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Imprint

EDITORIAL



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This special edition of Update is a novelty: It contains a selection of articles from colleagues from our international partner universities. With this edition our readers are invited to get an insight into the high degree of internationalisation of our faculty. We strongly believe that our faculty benefits in many ways from university partnerships.

The most evident benefit from university partnerships is student exchange. Our students obtain the possibility to study in a foreign country for one or two semesters. We have consequently adapted our bachelor and master programmes, so that outgoing students normally can continue their studies abroad without any delay. Normally, a semester spent abroad has deep impacts on the professional, intercultural and personal skills of our students. When they return to Mainz they often tell us that the time spent abroad was one of the most valuable experiences in their lives. Our incoming students, on the other hand, are extremely important for us, because they carry internationalisation into our classrooms. We integrate all our guest students into the normal courses. Our didactic programme of teaching in small groups obliges our guest students and local students to discuss and work together.

Apart from student exchange, partnerships constitute a framework for teacher exchange. The aim of teacher exchange is two-fold: on the one hand, we use teacher exchange to promote student exchange. On the other hand, teaching in a foreign institution opens extraordinary perspectives. These can concern new ideas about didactic tools, concepts of the study programme or even strategic issues.

However, international partnerships stand for more than student and teacher exchange. One of the most stabilizing factors of a partnership is cooperation in research projects. Very often university partnerships have their origin in joint interests of two or more researchers. Once established, the partnership can be used as a platform for all researchers from both institutions who work on similar topics.

This issue contributes to the aim of extending and intensifying the cooperation in research. We are therefore distributing it to all of our 44 partners. As a matter of course our partner universities stand for an innumerable variety of topics. The articles which we have selected reflect this variety without claiming to be representative or even near to complete. You will also find a short introduction of our corresponding partner which we have added to each article.

We hope that this work assists in intensifying the dialogue between our partner universities.

WINDOWS ON THE WORLD

Maria Schmitz

1. Introduction

Just as the eyes are the windows of the soul, so can cultural frameworks and dimensions be regarded as windows to understanding other cultures. When we work our way through the five layers of the coconut to find the hidden treasure that is our culture, the core of our being, one discovers that there are at least sixteen treasure chests to open. They in turn contain a further wealth of treasures, at least eighty in all, that make the third layer of the iceberg (in the iceberg model) so unfathomable.

Sticking to the coconut metaphor, we work our way backwards through the outermost layers to the innermost mentioned above. To begin with the outermost layer, therefore, Layer 5 is the visible sphere. The coconut skin, or external appearances and visual reality. The uppermost layer is concerned with external appearances and the visual reality of a culture. Differences and similarities manifest themselves in the twinkling of an eye: external characteristics of the peoples (ethnicity, physical build etc.) human behavioural patterns (social conventions, greetings, etiquette etc) achievements (architecture, gastronomy, products, art) means of expression (language, colours, symbols etc.).

Layer 4. The pith of the coconut, or systems and institutions. We progress easily through the skin to the layer of systems and institutions. In this layer relationships are formalised and they acquire shape on the basis of conventions and attitudes. Organisational forms develop at a personal level (family), in businesses and organisations at the level of society.

Layer 3. The shell of the coconut seed, a symbolic dividing line. The strong brown coconut seed shell symbolises the differentiation between 'the visible' and the concealed culture. Not only a hard nut to crack but infinitely more difficult to digest. Just like an iceberg, what lies beneath the surface is far greater. These layers are the defining force behind any perceived behaviour. More effort is required for greater insight into a culture.

Layer 2 consists of the flesh of the seed or the foundations. This is where one stumbles upon the foundations of a culture. They are not visible but they do define how people behave. The foundations 'feed' the culture through beliefs, norms and values. Both define our ideas about good and evil but norms are often determined externally and imposed via social control, whereas



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values are more individual in nature, attitudes and conventions dealing with emotions, violence and war are often not obvious to others and constant confrontation with different starting points may cause emotional reactions. One feels that the rules that one is used to do not apply to others.

In this model, the coconut milk (layer 1, the innermost layer) is associated with universal patterns common to each culture (concept of self, response to ambiguity, communication style, to name a few) as well as with our personal cultural sense, attitudes and basic assumptions which are transferred within a culture from the time of one's birth and which appear self-evident. Hence against all common sense one considers their place of birth as the centre of the world. This constitutes ethnocentricity.

To escape ethnocentricity we must go through six stages of becoming. The first three represent varying stages of ethnocentricity, whereas the final three represent varying stages of ethnorelativism.

2. Developing from Ethnocentrism to Ethnorelativism

Refusal, Dismissal, Minimalisation

People in this first stage of ethnocentricity are very unaware of cultural difference. One looks at the world starting from one's own cultural background as a reference point. Whenever one is confronted with another culture one begins to react by:

Refusal ('only my values, there are no others'). Someone at this stage of development could say "Business is business the world over".

Dismissal and defensiveness ('only we possess the truth, the rest is wrong and threatening'). Someone at this stage of development could be heard to say "We build the company and we understand the business best." In this stage, we take an interest, that is, cultural differences are perceived but personal motives and environmental factors define the extent of our interest. We are about to observe and open up to cultural differences and similarities. During this phase we consider a culture with interest but still through the lens of our own culture and any differences from ourselves are viewed with reservation.

Minimalising ('there are differences, but they are insignificant'). Someone at this stage of development could say "To get along in another culture, one just needs to be oneself – authentic and honest."

Recognising, Acknowledging and Integrating

In the recognition stage of ethnorelativism, our fourth stage of becoming, we interpret differences and similarities while we analyse cultural values and behavioural patterns through knowledge of and insight into the different layers of culture. Perception of the world and starting points different to our own produce different behaviour and values. Understanding and accepting this will enable us to grow in our 'understanding' and appreciation of the others and of ourselves. One learns how to look through the eyes of the others.

In the fifth stage of our development we are already able to create a dialogue. Any increase in the skills for exploring cultures will induce more trust and better communication with other cultures. Cultural diversity will then be regarded as a potential asset for success and not as an obstacle.

Finally, when we sharpen up attitudes which focus on better attunement to and integration of cultures, we are said to internalise. Cultural integration, the sixth and final stage of cultural development, creates new values and insights, broadens mentalities and produces new concepts. Sensitivity towards the 'intercultural experience' becomes second nature. At best a dilemma will help to illustrate what role the cultural frameworks play in interaction and to shed some light on the hidden issues involved.

In order to understand a foreign culture, a person must suspend judgement and place themselves imaginatively within the scene of belief inhabited by those whose allegiance is to the rival tradition, so as to perceive and conceive the natural and social worlds as they perceive and conceive them.

3. The Dilemma

This experience is related from the perspective of a Western professor at an Asian university.

After several years of teaching, "Robert" was very disturbed to find that students who were not qualified were being accepted into his department. He felt that the "culture of connections" was working in an unfair way for the benefit of the children of high officials. Robert discussed the problem with Asian faculty colleagues, who appeared equally indignant at this seeming abuse of power. However, no one wanted to do anything about it. Robert took the courageous step of writing a letter of protest to the dean of the university. He felt that his colleagues could not afford to protest for fear of retaliation by those in power. Since his salary was not paid by the university, he could afford to go out on a limb.

Robert was deeply offended by the result. He received a stern letter of rebuke from Dean Wong, to the effect that foreigners should not meddle with the internal affairs of the university. He was told that his job was to teach, not to criticize. This made Robert so indignant that he leaked his letter and the reply to the press. The dean was extremely embarrassed and asked Robert why he did not come to talk with administration officials before going to the newspaper. Robert considered this a typical authoritarian way to avoid the issue. If he had gone to the administration, it would have tried to intimidate him into silence. Eventually he discovered that his actions were only a small part of a much larger power struggle in the university.

Robert's actions were apparently effective, but he is still not sure they were right. He probably won the battle that lost the war. There was a decrease in unqualified admissions, and eventually Dean Wong resigned from administrative work. At the same time a great deal of hurt, anger and embarrassment was caused to many parties in the university. Robert's own sense of alienation and ruptured relations was considerable and took quite a few years to dissipate. In the eyes of some colleagues and students, Robert was an aggressive and insensitive foreigner who did not know what he was doing. Others saw him as a hero.

Robert's experience involves differences of perception and communication. Robert happened to be from a Western culture, but the same problems could have occurred if he had been a visitor from another Asian country. In fact it is said that conflicts bearing a family resemblance to this one occur regularly in Indonesia between Indonesians of different ethnic and ideological backgrounds. Misunderstandings in cross-cultural communication¹ are a major source of moral conflict for sojourners in another country. Complex problems of communication (one of our windows in this article) inevitably lead to stress and alienation.

¹ In some research approaches a distinction is made between "intercultural" and "cross-cultural". While intercultural studies focus on cross-border contacts or relations, "cross-cultural" surveys show a comparison between certain phenomena among different cultural environments.

4. Detecting the Culprits of Miscommunication

The culprits of miscommunication are our values, actions and beliefs. When analyzing clues we should be sure to ask ourselves and answer questions only in context, for a particular scenario or situation, in order to avoid stereotyping people or cultures.

Concept of self

We are either individualists or collectivists in that we either tend to care about and tend to the needs of our immediate families or live in large families where unconditional loyalty is expected. In individualist cultures, people are praised for their performance, overcoming obstacles is highly esteemed and milestones are important. Decision-making is a personal matter. Moreover, relationships between people are loose as opposed to the close bonds in a collectivist culture where relationships come before the task.

In collectivist cultures the basic unit is the group while the individual remains only a fraction of the whole. Belonging to the group is essential and decisions are made only as a group. Performance is also collective. This means that no single person should be praised for his or her performance, and certainly not in front of the group. This would cause someone from this culture to lose face.

The concept of face denotes the ways in which pride, ego and image are perceived to be built up or damaged through daily interaction. For example, it is a Pan-Asian cultural standard to protect one's face also with regard to superiors. The following anecdote is meant to illustrate this point.

"No, this is not possible at all". The boss of a German subsidiary in Shanghai remains adamant. Now his Chinese employee is already asking the seventh time this month for a day off. With some colleagues she has alternate duty with private security staff. In China it is customary to get a day off for this. But not so often and not exactly the next Monday, as the German manager signifies to her. "There is an important meeting, I need you urgently". The Chinese employee cannot be convinced. She seems to invent more absurd excuses each time. In the end she says her father is ill and needs her help. The dispute ends on an unpleasant note, the employee is fired.

What has happened here? Unequivocal refusal to work on the part of the Chinese employee? Lacking sensitivity for cultural peculiarities on the part of the German boss? With the indirectness typical for Asian countries the young employee wanted to send out a hidden signal that she had problems. The security staff was only a ruse. There it is used only once or twice a month. But – and this is a Pan-Asian cultural standard – she had to protect her face in dealings with superiors. The German manager, however, being accustomed to directness and openness, was insensitive to the non-verbal signals that the employee

kept sending. What he saw was an unreliable, stubborn employee, whom he had to exchange now at all costs. What should he have done?

Face is a strong concept in understanding Chinese communication². However, it turns out that in close relationships, i.e., in relationships characterized by frequent interactions over time, the asymmetrical power distribution of unequal parties can be counterbalanced. This means that in strong relationships no facework (or attention paid to self-presentation strategies) is required.

Sense of responsibility

Here the culprits are universalism and particularism as Fons Trompenaars chooses to call these cultural frameworks. For others they are dubbed personal versus societal or being subjective versus being objective. What is to be observed is whether the parties emphasize friendship over contract or vice-versa. Do the parties view ethics as universal or situational? Do the parties view favoritism as positive or negative? Do the parties view all people the same, or does one party seem to view affiliations via "in-group" and "out-group?"

For particularists the belief is that what is right depends upon the situation. Personal feelings should be relied upon to get to the truth and fairness, i.e., the heart takes precedence over the head. Nor is this seen as weakness. Such cultures are indeed proud of their flexibility. It is believed that the law is inadequate in such cases where relationships, status or hierarchy play a strong role.

Universalists, on the other hand, believe that certain absolutes apply without exception.

Beliefs about productivity

There are those harmony loving, results loving and process loving employees. The harmony lovers believe that focusing on a harmonious work environment and positive working relationships will ensure success. The ability to get along well with others is important as is the minimization of conflict. The results-oriented worker, on the other hand, believes that focusing on the task will ensure success. Technical skills and expertise are given importance as is productive conflict over the minimization of conflict.

Those who emphasize the process are of the belief that focusing on continuous process improvement will ensure success. These people manage to balance verbal honesty and relationship building.

² Facework in the 19th Century Chinese-authored Business Letters, Dr. Linda Beamer, California State University, L. A., USA.

You will recognize them by the vocabulary they use – one person saying “get the job done”, “on time”, “efficiency,” while the other talks about “people’s feelings”, “quality”, “doing it right and effectively”.

Motivational approach

Is there a disconnection between a focus on task and getting the work done versus a focus on people and how the work is done? Does one party seem to focus on accomplishments and sacrifices, while the other party focuses on enjoyment, contacts and socializing? Is there a gap between enticing employees with pay increases, bonuses and titles, and a desire for a more pleasant, flexible, collegial work environment?

If you believe that success is determined by the quality of the relationships one builds and time spent with the family and that one works to live, then you motivate through association. The person, on the other hand, who motivates through accomplishment, believes that success means moving up, getting ahead, having professional or financial opportunities. Their staff live to work.

