FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITY OF PANNONIA

PANNON MANAGEMENT REVIEW

Editor
Zoltán Veres

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Pannon Management Review contributes to bridging scholarly management research and management practitioner thinking worldwide. In particular, *Pannon Management Review* broadens the existing links between Hungarian scholars and practitioners, on the one hand, and the wider international academic and business communities, on the other – the Journal acts as an overall Central and Eastern European catalyst for the dissemination of international thinking, both scholarly and managerial. To this end, the articles published in *Pannon Management Review* reflect the extensive variety of interests, backgrounds, and levels of experience and expertise of its contributors, both scholars and practitioners – and seek to balance academic rigour with practical relevance in addressing issues of current managerial interest. The Journal also encourages the publication of articles outside the often narrow disciplinary constraints of traditional academic journals, and offers young scholars publication opportunities in a supportive, nurturing editorial environment.

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Contents

ZOLTÁN VERES

EDITORIAL:
HOW DO COMPANIES MEASURE AND MANAGE ORGANIZATIONAL OPPORTUNITIES AND RISKS FOR IMPROVED PERFORMANCE?

Dear Reader,

Welcome to the 1st double Issue of Pannon Management Review in the year of 2016, which has got a different structure as compared to the standard issues of PMR. Uniqueness of this issue does not consist in its content, but in the idea to present a selection of papers from the third Strategica International Conference of 2015. This series of conference is organised and hosted by the Faculty of Management from the National University of Political Studies and Public Administration in Romania (Bucharest), a partner institution of the University of Pannonia. Based on the mission of the conference it is a great opportunity for interdisciplinary discussions and debates on the varied suitable ways for businesses, financial and public institutions, governments and nonprofit organizations to approach the new environmental conditions, to make the most of their resources and competitive advantages.

More than 250 academics from over 25 countries and 4 continents are already active parts of Strategica International Conference community, after having attended the previous editions. The fourth edition of the Strategica International Conference focuses in 2016 on the opportunities and risks in the contemporary business environment. Just to have an insight into the diversity of the conference themes the following tracks are especially remarkable: Intangibles as drivers of competitiveness in crisis; State response to the crisis: a source of systemic risk?; Tools and Methods for Market Risk Measurement and Estimation; Knowledge management and innovation: from soft stuff to hard stuff; Modelling and prediction in marketing and management; Business Ethics and CSR; Fostering Entrepreneurship through CSR and Towards Sustainable Public Organizations.

The papers feature a broad range of research issues including the following questions: Which are the current challenges of the globalized marketplace? What constraints do small and medium enterprises encounter when venturing into new markets? What are the main drivers of organizational survival or development on highly competitive specialized markets? How could organizations integrate social and political opportunities and risks into management decision making? How do

companies measure and manage organizational opportunities and risks for improved performance? What are the institutional pitfalls for organizational development? What is the role of knowledge management in the current dynamic organizational environment? What are the public institutions tools for coping with an uncertain and dynamic environment? What is the role of financial institutions in the contemporary business world? What are the compliance opportunities and risks in non-governmental organizations?

I hope that the papers in this issue draw the attention of the readers to the Strategica Conference. I am convinced at the same time that the topics of the papers can offer a broad selection on the management problems of the companies.

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Zoltán Veres, Professor of Marketing, at the University of Pannonia, Veszprém, Hungary, Head of Department of Marketing. He was born in Hungary and he received his university degrees from the Technical University of Budapest (Masters degree in Electrical Engineering) and the Budapest University of Economic Sciences (Masters degree in International Business). He obtained his PhD in economics, at the Hungarian Academy of Sciences. More recently, he obtained his habilitation degree at University of Szeged, Faculty of Economics and Business Administration.

He worked as project manager of numerous international industrial projects in the Mediterranean region (e.g. Greece, Middle East, North Africa) between 1977 and '90. Since 1990, he actively participates in the higher education. Among others he taught at the College for Foreign Trades; at the Ecole Supérieure de Commerce d'Angers and between 2004 and 2009 he was Head of Institute of Business Studies at the University of Szeged. In 2011 he was appointed professor of Marketing at the Budapest Business School (BBS), Hungary, and between 2010 and 2014 he was also Head of Research Centre at BBS. Since 2014 he is Head of Department of Marketing at the Faculty of Business & Economics of the University of Pannonia, Veszprém, Hungary. From the beginning of this year he is the editor of the Pannon Management Review.

Zoltán Veres has had consultancy practice and conducted numerous research projects on services marketing and project marketing. In 2001 and 2002 he was Head of Service Research Department at the multinational GfK Market Research Agency. He is a member of the research group of the European Network for Project Marketing and Systems Selling, Lyon; Advisory Board member of Academy of World Business, Marketing and Management Development, Perth (Australia); member of Comité Cientifico del Academia Europea de Dirección y Economía de la Empresa (Spain); Advisory Board member of the Nepalese Academy of Management; member of Board of Supervision at Association for Marketing

Education and Research, Hungary; Advisory Board member of McMillan & Baneth Management Consulting Agency, Hungary and consultant of Consact Quality Management Ltd., Hungary.

He has more than 200 scientific publications, including the books of *Introduction to Market Research, Foundations of Services Marketing and Nonbusiness Marketing*. He has been editor of series to Academy Publishing House (Wolters Kluwer Group), Budapest. Besides Zoltán Veres has been editorial board member of the journals Revista Internacional de Marketing Público y No Lucrativo (Spain), Вестник Красноярского государственного аграрного университета (Krasnoyarsk, Russian Federation), Tér-Gazdaság-Ember and Marketing & Menedzsment (Hungary); member of Journal of Global Strategic Management, Advisory Board and Review Committee; member of Asian Journal of Business Research, Editorial Review Board.

ALEXANDRA ZBUCHEA

INTRODUCTION

The present issue of Pannon Management Review includes a thought-provoking selection of papers presented at Strategica 2015 (Bucharest, Romania). The Faculty of Management within the National University of Political Studies and Public Administration (Bucharest, Romania) launched Strategica International Conference in 2013, in partnership with the National Bank of Romania.

Through the first three editions, the conference developed both from a quantitative perspective, as well as from a qualitative one. In its 32 papers (presented by researchers from 11 countries), the first edition investigated the evolutions in the economic practices generated by technologic advance. The 2014 edition of the conference brought together 51 research papers from 12 countries, debating the modalities the recent economic crisis influenced the way economies and businesses developed their strategies. The third edition took place at the end of October 2015 and investigated the complex approaches of the global vs. the local strategies. More than 150 participants from 15 countries presented 88 papers, six of them included in this volume.

The papers proposed are very diverse in terms of topic, methods of investigation and characteristics of the authors. Nevertheless, all of them investigate subjects largely neglected by the academic research, despite the fact they are relevant for the current business practices and influence them significantly. They all investigate the managerial processes susceptible to lead to competitive advantage for companies. The aspects approached within the present selection of studies include the interest in accommodating innovation in business practices; the ways to better connect employees with their working environment; modalities to measure and operationalize sustainability.

Jacek Woźniak discusses the training and consultancy markets, seldom investigated in an academic context, despite the fact they are the most dynamic and responsive to the evolutions in economy. The paper presents how innovation and market dynamics led to a simplified product. It also suggests that innovation itself is strongly influencing the undercurrents and the structure of these specific markets.

Dana Niculescu also concentrates on innovation and learning, but through knowledge creation, the latter seen as a source of competitive advantage for the financial and banking industries. The KPIs generally used, are related mainly to business performance rather than to knowledge management or innovation mind-set. A resistance to change has been observed, although each member of the organization may be part of knowledge creation and sharing.

Dan Stănescu and Laura Mohorea investigate the counterproductive work behaviour, showing that impulsiveness, emotional detachment and manipulative antisocial behaviour are connected strongly with developing behaviour harmful to other members of the organization. In addition, a tendency to be sceptical and pragmatic in interpersonal relations at work but, at the same time, being a good organizer and having a long-term strategical thinking is positively related to work locus of control, and to the degree individuals believe they can control events within a work framework.

Anna Pistoni and Lucrezia Songini show that different approaches in measuring sustainability and performance within the discussed framework exist in companies, given the degree of embedded sustainable practices. Once they are adopted as routine systems and actions and integrated into the traditional planning and monitoring schemes, their measurement becomes part of the company`s KPIs system. Previously, a specific scorecard dedicated to sustainability was necessary. Furthermore, the concept of sustainability tends to be adapted by companies, according to their specificities.

Elena Querci investigates companies with a low cost – high value strategy from the perspective of their social attitude and relationships with stakeholders. The results show that such companies are interested both in formalizing their ethics in codes, and in increasing their concern in corporate social responsibility. They are also active in cooperating with partners and stakeholders, offering added value to customers.

Elvira Kuhn studies the impact of communication flow and to the ways to ensure the right choice. The latter leads to competitive advantage, fluid development of the activity, and optimized process management. Factors influencing the effectiveness of the communication flow depend not only on the design of the processes, but also on the characteristics of the employees – trust and degree of responsibility to their work. Proper communication flow would also have positive impact on the work-force, leading to higher intellectual capital and employee satisfaction.

We hope that these few introductory remarks will stimulate the reader's interest in the present volume, also feeling confident that the included studies will inspire further research.

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Jacek Woźniak

HOW BAD MONEY DRIVES OUT GOOD, OR ON THE DIFFICULTIES OF ACHIEVING MARKET ACCEPTANCE FOR TRAINING INNOVATION

Knowledge intensive business services (KIBS) are a segment of the knowledge-based economy which is of growing importance. Although KIBS are treated as the most innovative of services, the process of commercialisation of innovation in the KIBS sector is seldom analysed by science. This is specially true for innovations created by consulting companies, as the consultancy market is an area which is difficult for scientists to observe.

A case study analyses the commercialization of outdoor training as an innovative training on the Polish market and describes the development of a market segment for this specific type of consultancy service. The text describes how a client's demand led to the development of the first outdoor training, and how the developing market (on which new suppliers from different business sectors interacted with potential clients) changed the parameters for this service, simplifying the needs it meets and lowering its cost. This case study allows us to pose the question whether the pull strategy is a dominant strategy for innovative services in the training sector and what is the role of simplifying information about service quality in the mimetic use of a business service.

Introduction[1]

Economic research has long discussed whether innovation is an effect of demand – of the need for a certain solution – or whether the innovative product comes first, creating a market need which then drives the development of the enterprise and the improvement of the innovative product itself. Usually, the arguments given on either side can be divided into theories of the pull type (innovations are derived from and created by demand) and the push type (the emergence of the innovation precedes the emergence of a need for it). However most of our knowledge about innovation comes from innovation in the sphere of products, rather than in the service sector. The opinion that services are not an innovative sector has recently undergone a change, although the understanding of how service companies innovate is still limited (Chang et al. 2012; Miles 2008; Silva et al. 2011). Knowledge intensive

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[1] A shortened version of this text was delivered for the Stategica 2015 conference and published as (Woźniak, 2015a). Chosen fragments of the previous text are used here without citation marks.

business services (KIBS) have long been considered the most innovative of the service sectors. Miles (2008) typified five patterns for developing innovation in KIBS companies. One of these five types is intended innovation, which is "pulled" by a customer's demand for a service. However the literature stresses that there is a need for more detailed research of these processes (Miles, 2008, p. 125). This paper attempts to do so by showing how a new segment of the consultancy market was created after a client demanded an innovative product, and how the nature of this service has since been modified.

The text describes a case where a new type of training service – outdoor trainings – appeared on the market in Poland, and the further development of the (sub)market of business services that this product created. The case can be of interest in itself as, due to the secret nature of the client-consultant relationship and the competitive value of any information about the client's problems and their solutions, knowledge about consultancy services is scarce in the scientific literature (Glűckler – Armbrűster, 2003; Wijnberg, 2004). However, in line with scientific standards for such case studies, the paper does not identify the parties involved, but only chosen mechanisms that can be of value (Glűckler – Armbrűster, 2003; Wijnberg, 2004; Eisenhardt – Graebner, 2007).

Our goal is to increase scientific understanding of the role of knowledge dissemination concerning novel services, the role of other actors in developing the new market, and the consequences of simplifying knowledge for the selector role of the customers in new services developed by KIBS. A step forward is taken towards expanding the field of innovation research from the area of a market of products addressed to individual consumers, to markets that are harder to analyse: the market of ephemeral knowledge-intensive services and the market of institutional purchasers. This service market, in which a product emerges in cooperation with a client, could be controlled by a different dynamic responsible for the appearance of purchase expectations and separate forms of appraising innovation. The case analysed suggests that this is so.

The text is organized as follows. The first part shows how training is a part of KIBS. Next, the case is presented. The third part analyses the case from the perspective of knowledge dissemination and the creation of a market segment and the fourth provides a discussion of the results of the analysis. The conclusions describe the contributions of the case analysis for knowledge management in the KIBS sector and innovation research.

A soft-skills training as a knowledge-intensive business service

Training sessions for organizations have a range of uses, and increasing participants' competence is only one of these. For increasing employees' competencies companies organize training courses, that may serve to increase employees' technical knowledge or knowledge of new products or procedures that are to be introduced (technical trainings or hard-skill training); they may increase interpersonal skills needed for self-management, teamwork or contacts with clients (soft-skills training); and they may combine both these to increase employee performance in chosen tasks (e.g. sales trainings, which develop both salespeople's interpersonal skills, as their understanding of client needs and product qualities).

However training, as the activity of a business organization, is mainly intended to increase the company's market success, so from the company's viewpoint, the specific mechanism leading to success is of little importance (Woźniak, 2009). Training-type events employ at least two different mechanisms to increase employee efficiency, (which in turn can lead to increase in the company's market success): /1/ technical and soft-skill training which develops competencies (knowledge, skills and attitudes, including motivation) utilised in everyday work, and /2/ experience-loaded events such as walking on hot coals or listening to motivational speeches which change self-concept or motivation.

Most successful trainings try to use both types of mechanisms. Powerful experiences are organized for participants through non-everyday meetings in luxury hotels, discussions about values, etc. At the same time participants are provided with the opportunity to act (a here-and-now experience), and to reflect on the consequences of their actions, on understanding and managing them, and on how these experiences may be transferred to their professional lives – as in the experiential model of training based on Kolb's cycle (Woźniak, 2009; Balcerak – Woźniak, 2014). This applies especially to leadership training conducted in the form of outdoor trainings, which often provides experiences with extreme or at least unusual conditions.

Training can be delivered by internal trainers (company employees specialized in training delivery), or bought as a knowledge intensive business service (KIBS) from external training companies. KIBS companies supply knowledge products or use knowledge to support their clients (Landry et al., 2012). As a modern sector of the economy they are similar to traditional business services, such as legal, technical and management services, accountancy, advertising and market research. Currently the KIBS sector covers not only traditional business services and high-tech developers, but due to the significance of ICT in contemporary business – also many ICT knowledge-based services. With the growing importance of applied biological

knowledge in the economy (due to the radical increase of medical expenses and the importance of biotechnologies for agriculture and production), high-tech companies with a natural science background (bio-high-tech companies) constitute an increasing proportion of KIBS.

KIBS companies comprise approximately 12% of all small businesses in the US (Jennings et al. 2009, p. 340), and cca. 10% of employment in the European Union (8,6% of total value added) (Huggins, 2009, p. 1468), with a growth rate of over 20% in 2000–2004 (Huggins, 2009: 1460). The majority (85%) are in the traditional business services sector; they are small or micro-sized companies, with the few exceptions of international enterprises. They are primarily clustered in big cities, where they constitute a large proportion of the total employment, due to the "greater supply of qualified labour and the physical proximity of knowledge organizations such as government research and universities facilities, business partners and supplier services" (Huggins, 2009, p. 1463).

Training companies are a small fragment of the KIBS sector, but their services are typical of some types of KIBS because of the high intangibility of trainings.

Trainings are treated by the management of companies which buy them as a tool to be used deliberately and rationally – they should change employee morale and competencies and in effect their performance, and finally – the market success of the company. Ideally the training preparation process should take into consideration the chain-effect of the training on the company's performance (Spitzer, 2005; Woźniak, 2009), which is similar to the chain of cause and effects from knowledge, skills and performance of individuals to company results explained by The Balanced Scorecard (Kaplan – Norton, 2002/1996) – however, everyday practice is not so consistent. Clients usually define in their own language the problem the training is to resolve, and the task of professionals providing this business service is to define the problem in professional categories, to make adequate preparations based on their knowledge of the solution, and to implement the solution in the client's environment. As in the case of every professional service, clients assess it basing not so much on how reliably the professional applies professional knowledge to deal with the client's problem, as on whether the difficulty the client perceives is eliminated (Glűckler – Armbrűster, 2003).

In training services – particularly when the expected effect (goal) of the training has not been precisely defined – their effects are assessed by two recipients: the participants, and the company which sent its employees for training. On the one hand, the face-to-face clients of the trainers (the representatives of the training company providing the service) are the participants themselves, and their satisfaction is "the" measure of the training's success. On the other hand, the clients are the representatives of company management, who want to change a given part of their organizational situation. The fact that participants are satisfied is often treated

as a sign for the latter, but the aims of these two groups are different, as is their access to information on which a rational appraisal may be built.

Even though representatives of HR departments contracting trainings are usually aware of this difference and based on their general knowledge are able to analyze the service provider's diagnosis of the problem and proposals for resolving it, their access to information about the actual course of events during the training is always fragmentary. In effect, they have to base their appraisal of the quality of the training mostly on indicators of aggregate data collected indirectly and after some time has elapsed. They could monitor performance indicators, and conduct interviews with the trainees' internal clients to collect data about the changes incorporated into every day practice after the training. However, they usually collect opinions from selected participants – as it is an easier and quicker way to access these indicators. As a result, satisfaction of participants often becomes the overriding criterion for evaluating a training service, and non-psychological effects (changes in employees' behaviour) have a limited impact on opinions about the quality of the service.

The difficulty in assessing training quality as a tool for changing participants' future behaviours, and the fact that training inherently does not have a large effect on participants' future behaviour, places trainings at the extreme end of a continuum in the KIBS sector concerning the possibility of assessing by clients how effectively their problem was eliminated by the service. This continuum stretches from traditional business services in which success is measured by an external institution (a judge for legal services or the Tax Department for accounting), through those which eliminate some everyday burden (ICT services), up to services which provide only part of the data necessary to make a decision (market research) or which affect others' behaviour (PR, advertising). Soft-skills trainings are among these services which it is difficult to measure, and are additionally burdened by their intangibility – once completed, not much remains of the service apart from an opinion and behavioural changes which it is difficult to pinpoint.

