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## KEYNOTE SPEAKER



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**Nikša Alfirević** is a tenured professor of management and an assistant professor of sociology at University of Split, Croatia. He also serves as a researcher and head of a research unit at the Croatian Scientific center of excellence for school effectiveness and educational management.

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## KEYNOTE SPEAKER



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## A COMPARATIVE STUDY OF CORPORATE USER-GENERATED MEDIA AND ITS USEFULNESS: KUWAIT VS UNITED STATES

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### Abstract

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The main objective of this study is to help fill the void in the literature by: (1) examining the critical factors that lead businesses in Kuwait and US to create their own user-generated media, (2) understanding organizations awareness of their potential liabilities resulting from action of managers in violation of the different laws when using the different tools of user-generated media (e.g., Blogs, Twitter).

Two versions of surveys were designed: English for the US and Arabic for Kuwait. Results indicated that corporate bloggers attitude, subjective norms, and perceived behavioral control influenced corporate bloggers stickiness to blog, in turn it led to corporate bloggers commitment to blog. Also, results showed that US managers were less aware about the potential liabilities resulting from action of employees in violation of the different laws when blogging compared to Kuwait managers. The study provides insights to administrators and policy makers in managing their blogging sites.

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## Key Words

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Weblog, User-Generated Media, Social Network Analysis, Cyberloafing, Commitment

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## Topic Groups

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Digital Marketing

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## A RESEARCH ON OCCUPATIONAL IMAGE PERCEPTION OF TOURIST GUIDING DEPARTMENT STUDENTS AND THE DETERMINANTS OF OCCUPATIONAL IMAGE

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### Abstract

‘Tourist guiding’ being vital for tourism is a department at universities through which students can become fully trained and educated licensed tourist guides. As it is known a student has to make vital decisions on her/his occupational future. The occupational image may be accepted as an important part of the vocational decision process. The purpose of this study is to determine the occupational image perception of tourist guiding students and the determinants of the occupational image. A questionnaire to contain 375 tourist guiding students studying at Selcuk University, Silifke-Taşucu Vocational School of Higher Education in Turkey were prepared and applied; then Confirmatory factor analysis was applied to the questions in the questionnaire to measure the image of the tourist guiding profession. The results have brought out the fact that, in concise words, the students have considerably positive image on the profession of tourist guiding and most of them desire to be one in near future.

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### Key Words

occupational image, tourist guiding, image

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## CATVERTISING - THE APPEAL OF CATS IN ADVERTISING

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### Abstract

The research project on catvertising looks at the appeal of cats in advertising with a view to the online phenomenon of internet cats. The media report that catvertising is successful also for products that are not directly linked to cats. Additionally, images of cats are often used as click bait on the internet.

In focus group interviews with business students and lecturers in Austria, the questions of why catvertising is so successful and what connects internet cats to advertising are discussed. A qualitative data analysis provides insights into the appeal of catvertising and brand awareness increased by the use of cat images.

The research on catvertising is part of a larger research project on the popularity of cats in the public sphere.

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### Key Words

Catvertising, Marketing, Internet, Advertising, Cats

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### Topic Groups

Digital marketing, Qualitative and quantitative comparative analysis in business

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## CHALLENGES OF EDUCATIONAL LEADERSHIP IN SMALL EUROPEAN COUNTRIES

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### Abstract

In this paper, a comparative review of educational policies and practices is presented, as related to the recruitment, training and licensing of school principals and other educational leaders, including these policies' relationship to the key challenges in the educational environment. Special emphasis will be placed on the entrepreneurial solutions of educational problems. The targeted countries include small European countries from South-East Europe (SEE), including Bosnia and Herzegovina, Croatia, Montenegro and Slovenia. At the other hand, selected experiences from the Baltic and Scandinavian countries are presented, as a potential benchmark for the SEE education policy-makers and educational practitioners, at all levels of the educational system.

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### Key Words

management, leadership, educational institutions, educational policy, South East Europe

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### Topic Groups

Entrepreneurship, creativity, innovativeness and competitiveness

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## DETERMINANT OF INDIVIDUAL USE OF ACCRUAL-BASED ACCOUNTING SYSTEM APPLICATION AT STATISTICS INDONESIA (BPS)

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### Abstract

According to Indonesian Government Regulation No. 270/2015 and Financial Minister Regulation No. 71/2015, all of the government institutions must use accrual-based accounting system within financial report since 2015. However, the preliminary observation found some indication of inadequate human resource competencies, organizational commitment and system quality in Statistics Indonesia. This study examines the effect of human resource competencies, organizational commitment and system quality on the individual use of accrual-based accounting system application in Statistics Indonesia. The population of this study was 513 government agencies in Statistics Indonesia. Using paper-based survey, data were gathered from 129 respondents. Data analysis technique was multiple linear regression analysis. Results showed that human resource competencies and organizational commitment have positive effect on the individual use of accrual-based accounting system application. The implication for stakeholders and further researches are discussed.

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### Key Words

Human Resource Competence; Organizational Commitment; Systems Quality, SAIBA, and Statistics Indonesia (BPS)

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## MANAGING CUSTOMER FORGIVENESS IN HOTEL INDUSTRY: THE INDONESIAN EXPERIENCE

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### Abstract

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The study aims to investigate customer forgiveness as a predictor variable of normative commitment. Customer forgiveness is affected by service failure severity, desire reconciliation, service recovery, emotional intelligence, and Islamic religiosity. The study also reveals the role of customer forgiveness as mediating variable in the model. Experiment survey with 245 students was employed for the study. Structural Equation Modeling (SEM) with Smart-PLS 3.0 was applied in the dataset to develop the model. The study indicates that service recovery, desire reconciliation, and emotional intelligence significantly relate to customer forgiveness. On the other hand, service failure severity and Islamic religiosity do not have a significant relationship with customer forgiveness. The model also explains the role of customer forgiveness as a mediating variable between independent variables (service recovery, desire reconciliation, and emotional intelligence) and normative commitment. The study indicates that managing customer forgiveness is required to maintain normative commitment of customer.

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## Key Words

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normative commitment, customer forgiveness, desire reconciliation, service recovery, emotional intelligent

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## Topic group

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qualitative and quantitative comparative analysis in business

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## MODELLING THE RELATIONSHIPS AMONG EMPLOYEE'S PERSONALITY, JOB SATISFACTION, AND ORGANIZATIONAL COMMITMENT: EMPIRICAL EVIDENT FROM PUBLIC AND PRIVATE ORGANIZATIONS

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### Abstract

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The objective of this study is to examine the causal relationship among personality, job satisfaction, and organizational commitment. Five Factor Model (FFM) of personality tested due to its relationship with job satisfaction and organizational commitment. A set of questionnaire distributed to 247 respondents chosen using stratified random sampling from 747 students at 3 graduate programs at a public university, currently working at the public and private organizations in the Bengkulu province and other surrounding area. Structural Equation Modeling (SEM) using LISREL 8.80 was employed to test the research models. Three of the four models are supported, including structural relationship among personality, job satisfaction, and organizational commitment; mediating role of job satisfaction in the effect of personality on organizational commitment; and the effect of personality and job satisfaction on organizational commitment. While the influence of personality on job satisfaction and organizational commitment is not supported.

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## Key Words

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Personality, Job Satisfaction, Organizational Commitment

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## Topic group

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Human resource management for entrepreneurship, intrapreneurship and incubation

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## TRAVELERS' PERCEIVED VALUES WHEN VISITING PARTICULAR TOURISM DESTINATION AND ITS INFLUENCE ON SATISFACTION AND LOYALTY

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### Abstract

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The objective of the study are to determine the influence of the destination image toward perceived value and tourist satisfaction, the relationship between perceived value with satisfaction and loyalty, and the relationship between satisfaction and loyalty. The survey was conducted in the city of Bengkulu. A sample size of 200 respondents was taken for the survey. A structural equation model was developed by employing Amos 16.0. The result of the study reveals that destination image has significant relationships with perceived value and satisfaction. The model also concludes that perceived value and satisfaction significantly relate to tourist loyalty. The findings suggest the important role of perceived value and satisfaction in improving tourist loyalty.

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### Key Words

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destination image, perceived value, tourist satisfaction, loyalty

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### Topic Groups

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Qualitative and quantitative comparative analysis in business

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## ACADEMIC ENTREPRENEURSHIP - THE ROLE OF ACADEMIC BUSINESS INCUBATORS IN POLAND

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### Abstract

The mission of higher education in Poland is to contribute to improving the quality of life for Polish citizens by creating and transferring knowledge. Hence, it is vital to develop relations between academic community and business environment. Economy of today requires business to be included in the educational (didactic and research) offer. According to the Act on Higher Education of 2005, academic entrepreneurship plays a very important role in the development of higher education in Poland. The Act proposes academic business incubators in order to make better use of the potential of universities and to transfer research results to the economy. The main aim of the article is to present the issue of Academic Business Incubators operating in Poland.

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### Key Words

Academic business incubator, HEI, academic entrepreneurship

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### Topic Groups

Entrepreneurship, creativity, innovativeness and competitiveness

## **INTRODUCTION**

Institutions operating on the higher education service market are facing an increasing need to develop entrepreneurship attitude among their students. Nowadays, it is necessary for Higher Education Institutions to promote entrepreneurship and to activate students in this area. The integration of business and science is now crucial for the further rapid development of economies of

a country. Such integration can occur as cooperation in the form of education, consulting and training, research and development activities or organizing internships for students. The article presents the issue of academic entrepreneurship with the great attention to the Academic Business Incubators operating in Poland. The research methodology is an analysis of the literature of the subject in the field of academic entrepreneurship as well as analysis of existing data and documentation on the practical aspects of the Academic Business Incubators in Poland.

## **ENTREPRENEURIAL HIGHER EDUCATION INSTITUTIONS**

Higher Education Institutions (HEIs), including universities, have a huge impact on achieving national economic and social goals through building intellectual and social capital in the country. Higher education carries out two main functions: education and research, affecting the attitudes of individuals and society as

a whole. The mission of higher education is to contribute to improving the quality of life for Polish citizens by creating, expanding and disseminating knowledge, developing their skills for individual and general use, and increasing the quality of public services (Ernst & Young Business Advisory, 2009). In addition, the mission of higher education is to create links between the national academic community and the global academic and intellectual community, as well as national and foreign companies and public institutions.

HEIs cooperation is specified in the initial part of the Act on Higher Education. HEIs shall co-operate with the socio-economic environment, in particular by conducting research and development for business entities on the basis of organizationally and financially independent economic structures, including the establishment of a special purpose vehicle (SPV), referred to in Article 86a, as well as through the involvement of employers' representatives in the development of study programmes and

teaching processes (The Act on Higher Education of 27 July 2005, art. 4, point 4).

With a view to fostering the optimal use of the intellectual and technological potential of HEIs and the transfer of research findings to the economy, higher education institutions may establish academic business incubators and technology transfer centers (The Act on Higher Education of 27 July 2005, art. 86, point 1). An academic business incubator shall be established with the aim of supporting the economic activity of the academic community or staff and students of a higher education institution (The Act on Higher Education of 27 July 2005, art. 86, point 2).

Academic entrepreneurship regards the entrepreneurship of students, doctoral students, as well as academic staff and administrative staff. A channel for knowledge transfer and innovation is the establishment of enterprises by university staff, its students, and doctoral students, in or near the university. On the other hand, a HEI is an organization that also should be well organized and managed. In the didactic process it educates future staff for the economy, administration, science, culture and art. In the field of research activities, the institution collects data with the purpose of creation new knowledge and innovation.

Nowadays, more and more universities take orientation towards entrepreneurship. It seems to be an important (and necessary) attitude - fundamental for increasing competitiveness on the education service market. HEIs want to strengthen their position through:

- increasing the attractiveness of its educational offer,
- applying for funds from the EU (grants for research and cooperation with other entities),
- intensifying cooperation with entrepreneurs in the field of internships for students and conducting joint research.

An entrepreneurial higher education institution is one that seeks to achieve a strong international competitive position on the educational and research market, benefits from the commercialization of its research activities and works for the environment (Pluta-Olearnik, 2009).

The European Commission conducted the research on innovative industry with the great attention to creating new innovative companies in European Union (EU) countries (European Commission, 2002). According to the results, the main factors that hamper the creation of new firms were pointed: poor entrepreneurial culture (two-thirds of respondents) and the lack of training in entrepreneurial skills prevents people starting up a business ( confess nearly half of respondents). This implies a great need for development an educational offer to support entrepreneurship among young people. European universities' management board is aware of

importance of the technology transfer, not only because of the additional revenue but also because of creation an image of academics who support entrepreneurship and run their own business.

The European Commission state key factors that should appear to contribute most strongly to entrepreneurial success:

- fostering awareness of entrepreneurship among researchers and professors,
- availability of seed capital funds at the institutions' disposal,
- having the use of physical infrastructures such as a business incubator,
- possessing the resources to assess the capability of technical ideas to move to market,
- actively networking with investors, CEOs and business schools.

Strengthening cooperation between HEIs and business is one of the key elements of economic policies in the individual EU countries.

Academic entrepreneurship focused business on the creative attitudes of the scientific community and use their effects in economic practice (Poznańska, 2014). The concept of academic entrepreneurship is often understood as the creation of technology companies, so called spin-off (formal relationship with its home university which usually paid some contribution for development of new company) and spin-out (lack of formal relationships with its home university; a spin-out company usually does not use the university's contribution, except for intellectual property, as a result of the scientific work of its university staff) by academics.

Polish economy is at an early stage of academic entrepreneurship development. Many researchers highlight the limitations that make it difficult to create and implement innovative solutions. Poznańska (2014) states the following ones:

- lack of convenient formal and legal regulations,
- limited access to finance and well qualified managerial staff,
- low awareness among the academic community and the management of higher education institutions,
- high level of risk connected with implementation new solutions on the market.

Banerski, Gryzik, et al. (2009) emphasize that for further expand of higher education market and the whole economy of Poland it is essential to:

1. transform the HEIs educational offer towards entrepreneurship, innovation, and commercialization of technology,

2. effective teaching and promotion of academic entrepreneurship dependent on professional training programs adapted to national legal, economic and institutional conditions,
3. intensify cooperation between HEIs and academics with the business community,
4. develop infrastructure for academic entrepreneurship, including institutions and programs, preparation of management teams and services for starting new companies,
5. introduce clear rules for the management of intellectual property.

More and more initiatives should be taken in order to increase the transfer of knowledge from universities and other HEIs to enterprises (and to economy). The development of institutions supporting entrepreneurship is necessary for the construction of the whole ecosystem of innovation and knowledge transfer.

## **ECOSYSTEM OF BUSINESS SUPPORT INSTITUTIONS IN POLAND**

Business Support Institutions occupy a crucial role in the field of technology transfer and knowledge commercialization - developing the innovative character of Polish economy. Centers for innovation and entrepreneurship (as Business Support Institutions) have become an important stimulator for supporting the development of entrepreneurship and modern economy. First centers were established in Poland in the late 1990s. There are many organizations within the framework of Polish system of Business Support Institutions. Bąkowski, Mażewska, et al. (2015) distinguish three main types due to the area of activity and scope of given support:

1. Entrepreneurship Centers - exemplary institutions: training and business consulting centers, pre-incubators, business incubators.
2. Innovation Centers - technology parks, science and technology parks, technology incubators, technology transfer centers, academic business incubators, innovation centers.
3. Financial institutions - regional and local loan funds, credit guarantee funds, seed capital funds, business angel networks.

The third group of institutions is aimed at facilitating access to finance for new businesses and small businesses without credit history, providing financial services tailored to the specific nature of innovative business activities.

Entrepreneurship Centers are mainly focused on promotion and incubation of entrepreneurship, providing business services especially for micro and small enterprises to stimulate the development of peripheral regions or those affected by the structural crisis.

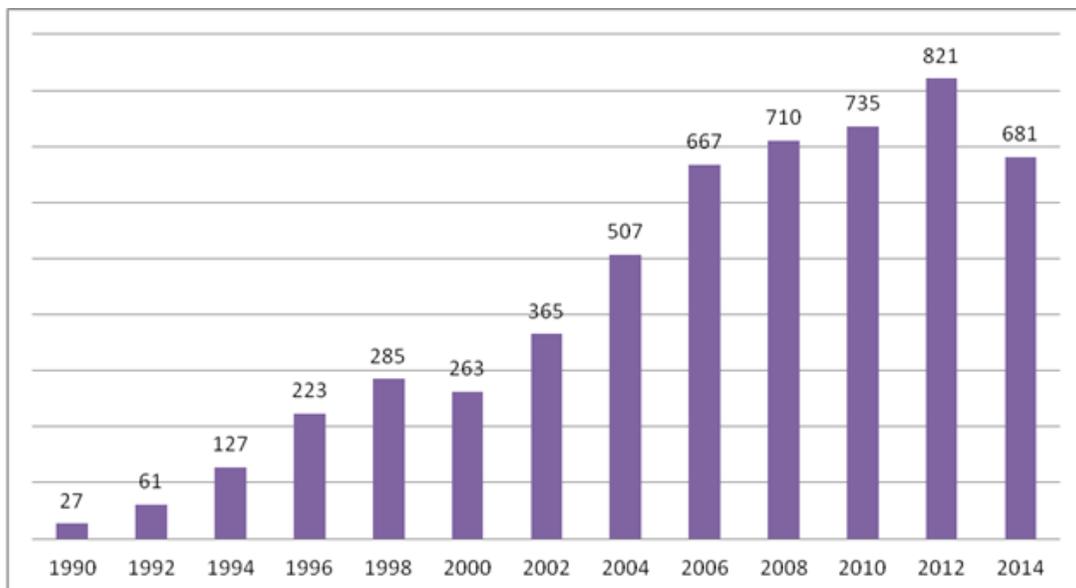
Task for Innovation Centers is directly related to promotion and incubation of innovative entrepreneurship, technology transfer and providing pro-innovation services, activating academic entrepreneurship and cooperation between science and business.

According to the research carried out by Polish Business and Innovation Centers Association in Poland (2015), there are 681 active centers for innovation and entrepreneurship. The following types of centers can be marked:

- 42 technology parks,
- 24 technology incubators,
- 24 academic business incubators,
- 42 technology transfer centers,
- 47 innovation centers,
- 103 capital funds,
- 81 local and regional loan funds,
- 58 credit guarantee funds,
- 7 business angels,
- 207 training and advisory centers,
- 46 business incubators.

Figure 1 presents the growth of centers of innovation and entrepreneurship in Poland in a given time schedule.

Figure 1. Dynamics of development of centers of innovation and entrepreneurship in Poland between 1990 and 2014.



Source: own elaboration based on the data presented in the report by Polish Business and Innovation Centers Association in Poland (Bąkowski, Mażewska, 2015).

Access to EU funds has made it possible to implement a number of large infrastructure projects that create and develop centers for innovation and entrepreneurship in Poland (a significant increase in the number of centers since 2004).

Business Incubators are one of type of institutions providing services for supporting and developing entrepreneurship in Poland. The incubators may belong to Entrepreneurship Centers and to Innovation Centers as it depends on the form of support and the range of offered services. They are defined as organizational and real-estate based centers for entrepreneurship with the main aim at supporting the development of small businesses (including startups), by offering accommodation and needed business support. The basic task of such incubator is to assist in the creation process and help the company in the early stage development. Business incubators may offer low rent rates, business training, advisory and information services, as well as access to common technical and service infrastructure (Guliński, Zasiady, 2005).

Academic Business Incubator (ABI) is a specific type of incubator, which is usually located in the nearby of university or other HEI's environment. ABI is a part of entrepreneurial higher education institution. The main aim of such incubator is to support students and academics in practical market operations. In addition to usual incubators functions, ABIs carry out a

number of specific activities oriented towards entrepreneurship education and commercialization of new products (services) and technologies resulting from research and development activities. Guliński and Zasiady (2005) state that the incubator offers opportunities for development through:

- access to university laboratories and research apparatus,
- technological and patent consultancy,
- direct use of the knowledge of researchers and students in the provision of advisory and training services,
- access to databases of researchers and inventors, ideas, patents and technologies.

The efficiency of an ABI depends on the set of competencies representing the advisory team in the incubator (responsible for training and advisory services) as well as management board (defining the strategic direction for an incubator).

## **ACADEMIC BUSINESS INCUBATORS OPERATING IN POLAND**

Academic business incubators (ABIs) are created in accordance with the Act on Higher Education of 27 July 2005. First ABI in Poland was established in 1998 at the University of Warsaw. Nowadays, there are 80 business incubators altogether in Poland. In the report of Centers for innovation and entrepreneurship (Bąkowski, Mażewska, 2015), authors differ three types of ABIs:

1. Academic Business Incubators established by HEIs.
2. Academic incubators operating within the technology parks and other Business Support Institutions.
3. The network of Academic Business Incubators operated by Academic

Foundation Business Incubators (the most numerous group).

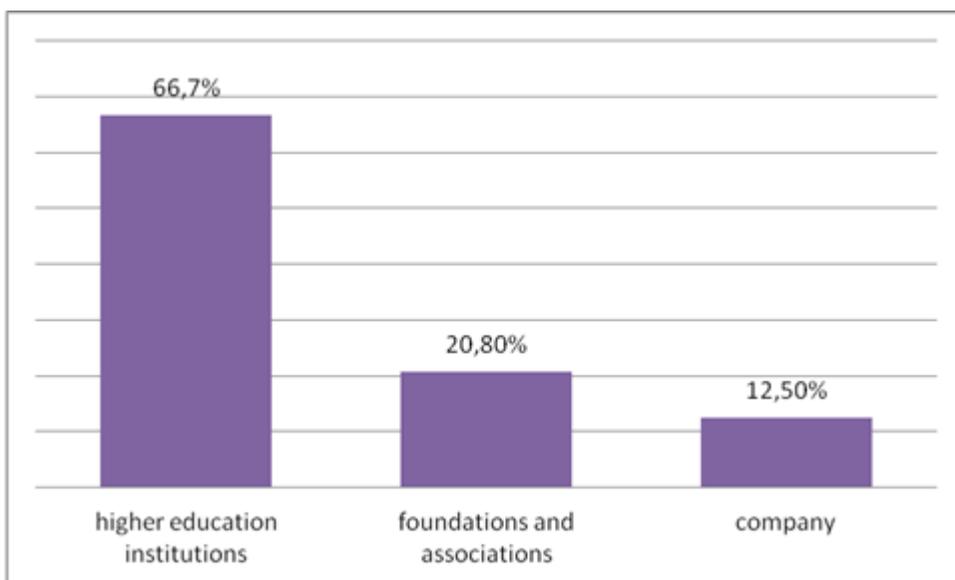
For the purpose of this article about academic entrepreneurship only ABIs regulated by The Act on Higher Education (founded by HEIs and those operating within the technology parks and other Business Support Institutions) were taken into consideration. Business incubators operated under the network were not discussed in this article because these incubators are subject to a foundation (a separate entity developing incubators within the network) and they are not regulated by the Act.

In accordance with the Act, an ABI may be established in the form of (The Act on Higher Education of 27 July 2005, art. 86, point 3):

1. Unit at the institutional level, shall operate on the basis of regulations to be approved by the senate of the higher education institution.
2. Business entity or a foundation, shall operate on the basis of the relevant documents regulating its status.

There are opportunities for the development of university-based entrepreneurial infrastructure and technology transfer, with the free choice the organizational and legal form that is appropriate to the needs of the HEI. The Law also allows university and graduate students to combine academic work and study with entrepreneurial status, and an ABI is created to support such activity. It can operate as an administrative department of the university or separately from the university, having legal personality, acting in the form of a commercial law company, association or foundation. According with the research which was conducted by (Polish Business and Innovation Centers Association in Poland, 2015) the organizational forms of Academic Business Incubators are presented in the figure 2.

Figure 2. Academic Business Incubators in relation to organizational form in 2014.



Source: own elaboration based on the data presented in the report by Polish Business and Innovation Centers Association in Poland (Bąkowski, Mażewska, 2015).

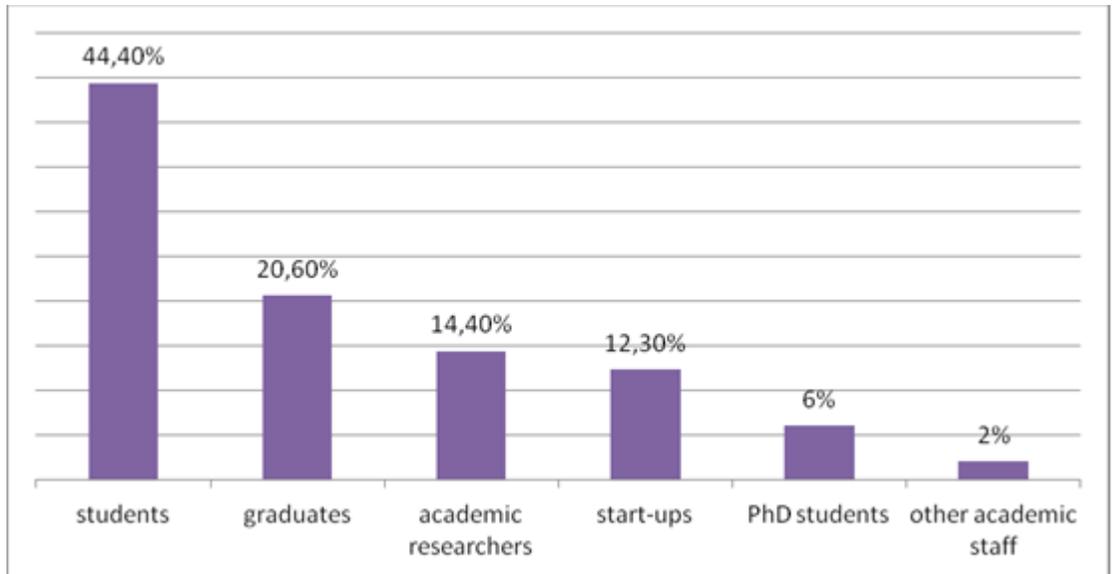
The largest group of ABI operates as a unit of higher education institutions (66,7%). These units are directly subordinate to the rector or vice rector. One of advantages of such subordination is relatively smooth flow of information between an ABI and the management board. On the other hand, lack of independence in decision-making process causes the whole process to be lengthened. ABIs operating under HEIs are organizationally separated but not by budget. This can create some difficulties with their effective resources management.