Response to ambiguity

In risk avoiding cultures, risk taking and failure have strong negative consequences and are to be avoided. Something is shared only after it is fairly perfected and past experience is respected. More risk tolerant cultures value trial and error experimentation as a learning and improvement method. Change is generally seen as positive. What is new is better.

The names of the culprits here are thus uncertainty avoidance and risk tolerance, otherwise known as high and low uncertainty avoidance.

They become visible when there is a gap between the desire to take action and the desire to obtain more information. Again they become manifest when one party emphasizes tradition and the resistance that will occur, while the other party emphasizes the positive expected outcome of change; when one party desires frequent interchange of work-in-progress, while the other wishes to go off, do the work, and hand in a finished product, particularly in a superior-subordinate relationship. High uncertainty avoiding cultures show pride around historical consistency and steadfastness of purpose, and resentment against and/or disrespect of the pressure to change.

Decision-making

This can be egalitarian or hierarchical. Here we see Hofstede’s low and high power distance, respectively, at work in one situation. In hierarchical structures, subordinates do not take the initiative, but wait for explicit instructions. There is no open disagreement with the boss. The high ranking officers in the company have many privileges and trappings.

The egalitarian structures, on the other hand, are democratic rather than authoritarian. Authority is shared. Subordinates take initiative and are not overly deferential to managers. Decision-making is consultative. It is alright to disagree with the boss and relations are fairly informal.

This is easily recognized when one party uses a direct communication style, while the other party is insulted by it and when issues around formal vs. informal space and differing expectations of the need to socialize arise.

Assumptions about status

Fons Trompenaars has given us the cultural frameworks of ascribed and achieved status. While the latter hinges on meritocracy and the belief that rank and respect are earned, position, title and social class ascribe status in the former.

In societies where ascribed status is customary, promotions are based not only on performance, but also on age and seniority. Feedback on performance, when requested, could seem to be “off topic”, or superficial and not really related to performance.

Gender roles

Dianne Hofner Saphiere of the Cultural Detective refers to Hofstede’s Masculinity and Femininity standards as differentiation and unity, respectively. Where the roles in society are very much distinguished according to gender, with women performing certain roles and men performing others, we speak of masculine or differentiated societies. In feminine or unified societies gender does not influence roles. Men and women perform most roles without restriction and men are expected to be just as sensitive and modest as women and to place just as much value on the work-life balance.

Gender issues are indicated, for example, when the client or customer feels uncomfortable or a lack of respect due to the gender of the service provider arises, when the party has differing expectations of their access to a role than the society, organization or community at large.

Language

In the work of Sapir and Whorf as well as Dianne Hofner Saphiere and others, language is pitted against fluency as a further window to understanding difficulties that may arise. When the parties talk, is there a focus on communicating or on communicating correctly? How is it determined which language will be used? Do foreign colleagues speak or attempt to speak the local language? Are native speakers accustomed to speaking to non-native speakers and prepared to omit the wealth of idioms that might not be understood?

Vocabulary and grammar help determine what we see and how we can talk about it. This is purely language. Fluency, the degree to which the language is spoken naturally, is required to communicate without extra thought or effort.

Communication style

When parties seem to be focused on realizing similar goals, but are speaking in different ways and unable to “hear” each other and when they seem to communicate better in some situations than in others, e.g. socially as opposed to in meetings or face-to-face versus on the phone, differences in communication style are indicated. There can even be resentment about domination in meetings or conversations, one party can feel that the other is not “getting it” or not listening. Communication style includes a range of factors such as five different styles of communicating, the attitude to interpersonal distance, touch, pacing, body language, intonation or volume and turn-taking. This makes it our biggest window and supports the fact that communication is the biggest bridge in reconciling dilemmas.

Communication can be direct or indirect, circular, comprehensive or linear. Direct people mean “yes”, when they say “yes”. They are explicit. Indirect people are high-context by nature. In order to understand them, one needs to read between the lines. “Yes” may mean “maybe” or even “no”. This is the case when “face” (see above) is involved. Indirect people say what they think others want to hear. Circular communication is often described as a storytelling style. The speaker may take the listener to the main point but not explicitly verbalize it. They may even jump between story lines or points. The comprehensive communicator addresses many or all points that are related to the topic, usually simultaneously. They may jump between points without verbal transitions. The linear communicator uses outline style and clear verbal transitions. They usually make the main point first with supporting explanations and details following.

Elements of non-verbal communication affecting communication style are space, touch, pace, body language, intonation and turn-taking, space being the interpersonal distance at which it is comfortable to sit, stand or speak with another. Tactile behaviour is the degree to which touching others is appropriate during communication. It is often gender-specific and depends on intimacy, location or purpose. How slow or how fast we communicate is known as pacing. Body language includes gestures, facial expression, eye contact, posture – the non-verbal aspects of communication that often communicate very loudly. Intonation or volume stands for the loudness and quality and the effect it produces – comfort, trust, dominance or tension. Finally, the degree to which and the timing with which one person feels free to interrupt another is called turn-taking. What are the expectations around the interactivity of the communication process? It may include verbal and nonverbal feedback and encouragement in some cultures, while in others, it would be impolite to interrupt in any way.

Communication

Nor is the topic of communication exhausted by talking about communication styles. There is still the matter of low- and high-context communication identified by Edward T. Hall. In high-context communication, meaning is implicit in many things such as who is present, the time of day, location, symbols such as who speaks, sits or drinks first or even who does not drink their tea.

Arabs, Asians and Mediterranean people are usually high-context by nature, while both low and high-context communication can be found within one culture. Twins, good friends, long-married couples tend to communicate in a high-context manner, while lawyers have to be explicit.

Hence, low-context communication means being explicit in the use of words. Though body language may contradict, others may be held to their word.

Indications are, for example, when one party seems to attach responsibility to the words that are used, while the other focuses on the meaning of the exchange; when parties vary in their feelings about how well they need to know each other in order to have good communication. Then again there could be accusations of “lying”, being “two-faced”, “childish” or “naïve” during the course of or as an explanation of miscommunication. Perhaps one party seems to value consistency in the sense of saying the same thing no matter who is present, and the other values a situational approach of saying one thing to one person and a different thing to another. Someone from a low-context society would, of course, construe the latter situation as being “two-faced”, it does not fit into their world view.

Media constitutes another mode of communication. Is the telephone used, email, fax or even a business trip?

Trust

Most high-context cultures are protective of their “inner circle” which is comprised of family and lifelong, proven close friends. There may be a high wall to cross to get to know them, but once you are in you are “in”.

In open cultures, friendships and partnerships tend to be task- or activity oriented. There is an initial openness and friendliness, though inside there is a clear “individual” whose space or boundaries one should not cross.

In order to determine if trust is an issue in a conflict, the following questions can be asked:

- Does one party believe that relationships can be “built”, while the other party believes that they “happen”?
- Does one party seem to work with their friends and family, while many of the other party’s frequent contacts seem to be those that they work with?

- Does one party express surprise at the level of personal disclosure, i.e. intimate honesty of the other party?
- Do you notice that the parties treat people differently based on whether they know them well or not?

Holding of beliefs

It can happen that one party feels an issue is open to discussion, while the other party does not. One party may seem offended or affronted that the topic would even be held open for discussion. A further indicator of the holding of beliefs as an issue is when one of the parties talks about “right” or “wrong”, ethics or morals, or about something being sacred. Such people believe there is one correct way to proceed, a clear right or wrong, a universal system of ethics and morals that does not vary by situation. They come from a tight system of beliefs. Flexible cultures believe that there are many “right” ways to do something and that the situation plays a heavy role in determining what is best or most appropriate. An example could be a French person in a meeting wanting to start with the vision for the team, while the German insists on sticking to the time-line and the “order” of the agenda.

Control orientation

Uncertainty tolerant cultures, for example, believe that many things in life are predetermined. They believe in a higher power rather than in just themselves, while the belief that a person can do anything if one’s mind is set and the effort put in, is characteristic of an inner-directed culture like that of the Americans. It is the effort that counts.

Whether one is outer-directed (reliant on fate) or inner-directed (reliant on effort) can be observed through checking the following factors:

- Do the parties have different beliefs about whether nature can be harnessed and controlled?
- Are there different beliefs about luck? Do we make our own or does it just happen?
- Is one party willing to concede that fate is against the plan, while the other feels that more effort is necessary?
- Does one party feel that it may be better to take one step and gauge reaction, as things are so complex, while the other party believes it is better to have a comprehensive up-front plan?
- Does one party value a proactive, can-do approach, while the other party values waiting for direction and a more stoic approach?
- Does either party say things such as “it wasn’t meant to be”, or “God willing”, while the other party seems to assume that anything is possible if you work hard enough.

Spirituality

In this sphere there are the phenomena of holism and compartmentalization. Holism proposes that everything is interrelated and that religion is a part of life and work. In a compartmentalized society, on the other hand, religion has no place at work and is not explicitly referenced in many areas of life.

When does this become manifest? When differences in religious tradition, practices or belief seem to cause judgement, frustration or awkwardness. These differences also become obvious when one party talks about God, spirituality, life force, or use other spiritual allusions in conversation.

Orientation to time

Hofstede’s monochronic and polychronic attitudes to time correlate to Trompenaars’ sequential and simultaneous frameworks. For monochronic and sequential representatives of a culture there is a limited amount of time available, and it should be used wisely. The need for efficiency results in a sense of urgency. Plans are important and interruptions constitute a nuisance.

In contrast, the polychronic and simultaneous people are multitaskers. In their estimation, time is limitless. Time is regarded as a tool and should always be adjusted to meet the needs of the people. Circumstances take precedence over schedules and deadlines which are only seen as a point of orientation.

While the monochronic types place more value on efficiency and meeting deadlines and schedules, the polychronic types are caregivers. Value is placed on friendliness and consideration for others. It is better to be late and treat people humanely than to act like a machine. So it is that it is more polite for an Italian to come to a meeting late than to leave the previous meeting while still in session. For monochronic people, time is also equated with “professionalism” or “dignity and humanity”.

For one, time is a commodity that should not be wasted – “time is money” –, while the other follows an internal clock.

Further orientations are past, present and future. For those who focus on the past, heritage and tradition count as well as experience and the “way things have always been done”. Others live in the here and now and yet others focus on how things can be improved for the next time. Polychronic people tend to focus on the present, linear people on the future.

I invite you to resolve the dilemma between Robert and Dean Wong as a self-study exercise.³

I wish you luck on this voyage of intercultural sensitivity and, finally, competence. It is a long journey.

³ Time versus event orientation; dichotomistic thinking (compartmentalization) versus holistic thinking; crisis orientation vs. non-crisis orientation; task orientation vs. person orientation; achievement focus vs. status focus; exposing vulnerability vs. face-saving.

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POSITION AND FUNCTION OF MARKETING COMMUNICATIONS IN INDUSTRIAL ENTERPRISES

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1. Introduction

Defining tasks and functions of marketing units in industrial enterprises in scientific literature is very well-managed. To be able to judge how realistic this nomination is we usually miss the data from the real practice that would answer the underlying questions: whether companies have marketing units at all, what kinds of tasks they perform, what kinds of problems they face etc. No information is available about how companies with no independent marketing units cope with marketing in general. The research project looking into marketing in industrial enterprises in Czech Republic carried out under GAČR 402/06/0297 FEL ČVUT was aiming to fill the gap in this respect. The paper informs about some key results of this survey.

2. The research project

The objective of the wide research project supported by the Grant Agency of the Czech Republic (GAČR) 402/06/0297 is the analysis of information about market orientation of management of enterprises, their approach to finding of their own competences and to implementation of marketing concept in the company management system.

The solving team obtained enough valid information about the present condition of the marketing units in industrial enterprises and their field research activities. In June 2007 it examined the position of marketing units in companies and analysed the qualification of their staff. The research took place from March through June 2007 in the whole Czech Republic in form of standardised interviews and it involved 220 production companies from machinery, electro-technology and consumer goods industries.¹ Detail analysis of the collected data proved that the small company group is most often represented by enterprises from the consumer goods industry 68 %. The medium sized group is highly represented by electro-technology companies – 46 % and 16 % of the contacted machinery companies have more than 250 employees.

The elementary branch division of the examined sample is illustrated in table 1, while graph 1 shows the size of marketing units in the examined companies.²

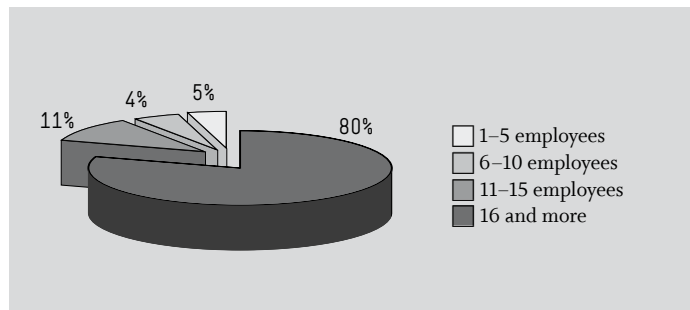
Structure according to economic branch (in %)	Group A	Group B	A+B
Machinery	40	44	42
Consumer goods	29	35	32
Electro-technology	31	21	26

Table 1: Structure according to economic branch

¹ The text is based on the final report PAVLŮ, D: Marketing a jeho činnosti v malých a středních podnicích, Praha AMASIA 2007, internal press.