Case description[2]

After the political changes – in Poland associated with the assumption of power in 1989 by the Solidarity movement and the parallel introduction of radical economic reforms – an entirely new market for training services emerged. In the communist economy, training, with the exception of introductory, on-the-job instruction, was a pretext for integrating jaunts funded by the enterprise. A university lecturer from a management faculty was taken along but the didactic form

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[2] This description is based on the author's personal experience as director of a training company (1990–2004).

and content of these courses was often of little use in business practice. Though decision-making games and therapy-derived trainings were conducted, they were not focused on resolving any of the organization's specific problems.

In the 1990s, the market for training and consulting services was thus built from scratch. Post-communist enterprises undergoing restructuring primarily bought consulting services connected with managing debt and the reorganization of production and sales. The demand for training services in the area of social and communication skills came from the newly appearing international companies. The middle of the 1990s saw a market of around 50 small training firms, each employing two to ten trainers, which used active learning methods (discussions of here-and-now experiences provided mainly by simulations, games or role-playing). Courses were devoted to developing various managerial and interpersonal skills, and adjusted their content to the specific roles participants held in their organization and the problems they encountered in their professional lives.

From the perspective of the clients – companies which purchased the training courses for their employees in order to help them handle specific problem situations – the Polish market of providers was completely non-transparent. Information about providers was spread by word of mouth between HR department directors. The first branch reports, which began first to be published in weeklies intended for expatriates, gave the names and addresses of a dozen or more providers of training services, together with a list of the dozen-or-so firms for which the training companies worked; the range of services included soft skills, accounting, and health and safety. The majority of training firms worked with salespeople, as training this segment of employees had priority in companies struggling to maintain themselves on a market overrun with competitors from abroad.

For the case described below it is of significance that the training market offered no outdoor trainings. These courses are conducted outdoors, and provide experiences in which there is an element of physical fatigue and personal (including physical) risk. In an experiential education methodology, activities are transferred to the outdoors to create a here-and-now situation providing an experience that cannot be provided indoors – employees work for example on developing the skills of asking for help and support, or providing assistance to others. Outdoor activities also have significant value as an integrating experience; surroundings and events which are so different from the daily situation of work in the office help create a team history that will shape culture and strengthen bonds between members. In addition to skills training and integration, a third classic use of outdoor activities is to facilitate the opening of conflicts within a group – especially those in which the team leader is involved – as physical fatigue and the unusual nature of the situation weaken self-control. It is this third application which is used in team-building interventions, in which a consultant supports the team in its development by

mediating a solution to conflicts that appear, and helping team members to define their team roles (Woźniak, 2005, 2016).

At the time of this case study, none of these applications of outdoor training was known to the Polish business service market. Analogous outdoor activities involving tasks that required resourcefulness and physical effort to solve, were known in scouting organizations. Their goal was to develop the skills of finding one's way around unknown terrain, shaping leadership abilities and scouting attitudes, and building a team spirit. In scouting however, in contrast to problem-solving in the business training situation, the team's work on solving a problem was rarely analysed by the whole group working with the facilitator with the specific goal of developing a skill; at the most experienced scout instructors would provide expert feedback on how one should and shouldn't behave (Woźniak, 2016).

Similar methods of group work were used in the training of mountain guides and climbers. Courses with outdoor games included long treks or mountain climbing as a means of testing the suitability of candidates for work in a mountain environment. This type of use is closer, however, to survival training or the training of commando troops than to training courses for white-collar workers.

These two groups – scouts and mountain guides – could thus provide the technical skills necessary for organizing and safeguarding outdoor activities; the training companies would use the here-and-now experiences that these gave rise to in their training work.

This was an innovative training product: an outdoor training intended not only for integration but also to build such personal skills as team work, decision-making, influencing others, etc. To be developed, this product required a combination of three types of competences: training competence (facilitating group discussions for teaching purposes), technical competence (organizing and securing outdoor exercises that would evoke adequate here-and-now experiences), and the ability to plan the whole event with the designated goal in mind (knowledge about methods of planning courses, the didactic potential of specific exercises and the problems of business situations which the training is to impact). By putting them together, this innovative training product could be used not only for the purposes integration but also to build personal skills such as team work, decision-making, influencing others, etc. The outdoor training is a certain type of training methodology which can have different goals, depending on the plan of exercises and their debriefings.

In many cases the training effect – i.e., changes in participants' attitudes and skills brought about by the outdoor training – could also be achieved with the help of indoor active learning methods. However, as physical fatigue and a lowered self-control are facilitated by the outdoor training, certain results are more easily achieved in this way. The significant value outdoor methods add to the impact of the training is the topic of requesting and giving mutual support (Woźniak, 2016).

Additionally, the novelty of the methods and the strenuous physical exercises help build a strong group experience and thus are valuable for their integrating effect.

The use of this methodology on the Polish training market is connected with one client's decision to purchase such a training. Leaving for a position in Moscow (a career advance), the chairman of the Polish division of an international company, who had acquired leadership skills by this method in Western Europe, decided to purchase a group farewell event – three days of outdoor training – for his employees (around 70 persons). He determined, through informal channels, which training companies could undertake such a task and would be a cultural fit with his employees.

The client mainly employed journalists and so trainers whose outstanding experience had been with salespersons were considered to fit poorly with the company culture. The client turned therefore to a training company which had emerged in 1990 with the import to Poland of US standards of interpersonal and mediation skills training, and whose trainers were mainly young academics. During their six years on the market, the trainers had acquired experience in working with international companies, and the training company cooperated on an ongoing basis with several corporate clients, which contracted social skills trainings for mid-level managers and operational employees (white collar knowledge workers and salespersons). Additionally, some of the training company's employees had mountaineering and scouting experience; they were of help in contacting persons with the technical skills for outdoor safety and the mountaineering equipment that the company did not possess.

The contract was a big success – both the participants and the CEO were very satisfied. The training company gained experience with outdoor methodology and was in position of being the first to deliver this innovative service to the training market. This experience, combined with expertise on the subject of soft-skills training and the ability to mediate and facilitate, allowed it to create an outdoor training service that contained all three uses of this method. However, interest among its permanent clients and potential new ones was not large. Although some added short outdoor sessions to vary traditional trainings for their staff, the service did not find recognition on the market. Its higher costs made outdoor trainings significantly (around three times) more expensive than traditional courses; they could not be conducted in bad weather conditions; and finally they required a specific kind of location. The added value, outside of the integrating function, was little understood or appreciated by clients.

The very attractive form and strong integrating value nevertheless produced a need for cheap outdoor activities. Several mountaineering firms appeared on the market to provide this service and create a need for out-of-the-ordinary integration. Simultaneously, the attractiveness of these niche events was also noticed by hotels,

which began to offer short (2–3 hour) "rope-climbing classes" as an additional service at conferences they held for salespeople.

As a result, when the economy slowed in 2001, companies that offered outdoor trainings as their only product disappeared. Outdoor activities as a business service remained but in a simplified form. When in need of integrating activities combined with rope-climbing courses or scouting-type problem solving in the field, corporate clients could buy such services in a hotel or an events firm, which organized the whole technical aspect of the incentive retreat (of the sales conference type).

Case analysis

In terms of the knowledge about innovation in the knowledge intense business services (KIBS), the example shows how a good product offered to the market is transformed into a simplified product, which the market is ready to purchase. It also shows why it is easier for new companies to enter the market with an innovative training and what attributes are important for them to succeed in commercializing innovative business services.

Creating an adequate knowledge pool and testing

The case shows that developing a new consulting service such as an outdoor training requires building a team of producers with an adequate set of skills, and providing them with sufficient resources (funds and time) for both the preparatory activities, as the "production" process itself. In the above case the parameters of the service as it was commissioned by the client were comparatively imprecise, which allowed the production team to gather experience and analyse the potential of this method of work (the possible usefulness of the "product") for future projects. Key to creating a consulting innovation was the possibility of testing whether the team (a group of people with the set of skills necessary – and supposedly sufficient – to implement the premises of the product) had the capability to produce a successful training intervention, given the time and other resources it had at its disposal. Testing whether all of the skills necessary for implementing the project can only be partially done without the participation of a real client (i.e., the training participants and the company sending them to the training). However, before the real "performance" took place, the outdoor exercises were tried out in a real field location with the trainers as participants; this helped them better understand how to debrief the exercises, as they would be doing with the real participants.

This preparation phase served two groups of goals. The first was setting up the exercises in the field (planning the localization of rope exercises and spatial exercises, testing the technical possibilities of the layout). This experience also gave

the trainers a better understanding of what the participants of the training would be experiencing, so that they could better facilitate the debriefing of the exercises, plan their sequence, and test logistics in the field. The second group of goals concerned cooperation within a diverse team and set the common standards of interactions with participants.

The trial phase of producing the outdoor training was an essential component of its production – it was not possible to plan this innovative product (differing from the trainer team's previous experiences) from the outset, especially in a new configuration of the terrain. These difficulties were absent in the simplified product sold by hotels and firms specializing in outdoor services, where the field work was repetitive and conducted in the same place, using equipment that was permanently set up (thus without the costs of the mountaineering work required for laying out and taking down the rope obstacles).

Simplification of service traits as an effect of information flow

However, to create a market demand for innovation, a provider's readiness to promote a new service is not sufficient. The example shows that the new consulting product simultaneously created an analogous supply of a simpler and cheaper product, and that the creators of the innovation did not manage to differentiate it from similar offers.

The impact of information about a novel value-added service (service value proposition) in the information flow about the specifics of services offered to clients turned out to be insufficient, and the sense of a specific need, to which outdoor training was addressed, was too weak. Among potential clients, the perception of the new service was dominated by its clearest trait and the resultant benefit – an atypical form of get-together having a strong integrative value. As a result, an indistinct quality – developing the specific skills of asking for and giving support – was not perceived as significant.

The client's knowledge of the training product and its expected effects is based on the label characterizing the method of work – for instance, a workshop or a training using active or outdoor methods. The example shows that the market was ready to accept an offer that promised to resolve the most important problem of the client. In this sense, the client does not seek innovative training, but a training service which will resolve the problems he *perceives* to be important. The hierarchy of importance of these problems is obviously only partially rational – problems of a significant negative impact are considered more important, but 'typical problems' emerge partially under the influence of mimetic interaction from the market. If 'everyone' (in the sense of important others) is engaging in outdoor activities to provide integration through an unusual experience, then our company should also

buy such a training. In this sense, the need for consulting services is always semi controlled by fashion, but fashion directs only the client's seeking a specific category of service that the client wishes to buy (try).

This argument – that the client knows only the "label" of the innovative service he commissions, understanding little of its content, and seeks a cure for only some of his problems – also explains why the market generates needs for simpler services (which can be performed more inexpensively). Clients, or more precisely, persons managing the purchase of training services in the company, have comparatively little professional knowledge about the functions, possible manners of use, or benefits of applying innovative training courses. Additionally, HR departments have a relatively weak position in organizational power struggles over funding, so the purchaser strives to purchase the service in its simplified form (interpreting company problems in the simplest possible manner). This shows the importance of the role of communication with the potential customer of an innovative service, which "could be at least as important as technological knowledge development" (Frankelius, 2009, p. 49). The well-known selector role of customers, settling the performance, quality and price of innovations (Wijnberg, 2004; Chang et al. 2012), does not take into account the fact that in the case of an innovative service, the client's knowledge about its features is simplified and based on information from the market (i.e. is mimetic). This gives first place to innovations which are relatively simple and easy to present.

The growing need for a new type of service is thus met by the simplified product, which is cheaper and more appropriately fulfils the client's perceived need. The mechanisms of simplifying knowledge about a given product, and then its diffusion in the consulting (or at least training) services, results in a simplification of client expectations concerning innovative training.

Why newcomers create markets

Whether the innovative training will be accepted by clients, and whether a specific stimulus (the planned exercises) will evoke the planned interaction and then participants' discussion leading to the planned didactic transmission, cannot be foreseen beforehand.

This line of argument shows that not all the types of innovation creation patterns identified in KIBS companies are appropriate for training companies, or their meaning may differ in this sector. The 5 types identified in the literature are:

- internal processes without a specific project where innovation emerges in an unintentional way;
- internal innovation projects where improvement for a service production system is sought;

- innovation projects with a pilot customer, where the provider seeks a pilot customer for its new idea;
- innovation projects tailored for a customer, where the provider seeks a solution for the problem of specific client;
- externally developed innovation projects based on the demand of the whole sector (Miles 2008: 124).

"[For KIBS to start work on innovation,] external information about any opportunity is needed in order to start innovative processes" (Frankelius 2009: 47), but – in the case of a training company – opportunity is not enough. Training is a real service, in the sense that unless participants are involved in it, the training does not exist. A training consists of real interactions between the trainers and the participants, and plans for these interactions (such as "externally developed innovation") are not a training service.

Knowledge about the real – not just imagined – reactions of the participants is a necessary complement to the predictions the training company can rationally make to decide to offer on market a new product. The more the type of training goes beyond the previous experiences of the training firm, the greater the importance of this knowledge for creating marketing activities aimed at acquiring clients for the new service.

From the perspective of established training companies, the risk of offering a client proto-products, which have been imagined but not tested, is too large[3], as their knowledge about the course and results of exercises is too limited (hypothetical and based on understanding by analogy). Apart from developing innovations at the request of their significant client, established training providers will hesitate to offer the market very innovative training services.

Newcomers are in different situation – they can attempt the risk, especially if they are start-ups. In our case study, we have two groups of newcomers – hotels and outdoor training companies. The first group delivered outdoor trainings as a supplementary product, so the risk of the retreat's failure was decreased by the main service (accommodation, food and other extra attractions). They were in good position to offer such an extended service as they already had clients who were ready to buy the main service. As preparation costs were negligible, the extra cost of the outdoor training in the hotel service could be low.

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[3] Small KIBS companies are heavily dependent on a few customers, as these few customers give them most of their turnover (Glückler – Armbrűster, 2003; Woźniak, 2006). The significance of stable relations with their clients (such stable relationships require a low turn-over of KIBS personnel, but also avoiding the risk of "broken promise" because of failure proto-product) is stressed in the literature (Jennings et al., 2009, p. 343).

The second group of suppliers were newly established training companies based mainly on non-trainers, who had contact with similar outdoor exercises in other sectors of life. But to complete their knowhow they needed to "buy" soft-skills training competences; otherwise they could deliver only integration events. Their start was facilitated by hotels looking for providers of outdoor activities, to outsource this part of their services.

Knowledge protection problems in KIBS

The case also illustrates why KIBS typically have problems with the control of intellectual property. KIBS companies, with the exception of high-tech and bio-tech KIBS (Miles, 2008, p. 123; Chang et al., 2012, p. 1572), rarely use formal mechanisms (i.e. patents). Standard informal mechanisms for intellectual property protection, such as: short life cycles of the product (fast changing fashions), design complexity (overcomplicating the product by putting extras into its design), lock-in (extra after-sales services as a barrier), chain-joining (building large market share by franchise) or keeping know-how secret (Chang et al., 2012, p. 1572), were in this case impossible.

Information about the knowledge and the sources of this knowledge were obvious for outside observers of the outdoor training. Although the quality of outdoor training delivered is influenced by the team's experience (teams of different knowledge types), intellectual property cannot be sufficiently protected because this experience is impossible to evaluate ex ante (before buying and delivering of the service). Additionally, it was relatively easy for newcomers to gain access to know-how and minimize risk of failure by employing former KIBS employees. Traditional training companies conduct few outdoor trainings and are not able to stabilise cooperants and in addition, it is relatively simple to identify persons with outdoor training experience by turning to a mountaineering club.

Any company which had contact with corporate clients (especially if it had already organized retreat activities for them) was able to develop a similar service. This encouraged various service providers from the business consulting and related sectors, to offer such events. This led to a commercialization of a simplified product that produces the main functionalities of the innovative product. Because the manner of constructing the innovative training service is open knowledge – in the example, the innovation is open on account of its wide accessibility to skills needed for its simplified form – it could result in the creation of a segment based on a simplified service; the mechanism of knowledge diffusion between institutions, which is based on copying and a simplified understanding of professional knowledge, leads to the (big) innovation's being sucked off the market. This need on the part of clients, based on a simplified expectation, encounters the supply of such products by service

providers in related branches and newly emerging service providers. The dynamic described thus shows the social advantage of patents or other formal and informal mechanisms protecting innovation, and the importance of minimising turnover in consulting companies, as an important factor for the possibility for organizations to develop by using more complicated knowledge intensive service products.

Discussion – Employee education or edutainment

Edutainment is a neologism for educational entertainment and is understood as content designed to educate and to entertain at the same time. The proportion of educational to entertainment value of this content may differ, but both aspects have to be present for an event to be thus termed. Although the phrase "edutainment" was used as early as 1948 by The Walt Disney Company and was widely in use in the seventies (Wikipedia.en), it was given a new life by the development of computer games and their significant role in the life of contemporary users. What more, HR goals are achieved faster, more economically and with greater ease than traditional means of managing employees through the use not only of game-based educational tools, but also ones which apply just chosen gaming mechanisms (Woźniak, 2015b).

So the concern is natural that a carelessly overseen use of educational tools that have a large entertainment component may turn employee training into one more sphere where fun and games predominate. An analysis of our case study from this perspective shows that one of the sources of this danger are problems with the management of knowledge, information and image. The example clearly illustrates the thesis that although access to the know-how necessary for developing advanced outdoor programmes was readily available, the following factors shaped a market standard for a simplified product:

- imprecise and simplified information on the demand side;
- two groups of needs which the richer product satisfied (integration and education);
- the greater significance clients attached to integration, a need better understood by a wider range of stakeholders (not only HR departments, but also the rest of management);
- the appearance of a new group of suppliers (hotels and mountaineering companies) which could offer a simplified product at a lower rate;
- the possibility of selling a simplified outdoor edutainment service without the risk of relations with the client suffering in the case of failure.

From the perspective of well established KIBS companies, which are dependent on the satisfaction of their key clients, it is easier to forgo a more complex service than risk the failure unverified solutions may bring. This means that the natural

dynamic for creating innovation in knowledge-based services is the pull dynamic, i.e. developing the service basing what clients request and within parameters defined by them.

New players develop knowledge-based services, but their latitude in designing the content of the service is also limited. The example shows that the sale of a new service is determined by two factors. One of these is demand, which tends towards a simplified description of requirements drawn up for the service because of information flow were the label for the service is stressed. The second is supply, where the innovation is introduced as part of a stable, long-term relationship with the client. This relationship however is built on different principles than in the case of normal sales – hotels deliver a different kind of product (retreats), while newly established consulting companies build on personal trust (prior to their formal opening, new consulting companies usually have some clients (Glűckler – Armbrűster, 2003), which suggests that the selling is based on personal contacts). Such a dynamic prefers innovations that are economical to produce, thus favours the market stabilization of simplified services.