The activity of academic entrepreneurship incubators is usually initiated by the academic community. The main function of ABIs is the exploitation and commercialization of knowledge through spin-off companies, including the promotion of entrepreneurship among students and graduates leading to their economic activity (Bąkowski, Mażewska, 2015). Young entrepreneurs often face lack of experience (knowledge) and funds needed for establishing and running a business from the very beginning. ABIs are intended to assist in the preparation of a business by analyzing and determining the market potential of a business idea as well as supporting a person to conduct an independent business, assessing the protection of intellectual property and developing commercialization strategies, evaluating the technical feasibility of the project, market demand and developing a business plan.

A statistical ABI was 266.5 m<sup>2</sup> in floor area. The ABIs usually have a combination of infrastructure consisting of: office space, conference rooms, consultation rooms, and exposition space. In addition 40% of ABI had “open space” floor for rent at their disposal. When it comes to human resources, the average ABI employs 6.1 persons. The majority of incubators (80%) employs from 1 to 4 persons. Employees of 60% of ABIs focus exclusively on its operations, while others divide their work with other activities. Some of employees have to devote about half of their time to the business incubator, and 50% to other activities within the HEI. The average annual operational budget of ABI ranges between EUR 11 904.76 to EUR 119 047.62). The main source of income are donations/subventions from managing institution (38,1% of total income), grants and projects (20,8%) and revenues from space rent (18%) and registration and exploitation fees (14,1%) (Bąkowski, Mażewska, 2015).

The structure of an ABI clients is presented in the figure 3. The data shown below regards the structure in 2013.

Figure 3. The structure of ABI clients.



Source: own elaboration based on the data presented in the report by Polish Business and Innovation Centers Association in Poland (Bąkowski, Mażewska, 2015).

The great majority of clients are students and graduates. It is a good result due to the fact that ABIs perform their statutory tasks in the area of education and promotion of entrepreneurship and support for commercialization of new products and technologies among students.

The idea of supporting academic entrepreneurship implies that they are actively involved in educational processes using the following tools:

- promotional actions related to entrepreneurial activities,
- university business contests among students, doctoral students and young academics,
- organization of training and counseling for potential academic entrepreneurs,
- creation and development of academic centers of creativity,
- creating a wide network of external contacts with risk investors, alumni associations, others business support institutions.

The research shows that vast majority of ABIs provide their clients with consulting services in the field of: business planning, forming a company, as well as business management, and legal, financial and tax issues. They also organize training courses in market analysis and marketing. An average ABI runs 14 training courses, attended by 168 people in total. The range of consulting services was diverse. Some of the respondents

organized 600 or even 782 advisory meetings (annually), while others set up only two (Bąkowski, Mażewska, 2015). Every incubator collaborates with local companies, some of them with universities (80% of ABIs) and with Business Support Institutions (70%). ABIs do not cooperate much with scientists, but many initiatives can be carried out together with them. Encourage students to carry out joint market research for an ABI or young entrepreneurs can be a good first step for students to start thinking about their own business.

## CONCLUSIONS

Academic entrepreneurship based on innovation is an important factor of the innovation policy of the country. It is worth to develop Academic Business Incubators to combine technical, entrepreneurial and business management skills to enable students start their own business. A long-term strategy of Higher Education Institutions to develop such incubators should be introduced to properly manage business activity of academics and students. Reorientation of universities to cooperate with the business community is a long-term process, requiring the change in the mentality of the academic community and relevant internal regulations. Transfer of knowledge from studies to business will be more efficient when support is provided from the national level, as well as regional and state level (Siemieniuk Ł., 2016). By introducing appropriate support tools commercialization of academic knowledge will be possible on a broader scale. Direct financial support, technology transfer, business contacts and also suitable infrastructure are those factors which significantly affect the efficient cooperation between businesses and universities.

Majority of ABIs focus on cooperation with local institutions. It is important for ABIs to widen the relations with some international entities, as concentration only on local organizations creates relatively weak conditions for development of innovation projects. Cooperation with others abroad and taking advantage of their experiences is crucial to improve ABIs offer (Bojar W., Ratajczak R., 2012).

By engaging academics to enhance collaboration with business, ABI may also expand the range of services and support. Using the knowledge and experience of academics and entrepreneurs (mentors) cooperating with ABIs may help to create a very good infrastructure for the quick testing of business ideas in safe conditions.

In spite of many difficulties and challenges, offering by ABIs professional support for students starting their own business seems to be important task

as the main role of ABIs is to accelerate transfer of entrepreneurial knowledge to the business world.

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## COMPETENCES FOR MANAGING SUCCESSFUL BUSINESS

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### Abstract

The study is based on a group of competences from UNESCO framework that are defined as necessary to perform business' tasks of managers successfully. The research includes successful managers who proved their competences by achievements in business. As survey respondents they were asked to estimate the importance of the individual group of competences for accomplishing the tasks in the job they perform. Managers were also asked to evaluate the importance of education in the development of knowledge and skills within defined groups of competences. The results confirmed the initial starting point and provided valuable guidance for defining education policy for future managers.

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### Key Words

managers' competences, managers' education, UNESCO frame of competences

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### Topic Groups

Human resource management for entrepreneurship, intrapreneurship and incubation

## 1. MANAGER'S COMPETENCES

A competent person is a person who is qualified to do the job that she or he is asked for.

„Competences are related to an individual's ability, in line with the expectations that we have of him as a qualified expert for an area, to adequately and efficiently perform certain tasks.“(Huić,et.al.,2010:197).

Competences go by and have their own specific development. As a beginner, the level of the competences for performing specific work is "low". After acquiring a certain experience, a person becomes more competent to perform complex tasks. Beside competence development, they also depend on a concept. Environment and situation are factors that are needed to be included within competences to successfully carry out the tasks (ibid).

Bahtjarević Šiber (2008) talks about the three essential skills that a manager should have in every organization and at all levels of management. It refers to the technical knowledge and skills, knowledge and skills in dealing with people and conceptual knowledge and skills.

While the technical knowledge and skills are related to lower levels of management, social skills are equally important at all levels of management. Managers at each level of management need to communicate with people and their colleagues to focus on achieving the goals they have set.

The conceptual knowledge and skills are mostly related to the high management and assist managers to see and to try solving the complex business situations. The solution that the manager chooses must be applicable and can not remain only in registering the problem (Buble, 2010).

During the numerous researches and analyzing through books and articles, the question that is asked is what common knowledge and skills characterize all managers? The UNESCO introduced and defined a framework of competences which brings and ensures the base of expected behaviors, skills and attitudes that lead to successful managers' performance. UNESCO has brought clearly expressed competencies that distinguish successful from unsuccessful managers and components that will clearly show what it means to be in the world of high-ranking people, but at the same time to stand out from others ([http://webcache.googleusercontent.com/search?q=cache:oSFMUIoAxuwJ:newunkampus.unssc.org/pluginfile.php/105615/mod\\_folder/content/0/Agency%2520Leadership%2520Frameworks/UNESCO/3701\\_15\\_Competency%2520Framework\\_E\\_FINAL\\_15.04.2016.pdf%3Fforcedownload%3D1+&cd=1&hl=en&ct=clnk&gl=hr](http://webcache.googleusercontent.com/search?q=cache:oSFMUIoAxuwJ:newunkampus.unssc.org/pluginfile.php/105615/mod_folder/content/0/Agency%2520Leadership%2520Frameworks/UNESCO/3701_15_Competency%2520Framework_E_FINAL_15.04.2016.pdf%3Fforcedownload%3D1+&cd=1&hl=en&ct=clnk&gl=hr)).

## **2. RESPONSIBILITY IN BUSINESS**

Responsibility is a key virtue for achieving power, happiness and success. The word responsibility is usually defined as a conscientiously and properly duty performance. Managers as responsible persons demonstrate reliability in all aspects of their work and take responsibility for their words, actions and decisions.

Except themselves, the responsibility must be presented with respect to the position of the management level at which they are working with other employees and associates. Responsibility can be explained as a manager's liability to make a choice and take action that will contribute to the interests of society and the well-being of the company.

The responsibility of a manager can be seen through an internal and an external dimension. Internal dimension is a managers' social responsible behavior, it includes the responsibility to their employees and applies to areas such as health and safety, investing in capital, change management, management influences on the environment and natural resources, while the external dimension extends to the local community, business partners and vendors, consumers, public administration, local associations and the like. (<http://www.odraz.hr/media/21845/dop.pdf>)

### **2.1 Accomplishing communication within the group**

There are people who find it hard to accomplish communication with others. Those should not be managers. Communication skills are one of the key competences. The most important part of good communication according to Čelić (2015) are: establishment, maintenance and interruption of communication.

Garača i Kadlec (2011) consider that a manager needs good communication skills for:

1. Establishment and successful implementation of the company's goals
2. Development of plans for their realization
3. Organization of human and other resources in the most efficient and effective manner
4. Leading, directing, motivating and creating a climate in which people want to contribute
5. Selection, development and assessment of the members organization
6. Control of achievement

Basic communication skills that managers must have in order to conduct communication successfully and relationships with others are the skills of interpersonal communication which involve corporate communication and

active listening skills, skills of speaking in public and presenting in front of large groups of people and negotiation skills, which are important for managers, they can refer to the negotiations within and outside the organization.

## **2.2 Team work**

The famous "team spirit" is built on a commitment to achieve a goal, working together in a democratic atmosphere, work and social processes in the "team mode" and on the cohesion of membership. (Tudor, et.al., 2008:349).

Lately, teamwork skills are the most important requirement in the selection of employees. Teams are therefore the main characteristic of an organizational life and a fundamental element in the structure of any organization. The teams improve the quality and speed of the production process, increasing the number of innovative and faster development of new products. This increases the efficiency and competitiveness of the organization. The teams release energy and creativity while employees invest in their intellectual and other resources to achieve important goals. Synergy is one of the biggest advantages of teams because people who are working in groups are able to do more than each person individually.

The flexibility of the organization increases by broadening the skills of members who can then perform a variety of tasks and the speed with which the team members can reorganize and redirect to new tasks and goals.

Making a group decision improves the quality of decisions which contributes the process of decision making and problem solving. More different insights into the problem bring up a number of more different alternatives.

## **2.3 The action aimed to achieve positive results**

Effective managers need to have a significantly expressed need for achievement. The first positive achieved results are a sign for the supreme manager and the employees that they carried out their work in a good way. A manager must know all the tactics and different ways to achieve positive profit results and all others. The manager who has competence for achieving positive results for the company is the one who runs things. Starting new things in business innovation is important for the organization. A competent manager will achieve the strategy of leadership in innovations.

„The creative breakthrough can come from two directions, on the one hand seeking innovation, on the other hand the presentation of these innovations to the outside world“. (Buble, Klepić, 2007:93)

Keeping to this thesis is very important because there is nothing more useless for the company or for the people who work in it as the belief that the old methods are the best for the company. Identifying the point at which the company needs something innovative is another of serious tasks that a manager should resolutely and wisely resolve.

## **2.4 The ability of strategic thinking**

A company's strategy is a carefully worked out plan that is used to increase business and getting the desired market position. Strategic thinking at managers can be shown as a short and clear formula where good management is the sum of good strategy and good implementation of the same.

Therefore successful development and applying strategic thinking ability is important for managers. It is necessary they meet the key strategic issues within the work, to learn about the essential knowledge, skills and capabilities of the organization, to get to know the essential factors for the success of the organization, identify the medium and long-term business priorities, to get to know the strengths and weaknesses of the organization, risk facing and opportunities that are offered, conduct a strategic review of long-term problems, analyze all major activities and key areas, to ensure that intentions about future development are in accordance with the overall business strategy, clarify their personal and long-term priorities and determine how to deal with problems (Armstrong, 2003).

## **2.5 Management in accordance with the needs of businesses**

The classical approach to managing, recommends managers to strive constantly increasing organizational efficiency in order to increase production. The basic meaning of a learning organization says that this is an organization that continuously increases the ability to create their own future. To an adaptive learning in such an organization creative learning should be also added. Managers who are trying to create a learning organization must create an environment conducive to learning and they must encourage the exchange of information between all members of the organization (Galić, 2010). Each manager chooses the approach that most responses in relation to the requirements of the organization.

## **2.6 Making important business decisions**

Being competent to decide is a feature unique to a small number of business people. It does not matter how these decisions are arising from managers, what matters is their final result.

The manager must constantly bear in mind that decisions affect the subordinates and the organization in general. The competent manager for deciding necessarily needs to know the priorities, consult the others, use the experience, admit mistakes, do not give empty promises, do not regret the decisions which are taken, avoid crisis situations, collect and verify data and don't wire into rumors while making decisions. ([http://www.poslovniforum.hr/management/donosenje\\_odluka.asp](http://www.poslovniforum.hr/management/donosenje_odluka.asp)).

## **2.7 Transferring knowledge to others**

In any company or workgroup there is a need for a knowledge exchange, especially by the chief manager. A competent manager who transfers knowledge to others successfully is the one who knows that this way he does not diminish his value and does not threaten his own business. The concept according to which the company collects, organizes, shares and analyzes the skills of individuals and groups is called knowledge management. Transfer of knowledge within the organization is an important process, especially in organizations that have a higher number of employees.

## **2.8 Continuous improvement**

Constant pursuit of reaching the highest possible standard of performance in every part of the organization will lead to a series of consecutive advances. Managers are expected to lead the process of problem solving and continuous improvement. The process of improvement is based on the fact that the organization creates an environment in which managers and employees have the opportunity to contribute to a better performance and efficiency for their work on their workplace.

Armstrong (2003) defined the actions a manager should take for the implementation of continuous improvement: needs to formulate and make business strategy known, identify the key areas in which policy of continuous improvement must support the business strategy; develop programs, with special emphasis on the process of improving quality, as well as to accelerate the development, production and delivery times; create conditions for the identification, review and idea development of continuous improvement; provide training in development and application

of new ideas; develop criteria for assessing performance, which enables control of the progress and help in the selection of priorities for future development; provide recognition for good ideas; communicate to everyone from the staff the goals of continuous improvement and the way in which their contribution to the organization is expected and try to simplify things and focus on the development programs that promise significant improvements.

## **2.9 Expertism in the field of action**

One of the strongest source of authority among managers in relation to their team is expertism. Expertism in itself contains mastery and knowledge of any necessary steps for the organization. An expert person is considered to be the manager who can give an adequate response and solution to questions and problems. Expertism that comes with education, combined with the experience creates a professional person to guide the organization

## **3. RESEARCH METHODOLOGY**

The research problem arises from attempts to obtain answers to the question: How do managers at different hierarchical levels on a daily basis as part of their work tasks are performing activities from the description of managerial activities, perceive competences to execute the same tasks necessary to ensure the organization properly and successfully survival and development in the future?

This study aims to determine the extent to which prominent managers in Croatia (who can justify their competences by achievements) perceive the importance of competences defined by the UNESCO framework.

Beside this, the goal is to determine the order of importance of individual groups of competencies and to determine to which extent the areas are important for the education of future managers.

Based on the defined goals of the research, four hypotheses are set:

H1 Owing a larger part of competencies which are the subject of the research is the basis to distinguish successful from unsuccessful managers.

H2 Management is considered to be the most important competence of managers.

H3 Knowledge transfer is considered as the least important competence of managers.

H4 Some areas of acquiring knowledge managers perceive as equally important.

This study involves a group of 50 respondents of successful business people; 29(58%) of them were females and 21 males (42%).

Companies in which the respondents are employed are big companies (20 people in total) 40% of them, followed by medium-sized companies (total 16) 32% and the least frequent are respondents employed in small businesses (total 14) 28%.

Most of the respondents are employed in service activities (20 total) 40% and in activities of production (total 13) 26%. Little less in trade (total 8) 16% and the public sector (total 5) 10% of people. In the sectors of education, health, banking, financial institutions and information technology there is only one person. That is 2 % per particular activity. The largest number of respondents (total of 27), 55.1% are employed at lower levels of management. (13 total) 26.5% of subjects are employed at a middle level of management and a higher level of management takes the lowest number of subjects (9), 18.4%.

The largest number of respondents (62.5%) considere themselves assuccessful managers. Highly successful managers who can demonstrate their achievements at the level of operating companies are 12.5%.

The instrument of the study was a survey conducted on a sample of 50 subjects during spring 2017. As a starting point for drafting the questionnaire 11 competences were taken from the UNESCO framework. In the second part, participants were required to determine the priority level of competences and they were allowed to add a competence that might not be on the list selected. The third part of the survey has been created by different groups of cases where respondents determine the importance of achieving the knowledge and skills necessary for a successful manager.

### **3.1. Analysis of the results with discussion**

Results from the first part of the research are shown in Table 1. The first fraction contained a total of 18 statements to which they have had to express the level of agreement by using five degree Likert scale where score 1 is indicating complete disagreement, and 5 equals complete agreement.

Table 1 shows that statistically significant results for all 18 statements are divided between agreement and complete agreement with the set statements. A small and statistically insignificant number of respondents for some of the statements showed indecision and generally there is almost no disagreement with the set statements.

There are no significance disturbing the general pattern. Statements 1, 2, 3 were related to continuous improvement, 4,5,6 decision-making, the

statement 7 was related to estimate the importance of developing responsibility as competence, 8 skills in team work, 9 skill innovation, statements 10 and 11 on the management, 12 of expertise in the field of action, 13 and 14 on the transmission of knowledge, 15 and 16 on communication skills and 17 of strategic thinking while statement 18 refers to orientation toward results.

Table 1: Results from the first part of the questionnaire

	STATEMENTS OF MANAGERS' COMPETENCIES	1	2	3	4	5
1.	Successful results lead managers to seek even greater achievements.	0%	2%	4%	46%	48%
2.	The manager must orient his company to a constantly improvement.	0%	2%	4%	26%	68%
3.	The manager must feel the urge for his own advancement.	0%	0%	22%	34%	44%
4.	The manager should have the necessary knowledge or expertise for the part of the business he is doing.	0%	0%	12%	30%	58%
5.	The manager must be familiar with all the techniques and methods for the assessment of making decisions while minimizing potential risks.	0%	4%	14%	44%	38%
6.	The manager must make decisions that will be the best for the company regardless how they affect himself.	0%	16%	14%	36%	34%
7.	The manager has to stand behind the decisions he took for the company and be ready to bear the responsibility for them.	0%	0%	10%	8%	82%
8.	The manager must be able to operate in a team of people with whom he achieves goals. He must be also able to manage groups.	0%	0%	12%	24%	64%
9.	The manager has to come out from the framework of previous ways of doing business and take the risk to create and realize new ideas.	0%	2%	8%	28%	62%
10.	The manager must have the ability to plan and organize all parts of activities in the company depending on the level and	0%	10%	6%	34%	50%

	position of the management.					
11.	The manager must know when it is necessary to keep the old way of doing business and when it is time to bring new changes for the company.	0%	4%	6%	28%	62%
12.	The manager should have knowledge of the entire process he is managing.	0%	0%	22%	32%	46%
13.	It is important that the manager knows how to transmit his knowledge to other employees and not being scanty while doing this.	0%	4%	2%	30%	64%
14.	The manager must be a good leader, which means that he must be a positive example for his employees. The manager must encourage others so they feel accepted in the business environment and record their further progress.	0%	0%	6%	24%	70%
15.	The manager must be a good speaker, but also be able to understand properl the signals (informations) that are obtained from the environment.	0%	4%	8%	32%	56%
16.	The manager needs to create good relationships and partnerships with other companies.	0%	2%	10%	34%	54%
17.	The manager must be oriented toward strategic thinking.	0%	2%	8%	40%	50%
18.	The manager must be aimed at achieving high results.	0%	2%	10%	28%	60%

Source: Calculated according to the research data

In the second part of the questionnaire there is a question in which the respondents were supposed to define level of importance of each competence of 1-11, with 1 signifying the most important competency, and 11 signifying the least important.

The results are shown in Table 2. Respondents evaluate responsibility as the most important competency while expertise in the field of action is considered the last in importance.

Table 2: Attitudes of respondents about the level of importance of individual competence

THE LEVEL OF  
IMPORTANCE

COMPETENCES

1.	Responsibility
2.	Team work
3.	Communication
4.	Making decisions
5.	Management
6.	Strategic thinking
7.	Orientation to results
8.	Innovations
9.	Transfer of knowledge
10.	Expertise in the field of action
11.	Continuous improvement

Source: According to the research data

When asked which of the competence in the opinion of the respondents is extremely important for the success of the manager, but that was not offered in the survey, answers were the following: the ability to forecast, ethics, permanent education and training, motivation, resourcefulness, high emotional intelligence, discipline and the ability to motivate others. In the last part of the survey, participants had to determine the importance of an individual educational subject. The respondents, 40% of them believe that the knowledge in mathematics and statistics is best defined with the grade 4 - important, and 38% of the respondents considere this subject as extremely important. More than half (52%) of the respondents believe that communication subjects are extremely important, and yet 38% estimated this group of subjects important. Economical subjects, 48% of the respondents considere extremely important and 32% as important. Even 20% of the respondents considere this group of subjects irrelevant. 54% of the respondents find financial subject very important and 30% important. The group of marketing subjects is considered important by 38% of respondents, and extremely important by 30% of them. Foreign languages are considered extremely important by 66% of the respondents

#### **4. DISCUSSION**

Each of the statements is confirmed by a score of 4 or 5, respectively managers have expressed agreement or completely agreement with the importance of certain competences. Based on the results it can be concluded that there are no deviations that would lead to the need to reject the hypothesis. The hypothesis 'Possessing a larger part of the competences which are the subject of the research is the basis for distinguishing a successful from an unsuccessful manager' is therefore considered to be confirmed.

The managers put responsibility on the first place as the most important competence and as the least important one they consider the need for continuous improvement. Contrary to the foregoing, 'management' as competence has only come to the fifth place, and the competence of transferring knowledge is at the ninth place ranking the importance of competences for successful performance of managers' work. Based on this, it is concluded that hypotheses 2 'Management is considered to be the most important competence of managers' and 3 'Transfer of knowledge is considered as the least important competency managers' are rejected.

Considering the knowledge required from a particular subject, a statistically significant number of respondents stated the high rating of each group of subjects and the last hypothesis "Some areas of knowledge acquisition managers perceive equally important" can be considered as confirmed.

#### **5. CONCLUSION**

The organization's effectiveness and progress will depend on the competences of its managers. Each individual competency has a special power that is recognized in the results of a manager.

A sense of responsibility will bring a number of quality and good decisions. Communicating and knowing how to conduct a conversation with people will help in a teamwork.

Because of the orientation to the results that will prove positive in the effort, there will be a constant improvement. Innovations open new roads and mean power for the organization, and threath to competition. With strategic thinking, the organization gets a solid strategy to run, as long as there is no need for a change. Transferring knowledge to other employees will lead the manager to be trusted and respected by his staff, while expertism in the field of action will show that the manager must have a wide range of knowledge and experience. It can be concluded that all

eleven competences are interconnected in a great infinite circle and ultimately none must be neglected or its value ignored.

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## DEVELOPING INTERCULTURAL COMPETENCES IN BUSINESS

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### Abstract

The paper is based on the research done over 20 years of teaching and studying international managers in companies in Germany, Slovenia and Austria. The study encompasses the managers' attitude towards lifelong learning and improving English, their speaking and writing skills in professional English, and their intercultural competences in doing business all the way to gift-giving, socializing, hospitality, wining and dining, patience and punctuality. The success in international business also largely depends on the personalities of managers who are willing to adapt to business cultures understanding that business relationships abroad need to be cultivated over time. I was also interested in the differences between German, Slovenian and Austrian managers regarding their attitude towards English language learning and their intercultural competences in business.

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### Key Words

international business, intercultural competences, professional English, Business English, international managers, doing business abroad, business across cultures, cross-cultural management

## INTRODUCTION

Developing intercultural competences requires understanding foreign business cultures and speaking English fluently. Even though in our fast-paced society people often claim that the world is getting smaller believing that we have created one global business culture, research has shown that understanding cultural differences ensures success in trading internationally. Already in 1960, the media expert and social visionary Marshall McLuhan coined the expression 'global village', which predicted many changes we face today. As we know, these changes are the products of advanced technology through telecommunications, travel and personal computing (Samovar and Porter, 1994). We use brand name products we think are European, but most components are produced in countries overseas.

In order to understand what makes people around the globe different, one needs to be aware of what makes them similar. Therefore, we have to understand the basic elements of culture. These elements include the values, beliefs and attitudes that define the rules and standards of communication, as well as behavior. They help us grasp another person's worldview and the basic ideas they have about others who are different. Doing business abroad requires flexibility and preparedness to respect differences. The goal of international managers is therefore to communicate successfully with business people abroad or to become more flexible and culturally literate.