² The following text brings a structured overview of the marketing procedures in two groups of results: A – companies with independent marketing unit, group B – companies without an independent marketing unit, where the marketing tasks are carried out by other internal or external entities.

The marketing units have staff of various quality and size. This issue can be partially cleared by interpretation of the results of the questions, which surveyed the staffing of the individual marketing units.



Graph 1: Number of Employees

Concerning the number of employees, most marketing units have no more than five persons – 80 % of them. The second group involves marketing units with six to ten employees; that is 11 % of them. Larger marketing units represent only 9 %.

It is also important, how strong the position of the marketing units within their respective companies is, how independent they are from the top management or if they are controlled otherwise, which of the company units supervises the marketing activities. The researchers also examined how the issue is solved when the company is a part of a multinational subject.

Independence of the company (in %)	Group A	Group B	A + B
Yes, it is an independent subject	63	84	74
No, it is part of a higher organisational body	37	16	26

Table 2: Independence of the company

57 of the involved companies were part of a higher entity, which is 26 % of them. As the summary of results confirmed, 82 % of them wields large autonomy concerning the decisions about marketing activities, only 18 % stated, that the mother companies do not let them have their own approach to marketing.

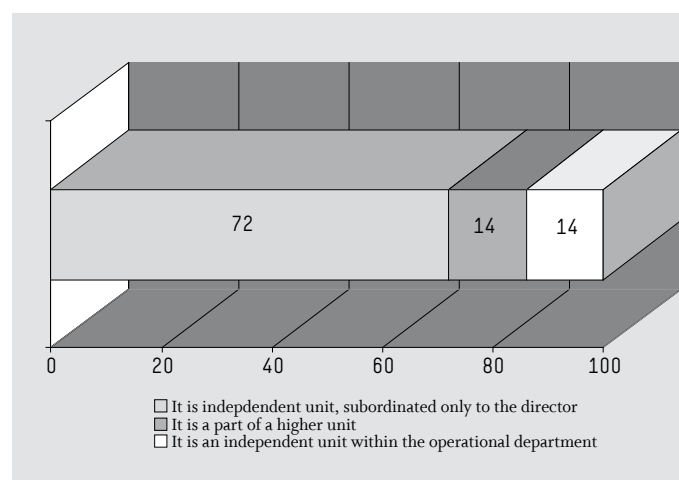
Characteristic of the higher subject (in %)	Group A	Group B	A + B
It is a purely foreign company	19	0	9
It is a foreign company, but the company is its Czech part with its own legal identity	54	35	45
It is a purely Czech company	27	65	46

Table 3: Characteristic of the higher subject

3. Existence, position and tasks of an independent marketing unit within a company

The survey confirmed that less than half – 48 % – of the questioned companies have their own marketing unit. The history of some marketing units was quite long – up to 1991 – 3 %, while some units were formed only recently – 2 % in the last year. The greatest boom of marketing units took place in 2000 – 2002, when almost two fifths of all marketing units in this survey were established – 39 %. Their position and authority in the enterprise structure differs, of course, due to the various size of the company, different turnovers, depending whether it is an independent business entity or a part of a greater economic entity etc. The most frequent variation is an independent marketing unit within the corporate structures, supervised only by the director of the production company – such is the position of marketing units in 72 % of the questioned companies.

Detailed analysis shows that direct subordination to the director is usual especially in medium sized companies with 51 – 250 employees – 78 %. Concerning the branch of business, marketing units are the least often subordinated under the director in electro-technical companies – 68 %, where it is usually an independent unit within an operational department – 27 %.



Graph 2: Position of the unit in the company

Where marketing is a part of a higher unit, it is usually a part of the sales unit, less often it is a subordinate of the parent company, plant management, chief economist, sales department or sales manager. If it is an independent unit within the operational department, the marketing is most often functionally connected with the sales units, less often with the management and the owner.

The structure of answers to the question for the managers about the qualification structure of the marketing units was difficult to estimate in advance, because there was no data to compare

with. The interrogators asked about the level of education and qualification of all staff in the marketing departments in six pre-defined categories:

- University with lectures in marketing,
- special training such as CIMA,
- College (VOŠ) with lectures in marketing,
- secondary vocational school (SOŠ) with lectures in marketing,
- without marketing education,
- other education (courses, training).

The respondents stated percentage of holders of the individual types of education within their unit:

Education of marketing staff	Average representation (in %)
Without marketing education	71,3
University with lectures of marketing	50,7
Secondary vocational school (SOŠ) with lectures of marketing	43,0
Other education	42,8
Special training such as CIMA	34,7
College (VOŠ) with lectures of marketing	31,9

Table 4: Education of marketing staff

The findings were surprising. In the tough competition in the present markets, professional education is a basic requirement for anyone in the field of marketing. Yet most of the marketing staff did not have adequate professional training in their field of work: 47 respondents stated that some employees in their unit lack any education in marketing, 61 respondents stated that their colleagues have a general university education, 14 of them stated that everyone in their department has only a general university education. 34 respondents stated having specialised marketing education from a college (VOŠ), most often for 20 % of their colleagues, secondary vocational training (SOŠ) in marketing was stated for 38 respondents, while the CIMA level training was stated by 32 respondents.

The research revealed a high inconsistency in the qualification of the staff of marketing units, while the percentage without any marketing qualification at all – not even retraining courses – was stunning.

4. Survey of customer needs

A specific obstacle to a true marketing approach to the needs of the market is the insufficient analytical activities of the companies which survey the needs of the market – i.e. the needs of the consumers and the end customers. That is why all respondents were asked: “How active are you in ascertaining the needs of the consumers and customers?”. The replies reveal that the marketing operations of the companies have a lot to improve. Of course, these activities are affected by many factors beyond the reach of the marketing units, but it is clear that the marketing units could play a much more active and professional role in relation to the management than other departments whose staff is concerned only superficially in this issue.

Monitoring of the needs of the end customers and consumers	Group A	Group B	A+B
Systematically	85	49	67
Sometimes, ad hoc	10	41	26
Almost never, only in case of extraordinary market crises	4	4	4
Never	1	6	3

Table 5: Monitoring of the needs of the end customers and consumers

The data in the table prove that there are big differences in how systematic the companies search for market opportunities, depending on whether they have independent marketing units or not. Most of the companies with an independent marketing unit (A) examine regularly and systematically the needs of their clients. In the group of companies without an independent marketing unit (B) the stable and systematic examination of the needs of customers is much lower and reaches only half of the intensity. Especially big companies (93 %) deal with the needs of its clients thoroughly. Concerning the business lines, the machinery companies are the most systematic (74 %) in this respect. We suspect the reason is tough competition in their market.

5. Three main criteria according to which the customers decide to buy

While different companies with different product structures, different organizational structures and different adherence to higher business and production entities have different structure and motivation of their relations to the end customers, we still can find certain general factors of customer decisions. This is why the researcher asked the companies: “Name three criteria which you think determine whether the customer buys your product and order the criteria according to their importance!”.

Factors influencing customer decisions				
Companies from the whole group	1st position No. of answers	2nd position No. of answers	3rd position No. of answers	Total Points
Price	62	42	33	137
Reliability of the vendor	45	28	36	109
Brand, name, references, credit	22	24	27	73
Discounts	19	31	16	66
Servicing and maintenance	11	13	22	46
Availability (time, speed)	7	9	17	33
Added value	12	11	6	29
Guarantees	2	19	6	27
Local availability (place)	12	4	10	26
Operating costs	3	7	11	21
Promotion, advertising	5	8	5	18
Ease of operation	1	3	8	12
Training of users	6	4	1	11
Supply of spare parts	2	2	4	8
Environmental concerns	1	1	5	7
Option to return the product back	1	2	0	3
Others	8	9	8	25
Total				651

Table 6: Factors influencing customer decisions

A detailed analysis of the answers in group A and group B confirms that preferential votes were granted to the first three decision factors in the same order:

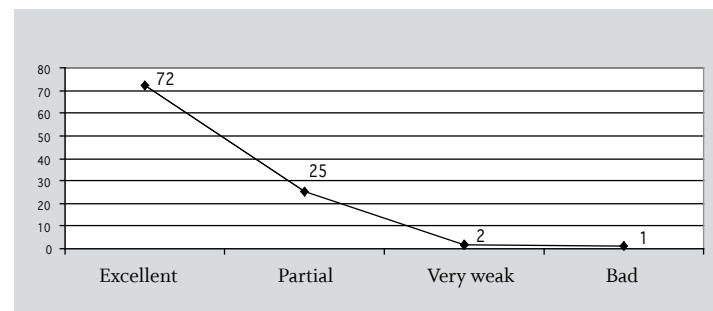
- price,
- reliability of vendor,
- brand, name, references.

This survey also proved – though it is a B2B level finding – that the price, like in most other decision making processes of end consumers, has almost ultimate priority. Of course, the future development may change this position when the situation be-

comes more affected by other technological, design, environmental, competition and other processes. We consider important that the factors from the second and third placing require intense marketing communication through conventional channels with high intensity.

6. Some marketing activities of companies

Independent marketing units cooperate with the other company departments, especially the sales department. This is why one of the survey questions in the independent marketing units asked, “What is the cooperation like between the independent marketing unit and the sales department?”.



Graph 3: Cooperation between the marketing unit and the sales department

The graph confirms that the level of satisfaction with cooperation between the independent marketing unit and the sales department is quite high – almost three quarters of the respondents see it as excellent. The remaining respondents had only partial complaints. Only 3 % stated poor cooperation.

It is also important how much the companies use the marketing techniques for their practical activities so as to get quality analysis of the relevant market, to get into close contact with the major customers and to better know the value of the provided products etc.

Practical use of the marketing techniques (in %)								
	Absolutely and systematically		Only partially		Very little		Not at all	
	A	B	A	B	A	B	A	B
Work with key customers	84	81	15	14	0	2	1	3
Customer database	83	62	12	29	4	4	1	5
Analysis of one's weak and strong sides	67	49	22	27	8	12	3	12
Product portfolio	60	44	32	20	2	11	6	25
Analysis of competitors	58	43	30	38	9	10	3	9
Analysis of the product life cycle	46	31	27	25	13	15	13	29
Analysis of market segments	55	25	33	31	8	14	8	30
Position map	42	21	32	24	14	17	14	38

Table 7: Practical use of the marketing techniques

The order of the marketing activities does not essentially differ in the two groups – the survey results show that the respondents understand the importance of cooperation with major customers, as 80 % confirmed with a resounding yes. Also the client database, analysis of strong and weak sides of the company ranked high. Position maps, which show the distribution of specific brands or products in the market, are considered as the least important in the marketing practice of the questioned companies.

These data show that the companies with an independent marketing unit generally pay more attention to marketing techniques, as seen in the high amount of absolutely positive answers ranging 42 % – 84 % and in the virtual absence in group B.

7. Conclusion

Several selected data from the large survey show that in the Czech marketing environment there still exist great differences in the approach to marketing, marketing thinking and practice. It is advisable to examine this environment further and to search for reserves, which would allow the companies to improve and to behave with higher effectiveness in the highly competitive market.

DO BUSINESSES IN THE CZECH REPUBLIC BENEFIT FROM THE POSTPONEMENT OF THE EURO ADOPTION?*

Mojmír Helísek

The majority of analyses of benefits and costs associated with the single European currency explain the consequences from the point of view of the Euro adoption. With regard to the opposite tendency, i.e. the postponement of the Euro adoption in the majority of new member states of the European Union, we will interpret the consequences from the point of view of the postponement of the Euro adoption. In the introduction we will summarize the current situation regarding the approaches to the Euro adoption in the new EU member states. Later we will analyze benefits and costs of the postponement of the Euro adoption in the Czech Republic, the trends until now and prospects. In the conclusion we will summarize the standpoint of Czech business community to the Euro adoption in the Czech Republic.

1. Introduction

The Czech Republic has been a member of the European Union since 1.5.2004. It is one of the countries which benefits from a temporary exemption from the Euro adoption in accordance with Article 122 of the Treaty on European Union. However, the EU membership of any country is associated with an obligation to adopt the Euro sooner or later.¹ The European Central Bank (ECB) reminds new member states of the obligation to adopt the Euro in the position of the ECB Governing Council: “(...) while not yet adopting the Euro, they will be committed to striving towards the eventual Euro adoption (...) The Treaty foresees that: i) at some point following accession, new Member States will join the Exchange Rate Mechanism II; and ii) when they are deemed to have fulfilled the Maastricht convergence criteria, they will adopt the Euro.” (European Central Bank 2003, p.1)

Each member state has right to decide on its accession date, which depends on its preparedness. “The National Euro Change-over Plan for the Czech Republic” (from 2007) interprets the Treaty in such a way that a country with the temporary exemp-



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tion “is obliged to strive to adopt the Euro at the earliest possible date.” (National Plan 2007, part I, p. 1)

At which date does the Czech Republic wish to introduce the Euro? In the proposal of “The Czech Republic’s Euro-area Accession Strategy” approved in 2002, there is mentioned regarding the preparation that the year 2007 “should not be excluded”. The final version of the Accession Strategy from 2003 states “the horizon of 2009 – 2010,” which was later defined more precisely as 1. 1. 2010. On 25 October 2006 the Czech Government decided not to try to join the European exchange-rate mechanism (ERM-II) in 2007 which meant a cancellation of the original plan of the accession into the Euro area in 2010. A new date has not been set yet. Another important document “The Czech Republic’s Updated Euro-area Accession Strategy” from August 2007 confirmed both the postponement of the original horizon of 2010, and the absence of any specific date of the planned accession into the Euro area. The date of the introduction of the Euro “will follow” from solving of “problematic areas” of the Czech economy, which are namely a public finance reform and the flexibility of the economy, particularly of the labour markets.