Our case is specific in that this dynamic as is situated in the area of corporate education, i.e. activities of HR departments in which equal value is placed on two change causing mechanisms – motivation and educational change of competencies. The edutainment stereotype – of education as fun and easy and cheap to boot – helps HR decision makers choose a service of just this kind. So, although an outdoor training which focuses on developing the skills of its participants is also enjoyable, its costs and the difficulty of organizing it discourages clients from choosing it, when the market offers them an alternative in the form of a simplified service.

The difficulty of building a market need for a complex service is the effect not only of the appearance of substitutes featuring qualities preferred by clients (lower price, ease of purchase and ease of implementation), but also on a low need for corporate training with precise goals in the area of soft skills education. Each "soft skill" is a part of condition for successful behaviour in many situations, but there are few situations where success is based on one "soft skill" only. Otherwise a precise description of the chain of impact linking changes in trainee competencies with changes in organizational parameters (i.e. setting indices for expected benefits for the organization as a whole) could provide evidence that a complex service provides significantly different value than a simplified service. However, the recognizing such evidence would make possible finding a sponsor (an important person in purchasing company) who considers, for example, that the inability to ask for assistance (a skill which is improved by the outdoor training) causes a problem important enough to conduct a training designed to solve it. In the case when operational managers analyse training needs superficially, approaching them on a general level – as improving client relations and relations with co-workers – and HR

managers have a weak position in the organization, there are no sponsors for buying sophisticated training services (such as complex outdoor trainings). Media hype around the organization and a lack of differentiated labelling of complex and simplified new services on the market makes it difficult for decision makers – if their understanding of the content of the innovational service is low – to identify such a service. This is especially so in the case of services which are particularly intangible, i.e. soft skills training services. This signifies that in the case of the services, the role of the sponsor (who wants the problem solved), i.e. the stakeholder in the organization/client who has an interest in solving the problem, is more significant than in the case of buying products. As an effect of communication problems (language differences between the organization/client and the buyer, i.e. the HR department) and the intangibility of the service, only such organizational problems which are felt to be significant by strong stakeholder groups will be adequately solved. This suggests that the "pull strategy" (client driven mechanism) will be the strategy typical for creating innovation in the training services.

From the perspective of knowledge management we should emphasize that the cause for the lack of sponsors striving to solve competency problems by using complex outdoor trainings is an insufficient knowledge of psychology in operational managers, those who have power in the organization. At the time the case study took place, there was a predominant belief on the training market that salespeople needed training; in effect decision makers in organizations were used to trainings with a large entertainment component (for motivational reasons). This helped direct education into either content or amusement-oriented trainings. Creating a segment of the training market whose goals comply with the prevailing stereotype of the service (both sales training as well as retreats), i.e. entertainment of the walking-on-coals type or other uncommon experiences, rather than a psychological analysis of difficult situations, was simpler not only for communication reasons. It was better adjusted to the knowledge which decision makers in client organizations had about services in this sector and to their sensitivity to problems they met with while managing their employees. Hence clients act as selectors, determining the parameters of new services, not only with respect to their choice, price or manner of implementation (Wijnberg, 2004), but also with respect to their perception of the stereotype of the given type of service.

Conclusions

The case analysis presented above discusses the creation of innovative training and its commercialization, which is understood as the formation of a (sub)market for KIBS based on these types of services. The case and its analysis describes how a client's demand led to the development of the first outdoor training on the Polish

consultancy market, and how the developing market changed the parameters for this service, simplifying the needs it meets and lowering its cost. This discussion enriches the area of knowledge in several ways.

Firstly, it showed why on the KIBS market – at least in trainings or consulting services where quality of service is difficult to assess even after delivery – the commercialization of innovation is often done by newcomers. The risk of the delivery of proto-products is very high because without delivery, quality cannot be fully checked.

Secondly, the above case better explains how the dynamic of introducing an innovative service to the market facilitates simplification of services which are commercialised. However the long discussion about path dependence and lock-in on inferior standards (Liebowitz & Margolis 2012) is not supported by this case – taking the whole list of attributes, the simplified service was not inferior but different and the lock-in is a result of the influence on priorities of buyers. The diffusion of information about service quality and usefulness creates a tendency to simplify knowledge intensive business services, at least those segments which are not vital for the business success of a company, i.e. trainings.

As a third contribution to scientific knowledge, the consequences are shown of the knowledge-diffusion mechanisms which facilitates quick changes (fashions) on the consulting market. Due to the diffusion of know-how, which is difficult to control on the training market as individual capital leaves the company as an effect of turnover, the easiest strategy for this group of KIBS companies is to facilitate frequent changes of demand by creating new fashions. The arguments offered in the text show that new fashions should be based on old know-how, and combination of old and very old know-how is the best choice for KIBS providers.

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DANA NICULESCU

KNOWLEDGE CREATION THAT REQUIRES REPOSITIONING IN LEARNING AND INNOVATION

Having the advantage to acquire knowledge when one needs it, gives employees (experts, professionals, or people within the communities of practice) a degree of flexibility in innovation and also a degree of power, while "knowledge flow is fundamentally embedded in power relations" (Soenen – Moingeon, eds.). The true nature of a successful and powerful company lies in continuous knowledge creation, in the form of providing value throughout learning and innovation and re-shaping not only the business, but also the core dimensions of knowledge management (KM). Knowledge management tools require a repositioning of innovation and learning in order to provide a unique perspective on today's fast changing and developing organisations. The contribution of knowledge management research over the last 20 years brings into the spotlight the idea that innovation and learning are critical resources for value creation and this paper aims to investigate how knowledge management practices impact value creation in terms of creation through innovation and learning within the Romanian financial and banking institutions (referred to as Financial Sector Organisations, FSOs). Recent research identifies that there are several factors influencing knowledge management, namely: (One) performance indicators and measurable benefits; (Two) planning, design, coordination, and evaluation systems; (Three) skills; (Four) culture; and (Five) organisational structure. This paper investigates how the five above-mentioned factors influence knowledge creation within the reviewed industry, and provides practical advice for businesses in Romanian FSOs. Our research aims to take a learning and innovation approach to knowledge creation, an approach that requires repositioning of the Romanian FSOs towards new ways of boosting knowledge. In a rapidly-changing environment, every business aspect, and especially those factors that influence knowledge creation, must take a new turn in order to stimulate the communities of practice, the experts, and the professional networks, to adapt to and adopt new realities. As the knowledge management tools evolve and, at the same time, there are more complex views on how true value is created, we need to take a closer look at key factors that influence knowledge creation. Our research aims to analyse strategic themes in today's business environment, especially how they influence value creation in the form of learning and innovation. All key factors influencing knowledge management have deep implications in practice and therefore a critical analysis of the knowledge management initiatives is essential. By disseminating newly-created knowledge throughout the Romanian FSOs, new knowledge flows will be created and thus innovation and learning outcomes will be easier to access.

Introduction

Knowledge creation in today's fast changing organisations need a framework in which knowledge is advanced and transformed into individual and organisational value. Organisational knowledge creation, seen as a continuous process, is strongly influenced by the day-to-day achieved experiences, by an individual's skills, as well as by organisational culture, which are all contributing to acquiring and enhancing individual values. In order to create value, employees will need to be able to access and disseminate information, to combine knowledge and to create new knowledge, while considering an individual's skills and competencies and, overall, leadership guidance. Creating knowledge in an organisation means to undertake organisational learning processes and to support knowledge initiatives, as well as to implement key knowledge management factors into the organisational backbone.

Literature review

Knowledge creation

As Skyrme (2011) observes, "Knowledge management [means] creating, managing and enhancing our knowledge to develop more competitive and sustainable economies, businesses and lifestyles." In other words, KM is nothing else but creating knowledge. Knowledge can further be created through action, cooperation, teamwork, and learning, while both explicit and tacit knowledge are shared and converted one to another. According to Nonaka's KM dynamics model (Nonaka, 1995), the epistemological dimension of creating knowledge is achieved through a spiral channel, which points out the socialisation – externalisation – combination – internalisation sequence and conversions between these elements. Knowledge, in order to be created, needs a Ba platform as a framework in which individual and collective knowledge are advanced, and then we have the knowledge assets that create company-value: experimental, conceptual, routine, and systemic knowledge assets (Nonaka, 1995). Bratianu (2010) has extrapolated the two-dimensional knowledge model into a three-dimensional model by introducing the "reusable knowledge" notion. This means that knowledge passes several times, during its flow process, through the spiral channel, generating new types of knowledge. Jelavic (2011) considers that in processes like knowledge creation, knowledge transfer or management, the social differences between individuals must be taken into consideration, while these are dependent on the subjective value unit of each and every person: "the matching of the individual and the organisational epistemology to this [knowledge initiative] system will yield a more effective implementation" (Jelavic, 2011). In addition, Bratianu and Orzea (2012) explain the

ontological dimension of knowledge creation, which in fact is a knowledge transfer from individual knowledge to group knowledge, and from group knowledge to organisational knowledge, where the knowledge vision acts as a "driving force", which puts knowledge onto the right path: "Organizational knowledge creation is a continuous process moving upward on the knowledge spiral, where the horizontal field of forces is generated by the epistemological nature of the individual learning process, and the vertical field of forces is generated by the ontological nature of the organization" (Bratianu – Orzea, 2012, p. 18).

Firestone (eds.) distinguishes three different KM theories, i.e. The Old Knowledge Management theory (TOKM) assuming that KM already exists and has to be only managed and facilitated, the Second Generation Knowledge Management (SGKM) specifying that KM is shaped by different adaptive organisational needs, and The New Generation of Knowledge Management (TNKM). According to TNKM (Firestone – McElroy, 2012), knowledge becomes a compound of conceptual or methodological dimensions, which characterises the organisation as being ruled by transparency, sustainable innovation, accountability, etc., in the form of "The Open Enterprise" (Firestone – McElroy, 2012).

Simply put, knowledge is created when an "interpretative framework (incorporated within the head of an individual, or embedded into an artefact)" (Grundstein, eds.) is combined with relevant information, data that emerges also from knowledge.

Value creation

Frost (2014) identifies five factors influencing knowledge management in a 21st century organisation: the first one encompasses performance indicators and measurable benefits; the second one comprises planning, design, coordination, and evaluation systems within the organisation; the third factor includes the existing skills; the fourth one is the organisational culture; and the fifth factor is assumed by the organisational structure. The degree to which an employee contributes to knowledge acquiring, knowledge communication, and knowledge enhancement, is directly proportional to his or her value for the company: "Senior managers, middle managers, and frontline employees all play a part. Indeed, the value of any one person's contribution is determined less by his or her location in the organizational hierarchy than by the importance of the information he or she provides to the entire knowledge-creating system" (Nonaka, 2007). Therefore, the leadership's role becomes a key organisational knowledge element that provides guidelines and targets to be reached by the employees, in the form of transmission from one to another, which gives the organisation a clear vision of its limits and improvement needs: "Another way top management provides employees with a sense of direction

is by setting the standards for justifying the value of the knowledge that is constantly being developed by the organization's members. Deciding which efforts to support and develop is a highly strategic task" (Nonaka, 2007). In order to create valuable employees, who are able to access and disseminate information, to combine knowledge and to create new knowledge, today's organisations must consider the subjective nature of people, while "the concept of truth depends on values, ideals, and contexts" (Bratianu – Orzea, 2012). Therefore, "the knowledge creation process cannot be described only as a normative causal model" (Bratianu – Orzea, 2012). The human capital is very much depending on contexts and frameworks, therefore the same knowledge is used differently by individuals in different circumstances. The outcome, using the same information, is very much different from one employee to another, generating different knowledge depending on each and every individual's personal filters, experiences and perceptions. But knowledge, "Once constructed it cannot be considered as an object independent from the individual who built it, or the individual who appropriates it to make a decision and to act […]. The sustainable innovation goal is more dynamic. It is concerned with organizational learning that is creation and integration of knowledge at the organizational level" (Grundstein, eds.). Creating knowledge in an organisation means to undertake organisational learning processes and to support knowledge initiatives, "to reinforce competencies, and to convert them into a collective knowledge through interactions, dialogue, discussions, exchange of experience, and observation" (Grundstein, eds.). In order to create knowledge, the 21st century organisations have to facilitate a knowledge ground, where there is the possibility to making knowledge accessible, then to communicate it and share knowledge, while "knowledge processes produce knowledge" (Firestone – McElroy, 2012). Bratianu (2010) further explains the knowledge "flow" process in an organisation using a knowledge dynamics model, where the water flow is an analogy for knowledge within a pressure field. Moreover, the same author suggests that tacit knowledge can be transformed into explicit knowledge only in the field of externalisation that forms "cognitive work": "Cognitive work means any rational process done in decision making" (Bratianu, 2010). Therefore, the decision-making process becomes critical to the knowledge management field, and, as Ibarra (2015) suggests, any manager must "act first and then change [his/her] way of thinking – new rules for success."

Methodology

Our research is structured in open-ended questions related to factors influencing knowledge management in the Romanian FSOs, considering that our questions have an exploratory nature, aimed to develop conceptual themes. Therefore, the methodology used herein is a qualitative one, gathering new information on

employee and management experiences within the field of organisational learning and innovation. Our open-ended questions help the researcher gain insight into institutional issues, such as performance indicators and their influence on the decision-making processes, different systems in place and their influence on organisational procedures and culture, employees' skills and organisational structure.

Seven units of analysis were built for this questionnaire, and then they were structured in key-components of research questions. In order to make the mapping process easier, the questions were further arranged into ten units in the form of codes, where the employees were asked to scale their own views on the topic against their ideal level on the same topic. Participants were given instructions to give each question a score from one (the lowest level) to ten (the highest level) that they thought most accurately matched their statements in an ideal framework. In addition, the respondents were encouraged to point out important features of the phenomenon and to reveal key aspects of their experiences, by openly explaining their point of view.

The first unit investigated the existence of Key Performance Indicators (KPI), and their influence on decision-making strategies and the need to make this instrument perform better. The second unit aimed to ascertain if the analysed organisations use/employ different instruments to implement learning and development processes in order to increase profitability. The third unit put forward the issue of how present are planning-, design-, coordination-, and evaluation systems in the analysed organisation's procedures. The fourth and fifth units investigated what skills respondents consider to be key to the business and what skills are further needed to be developed and trained in the organisation. The sixth unit made an objective comparison of the existing culture, specific to an organisation (related to decision-making, communication, response to members' needs, success attained, the way people/departments help each other and collaborate, how the information circulates within the organisation, barriers, and management styles) versus the desired culture, and what level of culture is represented on a scale from one to ten. The last unit looked at the extent to which participants consider the organisation's structure a way to increase productivity and profitability.

The study further analyses participants' responses based on cumulative personal perception of responses, by finding similarities in responses. We created a matrix for each of the ten units, which helps to understand whether or not a statement is situated within the majority of statements, creating a cluster of the most relevant and similar statements. The analysis combines the similarities of responses, by incorporating all the individual matrices of the ten units in order to determine the most appropriate statement of the analysed group.

It is the study's aim that participants develop their own individual views on topics related to knowledge management and especially how they perceive different factors of knowledge management versus their own ideal standards and values.

The research work investigated eight organisations from among Romanian FSOs by interviewing a representative sample of 28 employees, comprising both managers and experts, on key factors influencing knowledge creation in their organisations. The validity of the analysis is assessed by research participants, who compare the results to the original information in order to obtain feedback and correction.

Findings and discussions

Considering the five above-mentioned factors found by Frost (2014), which influence knowledge creation and help create a genuine value in any organisation, our analysis aims to tackle first whether managers and employees, experts and professionals use specific information based on the KM elements in order to create new knowledge, based on each and every person's own experiences and perceptions.

FSOs use KPIs mainly for business decision-making and improving operational, market and financial performance. The interviewed experts note that the use of KPIs on learning and innovation is getting momentum, and typical KPIs for learning and development would be the number of employees trained, the number of training days and programmes per year, the percentage of performance appraisals completed on time, turnover (attrition) rate, cost per hire, etc. FSOs in Romania are increasingly aiming to build focused KPIs to assess their talents based on competencies and link these KPIs to development programmes, such as career programmes, promotion, etc. There is valid discussion on using ROI (return on investment) on learning programmes, but whilst this is still declared, the Romanian FSOs do not yet have a consistent method to measure it. Thus, KPIs tend to focus more on "inputs" rather than "outputs". Most of the analysed organisations are also using the "Engagement Index" as a KPI that reflects the commitment and engagement level of employees. In accordance with the interviewees, the next step should be, for these organisations, to link the Engagement Index to productivity and business outcomes. Regarding Innovation, most of the Romanian FSOs are using KPIs like new product development, but they do not have a consistent method to measure the "innovation mind-set", which relates more to culture and behavioural patterns of employees. There are in place some indicators for measuring a certain array of skills, but continuous learning is compulsory, as well as certification of that learning process. The strategic decision-making to maintain operational performance, enhance it and develop services includes learning as a process and as a necessary expense.
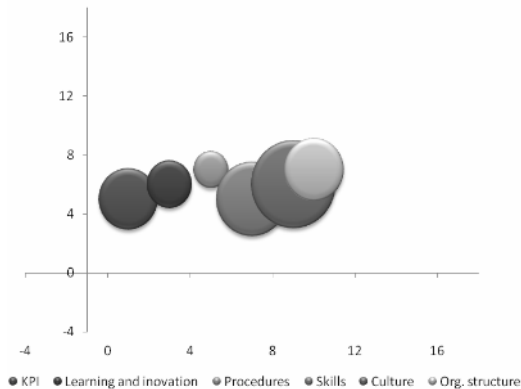
Figure 1: Aggregated Matrix (Source: own editing)

In this respect, the first analysed unit, which considers the KPI level within the reviewed institutions, is at a rank of five out of ten (Fig. 1).

The second unit looks at whether or not the Romanian FSOs use various instruments to implement learning and development processes in order to increase profitability. Generally speaking, Performance Management systems are viewed by the Romanian FSOs as critically important, but they need to be more efficiently understood and implemented by the management of these organisations. In fact, a profitability system is considered compulsory, but much as a framework of stability for running the infrastructure. There are profitability targets in place, and employees are evaluated not necessarily in relation to that, but in relation to the objectives that contribute to the company's overall performance. For example, within some Marketing units, there are targets related to sales, but the sales process of the services is rather limited by management strategy, hence correlations between the entity's achievements (which are measured and accounted for) and its overall profitability are rather weak. There are annual training plans in place, with an obligation for each employee to enhance her or his skills and knowledge. The scoring for this unit is an average of six (Fig. 1), given the correlation between the existence of performance indicators and the implementation or efficient use of these systems.