### Intercultural communication and culture

The concept of culture needs to be defined in order to understand intercultural communication. Tuleja (2009) claims that culture is not what we always see, but it is something we learn. Culture includes communicating, solving problems, perceiving and passing on shared values, beliefs, attitudes and behaviors within a group. In addition, it is also about perceiving self, group, environment, superiors and power. Culture is revealed in the approach to problem-solving (Trompenaars and Hampden-Turner, 1998). Moreover, culture also encompasses hidden rules and non-verbal communication.

The Dutch social psychologist Geert Hofstede claims that culture implies the collective 'software of the mind' acquired over a lifetime of 'programming' (Hofstede, 1997). He compiled the well-known criteria for defining business cultures: Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation and Indulgence. Furthermore, Kluckhohn and Strodtbeck constructed the definition of culture

around six dimensions that delineate cultural differences or value orientations, such as environment, time, people, activity, responsibility and space (Singer, 1987). Much of today's research in the area of intercultural communication is based on the cultural criteria developed by these scientists.

## **Business Cultures**

Research has shown (Hofstede, 1980, 1997, 1998, 2001, 2002, 2010) that one can divide business cultures into collective versus individualistic, high-context versus low-context and masculine versus feminine business cultures. Business cultures where my students do business can be divided into two groups. This classification was considered while analyzing the data: collective or high-context cultures (China, India, Russia, Serbia) and individualistic or low-context cultures (Germany, Austria, the Netherlands, and Sweden). I excluded Slovenia because in my experience the Slovenian business culture is the mixture of both, individualistic and collective depending on the part of Slovenia. For instance, in the western part of Slovenia, the business culture is greatly influenced by Italy, where wining and dining is not just practiced, but also expected and highly appreciated. Understanding business cultures is important, however, without speaking English fluently it is hard to establish trustworthy business relations with business people abroad.

## **Learning and improving Business English**

Over the years, I have developed my own way of helping business people improve their spoken and written English. Namely, my experience has proven that business people mainly need to improve their production skills of speaking and writing. Speaking professional English is the most challenging because maintaining fluency requires life-long learning. I have developed professional English learning using powerful alpha-theta brainwaves. Improving professional English language speaking using powerful alpha-theta brainwaves is designed to help adults relax and decrease the level of control. Even though there is lack of research in alpha learning of languages, it is a well-known fact that this method speeds up the learning process. The best proof are children whose brain constantly functions in alpha brainwaves, which enables them to grasp languages very fast without much effort. Alpha learning of languages relaxes the brain, lowers the level of control and helps adults enjoy the process, which is exactly how children learn a language.

In order to help my students improve their speaking and writing, I only use English as the target language. In other words, my students are totally immersed in the English language.

In addition, I encourage my students to organize their lives to ensure daily input of listening and reading in the English language. Improving listening and reading has to be enjoyable, so students are required to find videos, films, recordings and reading sources which make them look forward to listening and reading.

## **METHODS**

The research includes 47 international managers working for global businesses in Germany in Slovenia. There are 25 Slovenians, 21 Germans and one Austrian in my sample. I additionally also included 8 politicians, government officials and high level staff in Ministries who do not do business abroad, but they regularly attend meetings in Brussels or host politicians from other countries. These 8 respondents are from Slovenia. They are included in my research because they have regular professional contact with foreign officials in English. Teaching Business English to business people in companies, business schools and my own school for more than twenty years gave me the basis for studying their English language production and intercultural skills. The business people in my sample work in the following industries: chemical, pharmaceutical, transportation, domestic appliances, real estate, construction, and banking industries. The sample also includes eight politicians and government officials. Their professional background ranges from business people with MBA or degrees from business schools to lawyers, mechanical engineers, electro-engineers, IT engineers and construction engineers. Their level of English ranges between B2 and C1 according to the ranking defined by Common European Framework of Reference for Languages. Qualitative research methods are used. Statistical analysis is also included in order to check the statistical significance of the obtained results. My students who were involved in the research have experience in doing business in the following countries: Germany, Slovenia, China, India, Austria, the Netherlands, Russia, Sweden and Serbia.

My research focuses on the following questions:

1. What are the qualities and skills that make international managers successful in doing business across cultures?
2. What personal and professional competences should an international manager develop to do business abroad successfully?

3. What is an attitude of international managers towards learning and improving their Business English skills?
4. How long have they been studying English?
5. What intercultural competences develop with years of experience?

## **INTERCULTURAL TASKS AND DATA COLLECTION PROCEDURE**

Intercultural data were collected in the time span of several months during face-to-face interviews.

Students were also involved in the role-play or the simulation of an international meeting with participants from various business cultures. During the meeting the participants were required to solve a challenging case study, e.g. Improving communication within our international company.

## **INTERCULTURAL CRITERIA**

1. Socializing with business partners: wining and dining, meeting their families.
2. Conversation topics: religion, family, sports, weather.
3. Hospitality: gift-giving.
4. Punctuality.
5. Willingness to adapt and meet expectations of your business partners abroad by doing something you would never do while doing business in your home country, e.g. singing in karaoke bars, drinking alcohol, accepting invitations to visit family members, offering and accepting business gifts, wining and dining, and paying for food and drink in expensive restaurants.
6. Based on your experience, what are the most important qualities or competences that ensure success in international business?
7. What intercultural mistakes have you made so far in your career while doing business abroad? What have been the most challenging or even annoying experiences in doing business with foreigners?

The data collected from the responses of German and Austrian managers versus Slovenian managers are compared to find out if there are any differences between their responses.

## **LANGUAGE TASKS AND DATA COLLECTION PROCEDURE**

There was the focus on the managers' speaking and writing skills. Their performance was assessed in the following communication tasks:

- Giving a five-minute presentation of their current project at work. The presentation was not prepared in advance. Students were given two minutes to prepare prior to their presentation. After the presentation they answered five questions from the audience.
- Taking part in a simulated press conference during our sessions focusing on difficult questions asked by the participants. Students' response to challenging questions was assessed.
- Writing a letter and a report based on a challenging situation at work.

## **LANGUAGE CRITERIA**

Based on my experience in being the speaking examiner for Cambridge English exams, I used the following criteria to assess my students' language performance:

1. Discourse management focusing on the range and use of cohesive devices
2. Effective organization of spoken utterances and written scripts
3. Interactive communication
4. Lexical resource focusing on the range of professional vocabulary
5. Grammar resource based on the language accuracy: basic language structures, complex language structures, ratio between serious language errors and less serious grammar mistakes
6. Pronunciation
7. Global achievement or overall grade / Fluency

## **DISCUSSION OF FINDINGS**

One task is still being analyzed, but so far, the obtained results have revealed very interesting findings.

Students' experience in doing business in individualistic cultures shows that business gift-giving in these cultures is not expected, and it is also largely inappropriate. In the north of Europe, gift-giving is considered a bribery. However, in collective cultures gift-giving is acceptable, expected and highly appreciated.

Even though coming on time or being punctual in collective cultures is not so strict in private life, being on time in business is highly valued as all respondents report the importance of following schedules.

Wining and dining and socializing with business partners are expected in collective high-context business cultures. The German international managers included in my sample who are experienced in doing business in

China report that going to karaoke bars after meetings in Japan and China is a norm. Socializing and singing in karaoke bars with business people ensures long-term trust and solid business relationships.

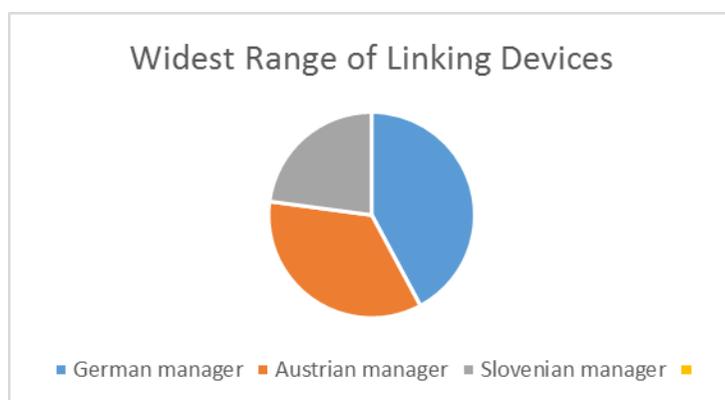
There were surprising answers to the question 6 on the intercultural criteria list. Namely, 41% of respondents claim that doing business in collective cultures includes drinking a lot of alcohol after meetings. Therefore an important and surprising factor of success in business there includes high tolerance to alcohol. Namely, refusing to drink with local businessmen after meetings is considered disrespectful and even insulting. Interestingly, in collective cultures, drinking alcohol is an important element of showing hospitality and building long-term trust.

Among skills, competences and qualities that international managers should develop, almost all respondents (95%) stress the importance of developing communication skills. More than half or 56% of respondents believe English language skills are important. 33% of them also claim that developing the second foreign language is important.

I found a significant difference between German / Austrian and Slovenian business people in their attitude towards lifelong Business English learning. The German and Austrian managers believe in constant improving speaking English, therefore attending speaking classes every week is important for them (79%). On the other hand, the Slovenian managers consider going to English courses regularly less important (45%). This gap between the German/Austrian and Slovenian managers regarding constant attendance of English speaking classes was expected because my experience proves just that. When I studied in Germany and taught business people in companies, I was pleasantly surprised about the serious approach to improving speaking English by German managers. There were no courses in Germany. The business people were regularly attending speaking classes for years. The situation is similar in Austria. However, there is a completely different situation in Slovenia, where business people still expect to learn speaking English in a single course of forty or fifty hours. For instance, they attend the course for two months, and then they tend to take longer breaks. When they come back after a break, they always complain about losing their fluency and flexibility in expressing themselves in English. They are not yet willing to understand that maintaining fluency in the language requires serious life-long commitment to improving speaking. These findings correspond to lower fluency and discourse management score of Slovenian managers compared to German / Austrian managers.

The analysis of language tasks does not show a significant difference between German / Austrian and Slovenian business people regarding grammar accuracy. All respondents made grammar mistakes, particularly

in using tenses (confusing Present Simple and Present Continuous), and there were not many serious grammar mistakes. On the other hand, German /Austrian managers use a wider range of linking words or cohesive devices compared to Slovenian managers (the chart below compares the scores of German, Austrian and Slovenian managers who used the widest range of linking devices). Research has proven that there is a significant correspondence between the use of cohesive devices and language proficiency, e.g. the wider range of linking devices is used, the higher level of proficiency one achieves (Kärkkäinen, 1992; Trampus, 2009).



Using a wider range of linking devices improves the score of spoken and written tests of German and Austrian managers regarding fluency, discourse management, organization and interactive communication. These skills are referred to as pragmatic skills (Luoma, 2005).

## LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS

My sample is small because I started testing my students in their intercultural and professional English competences later in my career. I aim to continue my research including my future students. My purpose is to collect a larger sample of respondents, which will extend to a wide scale research.

## CONCLUSIONS AND IMPLICATIONS

Even though globalization is believed to have created one big global village, it is still very important to respect intercultural differences in business, particularly in collective business cultures. Such cultures are referred to as high context cultures where one needs to respect a plethora of rules in conducting business. On one hand, the world is getting smaller

and differences are disappearing, but on the other hand traditional collective cultures require sensitivity and understanding the rules which still exist in doing business in these cultures.

Successful intercultural communication in business is the basis for understanding, cooperation and action. In fact, business communication can be double-faced. It brings action, transfers information and meets the needs of the people, but it can also cause intercultural misunderstanding and frustration. For this reason, it is vital to understand that there is always room for improving our intercultural skills in business no matter how experienced we are. Last but not least, improving and maintaining fluency in the English language is essential as English is and it is going to remain the global language of business communication.

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## ECONOMIC AND ENVIRONMENTAL ASPECTS OF SHIP HULL BIOFOULING

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### Abstract

Biofouling, which is the accumulation of various marine organisms on a ship hull, is a very serious problem from both the economic and environmental point of view. It may cause a significant increase in ship resistance and consequently increased fuel consumption and CO<sub>2</sub> emission, while reducing the overall hydrodynamic performance of the ship. In this paper, an economic analysis of ship biofouling is performed on a handymax bulk carrier. An increase in ship resistance due to biofouling was determined for different hull surface conditions. The main costs related to the ship hull biofouling were also estimated. The profitability of applying antifouling coatings were investigated in terms of resistance, fuel consumption and CO<sub>2</sub> emission. It is shown that biofouling management could be an effective tool in improving energy efficiency and reducing harmful gas emissions. However, the harmfulness of most of the antifouling coatings on marine organisms should also be taken into account.

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### Key Words

biofouling, ship resistance, environmental protection, economic analysis

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## Topic Groups

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Knowledge management and business model innovation - economic and environmental perspectives

## INTRODUCTION

In world trade, maritime transport plays an extremely important role. According to World Trade Organization data, around 90% of world trade is carried by sea. It is the most cost-effective mode of transport. Significant advances in shipping technology and the ability of ships to transport an increased capacity of goods have given even more importance to this mode of transport (Demirel, 2017). Even though maritime transport is the least polluting mode of transport per transported tonne of cargo, the International Maritime Organization (IMO) has proposed and implemented energy efficiency and Green House Gas (GHG) regulations (IMO, 2014). Therefore, any increase in ship resistance or required power should be prevented or kept to a minimum. Biofouling of marine structures has for many years been a serious problem for the shipping industry from both an economic and environmental point of view. Biofouling or biological fouling is the accumulation of aquatic microorganisms, plants, algae, and animals on surfaces and structures immersed in or exposed to the aquatic environment. Invasive aquatic species are introduced to new environments by ships mainly through ballast water or hull fouling (IMO). In the case of smooth, unfouled ships, frictional resistance accounts for 80 to 85% of total resistance for slow speed ships, and as much as 50% for high speed ships. Any roughness of the surface increases frictional resistance over the smooth surface. Fouling and corrosion arising during ship exploitation further increases the frictional resistance. The changed condition of the surface not only affects resistance but also the wake and propulsive performance of the ship (Todd 1980). Any increase in underwater hull roughness will increase frictional resistance, and consequently the required power, fuel consumption and the cost to maintain ship speed, as well as greenhouse gas emissions. Conversely, maintaining constant power will result in ship speed loss and longer voyage times. Recently, a large amount of literature has been devoted to biofouling. Townsin et al. (Townsin, 1986) investigated hull surface roughness and fuel savings over a ten-year period. The authors concluded that the greatest savings resulted from improved maintenance of the ship hull surface during ship service rather than improving the initial finish. Townsin (Townsin, 2003) discussed an increase in ship resistance due to the presence of slime, shell and weed. It has been pointed out that a 2% reduction of fuel consumption due to smoother hulls and a further 2% reduction due to improved antifouling resulted in annual fuel savings of 7.36 million tonnes for the world fleet. During the application of Tributyltin (TBT), GHG emissions decreased by about 20 million tonnes per annum due to improved antifouling. Schultz et al. (Schultz, 2011) analysed the overall economic impact of hull fouling on a mid-size naval ship, including expenses for fuel, hull coatings, hull coating application and removal, and hull cleaning. The authors concluded that the overall costs associated with hull fouling for the entire DDG-51 class amounted to \$56m per year.

Considering the high costs associated with biofouling, it is necessary to determine the interval between two subsequent dry-dockings when dry-docking becomes economically justified. The purpose of this paper is to determine this period using the example of one handymax bulk carrier. The methodology is based on an estimation of ship expenses and revenues as well as an estimation of dry-docking expenses. If the difference in profit between a cleaned and fouled ship hull is greater than the dry-docking expenses, then dry-docking is economically justified.

## BIOFOULING AND ANTIFOULING COATS

Biofouling can be divided into plant and animal, as shown in Figure 1 (Atlar, 2008).

Schultz (Schultz, 2007) divided fouling conditions of hull surfaces into seven different levels as follows: hydraulically smooth surface, typical as applied antifouling coating, deteriorated coating or light slime, heavy slime, small calcareous fouling or weed, medium calcareous fouling, and heavy calcareous fouling.

Three types of fouling conditions are shown in Figure 2. Many fouling organisms cannot attach to wetted surfaces when the ship speed exceeds about one knot. Furthermore, at greater speeds the growth of some previously attached organisms is suppressed (Report, 1952). The growth of biofilm is shown in Figure 3.

Figure 1: Biofouling types (Atlar, 2008)

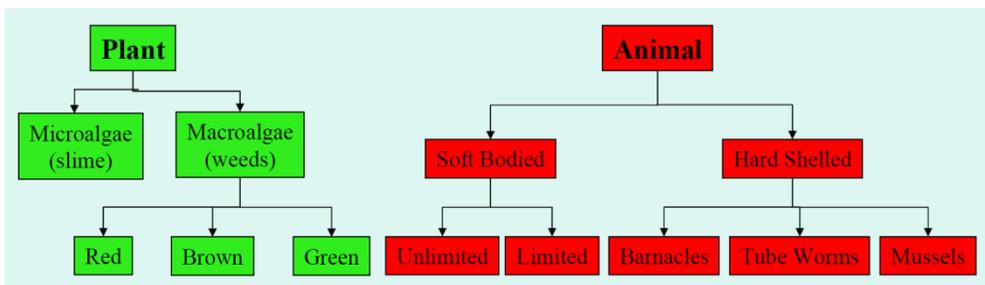


Figure 2: Types of fouling conditions: slime (left), weed (centre) and shells (right) (Atlar, 2008)

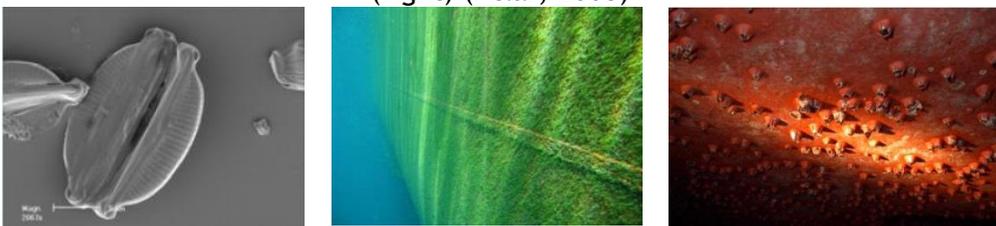
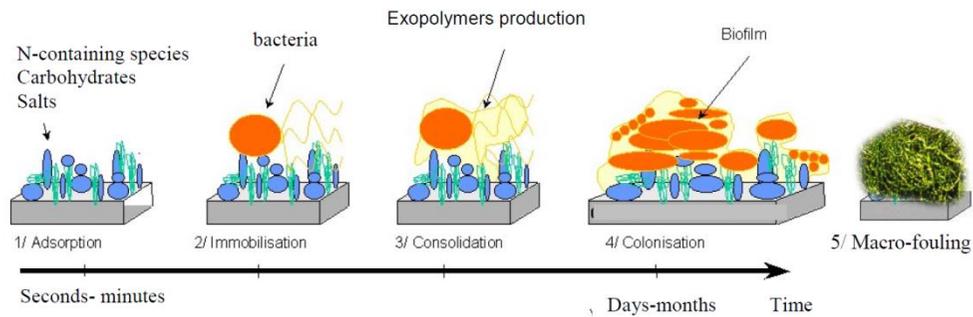


Figure 3: Steps of biofilm formation (Lehaitre, 2007)



The growth of biofouling depends on many parameters, such as: type of applied coatings, geographical location, distance from shore, depth, temperature and season, water current and tidal conditions, water quality (salinity, light, nutrient availability, silt), etc. (Lehaitre, 2007).

Antifouling coatings prevent fouling by releasing an active ingredient which impedes organisms from attaching. They reduce the overall costs of a ship by reducing the ship resistance and consequently the required power, fuel consumption, maintenance costs, etc.

Many types of antifouling coatings have been developed through history. Since the 1800s until today, copper based antifouling coatings have been used. Cost-effective and efficient antifouling coatings based on the organotin compound tributyltin (TBT) were developed by the chemical industry in the 1960s. A decade later, almost every ship had a TBT coating (IMO, 2002). TBT coatings have many advantages, including low initial roughness, excellent antifouling properties, as well as leading to extended dry-docking intervals (Demirel, 2013). They do not contribute to the corrosion of steel and aluminium, have up to five years of antifouling performance, are very easy to apply, and are relatively cheap. During the 1980s, self-polishing copolymer (SPC) based on TBT was developed, which allowed control of biocide release rates. However, it has been proven that TBT has numerous negative effects on marine life and the environment. At the beginning of the 2000s, there was significant growth in interest for environmentally friendly antifouling coatings. In 2008, IMO prohibited the application of TBT coatings. It is important to notice that copper based antifouling coatings are significantly less effective than TBT coatings and consequently more paint and more poison is needed. Furthermore, many ports have forbidden underwater cleaning if the hull is coated with copper based coatings.

## METHODS

The effect of fouling has been investigated in terms of speed reduction. Fouling results in increased roughness, which was taken into account through the equivalent sand roughness height ( $k_s$ ). Surface roughness causes an increase in the frictional resistance of a ship and the required

power, so the captain has to decide whether to increase the required power in order to maintain the ship speed or to decrease the ship speed by keeping constant power. In this paper, the latter approach is investigated since it is common practice. The increase in frictional resistance of a ship is calculated according to the procedure proposed by Schultz (Schultz, 2007). This procedure is based on the Granville similarity law scaling procedure, which predicts the increase in the frictional resistance of a plate of ship length. The aim of the procedure is to calculate the increase in the frictional resistance of a ship. Firstly,  $k_s$  is determined based on the degree of ship hull fouling. Next, the roughness Reynolds number ( $k_s^+$ ) has to be assumed, and the corresponding roughness function ( $\Delta U^+$ ) is taken from Figure 4.

Then, the viscous length scale ( $u/U\tau$ ) is calculated as  $k_s/k_s^+$  and thus the length of the flat plate normalised by  $u/U\tau$  is determined according to the equation:

$$L_{plate}^+ = \frac{L_{plate}}{k_s/k_s^+} \quad (1)$$

The line of constant  $L_{plate}^+$  is then drawn in the diagram according to the equation:

$$Re = \frac{L_{plate}^+}{\sqrt{\frac{C_F}{2}} \left( 1 - \frac{1}{\kappa} \sqrt{\frac{C_F}{2}} \right)} \quad (2)$$

where  $Re$  is the Reynolds number,  $C_F$  is the frictional resistance coefficient and  $\kappa$  is the von Karman constant equal to 0.41.

In order to obtain the increase in the frictional resistance for a full-scale ship of length  $L_s$ , the line of constant  $L_{plate}^+$  has to be shifted a distance of  $\log(L_s/L_{plate})$  in a positive  $\log Re$  direction. If the intersection of this shifted line and rough frictional line is at actual  $\log Re_s$ , the procedure is completed and the increase of the frictional resistance can be obtained from Figure 5. In Figure 5, the graphical representation of this procedure is shown.

In Figure 5, two frictional lines are shown. The smooth friction line (solid line) is defined according to the following equation:

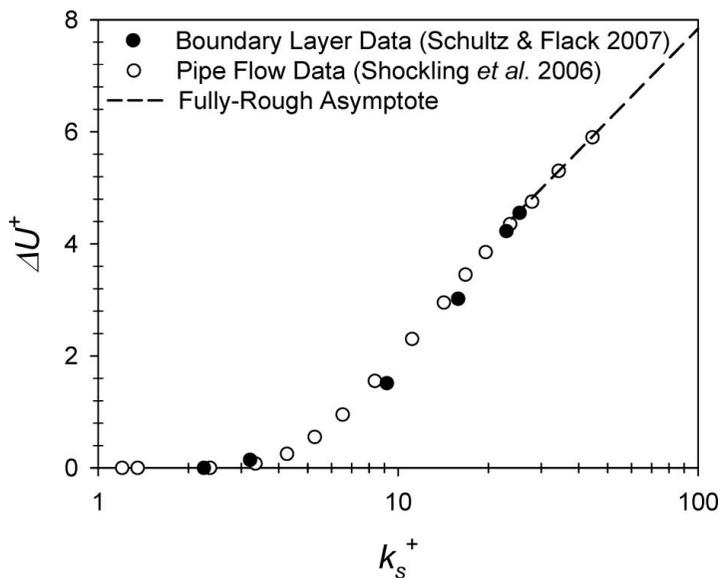
$$\frac{0.242}{\sqrt{C_F}} = \log(ReC_F) \quad (3)$$

The rough frictional line (dotted line) is obtained by shifting the smooth frictional line by a distance of  $\Delta U^+ / \ln(10 / \kappa)$ .

If the intersection is not located at the desired  $\log Re_s$ , the assumed value of  $k_s^+$  is not correct and the procedure has to be repeated with a different value of  $k_s^+$ .

The value of  $k_s$  which is the necessary input data to start the calculation is very difficult to determine. As mentioned above, this value depends on many different parameters. In this paper,  $k_s$  is determined based on the amount of time that the ship spends in port between dry-dockings, considering that fouling organisms attach to the hull surface much more easily when the ship is not sailing. The relation between the degree of fouling and the amount of time spent in port is based on statistical data, given in (Report, 1952).