The professional public and politicians express different opinions about a possible date of the introduction of the Euro. At the same time when the original date was cancelled, a new “working date” of 2012 (mentioned by the Minister of Finance M. Kalousek, supported by the representatives of the industry) immediately appeared, however, after a short time it was again withdrawn. The

* The paper has been financially supported by the Internal Grant Agency of the Institute of Finance and Administration (Project no. 7701).

¹ Great Britain and Denmark are the exemptions as they stipulated for the permanent exemption from adopting the single currency within the Treaty.

Governor of the Czech National Bank, Z. Tůma, stated for press a “nice date” of 2019 and the Prime Minister, M. Topolánek, mentioned that “as a joke he could say also year 2020.” As for the standpoint of the Prague Castle, it can be heard from the statements of advisors that “it should not be earlier than in 10 years.”

However, despite the above mentioned circumstances which illustrate a cautious and sceptical approach of the current Czech central authorities to the introduction of the Euro, the Czech Republic has been recently evaluated almost surprisingly positively by the EU as for the progress made in preparations for a membership in the Euro area. “The reports on the practical preparations for the future enlargement of the Euro area” (from the Commission) confirms this. While the second report (from November 2005) states that “the practical preparations in the Czech Republic are in a very early stage,” the fifth report (from July 2007) mentions that the Czech Republic is a good example of the timely preparations despite the fact that the final accession date has not been set yet. The report especially praises the adoption of “The national Euro changeover plan for the Czech Republic” (in April 2007).

This lenient approach can be understood better if we consider that the Czech Republic – with its decision to postpone the originally planned date of the introduction of the Euro – is not an exception among the new EU member states. Apart from successful Slovenia (the adoption of the Euro was done on 1.1. 2007), Malta and Cyprus (both countries introduced the Euro on

1.1.2008) only Slovakia insists on the original date. The planned dates of entry into the Euro area are summarized in the Table 1.

2. Benefits Associated with the Postponement of the Entry into the Euro Area

1) The basis for the evaluation of the benefits will be the assessment of the preparedness for entry into the monetary union. The starting point is the theory of the optimal currency area (OCA). (De Grauwe 2005) The member countries of the monetary union should show a high synchronization of their business cycles and a high national and international mobility of factors of production. This follows from the fact that the membership in the monetary union implies the loss of an independent monetary policy and exchange rate policy. If the economy of the monetary union as a whole experiences external shocks, the monetary (and potentially also the exchange rate) policy of a union central bank will suit all countries only in case that the countries experience the same business cycle. In case of an asynchronous cyclic development the impacts of external shocks will be asymmetric too (so called asymmetric shocks) and their impacts need to be balanced by a high mobility of factors of production, especially of labour force.²

If the current business cycle of the Czech economy does not show a sufficient synchronization with the Euro area and at the same time the Czech labour markets are quite rigid too, then the preservation of an independent monetary and exchange rate policies enables facing asymmetric shocks – which affect the monetary union and a non-member country – in a better way.

The synchronization of the business cycle of the Czech Republic with the cycle of the Euro area (12 countries) is illustrated in Figure 1.

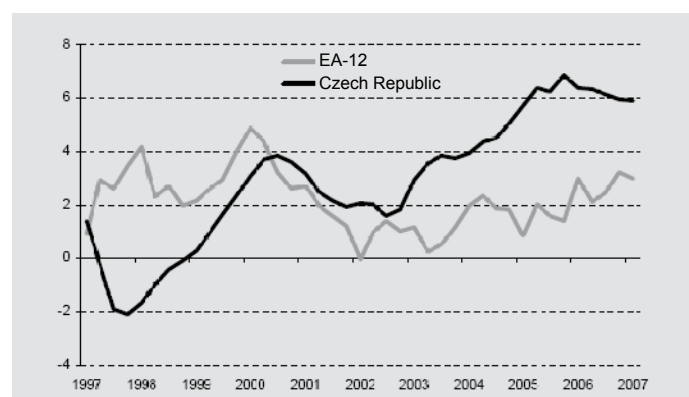


Figure 1: Growth rate of GDP in the Czech Republic and in the Euro area (12 countries), Source: Assessment, 2007, p. 17. (quotation 2008-04-01)

² Apart from that individual members of the monetary union can still exercise an independent national fiscal policy. Its use for a mitigation of adverse impacts of asymmetric shocks requires a low public indebtedness (the Pact of Stability and Growth covers this problem).

Country	Original date	New date
Bulgaria	not set	
Czech Republic	1. 1. 2010; cancelled 25. 10. 2006	not set
Estonia	1. 1. 2007; further date 1. 1. 2008 (set 27. 4. 2006, cancelled 31. 10. 2006)	not set
Latvia	1. 1. 2008; cancelled in spring 2006	not set
Lithuania	1. 1. 2007; EU Commission had not recommend introduction of the Euro (16. 5. 2006)	as soon as possible, after 2010 (the plan from 25. 4. 2007)
Hungary	1. 1. 2010; cancelled 1. 12. 2006	not set
Poland	not set	
Romania	2014	
Slovakia	1. 1. 2009	
Sweden	not set (introduction of the Euro rejected in the referendum 14. 9. 2003)	

Table 1: The planned dates of the entry into the Euro area
Source: Commission of the EC, 2004 – 2007.

2) The introduction of the single currency will be accompanied by a pressure on the growth in the price level in an accession country in the case that there is a difference between the price level in this country and an average price level in the Euro area. During the period before entry into the Euro area a convergence of the price levels through a price channel and an exchange rate channel (by the appreciation of an exchange rate of an accession currency) mitigates risks of an inflation shock at the time of entry into the Euro area.

Table 2 illustrates both a relatively significant difference in the price level in the Czech Republic as compared with the Euro area as well as a slow closing of this gap (less than a point per year).

Country	2002	2003	2004	2005	2006
EU 27	100	100	100	100	100
Euro area 13	101.1	103.5	103.6	102.5	102.5
Czech Republic	57.1	54.5	55.4	58.4	61.5

Table 2: Comparative price levels. Source: <http://epp.Eurostat.ec.Europa.eu> (Comparative price levels) (quotation 2008-06-01)

3. Costs Associated with the Postponement of the Entry into the Euro Area

1) The single currency stimulates reciprocal export of an accession country into countries of the monetary union (so called trade effect), on the contrary the use of the national currency restricts the export. This fact can be explained at least by two circumstances.

Firstly: the persistence of the transaction costs. There are higher costs caused by operating with foreign currencies than the costs of the exchange of the foreign currencies, higher costs of payments while using foreign currencies instead of a local national currency, costs caused by maintaining extra accounts (i.e. accounts in foreign currencies), costs resulting from more complicated accounting system while using foreign currencies, more complicated tax settlement etc. Reducing these costs due to the

use of the single currency results in a stronger competitiveness and it stimulates the export.

What is the quantification of these costs? The costs savings reach 0.1 – 0.2 % of a national GDP in case of large economies whose currencies are widely used internationally; in case of small open economies and less developed economies about 1 % of their GDP. Estimations for the entire group of countries of the European Community (in 1990) were 0.4 % GDP of the EC. (European Commission 1990, p. 63). Central banks of Poland and Hungary currently estimate savings as 0.2 % of their GDP. (Schadler et al. 2005, p. 16)

Secondly, there are the costs related to foreign exchange risks. These are mainly high companies' costs of hedging against foreign exchange risks, which are reflected in prices and thus they reduce the competitiveness as compared with foreign countries. Considering the high level of the costs only big companies use the hedging; not small and medium enterprises, which withdraw from exporting due to their fear of foreign exchange risks. Therefore, another cost is the lost opportunity to export.

What is the quantification of the trade effect? A paper of R. Baldwin comes to the conclusion that the introduction of the Euro resulted immediately in an increase of 5 % – 10 % of mutual trade among states of the Euro area, and "most of the evidence suggests that this number may grow as time passes, maybe even doubling." (Baldwin 2006, p. 48)

2) Trend of appreciation of a currency of an accession country which weakens competitiveness of exporters. During a pre-accession period this trend can be expected; not a trend of depreciation, considering the need to meet exchange rate and inflation convergence criteria. Table 3 illustrates the trend of the Czech crown (CZK) exchange rate.

Notes: Effective exchange rates: shares of 23 currencies according the overall trade turnover in 2002. REER based on CPI. Effective exchange rates: year 2007 calculated based on data from 2005 = 100. CNB Notes: NEER - above 100 = appreciation of CZK against a basket of currencies relative to a base period (under 100 = depreciation); REER - above 100 = decrease in competitiveness of the country (CR) relative to a base period (above 100 = increase in competitiveness).

	2000	2001	2002	2003	2004	2005	2006	2007
x CZK/1 USD	38.6	38.0	32.7	28.2	25.7	23.9	22.6	20.3
x CZK/1 EUR	35.6	34.1	30.8	31.8	31.9	29.8	28.3	27.8
nominal effective ER	100.0	104.3	116.5	116.0	116.3	123.5	129.3	131.6
real effective ER	100.0	105.5	116.7	112.9	113.0	118.9	124.4	127.4

Table: 3 Trend of CZK exchange rate (annual averages)

Source: Annual reports of the Czech National Bank, Balance of Payments Reports (CNB), www.cnb.cz (foreign exchange market rates) (quotation 2008-06-01)

Between 2000 and 2007 CZK appreciated against EUR by 22 %, against USD even by 47 %. The trend of appreciation can be explained by a strong inflow of foreign direct investments due to privatization, by a positive interest differential (till 2002) and by the trade balance surplus (since 2005). The trend of appreciation is expected to continue also in coming years, especially due to persisting FDI inflow, due to the surplus of the balance of trade and an impaired trust in assets hold in USD.³ Figure 2 illustrates an extrapolation of exchange rate from 2004 – 2007 data for next four years. In the end of 2011 this hypothetical trend would result in the exchange rate 21 CZK/EUR. However, it is only the extrapolation which does not take into account other factors.

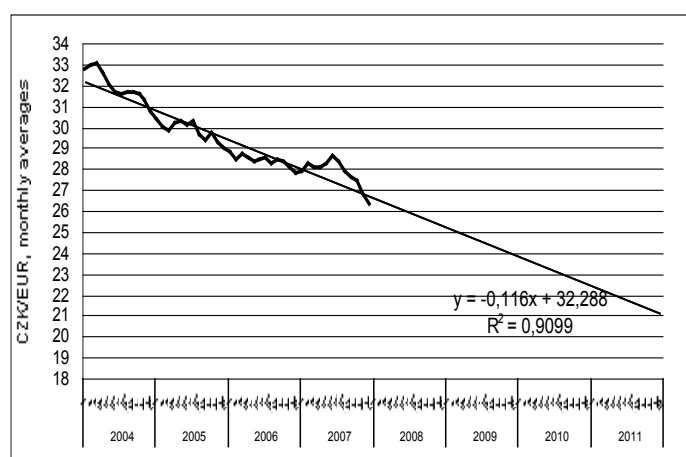


Figure 2: Extrapolation of exchange rate CZK/EUR for the period 2008 – 2011. Remark: average monthly exchange rates. Source: www.cnb.cz (market exchange rates) (quotation 2008-06-01) with own amendment.

A trend in national interest rates can be another ambiguous cost of the postponement. Due to a decrease in risk premium and a stronger inflow of foreign capital the rates should decrease and thus should stimulate investment expenditures, production growth and employment. However, the Czech interest rates show a negative interest differential.⁴

³ Increasing amount of dividends paid out abroad will have an opposite effect (depreciation pressure). While in 2000 they amounted to USD 0.3 billion, but in 2006 it was already USD 4.8 billion and their share on the total out-flowing “earnings from investments” (i.e. together with reinvested profits and with interests) increased from 10.7 % to 39.8 %.

⁴ The difference between 3 M PRIBOR and 3 M EURIBOR reached values of -0.8 p. p. and -1.2 p. p. in 2006 and 2007.

⁵ In 1995 the share of export of goods and services on the Czech GDP was only 51 %, in 2007 already 79.1 %.

4. What Are Trends in Benefits and Costs Connected with the Postponement of the Euro?

Both increasing synchronization of the Czech business cycle with the cycle in the Euro area and a higher mobility of Czech labour force can be expected in coming years. Both factors are consequences of the increasing rate of integration of the Czech economy into the economy of the Euro area; moreover, reforms in social sphere will play an important role in the case of decreasing rigidity of labour markets. A moderate increase of the above mentioned synchronization is mentioned also in “The Assessment of the Fulfilment of the Maastricht Convergence Criteria.” (Assessment 2007, p. 5)

Further increase of integration is caused by both international trade and by international capital flows (foreign direct investments – FDI). The assumption about the future intensification of integration is based on two preconditions:

- firstly, shares of export and import on GDP of the Czech Republic are increasing,⁵ while our most important trade partners are (and probably still will be) predominantly the existing countries of the Euro area,
- secondly, the Euro area is enlarging.

Data in Table 4 support the above mentioned assumption of increasing rate of integration. The last column of the Table assumes that Slovak Republic (SR) will be soon adopted in the Euro area and thus it illustrates assumed intensification of our integration into the Euro area.