The third investigated area refers to how present are planning systems and procedures in the analysed industry's organisations. The research reveals that even if planning systems are currently in place, the fulfilment of these needs should be improved, especially in areas such as target setting, interim evaluation, links to incentives/pay, links to development and coaching. The level of procedures is therefore at a score of seven, on average (Fig. 1).
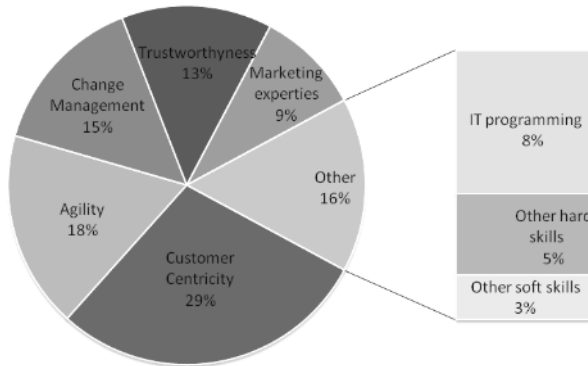
Figure 2: Existing and needed key skills (Source: own editing)

Investigating the existing and needed skills (Fig. 2), two areas are identified, namely hard skills and soft skills. As for the soft skills, Customer-Centricity is a key skill (including segmentation management, ability to build and maintain win/win relationships, move away from push-and-go to a pull strategy starting with what customers really need, taking a longer-term view of the relationships, etc.), Agility (including strategic, organisational and learning agility) and Change Management (ability to make fast changes in operating models, resilience, ability to win hearts and minds in engaging people) being highly regarded. The analysis reveals that the organisations need to move to a culture of Authentic People Care and Compassion and Ethics, which includes integrity, diversity and trust building, and therefore our analysis on people skills is becoming strictly related to the organisational culture analysis (unit six). As part of the hard skills, there are IT programming, database administration, network engineering, communications engineering, business analysts, and financial analysts still key skills that these organisation need to improve in the framework of a changed culture. Nevertheless (Fig. 2), Customer Centricity becomes the most valued skill, as opposed to product focus, therefore our research has found 29 per cent of similarities in responses; Agility has brought up 18 per cent of similarities (in the form of flexibility, continuous learning, fast response and freedom within frameworks, as opposed to controlling hierarchy) and Manage Change 15 per cent of the responses, in the form of alignment to new frameworks and new realities, close to Trustworthiness, accounting for 14 per cent of the responses. In terms of technology, the communication tools are critical within the analysed industry in Romania, i.e. web publishing, file sharing, forums and conferences, but collaborative management tools are also required, such as group activities, workflow systems, and others. Both soft and hard skills are gaining momentum when considered as key items for gaining a competitive advantage.

The research featured an average of five points for needed skills (Fig. 1) versus an ideal organisation with all the key skills aligned, and a level of six for the organisational culture (Fig. 1).

The last analysed unit has found that not only the formal structure has a bearing on KM systems, but also the informal rules, team norms, the culture and also how performance is measured, or what success means in the organisation (e.g. team versus individual) also play an even more important role (as they tend to reflect what is acceptable and what is not, how much sharing is encouraged, how knowledge creation/learning/innovation are rewarded, if learning is seen as a critical enabler for business results, etc.) Therefore, a structure has a crucial influence on the knowledge management systems and particularly on knowledge transfer. Moreover, the value of an employee's contribution is determined more by the importance of the knowledge the employee provides rather than the hierarchical position in the organisation, but bureaucratic FSOs hinder the establishment of learning frameworks, which eventually impede on FSOs productivity, competitive advantage achievement, and new skills development. Our research has found an average of seven points out of ten for the influence organisational structure has on productivity and profitability in the framework of a learning organisation (Fig. 1).

Recommendations and Discussions

Knowledge sharing within the Romanian FSOs is becoming essential in order to increase intellectual potential and create knowledgeable capital. The intangible resources comprising the individuals working in the analysed industry are steadily adopting new ways of learning that provide ideas for innovation and new solutions to customers. When opportunities are missed, knowledge management is not enough to boost the organisation. The FSOs may suffer from not implementing procedures, indicators or technological systems in a timely manner, which in other framework could be used to access valuable information and thus people can contribute to new achievements. A critical mass of talented people must be formed within any Romanian FSO, consisting of an adequate share of employees contributing to learning traits and knowledge creation and transfer. Considering that "the key metrics for measuring the value of new knowledge are similarly hard and quantifiable – increased efficiency, lower costs, improved return on investment" (Nonaka, 2007), our study has found that all these are current concerns of the FSOs. The main knowledge management objectives come in the form of removing barriers to change and implement new routines such as development and learning programmes. A defensive attitude is preventing the organisation from moving towards change; therefore the Romanian FSOs need to develop new ways to foster

apprenticeship in order to shift employees' way of thinking to a constructive approach.

In the Romanian FSOs, knowledge is created through action and practice, but also through training programmes and different types of collaboration and interaction between individuals and departments. Knowledge is shared and converted into new ideas, and supported by relevant information that can spur decision-making and improve learning and innovation.

Moreover, managers are aware that performance indicators and measurable benefits, different systems and procedures, skills, organisational culture, and the organisational structure can enable and encourage knowledge sharing. Insofar as the management identifies key people who are able to provide the adequate forms of knowledge, and at the same time to share this knowledge, both informal communication and technology systems will play a critical part in developing strategic and tactical decisions. Considering the strategic part of the decision-making process, managers are expected to create the appropriate frameworks, processes, and environment to help employees share their experiences, to encourage innovation and to create new knowledge.

When teams are created to establish a learning organisation, teams which are formed by a critical mass of talented people, unhindered by bureaucracy, the organisation will increase its productivity and profitability, and new skills will be developed.

In investigating how knowledge management practices impact value creation in terms of creation through innovation and learning within the Romanian FSOs, our study has found that knowledge creation is perceived as the core of a competitive advantage. Considering that knowledge is continuously transferred and combined, Cook and Brown (1999) are referring to knowledge creation as a connection between knowledge and knowing, therefore the shift between holding knowledge and acting as a person who "knows" – that is somebody who creates, owns, retains and transfers knowledge – is critical in creating new knowledge. The organisational structure becomes very important if this transfer is about to happen in the Romanian FSOs, while innovation and creativity must be placed in areas where structured work is not strictly formed.

Therefore, the Romanian financial and banking industry is called to provide various systems that support working processes and facilitate communication in order to get connected to innovative processes and the communities of practice. In today's fast-paced working environment, employees must be provided with relevant and efficient data stored and organised in IT systems, and enhance communication through formal and informal communication.

Considering that "much of talent is trading value rather than creating it" (Martin, 2015, p. 19), Jesuthasan et al. (2015) is bringing into discussion the idea of talent

loans, instead of buying or developing new talented employees. In this context, our study reveals the need for mentors and coaches, who are able to willingly acquire, store, and transfer knowledge, which leads us to the conclusion that such talent loans are none other than people who want to teach others in the framework of a learning organisation. They can be either insiders or outsourced individuals, members of the community of practice that hold hard-to-duplicate know-how and skills. On the other hand, this point of view is supported by Dewhurst et al. (2013), who note "that by 2020 the worldwide shortage of highly-skilled, college-educated workers could reach 38 million to 40 million, or 13% of demand."

Thus, FSOs need to reconsider their approach towards knowledge creation and value creation, in the form of programmes developed towards learning schemes, innovation advancement, cultural and behavioural patterns, customer centricity and trustworthiness.

Conclusions

Knowledge creation depends on different knowledge mechanisms that help FSOs (One) to support interaction between members, (Two) to create an environment that puts knowledge into practice, and (Three) to adhere to creative processes, which foster the implementation of effective and critical knowledge rules. By integrating continuous learning processes, the analysed organisations will boost their business value and define their strategy in both areas of knowledge management, i.e. managerial roles and technological roles.

The organisational culture plays a critical part in understanding and managing organisational knowledge, in terms of various elements, such as decision-making processes, communication, response to members' needs, success attained, the way people and departments help each other and collaborate, the way information circulates within the organisation, the barriers encountered, and management styles. By tracking employees' skills and competencies, managers are able to identify different organisational needs, especially performance gaps of individuals that contribute to organisational performance. Our study reveals how knowledge can flow in different directions within Romanian FSOs and how each employee can become a participant in knowledge sharing and creation. In a competitive environment, there are several knowledge methodologies and tools which help Romanian FSOs to tap into high-level expertise, thus prioritising value creation in the organisation.

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DAN FLORIN STANESCU & LAURA MOHOREA

"WELCOME TO THE DARK SIDE"
A CORRELATIONAL STUDY OF THE DARK TRIAD OF PERSONALITY WITH COUNTERPRODUCTIVE WORK BEHAVIOUR AND WORK LOCUS OF CONTROL

Despite the recent flurry of scientific interest in the Dark Triad – narcissism, psychopathy, and Machiavellianism – the research has been mostly descriptive in nature. Relatively ignored by researchers, darker personality variables may prove valuable in understanding counterproductive work behaviors. In the present study, we attempt to integrate the Dark Triad personality traits into organizational life by correlating them with the level of counterproductive work behavior and with work locus of control. Although those three facets have different origins, the personalities described as dark personalities share a number of features. In different degrees, all of them entail a socially malevolent character with behavior tendencies toward self-promotion, emotional coldness, duplicity, and aggressiveness. A narcissistic person is described in terms of a high vanity, constantly seeking for attention and admiration, with a sense of superiority or authority. Most often he or she manifests manipulative and exhibitionist behaviors. Machiavellianism is a tendency to be cynical, pragmatic, emotionally detached in interpersonal relations but, at the same time a good organizer and having long-term strategically thinking. Psychopathy presents as cardinal features: impulsiveness, emotional detachment, manipulative antisocial behavior. The recently published meta-analysis by O'Boyle, Forsyth, Banks and McDaniel (2011), showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad. In the current study 122 participants (36 males and 86 females) were invited to fill in the following measures: Work Locus of Control Scale (Spector, 1988), MACH IV (Christie – Geis, 1970), Narcissistic Personality Inventory (Raskin – Hall, 1979), Self-Report Psychopathy scale – version III (Paulhus et al., in press) and Counterproductive Work Behavior Checklist (Spector – Fox, 2002). Results did not showed positive correlations between Machiavellianism and counterproductive work behaviour, or between narcissism and counterproductive work behaviour. Nevertheless, one strong positive correlation was found between psychopathy and counterproductive work behaviour ($r = .438$, $p<.01$), mirroring Patrick's results (2007, as cited in Paulhus and Williams, 2002). Regarding the work locus of control, it was identified a positive significant correlation with Machiavellianism ($r = .204$, $p<.05$), meaning that the higher the score on work locus of control – internal, the higher the tendency to act in a machiavellic way. Moreover, the moderation analysis showed that work locus of control does moderate the relation between Psychopathy and counterproductive work behavior, $\Delta R2 = .185$, $F (1, 119) = 36.543$, $p < .000$.

Introduction

Despite their diverse origins, the personalities composing this Dark Triad share a number of features. To varying degrees, all three entail a socially malevolent character with behavior tendencies toward self-promotion, emotional coldness, duplicity, and aggressiveness (Paulhus – Williams, 2002). Subclinical narcissism, Machiavellianism, and psychopathy are referred to as the Dark Triad due to their socially undesirable nature, similar phenotypical behaviors (e.g., manipulation), positive intercorrelations of their scales, and conceptual similarities (e.g., ego-centricity) (Rauthmann, 2012).

Psychopathy is the tendency to impulsive thrill-seeking, cold affect, manipulation, and antisocial behaviors (Williams et al., 2003), often falling into a primary factor (characterized by callous affect, affective shallowness, lack of empathy and remorse, superficial charm, and interpersonal manipulation) and a secondary factor (expressed through erratic lifestyles and anti-social behaviors, social deviance, low socialization, impulsivity, irresponsibility, aggression, sensation seeking, delinquency; Hare, 2003). Psychopathy is now recognized as a subclinical variable, exhibiting meaningful variation within "normal" populations (Hare, 1991). Psychopathy is also described by cold and rigid affectivity, a superficial interaction style, manipulative in interpersonal relations (Kring – Bachorowski, 1999). Benning, Patrick, Hicks, Blonigen, & Krueger (2003), showed that psychopathy is defined by impulsive behaviours and emotional and interpersonal detachment.

Machiavellianism is the tendency to cynical, misanthropic, cold, pragmatic, and immoral beliefs; detached affect; pursuit of self-beneficial goals (e.g., power, money); strategic long-term planning; and manipulation tactics (Christie – Geis, 1970; Fehr et al., 1992; Rauthmann – Will, 2011). Machiavellianism is also characterized by the manipulation and exploitation of others, cunning, cold affect, and a lack of sincerity or ethical concern (Christie – Geis, 1970).

High Mach scorers exhibit manipulative behaviours towards others in order to promote their own interests and are found to be emotionally detached in their interactions with others, with an interpersonal orientation, which is described as cognitive as opposed to emotional, and with little tendency to focus on individual differences (Christie – Geis, 1970). They tend to exhibit a cool and detached attitude, an opportunist approach to norms, regulations and social values. They are able to make use of other people in order to fulfill their own wishes, and often disappoint others (Mudrack – Mason, 1995). Hunter, Boster şi Gerbing (1982, as cited in Reimers, 2004) mentioned four essential components extracted from factorial analysis: flattery, honesty rejection, rejection of the belief that humans are moral, and the conviction that they are corrupt and unreliable.

Related to psychopathy and Machiavellianism, narcissism represents an exaggeration of self-worth and importance, superiority over others (i.e., grandiosity), and attention-seeking (Raskin – Terry, 1988). Put simply, narcissism is an "excessive love for one's self" (Vernon et al., 2008, p.445), is the tendency to harbor grandiose and inflated self-views while devaluing others (Morf – Rhodewalt, 2001).

Narcissists are shown to exhibit extreme vanity; attention and admiration seeking; feelings of superiority, authority, and entitlement; exhibitionism and bragging; and manipulation (Raskin – Terry, 1988). They have a high need of achievement and a low one for affiliation. That is why they easily accept challenges, they show a high degree of competitiveness (Raskin – Terry, 1988). Narcissists are interested in success, power, beauty and glamour. They live as they are on a stage showing off and asking for others attention and admiration. They might be perceived as being arrogant, dominant and even hostile (Rosenthal – Pittinsky, 2006).

Regarding the relationship between the dark triad facets and counterproductive work behavior (CWB) defined as volitional acts that can be aimed at the organization itself or people in the organization (e.g., supervisor, coworker, subordinates) and either harm or is carried out with the explicit intention to harm (Spector – Fox, 2005), Patrick (2007, as cited in Paulhus and Williams, 2002) highlighted the role of psychopathy as one of the most consistent predictor of antisocial behavior, including aggression. Conterproductive behavior involve deliberate actions by individuals to violate central organizational policies, rules, and procedures. By doing so, these actions harm both the organization and its members (Robinson – Bennet, 1995). Researchers (O'Boyle et al., 2011) have identified certain factors that might explain why do individuals engage in counterproductive work behavior. These factors include "individuals' personal qualities, the press of the environment, and the moral ambiguity in some business situations" (O'Boyle et al., 2011, p.2). Previous empirical research suggests that several personality constructs are related to CWB. Several authors (Salgado, 2002; Mount et al., 2006) examined the relations between the big five-factor model and CWB. They found that the largest negative relationships were with conscientiousness and agreeableness. Moreover, Bennett and Robinson (2000) have found that narcissism, Machiavellianism, and psychopathy explain different proportions of CWB variance.

Fox and Spector (1999, as cited in Dahling et al., 2009) showed that the persons with high scores on Machiavellianism have the tendency to get more frequently involved in counterproductive work behaviors. Fehr, Samson and Paulhus (1992) also found that those persons are more likely to be involved in stealing acts than those having lower scores. Furthermore, the recently published meta-analysis by O'Boyle, Forsyth, Banks and McDaniel (2011), showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad.

Regarding the relationship between the dark triad and locus of control, Gable and

Dangello (1994, as cited in Corral and Calvete, 2000), highlighted a moderate association between Machiavellianism and locus of control, defined as a generalized expectancy that rewards, reinforcements or outcomes in life are controlled either by one's actions (internally) or by other factors and forces (externally). Internals tend to be more satisfied with their jobs than externals, report less role stress, perceive more autonomy and control, and enjoy longer job tenure (Spector, 1988).

Individuals high on Machiavellianism tend to demonstrate more aggressive behaviors (Repacholi et al., 2003). Similarly, McHoskey (1999) found that Machiavellianism was associated with self-reported antisocial behavior in a sample of undergraduate students. Giacalone and Knouse (1990) examined employees' justification for organizational sabotage and found that individuals high on Machiavellianism and hostility showed greater justification for sabotage methods related to information manipulation and control. Examples of behaviors endorsed are spreading rumors, altering or deleting data, and placing false orders. Other research on workplace aggression has found that Machiavellianism was associated with both interpersonal ($r = .39$) and organizational ($r = .26$) deviance (Bennett – Robinson, 2000). Furthermore, previous research has shown that high Machiavellians tend to endorse organizational sabotage more than those low on Machiavellianism (Giacalone – Knouse, 1990).

Methods

Participants

One hundred and twenty-two employees (36 men, 86 women), aged 21–51 years ($M = 27.5$; $AS = 0.64$) coming from both private and public organizations were invited to participate in the study. Participants were given the complete packets, including informed consent and measures to complete.

Measures

Dark Triad was measured using the NPI (Raskin – Hall, 1979), the Self-Report Psychopathy Scale-III (Paulhus et al., in press), and the MACH-IV (Christie – Geis, 1970).

Subclinical narcissism was assessed with the 40-item Narcissistic Personality Inventory (Raskin – Hall, 1979) which assesses four distinct factors: exploitativeness/entitlement, leadership/authority, superiority/arrogance, and self-absorption/self-admiration. For each item, participants have to choose one of two statements (forced choice) they felt applied to them more. One of the two statements reflected a narcissistic attitude (e.g., "I have a natural talent for influencing

people."), whereas the other one did not (e.g., "I am not good at influencing people.").

The 31-item Self-Report Psychopathy Scale-III (Paulhus et al., in press) was used to assess nonclinical psychopathy. Participants rated how much they agreed (1 = strongly disagree, 5 = strongly agree) with statements such as, "I purposely flatter people to get them on my side" (IPM); "I never feel guilty for hurting others" (CA); "I've often done something dangerous just for the thrill of it" (ELS); and "I have tricked someone into giving me money" (CT). These items reflect psychopathic characteristics modeled in four dimensions: interpersonal manipulation (IPM), callous affect (CA), erratic life style (ELS), and criminal tendencies (CT). Good alpha were reported both for the total score (.81) and for the scales (between .74 and .82).