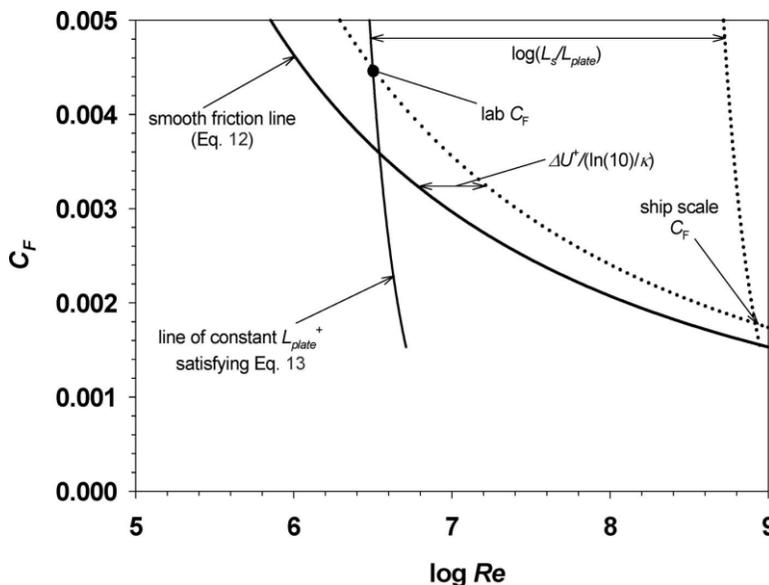
Figure 4: Graph of the roughness function vs. the roughness Reynolds number (Schultz, 2007)



Once the increase in the frictional resistance is known, the total resistance of a ship can be calculated under the assumption that the residual resistance remains the same for both the fouled and the unfouled ship hull. Brake power can be determined from the effective power under the assumption, for the sake of simplicity, that propulsive efficiency remains the same as well. It should be noted that the propulsive efficiency of a fouled ship hull will be lower than the propulsive efficiency of a clean ship hull (Prochaska, 1981). Since the brake power is constant, the speed of the fouled

ship will decrease. The effect of speed loss is investigated from the economic point of view. In order to perform an economic analysis properly, the costs and revenues of a ship per route are estimated. The costs of dry-docking as well as cleaning and coating are also determined. The annual profit is determined based on the differences between the costs and revenues per route. When a ship hull is fouled, its speed will decrease, as will its profit, due to the decreased number of routes. In the latter calculations, the profitability of dry-docking is investigated at the annual level. The initial hull roughness cannot be retrieved by the cleaning process in dry-docking due to the mechanical damage that occurs during the years of service. In order to determine when the dry-docking costs become economically justified, the difference in profit between the cleaned and fouled ship hull should be greater than the dry-docking costs. It is important to notice that  $k_s$  is here determined as the mean value of the hull roughness in the period of one year.

Figure 5: Graphical representation of Granville's similarity scaling law (Schultz, 2007)



Dry-docking costs are calculated based on the unit costs described in Belamarić (Belamarić, 2016). Unit costs of washing, cleaning and painting are normalised based on the wetted surface area, while the dry-docking price is normalised based on the hours spent in the dry-dock. The loss of profit due to the temporarily suspended cargo transport is taken into account as well. The dry-docking process is shown in Figure 6.

Costs per route are calculated based on the procedure described in (Počuča, 2006). These costs are divided into: operating, fuel and depreciation costs. Fixed costs are the sum of operating and depreciation

costs. Operating costs include crew wages, victuals, other crew costs, lubricants, other store costs, spares, repair and maintenance, insurance, registration costs, management fees and sundries. Operating, depreciation and fixed costs are given per day. Fuel costs are calculated based on the specific fuel consumption (SFC) specified in (MAN, 2017) and the cost of heavy fuel oil (HFO) per tonne are taken from (Ship&Bunker). The revenue per route is determined based on the freight rate for the chosen route specified in (Clarkson Research, 2017). Finally, the achieved profit per route is calculated as the difference between revenue and costs per route.

Figure 6: Dry-docking process (Wilhelmsen)



## RESULTS

The profitability and timing of dry-docking, as well as CO<sub>2</sub> emission, are calculated using the example of one handymax bulk carrier. A typical handymax bulk carrier with a deadweight between 35000 and 50000 DWT (Dead Weight Tonnes) is shown in Figure 7.

Figure 7: Handymax bulk carrier (Maritime Connector)



In Table 1, the main particulars of the ship considered in this study are given.

A MAN B&W G45ME-C9.5 engine with seven cylinders is installed in the handymax bulk carrier. This engine is powered by HFO and has an SFC equal to 165.65 g/kWh. Fuel consumption per hour for the required brake power is equal to 1.2548 t/h. CO<sub>2</sub> emission is calculated under the assumption of complete combustion as follows:

$$CO_2(\text{emission}) = SFC \cdot C_{F,CO_2} \quad (4)$$

where  $C_{F,CO_2}$  is the conversion factor equal to 3.114 tCO<sub>2</sub> / tHFO. This emission is given in tonnes of CO<sub>2</sub> per hour.

Table 1: Main particulars of the handymax bulk carrier (Report, 2014)

Length on waterline	182.69 m
Length between perpendiculars	175 m
Beam at midship	30 m
Draught at midship	9.9 m
Wetted surface	7351.9 m <sup>2</sup>
Displacement mass	41775 t

Figure 8: MAN engine (MARINELOG)



The selected route is chosen from (Clarkson Research, 2017), shown in Figure 9, since the freight rate for this route was available. The route is 3809 nautical miles, the ship loading time is 10 hours, the ship unloading time is 10 hours and the time of waiting outside port is 10 hours. The freight rate for this route is equal to \$11/t, i.e. \$440000 per route. As mentioned above, all costs and revenues are calculated per route. The difference in profit between the cleaned and fouled ship hull is primarily reflected in a different number of routes per year.

Firstly, dry-docking costs are estimated based on the data given in Table 2.

The loss of profit due to temporarily suspended cargo transport is estimated based on the duration of the dry-docking process and the ship's daily profit and it amounts to \$150000 for this ship. The total costs of dry-docking come to \$935000. Costs per route are estimated based on the data given in Table 3 (Počuča, 2006).

Fuel costs are calculated based on SFC and HFO prices per tonne taken from (Ship&Bunker). It should be mentioned that fuel consumption per hour specified above is increased by 5% due to the fuel consumption of marine auxiliary machinery and it amounts \$11000/day.

The difference in the profit between the cleaned and fouled ship hull is conditioned by the duration of the route, since a fouled ship is slower than a clean one with constant brake power.

At the beginning of the cost estimation, the ship speed has to be calculated based on  $k_s$ . Since the profit is calculated for a one-year period,  $k_s$  is taken as the mean value of the  $k_s$  at the beginning and the end of the observed period. The estimation of timing when dry-docking becomes economically justified is an iterative process. For a particular ship and particular route, it has been found that dry-docking becomes profitable after two years. Therefore, the speed of a fouled ship is estimated based on the value of  $k_s$  for two and a half years, while the speed of the ship after dry-docking is estimated at the value of  $k_s$  for half a year. Furthermore, the increase in the total is calculated and shown in Table 4 for the design speed, 15.73 kn. Relative deviations, shown in Table 4, are calculated as follows:

$$RD = \frac{R_T - R_{T, \text{initial}}}{R_{T, \text{initial}}} \cdot 100\% \quad (5)$$

where  $R_{T, \text{initial}}$  is the total resistance for the ship hull with initial roughness when delivered to the shipowner and  $R_T$  is the total resistance for the specific  $k_s$ .

Figure 9: Route Durban-Mumbai



As can be seen from Table 4, the increase in total resistance is significant. The engine would not withstand this increase in required brake power and therefore the captain must decrease the ship speed.

Table 2: Unit costs of dry-docking

Cost	Price
Washing, Cleaning, Painting	\$41.35/m <sup>2</sup>
Docking price	\$2000/h
Duration of docking process	10 days

Table 3: Unit costs per route

Cost	Price
Operating costs	\$142/h
Fixed costs	\$100/h
Depreciation costs	\$242/h

When the ship speed is obtained, the required route time ( $t$ ) is calculated as follows:

$$t = \frac{s}{v} + t_l + t_u + t_w \quad (6)$$

where  $s$  is the route length,  $v$  is the ship speed,  $t_l$  is the loading time,  $t_u$  is the unloading time, and  $t_w$  is the waiting time outside the port.

Table 4: Increase in total resistance

	Smooth surface	Initial roughness	Cleaned after 2 years	Fouled ship after 2.5 years
$R_T$ , kN	675847	688050	858892	1040716
$RD$ , %	-1.773%	/	24.830%	51.256%

For this ship with a value of  $k_s$  for two and a half years, the speed is reduced and amounts to 13 knots, while with the value of  $k_s$  for half a year it amounts to 14.2 knots. Once the ship speed is known, the total costs are calculated for both conditions, based on Table 3.

Profit in a one-year period ( $P_{per\ year}$ ) is calculated as follows:

$$P_{per\ year} = \left( R_{per\ route} - E_{per\ route} \right) \frac{365}{t} \quad (7)$$

where  $E_{per\ route}$  are the costs per route and  $365/t$  represents the number of routes per year.

Costs per route for a fouled ship hull after two and a half years as well as for a fouled ship hull after half a year are shown in Table 5.

Table 5: Costs per route

Costs	Fouled ship after 2.5 years, \$	Fouled ship after 0.5 year, \$
Operating	45760	42349
Fixed	32217	29816
Depreciations	77976	72164
Fuel	134854	123772
Total	290807	268101

Profit in one year is estimated for a fouled ship hull after two and a half years as well as for a fouled ship hull after half a year, Table 6.

Table 6: Estimated profit

	Fouled ship after 2.5 years, \$	Fouled ship after 0.5 year, \$
Profit	4053290	5046335

Since the difference in the estimated profit of a fouled ship after two and a half years and of a fouled ship after half a year is greater than the estimated costs of dry-docking, it can be concluded that dry-docking is economically justified after two years. Since every ship has to be dry-docked twice in 5 years (DNV, 2003), the obtained results are in accordance with the requirements for dry-docking.

CO<sub>2</sub> emission has been calculated per route for the above-mentioned two conditions as follows:

$$CO_2(emission)_{per\ route} = CO_2(emission) \cdot \frac{S}{v} \quad (8)$$

and the results are summarised in Table 7.

Table 7: CO<sub>2</sub> emission

	Fouled ship after 2.5 years, t CO <sub>2</sub>	Fouled ship after 0.5 year, t CO <sub>2</sub>
CO <sub>2</sub> emission	1199.82	1101.21

## DISCUSSION

In this paper the interval between two subsequent dry-dockings has been estimated in order to determine the time when dry-docking becomes economically justified. Costs and revenues, as well as dry-docking costs, have been estimated based on the data given in literature. It has been found that dry-docking becomes economically justified after two years of service. This finding has met expectations, since the requirement for dry-docking is twice in 5 years. An increase in total resistance is obtained for different hull surface conditions. As the obtained increase in total resistance is significant, ship speed was reduced while the required power was kept constant. Furthermore, CO<sub>2</sub> emission was calculated per route for two different conditions of hull surface. The first condition refers to the case where a ship owner decides not to dry-dock a ship after two years, and the second refers to the case where the ship owner decides to dry-dock a ship after two years. The obtained results show an increase of 9% in CO<sub>2</sub> emission per route for the first case. Since IMO has adopted regulations regarding GHG emissions (IMO, 2014), dry-docking is justified not only from an economic point of view, but also from an environmental one. The main limitations of the proposed method lie in the fact that propulsive efficiency is not constant when the ship hull and propeller are fouled. This assumption was made for the sake of simplicity. Furthermore, the exact relation between  $\eta$  and the time spent in the port is not known because this relation depends on many parameters related to biofouling and antifouling coatings. It must be noted that the calculation shown in this paper is affected by the fuel price which is not constant, i.e. it varies on a daily basis. Future studies will investigate the propulsive efficiency of a fouled ship hull and propeller, using computational fluid dynamics. This will provide an insight into the real values of hydrodynamic coefficients in relation to different hull and propeller roughness conditions.

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## HOW BUSINESS ENVIRONMENT SUPPORTS ENTREPRENEURSHIP IN HOSPITALITY? CASE STUDY OF SLOVENIA

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### Abstract

The main purpose of this paper is to get insight into how the entrepreneurs in small hotels (SH) in Slovenia assess the business environment for running small hospitality businesses. The data were collected from SH entrepreneurs and SH directors in Slovenia during 62 semi-structured interviews in 2014 and 2015. We analysed data with qualitative methods: interpretation, comparison, grouping, quantification. The results of the research provide a clear insight about major issues that Slovenian entrepreneurs have to face in the business environment when running their SH.

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### Key Words

entrepreneurship, hospitality, small hotels, business environment

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### Topic Groups

entrepreneurship

## INTRODUCTION

There are different definitions of entrepreneurship, entrepreneurs and enterprise. Cerović (2010) advocates that those phenomena are interactively connected and form an interdependent whole. General Entrepreneurship Monitor (GEM) adopts the definition of entrepreneurship after Reynolds (1999; after GEM 2015, p. 17) in the context of understanding its importance for ensuring economic growth. How we define entrepreneurship also depends on the study being conducted: from the point of macro or micro economy (Antončič et al., 2002).

Business ventures are influenced by various factors, which compose the business environment. It is determined by the environment a) that is external to the enterprise and b) the environment that is internal to the enterprise (Glas, 2002; Hisrich et al., 2010).

This research is focused on part of the external factors which influence entrepreneurship in hospitality business. After theoretical framework we present methodology and research results. The conclusions are summarised in the next section. At the end we compare the results of the study with findings in existing literature on applicability of the results.

## THEORETICAL FRAMEWORK

Entrepreneurship can be found in various forms (individual, collective, social) and in different areas of economic and non-economic activities; however, some forms are more popular in certain spheres than others. Tourism and hospitality, for instance, depend on individuals who found business opportunities in accommodation, food services and tourism (Cerović, 2010; Ateljević and Li, 2009).

Entrepreneurship develops differently within individual countries; it comprises a complex and closely interwoven operation of many factors (Rebernik et al., 2017).

In the existing literature, the factors of business environment created by the state and its mechanisms refer to institutional environment (Gupta et al., 2014). Rebernik et al. (2017) include some institutional factors for business environment in entrepreneurship ecosystem which consist of nine entrepreneurial framework condition categories (entrepreneurial finance, government policies, government entrepreneurship programs, entrepreneurship education and training, R&D transfer, access to commercial and legal infrastructure, internal market dynamics and

burdens or entry regulations, access to physical infrastructure, and cultural and social norms).

Government policies and regulations help entrepreneurship development in different ways: with well-formed and focused developmental programmes, through creating supportive culture for entrepreneurship, by encouraging collaboration, by giving recognition and respecting successful entrepreneurs etc. (OECD 1998). States can promote the development of entrepreneurship and SMEs by providing subsidized loans, tax reliefs during the initial phase, subsidies for new jobs etc. Other forms of state support are reflected in the development of entrepreneurial infrastructure that offers different forms of assistance, e.g. the development of specialised financial organizations for SMEs, advisory networks, education and training organisations, entrepreneurship zones, incubators, technology parks and the like (Glas, 2000).

## **METHODOLOGY**

We determined a SH as being a privately owned (entrepreneurial) small tourist accommodation (at least 10 and not more than 50 hotel rooms/units) that offers hotel services. We identified 125 SH in Slovenia, and subsequently 125 SH entrepreneurs. Some SH were managed by SH entrepreneurs in person, the others by SH directors.

Data from SH entrepreneurs and SH directors were collected in 2014 and 2015 using the method of semi-structured interviews. Participants were interviewed in their natural settings. They were asked one question: how they assess the business environment for operating their SH, with pre-prepared sub-questions used when necessary.

Qualitative data were analysed through interpretation, finding patterns, comparing features and differences. Some interesting statements are presented in verbatim form (or paraphrased); some data are quantified.

## **RESULTS**

We interviewed 50 SH entrepreneurs and 12 SH managers (49,6% response rate).

The structure of interviewees *by gender* was fairly uniform: 32 men and 30 women. Interviewees were between 30 and 49 years old. More than half of them had a college level of education or higher.

The interviewees considered that legislation, numerous laws and regulations, limits their business activities. They are frequently impractical, are too many of them and they change too often. Instead of being occupied with their guests, interviewees spend time studying laws and regulation. They advocated that the state should work towards entrepreneurial freedom and enable space for people to be able to work.

Regulation on categorization of hotels unnecessary complicate the conditions of hotel business operations. Such regulation »guarantees a job to government officials, but they do not contribute to tourism quality«. It is not reasonable that the state forces SHs »into a categorisation, because hotel stars in Slovenia are not what they should be«.

Business activities of SHs are limited by too much administration, required by the state (filling in the forms, keeping records, statistics, etc.). Among the SH entrepreneurs who were building their hotel, only a few obtained the building permit without problems. »If bureaucrats had to earn their money on the market, everything would change; it is getting a bit better, but we are still light years behind«. Furthermore, work in SHs is too often disturbed by inspectors who behave like a “money collectors”.

Interviewees suggested that the state should improve the tax policy instead of sticking to the punitive policy towards SHs; small enterprises are being »strangled«, »overseen« and »nobody cares for their development, as promised on the paper«. »In Slovenia it is different than abroad where small enterprises get their share of the cake as well«.

SHs are continuously burdened with »new requirements imposed by the state, which represent additional costs. There are too many state »parasites, who kill SHs by constantly adding new costs«.

The field of »flexible work« changes in a positive direction, but the existing solutions are still not adapted to the needs of small employers. The expenses for employees are too high.

Some interviewees rated poorly the relationship of institutions responsible for tourism in Slovenia and general attitude of the state towards tourism. They were unique in thinking that Slovenia is unable to »position itself«, »to define its tourist products« and that still »does not know, what we are and where we would like to go«.

»We play the game of high tourism in Slovenia, but we are unable to provide the right offer. If we want to raise the level of services, the state should help us, because individuals alone cannot fight for the development of tourism on their own. Subsidies for the development of tourist infrastructure were a promising incentive, but not sufficient. We need to take care of the development of the whole infrastructure and for the development of tourist offer. In practice, there have been examples of irrational use of state subsidies for failed projects.»

A number of interviewees believed that »on the state level there is no right direction or measures that would foster tourism”. It was mentioned an example of good practice of state support for tourism in the past, namely the Association of small hotels. It worked until it was financed by the state. When the financing dried up »the project died«. There were »many words, but little done; the only thing that remained was a brochure about small hotels in Slovenia«.

The trend of accumulating projects in Slovenian tourism without any results in practice was mentioned by few interviewees. »We waste money for numerous projects and strategies, which remain in drawers and which have no practical value. There is no assessment if the project was successful. No one asks questions, which is a far cry from a healthy entrepreneurial logic. If you have a look at projects and strategies, you find out that everything is done in the same manner of 'copy - paste', the remaining part of the document being pure data«. »Projects start and finish, but there are no responsible people, who would see to its implementation. In this way, we only plan a project after a project. Public tourism players, financed by the public money, operate as if they were working for themselves, and not for the effects seen in the real environment. Nobody measures the effects of invested money. There is no integrated approach, investments are dispersed, money is inefficiently spent« »In Slovenia, the slogan 'I feel Slovenia' is where everything starts and ends. The relationship between the state and tourism is the same as the relationship between the owner and me: he is not familiar with the tourism, so he cannot understand it, and I cannot discuss tourism with him«.

Marketing and promotion of Slovenia abroad is another topic that interviewees could not positively comment upon. »Because there are so many tourists from abroad, Slovenia should present itself as one destination; each of us should not bring their own leaflet«. »Individuals in Slovenia Tourist Organisation (STO) enjoy travelling to India and China, but

we do not profit anything from this. Marketing within 500 kilometres from Slovenia is neglected, despite the fact that this is where the majority of our guests come from«. »STO and local tourist organisations are full of people, who lead tourism, but do not understand it: it is either their out-dated mentality or their own benefits that play a decisive role«.

On the local level, interviewees assess tourist players in a similar way as they assessed them on the state level. »Local scene«, including local tourist organisation, was assessed as »extremely poor«. SHEs are bothered by the absence of quality offers and by the passivity of local tourist organisation in an established tourist destination. »There is nowhere to park and few opportunities to spend money». »For the New Years' day we decorated the city not the local tourist organisation«

Interviewees were critical about the negative attitude of the general environment towards entrepreneurship and about »the envy of people». »Everybody is so smart about what I should do, but they don't contribute to the development of tourism in our city«. They miss collaboration in the local environment. »Everybody is pushing in their own direction«. »Instead of seeing a partner in you, they see you as a rival«. It is unclear to people that all should be involved in tourism, because the hotel without any other services cannot bring tourism to the place«.

## CONCLUSION

The results of the research give answer to the question how SH entrepreneurs assess the business environment for running hospitality business in Slovenia. We summarise it in three key findings. SH entrepreneurs:

1. *do not consider* the business environment for hospitality entrepreneurship in Slovenia *as supportive*;
2. *exposed several issues and disadvantages*, but only few positive points;
3. understand the business environment generally from the stand point of *institutional environment of the state and local public mechanisms*; SH entrepreneurs:
  - a) were particularly critical toward attitude of the state institutions towards entrepreneurship;
  - b) expressed greatest dissatisfaction with numerous regulations, too many changes in regulation, impractical solutions, extensive administrative tasks etc.;

- c) draw attention to the inadequate relationship of the state and its players toward tourism development and the obstacles they are faced with in their local environment;
- d) emphasise inefficiency of public tourism institutions;
- e) are not happy with support of the local scene, passivity of local tourist organisation, negative attitude of the general local environment towards entrepreneurship.

## DISCUSSION

The research on business environment for entrepreneurship in hospitality in Slovenia shows that some results are in consistence with existing theoretical and empirical findings about business environment for entrepreneurship in general (e.g. important role of the state mechanisms; insufficient support of the state); however, the other are not (e.g. hospitality entrepreneurs do not feel to be supported by the local population).

Results of the European Chamber research on the best economic environment in European countries - best European countries for business in 2016 - listed Slovenia on the 21<sup>st</sup> place from 46 countries (EuCham, 2017). We believe that this finding together with other findings mentioned in this paper strongly indicate that certain changes in institutional mechanisms should be implemented for the improvement of hospitality entrepreneurial business in Slovenia.

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## JUSTNESS AND ITS IMPACT IN BUSINESS

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### Abstract

The paper presents the research of the concept of justness in organizational structures in Croatia. On a sample of 224 respondents, a questionnaire was conducted with the aim of proving four hypotheses. While the two hypotheses that speak of the significance of the impact of justice on motivation and productivity in the performance of work assignments are confirmed, the hypothesis of a sufficient level of education of managers in terms of the correct understanding of the concept of justice and the ability to manage it in business has not been confirmed. Also, the results did not show statistically significant indicators for determining the hypothesis that speaks of the importance of justness as a factor of motivation in comparison with material factors such as salaries. Although the results suggest the possibility of greater relevance to justice, further research is needed to establish this relationship.

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### Key Words

justice, justness, organizational justness, motivation, HR management

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### Topic Groups

Human resource management for entrepreneurship, intrapreneurship and incubation

## 1. INTRODUCTION OR 'WHAT IS JUSTICE?'

*„Justice is a virtue - the most difficult of all virtues“  
-Aristotel*

Justice was mentioned in the folk legends from the earliest times, where we find theories about "just indigenous people and the leaders of their tribe", as well as "just rulers and emperors who inspire and encourage other fellow citizens by their proper actions." Among the first ones dealing with the problem of righteousness and developing the first theories of righteousness was Aristotle. According to him, justice signifies the so-called "moral disposition that influences so that people work and want to do just what is right". This primarily refers to the application and adherence to certain authoritative rules of human behavior that creates the virtue of "justice" or "moral justice". It is presented as a social virtue and is expressed through behavior towards others (Aristotel according to Chroust, Osborn, 1942). Aristotle has found that a person whose behavior is "unfair" and acts contrary to established moral principles does not necessarily have to be unjust as far as the principle of equality is concerned. In that case, he simply lacks the virtues of righteousness. Justice as an expression of equality deals with the proportionality of the ratio of work and rewards; therefore "just" wages would be paid proportionally to the effort and effort invested; she is neither too big nor too small, but in the midst of this two extremes. Similarly, "just law" is an ideal middle between extremes of deficiency and surplus.

Aristotle explains that the expression "moral justice" and equality does not necessarily overlap and merge. He also adds that not everything that contradicts the notion of "moral justice" is also the opposite of equality, but everything that is in opposition to equality is also the opposite of "moral justice." In other words, any violation of the principle of "justice in the narrow sense" (or equality) is a violation of the principle of "moral justice", while any violation of "moral justice" does not necessarily mean at the same time a violation of equality. By these principles it could be said that justice, as described by Aristotle, is nothing more than a moral concept that represents "total moral justice." Such is not the case with Aristotle's definition of equality. According to equality, there is a more natural approach, and this term is not considered as merely the derivation of the principle of "moral justice". In fact, the principle of Aristotle's equality is essential to fully understand the full meaning of the term "moral justice" and represents a vital part of that principle, that is, one of the ways in which equality can be expressed, while "moral justice" is

expressed as "just" or "correctly". Aristotle's attitude has shown us that his understanding of justice was in the sense that members of the community are equally concerned with equality and unequal to unequal ones. Accordingly, justice can actually be understood as a proportionate reflection of good and evil (Aristotle, according to Chroust, Osborn, 1942). Justice is the right and balanced relationship between the individual and his environment. Socrates' reflections also showed that the general interest should never be endangered by an individual's interest. The laws had to be respected for them because they did justice and maintained the balance in society, so he kept the law violating, even when it does not seem bad. Platon's righteousness can be achieved by nurturing qualities such as knowledge, trustworthiness, wisdom, courage and self-discipline. Thomas Hobbes (1588-1679), an English philosopher, worked on developing ideas for the progress of capitalism. He is known for his established theory that he claims to be an individual, an individual in constant conflict with others, which was the opposite of Aristotle's thinking that man is a social being. He noted that due to the fact that everyone has their rights to use, there are frequent conflicts. He says, "Where there is no common authority, there is no law, and where there is no law, there is no justice. In the war force and deceive are the two main virtues." (Hobbes according to Ćupurdija, Subašić, 2015, p. 124). By distinguishing the concepts of rights and righteousness, he argues that *right is not just what is right but what is ordained*.