The increasing rate of integration of the Czech economy into the Euro area mitigates a risk of an asymmetric shock and thus also the need of independent monetary and exchange rate policies and of the high level of mobility of productive factors. The postponement of the Euro introduction in the Czech Republic will be less and less urgent due to these reasons.

	2004 (EA 12)	2007 (EA 13)	2007 (EA 13 + SR)
Export + Import (goods and services)			
Total (bill. CZK)	3 939.3	5 461.3	5 461.3
with EA (bill.CZK)	2 284.0	3 110.4	3 528.6
% with EA	58.0	57.0	64.6
FDI in Czech Republic (stock, end of year)			
Total (bill. CZK)	1 280.6	1 852.1	1 852.1
with EA (bill. CZK)	1 017.6	1 477.8	1 501.2
% with EA	79.5	79.8	81.1

Table 4: Integration of the Czech Republic into the Euro area (EA)
Source: www.cnb.cz (balance of payments statistics) (quotation 2008-06-01) with own amendment

The postponement of the introduction of the Euro due to a convergence between the Czech price level and an average in the Euro area does not have any rational basis either. An influence of the price channel will probably not be significant. Inflation rates in the Czech Republic and in the Euro area show a similar trend: the average annual HICP increased by 2.2 % and 2.1 % in 2006 and 2007 in the Euro area, and by 2.1 % and 2.9 % in the Czech Republic. It is not possible to rely on their convergence by an exchange rate channel either due to a persisting risk of a currency crisis, which would be significantly mitigated by a switch to a currency of world-wide importance (the Euro). The currency crisis in the form of a strong depreciation would cause another widening of the difference between price levels of the Czech Republic and the Euro area.

The risk of currency crisis does not accrue from the development of the Czech economy which shows positive values of so-called fundamental indicators. However, the Czech koruna is in jeopardy due to the danger of infection from the side of “weaker” currencies, especially currencies of Baltic countries⁶ and the Hungarian forint. The so-called principle of regional view of big institutional investors is the matter as they reconsider their investments not only in these currencies but in currencies of the entire region due to impacts of deteriorating deficits of the current accounts of the mentioned countries.

Decreasing competitiveness of Czech exporters acts in the opposite direction, i.e. in favour of the quick introduction of the Euro. The Industry and Transport Union expressed in the statement from its last general meeting in October 2007 a demand on the Czech Government “to create conditions enabling a quick adoption of the single currency” and it called for a greater courage in reforming of public finance. (Strategic needs 2007, p. 2) The Association of Exporters of the Czech Republic points out “irretrievable losses of exporters which savings potential is already exhausted and mainly the loss of competitiveness of the entire local industry (...) mainly speculators with foreign currencies have caused the appreciation of the koruna which cannot be justified by the efficiency of the Czech economy.” (Grund 2008, p. 5) The biggest Czech exporter Škoda Auto released the data on its loss caused by appreciation of the exchange rate of the koruna, which was EUR 60 million (CZK 1,6 billion) in 2006. Appreciation of the koruna already takes the first important “victims”.⁷

5. Conclusion

The opinion of the Czech business community on the introduction of the Euro is clear. According a survey conducted by the Economic Chamber and the Union of Small and Medium Enterprises in November 2007 – in which three hundred companies responded – 73 % of companies are in favour of the Euro introduction by 2012. 49 % of businesses expect positive impacts on their competitiveness; 29 % do not expect any impacts.

(The introduction of the Euro, 2007) According the president of the Economic Chamber, Mr. J. Drábek, “advantages of our accession into the Euro area significantly outweigh risks associated with a pressure on the increase of inflation.” (Economic Chamber 2007)

The Czech business community declares that it is ready for the entry into the Euro area. A prognosis of the fulfilment of the Maastricht convergence criteria in 2008 shows a slight overstepping of the limit only in the case of inflation criteria, other criteria should be met even in a prospect by 2010 (incl. inflation in further years). The introduction of the Euro in the Czech Republic is thus becoming a political rather than an economic problem.

⁶ The ratio of the current account deficit of the balance of payment to GDP reached 23.3 % in Latvia, 16.0 % in Estonia and 13.2 % in Lithuania in 2007; in the CR the ratio was 2.5 %.

⁷ In the middle of June the biggest Czech garment company OP Prostějov decided to close down all its production plants apart from Prostějov because the export orders have not stopped to be profitable anymore; appreciation of the koruna causes losses in dozens millions CZK. (Sochor; Luňáková, 2008)

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INSTITUTE OF FINANCE AND ADMINISTRATION, PRAGUE, CZECH REPUBLIC

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Description of the location and the university

The Institute of Finance and Administration (IFA) was founded by the Bank Academy and the Czech Coal in 1999 in accordance with the state approval to act as a private college. Since then it has been developing continually and in 2001 opened study centers in Most and Kladno. A year later MBA study programs were launched in cooperation with City University (USA). Another year later the school set up Eupress, a publishing house producing study materials and books. In March 2003 IFA acquired the accreditation for the follow-up Master study. In the course of the first five years it has become the largest private college in the CR in terms of the number of both students and teachers. In the academic year 2005/2006 3,457 students were enrolled.

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Summer term: beginning of February til middle of June

We recommend our students to enroll in the winter term since the course offers in English in the summer term are limited at present.

Language of instruction at the partner university

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Course offers

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- Banking, International Finance, International Business etc. (winter and summer term)
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Tuition

None



FLYING HOPE: THE PROCESS OF IMPLEMENTING A PPP PROJECT IN CHINA

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1. Introduction

From the beginning of the open-door policy in 1978, China has adopted a path of gradual experimentation through which certain practices or measures are experimented first, without publicity or fanfare, and only after they have given results they will be divulged, acknowledged and replicated (Trigo 2003). Since Public Private Partnerships (PPPs) are increasingly being implemented in China, especially as tools through which corporations exercise their Corporate Social Responsibility (CSR) under the guidance of the government, we were interested in knowing whether these partnerships also followed this gradual process.

For such purpose we focused on the health care sector due to its particular involvement in PPPs explained by the need governments have to tackle public health problems (AIDS, SARS, mental diseases etc.) while lacking the specific knowledge and other resources corporations possess and, between November 2007 and January 2008, conducted a total of 23 interviews in Beijing and Xi'an with officials from several departments, doctors and corporation representatives. Among the information collected we select to present in this paper a specific case that illustrates how PPP initiatives are taken and how they develop until the establishment of long term partnerships.

2. The case

The year 2000 marked the Third National Mental Health Conference promoted by the Ministry of Health (MOH) with the invitation to several psychiatrists to join the preparation team for

the workshop, a crucial opportunity for both professionals and government officials to seriously discuss the problems affecting Chinese mental health. One conclusion was that there were too many departments dealing with mental health problems and that mental hospitals were under the administration of different government departments, a situation that hampered the full understanding of the nature and extent of the problem.

After such realization a working team was formed in early 2001 with members from both sides to conduct a series of surveys focused on the seriousness of mental health issues in China, on demands and needs of different population groups and available resources. The low-awareness of the disease and the high rate of non-treatment were found to be the key problems.

As a result, the government joined with specialists to form the National Mental Health Project of China: 2002-2010 under the motto: “Raise the awareness, lower the non-treatment rate”. A huge task in a country with a population of 1.3 billion: no single organization or government would be able to successfully undertake it alone.

3. Flying Hope

When this taskforce was formed, the government was already engaged in relationships with companies and other stakeholders in the joint execution of some activities. One example is the involvement of a leading pharmaceutical company, Xian-Janssen, in previous “raise the awareness” campaigns such as the “Flying Hope Kite Festival” aimed at mental patients and their relatives. In the words of a participant: “more than 100 kites of various

patterns and forms were flying on both sides of the Great Wall; thousands were dancing with the clouds on the shore of the Yellow Sea, on the banks of the Yangtze River, at the upper reach and lower reach of the Yellow River, by the Xizi Lake, in the Goat City and on the Pearl River”.

A strategic public-private partnership to address the problem of mental health was in gestation. The stakeholders called to participate were: MOH government officials, psychiatrists, associations, opinion leaders, academics, mental health hospital directors and the pharmaceutical company – the drug inventors. To canvass opinions, meetings were held in the MOH meeting room based on China’s mental health framework for the next ten years. This approach proved to be effective. Stakeholders vigorously exchanged opinions and voiced proposals in the dialogue. One opinion was that to upgrade the teaching materials in medical universities should be the first priority. Another expressed concern on the misleading information that even CCTV (China’s National Television) was conveying to the public on psychiatric issues and that needed to be urgently changed. Other points were the need to upgrade doctor’s post education training especially in small and middle-sized cities, improvements in mental hospitals management or the need to care about patients and family members’ education.

After these opinions and proposals from stakeholders one problem subsisted: How to finance these programs?

Collaboration was then consolidated with the pharmaceutical company that joined in to set up a five year PPP for helping mental health issues in China by providing millions of USD on a project basis: no money would be paid to any government account, hospitals or individuals. A joint committee would be formed and the funds would directly sponsor specific projects like translation and production of teaching and training materials, meeting fees and transportation. The five year term would give the project stability and was in itself an innovation: up to then all PPPs had been on a short term basis.

4. In sum

There are two main issues that we can draw from the case above, which was pulled together through the information collected during the interviews. First, relationships between companies and stakeholders are not always limited to (a) imposing restrictions or (b) exchanging resources: intensive and recurring dialogue is a third way that can lead to value creation. Second, the case exemplifies a continuous learning process. The training materials, for example, have been successively revised and improved by incorporating the ongoing experience as one interviewee has commented. Finally, this is a case that illustrates the remarkable approach China has demonstrated towards reform, and also has followed in the introduction and dissemination of CSR activities: an emphasis on gradual experimentation either at local or sector level. Some measures or activities are experi-

Added value for society

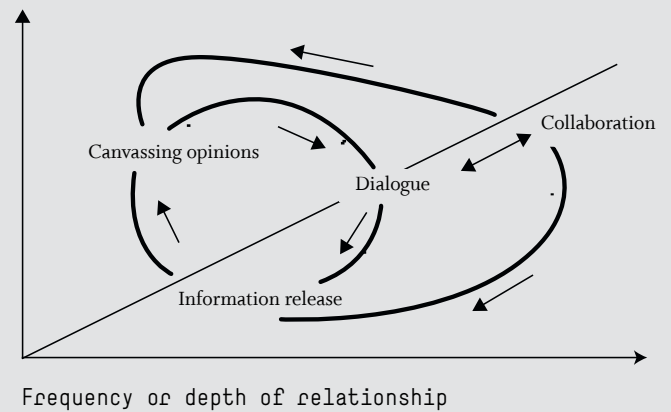


Fig.: Recursive stages of dialogue towards collaboration

mented on a smaller scale first and then recurrently replicated. In other words, rather than importing and directly applying Western CSR practices China adapts the concept to its own agenda and reality. The following figure represents the situation in China.

The frequency or depth of the relationship will determine the degree of added value for the society but the process through which this is achieved, rather than by a linear function, happens through a series of recursive stages along which interim collaboration projects may revert to more or new information release or opinion canvassing and reintroduced in the dialogue. If it takes longer, the process will surely have more chances to be sustainable. Meanwhile, who is providing the proper guidance? Undoubtedly the government is. In the distinctive gradual experimentation mode that has characterized all aspects of China’s reforms the country is also developing PPPs with Chinese characteristics. Under the guidance of the government a wide range of stakeholders is being engaged in recursive forms of dialogue and collaboration to solve big issues. Stakeholder dialogue has long been established in Europe but adding value to society through stakeholder dialogue appears to be an essential feature of PPP projects in China too.

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COMPLEXITY, THEORY OF CHAOS AND FISHING

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1. Introduction

The theory of chaos involves multiple interactions and supposes the existence of an enormous number of interrelations, with direct developments in vast fields of study. It got an important role in the context of recent theoretical developments of the theories of the non-equilibrium. The word chaos assumes the idea of the existence of turbulence and disorder; an unwanted chance or even the idea of an “abyss”. The predisposition to a profound change in the direction of a phenomenon generates an own force, understood as a depth change that results from small changes in their initial conditions. The chaos is, from this point

of view, something extremely sensitive to the initial conditions. It is interesting to note, however, that the chaotic system normally seems to develop itself in a very smooth and orderly way, although inside changes may be complex and paradoxical.

Recent developments in the dynamical systems theories, which require the existence of an inherent complexity of the systems themselves that are based on a set of large inside interactions, led in some cases to understand and highlight self-organizing systems, revealing strong strengths and reinforcing their internal cohesion factors.

Given the non-linearity conditions of the nature phenomena, theories which are based on the dynamics of non-equilibrium seem to explain quite well the spatial and temporal heterogeneity observed in ecological systems. The disturbances and heterogeneity are interdependent factors that create opportunities for re-colonization and determine the structure of communities. It is important to note, for reflection about the effects of the disturbances in the systems, that the ability to recover the ecological systems depends, to some extent, on the existence of refuge areas both for flora and fauna to, acting as reservoirs of re-colonizers, after the disturbances occurred in the ecosystem.

Many live resources, particularly many marine resources have suffered drastic reductions motivated by their overexploitation. Populations of many species have been led to the rupture and close to the extinction. How can humanity modify this state of things? Is there a line of evolution that helps to explain this kind of events? How can we shape these facts in this perspective? Is there any way to invert these trends, or simply to find the principles that underline the facts? The main agents in this process may be questioned? The supranational institutions just emit simple indicative rules?