Machiavellianism was measured with the 20-item MACH-IV (Christie – Geis, 1970). Those items cover the use of deceit in interpersonal relationships, and a cynical attitude to human nature. Participants respond by indicating the extent to which they agree with each statement on a 5-point Likert scale. In this questionnaire, higher scores represent higher levels of Machiavellianism, as defined by manipulative interpersonal strategies and a skeptical view of others. An example item is 'The best way to handle people is to tell them what they want to hear.'

The Counterproductive Work Behavior Checklist (CWB-C; Fox – Spector, 2002) was developed to measure a wide range of counterproductive work behaviours. Participants were presented with 32 items describing behavioral reactions and were asked to indicate how often they performed each behavior. The response choices were presented in a five-point scale ranging from 'never' to 'every day.' Higher scores indicate higher levels of counterproductive work behaviour. The CWB-C demonstrated good internal consistency (.89) in previous studies (Penney – Spector, 2005). In addition to an overall score, the CWB-C also provides sub-scores for abuse, production deviance, sabotage, theft and withdrawal.

Work locus of control was measured using Work Locus of Control Scale (WLCS, Spector, 1988). The scale has half of its items written in each direction-external and internal. Scores on the scale can range from 16 to 96. Each item can have a score from 1 to 6 (1 disagree very much, 6 agree very much), where a score of 6 representing strongest possible agreement on an externally worded item which is equivalent to a score of 1 representing strongest possible disagreement on an internally worded item.

Objective and research questions

In the present study, we attempt to integrate the Dark Triad personality traits into organizational life by correlating them with the level of counterproductive work

behavior and with work locus of control. At the same time we aim at studying the moderating role of the WLC in the relation between Dark Triad and counter-productive work behaviour.

Starting from those aims the following research questions were developed:

RQ1: What kind of relations could be identified between Dark Triad and counterproductive work behaviour?

RQ2: Is there any relation between Dark Triad and work locus of control?

RQ3: Does work locus of control moderate the relation between Dark Triad and counterproductive work behaviour?

Results

Although the scores from the Dark Triad three scales could be combined to create a composite Dark Triad index as has been previously done (Jonason et al., 2009), we have decided to treat them as separate constructs, due to the fact that on a single factor they accounted for 49.03% of the variance (Jonason et al., 2009).

The descriptive statistics for all variables are presented in table 1.

Table 1: Descriptive statistics

	Mean	**SD**
Machiavellianism	59.58	6.96
Narcissism	15.11	7.55
Psychopathy	143.75	25.75
WLC	49.67	6.96
CWB	43.63	9.71

In order to answer to our first research question (RQ1: What kind of relations could be identified between Dark Triad and counterproductive work behaviour?) we have computed the correlations between all three domains of Dark Triad and CWB (table 2).

Mirroring the findings of Patrick (2007, as cited in Paulhus and Williams, 2002) who mentioned psychopathy as the most consistent predictor of antisocial behavior, the current results showed a significant positive correlation between psychopathy and CWB ($r = .438$, $p < .05$). Opposite to the findings coming from O'Boyle, Forsyth, Banks and McDaniel (2011) meta-analysis, who showed that counterproductive behavior in the workplace is associated with all three facets of the dark triad, in our sample machiavellianism and narcissism did not significantly correlate with CWB, psychopathy being the only domain of the Dark Triad being related with CWB.

Table 2: Correlations between Dark Triad, WLC and CWB

	Machiavellianism	Narcissism	Psychopathy
WLC	.204	-.147	-.040
CWB	-.005	.065	.438

Related to our second research question (RQ2: Is there any relation between Dark Triad and work locus of control?), the same bivariate correlation was computed, results showing that the only domain of the Dark Triad who correlated with work locus of control was Machiavellianism ($r = .204$, $p < .05$), replicating the Gable and Dangello (1994, as cited in Corral and Calvete, 2000) findings who highlighted a moderate association between Machiavellianism and locus of control.

Related to the third research question (RQ3: Does work locus of control moderate the relation between Dark Triad and counterproductive work behaviour?), we employed a moderation analysis (using multiple regression).

Table 3: Multiple regression analysis

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	$\Delta R2$	F change	df1	df2	Sig. F Ch.
1	.463[a]	.214	.201	.721	.214	16.335	2	120	.000
2	.631[b]	.399	.383	.633	.185	36.543	1	119	.000

a. Predictors: (Constant), Psychopathy, WLC
b. Predictors: (Constant), Psychopathy, WLC, Psychopathy X WLC

The moderation analysis (table 3), show that work locus of control does moderate the relation between Psychopathy (being the only Dark Triad domain who significantly correlated with counterproductive work behaviour) and counter-productive work behavior, $\Delta R2 = .185$, $F (1, 119) = 36.543$, $p < .000$.

Conclusions

The fact that Machiavellianism and Narcissism was not correlated with counterproductive work behaviours deserves further attention. On one hand, the current study demonstrated that dark personalities do not uniformly entail similar negative organizational outcomes such as counterproductive work behaviours. On the other hand, there are some limitations that future studies should address. First, neither subfacets nor different "forms" of each Dark Triad trait were investigated

(Jonason et al., 2011). For example, grandiose versus vulnerable narcissism (Miller et al., 2011) and primary versus secondary psychopathy (Hare, 2003) can be distinguished. Also, Machiavellianism likely has subfacets (tactics, morality, and views) despite being often unidimensionally conceptualized (Rauthmann – Will, 2011). Second, all instruments are self-reported and therefore different type of biases might occur.

To sum up, findings of the current study should be extended in more diverse samples (e.g., better female–male ratio, different age ranges etc.), with different or more complex Dark Triad measures, and with different research designs (e.g., mixed methods).

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ANNA PISTONI & LUCREZIA SONGINI

EMBEDDING SUSTAINABILITY INTO BUSINESS STRATEGY: THE ROLE OF THE BALANCED SCORECARD

This paper aims to analyse the role played by performance measurement systems (PMSs), particularly the Balanced Scorecard (BSC) model, in aligning the company business strategy and its social strategy.

Actually, PMSs play a fundamental role for the implementation of a social strategy: in the organizations those objectives are pursued and those actions are implemented which managers are responsible for and upon which they are evaluated and rewarded.

The objective of the paper is twofold: on one side, it aims to present and discuss the different approaches that companies can use in order to manage the complex relationship between business strategy and social strategy; on the other side, the paper is focused on the role played by PMSs, particularly the BSC model, in supporting the implementation of the defined social strategy.

The research method is based on the analysis of two case studies of European firms, that made different choices with regard to the relationship between business strategy and social strategy. Accordingly, the two companies show some differences with respect to: the structure and content of the implemented BSC, the characteristic of its implementation process, the role played by the organizational departments involved and the relationship with traditional planning and control systems mainly centred on business variables.

Moreover, research findings show that the BSC is not perceived and used as a static tool, but, instead, a life cycle approach seems to emerge. At the beginning, when sustainability has to be embedded into the organization and it has to be recognized as a corporate priority, the BSC plays a relevant role among the firm's managerial mechanisms. Once the transition has started and sustainability has gradually been incorporated into the organizational culture, systems and actions, the routine seems to be managed by some simpler tools, like a set of KPIs.

Introduction

The relationship between the business strategy and the so called social strategy has become more and more relevant, due to the financial and economic crisis, which asks for a new strategic paradigm. However, a firm that intends to embed CSR and sustainability into practice needs to use managerial mechanisms to influence worker's behavior and to align individual objectives with company's goals and strategies (Dixon, Nanni & Vollmann, 1990). To this purpose, performance

measurement systems (PMSs) play a fundamental role, because in the organizations those objectives are pursued and those actions are implemented which managers are responsible for and upon which they are evaluated and rewarded. Dealing with the identification of the drivers of past and future performance and the related indicators, PMSs can also favor the alignment between the business strategy and the social strategy.

The design, implementation and use of PMSs focused on CSR and sustainability, ask an enterprise big efforts, to integrate the actual financial PMSs. The critical performance areas to be monitored have to consider the relevant stakeholders, the business strategic objectives and the triple bottom line (TBL) perspectives; the indicators, the measurement rules and the relationship among different KPIs have to be redesigned. The frequency of measurement should favor timely and reliable analysis. Finally, traditional systems focused on financial indicators need to be integrated with new accounting systems, such as environmental and social accounting. A trade-off exists between the number of indicators which can be regularly and timely elaborated and communicated and the costs of their measuring and processing.

The above mentioned efforts may explain the limited diffusion of PMSs oriented to CSR and sustainability. Among the different proposals developed by scholars, one of the most appreciated framework is the Sustainability Balanced Scorecard. In this paper, we concentrate our attention particularly on this tool, analyzing the characteristics of its design and implementation. Two case studies are presented, about firms that have introduced the Sustainability Balanced Scorecard.

More in depth, paper's main objectives are as follows:

1. to explore the relationship between business strategy and social strategy;
2. to analyse and discuss the design choices of the Sustainability Balanced Scorecard (structure and content) that guarantee the consistency between the business strategy and the CSR/sustainability approach;
3. to identify points of strength and weakness underlying the implementation of a balanced scorecard oriented to CSR and sustainability.

Business strategy vs. social strategy: the missing link?

The relationship between the business strategy and the social strategy represents an issue underdeveloped by the literature. Authors who dealt with this topic often seem to consider the social strategy and the business strategy distinct and parallel issues. According to Minoja (2008), various theoretical streams about the relationship between the firm's economic and social objectives have been developed by the literature.

The stakeholder theory, for example, affirms that social issues are comprised among firm objectives, consistently with the following principles:

- the firm's decisions and actions imply not only economic, but also social impacts;
- organizations inevitably involve social as well as economic consequences, inextricably intertwined;
- the firm uses resources and competences which allow it to proactively and effectively cope also with social issues (Porter & Kramer, 2002; Margolis & Walsh, 2003);
- dealing with the stakeholders' needs and issues is not inconsistent with the shareholders' value.

Another research stream recognizes that the firm has obligations towards stakeholders, but it considers social issues as instrumental and subordinate to the objective of maximization of profit and shareholders' value. Giving attention to social issues and stakeholders' interests, in fact, improves the firm legitimization, and its reputation, strengthens the consensus from stakeholders, generates intangible assets, and reduces the firm's risk profile (Wartick & Cochran, 1985; Wood, 1991; Godfrey, 2005; Mackey et al., 2007).

The relationship among firm's financial and ethical responsibilities is another relevant issue taken into consideration by the literature. If some authors proposed that the firm does not have any other obligation than the merely objective of maximizing shareholder value (Levitt, 1958; Friedman, 1970), other scholars (Mintzberg, 1983) stated that being committed to ethics is not in conflict with financial, strategic and operational concerns. Similarly, Coda (1988, 2004) proposed that financial, competitive and social goals are not rival; the relationship among them is circular because each dimension influences reciprocally the other ones.

To sum up, the relationship between business strategy and social strategy has been analyzed by the literature according to three main perspective. The first one considers the sustainability strategy as instrumental and subordinated to the business strategy and to the competitive and financial objectives. The second one recognizes that the firm has obligations towards stakeholders, because it has to follow ethical principles and behaviors. However, such approach considers the social strategy as a distinct one from the business strategy. Finally, according to the last perspective, CSR and sustainability have to be strictly integrated into the company goals and mission, defining a long-term convergence among financial, competitive and social objectives, and a coincidence between the business and the social strategy.

The role of PMSs in implementing social strategy

A company pursuing a strategy oriented to CSR and sustainability needs to define objectives and programs, and to measure their achievement adopting a new perspective.

Starting from the beginning of '90s, some scholars highlighted the importance of having specific managerial tools devoted to measure and represent the sustainable and CSR performance, deployed into both the environmental and the social perspectives (Epstein, 1995; Schaltegger et al.,1996; Elkington, 1997; Epstein & Manzoni, 2006). All such frameworks are multi-level and multi-stakeholder. The most popular proposals are summarized in table 1.

Table 1: PMS frameworks oriented to CSR/sustainability

Framework	Authors
Value Reporting	Wright and Keegan, 1997
Intellectual Capital Model	Edvinsson and Malone, 1997; Sveiby, 1997; Stewart, 1999
Comparative Business Scorecard	Kanji, 1998; Kanji, Moura and Sa, 2002
Ethical Performance Scorecard	Spiller, 2000
Performance Prism	Neely et al., 2002
Sustainable Balanced Scorecard	Epstein and Wisner, 2001; Figge et al., 2002; Epstein and Roy, 2003a, 2003b
SIGMA Sustainable Scorecard	www.sigmaproject.org
Integral framework for performance measurement	Rouse and Putterill, 2003
new Balanced Scorecard	Kaplan and Norton, 2004
Responsive Business Scorecard	Woerd and Brink, 2004
Thematic Balanced Scorecard	Dias-Sardinha and Reijnders, 2005
Corporate Sustainability Performance Pyramid	Epstein and Wisner, 2006
Dartboards and Clovers of Sustainability Model	Bonacchi and Rinaldi, 2007

Notwithstanding the interest devoted by the academic world to the impact of sustainability and CSR on PMSs, the business world shows a more cautious approach. The empirical evidence highlights how some companies integrate the managerial reporting systems with a few social and environmental indicators (KPIs) (Keeble, et. al, 2003; Searcy, et al., 2005; Chee Tahir & Darton, 2010; Ramos &

Caeiro, 2010). A few firms develop and use new performance measurement frameworks, focused on CSR and sustainability (Milne, 1996; Norris & O'Dwyer, 2004; Kaplan & Norton, 2004; Durden, 2008), but the diffusion of PMSs revised in the light of CSR and sustainability is still quite limited.

Agreeing with the literature mentioned above, we state that the implementation of the social strategy finds an important driver in the PMS, that can favor the alignment among decisions, actions and attitudes. Among the different frameworks developed by the literature, the Sustainability Balanced Scorecard represents the most impressive and effective proposals.

The main issues to be taken into consideration in order to develop a Sustainability Balanced Scorecard aligned with the company's social strategy are discussed in the next paragraph.

The Balanced Scorecard as a tool for implementing social strategy

Among different PMSs frameworks devoted to drive the implementation of the social strategy, many scholars suggest the use of the Balanced Scorecard as an effective tool (Kaplan & Norton, 2001). With reference to this specific topic, different are the proposals coming from the literature.

Epstein and Manzoni (2006), for example, contended the introduction of the sustainability issues into the four traditional perspectives of the BSC. According to this proposal, the enterprise should maintain its business BSC, but adding new objectives and indicators, aimed at capturing sustainability, inside each traditional dimension (Fig. 1)
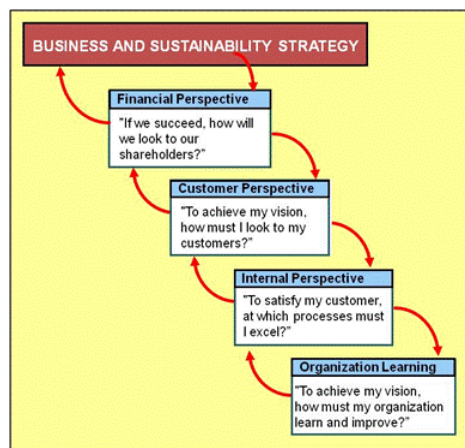

Figure 1: Integration between business strategy and social strategy: sustainability embedded inside traditional BSC dimensions

This model should be appropriate when the management believe sustainability playing a relevant strategic role for the firm's success, and so it has to be embedded into business strategy. Such BSC framework is useful in order to pursue the integration between the business strategy and the social strategy.

Conversely, Figge et al. (2002) suggest the opportunity to add a new dimension of performance to the four ones of the BSC, the so-called "non-market" perspective, devoted to hold the sustainability objectives and performance indicators (Fig.2). In the evaluation process, this fifth dimension should have a different weight related to the importance that the sustainability could have among the organization priorities.
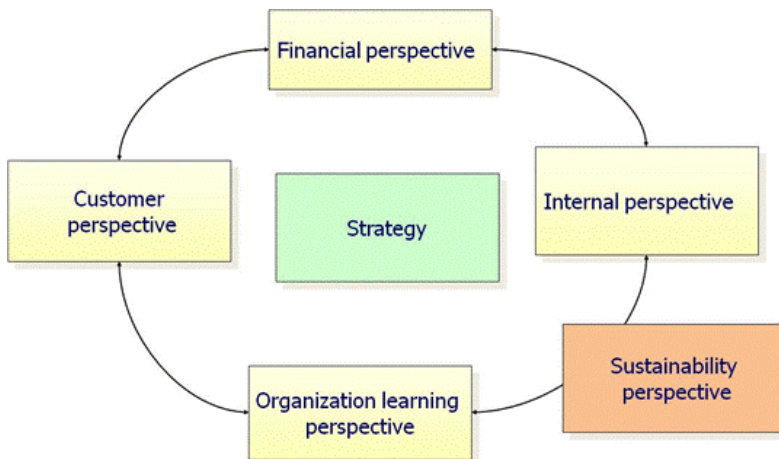
Figure 2: Social strategy distinct from business strategy: a fifth perspective in the BSC

According to this approach, sustainability supports the business objectives without a complete integration with them. This kind of solution is particularly effective, either for firms that have just begun to deal with the sustainability issues or for those organizations that prefer to maintain separate the business and the social strategy.

Epstein and Wisner (2001) propose the design of a specific scorecard devoted to sustainability. They argue that a new performance measurement framework should be developed, in addition to the business BSC, which considers sustainability and stakeholder satisfaction: both a triple bottom line (TBL) approach, and a stakeholder focus, which articulates goals and indicators into relevant stakeholder categories, are recommended (Fig. 3).