Utilitarians have in their view of morality and justice claimed that it is what brings some benefit to man. Justice represents them in general, in the general good of larger groups, or in the larger number of people. Mill (1863, according to Ćupurdija, Subašić, 2015) rejects the claims that justice is the work of the individual and that every individual through it expresses and advocates the claim that justice should relate to the wider group and as the goal and benefit of all. He also considers that the right is not a credible representative of justice, since there are also "unjust" laws, and that every person must get as much as he deserves. Numerous changes in understanding and applying the notion of justice occur through the recent history. Right is beginning to be perceived as a social life that serves to regulate conflict between one another and thus through conflicts of interest and evolves. Rawls (1971) presents several ideas about the political conception of righteousness. The starting idea from which others find themselves finds that society is viewed as a fair system of cooperation between free and equal persons. Rawls (1993) considers that individuals can not be 100% participants in creating a just social co-operation system, but they have two moral powers: ability to feel the righteousness and ability for concept of the good. The feeling of righteousness is the ability

to understand and apply the public concept of righteousness, while the sense of conception of the good is a formulation and a rational observation of the concept of one's own rational interest or good. In addition to the stated moral powers, people also have a sense of the concept of good they want to accomplish. All these are characteristics of a free and equal person who is present in the public culture of a democratic society and as such raises the question of the most appropriate conception of justice for establishing mutual relationships and cooperation, provided that all free and equal persons are. It is important to understand that individuals have their own personal or business goals and view them as the supreme tasks they want to fulfill and are attached to them. These are the main features of the free person. These goals should not be seen from the standpoint of a rational good. They help shape a person, her way of life, her actions and desired accomplishments, and develop the ability to take responsibility for their goals. Right ownership has long been (and remains) the fundamental issue of human rights, but also the resulting conflict between righteousness and law. The perception of justice remains relatively, changeable and classical. German philosopher Friedrich Engels (1820-1895) says: "Justice has always been ideologized, brought to the heavens by the expression of existing economic relations, whether conservative or conservative, from their revolutionary side. Justice of Greeks and Romans considered slavery just; the bourgeoisie's right from 1789 required the abolition of feudalism because it is unjust." (Visković, according to Ćupurdija, Subašić, 2015, p. 101). The introduction of the laws of justice definitely affects the attempt to develop justice through the prevention of disorder and chaos, and establishes conditions for a just system of social relations.

## **2. JUSTNESS IN BUSINESS**

Jerald Greenberg (2011, according to Tsai, 2012) defines organizational justice as an employee's perception of fairness in organization, with associated cognitive, emotional and behavioral responses. The focus on fairness in decision-making results or the fairness of the outcomes itself is called distributive justice, knowledge of the importance of fairness in the decision-making process is called procedural fairness and ultimately the latest interaction justice represents the quality of interpersonal relationships, that is, respect, obscurity and explanation of decisions made by employees by the time of organizational procedures. (Tsai, 2012). Justice is also one of the most significant factors that shape mutual trust between managers and superiors and employees. Organizational fairness can be defined as the fact that the decisions, procedures and the way in which the managers of the organization are organized are positive in the

eyes and the perception of employees. It represents the way salaries, bonuses, benefits, penalties and promotions are spent, awarded and represented. In other words, organizational justice defines how superior governs rules, social norms, and penalties in organizations (Girgin, Bayraktar, 2017). Studies show that all three dimensions should be treated as one concept that is difficult to implement in companies that have many different sectors where organizational justice is perceived differently. Rawls (1971) speaks of the great impact of organizational equity on organizational efficiency and personal satisfaction of employees. It is in human nature to be compared because it is the process of learning about the environment and relationships in it. Preconceptions and decisions are made on the basis of comparisons. When we try to figure out why employees react in some way, we will find an answer when we understand the way they perceive the fairness of the achieved results (Greenberg according to Tsai, 2012).

## **2.1. Distributive justness**

Distributive justness is based on Adams' (1963) theory of righteousness that perceives fairness through the ultimate outcome of organizational decisions. The consequence of high distributive justness is the increase and trust of employees in the organization. Adams (ibid) wrote that a sense of injustice would arise with employees, where their level of effort was not proportionate to the importance of their results as a result of their comparison with others. Their perception of such unfairness (feelings of inequality) will be considered as someone else gaining greater merit and creating negative feelings. Adams states that employees here are more concerned with the fairness of the results they achieve than the overall results of the organization. Garland (1973, according to Tsai, 2012) conducted an experimental study to determine the correlation between productivity and perception of equality between lecturers. The research has shown that fairness has influenced the work done both qualitatively and quantitatively. Those who were overweight sought to read less pages with fewer mistakes, while those underpaid read more pages with more errors. Greenberg (1988, according to Tsai, 2012) has been studying managers who were temporarily shifting to more or lower positions than those at which they did so. The results showed that managers who moved to more positions began to invest more effort and achieve better results, while those who had lower performance achieved poor performance. After returning to old positions and the pleasures and effects have been restored to the old (Tsai, 2012).

## **2.2. Procedural justness**

The theory of procedural fairness was developed by Thibaua and Walker (1975, according to Tsai, 2012), observing the processes of dispute settlement in legal systems, that is to say, to make decisions made to perceive the final outcomes. Landy, Barnes and Murphy (1978, according to Tsai, 2012) expanded the concept of procedural justness by studying the perception of fairness when evaluating work in large manufacturing companies. The results showed that the perception of justness in work evaluation is closely related to the opportunities that employees receive in expressing their opinions during the decision-making process. Leventhal (1980, according to Jakopec Susan, 2014) introduces procedural justness into the organizational concept after being observed in the judicial system, defining it as an employee's perception of the procedural component of the system that regulates the process of distribution or perception of the justness of the methods and procedures used in the process of making organizational decisions, which should be consistent, impartial and morally acceptable.

## **2.3. Interactional justness**

Bies and Moag (1986, according to Tsai, 2012) found that the estimate of interaction justness is based on interaction and as such is a different and separate dimension of organizational justice. Authors (ibid) have set four key elements for interaction justice: truthfulness (decision-making processes should be debated in the true way to avoid scams), justification (decisions should be justified), respect (respect should be given to individuals) and decency (managers should avoid inappropriate comments or ask questions). Greenberg (according to Tsai, 2012) has separated interaction justness into two additional concepts - interpersonal and information justness. Interpersonal justness demonstrates responsiveness to decent, dignified, and respectful way of how managers relate to employees while information justness focuses on the scope of explanations on certain procedures that employees receive or clarify about why some decisions are made in a certain way.

## **3. JUSTNESS AND MOTIVATION**

Cohen-Charash and Spector (2001) argue that fair treatment for employees can develop additional conscience and encourage selfless behavior inside the group. In addition to better performance, a sense of true justice can

motivate employees to start doing business beyond their prescribed obligations. By studying all three dimensions of organizational justness, Tsai (2012) concludes that individuals will probably tolerate distributive injustice if procedures or allocations are perceived as honest. If the outcomes are visible as appropriate, in this case the procedural irregularity would be tolerable. Also, if the outcome is unsatisfactory, an individual would better accept it if presented with proper communication, with enough information and respect. Revised this last example, if the outcome is positive, it will be easier to tolerate interactional injustice. Barling and Phillips (1993) come to the conclusion that procedural justness could more easily contribute to the prediction of employee behavior and its reaction to a certain element of (non) fairness. Organizational justness - the way employees perceive the level of moral interdependence and how they relate to them - is a kind of "masculine" that enables employees to cooperate successfully with each other. Just justness is the very core of interpersonal relationships and respect, while injustice can act as a huge destroyer that crumbles borders within the community. Injustice damages employees, their work, productivity, which ultimately results in damage to the organization's business. Fair accountability to employees is certainly considered to be a benefit or compensation and demand and feedback to be balanced because the over-compensation system without any need and justification also leads to discomfort and misconduct. One of the features of responsible organizational behavior (Oren et al., 2013) tells that if an employee feels he is rewarded more than he deserves, he seeks to increase his performance and performance to make these rewards justified. Adams (1963) concludes that employees are constantly looking for a balance between their investment in work (labor and training) and outcomes (tangible and intangible rewards), and that they act proportionally to those two variables. By these considerations, have been subsequently based new contemporary methodologies and ways of understanding organizational justness - distributive, procedural and interactional.

#### **4. RESEARCH METHODOLOGY**

In the focus of the research is the general understanding and recognition of workplace equity, and its impact on productivity and motivation. Work sets justness as one of the potential factors of motivation in relation to the material aspects of motivation. Since the notion of justness is different in people, managers need to know how employees perceive fair business, how to apply justness, what feelings (no) justice business brings and how to direct the justness to motivation in the best possible way The aim of this research was to establish the perception of the justness of employees

in the Republic of Croatia and to know how to manage managers through the motivation and productivity of their employees. From the aforementioned, there are also tasks that besides studying the effects of justness behavior on employees, studying the experience of employees with unjust behavior of superiors, should also prove the competences of managers for justice management.

For the purposes of this research and considering the need to accomplish this goal and task, the following hypotheses have been set:

H1 Justness affects employees' satisfaction.

H2 Justice has a significant impact on the success of a business task.

H3 Respondents estimate that justness has a more significant motivational effect than material forms of motivation such as wages.

H4 Managers in Croatia have developed competences for justice business management.

The sample of respondents was 224 in employment. With regard to the workplace, 68.6% of respondents belong to the task force group, and only 13.5% refer to senior and middle management.

A survey of 13 statement sentences was conducted with which the respondents expressed their level of agreement with the Likert scale of five points, with 1 being completely disagree and 5 completely agreeing.

#### **4.1. Analysis of the results with discussion**

The statistically significant majority of 89.3% of the respondents fully agree with the statement "I consider that justice treatment towards employees is essential for motivation and inspiration." (all results are shown in Figure 1). It is interesting that even 5 respondents (2.2%) do not agree with the statement and that they belong to a group of doctors of science and master of science and are employed in middle management. The results for the statement "The representation of justice business in my environment is high." There are divided views and disagree with 20% of respondents, but a significant percentage of 52% is not determined in their position. The statement "In addition, I am motivated by the correction of the perceived injustice", considers 73.2% of respondents as accurate. Most of them are employees in the position of executives, small or medium-sized enterprises or the state sector. Respondents point to the view that 42% would not cease working with a company that does not operate fair despite high salaries. Although a relatively high percentage of 27.7% of undesirable results show that as many as 30% of respondents agree or completely agree with the statement. Only 6% of the respondents who expressed lack of experience with unfair workplace work mostly in the positions of lower or middle management, from the state sector or small

and medium-sized enterprises and mostly bachelors. A total of 20 respondents, which is 9%, are not sure of their answer, while 28.7% agree completely with the statement, and even 49.8% agree or exhibit an experience with unfair business. In the last percentage of respondents, it is about executors or to a lesser extent to managers of lower management. Interesting are results for the statement "I often testify of injustice in my workplace." The points here are relatively evenly spaced between levels of agreement and disagreement, and even 43.3% of respondents can not determine the attitudes about whether they often or not experience unjust treatment. With the statement "I feel extra motivation in a justice environment for a good performance of work tasks." Even 2.2% of respondents completely disagree or disagree, and even 1.8% of respondents are not sure. A relatively small percentage of 12.1% agree with the statement, while the statistically significant majority of 83.9% are completely in agreement with the statement. It is interesting that 5 of the respondents who are listed in 2.2% belong to the lower management group. The statement "Justice Attitude Motivates Me Significantly More Than Material Achievement for Successful Work" shows that only 4.9% of respondents disagree with it or completely disagree as long as 14.8% is unsafe in their opinion. It can be assumed that a statistically significant percentage of 80.3% is reached in the aggregation and complete agreement with the statement. Also, a statistically significant percentage of respondents agree or fully agree with the positive impact of equality on the performance of work tasks (statement 9) and totals 94.6%. The impact of justness on productivity is also estimated on the basis of the results of the statement "Justness in decision-making affects the successful performance of tasks" where a statistically significant number of 94.1% of respondents show agreement with the mentioned and only 3.1% disagreement while 2.7% can not evaluate their own attitude. Three respondents who did not agree on stacking or full agreement came from senior management.

Table 1: Summarized results in percentage for each statement

	STATEMENTS ABOUT JUSTNESS IN BUSINESS	1	2	3	4	5
1.	I believe that the rightful attitude toward employees is essential for	1%	1%	0%	9%	89%

	motivation and inspiration.					
2.	The representation of a justice business in my environment is high.	6%	14%	52%	18%	10%
3.	It motivates me to correct the perceived injustice.	2%	3%	6%	16%	73%
4.	He/she would terminate his / her employment with a company that does not operate fair despite high salaries.	7%	35%	28%	19%	11%
5.	I have experience with injustice business in the workplace.	6%	7%	9%	50%	28%
6.	I often testify of injustice in my workplace.	12%	13%	43%	13%	19%
7.	In a justness environment I feel extra motivation for a good performance of work tasks.	1%	1%	2%	12%	84%
8.	Justice conducting motivates me more than the material awards for a successful job.	2%	3%	15%	52%	28%
9.	Equal relations with colleagues additionally affect on the successful performance of tasks.	1%	2%	2%	11%	84%
10.	Justness in making decisions influences on the successful performance of tasks.	2%	1%	3%	15%	79%
11.	By providing feedback on organizational procedures managers in my organization encourage employees.	6%	10%	43%	22%	19%
12.	I am familiar with my rights in the workplace.	6%	37%	12%	17%	28%
13.	I think that my superiors need to further educate about the importance of just business.	6%	4%	6%	17%	67%

Source: Calculated according to the research data

Understanding the importance of providing feedback through the statement "By providing feedback on organizational procedures managers in my organization encourage employees." ,

it is proven by the experience of the respondents on the practice performed by their superiors. It is evident that a relatively large percentage of respondents can not decide on their own experience, 42.6%. Only 40.8% of respondents (in total express agreement and total

agreement) express desirable responses that are in favor of competent managers. Interestingly, with a statement that says about employee information about their rights, statement 12, can not determine their own position 12.1%, and a relatively significant percentage of even 43% say they are not familiar with their rights. The final statement should establish the attitudes of respondents as required by the additional education of superiors on justness as a notion of significant influence on the business. Out of a total 9%, considers the current status of supervised competencies is satisfactory, while another 6.3% are unable to decide on their own position. The statistically significant result is contained in statements of agreement and complete agreement with the need for additional education, which is 83.9%.

## 5. DISCUSSION

The results of the attitudes test with statements 1 (98%), 3 (84%) and 7 (96%) show statistically significant staggering or showing high percentages of desirable answers to proving the first hypothesis that said "Justice is affecting employee satisfaction." Thus we conclude that the first hypothesis of the research was confirmed.

The second hypothesis that spoke of the impact of justness on the performance of business tasks was established by statement 9 „Equal pay relationship with colleagues additionally influences the successful performance of tasks“ and statement 10 „Justice in decision-making affects the successful performance of tasks“. In both statements, respondents give a statistically significant percentage of desirable responses, ie with the first of them is 95% and with second one 94%. From the above it can be concluded that another hypothesis that stated "Justice has a significant effect on the performance of a business task" is confirmed. When assessing the importance of justness for motivation for successful business tasks and comparing the importance with material forms of motivation such as wages, respondents responded to statements 4 'Breaking business with a company that does not operate fair despite high wages' and 8' Justice Attitude Motivates Me more significant than the material awards for a successful job performance '. Responses to the respondents do not support the hypothesis of ratification or rejection, although a statistically significant score of 80% for statement 8, while in response to the statement, 4 percent are divided and can not distinguish the statistical significance of the difference. It is about 42% of respondents who do not abandon a job in which unfair business and people's relationships prevail, 28% is indecisive, but a relatively high percentage of 30% says it would leave an unfair job, despite high monthly earnings. An

explanation of the responses obtained may be related to the current labor market situation and high unemployment, ie with a relatively low average monthly income on the national level. The aforementioned states that the obtained results are not sufficient to conclude the hypothesis that has been published. "Respondents estimate that justice has a more significant motivational effect than material forms of motivation such as wages." Accordingly, the third hypothesis has not been confirmed, but can not be completely dismissed. The last hypothesis was the existence of advanced competencies of managers in Croatia for justness business. The hypothesis was verified through statements 2, 5 and 6 that aimed to establish the experience of respondents with just or unjust business. In a statement that depicted the experience of justice business and a statement that spoke of the frequency of injustice, respondents shared answers and no statistically significant difference was noted between them, and the indecision in answering the question was highlighted. However, when asked about the general experience of unfair business, a statistically significant result is that 78% of respondents show such experience. It is important to emphasize that the first two statements relate to the assessment of the current state, and the last statement to a general experience that does not necessarily refer to the assessment of the current situation. Perhaps disagreement may be justified by possible distrust of the anonymity of respondents and the impact of responding to the status statement at the current workplace. The divided answers can also be seen in compilation with statements 11 and 12 which also assess the current situation, but a statistically significant score of 84% speaks of the need for additional education of superiors in Croatia in the domain of impact on business justness. It can therefore be concluded that the attitude of respondents that managers in Croatia do not have sufficiently developed competences for justice business management and thus the last hypothesis is rejected.

## **6. CONCLUSION**

From the four hypotheses set forth, those who speak of the importance of justness for a successful business, ie the impact of justice on employee motivation and productivity, have been proven. The hypothesis that had to prove a satisfactory level of knowledge and skills of management in Croatia for justness management in order to maximize business results has not been proven. It can be concluded that this is an area where the superiors have little or no knowledge or understanding of the concept of justness and the application of this concept to the life of a business organization. The research has not demonstrated the importance of the concept of justness in motivating employees compared to other

motivational factors such as monthly income. Future results did not show statistically significant results in any sense, the initial hypothesis was neither accepted nor rejected, suggesting the need for a deeper investigation of problems and special attention in designing the research to get relevant responses. Organizational justice is often a term that is neglected in the field of human resources and motivational techniques. The ability to distinguish between just and unjust, the influence of procedural organizational justice and many other issues are still open and of great importance in the domain of human resources management.

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### Abstract

Personality of every person is largely determined by birth and by that arises a question to what extent personal traits can really influence business and manager's performance. Accordingly there is a significance to connect managing and leading of a company with five factor personality model.

Research aim was to identify attitude of experienced manager's about which of the personality traits they think is required to manage successful business. Accordingly, the goal was to establish link between business success and personality success.

Research sample included 50 managers with experience, employed in small, medium and big organizations from different business branches, placed in Croatia. Results show that managers agree with the assumption that having a high level of certain personality trait is necessary prerequisite for successful management. Respondents partly estimate differently the importance of certain group characteristic due to earlier researches in different cultural environment.

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### Key Words

manager's personality, the Big-five, manager's personality traits

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### Topic Groups

Human resource management for entrepreneurship, intrapreneurship and incubation

## 1. INTRODUCTION

Modern management is increasingly associated with psychology because it is considered that manager's personality is the key to business success. Furthermore, successful manager can't be anyone but a person who has genetic predispositions. This emphasizes the fact that managers are born and not created. Each individual has a unique personality traits that represent its relatively permanent characteristics. They also explain other people behaviour and allow predicting one. Personality traits are not isolated, they are analysed as a whole. Because of that psychologists argue that studying personality is very important because it gives an insight about a person as a whole, and in this case it relates to studying managers and understanding their behaviour (Petz, 2003). The word personality derives from a Greek word *persona*, meaning a mask that was worn in Ancient Greek dramas that symbolized a certain pattern of behaviour by the person who wore specific mask. The fact is that even in those days a person could have act entirely different person which brings to questions the nature of that person (Fulgosi, 2008). Allport discuss personality as 'dynamic organization within a person that defines its specific adaptations to the environment (Fulgosi, 1997, p 8), while Eysenck says: „personality is more or less stable and permanent organization of characteristics, temperament, intellect and physical construction of a person that define its specific adaptation to the environment (Fulgosi,1997, p 8), and at the end Sullivan according to the same author thinks that a personality is a relatively permanent form of interpersonal situations that mark humans life.

## 2. THE THEORY OF PERSONALITY TRAITS

H. J. Eysenck has identified two dimensions of personality in his research. The first dimension is introversion-extroversion, and the other neuroticism (called emotional stability versus instability). His theory is associated with a very old description of individual differences in the traits of an individuals. Hippocrates (400 BC) and Galen (200 BC) have suggested the existence of four dimensions of basic types of personality: melancholic, phlegmatic, choleric and sanguine. Eysenck has realized that Greeks were aware of variations between people in their times. In his research he pointed out that people whom Greeks considered, for example, choleric, actually had a high level of two associated personality traits. Eysenck also added a third dimension called psychoticism. He explains that people at this level are very lonely, insensitive and do not accept social customs. Mentioned dimensions represent Eysenck's three personality trait theory.

Today, most authors accept a five-factor model of personality traits or so called the Big Five. Five basic dimensions has extracted Fiske and McCare i Costa are proponents of this model, while first confirmation of the model adequacy was done by Trupesa and Christala (Pervin et al. 2004).

The Big five model refers to neuroticism, extraversion, conscientiousness, agreeableness and openness to experience.

Each factor consists of a number of specific personality traits with high and low score.

Extraversion is characterized by positive emotionality such as social stability, entrepreneurship, ambitiousness while neuroticism or negative emotionality includes emotional reactivity, irritability and insecurity (Kaprić, 2005). Agreeableness includes specific tendencies and behaviors that indicate courtesy, cooperativity and tendency to help. Conscientiousness indicates the need for control, consistency, reliability, accountability and tendency for hard work. Openness includes a mix of different components of personality traits. It corresponds to openness to experience and to aspects of personal attitudes, culture and tendencies.

**Manager's personality traits**

Personality significantly determines the relationship toward work, a person's behavior in working process. Wilson (according to Sikavica 2004) says that hey characteristics of successful business managers are integrity, empathy, ambitiousness, objectivity, high level of tolerance, self-confidence, creativity, emotional intelligence, communication, resoluteness, and persuasiveness. Less successful managers characterize opposite characteristics from one's mentioned above. Characteristics that Sikavica mentioned as essential are: integrity, determination, professionalism, objectivity, enthusiasm, personal culture of behaviour, self-reliance, resourcefulness, criticism and courage.

Manager's personal traits are becoming very important segment in today's assessment of manager potential. Handy (according to Sikavica 2004) points out that manager has to possess: intelligence, initiative, self-reliance, enthusiasm, socialness, courage, imagination and energy. According to Ghiselli, manager has to have six personality traits: ability to control, a need for achievement, intelligence, determination, self-confidence and initiative. Responsiveness, determination, professionalism, courage, objectivity, independence, enthusiasm, criticism, personal culture, behaviour and honesty are also characteristics that manager should possess (Bartoluci, Škoric, 2009).

Judge et al (2002), Bono, Ilies i Gerhardt su 2002. godine (according to Northouse; 2010) have done meta-analysis of 78 researches about leadership and managers personal traits. They have researched interconnection between leading and traits. The result was a positive link

between the five-factor personality model and leadership. Possessing a certain personality trait is related to successful business results. With their data analysis, authors have concluded that extraversion is the most significant personal trait of successful managers. Conscientiousness is the second most important factor, neuroticism and openness are factors set at third place where neuroticism was negatively linked with business results. Agreeableness was the last factor and was poorly associated with business results (ibid).

According to research results that showed extraversion as the strongest factor for achieving business success means that manager should possess traits such as: companionship, activity, assertiveness, search for excitement, active and loquacious. Regarding agreeableness, manager should possess: self-discipline, responsibility, competitiveness, organized, thoughtful and goal oriented. Third factors were neuroticism and openness. Neuroticism is described by traits such as: anxiety, discomfort, depression, vulnerability, impulsiveness, and hostile. This means that person who possesses such characteristics have bad influence for organization and will not show effectiveness and success in leading. Although openness has shown a rather low linkage level with business and leadership, it can be said that a manager should still possess a sense of control, cautiousness, and a tendency to work hard. Agreeableness as a last factor seemed to be hardly related to leadership and business but it should be analysed from a variety of aspects, because agreeableness possesses traits such as honesty, trust, altruism, modesty, gentleness and reconciliation that are extremely important for business (Northouse, 2010).

Table 1 The Big-five personality traits

<b>Neuroticism</b>	Depressive tendencies, anxiety, insecure vulnerability and hostility.
<b>Extraversion</b>	Tendency to associate with others, realization and to possess positive energy.
<b>Openness to experience</b>	The tendency to be informed, creativity, insight and curiosity.
<b>Agreeableness</b>	The tendency to accept, adapt, trust and care.