2. Dynamic Systems and Chaos

The theories of dynamic systems have been applied to numerous areas of knowledge. In the 1980's, several exact sciences (physics, chemistry or biology, for example) and some social sciences (economics or management or even the sociology) still had their own objects of study and their own methods of analysis and each one of them was different from the others. The science has been branched and specialized, so that each one uses to have its own world. Recently new forms of analysis, looking for an integrated study have emerged (Filipe 2006).

The theory of chaos and complexity itself reflects the phenomena that many activities (such as fisheries) are translated into dynamic forms of analysis and reflect a very complex and widespread reality, specific of complex systems. That reality falls within a range of situations integrated in a broader context, which is expressed in the theory itself but also in terms of their own realities (fisheries, for example), dynamic, complex and often chaotic features in its essence.

The theory of chaos stresses that the world does not necessarily work as a linear relationship with perfectly defined or with direct relations in terms of expected proportions between causes and effects. The chaos occurs when a system is very sensitive to the initial conditions. These initial conditions are the measured values for a given initial time. The presence of chaotic systems in nature seems to place a limit on our ability to apply physical deterministic laws to predict movements with any degree of certainty. Indeed, one of the most interesting subjects in the study of chaotic systems is the question of whether the presence

of chaos may or may not produce ordered structures and patterns on a wider scale. In the past, dynamic systems showed up completely unpredictable and the only ones that could aspire to be understood were those represented by linear relationships, which are not the rule. On the contrary, there are some situations clearly isolated.

Today, with the help of computers, it is possible to make extremely complex calculations and to understand better the occurrence of chaos. Many scientists see, with particular interest, the theory of chaos as a way to explain the environment. Therefore, the theory of chaos stresses the fundamental laws of nature and natural processes and requires a course for a constant evolution and recreation of nature. The theory of chaos allows realizing the endless alternative ways leading to a new form or new ways that will be disclosed and that eventually emerge from the chaos as a new structure. The reality is a process in which structure and chaos rotate between form and deformation in an eternal cycle of death and renewal. Conditions of instability seem to be the rule and, in fact, a small inaccuracy in the conditions of departure tends to grow to a huge scale. Basically, two insignificant changes in the initial conditions for the same system tend to end in two situations completely different. The ecology where many things are random and uncertain, in which everything interacts with everything at the same time is, itself, a fertile area for a cross search to the world explanations (Filipe et al 2005).

Lansing (2003) states that the initial phase of the research of nonlinear systems was based on the deterministic chaos, and it was later redirected to new outbreaks of research focusing on the systems' properties, which are self-organizing. What is called anti-chaos. It also says that the study of complex adaptive systems, discussed in the context of non-linear dynamic systems, has become a major focus of interest resulting from the interdisciplinary research in the social sciences and the natural sciences.

The theory of systems in general represents the natural world as a series of reservoirs and streams governed by various feedback processes. However, the mathematical representations were ignoring the role of these adjustment processes.

The theory of complex adaptive systems is part of the theory of systems, although it has in specific account the diversity and heterogeneity of systems rather than representing them only by reservoirs. It explicitly considers the role of adaptation on the control of the dynamics and of the responses of these heterogeneous reservoirs. This theory allows ecologists to analyze the reasons inherent to the process at the lower levels of the organization that lead to patterns at higher levels of organization and ecosystems. The adaptive systems represent one of the means to understand how the organization is produced to a large scale and how it is controlled by processes that operate at lower levels of organization. According to Lansing (2003), it came to be a general idea involving physical and mathematical complexity that is hidden behind systems.

Considering a system composed by many interactive parts, if it is sufficiently complex, it may not be practical or even possible to know the details of each interaction place. Moreover, the interactions can generate local non-linear effects so it often becomes impossible to find a solution even for simple systems. However, diverting us from causal forces that move the individual elements, if we focus on the system behavior as a whole we can highlight certain global behavior standards. However, these behavior standards may hide an associated cost: it can not be expected to understand the causes at the level of individual behavior.

Indeed, the systems do not match the simple decomposition of the whole into parts and therefore do not correspond to the mere sum of the parts, as living systems are not the juxtaposition of molecules and atoms. Since the molecule to the biosphere, the whole is organized and each level of integration leads to properties that can not be analyzed only from mechanisms that have explanatory value in the lower levels of integration. This corresponds to the appearance of new features to the level of the set that does not exist at the level of the constituent elements. Lansing (2003) believes that the adoption of the idea that complex global patterns can emerge with new properties from local interactions in the social sciences had a huge impact here.

The ecological systems are comparable to self-organized systems as they are open systems which arise far from thermodynamic equilibrium. On self-organized and self-regulated systems, the reciprocal interactions within the system between the structures and the processes contribute to the regulation of its dynamics and the maintenance of its organization; partly due to the phenomena of feedback (Lévêque 2002). These systems seem to develop themselves in accordance with the properties referred to the anti-chaotic systems. Indeed, we have auto-regulated systems that channel different initial conditions for the same stage, instead of what is happening with chaotic systems, which are very sensitive to initial conditions (Kauffman 1993). These systems would be relatively robust for a particular type of disturbance, to which the components of the system fit, creating a meta-stability that depends not only on the internal interactions within the system but also on external forces that can regulate and strengthen the internal factors of cohesion (Lévêque 2002).

Scones (1999) argues that a new commitment in research on the ecological new thinking should be concluded and he develops its search precisely in the area of ecology around the concepts of chaotic dynamics and systems of non-equilibrium. In turn, Levin (2003) shows that in the study of complex adaptive systems anti-chaos involves the understanding of how the co-operation, alliances and networks of interactions emerge from individual behaviors and how it generates a feed-back effect to influence these behaviors within the spontaneous order and self-organization of ecosystems.

3. Chaos Theory and Fisheries

In order to frame some methodological developments, it must be mentioned, first of all, that some characteristics associated with some species support strategic survival features that are exploited by the present theory. Its aim is to find the reasons and the way in which these strategies are developed as well as the resulting consequences. The species use their biological characteristics resulting from evolutionary ancient processes to establish defense strategies.

However, given the emergence of new forms of predation, species got weaker because they are not prepared with mechanisms for effective protection for such situations. In fisheries there is a predator, man, with new fishing technologies who can completely destabilize the ecosystem. By using certain fishery technologies, such as networks of siege, allowing the capture of all individuals of the population who are in a particular area of fishing, the fishers cause the breakdown of certain species, particularly the pelagic ones, normally designated by schooling species.

To that extent, with small changes in ecosystems, this may cause the complete deterioration of stocks and the final collapse of ecosystems, which in extreme cases can lead to extinction. These species are concentrated in high density areas in small space. These are species that tend to live in large schools.

Usually, large schools allow the protection against large predators. The mathematical theory, which examines the relationship between schools and predators, due to Brock and Riffenburgh (Clark 1974), indicates that the effectiveness of predators is a reverse function of the size of the school. Since the amount of fish that a predator can consume has a maximum average value, overcoming this limit, the growth of school means a reduction in the rate of consumption by the predator. Other aspects defensive for the school such as intimidation or confusing predators are also an evidence of greater effectiveness of schools.

However this type of behavior has allowed the development of very effective fishing techniques. With modern equipment for detecting schools (sonar, satellites etc.) and with modern artificial fibers' networks (strong, easy to handle and quick placement), fishing can keep up advantageous for small stocks (Bjorndal 1987; Mangel/Clark 1983). As soon as schools become scarce, stocks become less protected. Moreover, the existence of these modern techniques prevents an effect of stock in the costs of businesses, as opposed to the so-called search fisheries, for which a fishery involves an action of demand and slow detection. Therefore, the existence of larger populations is essential for fishermen because it reduces the cost of their detection (Neher 1990). However, the easy detection by new technologies means that the costs are no more sensitive to the size of the stock (Bjorndal/Conrad 1987).

This can be extremely dangerous due to poor biotic potential of the species subject to this kind of pressure. The reproductive capacity requires a minimum value below which the extinction is inevitable. Since the efficiency of the school is proportional to its size, the losses due to the effects of predation are relatively high for low levels of stocks. This implies non-feedback in the relation stock-recruitment, which causes a break in the curves of income-effort, so that an infinitesimal increase on fishing effort leads to an unstable condition that can lead to its extinction.

Considering however the fishing as a broader issue, we may consider the modeling of the stocks of fish on the basis of an approach associated with the theory of chaos instead considering the usual prospect based on classical models. Indeed, the issue can be placed within this framework from two different prisms: the traditional vision and the vision resulting from theories of non-equilibrium. Around the traditional Newtonian view, the facts can be modeled in terms of linear relationships: involving the definition of parameters, identifying relevant variables and using differential equations to describe the processes that change slowly over time. For a given system, it should then carry out measurements in a context that remains stable during various periods.

Moreover, we may have models based on the theory of chaos. These models are based on non-linear relationships and are very close to several disciplines, particularly in the branch of mathematics that studies the invariant processes of scale, the fractals, and in a huge range of other subjects in the area of self spontaneous creation of order: the theory of disasters or complex systems, for example.

The first way is largely used by the majority of biologists, economists and environmentalists, scientists and technical experts that conduct studies in marine search and senior technicians from state and transnational agencies in the area of fisheries. It treats nature as a system, which has a regular order. But today there are many persons responsible for fisheries management who also base their decisions on models of chaos. The classical models center on a particular system and depend on a local analysis, studying several species, age, class, sub-regions of the marine eco-niche, the various ports and their discharges, depending on the account of an even wider range of other factors. Probably, the classic expression of linearity on the dynamics of the population (the principle that nature is orderly, balanced and that has a dynamic balance) is due to Maynard Smith (1968), which argues that the populations either remain relatively constant or regularly vary around an alleged point of balance. In the specific case of commercial fisheries, biologists believe that the fishing effort is often relevant to explain the deviations of actual populations' values for the model. They say that, specially based on studies made in the last decade, fish stocks sustainability should be ensured by the control made through fisheries regulation.

Moreover, some people see nature as not casual and unpredictable. The natural processes are complex and dynamic, and the causal relations and sequential patterns may extend so much in time that they may seem to be non-periodical. The data appear as selected random works, disorderly, not causal in their connections and chaotic. The vision provided by nature leads to consider the fish stocks, time, the market and the various processes of fisheries management as likely to be continuously in imbalance rather than behave in a linear fashion and in a constant search for internal balance. It is this perspective that opens the way for the adoption of the theory of chaos in fisheries. However, the models of chaos do not deny, for themselves, some of the linearity resulting from the application of usual bionomic models. What is considered is that there are no conditions to implement all significant variables in a predictive model. Moreover, in finding that a slight change in initial conditions caused by a component of the system may cause major changes and deep consequences in the system itself. So, the application of the theory of chaos to fishing is considered essential, by many researchers. The theory of chaos depends on a multitude of factors, all major (and in the prospect of this theory all very important at the outset) on the basis of the wide range of unpredictable effects that they can cause.

4. Conclusions

Chaos theory got its own space among sciences and has become itself an outstanding science. However there is much left to be discovered. Anyway, many scientists consider that chaos theory is one of the most important developed sciences on the twentieth century.

Aspects of chaos are shown up everywhere around the world and chaos theory has changed the direction of science, studying chaotic systems and the way they work.

We can not say yet if chaos theory may give us solutions to problems that are posed by complex systems. Nevertheless, understanding the way chaos discusses the characteristics of complexity and analyzes open and closed systems and structures is an important matter of present discussion.

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INSTITUTO SUPERIOR DE CIÊNCIAS DO TRABALHO E DA EMPRESA (ISCTE), LISBON, PORTUGAL

>> www.iscte.pt



Description of the university and the location

The university ISCTE lies in the north of Lisbon and is located in three connected buildings. In the beginning orientation is a bit difficult as the room descriptions make the search for rooms confusing. The equipment and furniture of the lecture halls, library, cafeteria and computer labs are in varying condition; they go from very old to brand new.

Academic year

Winter term: middle of September til beginning of February

Summer term: beginning of February til end of June

Language of instruction at the partner university

English; in case you speak Portuguese you may choose from the entire course offerings at the ISCTE.

Course offers

Lectures held in the English language are offered by the School of Management. Parallel to the regular courses, an intensive language course in Portuguese (60 class hours) is offered.

One can choose from the following courses held in English:

In the winter term: Marketing, International Marketing Entrepreneurship, Intercultural Management, Organisational Behaviour, Corporate Finance, International Finance and Accounting.

In the summer term: Quality Management, Marketing, Strategy, Human Resource Management, International Management, Organisational Behaviour.

Accommodations

Since 2008 the ISCTE has been offering dormitory accommodations. The choices range from a two-room apartment to a three or four-bedroom apartment. It is possible to get private accommodations.

Tuition

None



ACADEMIC ACCULTURATION OF LATVIAN STUDENTS AT BRITISH UNIVERSITIES

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1. Introduction

Latvia joined the European Union in 2004, as a result of which it has become more accessible and affordable for students from Latvia to study at universities in Europe. Great Britain currently hosts the largest number of Latvian students studying abroad. This has implications both for teachers in Latvia preparing students for higher education abroad, and for English for Academic Purposes tutors in UK universities.