The business BSC

The sustainability BSC
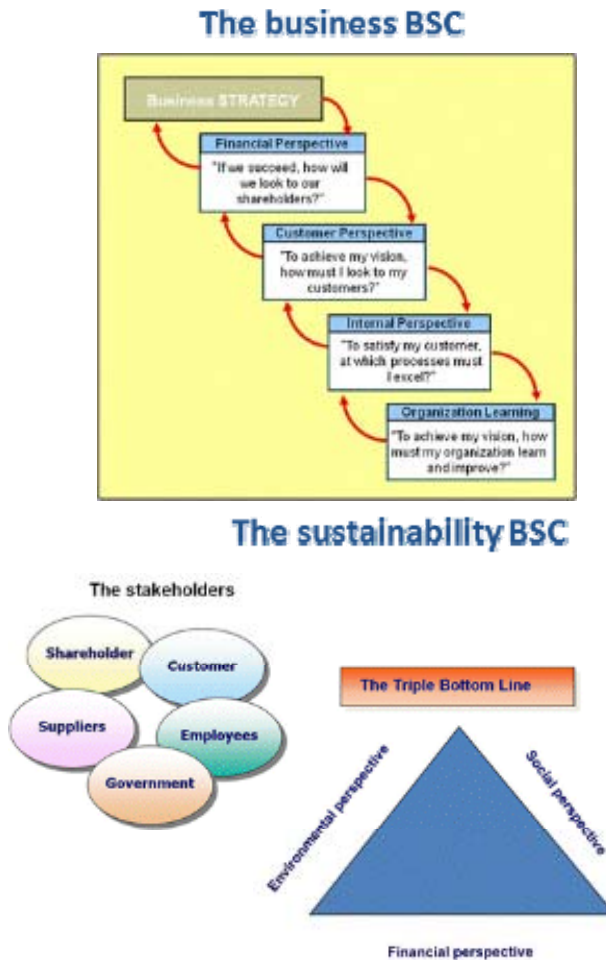
Figure 3: Social strategy distinct from business strategy: two separate BSCs

Due to the fact that the Sustainability BSC operates as a separate tool, the social strategy is considered as distinct from the business one.

Finally, Kaplan and Norton in 2004 revised their BSC framework in the light of paying attention to sustainability perspective, stating that all stakeholders' interests have to be represented into the BSC, if this is useful to the business strategy. They suggest the inclusion of sustainability objectives and measures inside the "Internal processes" perspective, specifically in the "Environment, Health and Safety" area. (Fig. 4). According to their proposal, social strategy is instrumental to business strategy.

Figure 1-3 A Strategy Map Represents How the Organization Creates Value
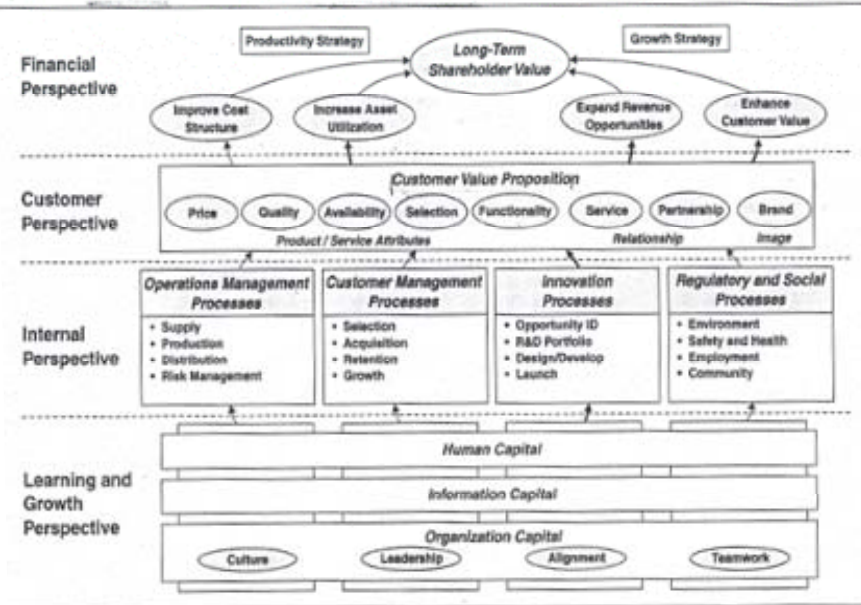
Figure 4: Kaplan and Norton Sustinability BSC (2004)

To sum up, sustainability and CSR can be embedded into the BSC framework following four main design choices, depending on the relationship between social and business strategy a company wants to support:

- if social strategy and goals are considered as instrumental and subordinated to the business strategy and to the competitive and financial objectives, we can expect that Kaplan and Norton's framework (2004) is applied;
- if social strategy is considered distinct from business strategy, two different design choices can be made. The former one is the addition of the sustainability perspective to the traditional BSC model (Figge et al., 2002); the latter one is the development of a specific sustainability BSC as a separate tool from the traditional BSC (Epstein & Wisner, 2001);
- finally, when CSR and sustainability are strictly integrated into the company goals and mission, and a coincidence between social strategy and business strategy occurred, CSR and sustainability objectives and measures are deployed pervasively into the four perspectives of the traditional BSC.

Empirical evidences

Research design

The research method was based on the analysis of two case studies of European firms, which embedded sustainability and CSR in their strategic goals, organization and managerial mechanisms. Case studies were performed through semi-structured interviews, and the analysis of secondary sources. Informants included: the Chief Executive Officer, the Chief Financial Officer, the Controller, the CSR manager, and the Communication department Manager. Data collection focused on research variables describing the company, the CSR and sustainability strategy, the business strategy, and the impact of CSR and sustainability on the organization, managerial mechanisms and PMSs.

The several informants, direct observations, different data sources and the analysis of secondary sources, such as company documentation and corporate website, allowed for triangulation, to check the internal consistency of data. A comparative analysis across the two cases was carried out, after an explanatory and descriptive analysis of each company.

Case study 1: Alpha

Alfa is a multi-utility company that provides energy (gas, electricity), water and waste management services to a total customer base of approximately two million users. Alpha aims to guarantee an innovative corporate model based on a multi-business approach with strong roots in the community. It places sustainability as a key element of the company strategy. The business strategy is developed along three lines: energy, networks and environment. Such strategic priorities are supported by some strategic sustainable objectives: reduction of environmental impacts, increasing service quality and safety, involvement and dialogue with stakeholders, communication and workforce involvement, career advancement and efficient use of skills and know-how, alignment with code of ethics principles, sense of belonging and corporate culture, promotion of the quality, safety and environmental policy.

Alpha has published the Sustainability Report since 2003. In October 2010, the Balanced Scorecard System Management Department within the Corporate Social Responsibility Department was established. Alpha's BSC articulates the corporate strategy and the social responsibility policies into specific projects managed by managers and periodically monitored. The implementation of such projects is an integral part of the management bonus system. The peculiarity of this approach consists of considering the achievement of social and environmental sustainability strategic objectives as a condition for the realization of the company's economic and financial targets over the medium and long term. The objectives included in the BSC

are related to four main strategic priorities: development, quality and corporate social responsibility, organizational integration, efficiency upgrading. The commitment to stakeholders is also considered in the BSC. Each year, the strategic map, updated consistently with the contents of the business plan, provides a summary of the strategic objectives and Alpha's commitment to stakeholders. To achieve the strategic objective of increasing the company's long-term value, many priority projects are selected during the budgeting process. Members of the Executive Committee are in charge of such projects. Each project within the BSC system is assigned to a manager and it is part of his/her bonus system.

Case study 2: Gamma

Gamma is one of the largest European listed utility. It has been listed on a European and the New York stock exchanges since 1999. In 2002, the corporate social responsibility (CSR) project was launched, directly sponsored by the CEO. In order to foster the integration of respect for the environment and society into its business activities, Gamma ensured that its Board of Directors assumed responsibility for sustainability and for the integration of planning and audit processes with sustainability objectives and indicators. In 2002, two new organization departments were established: the Corporate Social Responsibility unit, within the Corporate Communication Department, and the GammaDATA unit, within the Corporate Administration, Finance and Control Department. The latter was in charge of the CSR planning and control process, defining CSR objectives, evaluating CSR projects and compiling managerial reports for top management. Within the Corporate Administration, Finance and Control Department, a new role was also established: the CSR controller. Many data owners were identified to be in charge of and manage KPIs for the Sustainability Report and rating agencies' questionnaires.

In May 2003, the first Sustainability Report (for the year 2002) was published. In July 2003, social and environmental questions arising from business activities and relations with stakeholders were translated into a set of corporate social responsibility objectives. They were incorporated as an integral part of the Company Business Plan as well as the budgeting and reporting systems.

Gamma has created a system of data collection that compiles information at quarterly intervals and, using specific key performance indicators, is able to: illustrate the main actions being undertaken for improvement; highlight deviations from corporate goals so that prompt corrective action may be taken. The specific planning and control mechanisms used are:

- the Sustainability Data: it contains the annual guidelines for the CSR planning and control activities

- the CSR Plan: it is devoted to formalize the objectives and the action plans required for the development and implementation of the sustainability strategy during the specific budget period and the following five years.
- the Quarterly Scorecard: it contains some highlights on the most relevant CSR facts of the quarter;
- the Business Review: every six months, it presents to the CEO the current situation of the CSR projects, and the planned initiatives for the following twelve months.
- the Sustainability Scorecard: it was first realized in 2006. It reports the company's critical success factors, deployed in strategic objectives, and for each of them a set of KPIs, for a total amount of around 100 KPIs.

The actual value, target and trend of each KPI are measured by means of a score that reflects the degree of variance between the target and the actual value. The Sustainability Scorecard has been developed by the Business Planning and CSR Control manager together with the IT department. It is organized according to a TBL structure. Recently the sustainability scorecard has been called in question.

It is noteworthy that the sustainability planning and control mechanisms and process have not substituted the traditional planning and control tools, but represent a parallel, but distinct system.

Conclusions

The relationship between sustainability and performance measurement has traditionally been studied with reference to the external reporting. Only recently some proposals on the sustainability PMSs have emerged in the literature and they are particularly focused on the BSC approach. According to how the relation between business strategy and social strategy is considered, authors suggest different design choices for the BSC.

The analyzed cases confirm the adoption of a contingency approach with reference to: the sustainability BSC structure and content design, its implementation process, the relationship with traditional planning and control systems, and the role of different organizational departments (see table 2).

Table 2: Strategy and PMSs in Alpha and Gamma

	Alpha	**Gamma**
Relationship between business strategy and social strategy	Social strategy and business strategy are linked	The two strategies are distinct
Planning and control systems	Sustainability embedded into planning, budgeting, reporting and incentives	Sustainability planning and control systems are distinct from the traditional/ financial ones
Sustainability balanced scorecard	Sustainability embedded inside four areas of the balanced scorecard: development, quality and corporate social responsibility, organizational integration, efficiency upgrading	The sustainability balanced scorecard is distinct and parallel with respect to the traditional planning and control systems, and it is organized accordingly to a triple bottom line approach
Department involved in CSR/sustainability planning and control	The unit in charge of sustainability BSC is inside the CSR department	Two organizational units in charge of sustainability: the first one is in charge of external communication and it is under the Communication department, the second one is in charge of sustainability planning and control systems and it is inside the accounting, finance and control department

According to table 2, it can be said that Alpha considers social strategy and business strategy strictly integrated. Consequently, it revised its traditional BSC adding sustainability KPIs into the business performance areas. By the way, this choice could be the consequence of the fact that Alpha is owned by local municipalities and operates in energy, water and waste management, delivering public services to local communities.

On the contrary, Gamma considers social strategy distinct from business strategy. Being a listed company, sustainability has been adopted mostly for communication and image purposes, and to be admitted to social indexes, in order to attract social investors.

As suggested by Riccaboni and Leone (2009), we can say that the analyzed companies have adapted rather than adopted the concept of sustainability. Integrating financial, social and environmental goals, pre-existing values and

paradigms (such as shareholders' interests and profitability) have been not questioned. Rather than against traditional concepts, sustainability is treated as something complementary to them.

However, the analysis of the two cases allows to identify two different profiles of the meaning of sustainability:

- the first profile, implemented in Gamma, is market oriented. According to this perspective, sustainability is a vehicle for improving the company's attractiveness for customers, and investors: social strategy can be considered as instrumental to business strategy;
- the second profile of sustainability, implemented by Alpha, is corporate value oriented. Sustainability is viewed as a key point of the company's culture; it strongly directs the decision processes and the activities. Thus, social strategy and business strategy are strictly integrated.

In both the case studies analyzed, sustainability has been introduced within the organization through formalized mechanisms and tools. New organizational units and roles in charge of sustainability BSC have been established but PMSs, particularly, have played a relevant role in the implementation of the new strategic guidelines. Sustainable objectives for the organization as a whole, as well as for divisions and departments, have been identified, and different tools like sustainability plan, budget, managerial reporting and formal incentives have been adopted. A clear and well-framed definition of strategic objectives in terms of sustainability and their translation into specific and measurable targets have been defined, which represent fundamental guides in embedding social and environmental issues in organization management practices and day-to-day operations.

The integration of sustainability objectives into the traditional planning and monitoring system seems to be one of the key elements of the successful embedding the new paradigm within the organization. As argued by Riccaboni and Leone (2009) the integration rather than the replacement of existing tools and practices looks like a facilitator of the progressive internalization of the sustainability principles within the organization.

However, the findings of case studies show also some peculiarities of the two firms. In fact, Gamma considers the sustainability strategy mostly as a separate dimension from the business strategy. Thus, consistently with Epstein and Wisner (2001) it arranged a sustainability BSC separate from the traditional managerial reporting. Such findings demonstrates a weak integration between the business and the sustainability strategies, which are viewed as two distinct aspects of the firm's life. Partially different is the approach adopted by Alpha. The traditional BSC includes the sustainability objectives and indicators, as supported by Epstein and

Manzoni (2006), showing a more strict integration between social strategy and business strategy.

It is noteworthy that in Gamma the sustainable BSC has been recently called into question. The reasons explaining such choice can be summarized as follows:

- the BSC is considered too much complex in relation to the achievable benefits;
- the BSC is less flexible than other performance measurement tools such as a set of KPIs;
- an effective BSC along time requests costly interventions for the design and maintenance of the information systems.

With reference to the Gamma case, we can say that a life cycle of the BSC seems to emerge. At the beginning, when sustainability has to be brought into the organization and it has to be perceived as a corporate priority by the employees, the BSC seems to be the more effective tool. Afterwards, when the new approach has come into use and sustainability has been gradually incorporated into organizational culture, systems and actions, the routine can be managed by some simpler tools, like a set of KPIs.

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ELENA QUERCI

COLLECTIVE ETHIC IDENTITY
IN THE LOW COST HIGH VALUE COMPANIES

The global social and economic changes have induced companies to innovate more quickly and to administer business costs, from supplies through production and logistics, so as to reduce and contain inefficiency. The purpose is to offer consumers goods and services with high levels of real and perceived value, at fair prices. The low cost high value production philosophy is based on a set of behaviors designed to offer goods and services at low cost respecting the quality factor, implementing innovative distribution processes and modern management policies, while encouraging a consumer style can generate high benefits for consumers, for businesses and for the country's system. Companies that choose to adopt Low Cost/High Value strategies produce goods or services with characteristics which are important for customers like design, environmental safeguards and easy access, for more natural, ecological environmental products. The companies, in defining business objectives and decisions that will follow them, will have to consider both the economic choices and both social ones. It is possible reach the long-term development if companies put their attention to the various stakeholders' needs by combining them with the respect of the rules and social values, and therefore necessary to balance economic value and competitive and the intangible value given by the consensus achieved by having undertaken social and environmental policies. The final objective is to analyze the strategies implemented and business models of three companies that have adopted low cost high value, the Centro Medico Santagostino, OdontoSalute and Nau! in northern Italy. The three companies in addition to the signing of the ethical code dell'Assolowcost are engaged at various levels to increase their social responsibility. It is with "cross-case analysis" that we will try to identify the specific features of the low cost high value business model and the contribution to the corporate social responsibility.

Introduction

This research focuses on and analysis, certain management and strategic factors which have lead companies to position themselves in the low cost/high value sectors and the contribution to the corporate social responsibility. The global social and economic changes have induced companies to innovate more quickly and to administer business costs, from supplies through production and logistics, so as to reduce and contain inefficiency. The purpose is to offer consumers goods and services with high levels of real and perceived value, at fair prices.

The final objective is to analyze the strategies implemented, and the business models of three companies that have adopted low cost/high value, particularly in the realm of health services and what is their contribution to corporate social responsibility with the study of "cross-case analysis" Osterwalder A., Pigneur Y., Tucci C. L. (2005).

The growth of new business ventures is very important; new entrepreneurs and new ideas entering into an economic-productive system, lead to new goods and production techniques and encourage the interaction between people, ideas and capital that results in the inception and development of new fields of business. This, in turn, sparks a virtuous cycle, leading to the growth of technical and organizational skills that makes it possible to recreate the pattern in other businesses operating in the same field.

Organization and Research Method

An analysis of changing economic and political choices in health care will be highlighted if there is a new real space of action for companies to be compared with the activity of supply of health care services. Wanting to prove, therefore, that there is a new sector that stands between the public and private health care, business health low cost high quality and sustainable.

The specific objective and the ultimate goal of the research that we resolved, is to be put in benchmarking, through the study of cases, Hartley, J., F., (1994), which may act as a guide for those who want to go down this road or want to improve their corporate policies in view of low cost high value in order to maintain the virtuous cycle of economic growth and healthy. The adoption of a descriptive research design, fieldwork and qualitative method is the default choice in the structuring of research and considered appropriate to achieving the objectives of the work to define the business model for Low Cost High Value in health care providers, Selltiz, C., Wrightsman L.S., Cook S.W. (1976).

Case studies are considered the most effective course to come up with answers to "how" and "why" questions when researchers have only limited control over events, but at the same time want to explore con-current trends with the aim of explaining certain phenomena and casual relationships. This is the reason why case studies and real stories are the research strategies that are most suitable to this kind of study. Yin R.K. (2003) suggested applying the logic of *"literal e theoretical replication"*, which is based either on the identification of cases that will give similar results (literal replication) or which will give different results, but for predictable reasons (theoretical replication). The importance of this logic is that it allows for the extension or replication of the emerging theory. In our case we have chosen the *"literal replication"* analyzing three kinds of companies active in the low cost/high

value sector to find their similarities. They are Italian companies working in northern Italy: the Centro Medico Santagostino Milan in Lombardy, OdontoSalute Gemona in Friuli – Venezia Giulia and NAU! In Castiglion Olona, Varese. They are companies that have adopted the low cost/high quality philosophy by focusing on improving their organization and creating economies of scale to cut costs, thus making health services available to a wider range of consumers. These companies adhere to the ethical code drawn up by the AssoLowcost and so, while adopting different business strategies, they must follow similar parameters.

Ethical codes in Low cost high value

The function of the ethical codes is to present the charters of rights and fundamental duties, with which the company clarifies its ethical and social responsibilities towards the various stakeholders, internal (shareholders, employees and management) and external (customers, suppliers, competitors, social and natural environment surrounding and public institutions). Through the code of ethics, despite their differences, we try to make explicit a kind of "social contract" that binds the company to the various groups and and individuals that interact directly or indirectly with it and have the rights and interests at stake against him, Sacconi L., De Colle S., Baldin E, (2001).