<b>Conscientiousness</b>	To be thorough, organized, like to supervise, to be reliable and determinant.
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Source:

Certain personal traits do not necessarily need to have a positive impact on the company's business but they may have a negative impact on the business and overall organization of the company. The biggest problems arise with managers who are aggressive and self-centered with no understanding of the rights and aspirations of others. Manager who constantly complains, and has no time to hear another's opinion, cannot be successful in leading people. If a manager has no enthusiasm and ambition, they demotivate employees and they can start behaving in the same. Authoritative behavior follows tyrannical relationship with the subordinates and uncritical acceptance of authority. Insecure and incompetent managers are often motors for controversy, mutual disputes and confrontations (Sikavica 2008). Such relationship to employees and personal traits that an individual possesses will not lead to companies' progress but will lead to stagnation. Many studies have shown that leadership is an emotional process. It is important to mention that manager's success is defined by emotional intelligence and that new paradigm has recognized the importance of emotions in business (Ilić 2008). Modern organization should be managed by an emotionally mature person. Emotional intelligence can be defined as "the ability to recognize its own feelings and feelings of other people, motivating oneself and good management of emotions and their relationships. Emotional intelligence can be defined as "the ability to recognize the own feelings and feelings of other people, ability of motivating oneself and a good management of emotions within a person and within a person's relationships (Goleman, 2015, p 300). Emotional intelligence differs from academic intelligence. That is why there are organizational structures that have managers with lower intelligence quotient, but at the same time they possess a high level of emotional intelligence. Goleman (2015) speaks about five basic emotional and sociable competencies: self-conscientiousness, self-control, motivation, empathy and social skills. Goleman states that empathy is crucial for excellent work when it comes to working with people, but warns up that excessive empathy is bad for the entire organization and brings loss to business. A manager should be a person who is well trained to control his emotions and should not allow his emotionality to affect the company. The researches of Goleman have shown that managers who do not accept empathy are ordinary in their work. Whereas, managers who

understand and accept empathy are the best ones. So empathy is certainly important factor in today's business.

### **3. RESEARCH METHODOLOGY**

The research starts with a questions: Which personal traits are fundamental, and which are at least important for manager success? Although many researches have studied this problem by now, this paper presents opinions of successful managers and their assessment about which specific personality traits is important. Also, the research shows the results determined by culture of respondent's targeted group and presents current opinion of manager. Thus hypotheses have been set as:

H1 - The high level of described personal traits is a prerequisite for successful performance of managerial tasks.

H2 - Respondents in Croatia evaluate the importance of specific groups of personality traits in accordance with earlier research.

The survey involved 50 managers working in the Republic of Croatia, from whom 58% were woman and 42% man. A total of 40% are employed in large companies, 32% in middle size companies and 28% in small companies. Out of the total, 40% of respondents are employed in service industry, 26% in manufacturing, 16% in trade, 10% in public sector, 2% in education, 2% in banking, 2% in financial institutions and 2% other industry. Respondents come from all levels of management: 55.1% from lower management levels, 26.5% middle level, and 18.4% top management levels. About 12.5% of respondents said that they were extremely successful managers who could show business success while 62.5% of managers considered them self as successful executives.

#### **3.1. Analysis of the results with discussion**

The results gathered for 17 statements are shown below in Table 2. Statements 1, 2, 3, 4, 5, 6 and 15 speak about the integrity and importance of ethics in business. Statement 7 refers to a diplomatic behaviour, 8 is the importance of vision, 9 ambition as a personal trait, 10 determination, and 11 resourcefulness. Further statements refer to adaptability, self-confidence and creativity. Statement 16 defines the importance of emotional intelligence and 17 excellence.

Table 2: The results of statement agreement on the importance of certain personality traits

	<b>STATEMENTS ABOUT MANAGERS PERSONALITY TRAITS</b>	1	2	3	4	5
1.	It is important that manager is fair, honest and transparent in his work.	0%	2%	4%	22%	72%
2.	The social environment is extremely vulnerable to abuse of power and authority and is strictly unacceptable.	0%	6%	22%	36%	34%
3.	Abuse of power and authority is our everyday business reality.	2%	14%	22%	36%	26%
4.	There are exceptional situations in which I would use my position and power to achieve my own benefits.	34%	30%	24%	6%	6%
5.	I believe that the environment would not condemn me for the abuse of power in exceptional situations.	30%	32%	20%	12%	6%
6.	I believe that it is important to work according to high ethical standards.	0%	2%	8%	28%	62%
7.	The manager has to be a diplomat in interpersonal relationships	0%	2%	10%	18%	70%
8.	The manager has to know where he sees his company in the future.	0%	0%	6%	24%	70%
9.	The manager has to have a sense for self-importance, success, recognition and glory.	0%	10%	44%	36%	10%
10.	The manager has to be decisive for every move he makes for the company.	0%	2%	8%	34%	56%
11.	A manager must be resourceful and able to seek alternative solution in case he fails in achieving the goal.	0%	0%	6%	24%	70%
12.	The manager must recognize the traits from environment to be able to adjust.	0%	0%	6%	40%	54%
13.	The manager must recognize and be aware of his own qualities, but also restrained to point them out.	0%	4%	18%	32%	46%
14.	The manager must know how to create a new, unique idea, activity, or resolution to a problem.	1%	4%	12%	34%	48%
15.	I believe that it isn't matter if a business is done on the ground of high ethical standards as long as good	28/%	40%	14%	10%	8%

	business results are being achieved.					
16.	Highly developed emotional intelligence is essential for a successful business of managers	0%	4%	12%	32%	52%
17.	Positive results, profit, company progress and goal achievement are good indicators of top manager.	0%	6%	10%	40%	44%

Source: Calculated according to the research data

The results show that 34% of respondents fully agree with the fact that social environment is extremely sensitive to abuse of power and authority. 18% of respondents agree with this statement while 22% of respondents can't decide, 6% disagree with the statement and 2% of respondents completely disagree with the statement. Furthermore, 26% of respondents fully agree that abuse of power and authority is our daily reality, 36% of respondents stated that they agree with this statement, 22% of respondents are indecisive, 14% disagree while 2% of respondents completely disagrees with the statement. Out of the total amount of respondents, 12% said that they would use their position and power to achieve their own benefits in exceptional situations. 24% of respondents are indecisive while 64% would completely disagree with this statement. 62% of respondents firmly believe that it is important that manager behaves in accordance with ethical standards. 28% also agree with this statement, and 8% of respondents are indecisive and 2% of respondents disagree with the statement.

A high percentage of respondents (70%) fully agree that manager must be a diplomat in interpersonal relationships, 18% of respondents agree with the statement, 10% is indecisive, while 2% disagree with the statement.

The same percentage of respondents believe that it is important for a manager to know where he sees his company in the future, 24% agree with the statement while 6% of respondents are indecisive.

Respondents show relative hesitation regarding statement that managers should have feelings and a need to excel, succeed, and to be acknowledged. Those characteristics represent the importance of ambition in executing manager tasks. Only 10% of respondents fully agrees with this statement, 36% of respondents agree, 44% respondents are indecisive, while 10% of the respondents disagrees with the statement.

Regarding decisiveness, according to survey results, 56% of respondents stated that they fully agree that manager has to be determined in making

decisions for the company. 34% of managers agrees with the statement, 8% is indecisive and 2% disagrees with this statement.

It can be seen from figure 2 that 54% of respondents fully agree that manager has to recognize influences from environment and adapt to them, 2% agrees with that statement, 6% of the respondents said they are indecisive. This statement refers to a personal trait, self-confidence.

Even 46% of respondents showed that they completely agree with the statement that manager has to recognize and be aware of his qualities, but they are restrained to point them out. 32% of respondents agrees with the same statement. For the same statement, 18% of respondents showed indecisiveness and 4% disagree with the statement. The results show that 48% of respondents fully agree that manager has to be creative, 34% agree, 12% is indecisive, while 4% disagree and 2% disagree with that statement.

Even 18% of respondents believe that it is not important to do business in accordance with high standards of business ethics as long as business results are being achieved, 14% of respondents are indecisive, while 68% disagree. A total of 58% of respondents fully agree that emotional intelligence is crucial for doing business successfully, 32% of respondents agrees with the statement, 12% stated indecisive and 4% of the respondents disagrees with the statement. Respondents who agreed to use their authority and power in delicate situations were asked to write which delicate situations they would point out. They mentioned nepotism and concluding big contracts. In the second part of survey, respondents were asked to appoint the importance of each characteristic and list them on priority list. From those characteristics that were offered, number 1 was regarded as the most important characteristic for performing manager task and number 11 was the least important characteristic. The results can be seen in Table 3.

Table 3: Priority list of characteristics for performing manager tasks

Number	Characteristics
1	Creativity
2	Ambition
3	Self-confidence
4	Vision
5	Diplomatic skills
6	Excellence
7	Integrity

8	Decisive
9	Resourcefulness
10	Adaptability
11	Empathy

Source: According to the research data

If we relate listed characteristics from this research with the Big-five personality traits that resulted from previous researches, characteristic of creativity was the most important one to respondents while resourcefulness, which belongs to a group of traits called "openness to experience", took ninth place. Diplomatic skills took fifth place. Adaptability (tenth place) and empathy (eleventh) are included into so called "Agreeableness" group, and other six characteristics can be included in group called "Conscientiousness". The results show, that in order of importance, values from group "Conscientiousness" are in the first place, after that comes "Openness to Experience". As the least important group of personality traits is 'Agreeableness'. It is interesting that the last mentioned group includes traits that are defined as a key characteristics that manager should possess for doing good his manager tasks.

Respondents had possibility to write a characteristic that was not mentioned, but in their opinion it would be important for the job they perform. Among these characteristics, following were mentioned: humbleness, consistency, patience and humility.

#### 4. DISCUSSION

All statements that were answered affirmative the respondents showed statistically significant results supporting the set thesis. In other words they gave desirable answers in high percentage, and it can be concluded that the first hypothesis of this research, which has been set as: "the high level of described personal traits is a prerequisite for successful performance of managerial tasks" can be accepted.

Earlier researches have shown that extraversion was set in the first place, conscientiousness on the other, openness and agreeableness were in the last two places. The results of this research place conscientiousness on the first place, openness and agreeableness on the second one. Moreover, in open questions there were not shown group characteristics such as extraversion and neuroticism, i.e. their positive opposition: emotional stability. Accordingly it can be concluded that respondents showed a

deviation of results due other previous results that were gathered in other cultural environments. This is the reason why second research hypothesis that has been set as: "Respondents in Croatia evaluate the importance of specific groups of personality traits in accordance with earlier research" cannot be confirmed.

There are particularly important results that speak about creativity as the most important personality trait for doing good managerial job. Something that wasn't expected from this research to arise was the fact that empathy, emphasized as a significant trait, was estimated as the least important one.

## **5. CONCLUSION**

The importance of human factor for organization business, especially management, has been explored many times. Accordingly, personality of an individual is a significant factor that needs to be carefully managed in human resources management. Starting from people selection, then through motivation, every function is extremely demanding from the aspect of knowing human personality and managing it properly. This research proved that analysed personal traits have a significant impact on the success of a manager and that all traits are extremely important. Creativity management is also not a new term, and the results of this research only emphasize creativity that is somehow associated with innovation. Creativity as well as other personality traits are somehow inborn predispositions that, during education, an individual can develop to a maximum levels or completely neglect and lose them.

Emotional competencies are essential for a successful business and necessary involved in an education system that promotes and educates future human potential, especially future managers. The results point out the possibility of a cultural conditionality in the approach of observing and managing human personality traits.

Research opens the door to a new issues, especially to the issue of influencing social norms in assessing the importance of personal traits of managers. It is indisputable fact that modern society is changing rapidly, it changes priorities, thinking, needs and attitudes of an individual, and thus the relationship to work itself. As society changes, the manager has the task of adapting to social trends if he wants to remain successful in his business. As society changes, manager has the task to adapt to this social trends if he wants to remain successful in his business.

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## PERCEIVED IMAGE OF PUBLIC RELATIONS JOB ADVERTISEMENTS BY EMPLOYERS AND A CRITICAL APPROACH IN TERMS OF SOCIAL AND CULTURAL ISSUES

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### Abstract

As a profession, public relations has a status and prestige and the people working in this field must be qualified and well-equipped; but this impression of public relations reveals that occupational status can be taken out and the quality of the people is ignored. In this regard, the perceived image of job advertisements related to public relations in online job advertisements by employers is evaluated in this research. Within the scope of the research, according to the data obtained from the job advertisements, Public Relations was related to many related or unrelated jobs, and it was determined that many jobs were tried to be put under this title. Moreover, it was observed that such a situation causes Public Relations to be perceived as a profession that can be performed by both experienced and inexperienced people at every level of education and age. It has been seen that employers have been trying to manage their public relations departments and practices in line with their own aims and business benefits.

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### Key Words

Public Relations, job ads, employers, image

## INTRODUCTION

There is a lot of content in the literature about what the public relations is and how it works. Explaining the various functions of the public relations by referring to different definitions scientists are trying to determine its place in this direction. The rapid rise of the public relations that we can date to a recent past is among the essential units of every institution today; even if not as an application, the mention of the name public relations is used as an image study. Public relations is often regarded as an important prestige element bearing a mission even as a name, and it is perceived as an outward opening door, although the functions are not used in the real sense by the institution. It may not be possible to come across with the public relations, which plays a popular role in just this system, professionally at every institution. The reason for this can be said to be the fact that the public relations is both harder and harder to understand than what it is, how it operates and how it is perceived via developing communication technologies. On the other side, it can be added that the boundaries of the field are indefinite, new concepts and practices begin to intertwine, and that different tasks are gathered under the name of public relations. It also leads to the introduction of new meanings and tasks in public relations, more precisely in the name of popularity, to be called as public relations by adding a privilege to the ordinary works which already have a name.

In this study, the job advertisements related to the public relations will be examined to determine how the institutions perceive the public relations practices and for which works they choose public relations practitioners to perform. In the theoretical part of the study, it is briefly mentioned what public relations is in the literature, what applications it has and the topics related to it. In the application part, the job descriptions in job advertisements containing the heading of the public relations in online career sites in Turkey have been examined. In the light of obtained qualitative data, it is tried to be evaluated in the job advertisements how the institutions determine the job descriptions public relations and the roles loaded on the units related to the public relations.

### Literature Review

The definitions of public relations are seen as useful in understanding the practices of public relations. In many sources, emphasis is placed on the definitions of pioneering names in the field of public relations. Some of these definitions are as follows: According to the public relations statement in the book "Effective Public Relation" of Cutlip, Center and

Broom (1985: 4), "public relations is a management function that determines, establishes and sustains a mutually beneficial relationship between the institution and its various peoples"

Bernays (1961: 21) evaluates public relations definitions under three headings. They are (1) trying to convince the public to inform the public, (2) to persuade the public directly to change attitudes and behaviors, and (3) to integrate the attitudes and behaviors of the public and institutions with the institutions and public. Grunig (2005: 15) defines the concept of public relations as "the management of communication between peoples interested in that organization." Tortop (1975: 2) notes that any kind of work, such as visits, communication and giving information to the public, is a public relations activity.

Wilcox, Ault and Agee (1997: 7) described key concepts in the definition of public relations as follows:

- Purposeful; public relations practices have goals. These goals include making effective designs, earning, collecting information, and providing feedback
- Scheduled; public relations activities are planned actions. Producing solutions to problems, creating and organizing activity periods, conducting systematic researches and analyzes.
- Action / performance; effective public relations are based on activities and performances. If the institution can not meet the needs of the society, none of the public relations activities produces good intentions and support
- Public interest; public relations practices must provide mutual benefit between the public and the institution. Public relations is integration of interests and needs of society with the benefits of institution.
- Two-way communication; public relations is more than one-way information dissemination. It is important to get feedback for public relations.
- Management function; public relations are influential because they form part of the decision-making process by senior management. Public relations require high level of problem solving and counseling, not only information dissemination after decision making.

Many definitions of public relations have been made from the beginning to the present day and are still being continued to be made. It is evident that these definitions and activities of public relations are influenced by the conditions of each period. Developments in communication technologies

have expanded the scope of the definition and have incorporated new applications into it.

Thus, public relations became a field characterized by 'what it does' rather than 'what it is'. This leads to a measure of public relations based on applications such as media relations, advertising, event management, message production and distribution (Köseoğlu, 2014: 11). For example, with the development of such an understanding emerging in the management, scope of public relations which has a function that reflects social changes to institution and realizes necessary institutional arrangements, with regard to management comes into prominence.

The management function of public relations involves providing consultancy service at all levels about the subjects such as determining, analyzing and interpreting the events that may affect peoples' opinions and attitudes in addition to institution's plans and actions, making decisions on management of events, action and communication, besides planning, performing and evaluating communication programmes that enables institution to reach its goals (Alemdar, 2014: 240).

It is difficult to compromise on a common definition as public relations operates in many fields such as crisis management, reputation management, problem management, event management, government relations, industrial relations, financial relations, employee relations, media relations, lobbying, image management, health communication, social responsibility applications, sponsorship (Kalender, 2008: 19).

Technological advances continue to provide new techniques and applications for communication and public relations practices. For this reason, each definition contains a different function within itself.

As a result of analyzing the 472 definitions made for public relations, the qualities of public relations are listed as follows (from Harlow (1976) Peltekoğlu, 2004: 2):

- Requires expertise.
- It is a management task and should be carried out by experts.
- Organizes communication among various groups being aware of influence of public opinion.
- Informs the management about the behavior of the target audience and makes suggestions by carrying out the researches required by the organization.
- Helps institution behave in a way that proves that there is social responsibility as well as profit.
- Utilizes various means of communication through public research and other research methods.

- Both the consulting firm and the internal public relations department act as part of the management.

Public relations is a clear management function that establishes and sustains mutual communication, understanding, acceptance and association between the public and the institutions and covers problems or management problems. It is sensitive to the public and helps inform the public. It defines and emphasizes management responsibilities to serve the public interest. It works as an early warning system to see the problems in advance, which can be an effective benefit. Helps to keep side by side with management and conducts researches, communicates effectively using its main tools.

In this context, the aims of public relations are listed as follows (Köker, 2014: 209):

- To enlighten the people and make them adopt studies.
- Creating positive attitudes towards management
- Facilitate the work of the people in relation to the administration
- To receive information from the public to increase the accuracy of the decisions
- To provide information to the public in order to ensure compliance with laws and regulations
- Ensuring services are seen more quickly and easily by providing cooperation with the public
- To work for the benefit of the private and the public and to create a feeling of social responsibility by serving everyone's personality.

Another point which is emphasized with public relations aims is that gainings of these activities are over the long run and public relations practices spread over time create an identity for institution. Organizations targeting this identity and service are trying to establish effective and efficient communication by establishing relations with different masses (Çamdeli, 2000: 19).

In his book "Your Future in Public Relations," Bernays (1961: 18) explains public relations as follows;

- To the right image in society and in the individual
- To improve the atmosphere of opinion between the institution and society
- Promote the products or services of the institution
- To organize events to expand the community of which it is a part

- To arrange relationships among all stakeholders

Cutlip et al. (1985: 64) group job descriptions of public relations into ten categories so that public relations can be successful in every field it is practiced. These practices, which vary according to institutions, departments and positions, can also change depending on their role. These; writing, printed media, media relations and placement, special events, speaking, production, research, programming and consulting and training. Kalender (2008: 30) discusses the application areas of public relations in a framework that encompasses a broader area including media relations, financial relations, public relations, issue / problem management, lobbying, crisis management, reputation management, marketing communication, sponsorship, corporate social responsibility, working / member relationships and community involvement.

The quality of public relations practitioners is another important consideration that must be taken into account in order for the practices in the area to be successful. Choosing the right people for the right job not only improves individual productivity but also leads to incompatibility, inefficiency, loss of work and time in terms of employer and employee (Sabuncuoğlu, 2013: 78). In Turkey, the characteristics of the candidates who will work as public relations practitioners are stated as follows (Ataol, 1991: 29):

- To have studied at least undergraduate level in business, social sciences and press-publications (explaining the power of using Turkish and basic concepts and principles in social sciences)
- To be experienced in management and public relations
- To have good command of English
- To have a journal or have worked in the field of journalism
- Meetings and protocol rules
- To host domestic and foreign delegations
- To organize conferences, seminars and meetings
- To communicate with written and oral press

The fact that success in public relations is mostly seen as human origin requires that these personal skills are necessary and that efforts are made to develop them (Peltekoğlu, 2004: 114). Because of the ability of public relations to function as a buffer zone between the organization and the target masses in order to create and maintain long-lasting relationships, interpersonal communication has become indispensable condition (Eğinli, 2014: 91). But public relations occupation is associated with the ability of

establishing good interpersonal relationships, and in many cases having this skill can be seen as only condition to perform their profession. The main cause of this misconception is that the concept is explained only depending on lexical meaning, the scope of the concept and its performance areas are either left behind or not recognized (Eğimli, 2014: 69).

Bernays notes that despite the emphasis on public relations, businessmen and the public are still insufficiently aware of the nature and function of the profession. According to Bernays most effort and money is wasted; since little emphasis is put on the function of counseling when much emphasis is placed on the quality of information (Bernays, 1961: 41). Designing and implementing campaigns for public relations and evaluating the results require expertise. Much more than just planning and implementing an event, it requires expertise and professional experience based on communication. There are many practice areas devoted to different stakeholders in the public relations profession. Therefore, limiting the profession to being a unit that only organizes events reflects a totally distant perspective from a professional perspective (Alemdar, 2014: 243).

## **Methodology**

In this research, job advertisements under the heading of public relations in Turkey were examined. In this context, job advertisements containing the words of the public relations were screened and the status of the applications given in the job descriptions was determined. In this way, it is aimed to determine the way in which the public relations occupation in Turkey is included in job advertisements and the image perceived by the employers. In the study, the applications given in the job descriptions were evaluated from the point of view of the employers and the comparison between the past and present applications was made. In the research, the presentation of the public relations profession on job advertisements is analyzed by content analysis method. Content analysis is the measurement of the frequency of use of the elements in the text by categorizing them according to the specific subject headings (Oktay, 1995: 189). The aim of content analysis is "to obtain a number of findings for some dimension and cross-sections of the unknown social reality which is not present by moving from the apparent dimensions of existing texts" (Türkdoğan ve Gökçe, 2012: 320). In this context, in this study, job advertisements containing the heading "public relations" in online human resource sites in Turkey (yenibiris.com, kariyer.com, element.net, secretcv.com, element.net) were examined. 225 job announcements titled public relations collected from selected online human resource sites

between 1-31 May 2017 were analyzed by content analysis method. For the purpose of research, suitable content analysis categories have been created and the job advertisements selected accordingly have been examined primarily according to the following categories: a. Announcement title, b. Sector, c. Job description. As a result of the analysis, it is evaluated within the context of how the applications of public relations in job advertisements are realized and how they are perceived by employers.

## Findings

In the survey, it is seen that the number of job advertisements titled "Public Relations" is considerably high in a month's time. A total of 225 job advertisements were identified in Turkey between the dates of the research. Table 1 shows the outcomes on the human resources sites, which are scanned under the title of public relations. According to this, the most frequently used announcement headings are in order of "public relations employee" (97), "public relations officer" (22) and "public relations personnel" (20).

Table 1: Distribution of job advertisements according to advertisement title

Advertisement Title	f	Advertisement Title	f
Public relations employee	97	Public Relations Assistant	4
Public relations officer	22	Public Relations Manager	4
Public relations personnel	20	Press and public relations officer	4
Public Relations	18	Public relations and advertising	3
Public relations specialist	9	Public Relations Attendant	2
Public Relations customer representative	9	Public Relations Authority	2
Public Relations Director	8	Public Relations Coordinator	2
Public Relations Advisor	7	Public relations and marketing manager	2
Public relations and marketing staff	7		
Advertising and public relations director	5	<b>TOTAL</b>	<b>225</b>

Table 2 shows the distribution of ads looking for public relations staff classified ads by sector. Within the period of the research, 26 different sectors have advertised. The education sector (108) is the first among the sectors that seek public relations staff. The sectors that have the highest number of advertisements are the business establishment (17), holding (11), beauty center (11) and health (11) sectors respectively.

Table 2: Distribution of job advertisements by sector

Sector	f	Sector	f
Education	108	Publishing	3
Business firm	17	Foundation	2
Holding	11	Real Estate	2
Health	11	Entertainment	2
Beauty center	11	Manufacturing	2
Tourism	9	Driving School	2
Advertising agency	8	Foreign Trade	2
Marketing	6	Call Center	1
Restaurant	5	Attache's office	1
Construction sector	5	Engineering	1
Technology-IT	4	Finance	1
Sport Center	4	Consultancy	1
Food	3		
Media	3	<b>TOTAL</b>	<b>225</b>

There are only 56 job descriptions in the classified ads. Job descriptions are given mostly in the education sector (23). In 17 of the advertisements with job descriptions, the requirement of graduating from the "public relations, communication, and related departments" is preferred. In all ads, personal characteristics of the candidates (innovative, career-oriented, focused on goal-result, motivated, ambitious, quick learners, disciplined, responsible person, researcher, ), Socio-demographic characteristics (age, gender, education, graduation etc.), working conditions (flexible working hours, travel disability, adaptation to intensive work, close to work, time management skills, dynamic, sales skills, etc.), human relationships (communication and persuasion, teamwork, (computer, office tools, social media, driver's license, foreign language, business), physical characteristics (diction, external representation, corporate representation, non-use etc.) experience, written and oral skills, etc.) are requested in detail.

Almost all of the advertisements have a job description; but the features of the candidates demanded in this section are explained or institutional promotion is being made. On the other hand, the number of jobs with job descriptions is low, but the job details given are very general. These include, for example, lean expressions such as "execution of public relations activities, management of customer relations, organization and planning, sales and marketing, fieldwork".