In order to do well at UK universities, it is a priority for Latvian students to manage transition into a new academic culture. To this end, a study has been taken to investigate further the pre-conceptions of university students from Latvia who are planning to apply to British universities (Group 1), and to compare these pre-conceptions with the perceptions and experiences of international students from Latvia who are already at British universities (Group 2). The aim of the study is primarily to identify some of the needs of Latvian students at British universities, and to reflect on the implications for their pre-sessional training. In order to identify these needs, a Present Situation Analysis (PSA) and a Target Situation Analysis (TSA) were conducted

for the study. The PSA entailed administering a survey among Latvian students applying to British universities, while the TSA was informed by analysis of a similar survey among students from Latvia who were already students at British universities. The aim of these analyses was to highlight the academic needs of international students from Latvia and, more specifically, to investigate the kinds of lacks that would need to be addressed amongst Latvian students if they want adjust successfully to the British academic environment.

2. Discussion of the Findings of the Study about Latvian Students at British Universities

The findings of the study highlighted a number of interesting factors: Academic acculturation can be seen as a part of general and sociocultural acculturation, so that the academic life of Latvian students can not be seen as separate from many other aspects of life. The adjustments to academia that need to be made can be divided into sociocultural and psychological (Spencer-Oatey/Xiong 2006). The two kinds are very closely interrelated and are practically inseparable; therefore, both are equally important. However, this study focused only on sociocultural adjustments of Latvian students to British universities. Sociocultural adjustments of foreign students to British universities primarily concern academic adjustments or academic acculturation. Academic acculturation implies becoming a part of the academic community, establishing an identity in that community, acquiring a voice that will be heard and recognized by peers and tutors. In order to become a noteworthy member of such a community students need to be proficient in certain academic competencies (rhetorical, linguistic, behavioral etc.) and to learn to use genre as a preferred form of communication with academia. This study investigated but a few academic competencies of Latvian students.

2.1 Acculturation to Discursive Community

Foreign students need to become active participants of the academic community, or, more specifically, a part of a discipline-specific 'discursive community' (Clarke/Saunders 1999). In order to do that, students need to acquire a British 'academic literacy profile' (Taillefer 2005, p. 435) which requires adequate

communicative competence within a genre as means of communication. Genre proficiency requires a lot more than being acquainted with lexico-grammatical rules and is notoriously difficult for obtainment by foreign students for a number of reasons (Farell/Yew 2000; Forman 2000; McVittie 2004).

2.2 Genre Proficiency

Genre is an ideology implicit within the community; it might be difficult 'to decipher' for foreign students. In Latvia this cultural academic ideology is likely to be different from that in the UK. One reason is the lack of an academic tradition and therefore specific genre development in contemporary Latvia. It had adopted German educational practices during the First Independent Republic in the 1930s. Later, Soviet customs were forced for many years, and now it is at the initial stage of developing its own tradition anew. It has not been investigated in this study whether the lack of the academic tradition is an obstacle or a catalyst to acculturation to a new tradition. For example, at present writing and speaking in English are almost never separate modules in Latvian universities; they are usually distributed amongst parts of other modules. None of the participants of this research took part in programs that were taught in English, except for those studying English philology. In other words, Latvian students may not realize the difference between learning English and learning in English. In the first case they are ESL/EFL learners, in the second case they need acquisition of academic literacy. This is what EAP courses aim to incorporate.

Since most Latvian students come to Britain with high IELTS scores (6.5 or above), the problem may not be their linguistic competence, but communicative competence and mainly 'discursive competence' (Clarke/Saunders 1999).

2.3 Critical Thinking

There are a number of factors influencing acquisition of 'discursive competence', one of them being demands for students to think critically. In the interviews, Group 2 students could not explain what critical thinking involved but claimed to know and understand the meaning. Group 1 students admitted that they would not have known what to do when asked 'to think critically'. However, being competent in 'critical thought' underpins whole Western academia as Borald/Pearce insist in Carroll/Ryan (2005, p. 54). Gent et al. in Richards (2003, p. 64) suggest that disposition of enquiry, self-awareness and reflection, analytical approach and depth of study promote 'critical thinking'. Richards further elaborates that among other techniques willingness to interact with other members of the academic community (tutors and peers), self-development and general positive attitudes towards acculturation process foster critical thinking.

Certain 'habits of mind' also develop as a result of solving academic tasks. Therefore, preferred tasks influence development of the ways of thinking. The tasks are new in a new context, and

require more critical habits of mind to address them. However, thinking habits often remain the same even though they are not sufficient to take on new tasks well. The students in this study failed to see the rationale for acquiring new 'habits of mind'. They placed themselves as more or less successful students, who were satisfied with their way of thinking and saw no merit in changing it. Such reaction is natural, because it can not be easy to admit that what sufficed from the beginning of their education is no longer effective. Farell/Yew (2000) suggest that old habits or old academic identities should not be 'replaced', but new, in this case, British academic identities should be added.

2.4 Examples of 'Habits of Mind' as a Drawback

The findings of this study show that Group 1 and 2 participants may have seen 'learning' differently. The expressions used by Group 1 students were indicative of their vision of learning as accumulation and storage of information. In other words, students from Latvia did not recognize learning as a 'participation process' and a 'social practice' as Forman (2000, p. 365) refers to it, both modes of learning emphasized in British Higher Education. He also points out that it is normal that different communities would have different views. So, in this sense, Latvian students were not 'wrong' in seeing learning differently. However, their way of learning might not be recognized by British tutors. To target this discrepancy in opinions, these differences need to be sought out, recognized and discussed explicitly between students and tutors.

Findings from the questionnaires also demonstrated that Latvian students tended to believe that grammatical and stylistic correctness of the language would increase or decrease their grade significantly. Researchers conclude that UK tutors value contents above all and language only incidentally if problematic (Cutting 2000; ICAS 2000). Questionnaires showed that Latvian students, on the other hand, were used to teachers' stressing their linguistic proficiency just as much as the content if not more. Transfer of such academic habits may result in unjustified prioritization of linguistic competence. In turn it often leads to ineffective learning strategies (Johnston 2001; Spencer-Oatey/Xiong 2006) and decrease in grades.

The employment of 'old' 'habits of mind' and practices in a new setting may cause even more serious drawbacks. For example plagiarism, which is punished severely in British universities, may be seen differently by Latvian students. Citing and paraphrasing rules at Latvian universities may need to be compared to such British rules in more detail to draw conclusions as they are different in physical form as well as in aim. Latvian students seem not to be aware of the possibility of unintentional plagiarism. If these findings hold true for Latvian students it may mean that if Latvian students did not see their actions as 'cheating' they would not expect to be held accountable for plagiarism by their teachers.

Context of the Study

The sample of this study is composed of two groups of participants. Group one consisted of ten first year university students from Latvia who applied or intended to apply to a British university for study on an undergraduate level. All Group 1 participants were students at various departments within the University of Latvia. None had studied abroad before. All were between 18 and 20 years of age, with a high IELTS score (6.5 – 7) or high grade in English language examination from school leaving exam (B+ or above). Participants were following a variety of academic disciplines: English Philology (3), Journalism (2), Law (2), History and Philosophy (1) and Business (2).

Group 2 consisted of ten Latvian students who had already studied for at least one academic year at a British university. These had all made a transition between former and current academic cultures and to date had been more or less successful in their target study environment. Randomly selected, they came from four different universities across Great Britain and from a variety of schools and departments: Tourism Management (4), English Studies (4), Business (2) and Computer Science (1).

Questionnaires

Multiple-choice questionnaires (Questionnaires 1 and 2) were administered within the two groups. Both questionnaires were divided into four parts to collect data on:

1. Preliminary information (questions 1 – 7)
2. Perceptions of workload and time management (questions 8 – 15)

3. Demands of autonomy and more responsible learning (questions 16 – 22)
4. “Habits of mind” (adapted from ICAS publication 2000) (questions 23 – 30).

Both questionnaires were first piloted among two students from the University of Latvia applying to the university in Britain and two of the students who have already studied in Britain. Questionnaires were modified in a number of ways and the eventual form influenced the construction of the topics of the interviews.

Interviews

A number of short (20 min.) semi-structured interviews were conducted with some of the participants. There were five randomly chosen participants from Group 1 and four from Group 2. Interviews were administered after the questionnaire data was processed. The main purpose of the interviews was:

- to ensure that the interpretation of questionnaire answers was correct (when applicable);
- to collect any relevant information participants were willing to share that was not covered by the questionnaires;
- to gain deeper insight into the participants’ current situations.

The following topics were introduced to the interviewees after the analysis of the questionnaires’ results: acculturation, academic acculturation, terminology.

2.5 Autonomous Learning as an Academic Competency

One of the academic competencies investigated in this study was responsible, autonomous learning and time management. Questionnaires and interview data showed Group 1 students were significantly less prepared for independent learning than Group 2 students reported to have needed to. Interview data pointed clearly that Latvian students were poorly motivated to take responsibility for learning due to the lack of understanding of the usefulness of the outcomes. Of course, separate research would be needed to determine what motivates students from Latvia, but being from a post-Soviet society they may still be extremely

achievement-driven as Levine et al. found out in 1996. Other interview entries demonstrated that Group 1 students were used to being heavily controlled by their teachers and tutors who reminded them of deadlines and monitored their progress routinely. Apparently, Latvian tutors see students’ progress as their responsibility.

Another illustration to demonstrate the more dependent attitudes of Latvian students is in their conception of homework. They tend to see it as a way to demonstrate their knowledge to their tutors. British tutors who wish to be explicit about their expectations would need to address the aims of self managed homework with Latvian students. Questionnaires data showed

that half of Group 1 participants believed that homework was given so that their tutors could monitor their progress, whilst Group 2 participants grew to understand that it partly was for them to watch their own progress.

If students go on doubting benefits of more responsible learning, the need for autonomy may be underestimated, result in procrastination and increase stress (Carroll/Ryan 2005). Such an approach is indicative of a surface approach to learning (Johnston 2001). Both often lead to declining grades. For Latvian tutors the concept of autonomous learning is relatively new and they may need more time to become acquainted with this western tradition. To date they do not seem to demonstrate habits of autonomous teachers (Benson 2001).

2.6 Time Management as an Element of Autonomous Learning

Another major difference is how Latvian students view autonomous time management and the purpose of tasks. There were many discrepancies between the views towards time management of Group 1 and 2 students. Group 1 students' vision of time allocation to tasks was naturally based on their perceptions of those tasks. Since they did not know what tasks to expect, it was only likely that they would not be able to estimate the complexity of the task and allot the time needed for that. Good learning strategies are needed at times to cope with deadlines and other challenges (Ali-Ali/Holme 1997; Newman et al. 2002), but some strategies can develop only if students understand what needs to be prioritized.

As an outcome of all of the above Latvian students may find themselves in a situation where they feel time pressure that in turn has been found to cause 'surface approach' to learning (Johnston 2001) that often results in low grades.

2.7 Examples of Misunderstanding of Academic Terms

Another illustration of potential acculturation problems is the Latvian students' conception of 'an essay'. Findings make clear that students from Group 1 and 2 sometimes meant different things when using the same term. For example, the way 'essay' was defined points that Group 1 students' understanding of 'an essay' came from the surface analysis of the texts as end products. It results in overdependence on appropriate models not the profound understanding of the essay genre with its discipline and subject specific requirements. Latvian students appear to depreciate a role of procedural knowledge in writing. It might seem initially strange, considering that they put much value on grammatical correctness of the written language. They might confuse linguistic competence with procedural knowledge. It is entirely up to the EAP practitioners as well as modular tutors to instruct students in British academic writing.

2.8 Perception of Self in the New Academic Environment

Another issue which arose was students' self-perceptions as applied to a new environment. Self-perceptions of foreign students may become inappropriate once they find themselves in a new learning environment (Clarke/Saunders 1999; Farrell/Yew 2000; Haggis 2003; Kember/Leung 1998; Carroll/Ryan 2005; Longden/Yorke 2006). More specifically, they may think that they know how to perform some academic functions whilst their estimation of their performance is only true in their home context. The need for library training is one illustration of self-perception in a new environment. Findings on the need of library training were that Group 1 students thought that they needed no or little library training, whilst Group 2 students reported to have needed extensive library training. It is not the students' competency, obviously, that has changed, but the environment that the students need to apply that competency to.

3. Implications of the Study for Acculturating Latvian Students to a Future Learning Environment in UK Universities

The study suggests that Latvian students just like all other foreign students need to undergo sociocultural adjustments if they want to become successful students in Great Britain. The study identified two main foci that students from Latvia and their tutors need to address in the context of academic acculturation to the British universities: Acquisition of more appropriate habits of mind for study in HE and a more responsible and autonomous approach to learning.

3.1 Acquisition of Culturally Appropriate Habits of Minds

Latvian students in this study demonstrated low motivation to acquire more suitable thinking habits, as they did not perceive their benefits. EAP tutors therefore need to raise students' awareness about more suitable thinking habits. This will need to start with elicitation and evaluation of students current attitudes towards criticality and independent reading, away from set textbook learning. The skill to think critically implies more than merely understanding the term as tutors understand it: it is understanding the aim, necessity, benefits and attainment of procedures for acquisition of critical thinking that needs to be explained.

