying. Therefore, it is readily and almost simultaneously available in many countries. Another feature of this culture is relativism. There are no clear criteria for what is good and what is bad. Transformation is also an art that is subjective in nature and may be freely created almost without any restrictions and rules.

The Main Values in a Globalized World

In the new global world, the system of values is also subject to change. Present values are more and more frequently rejected as something that does not fit into the present. The basic goals in many people's lives undergo change, as well as the way of reaching the designated goals. Interpersonal relationships are transformed. These changes also lead to redefining the fundamental values associated with married life and family life.

Already in the second half of the 60s the family was influenced by ideology and different organizations that were trying to fundamentally undermine its traditional structure, as well as hierarchies and functions that the family should pursue for its members and the wider society. There is a trend towards a challenge for both the existing functions of the family and their implementation by individual members. All this happens in the name of slogans such as tolerance, equality and freedom. Erosion of so far relatively integrated and stable system of values has been observed in European societies for several years. This way we deal with the collapse of social functioning compass by which people orient their actions and make their assessment (Wnuk-Lipiński, 2008: 181). This phenomenon is often associated with the so-called social revolutions where the existing social order and the values begin to be displaced by the new normative bases, which are not yet clearly defined and crystallized. Such situation may lead to axiological confusion, which involves greater and greater part of society. Then we have to deal with the phenomenon of anomie (Wnuk-Lipiński, 2008: 181).

Transformations related to the functioning of the family can be seen on many levels, incl. the constraints of its abundance and tasks that family members perform on behalf of their primary group, by gainful employment targeted to meet the needs of its members. The value of the family itself also changes. Therefore we have to deal with the formation of the so-called alternative forms of marriage and family.

What characterizes a global society is primarily a business that is increasingly being replaced by the concept of value. It is the return of a Marxist conception of Karl Marx who introduced the concept of class interest. Interest is becoming one of the main slogans of a modern man. First of all, the implementation of material values counts, with almost complete abandoning of spiritual and religious values. If these higher values are of any importance, they are often treated only in an instrumental way to achieve temporal benefits.

In the light of globalization, in economy we have to deal with the focus primarily on company profit. Business owners are increasingly beginning to calculate what is profitable for them. The profit objective is the most important and is often associated with cost reduction for the company. Unfortunately, the easiest way is to limit personnel costs, which are usually associated with a reduction of employment or dismissal of persons already working. The value of material benefits increases, while the value of an employee decreases substantially. The families that are deprived of employment often face a great loss. Such a situation, especially in the long term, can lead to marginalization and social exclusion of family members and families. The lack of the means of subsistence leads to poverty, and the families are deprived of access to many goods and services. When such a state lasts longer, it may adversely affect physical, mental and social condition of family members. The family that is deprived of adequate financial resources substantially reduces spending on clothing, housing, education, medication, or participation in cultural life and ultimately on food. It reduces life aspirations of families and individual family members to a very great extent. A phenomenon of increasing social differentiation of families is being observed. On the one hand the increasing wealth of a small group of families can be observed; on the other hand more and more families start living at minimum social level or in human existence.

Negative Consequences for the Families Associated with the Process of Globalization

One cannot ignore the phenomenon of social exclusion associated with a growing number of families, especially for countries with the most severe economic crisis. However, also rich countries face this phenomenon. Social exclusion is most commonly associated with pathology and poverty due to the financial deficit, but according to Fuad Jomma, the definition of the problem provided in such a way is a gross simplification. This phenomenon is most often associated with the lack or limitation of access to basic public institutions, which should be available to the general public. Social exclusion and marginalization of a family mainly concerns those families whose members are people with disabilities, have been deprived of work, who have low income or belong to an ethnic minority. The family of each person is of particular importance. Its specific importance stems inter alia from the fact that it has a community nature, which is

expressed in mutual solidarity and love, as well as it has an institutional character (Rewera, 2012: 89).