Companies associated with Assolowcost must respect the general principles of the his ethic code the companies should commit to put at the center of their strategies geared towards sustainable economic development to improve the quality of life, to try to meet the needs of society and the communities in which they operate, helping to solve problems and respecting their cultures, religions and traditions, with particular attention that their activities do not conflict with the protection of the rights and dignity of man. The ethic code of Assolowcost promotes the principles of Corporate Social Responsibility and the respect of following documents presented below:

- Universal Declaration of Human Rights (ONU 1948),
- DIRECTIVE 2006/54/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation,
- European Convention for the Protection of Human Rights and Fundamental Freedoms (1950),
- London Convention on Civil Liability for damages related to the environment derived from oil pollution (1999),
- Declaration of the Rights of the Child of the United Nations (1959, 1989),

- EU regulation 2006/1907 Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) on the subject of dangerous chemicals,
- ILO Conventions relating to the Fundamental Principles of Workers' Rights, with particular reference to the protection of child labor n. 138, 182 and 190,
- Decree Decree no. 22/97 in terms of waste management, hazardous waste, packaging and packaging waste,
- Washington Convention on international trade in flora and fauna and the danger of their extinction (1973),
- Montreal Convention (1999), the EU Regulation (EC) No 2027/97, as amended by Regulation (EC) No. 889/2002 and Regulation (EC) No 261/2004 as well as endorsed by the Bill of Rights ENAC passenger enacted concerning air transport,
- Convention of Rio de Janeiro on sustainable development and the specific rights charters, international conventions and regulations regarding specified below in relation to particular industries (1992),
- Vienna Convention on Nuclear Safety (1998).

The policy developed by the European Union in the Green Paper "Promoting a European framework for Corporate Social Responsibility 2001", in support of corporate social responsibility, defines it as the voluntary integration of social concerns and environmental concerns in their business operations and in their interaction with their stakeholders. The growth of new businesses that adopt the corporate social responsibility is very important; new entrepreneurs and new ideas that come into a system of economic productivity, lead to new goods and production technologies and foster interaction between people, ideas and capital that results in the birth and development of new fields of activity. So is possible to give form to a virtuous circle, leading to the growth of technical and organizational skills that makes it possible to recreate the model in other companies in the same sector. the continuous monitoring of the European Commission shows that The number of EU enterprises that have signed up to the ten CSR principles of the United Nations Global Compact has risen from 600 in 2006 to over 1900 in 2011, COM (2011) 681.

It is possible reach the long-term development if companies put their attention to the various stakeholders' needs by combining them with the respect of the rules and social values, and therefore necessary to balance economic value and competitive and the intangible value given by the consensus achieved by having undertaken social and environmental policies, Mario Carrassi, Vittorio Peragine (2007). It is to consider what was said by the authors Michael E. Porter and Mark R. Kramer (2001) as regards Creating Shared Value as an equilibrium between economic results and CRS: *"Companies can create economic value by creating societal value. There are three distinct ways to do this: by reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the*

company's locations. Each of these is part of the virtuous circle of shared value; improving value in one area gives rise to opportunities in the others"

The company to build community consensus must on the one hand efforts to meet human needs and the other side to try to reach them must invest and this can only be done effectively if there are financial resources to create precisely effectiveness and efficiency also at the individual level.

It is a circular process in which all aspects of social, environmental and economic are linked together and when a connection is broken here is that the company will face serious difficulties, because if there is wealth you cannot take corporate operations and environmental protection in line with the expectations of stakeholders and the community and it is unable to generate even greater consensus, attraction of human resources and virtuous image of the company that is reflected in a certain degree of competitive strength, therefore profit

The three companies studied in the cases work in addition to the signing of the code of ethics dell'Assolowcost are engaged at various levels to increase their social responsibility. They are the prime mover that launch innovations, investing in the development of new products, and accept the risk of exploring unknown territory. Nau! It manufactures and sells eyeglasses, sunglasses and contact lenses, high levels of design, selection of frames with low impact with recycled materials, strictly in line with the trends and habits of their patrons. This company chose to partner with Legambiente; OdontoSalute are clinics specializing in dental care, and every year presented the sustainability report. The Centro Medico Santagostino is the first clinic low cost multifunctional surgery with medical examinations subject to price control (maximum fee: 60 Euros). The starting capital of the Centro Medico Santagostino was conferred from Oltre Venture Capital Sociale, an investment fund ethically committed in projects and services aimed at the so-called "gray area of social fragility". Applying the method of venture capital to the social: offering funds, experience and managerial competence.

The advantage of being first movers lies in the ability of the company to be in a pole-position to gain economically and this can be reached through several stages. In the first stage a particular advantage of the pioneer over its rivals can usually be attributed to some variable such as unique resources, or a particular foresight, or even just to a stroke of luck. Once this variable occurs, a series of mechanisms allow the company to take advantage of its position to increase the scope, or the length, of its profit as a first mover. It is important to bear in mind that in certain markets there is only room for a limited number of profitable enterprises so the first move is to select the most interesting niche sectors and then to put into effect those strategies that will limit the space available to further competitors (M. B. Lieberman and D.B. Montgomery, 1988). The next step is to pass from narrow and traditional skills to the wider and newer skills necessary, at the same time as the rules of the game are

being re-written. R. Norman (2002) calls *prime mover* innovator/inventor those individuals that he considers "creators of sleeping assets markets". The prime mover transforms these assets into liquidity that can be advantageously employed in a different context. In this sense the prime mover makes all the players richer, leading others to identify untapped assets to be exploited, such as, in the realm of low cost high value health services, short waiting lists, comfortable accommodation and convenient geographical locations. They have a new approach as *subjects capable of impacting on the outside environment. They are organizations that don't only understand the changing market but, in some ways, implement or direct the change itself* (Norman 2002) The prime mover has considerable advantages, among them technological leadership, learning curves, brand identification, as well as the opportunity to shift the switching expenses on to the client and the chance to exploit the positive effects generated by customer satisfaction (Querci 2014).

Case works

The business model that AssoLowcost recommends for its members is based on the following success factors: *clear and transparent information regarding the prices charged for different services, careful attention to contact and reservation procedures, with several options for remote access to services, concentrate on certain services to achieve those economies of scale necessary to contain costs, adopting quality control standards in order to guarantee high levels of quality, implementing purchasing procedures and underwriting supply contracts with partner companies, relies mainly on word of mouth from clients, who pass on to others their favorable impressions regarding services rendered. So that a product or service enters the wider family of low cost and high value is not just a product or service sold at a low price because of lower quality, it is necessary that the general reduction of costs should not be attributed only to the lower cost the raw material or to a lower level of quality in the production phase, but should be attributed in large part to the optimization of other activities that are part of the value chain in the respect of ethical values, social responsibility and environmental protection.*

The three cases studied, Centro Medico Santagostino, Progetto Dentale Apollonia (from June 2013 the name has been changed to OdontaSalute) and NAU! through offering different types of goods and services, shared certain common elements like business strategies, the organization of their supply chains and customer satisfaction and orientation.

The company Nau!, manufactures and sells prescription eyeglasses, sunglasses and contact lenses fig.1. It was founded in 2004, and is located in the province of Varese in northern Italy.
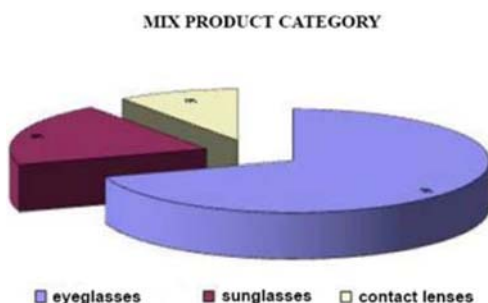
MIX PRODUCT CATEGORY

Figure1: Mix product category of Nau (Source: www.nauottica.com)

The company chose Legambiente as partners; the association, which works to protect the environment. Legambiente has an innovative approach to the topic of the economy and employment. Their aim is to promote and enhance the wide variety of production activities (local products, cultural heritage, technical innovation and maintenance of urban and regional), which are able to improve the quality of the environment and to give more competitiveness for Italy. Since 1986, every summer, the Green Schooner Legambiente makes the circumnavigation of the Italian coast by collecting and examining about 500 water samples and performing on each of the analyzes required by law.

Apart from spreading in real time the results of the analysis of the places visited, the boat offers environmental events in each stage to talk with citizens and governments of all the issues that affect the health of the sea: from fishing to tourism activities, from nautical cabotage, by reckless coasts to the phenomenon of erosion.

Promotes and enhances the fundamental role of marine protected areas for the conservation of the fragile marine ecosystem. Promotes sustainable tourism in respect of the territories and ecosystems. The crew of the schooner green wears glasses recycled plastic Nau! Nau! signature and supports projects for the defence and preservation of the environment, supports campaigns to protect the ecosystem and donates, for every pair of glasses sold in recycled plastic, a contribution to Legambiente.

Concern for the environment has led Nau! optics to realize the first eyeglasses and sunglasses in recycled plastic. The particularity in the processing is that the recycling, defined pre-consumer, takes place with the use of milling and curls of machining of its frames. The production process of these collections is certified by the Institute for the Promotion of the plastics for recycling that issued the Certificate of Conformity Plastic Second Life – Category B. The line of eyewear (Querci 2013).

The majority shareholder of the Medical Center Santagostino is a capital fund "patients and responsible" that does not require a specific return on investment, but that provides managerial and public relations (capacity building). The company

which funded the Medical Center Santagostino, for 70% of capital invested, is Oltre Venture which operates in the field of Venture Capital Association, bringing the amount of 1,500,000 euro investment with the aim not to cash, but to come back in two years, in order to expand and improve services, while 30% of the remaining capital is made available by financing partners that accept a minimum remuneration of capital, equal to 3%. The Medical Center Santagostino operates outside the system of accreditation of the NHS and it is stated in the private sector, but in a quasi-market, between profit and non-profit. The Medical Center Santagostino, is an innovative project which cannot be separated from economic revenue. In fact, although the primary objective of lenders is not profit, but the exploitation of economically sustainable initiatives for social interest, to start a project of this nature serve specific skills, as well as a substantial capital to invest in the early stage, but also in conservation of a high standard of quality throughout the process of affirmation and development of the initiative. Mariani G. (2012)

The company Venture addition to the traditional supplier of venture capital has added an offer of an innovative financial instrument to support the social, funding and supporting the development of companies that pursue activities in the economic sustainability and social value, working in those sectors characterized mainly by a socio-economic fragility. Besides Venture operates in the Venture Capital Company and was established in November 2006 and its actions are aimed at two main areas of investment:

- the study and analysis of the evolution of social needs, becoming a permanent observatory on intervention models most innovative and effective
- The role of "incubator" of enterprise with organizations or persons bringing innovative business idea in the social and potentially attractive to new investors including Venture same addition.

As in financing with venture capital involvement of Oltre Venture it does not end only with the help of financial resources but also provides managerial skills and know-how in the social sphere. Allowing you to successfully combine some key factors such as:

- entrepreneurship
- both managerial and financial skills
- focus on results
- the partnership between investors and entrepreneurs.

This form of financing satisfies two types of innovation: innovation in the field of financing, characterized by the overcoming of traditional philanthropy, the first example in the Italian economic landscape, investing in venture capital enterprises

engaged in innovation in this area and the innovation firm that faces new sectors or experiments with new types of offers on products/services mature.

The investment risk is mitigated by the knowledge of supporting complex and innovative business ideas with a major social return.

OdontoSalute has fourteen locations, in north, central and southern Italy, ample parking, near airports, and motorway exits, very diverse socio-economic clientele. Seven clinics are owned by other franchise agreement, they have special agreements with hotels, restaurants and transportation companies to ensure a pleasant stay during treatment

Large volumes of sales and narrow margins are the philosophy of all three companies and suppliers have had to conform to this same policy. Just one of the six dental clinics of the OdontoSalute group invoices, in one month, what a traditional dental clinic invoices in a year, giving it a strong bargaining position with suppliers, which are never very numerous. The strategies to contain costs benefit patients who are offered quality services at lower prices than those of the competition, with minimum waiting lists and easy access to care.

The social report of OdontoSalute highlights its approach with stakeholders to its Corporate Social Responsibility and evaluate the benefits produced by the multiplicity of outcomes that positive relationships are maintained with the communities, or social groups (young and old), represented by all agencies, organizations, formal organizations and informs them that they are in contact in various ways with the clinics.

The term stakeholder is used in this context to identify and classify all subjects, individual and collective, that interact more and less structured with the company; relations that are characterized by the sharing of objectives, from intentionality and projects, reports of business-to-business or non-commercial research, animation and social promotion. All these subjects considered (companies, groups, communities and citizenship), along with OdontoSalute, constitute a large social system of reference within which the actions and behaviors of each social actor able to create positive synergies for the entire system. In these links social actors live a mutual and constructive in which there is convergence of purpose and collaborative attitudes, and where well-being and success of each is tied to the fate of others.

Conclusions

A code is intended as text deliberately developed by management to shape the perception of the reality of others. Subsequently, the language of the code is seen as an attempt to interpret the situation and to build the social reality (Ainsworth & Hardy, 2004).

It is demonstrated that the company is a cohesive group in terms of responsibility and ethical behavior, and who in this group must follow the common ethical principles. In line with a perspective proposed by Brewer & Gardner (2004)

The three studied companies are able to look beyond the boundaries of the core business and interact with the main economic players (suppliers, partners and customers), co-operating to generate income, is the reason for the success of Low Cost/High Value enterprises. The value of these enterprises has its roots in three strategic ideas. The first is to offer customers/patients an incentive to take advantage of what is being offered, that is a complex variety of goods and services, so that they will be satisfied with their choice. There are many examples in the cases we have studied. At Medical Center Santagostino the waiting rooms have Wifi, a library and a quiet meditation room, at OdontoSalute they have special agreements with hotels, restaurants and transportation companies to ensure a pleasant stay during treatment, NAU! has chosen Legambiente as a partner; the association, which works to protect the environment, has embraced the popular fast fashion movement.

The companies work to constantly strive to come up with proposals that involve customers and suppliers, sympathizers and business partners, in an effort to put together new consumer packages something which is possible put in with rethinking relationships and business choices. Finally it is important to consider a competitive advantage as the sum of the efforts of all the people involved, communicating with customers to repeat winning strategies. Value must be aggressively pursued to ensure a "dynamic overhaul of the enterprise", Kachaner, Zhenya Lindgardt, David Michael, (2010)

Good timing is one of the ingredients which contributed to the success of the three companies; they were the first to enter the low cost market, meeting the demands of a clientele that, for cultural or ethical reasons, was ready to welcome them.

Compared three business models that become evident that the narrow definition in which low cost equals cheaper it is limited is no longer true because of the greater importance of employees, attention to the expectations and needs of customers and the wide choice of products and services. If, at first, business choices and the organization of the three companies have been motivated by the recession and the contraction in consumer income, research shows that this consumption trend will last over time, regardless of the economic crisis.

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Elvira Kuhn

THE ROLE OF AN ENTERPRISE CULTURE FOR RISK MANAGEMENT

Nowadays, the business environment is a highly changing one. The complexity rises in relation to economics, organisation, and technology. To be successful, each enterprise has to know and to manage its opportunities and risks. In this paper, we will focus on cultural risks related to management and leadership, with the notion to stay successful on the free market. According to Henry Ford, success arises when having exactly the capability that is asked for in the moment. Therefore, an enterprise has to be organised agile, called AOE. Agile enterprises have trust-based relationships with their customers and suppliers. Human productiveness is the essential resource for agile enterprises, not the technology, not the work, not the equipment. Agile enterprises handle changes and challenges in a dynamic and energetic fashion. In order to be able to cope with these new realities it is necessary for the employees to have a sense of safety and appreciation at work. There is a need to feel safe from workplace bullying or inadequate pressure. Communication and cooperation are the bases for a comfortable workspace – more so than corporate identity or financial/ seasonal/promotional ways of motivation. Educating a specialist or finding a proper team member costs money and time, if you even find them on the market, so we have to avoid the departure of team members. The favoured culture within an enterprise has to eliminate bullying, gossiping, and other kinds of illicit behaviour – but also to establish teams that are diverse in capabilities and personalities to aid one another and respect everybody. We have to take into account that there won´t be enough time to settle all details and changes in writing, nor to be angry if something is going differently than planned. To capture opportunities there is also the need to think about improvement continuously. All these necessities have to be configured for a long-time perspective. The main question is how we can support all these upcoming changes. In our paper we will discuss the content of the guidelines, the formation and changing processes to adapt guidelines, methods and techniques, the strategies of communication and the necessity for the members of the management to exemplify these values within their own life. At last, we will show the expected impacts on enterprises, on human beings and on society.

Introduction

It is not enough to recognise changes and risks correctly, but also necessary to decide how to act and react as written in (Kuhn – Voigt, 2010). Decisions have to be realized in real time. This provides a behaviour pattern. In conclusion we see that risk management doesn't only mean to identify, analyse (e.g. in regard to costs of

damage or probability of occurrence) and evaluate the risks as seen in (Auckenthaler – Gabathuler, 1997), Spedding – Rose, 2008). To counteract risks appropriately the responsibility and competence within the enterprise has to be confirmed (Kuhn 2010). KPMG-TERM (as has been shown Auckenthaler – Gabathuler, 1997) – distinguish between 3 levels: cultural risks, strategic risks and operational risks. Within an agile enterprise the cultural risks are minimized by introducing guidelines for the behaviour within and without the enterprise. So the enterprise has the capability to be quick, flexible, active and adaptable to the market if changes happen as defined in (http://www.onpulson.de/lexikon/agilitaet/). The guidelines are also called enterprise culture. This means (Hofstede, 2016) "Organisational Culture is defined as the way in which members of an organisation relate to each other, their work and the outside world in comparison to other organisations. The Dimensions enable a tangible alignment of Organisational Culture and Strategy". In our paper we will discuss the content of the guidelines, the formation and changing processes to adapt guidelines, and give long-time orientation for staff-members.