Table 3 shows the job descriptions for public relations job advertisements. Many of the job descriptions seen in the table include a secretary's job role. Activities such as managing telephone traffic, registering students, organizing documents are applications that can be managed by people who are not public relations experts. Among the job descriptions, jobs such as conducting accounting, tea and coffee service, cargo tracking, cleaning office, and translating are among the jobs that should be carried out by a staff member other than a public relations practitioner. Under the heading of Public Relations, the fact that people graduated from child development, accounting, computer department were preferred and graduation from university and job experience weren't required in ads shows that institutions need people just for secretarial jobs. Nonexistence of job descriptions, the lack of job descriptions, the lack of clarity, the use of general expressions, the choice of showy statements to increase job quality are the most common and unclear points in job advertisements.

Table 3: Job descriptions in public relations job advertisements

Job Descriptions	Job Descriptions
Corporate promotion	Telemarketing
Corporate marketing	Social Media Management
Secretariat	Accounting
Corporate and individual organization	Gaining potential customer
Editting websites	Field surveys
Meeting and organization	Carrying out public relations activities
Telephone, e-mail, paper transfer	Patient communication in the health sector
Internal and external corporate correspondence	Customer relations management
Internal corporate communication	Dealing with patient problems
Translation	Customer facing

Online marketing	Continuity of information flow
Content management, promotion, control	Regular reporting
Customer order taking and follow-up	Developing sales projects
Customer record	Coordination of students
Reception services	School events
Office services	Sales & Marketing
Receiving student registrations	Outdoor activities
Interviewing with student parents	Student follow-up
Job reporting and tracking	Organizing seminars, stands, fairs
Customer satisfaction and follow-up	Customer communication, complaint, demand concluding
Sales and marketing	Planning and executing promotional activities
Strategic communication focused on corporate marketing	Creating a customer portfolio
Providing and directing internal communication	Creating action plans
Doing research and presenting an active report	Developing sales projects
Managing phone traffic	Managing public relations
Office cleaning	Tracking innovations
Tea and coffee services	Cargo tracking, file and document editing

There are job descriptions in 56 of the advertised ads and only 9 of them have detailed job description. Table 4 shows the detailed job descriptions. Job descriptions in the table are included in the advertisements issued by large companies. It is seen that the job descriptions in this table cover more public relations applications according to Table 3, the more professional contents are covered and the tasks are explained in more detail. It is another noteworthy point that in the detailed job descriptions, the use of concepts reflecting professionalism in a right way and existence of public relations practices such as social responsibility, sponsorship, corporate communication, press communication, news studies etc. In this framework, personnel who will perform these duties are required to graduate from public relations, journalism and communication departments.

Table 4: Detailed job descriptions in public relations job advertisements

<b>Job descriptions</b>
Contributing to the sharing of corporate values with stakeholders within the vision and mission of the company
Conducting relationship management with public institutions, local people and all stakeholders in accordance with the Holding Corporate Social Responsibility principles, EBRD and IFC performance standards
Being responsible for timely resolution of requests communicated by stakeholders in accordance with procedures and giving feedback on the process
Being experienced in developing Corporate Social Responsibility Projects that can meet the common needs of local communities
Carrying out the necessary reporting process regarding the activities foreseen
To organize customer loyalty enhancement activities and to determine customer preferences by analyzing customer portfolio, to develop customer relations
In the company's organizations, invitations, as requested; to make all kinds of arrangements, to pass on innovations, to plan all kinds of details from the invitations to the participation list, to prepare content and visuals
To fulfill jobs that manager wants; inside and outside the company; as requested, to coordinate and follow them in detail
Assisting the manager's whole business and meeting plan, actively participating in the meeting, making the desired research and reports
To plan corporate and marketing oriented strategic communication activities, to change and enrich with new ideas
To coordinate with related agencies, to carry out sponsorship and campaign organizations
Providing effective communication within the company, ensuring that all desired information is shared in a healthy way and ensuring integrity
To follow domestic and foreign fairs, seminars, and dealer organizations, conduct desired researches and actively present reports
Identification and commissioning of the printed materials necessary for the marketing of the company. (Printed materials such as brochures, catalogs, files, business cards, pamphlets etc.)
Preparation of the presentations to be used in the company, updating, delivery to the persons in charge of marketing
Identification, preparation, procurement of promotional products to be used in the market
Making of exhibition organizations, follow-up, making stand, making necessary presses

Ensuring that all kinds of printed paper documents, labels, signboard, on-vehicle advertising used in the company are prepared in accordance with corporate identity, and following of all these activities
Bringing into connection with press, preparation of press bulletins
Procurement of content for publishing corporate newspapers in the country, graphic design of the newspaper and delivery to the customers by mail
Delivery of the newspaper to the customers via mail
Preparing domestic product, launch and campaign videos, and transmitting by mailing
Controlling of social media accounts and keep up to date
Providing customer satisfaction surveys, reporting
Follow-up of customer complaints, provision and reporting of complaints
Planning and execution of social responsibility campaigns
Ensuring that the web page is tailored to the needs of the customer, content follow up
Compilation, sharing, archive of introduction film and field pictures
Training, montage, shooting, sharing of photos or videos
Developing new ideas for marketing by making analyzes
Planning work to ensure employee satisfaction
Coordination of competition organizations
Photographing
Management of internal communication broadcasting and coordination of news work processes
To establish and implement the annual communication plan of units that he / she is responsible for
Providing information flow between related units and Marketing and Corporate Communication; process control and follow-up
To develop a marketing communications plan including strategy, objectives, budget and tactics
To develop media relations strategy to find place in media, press media and online media
To create press releases, articles, essays and to develop content for opening notes
To monitor, analyze and hand in public relations results quarterly
To build brand awareness, develop marketing strategy and to lead awareness-focused marketing initiatives
Web Site Management, updating and managing all content of corporate websites
Managing marketing budget

To carry out media plans and advertising activities
To analyze, interpret and propose actions in marketing trends
Preparing brochures, catalogs and presentations
To maintain relations in a healthy way between the institutions in local and national dimensions
Arranging relationships with the target audience that the organization is and will be addressing
To work coordinately with Human Resources in institutional activities
Execution of the relationship with the media channels such as advertising, publicity
To carry authority as an approval authority for activities such as interview with local and national publications etc and to follow the application
Institutional publications (3-month periodical)
Preparation and realization of the organizations to be realized on behalf of the holding within or outside the Holding
The establishment and preparation of the archive system within the department; follow-up of related processes
Monitoring and controlling of student scholarships distributed by the holding
Control and follow-up of the press bulletin, publications and brochures printed by the holding
Making periodic visits to firms that are targeted in long walks and getting new customers as a result of these visits
Management and administration of all reservations including online reservations
Establishment, budgeting and monthly follow-up of annual marketing communication plans
Execution of in-house advertising activities, providing communication between the Agency (PR, Creative and Media Planning and Purchasing) and the institution
Management and coordination of all the operations of digital media activities
Ensuring that all processes related to brand campaigns (photo shoot, organization, etc.) are prepared during the new season
Designing projects and events for brands, organizing processes and coordinating related units
Execution of effective media relations
Preparing and monitoring discount plans related to sales campaigns and corporate collaboration, pop and board designs for special occasions in coordination with relevant departments
Control of invoices of all approved and actual marketing activities, follow-up

Planning and actualization of the activities of the company to increase brand awareness
Realization of customer satisfaction activities
To optimize and manage processes for press conferences and press invitations
Building of corporate image

## Conclusion

The fact that the boundaries of public relations have begun to become subtle has led to some confusion as both defining and framing their practices. Especially the activities that small institutions expect from the public relations staff include the work to be done in a short time. While there are more urgent actions such as solving paper-document relations problems that will disrupt the financial affairs of institutions which are in this expectation based on profit and material return; long-term public relations actions to gain image and reputation are pushed back into plan. While there are more urgent actions such as solving paper-document relations problems that will disrupt the financial affairs of institutions which are in this expectation based on profit and material return; long-term public relations actions to gain image and reputation are pushed back into plan. There are serious differences between positions and job descriptions and there are no job descriptions in most of the announcements examined. The personal characteristics that are highly demanded from job descriptions come to the forefront. According to the results obtained from the job announcements within the scope of the research, public relations has been related to many related or unrelated jobs and many works have been tried to be put under this title. In addition to these, such a situation causes public relations to be perceived as a profession that can be carried out by experienced or inexperienced people at every level of education and age. It is clear that employers are trying to manage public relations profession and practices for their own purposes and business interests

It would not be wrong to claim that the use of public relations as a prestige element for institutions has made them more inclined to use this concept. In other words, institutions continue to benefit from popular names of public relations. But, as it can be understood from the research, many institutions are lacking in understanding what public relations practices are. For the institutions, public relations are an important image provider; but when choosing practitioners the physical features are more

preliminary and they are looking for people who are related to more simple and ordinary things like secretarial work, and they collect these kinds of activities under the name of public relations.

Public Relations is a dynamic and changing process. Actively pursuing this process together with existing information is vital for the development of qualifications. Positions appropriate to job descriptions are important for the coordination of the institution. It is possible for successful institutions to achieve successful results with talented and skilled people who are fit for the job. For this reason, the requirements of the job should be well defined. There is a need for job analysis and human resources management with a good planning. Institutions in Turkey demand people as public relations practitioners in job announcements. However, it is seen that the job descriptions appropriate for these positions are not made properly and public relations practices are not fully understood. Institutions have a positive perception of public relations and consider it to be a prestige element. This ambiguity causes each undefined job to be regarded as public relations in order to make it more attractive. The proposal for the case study on the image perception of job announcements entitled "public relations" by employers in Turkey can be summarized as follows:

- Making accurate job analyzes by the human resources of the institutions
- Creating clear, detailed and detailed task descriptions
- Making tasks more specific by avoiding common expressions
- Choosing qualified personnel in accordance with job descriptions; that is, public relations associates must be less qualitative than public relations experts, managers or administrators.
- Making a job announcement using titles appropriate for job descriptions

It will lead to a better understanding of public relations practices that institutions must interact with the relevant departments of universities in order to keep up with the dynamic process of public relations practices , even help university students to gain sectoral experience and must benefit from the current research of the academy.

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## SALES PROMOTION: BONUS PACKS OR PRICE DISCOUNTS

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### Abstract

The aim of this paper is to study whether the customer's emotions are more intense at an increased quantity for the same price of a product (i.e., bonus pack) or at a reduced price for the usual quantity of the product (i.e., price discount). We used structured questionnaire to investigate which of the mentioned sales promotions is more effective among buyers. The results show that increased quantity of the product for the same price is more preferable to buyers than lower price for the usual quantity of the product. Moreover, this phenomenon is even more pronounced for products that we buy less often.

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### Key Words

Sales promotion, price discount, bonus pack

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### Topic Groups

Consumer behaviour, marketing

## INTRODUCTION

Sales promotion is a tool in market communication which we can find at all types of products, regardless of the durability of use and the price level. But it is the most frequently used for products that are sold quickly and at relatively low cost (i.e., fast-moving consumer goods). Traders and suppliers use this tool for various purposes: either they want to keep loyal customers and redirect customers loyal to competition, increase purchases in a given period or they want to attract the attention of customers which are even not buyers of such products but the sales promotion will encourage them to buy these products. Furthermore, low-price hunters (i.e., buyers for whom the low price is the most valuable argument to buy the product) are also an important segment for promoters of sales activities (Schultz et al., 1998).

Regardless of the goal of the provider, it still remains unclear how customers decide whether accept the added benefit or not. In 1983, Kahneman and Tversky studied cognitive and psychophysical reactions and were dealing with risky decisions that bring either disappoint or satisfaction and benefit. We can draw a line between the mentioned study purchasing decisions in a sales promotion campaign where customers make their choices based on the expectation of particular benefits. But these are inversely proportional to the sacrifice needed to gain benefits, which is the value of the product.

In marketing, value is defined as gain, benefit, satisfaction; everything that presents a physical and psychological positive acquisition (where quality is often used as a benchmark) and, on the other hand, the prices defined as sacrificing for those acquisitions. The value is, therefore, regarded as a reasonable compromise between benefits and sacrifices (Dodds and Monroe, 1985; Monroe and Krishnan, 1985; Monroe and Chapman, 1987; Monroe, 1990; Dodds et al., 1991).

This leads to the conclusion that in the promotion of sales, the providers incorporate certain benefits that are expected to increase value. In our case, we focused on increasing the quantity of the product for the same price or reducing prices for the normal benefit. In practice, we call this a bonus pack and a price discount.

The aim of this paper is to study whether the customer's emotions are more intense at an increased quantity or a reduced price. We focus the

following products: washing powder, sugar, coffee, milk, toothpaste, water, and salami.

## LITERATURE REVIEW AND HYPOTHESIS

It is well-known that bonus packs and discounts are the most widely used sales promotion strategies (Chen et al., 2012; Dawson and Kim, 2009). Although, mathematically, 10% more quantity for the same price compared to a 10% percent discount for the normal amount represent the same benefit, the customer's emotions are not the same at these two types of promotion.

It was shown that promotions framed as gains are viewed better than those framed as reduced losses. Buyers prefer to get more, i.e., getting something for “free”). On the other hand, consumers view price discounts more negative (Diamond and Sanyal, 1990; Diamond, 1991; Chandran and Morwitz 2006).

Mishra and Mishra (2011) showed with their experimental work that for vice foods, price discounts are more effective than bonus packs, whereas for virtue foods, bonus packs are more effective than price discounts. Note also that these two types of promotion are widespread for different product categories not just for products that we buy in markets. For example, price discounts and “buy one, get one for free” (as a bonus pack) promotions are often used for clothing. In particular, Chen et al. (2012) discussed how the base value neglect (in the case of clothing) impact on consumer preferences for bonus packs and price discounts.

Recently, Xu and Huang (2014) studied price discounts and bonus packs on online impulsive buying. They found out that in the case of expensive products a more effective sales promotion was bonus pack, whereas for inexpensive products, price discounts were more effective. Moreover, their research showed that price discounts trigger a greater intention to buy than bonus packs when the product is hedonic, whereas bonus packs trigger a greater intention to buy than price discounts when the product is utilitarian.

We proposed the following two hypothesis.

**H1.** Increased quantity of the product for the same price is more preferable to buyers than lower price for the usual quantity of the product.

**H2.** The phenomenon is even more pronounced for products that we buy less often.

## **METHODS**

The research was based upon structured questionnaire as one of the most valuable method of collecting a wide range of information from a large number of individuals. The questionnaire was carefully prepared to achieve the goals of our research. To make sure that questions accurately capture the intended information, the questionnaire was pre-tested prior to the start of the official implementation on a pilot sample of students at GEA College - Faculty of Entrepreneurship.

We used SSI Web Sawthooth Software. The survey was conducted from March 2017 to the end of May 2017. We received 221 correctly filled questionnaires. Most of the respondents were undergraduate entrepreneurship students enrolled in marketing classes at GEA College - Faculty of Entrepreneurship.

The questionnaire was divided into two parts. In both parts, there were several buying scenarios with a brief description, a product photograph, and a promotional offer. In the first part, after reading the sales promotion information and viewing the pictures of product, respondents answered to choose one of two offers.

In the second part, after reading the sales promotion information and viewing the Picture of product, respondents must answer The question would they have purchased the product in promotion, even when visiting the store are not intended. Here, we used a five-point scale:

Definitely will buy

Probably will buy

May buy/not buy

Probably will not buy

Definitely will not buy

We used the statistical program IBM SPSS Statistics 22 and Excel 2013 to analyse the collected data. In the next section we illustrate and discuss the most prominent findings.

## RESULTS

In the first set of questions we asked the respondents to choose between two offers of promotional purchase: either 10% more of the product or the reduced price (10% price discount). The selected products were: washing powder, sugar, coffee, milk, toothpaste, water, and salami.

As we can see in Figure 1, for the most of the products more respondents selected 10% increase the quantity. Only in the case of water and salami they prefer 10% price discount.

Figure 1: Results of the first part of the questionnaire



In the second part of the questionnaire we asked the respondents if they would purchase the product in promotion, even if they did not intend to do so when going to the store. The selected products were: coffee, milk, toothpaste, water, and milk. Results are presented in Table 1.

Table 1: Results of the second part of the questionnaire

	Definitely will buy	Probably will buy	May buy/ not Buy	Probably won't buy	Definitely won't buy
COFFEE BONUS PACK	7,10%	27,00%	16,70%	28,60%	20,60%
COFFEE - 10%	3,20%	35,80%	4,20%	32,60%	24,20%
TOOTHPASTE BONUS PACK	6,00%	25,00%	16,40%	29,30%	23,30%

TOOTHPASTE - 10%	1,90%	16,20%	16,20%	35,20%	30,50%
WATER BONUS PACK	4,00%	30,30%	10,10%	27,30%	28,30%
WATER PRICE - 10%	4,10%	17,20%	9,00%	33,60%	36,10%
MILK BONUS PACK	13,20%	36,40%	13,20%	22,30%	14,90%
MILK PRICE - 10%	5,00%	34,00%	11,00%	27,00%	23,00%

For better prediction, how many respondents would really buy the product in the selected sales promotion, we used the industry-standard expectation, i.e., 80% of »definite« and 30% of »probably« (Farris et al. 2006). Again, the results show that the increased quantity of the product is more effective sales promotion than the price discount.

Figure 2: Results for the research “WILL BUY”



## DISCUSSION

Our findings confirm both hypotheses. Perception to gain more is stronger than the perception of the discount. As Kahnem argued, in the foundations of emotional involvement, people are more favorable to positive information. More acts more convincingly than less, irrespective of the rational calculation, where there is no difference between the offered ones.

Consumers usually act far from rational which was confirmed also with our research. The first hypothesis was confirmed for most of the selected products. Except for water and salami, where respondents showed a higher affection for the lower price. We assume that the reasons for such results are the way of use of products and the perishability of them. Therefore, this is the challenge for a new research.

As above, we confirm the second hypothesis for the products: The phenomenon is even more pronounced for products that we buy less often: washing powder, sugar, and coffee. These are products that are not very perishable. They are useful for a month or more.

In addition to a small sample, the limits of our contribution are also visible in the product range. Therefore, we see a challenge for further research, especially in the segmentation of products with regard to usage, shelf life and feeding mode (cooling, room temperature). Perhaps such an approach would show us the relevant differences in the decisions about choosing a bonus pack or a discount.

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## THE STRATEGY AND TOURISM DEVELOPMENT IN BENGKULU PROVINCE

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### Abstract

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The development of tourism in Bengkulu Province was aimed at improving the tourism as one of the prioritized sectors. This accomplished through the improvement of the tourism competitiveness, the development of local tourism, the development of human resources as well as the increase of the roles of the community and business people in the tourism sector. The variety of tourism attractiveness and its potentials existing in Bengkulu Province has not been used and managed well as a tourism resources that has a selling point and a competitive value so that it can accelerate the increase of the local government and community income. Such as tourism resources still needs a creative and professional touch in order to make it as an object of tourism and to make it attractive; therefore, it can be made as a tourism product that has selling value.

Having considered the afore-mentioned condition, this study aimed to the region and its problems existing in tourism. There was no explanation and firmness on the tourism object classification as well as the existence of the facilities and infrastructure supporting other tourism in Bengkulu Province.

The result of the study indicates that the reputation of the tourism had a very positive effect toward the tourism sectors. It had a small impact to the damage of nature and the local culture, but it created work opportunities and increased the community income.

Other findings of the study were to provide input for a further research of the tourism development, that is information needed by the study in order to identify other factors related to the product approach and the tourism market approach in developing the competitiveness of the tourism sector.

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### Key Words

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tourism development, local government and community income

## **I. INTRODUCTION**

Bengkulu Province is very rich in tourist attractions with various types of characters, there are cultural heritage, traditional heritage, natural phenomenon with various attractions, natural scenery with flora and fauna, and marine tourism with various attractions, scattered throughout the district / city in Bengkulu Province , as well as some tourist attraction has an adjacent location so that in one trip can visit several objects at once. Bengkulu Province has 9 (nine) districts and 1 (one) city. In every district and city has a tourist attraction. The business of tourism facilities in Bengkulu Province is only filled with accommodation, Cafe and Restaurant. Accessibility from or to Bengkulu is served by three modes of transportation ie land, sea and air. There are 5 (five) airlines 4 (four) airlines for Jakarta-Bengkulu flight with 5 (five) flights per day, while flights serve Bengkulu -Palembang route with 3 times a week flight. And also flights serve Bengkulu- Batam route with 3 times a week. Besides tourism business which is directly related to the implementation of tourism there are some supporting business that plays an important role to the growth of tourism such as transportation, telecommunication and banking services. To establish Bengkulu Province as a tourist destination, it is necessary to designate various tourism objects as "Tourism Main Attraction" which can be packed through various forms of tourist package that can attract tourists and be able to open access Bengkulu isolation in various aspects of the market for other leading commodities.

Based on the resources owned, it is time for Bengkulu to fix itself and create a variety of potential objects and tourist attraction that can be packaged as a competitive tourism products and development tailored to the market share and form of tour packages to be offered to tourists. However, when compared with other areas on the island of Sumatra, the tourism province of Bengkulu still lagging far behind. The lag is clearly seen in the number of tourist visits to Bengkulu Province compared to other provinces in Sumatra is ranked eighth out of ten provinces.

## **II. OBJECTIVES OF THE RESEARCH**

1. To Formulate the strategies and programs for the development of tourism sector in Bengkulu province.
2. To Know the competitiveness of tourism in Bengkulu Province.

### III. METHOD OF RESEARCH

Weighted variable data using purposive sampling technique based on the profession are ecotourism experts in Bengkulu Provinces, with a total sample of approximately 25 (twenty five) people to be selected and divided into 5 (five) groups, namely academic group (lecturers) groups of practitioners (Business travelers), government agencies (heads of relevant agencies), organizations that facilitate the actors of independent audiences and groups (NGOs) and tradition organizations. With each group consisting of 5 (five) people.

In analyzing the data used descriptive method by combining qualitative and quantitative analytical methodological approach through a comprehensive approach. The analysis tool used is with SWOT and Competitive Matrix.

- To study internal and external factors in tourism development with SWOT analysis techniques (Strengths, Weakness, Opportunities, Threats).
- To determine the competitiveness of tourism objects studied. Each tourist attraction is given a different rating depending on the relative condition of the tourist objects.

### IV. RESULTS AND DISCUSSION

Based on the results of internal environmental monitoring as well as externally. The development of the Tourism sector of Bengkulu Province still lacks a strong foothold as measured from the perspective of "vision and mission" products on how best it is, managers of the tourism industry that can increase the attractiveness of tourists, increase business income, improve quality, and conserve the tourist environment and benefit local communities. However, this can be realized if it has a high commitment to the quality of the plan to be generated.

#### 1. Strength

\* Objectives and targets The development of the ecotourism industry of Bengkulu Province specifically, especially in the local situation will have implications for the involvement of communities surrounding the tourism project area in the planning.

- Tourism development is aimed at:

1. To increase employment opportunities, increase local incomes and also local communities.

2. Optimizing environmental conservation activities and also developing recreational facilities.
3. Creation of standardization and ecotourism based on ecology and Development of trans-sectoral management in its development.

## **2. Weaknesses**

1. In the planning of Tourism has not depicted the quality of tourism products, in accordance with market demands and the behavior of tourists who continue to change.
2. Tourism Attraction Object is still not yet identified and justified in sustainable development in the preservation of nature and culture.
3. The unpredictability of the view in the utilization of natural resources is the necessity of every living being, which must be maintained and preserved in order to be used in the future.

## **3. Opportunity**

1. Geographically Bengkulu Province was rich in tourism potential, either in the form of natural wealth, maritime, and historical / religious
2. Development of tourist product with high ecological value (green product)
3. Tourism areas that offer biological diversity (biodiversity)

## **4. Threats**

1. The role and function of various stakeholder strategies do not go completely, Development of tourism was often see as the task of one party only.
2. There is no accurate information about tourist location either natural or cultural attractions.
3. The assessment of the tourist area, especially for the community against the local government, tends to be over-estimated (ower estimated) because there is no feasibility study.

This research was conducted on 17 tourist objects spread in Bengkulu Province, conducted in the period of end of September until the end of November 2016. The result of Ranking competitiveness of tourism for 17 tourist objects presented based on the rank of eight variables (8 variables). Such a presentation was intend to obtain a complete illustration of the final result in total, as well as to know the advantages and

disadvantages of each tourist attraction. In the discussion of this research report only displayed the ranking results of tourist objects that occupy the top three rankings and the lowest rank based on general rank from every variable.

The competitiveness rating of tourism was generally derive from the accumulation of all ranking variables, from 8 (eight) variables forming tourism competitiveness (see table 1.1). Variables of beauty and uniqueness have the greatest weight that is equal to 21,185%, followed by education and research variable equal to 15,599%, accessibility variable 15,195%, social culture variable 11,275%, recreation variable 10.174%, supporting facilities variables 9,612%, adventure and sports variables 9,098% and variable accommodation availability 7,862%. Seeing the weight structure of each variable forming the competitiveness of the tourist object it appears that the condition of beauty and uniqueness possessed by the tourist attraction was very influential on the competitiveness of tourism in the province of Bengkulu.

Tourist competitiveness rating in general.