The institutional importance of the family lies in the fact that it undertakes action to meet the essential needs of its members. Departure of even one family member to another country in search of work always leads to a destabilization of the family. It hinders the implementation of some of the functions of the family. Lack of one of the parents has a negative effect on the process of socialization and upbringing of a child. Different family roles are fulfilled by father and different by mother. Children are deprived of a role model that is, owing to the absence of a parent, often absorbed from the media. Unfortunately, this is not always a positive model. In single-parent families, e.g. those lacking at least one of their parents as a result of economic migration, there is reduced control function. The parent who remains in the country is not always able to see whom his child meets, how she/he spends her/his free time. A child who is deprived of parental control may achieve worse results at school and set less ambitious goals in life. Increasingly parents are not authorities for such children, but colleagues from the peer group, informal or popular person with the media, often of questionable moral authority. It should also be noted that in single-parent families more commonly occur negative social phenomena such as increased level of aggression and rejection of the child by the normative peer group; as a consequence, such children are under the influence of multiple risk factors (Szwejka, 2011). Another problem these families face is abnormal emotional bond, which is reflected not only in weakening the relationship between parent who emigrated and his/her own child, but also between the spouses, leading to divorce as a consequence (Więckiewicz, 2011: 19).

The impact of globalization contributes not only to change, but also to the spread of new family models. One of them is a DiNKS relationship. It is based on a couple entering a formal marriage, but with informal restriction that they would not have children. The goal they set for themselves is primarily self-fulfilment in their work to achieve tangible benefits. Another increasingly widespread new form of the family is the LAT relationship. In this case, a woman and a man create a formal relationship or not, but have separate households and are financially independent from each other. The so-called reconstructed families (a patchwork family) are increasingly popular in Europe (Szlendak, 2000: 318–319). The people whose previous marriage has broken down enter such relations. A single parenthood is increasingly being observed in European families. The causes of this form of life must be sought in an increase in divorce rate, as well as in the fact that more and more children are born outside formal relationships. Yet another popular form of life of the modern man is to be single. Today, a person who lives alone, no matter whether by choice or not, is no longer negatively perceived, as it was even a few decades ago. Loneliness is a certain way of life that for many people facilitates fulfilment in life. Young people want to be independent and do not want to be controlled by the spouse, and for this reason, many of them decide to live alone.

Conclusions

Globalization, in addition to its positive aspects – the spread of the latest technology, the rapid flow of information and the development of communication, brings about a number of negative aspects in the economic, cultural and social system. In the economy, the dominance of large multinational corporations at the expense of smaller local companies is observed. Smaller, local entrepreneurs are not able to cope with the competition of large companies. Small business owners are forced to close their workplaces and, consequently, to make their workers redundant. This situation leads to an increase in the unemployment rate in the region even if some of the fired persons are employed in large international companies that undertake their work for very low wages. There is a new phenomenon of segmentation in the labour market. On the one hand there is a small group of people with high earnings who perform simple activities that do not require high qualification; on the other hand these people are very low paid.

Globalization also leads to a popularization of new patterns of life, including marriage and family. In the name of bearing slogans of freedom and tolerance, there is an attempt to re- create a new system of values, to redefine the concept of marriage and family. We are dealing with some kind of attempt at a cultural "revolution" in the scope of family life. New concepts concerning the relationship between a man and a woman are being introduced. Interfamilial roles are changing. Traditional family begins to lose its importance. Modern family is egalitarian, without clear predominance of one spouse. There are also changes in the position of children in the family, whose opinion is much more important for parents. In many aspects, even due to children being better educated than parents, their opinion is more important than of the other members of the group. It particularly refers to the decision to purchase high-tech equipment regarding which children have much better knowledge than their parents. Egalitarianism of the family is also favoured by all movements and organizations working for equality between women and children. A man loses the role a dominant person in the family, especially in the case when a woman undertakes a job and he for various reasons remains at home.

The processes of globalization are changing the system of families' work, the organization of leisure time, meaning of its numerous functions and hierarchies. Some of them almost completely lose their significance and others are taken over by the state. We also deal with certain dichotomy of lifestyles, as Jadwiga Daszykowska and Miroslaw Rewera write, "Therefore lifestyles: individual and mass overlap, and a modern man stands between two options: the one suggested by the society, and the one, which results from one's individual plans and personal vision of life" (Daszykowska, Rewera, 2010: 175). Families in different countries operate according to a similar model. A global system is being created where families, their model, lifestyle and work, and thus the specific forms of the local community of family, economic and social life are lost.

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