Approach

To figure out the best possible individual enterprise culture, – in detail to form the behaviour of team members within the enterprise and to adapt the culture if there is a need, to obtain the result to minimize the risks and to augment the chances we choose this approach:
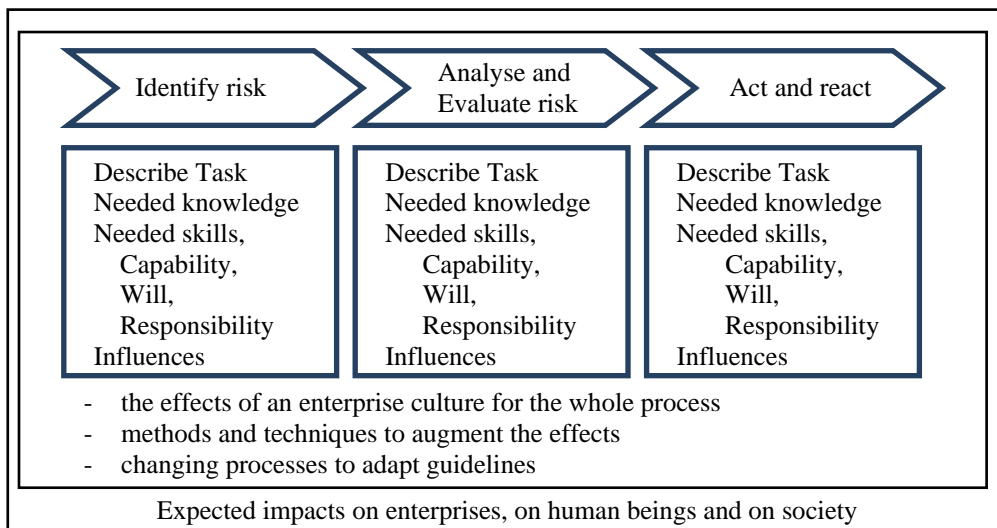

Figure 1: Methodology to see the effects of an enterprise culture for risk management

At first we will describe the tasks of each sub process of the risk management and the needed knowledge, which includes the needed skills, capability, will and responsibility. After this we discuss the influence of organisational culture. Then we describe the effects of an enterprise culture for the whole process, as well as methods and techniques to augment the effects concerning the enterprise culture and then, finally, the necessity of changing processes to sometimes adapt the guidelines, with a description of these changing processes themselves. At last, we will show the expected impacts on enterprises, on human beings and on society by having such enterprise culture as we propose. The steps of our approach are shown in figure 1.

Description of Sub Processes of Risk Management

The underlying definition of our approach for Risk Management is that it is a process separated in three sub processes as we have determined with the help of the Jacobson method (Balzert, 1998). Each sub process has a name and one start and end point. Our sub processes are called at first "Identify risk from first signals to description", second "Analyse and evaluate risk from description to ultimate causes", and thirdly "Act and React from causes list to establish measurements". Now we describe each sub part of the Risk Management process in the aspect separation you have seen in fig.1.

Identify risk from first signals to description

This sub process can be divided in the tasks "Sensitization to recognize that something is going on", "Finding out the rules of the talk about this detection", "Description by the way or writing to somebody who will be concerned", "To ensure the right steps for handling this identified risk in the future". Therefore, the necessary knowledge for this sub process is knowing the desired strategies and future position on the market, about the ergonomic workplaces and interest to recognize technical possibilities to augment performance of the staff, knowledge of who the right contact person for a specific situation is, or perhaps to recognize the exigency to change his own handling, as well as social and psychological knowledge to recognize i.e. capacity overload or underload, no or not enough communication between staff, fatigue or boredom, necessity for further education. Skills: For the first step in this process there is no need for methodological competence. There is a need for a high personal competence with characteristics like personal responsibility, decision-making ability, and ability of self-reflection, creativity or motivation. But the mobilisation competence as well as the transfer competence are needed, too. This means in this case especially client orientation, the use of knowledge and information, the disposition to initiate changes. Thirdly, we need social competences

like empathy, the disposition to communicate or to cooperate. Capability: The person has to be sensible of how they can talk about the identified risk and to recognize in which way something has to be handled – privately or publicly, unofficially or officially, hidden or open, in writing or verbally. Will: Approach to support (depending on the culture) everybody's freedom to say whatever they desire to help the economic wellbeing or social wellbeing. Also, there has to be the will to change and advance existing views. Sometimes it will be hard to survive conflicts. Responsibility: The responsibility is often handled in different ways: by the whole staff or only the management, by a special person in the role of a risk manager with the assignment to observe the environment or a group or a special department, having the responsibility to recognize the relevant changes. But there are necessarily many "sensors" and right interpretation sometimes happens on a visceral level. This cannot just be postulated but also has to be lived and supported by the right behaviour. Influences: If the Risk Management is integrated in the normal work, so that everybody will see beyond the end of one's own nose. Everybody knows that their information is important for all. To be on fire for the job is another important feeling and has a wide influence on observing the surrounding environment and is therefore the first sensing element that there may be a risk or chance for the enterprise on the market (outside watching) or there may be a risk or chance for the workplaces (outside and inside watching) or there may be a risk or chance for persons (inside watching). To decide whether there is something wrong (or a chance) for the enterprise you need a description of strategies and future visions.

Analyse and evaluate risk

Now we start with the second sub process, called "Analyse and evaluate risk from description to ultimate causes". Tasks realizing this sub process have to analyse the surrounding conditions of the risk descripted, and to classify expected or unexpected situations, then in the next step to choose the right analysing method, to appoint the appropriate people or groups as candidates for locating the exact problems for reduction, to use the right method or sometimes more than one – and finish the sub process with describing or jotting down the ultimate causes. Needed knowledge: To assert the effects of the enterprise's future success you need knowledge of methods for problem analysis, like fish-bone techniques, Data Mining, statistics or scenario techniques. To do this, the person will also take into account some strategic parameters, as well as the influence of behaviour inside or outside the company. To find out the effected tasks and roles within an enterprise and to list the ultimate causes, you have to know much about the organisation and the personalities of the enterprise (as seen in Mullins, 2007). Skills: To execute this sub process, you will need of many competences, firstly expertise in mathematics, in strategic

management, in the processes of enterprise and in human resources management. In addition there is the necessity to sum up the future situation as well. So you have to be able to develop strategies to analyse, to communicate. Skills from sociology or psychology are welcome. Capability: The most important capabilities are embodied in analytical skills and operating with empathy. Will: If you have a motivation to help your enterprise you will work in better ways and will find more possibilities in both directions – for best case and worst case by analysing the situation. Responsibility: In most cases we find out that there are specialists in addition to the leadership. Influences: In order to get the best result you have to be creative and apply the methods written above. Also please deploy experts.

Act and React

Our third sub process is "Act and React from causes list to establish measurements". Within this sub process are the following tasks: To think about measurements, to communicate the necessity, to decide the actions, to prioritize and to adapt a catalogue with measurements, to control the effects and to make sure that all of this will happen in the best way for the enterprise. This may mean to influence the behaviour of people inside or outside of the company. Needed Knowledge: The first step is using and exploiting the portfolio analyses, SWOT analyses or other instruments of business economics. Also, you need knowledge in informatics, experience in change management as well as in coaching. To support the change process you also need knowledge in human resource management, in controlling, as well as in project management, as has been shown in (Klimmer, M. 2016, p. 230 ff). Skills like the business process model and Notation (BPMN), technological support by workflow management systems (WFMS) as a process oriented approach, methods in change management like systemic organisation are necessary, as well as strategic management to prioritise the measurements. The skills concerning the personal competence are most important to own individual responsibility, decision-making ability, creativity, motivation and diligence. In order to realize the ideas materialized in measurements, the following activities- and implementation oriented competences are necessary: capability to analyse, capability to judge, conventional capability, client orientation, but also the use of information, capability of organisation, capability of problem-solving, if necessary also readiness to assume a risk, initialisation and fulfilling the determined changes. Capability: Social competences like empathy, communication skills, capacity for teamwork, willingness to cooperate, capacity to negotiate and reliability are requirements to handle this sub process. Will: The motivation and willingness to help the company is crucial to find the best measurements catalogue. Only exemplifying an orientation towards the future (like visions and guidelines), as well as the entries culture in

addition to diagnosing problems the sustainability of an enterprise will be given. Responsibility: In order to influence and to change processes and human resources you need respect. This may be based on your position in the company, but also it is dependent on your personality. Influences: The agreement with all actors, watching the problems, recognizing the necessity of the chosen measurements, is very important to be successfully. Also, internal or external change agents to aid the staff members affected by changes will be helpful.

Effects of an enterprise culture for the whole risk management process

Before we can discuss the effects an enterprise culture for the whole risk management process can have, we will star with a description of our understanding of an enterprise culture. We follow the definition of an enterprise culture seen in (Hofstede, 2016): "Organisational Culture is defined as the way in which members of an organisation relate to each other, their work and the outside world in comparison to other organisations. The Dimensions enable a tangible alignment of Organisational Culture and Strategy. The term culture refers to the typical way of behaving within an organisation or in society as a whole. An organisation therefore with an enterprise culture is one where people are imaginative and creative, rather than being reluctant to take risks" And in (businesscasestudies, 2016) we found this description: "An enterprise culture is made up of enterprising people who are prepared to challenge existing ways of doing things, and to come up with new ideas and solutions to the benefit of society as a whole. The term 'thinking out of the box' refers to being able to think beyond the straightjacket of existing ways of tackling problems or arranging activities. It requires some form of original thinking." There exist different cultural models like the Organisational Cultural Model (also called Hofstede's Multifocus Model), 3-levels-of-organizational-culture from (Schein, 2013). In (Mullins, 2007, p. 808) we found a contrary definition of an organisational culture as "the collection of traditional values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organisation." We don't think that this is the right understanding in view of organisation change. It is rather the need and means to seek for a better way of cooperation with the focus on speed and not to having collection of traditional values. As we have considered in our risk management process shown before, all these terms – creativity, arranging activities – are important aspects of personality in the whole staff. Guidelines are to be defined and to be communicated to achieve all of what we have shown above. The guidelines should be considered in every situation, private and professional and not only written on paper, not only by management, devised in a hidden corner. Rather, it is necessary to work together on the guidelines. So not the rites, ceremonies, organizational myths as seen in (Schein, 2013) are the triggers for a

culture to support a risk management procedure but the organizational values expressed through "unwritten rules of the road" as well as through explicit description taking into account the 4 Core Cultures: Control, Collaboration, Competence, Cultivation from (Schein, 2004), (Schneider, 2000) or the six dimensions from (Hofsted, 2016): "Means-oriented vs. Goal-oriented, Internally driven vs. Externally driven, Easy going work discipline vs. Strict work discipline, Local vs. Professional, Open system vs. Closed system, Employee-oriented vs. Work-oriented, Degree of acceptance of leadership style, Degree of identification with your organization". With the values of these dimensions you can achieve the needed agility. The less control, self-organized teams, skills and qualification, a lot of confidence, to talk things out as well as a familiar atmosphere are the most promising values here (Schneider 2000). So we chose a mix between collaborative und cultivation cultures, whereat the cultivation culture predominates. By acting in such away the effect will be that staff members are interacting more trustfully. They have a high responsibility and they decide by themselves what to do. The authorities arise from the competences. That´s why everybody respects the leadership. The leader is like a mentor, he motivates and supports the staff, he is seeking for conflict resolutions and he clears the way for changes. So the effects for the risk management are that the procedure advances in an open atmosphere, and the decisions are made corporately (Agile Unternehmenskultur, 2016). Likewise, (Beedle, 2015), emphasized on the following characteristics of a truly agile organization: "Management pyramid is inverted, greater liberty and freedom to accomplish the task at hand, constant learning, knowledge creation and knowledge sharing, a more enjoyable and humane work environment, a hyper-productive cooperative work mode, emergent planning, architecture and requirements, new values that generate a cooperative culture" and also he sees the augmentation of the quality of life. Mike Cottmeyer suggested a list of patterns that he has observed across organizations, which are essential for success, according to Mike Beedle (see more in characteristics-agile, 2011) "humanity pays". So we conclude that such an enterprise culture is necessary for the risk management process described above.

Methods and techniques to enhance the effects

As we have shown the effects of an enterprise culture are capable to improve the success of the risk management process. For increasing the effects, we have found in (Schein, 2004) some methods and techniques, and special methods for the strategies of communication in (Schneider 2000),(Happ, et al., 2015),(Drucker, 2016):. As we have considered we want to concentrate on process changes and the risks concerning these. Many staff members are involved. Shared projects across all teams for changing company processes are introduced. Organisation of the risk management

process will be established similar as in Scrum, with one manager promoted by all employees, authorities remain in the background during prioritization in phase 3 of our risk management process. The staff is not only so motivated, but also on fire for their company. We understand brand management as to giving everything at work, while feeling exceptionally well by doing so. Supporting factors are as follows, seen in (kriterien-guter-arbeitsplatz, 2016), wohlfuhl-faktoren, 2016): Comprehensive information about goals and the accruing tasks, information about the relevance of internal and external contact- and relationship situations, development of acceptance in the teams, establishing a frame of relations. With the help of personal training the education of psychosocial competences will be enforced with the goal to have relationships with minimal conflict. Also there is no need to feign to be somebody you're not. The personal management facilitates the staff members and doesn't ignore the psychical constitution. The personal interaction culture is essential for the enterprise. Without interaction no feedback is possible. As a result, the needed personal culture is working and handling issues without anger, uncertainty or beeriness. The biggest obstacle in the modern business environment is the slowly ever increasing pressure either self-inflicted or deriving from bad management. In addition we have found (Accountants for business, 2012) that decisions should not be based upon the personal interests of the decision maker. In addition, it is necessary to give people the means to accurately access the own capabilities, allowing them to act in a self-confident fashion. Only then we are capable to rapidly respond to unexpected challenges, events, and opportunities. Risk friendly people are always willing to learn, no matter what they need to take advantage of new opportunities. The offensive change is the essential core of any agile enterprise. So we have a look at what is named in their culture. Here we find the need for trust-based relationships with their customers and suppliers. Agile enterprises are central human productive resources, not the technology, not the work, not the equipment. The necessity of having a good feeling during the work is given. There is a need to have a home, a family, to feel safe, no workplace bullying and no pressure. Communication and cooperation are necessary – we are seeking a feeling as comfortable as a home, more than corporate identity, more than monetary stimulation, or other secondary motivations like more holidays, better support of family. And also it is necessary to concentrate different capabilities in one team, to aid one another and respect everybody. Today there is no time to be angry if something is going awry. This is the subject of personal management. Bonds between company and employee can be created on multiple levels, enabling a trustful, responsible and with the feeling of freedom of one´s own initiative entrusted work environment. In conclusion we have found out many possibilities to augment the effects of risk management by leader stile, clear communication of vision and strategies, both being kept volatile. Common decisions on chances and

risks and follow up measurements to realize these, transparency of internal and external communication flow, respect, common values, self-oriented groups with high responsibility, waiving of micromanagement are the foundations for a successful risk management.

Discussion

In order to initialize the risk process as well as its self-changing faculties you need personal competence, an appreciating and save workplace and a well-functioning Communication Flow.

Changing processes to adapt guidelines

Take into account that changes are necessary in the enterprise culture, albeit not as often as the environment will change. If you monitor the risk management and you determine modifications for it, it might be that instead of merely improving the tasks a rectification of the risk culture itself is useful. Sometimes you can interpret the risk response of the management to make better judgements concerning in tolerance and risk appetite. A risk response may be avoiding, accepting, reducing, or sharing risk as seen in (Happ, et al, 2015). As we have shown, we can establish within enterprise culture that the management is backing every team member all the way. That´s why a control of the enterprise culture is also necessary to ensure the best risk response is carried out for each case.

An appreciating and save workplace

If you find these conditions at your workplace: To work without anger or fear, to feel at home, no overload or upload, then you can work with pleasure. With the intent to uphold this feeling you may be more poised to avoid or reduce risk or if necessary to take a chance or risk. In addition you gain ground for advancement of each, and with this also learn the handling of chaos instead of only following rules exactly. From this it follows that the well feeling cannot be decreed but must be lived.

Communication Flow

The right Communication Flow as seen (Kuhn, 2001) is essential to find competent help in an unknown situation or to find the right and actual information to decide in real time how you to act or to react. But the handling will base on the vision and the plans of an enterprise. The construction of measurements and the

realisation will follow the enterprise culture as well as the inclusion of the environment. This means to include all points of view dealing with business plans and the orientation towards relationships rather than transactions for controlling the changes. Easy adaptation to new situations is only possible by the team itself if the environment is considered and contains decision criteria for the strategy, measures, situations and possible behaviour. The support by the information technology minimizes the problems when coordinating changing processes. Every member of the team gets to know about occurring changes at the same time and their attention is drawn to changes in the certain processes. In (Happ, et al., 2015) we speak about the necessity of common understanding for changes and an open, fair and cooperative communication, which is the most important way of interaction. We deal with the direct and personal way of communication as a form of socialisation. Also the transportation and the way of how the communication acts within an enterprise are dependent on the enterprise culture (Happ, et al., 2015, p. 102 ff.). There may be a communication flow between chief and team members in direct or indirect way, open or hidden, restrictive or cooperative. The Manager can determine time and date and room, he may give order to come to his room at a certain time or he always lends his ear to the teams, he gives actual information to the team or not. All of this should be fixed in the enterprise culture.

Personal competence

As we have shown above we need as personal competences the capability to analyse, to evaluate, to create concepts, to organise, all these in the sense of enterprise and oriented towards clients. Also the use of knowledge and information, the capability to solve problems, the capability to take on risk as well as the will to initialize and to realize changes are necessary. The disposition to cooperate, to communicate and to be negotiable are the conditions to survive conflicts. When recruiting staff you have to look to these characteristics.

Expected impacts on enterprises, on human beings and on society

All processes are designed in the sense of enterprise. The staff is more than satisfied, it is happy, and willing to risk something if necessary. The enterprise culture will grow up to a control instrument without forces to obey. Therefore, the impact on the enterprise of having an enterprise culture is a participative change management within the company with shared projects across all teams for changing company processes. A special aspect concerning the impact on human beings is that employees decide how far they want to participate. And last but not least the impact on society is happiness and as a result an improved health.

Conclusion

To work within an enterprise all of the involved people have to help to fight against risks and to seize chances. This is an iterative process and not strictly a serial process. One task can influence another.

Summary and outlook

By helping the staff to feel at home – without any anxiety – when working the company will be able to execute strategy faster, with more flexibility and adaptability and to stop the loss of staff as well as to lose the readiness to assume risk. Culture design is a very important factor to influence these. As we have shown psychological and sociological knowledge is necessary for the leadership. Not only the functional qualification but also the personalities of team members are essential for risk management. Cooperation, communication and trust are common values. Mutual support and mutual acceptance are alive. Success is separated in hard and soft factors. Hard factors are economical key figures in relation to quantity or quality: Revenues, costs, failure rate, output, percentage of morbidity in staff, and fluctuation rate. Low factors are criteria of satisfaction and working atmosphere: motivation, acceptance, behaviour, fairness, engagement. The soft success factors are the crucial factors for risk management.

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