Table 1.1

General Variable Weight for Object Competitiveness  
tourism in Bengkulu Province

Variable	Percentage weight
Accessibility	15.195
Beauty and Uniqueness	21.185
Supporting facilities	9.612
Availability of accommodation	7.862
Social and Culture	11.275
Research and Education	15.599
Recreation	10.174
Adventure and sports	9.098

Source: primary data

Table 1.2 shows that the 17 rank of the tourist object, from the top ranking to the lowest rank. The first rank was occupie by tourist attractions Tapak Padi Beach, followed by the attractions of Duayu Sekundang Beach ranked second, Lake Mas Harun Bastari ranked third. That were 3 bigger rank from 17 tourist object. Although in general the tourist attraction monitor Tapak Padi Beach got first rank, but if viewed the variables, from eight variables forming tourism competitiveness only

on the variable of Education and Research ranked first, the other ranked second for supporting facilities, accommodation, recreation and ranking third on accessibility, socio-cultural and adventure variables, but for beauty variables and uniqueness ranked seventh.

For the second rank of Duayu Sekundang Beach, only ranks second in the sociocultural variables and research education and places the third rank on the accessibility variables, the beauty-uniqueness, means of the accommodation and also the fourth rank on the reaction variable.

For the ranking of the three Lake of Harun Mas Bastari, superior to the social cultural variables ranked first, whereas in the variable of accessibility, the beauty-uniqueness was rank second as well as on the variables of education, the adventure was rank third while in the supporting facilities variables and accommodation and reaction variables were ranked fourth and fifth.

Tourist objects that ranked third from below because the eighth average of the competitiveness of tourist competitiveness is not good, especially for the variables to the beauty and uniqueness that has a great weight. But if we look deeper in some ecotourism object in the rank below it still has advantages in some variables. The Lake Lebong Tes attraction was rank 17th lowest in general, for beauty variables and uniqueness in the ninth and twelfth ranks of the recreation variable. Tea Plantation Kabawetan Site which was rank 16th in general. For beauty variables - uniqueness and accessibility variables occupy the fourth and fifth rankings as well as recreation variables ranked seventh. As for Water Fall Kemiyau attraction which was rank 15th for beauty and uniqueness variables were rank 13th. Tourism objects that are ranked below can be increased its competitiveness, if the availability of products can increase the degree of quality is much better.

**TABLE 1.2**  
**Competitiveness Rank Tourism Objects**

No	Tourism Object	District/City	Total Value
1	Beach of Tapak Padri	Bengkulu City	146.990
2	Beach of Duayu Sekundang	Bengkulu Selatan	145.430
3	Lake of Mas Harun Bastari	Rejang Lebong	145.060
4	Suban Waterfall and Hot	Rejang Lebong	144.910
5	Water	Bengkulu City	130.920
6	Soekarno Home & Fort	Bengkulu Utara	122.550

7	Malborough		Bengkulu Utara	118.800
8	Training Center	Kerinci	RejangLebong	118.480
9	Sebelat		Seluma	118.200
10	Kemumu Waterfall		Bengkulu Selatan	114.300
11	Hill of Kaba		BengkuluTengah	108.600
12	Dam of Seluma		Seluma	108.200
13	Geluguran Waterfall		Kaur	104.200
14	Sungai Suci Beach		Bengkulu Utara	104.100
15	Semidang Hill		Kaur	102.240
16	Way Bawang Beach		Kepahyang	94.850
17	Waterfall of Batu Layang		Lebong	89.350
	Waterfall of Kemiayau			
	Tea Plantation Kabawetan			
	Lake of Tes			

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Source: primary data

## 5. CONCLUSIONS AND RECOMMENDATIONS

### 5.1. CONCLUSIONS

1. The beauty factor of natural scenery and uniqueness of the tourist attraction is still the main choice for tourism in Bengkulu Province, followed by educational and research factors because there are interesting things to explore as a source of knowledge.
2. Accessibility factor, in this case covers the entire transportation infrastructure and facilities in providing comfort and timeliness to achieve the objectives of the tourist attraction as well as follow the socio-cultural factors such as security assurance is also included a central element to conduct tourism activities.
3. From the ranking results into the top three top ranking is the tourism object.
  - a. Beach of Tapak Padri as the first rank, Beach Duayu Sekundang attractions in the second rank and tourist attraction Lake Mas Harun Bastari as the third rank. Tourist attractions that are ranked at the top are generally ranked well on the variables of tourism competitiveness.
  - b. Tourism product development strategy of Bengkulu Province is directed to explore and utilize the potential of nature and culture more broadly to improve the willingness of variation and quality of tourism products with consideration of several aspects as follows:

- Reference market
- Environmental sustainability
- Equitable regional development, and
- Integration with other development sectors.

This tourism resource still needs a creative and professional touch to become the object and the tourist attraction so that it can be a valuable tourism product selling.

## 5.2. RECOMMENDATIONS

1. By realizing the verification of Objects and Attraction tourist based on natural wealth, history and culture. In order to build cooperation & integrity pattern of Planning of Development of object & attraction to maintain ecological sustainability and able to increase quality of life of society.

2. To improve the competitiveness of the tourism industry, it must be planned and managed properly, as one of the sustainable economic potentials by not changing and destroying the original ecosystem. As well as the beautiful, comfortable, original, clean and healthy environment, it is one of the elements of tourist attraction that is in great demand by tourists, both domestic and foreign.

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## VALUES, CULTURE AND ETHICAL CLIMATE AS CONTRIBUTING FACTORS OF A LONG-TERM SUSTAINABILITY OF A SMALLER FAMILY BUSINESS: CASE OF SLOVENIA

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### Abstract

The main purpose of the research is to increase our understanding if the core values, company culture as well as ethical climate in the SFB are the factors, which by influencing the non-family employees contribute to the long-term sustainability and business operations of the SFB. The main research question is: Are the non-family employees in the SFB satisfied with the present organizational culture and ethical atmosphere in this SFB, as well as are they willing to follow the key values of the SFB, what do they value the most in the present time and what do they miss or would like to change. We adopted a quantitative and qualitative empirical research approach, based on questionnaire and in-depth interview questions for non-family employees in the SFB. 12 employees of the SFB responded and enabled a detailed answer to our research question. The originality and the value of the paper lies in the identification of the strategy based on core values and strong SFB culture as an important factor of the long-term sustainability of the SFB. The research was carried out in Slovenia on a case study of a SFB which is in the hands of the third generation. We assume that findings of our research in combination with our anecdotal knowledge may also have implications for further research and development of a value based SFB.

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### Key Words

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Family SMEs, values, company culture, ethical climate, leadership

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### Topic Groups

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Entrepreneurship, Leadership

## **INTRODUCTION**

The vast number of family firms around the world published in a review of the state of family businesses worldwide according to Laforet (2012) highlights their predominance, economic importance and significance. Family SMEs represent an important share in the structure of all firms; between 70 - 80 % of all firms worldwide, according to Mandl (2008) and most of SMEs are micro, small or medium sized. The recent research on characteristics of family businesses in Slovenia from 2015 (Antončič, Auer Antončič, and Juričič, 2015) revealed that 83 % of businesses are family businesses, they create 69 % of entire sales, 67 % of value added and employ 70 % of all employed. This estimate involves large companies employing over 250 people as well. Thus increase of innovativeness of family SMEs is crucial for development of EU and Slovenia, which is one of the innovation followers with a below average performance, as an innovative society. In this paper we limit ourselves to successors of family SMEs in Slovenia and the role of organizational (family) culture in promoting their innovativeness.

In order to achieve a complex, detailed understanding of the issue under investigation, our theoretical framework presents the resource based theory (RBT) in connection with entrepreneurship theory (family business) - it is important for RBT, that production resources due to their tacit dimension and social complexity can not be replicated. In this paper, we limit our research to a case study of a family business that operates in service sector.

The main goal of our research is to increase our understanding of the importance of understanding and implementing the core values, company culture as well as ethical climate in the SFB. The main research question which we address in our research is: Are the non-family members of the company equally motivated to achieve and exceed the set goals as family members in the company.

We begin our paper with the theoretical framework, then the methods and empirical findings are presented, we continue with discussion and finish our paper with conclusions and implications.

## **THEORETICAL FRAMEWORK**

Previous research has revealed that there are many reasons why we have to understand the company's culture. They are particularly important in the period of macroeconomic change or in the case of developing a company's development strategy and it's human resources. Company culture is also important when a company grows or expands the number of

outlets, as it is important for the management whether it wants to maintain one culture throughout the company or allow each branch to develop its own. The culture of a company decides how to respond to the required changes in the environment or the problems it has to face. A well-defined culture helps the company anticipate how well it will deal with changes or unexpected situations. The culture of the company has a strong influence on who will attract to the organization and who will be successful in it. It also offers clear guidelines for the education and development of individuals with a definition of what is important and what is not, what skills an individual must win in order to be successful in the organization. The culture of the company ensures stability, behavioral patterns and reflects the patterns of the group, which helps it to realize that the working environment is only an extension of ourselves, and thus directs attention to the symbolic similarity.

Why is it important to identify personal values? Personal core values define who you are, and the core values of a company define the character of the company and the brand. Hsieh (summarized by Robinson, 19 July 2016) says that for individuals their character is their fate, for organizations their fate is culture. Companies invest a lot of effort and energy in the development of their future. They create missions and set up key values that are an integral part of this process, says Spelmann (2014), since it is easy to feel without a clear path that the company is without aim and stagnating. Hsieh says that essentially it does not matter what kind of values one has and that it is especially important that he has them and that the organization is natural for them. The power of an organization originates from a stance and not from values as such.

According to Aycan et al. (2000) and Schein (1990) organizational culture is a combination of beliefs, values and assumptions shaping management styles and processes in the organization and as Prajogo and Sohal say (2001) has an effect on innovation performance - "more innovative the culture, the higher the innovation performance". Organizational culture as a construct has more facets and according to definition encompasses propositions, beliefs, goals, knowledge and values, shared by members of an organization (Deal and Kennedy, 1982; Cameron and Quinn, 1999). Organizational culture can affect how people shape their personal and professional goals, perform their tasks and manage resources in order to achieve the goals. Organizational culture affects the art of conscious and unconscious thinking of people, it affects as well their decision making and perception of things, feelings and operations (Schein, 1990). Hofstede (2001) states that culture is a collective programming of the mind, which distinguishes members of one group or category from others.

Perrin thinks that organizational culture is a set of values and rituals that serve as an adhesive for the association of members of the organization (Congress, July 27, 2016). The only way that culture at the workplace can be successful is if there is a system of values that helps the company realize its strategy, says Barsade (2015).

The family firm's culture is inevitably affected by personality, values and attitude of the founders' generation. Often family patterns, values and attitude toward employees dominate the family firms. The family firm's culture is closely connected with culture of the local community (Kelly et al., 2000). According to Denison, Lief and Ward (2004) the continuation of founder's values in the family firm's culture can explain their research results which indicate that family firms have recognizable, for business operations encouraging culture. As generations of successors in family firms nurture the culture of founders, the culture of family firm is difficult to imitate and it can be the source of family firm's competitive advantage. Dyer (1988) identified four types of culture in family firms – patronizing, laissez-faire, participative, and professional, which are drafted on seven categories of propositions, how the organizations see themselves, society and the world (the nature of relationships, human nature, nature of truth, focus on the environment, universality/ particularity, the nature of human activity, time). Dyer noted that the patronistic pattern is the most typical culture of family firms, yet even in the first generation of family firms. In the next generations over two thirds of patronizing family firms faced the change of culture, mostly it becoming professional. In well managed family firms employees feel as a part of the family and bureaucracy is less evident. Substantially planar structure, small managerial teams and often smallness of the family firm enable flexibility and adaptability of the family firm to the changing environment (Mandl, 2008; Denison et al., 2004). These characteristics of family firms strongly reflect the clan structure, defined by Cameron and Quinn (1999) and confirmed by Duh et al. (2010). In order to protect „family agenda“ the owners and managers of family firms focus on the non-financial goals (Westhead and Howorth, 2006), which on the other hand may increase the potential injustice toward the non-family employees. Barnett and Kellermanns, (2006). Each family business has its own unique family culture.

Business ethics is therefore a moral principle that determines the way a company behaves. The exact same principle, as an individual leads to action, also applies to the company (Mulej and Potočan, 28 August 2016). Treviño and Nelson (2010) argue that ethical culture should be thought of in terms of a multisystem framework that includes formal and informal

systems that need to be geared towards supporting ethical judgment and action.

Organizational ethical climate was defined as "The opinion or perception that the company shares about what is ethically correct behavior and how it should proceed in the event of an ethical issue." (Victor and Cullen 1988, 51-52). To a large extent it originates from the organizational transfer of managerial expectations in terms of moral behavior and processes in solving ethical problems and decisively influences the attitude and behavior of employees in the organization.

Our assumption is that the non-family members of the company that was a source for case study, are equally motivated to achieve and exceed the set goals as family members in the company. We derive from the fact that in the given company, the transfer of key values, organizational culture is implemented. For employed non-family members one of the key factors of their motivation is to achieve and exceed their work goals. We also note that those company employs non-family members who received more intensive mentoring from family members in the process of recruiting and during their working lives (this included more detailed information on the history of the company, the founder, its values, working processes, good practices, constructive resolution of complaints and customer care, and independent decision-making), demonstrated significantly faster progress and acceptance of responsibility at work, and were very intensively identified with the company, its services and philosophy, as those who did not receive these opportunities in the same amount. At the same time, they were also the first to show a more professional, but a warm and domestic approach to guests and colleagues. This has a positive impact on the company's successful operations and the long-term existence of the company. Employed non-family members who have been continuously receiving intensive mentoring receive and transfer key values and organizational culture of the company to users and other employees much better than those who did not receive it, thereby actively contributing to the development of customer loyalty. These assumptions were based on the findings of the company's management and from the study of relationships in the company, published research by authors, Duh, Belak and Milfelner (2010) and other available secondary data of the family business concerned.

Therefore, we developed several hypotheses for our case study research. In this paper we are researching the following hypotheses: "By transferring

key values and the organizational culture of a family business, we attract, develop, motivate and retain non-family members in our team."

## **METHODOLOGY, SAMPLING AND DATA COLLECTION**

We used various research methods in both theoretical and empirical research, which enabled us to thoroughly inspect the operation of the company and its employees and understand their mode of work and mutual interaction. In the research, the obtained knowledge was connected with the anecdotal knowledge gained in the course of many years of work with former and current employees, non-family members in the company. We have observed their personal values, the values of the company and the culture of the company, their interaction and their work in different periods and different situations, where they are especially strong in terms of meaning, or they have great importance for the operation of the company and consequently its success.

For hypothesis evaluation, we adopted a combination of quantitative and qualitative empirical research approach, which was focused on answering the research questions. Two questionnaires were developed, one for the founders and one for the successors of family SMEs. Quantitative research started with developing our own questionnaire and after analysing the results, we developed a qualitative questionnaire. Quantitative research is based on an anonymous survey completed by regular non-family members in the company (8 surveys). The survey contains research questions that provide an insight into the current situation regarding employee satisfaction and their view of the situation in the company. Answers are measured based on the Likert rating scale. Qualitative research is based on an in-depth interview that helps to understand the way employees think and work, their values, their culture and the way they interact with guests and colleagues (4 interviews).

We selected the employees who participated in the qualitative research on a different key than the employees who participated in the quantitative survey. Their work in the company was observed over a longer period - from a few months to 10 years and more. With some of them we only met for the first time when they were employed in our company, but in some cases it was a business or even a friendly acquaintance, and a set of circumstances applied to us that we also employed them in the company. The results of both parts of the study were compared and taken into account in the verification of hypotheses.

## RESEARCH RESULTS

In the quantitative analysis, we received the answers from 8 non-family members, which is 26.6% of the company's population. Participants are between 28 and 38 years of age, with an average age of 32 years. Women represent 100% of the population. Secondary school has completed 5 employees. 62.5%, higher education 6th degree has 25% participants, and the seventh level has 12.5% participants. Most of the participants (72%) are a minimum of 4 years in the company, while 25% of the participants are less than two years employed. The average length of employment is 5.6 years. All persons work with clients. In a quantitative survey, we looked for answers to four key areas.

Regarding the motivation and commitment of the employees, the respondents rated the results on the Likert scale from 1 to 5 with a score of 4.75, that they carried out their work diligently and with pleasure; with 4.625, it was estimated that they were prepared for additional efforts, if necessary; with a score of 4.25, it was estimated that the leaders appreciated the good work done by colleagues; with a score of 4, they estimated that managers quickly saw a good working result and with 3.75 that they had clear criteria for determining work performance in the company.

Regarding developing a career, with grade 4, they confirmed that they have leading alternates and prepare their successors; with a score of 3.75, they assessed the satisfaction with the company's career development; with a score of 3.25, they assessed the realistic prospects for promotion if they meet the requirements; with a score of 3,125 they assessed the clarity of the promotion criteria.

Regarding remuneration in the company, the respondents with a rating of 4.75 confirmed that they are performing interesting work and that they have a more skilled worker with greater autonomy; with an estimate of 4,375, it was estimated that the equipment and workspaces were good; with a score of 4,125, they estimated that colleagues were helping each other and that the performance of the work was valued on the basis of the achieved goals; with a rating of 4, they confirmed that if they are more burdened, they are more stimulated and rewarded; with 3.75, it was estimated that salaries are equivalent to salaries in similar companies and that good work is followed by a good reward; with 3.65, they estimated that besides financial rewards, they also received non-financial rewards; with a score of 3.5, they estimated that the wage ratios in the company were appropriate.

When answering questions about motivation factors, respondents rated their work satisfaction with a score of 4.5; with an estimate of 4,375, the

motivation factor was the continuity of employment; with an estimate of 4.25, the motivation factors were assessed as autonomy at work and the reputation of the work they were doing, with a score of 4 assessing the motivation factor of praise at work; with an estimate of 3,875, the motivation factor was the mutual relationship; with an estimate of 3.75, the motivation factors of salary, working hours and other benefits were assessed; with an estimate of 3,625, they were estimated to be motivated by the prospects for promotion.

In the field of satisfaction with the reward system, most of respondents, 37% of them are satisfied with their salary, 25% estimated that they are moderately satisfied with their salary, 25% think that they are partially satisfied with the salary and 13% are completely satisfied with their salary.

Based on the results of quantitative research and previous researches in this field, we were looking for answers to the following questions in the depth interviews: why have you decided to work in our company; what brings you the greatest satisfaction and motivation in the work environment; can you imagine a career in the company, do you want it and why; which habits or procedures should be replaced if we want the company to create a better ethical atmosphere and a more correct attitude towards guests and colleagues; what you can tell about the values and culture of the company; do you have the problem of defending the values of the company and the company as such; how do you feel in the company and in the team, what is pulling you to this company; how satisfied are you with achieving the results of your work; what motivates you in the direction of achieving your goals; how you evaluate teamwork, the work and ethical atmosphere; what our team and its working culture do unique; how satisfied are you with the reward system; are you proud on whatever we do in a company or as a team; which in your opinion are the most important attributes that affect the safety of working places in the company (job security)?

Graph 1: Results comparison of the quantitative and qualitative part of the research in key areas

	quantitative	qualitative
Work evaluation	They want change / the system is unclear	changes are not needed / they get enough feedback
Motivation	average	Very high
Career development	They see their options as small	They estimate that they have many opportunities to develop their careers in the desired direction
Reward system	They want changes in reward / They reckon the prize as an average / rewards do not correlate with the results of the work	With the reward system and the height of the prize, the satisfaction is high/ height of the prize is directly linked to the results
Communication with the management	They estimate it as defective	They evaluate it as solid / contribute ideas to how to do it could be improved

All respondents are part of the same team and have been admitted to it with the same system of verification of candidates before entering into an employment relationship. There are also no significant differences between them during the whole working age or in their age. Hypothesis H1: "By transferring key values and the organizational culture of the family business we attract, develop, motivate and retain employed non-family members in their team." We checked this with 12 questions from the key areas "motivation and commitment" (2 questions) and questions and from the "motivation factors" (10 questions) in a quantitative survey: I do my job with excitement and with pleasure of 92.5%; Whenever necessary, I am prepared for an additional effort of 95%; 90% additional work; 75% additional working time; Other benefits 75%; Advancement opportunities 72,5%; Employment stability 87,5%; Interpersonal relations 77,5%; Compliments at work 80%; Autonomy at work 85%; Reputation of the work that I do 85%. With a quantitative survey, the answers to the questions about the motivation and commitment of employees and the motivation factors of the employees confirm that the company has, through the transfer of key values and organizational culture of the family business, attracted to their

circle and, during the course of employment, also motivated, developed and retained the employees non-family members in their team.

We also checked H1 with the following three questions in an in-depth interview: Why did you decide to work in our company?, What brings you the greatest satisfaction and motivation in the work environment ?, Can you imagine a career in the company, do you want it and why? From the answers to the questions of in-depth interviews, it is evident that the interviewees state a personal approach, an ethical atmosphere, a positive attitude towards work, and a measurability of results as a common denominator of the transfer of key values and organizational culture to employees.

Both the quantitative and the qualitative responses make it clear that the company managed to attract, develop, motivate and retain employees that are non-family members in their team. The H1 hypothesis is confirmed by both parts of research.

## **DISCUSSION**

In the case study, we dealt with a family business, where since the foundation, successors have retained the same key values: hard work, respect, honesty, and self-sacrifice. These values originate from the founder's system of values and are passed on to the successor generations spontaneously or unplanned. To date these values have never been written down or formally presented to employees. Family members also did not systematically talk about corporate culture and values. The company's values are transmitted to its employees on a daily basis, through work, example, in situations where they come to the point where the operation is important to them. So, of course, there is a gap between individual employees non-family members. The team's observation reveals that individuals show a varying degree of acceptance of the company's values and, consequently, later communicate with their guests and colleagues differently. When working with employees, it is crucial to recognize that individuals have adopted the culture of the company to the extent that they communicate, guide, manage their employees, or even during interviews and subsequent introduction of new employees, to reveal that they have been internalized or accepted for their own. This is a very welcoming fact, which confirms that intensive work towards the introduction and transfer of company culture to individual non-family employees is extremely successful, while at the same time the gap between individuals indicates the necessary changes in this field. It will be

necessary to find a way to transfer the company's culture to all other non-family members of the team. A detailed analysis of the last decade of the company's business reveals that in 2006 the company was in an unenviable state. In all areas, it has faced difficulties. One of the most worrying areas was the field of recruitment and the formation of a good team, which was why more and more attention was paid to recruitment, leadership and motivation. The company gradually created the conditions and provided good enough motivational factors that encouraged employees to invest more energy into their work, educate, develop and improve their skills, which was confirmed in the study by the hypothesis H1.

From both surveys, qualitative and quantitative, and comparing their results, it is clear that employed family members with their presence in the company, work, communication with the guests and the team, with their example, have a positive influence on employed non-family members. They summarize and imitate interaction with guests, but not to the same extent as employed family members, so we could not confirm the underlying assumption (that the non-family members of the company that was a source for case study, are equally motivated to achieve and exceed the set goals as family members in the company) based on the above facts.

As a result, we have developed six suggestions that will allow the company to upgrade its existing mode of work. The first proposal is a way of governance based on a system of values. The way a company manages what we see and want to do today and in the future can be described as Value Based Leadership management, so it is important for a company to present its value system clearly and comprehensively to its employees. Another proposal is cultural matching as a selective employment criterion. If we want to achieve employees response to the company's core values, it is necessary to start the company through the system of values already in the employment phase. The third suggestion is to invest effort into every individual. Due to the significant differences observed among the analyzed groups of employees, it is important that the company invests its efforts in employees who need additional help in understanding the basic values and culture of the company. Employees need to be devoted differently, helping them to come to the realization that the value system is an adhesive that connects the entire organization, and is primarily intended to help them, in the first place, to run their work smoothly, without unnecessary stress and no complications. The fourth proposal is to determine the company's short-term objectives. It is important that the company pledge clear and achievable short-term goals that are important regardless of whether the company plans to increase its capacity, expand into a new market or

intend to recruit new staff. Goals need to be considered in a simple way, using the company's value system and culture, as it is the one that helps to realize short-term goals, and thus keeps the company's moment in the long run. The fifth proposal clearly identifies the values of the company. The company must record the system of values, as it already knows, and present it appropriately and expose it on a daily basis with the help of all employees of family and non-family members who have already taken the values of the company for their own. The sixth proposal is a monthly personal interview that provides open, two-way communication. In addition to regular annual interviews, monthly colleges and teambuildings, the company should also introduce mandatory monthly meetings with individual employees, as it will allow for an overview of the work itself, colleagues, support and service departments, management, equipment and training, and will also help to resolve and clarify potential complaints by guests. This kind of work promotes instant argumentation of possible dissatisfaction as it is always open for suggestions for improvements.

## CONCLUSIONS AND IMPLICATIONS

Family firms can capitalize on their organizational culture (Zahra et al., 2004). Successful family firms are the ones which remain competitive and under the control of the family, survive transfer between generations and share the family culture, which fosters matching of goals between the family members and common view of the world, desired future and a shared desire of the family that their family firm succeeds (Campbell, Heriot and Welsh 2007). When family members enter the family firm, they were previously socialized at home and are able to transfer the family culture into the company (Letonja 2016).

The results of our research are mostly in accordance with findings of researches, that were the basics for our research frame, questionnaire and evaluation, e.g. Duh, Belak and Milfelner (2010). The empirical findings of our research will have practical implications for simillar family business enterprises, regardless if they are in service or other line of business.

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