Another reason for low motivation may be that some Latvian students resist inner change: protective of their national identity, they may see cultural transition as a threat. If students from Latvia participate in discussions with other international students, or in specific modules dedicated to intercultural awareness, it might initiate the realization that their return to the

home country as a more developed individual will be a benefit to all. At the same time, if tutors show awareness or interest in students' home situation, students would have opportunities to address such issues and discuss them in open, as a motivator, as well as providing the tutor with valuable insights into the students' background, experiences, fears and hopes as input into further needs related to curriculum development.

3.2 Misunderstanding of UK Universities Demands for Learner Autonomy

There are reasons for the lack of the Latvian students' understanding of British universities demands for being autonomous learners. Group 1 students failed to see the benefits of being more responsible as students. To cope with this, tutors would have to use all the range of motivational techniques available; nevertheless, inspirational examples from other international students might be more convincing than tutor's explanations.

Another reason for Latvian students' high reliance on the tutor might be due to the model of co-dependent teacher-student relationships practiced in Latvia. As supported by the study teachers in Latvia on secondary and tertiary level do not foster independent attitudes of their students. This is a gap in the education of teachers that needs to be addressed if Latvian instructors are to form students compatible on a European level. The responsibility for fostering autonomy falls on EAP practitioners. EAP tutors of course would need to be autonomous teachers themselves, which would include being learner-centered and be willing to give up feelings of security bred by strict control over the class. They would need to make students aware of their individual differences, their individually preferred approaches to learning, need to know how to capitalize on these approaches among many other practices to foster autonomy.

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EMPLOYEES' JOB SATISFACTION: THE VIEW OF LATVIA

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1. Introduction

As we all know one of the most valuable assets that organizations can possess is a stable workforce. Highly qualified and professional personnel that is able to solve business tasks quickly and effectively is recognized as the intellectual base of a company. Thus, Human Resource Management (HRM) is considered as an important function within the organization and plays one of the major roles for the development and prosperity of a company.

The political and economic situation in Latvia changes all the time and the labour force is characterized by a high turnover of lower staff in medium and large enterprises. Thus, highly qualified and even non-qualified staff migrates to more developed European countries while low salaries, poor career possibilities and lack of motivation remain within the companies.

2. Situation in Latvia nowadays

High staff turnover is one of the major problems for many companies, as it presupposes additional efforts in the recruitment of staff and staff training. This problem causes underperformance of the company as a whole. There can be various reasons, for example, low wage level in Latvia, which promotes employees to constantly seek better employment opportunities; low career ladder possibilities leading to disloyalty; low job satisfaction level due to lack of motivation; and also inability of companies' management to motivate staff using other methods rather than salaries and promotions.

Consequently, more and more companies start to pay attention not only to the results of work, but also to the overall staff satisfaction level, their feelings and attitude towards upper managers, loyalty and factors that motivate them to perform to the highest standards. Therefore, such concepts as motivation, job satisfaction and staff loyalty should be matters of highest attention.

3. The same old aspects we are looking for

In research authors focused on three different aspects of Human Resource Management, namely motivation, job satisfaction and employee loyalty (see figure 1). Even though the aspects are different they are linked together, e.g. without motivation it is impossible to reach job satisfaction. Job satisfaction, in its turn, leads to and strengthens employee loyalty, which also motivates people within the organization to work effectively and produce good results.



Fig. 1: Three aspects of HRM

There is an old saying: “You can lead a horse to water but you cannot force it to drink; it will drink only if it’s thirsty.” This certainly can also be applied to people. They will do what they want to do whenever they want to do it or are otherwise motivated to do it (Neuman 1999). In other words, motivation is the art of getting people to do what you want them to do because they want to do it.

Every employee is encouraged to do particular tasks if his/her needs are satisfied. The question is: what should a manager start with? First of all, managers should assess working atmosphere. In an optimal case, all non-motivating factors, which reduce employees’ job satisfaction, should be neutralized. Otherwise, they have to be first of all liquidated and only then motivation can be built by using motivation factors. Managers should realize that good working conditions, clearly defined tasks and goals are necessary for every sales specialist – every employee has to know what is expected from him/her.

Designing a motivation system in an organization, managers should be flexible enough to link a person’s individual needs, team needs and business goals of the organization. Motivation has a tendency to change. We should remember that the factors that were motivating employees in the first working year are not necessarily good enough henceforth. It is obvious that each employee has motivating and demotivating factors. If people feel that they are not equally rewarded they will either reduce the quantity or quality of their work or migrate to some other organization. However, if people perceive that they are rewarded higher, they may be motivated to work harder. There are several factors that influence an employee’s expectancy perceptions, like self-esteem, self-efficacy, previous success at the task, help received from a supervisor and subordinates, information necessary to complete the task and good materials and equipment to do work with.

It is agreed that job satisfaction involves the attitudes, emotions, and feelings about a job, and how these attitudes, emotions and feelings affect the job and the employee’s personal life. Managers who are serious about job satisfaction of workers can also take other deliberate steps to create a stimulating work environment. One such step is job enrichment. Job enrichment is a deliberate upgrading of responsibility, scope, and challenge in the work itself. Job enrichment usually includes increased responsibility, recognition, and opportunities for growth, learning, and achievement. Large companies that have used job-enrichment programs to increase employee motivation and job satisfaction include AT&T, IBM and General Motors (Daft 1997).

Good management has the potential for creating high morale, high productivity, and a sense of purpose and meaning for the organization and its employees. Findings by Ting (Ting 1997) show that job characteristics such as pay, promotional opportunity, task clarity and significance, and skills utilization, as well as organizational characteristics such as commitment and relationship with supervisors and co-workers, have significant effects on job satisfaction.

Employee loyalty and organizational commitment have been significant areas of research in organizational psychology, organizational behaviour, and Human Resources Management. Voyles, on the other hand, saw loyalty as a concept that subsumes commitment. He explained the following as predictors of loyalty:

“employees’ commitment to business goals and objectives, intention to stay with the organization, and use of expertise to create value for customers.” (Voyles 1999). Mowday noted the importance of internal communication management in creating loyal employees. However, communication has seldom been recognized as a primary variable; and research devoted to developing systematic communication theory is scarce (Mowday 1998).

4. Research

The company chosen by the authors is not a traditional organization, because the employees are linked between two communities – importer (SIA “X”) and dealer (SIA “Y”). A company’s operating spheres are quite different, that’s why a functional organizational structure is used. Separate units perform particular operations. There are 28 employees working in SIA “X”. Their responsibilities include personnel management, marketing, finances, and accounting. SIA “Y” employs 54 people and they are operating in car, spare parts selling and car servicing fields.

To obtain information concerning the current status of the situation with respect to variables or conditions in a situation a descriptive research design is being used. The methods involved range from the survey which describes the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time.

The core research method chosen is quantitative research with elements of qualitative. Concerning the quantitative part a questionnaire has been handed out to a randomly selected sample of the employees in different units. The qualitative part consists of a personal interview with the personnel manager of the company. A qualitative method seeks answers to questions that stress how social experience is created and given meaning while a quantitative method emphasizes the measurement and analysis of causal relationships between variables, not processes.

Nowadays, employee turnover is an important measure of an organization’s job environment and the quality of its management. Therefore, a considerable investment of management time and effort is devoted to recruitment, training, motivation, maintenance of employees and other human resource functions.

There are many definitions of Human Resource Management that all stress the importance of the people at work and their contribution to a company’s overall performance. In the author’s opinion Lindmark and Önnévik provide the most concrete definition stating that HRM is about developing the employees’ abilities on the basis of each and every one of their unique conditions. Other fundamental factors to consider are: division of responsibilities, motivation, understanding of working duties, adaptation to the situation, reward system and opportunities for development (Lindmark/Önnévik 2006).



Fig. 2: Independent Variables

Through the analysis of the independent variable (see figure 2) it is possible to find the answers to questions and the solution to the problems (Neuman 1999).

To find out whether Human Resource Management in a company is effective, there are three main questions to be answered during the research process. Firstly, we asked: “What motivation factors are of prior importance to the employees of the organization?” Answering this question it will be possible to identify whether Human Resource Management provides adequate motivation to its employees and to work out recommendations on further improvements in motivation process within the organization.

The second question was: “To what extent are the employees satisfied with their jobs?” The purpose of this question is to find out whether there are any facilitating factors that could help managers in motivating staff.

And the last one – “What is the level of loyalty of employees within the organization?”. This question will reveal whether the company can rely on its employees, if the company is to face hard times etc.

5. Conclusion

Taking in consideration the interpreted information presented before, the following conclusions can be made:

- Among the strongest factors that motivate company's employees, not only in Latvian companies, are: financial aspects, promotion possibilities and personal achievements. It is obvious that financial factors are of prior importance, because people are working to earn money and gain financial stability. That's why it is a normal situation. Moreover, taking in consideration low wage levels in Latvia, employees are quite dissatisfied with financial rewards.
- Concerning employee loyalty and organizational commitment, the research proved that job satisfaction really affects employee loyalty. This can be easily understood if the average indexes of these two issues are compared. Investigation shows that the group average index for employee loyalty and organizational commitment seems to be quite high for the Latvian company.
- The other important motivation factor is promotion possibilities. That means that employees are driven by this factor and are willing to perform to the highest standard only if this factor is developed in the company.
- The lowest results also were for questions concerning job motivation and employee contribution to the organizational activities.
- Something has to be done about career development possibilities for the employees. It can also limit the employee turnover, as the employees will be sure that they have sufficient career possibilities within the company.
- The management of the company should reconsider the motivation schemes in order to ensure the employees are well motivated and their contribution to the job is considerable.
- Furthermore, it is essential to investigate the reason why the big part of employees don't feel self-fulfilment for work done. The reason for this could be some issues discussed in this work that negatively affect this feeling.
- Despite the fact that, according to research, employees are mostly motivated by financial factors and career possibilities, the employer should try to use non-material motivation factors as praises, rewards, employee involvement in decision – making processes, personal relationships, job appraisal schemes and others.
- Job satisfaction can also be increased with such tools as job enrichment, which is to improve work process and environment. That could help employees feel more satisfied. It could make their jobs more challenging and rewarding.

The level of Human Resource Management aspects of companies such as sources of motivation, job satisfaction and staff loyalty has been determined. No matter how deep the research is made, there always will be need for future investigation. During the research process the researchers often find gaps to which the research has not contributed. Therefore, it is necessary to provide guidelines that directly address the situation and will contribute to applying the recommendations into practice.

Looking forward to the future, it becomes evident that European business practices in the field of Human Resource Management should be applied if Latvian companies are to survive in the EU market.

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RIGA INTERNATIONAL SCHOOL OF ECONOMICS AND BUSINESS ADMINISTRATION, RIGA, LATVIA

>> www.rsebaa.lv



Description of the location

Riga is the largest city of the Baltic States. It is situated on both banks of the river Daugava near the Gulf of Riga. Daugava River separates Riga in two parts. On the right bank, one can admire the oldest part of the city – Vecriga (Old Riga). One will notice that it is surrounded by the ring of boulevards. The left bank is occupied by Pardaugava, where RISEBA is located. Three vehicular transport bridges and one Railway Bridge connect both banks of the Daugava River.

Description of the university

Today RISEBA is one of the largest private business universities in Latvia with more than 4,000 students and 1,000 alumni. RISEBA is assured that the success of any educational institution can be measured by the career achievements of its graduates. RISEBA has a reason to be proud due to the business success of its alumni as over half of our graduates hold top managerial position.





Academic year

Winter term: beginning of September til middle of January
 Summer term: end of January til middle of June

Language of instruction at the partner university

The entire course is held in English.

Course offers

The course is incorporated into the major: European Business Studies.

EBS will provide you with essential skills and knowledge in a variety of fields including Management, Marketing, Accounting, Finance, Operations as well as Human Resource and integrating these with the foreign languages. Awareness of both European market specifics and international operations will enhance students' exposure to international business practice and management functions integrating these with the studies of English and French. Thus students' language studies are developed through their business studies and vice versa.

Accommodations

Rooms are available through the university and cost between 215 and 250 Euro.

Tuition

None

Orientation week

Yes



COEUR BCM

Andrew Turnbull



M.A. Hons Andrew Turnbull

is a Senior Lecturer in Retail Marketing at The Robert Gordon University's Aberdeen Business School. He has lived and worked in Scotland throughout his career and for the last 25 years he has been based in the north east of the country.

Andrew (M.A. Hons) graduated in economics from the University of Edinburgh in 1977. He is a member of the Higher Education Academy, the Chartered Institute of Marketing and the Marketing Society, and chair of the Academy of Marketing in Scotland. He initially worked in sales and marketing positions for several blue chip companies, including Scottish & Newcastle Breweries Ltd. and Grants of St. James, latterly heading up the marketing function of Wm. Low & Co. plc supermarkets for nine years.

Andrew joined RGU's Aberdeen Business School in March 1994 as a member of the Marketing and Business Strategy division. He was appointed Senior Lecturer in October 2002, becoming the postgraduate marketing course leader and heading up the Marketing division within the School. In November 2004, he was appointed course leader for the part time MBA programme and in March 2005, he became MBA programme director. In October 2007, he assumed the role of Corporate Programmes Director, responsible for the School's external business.

He has delivered marketing training to a variety of commercial organisations, including British Airways, Imerys, the Abbey Bank, NATS, Shell, SAIC, Esslemont & Macintosh, Grampian Enterprise, Univation, Remedios, NE Group and Grampian Region's Education Department.

His research interests lie principally in the areas of tourism marketing, marketing and entrepreneurship and retail marketing, and in addition to a lengthy list of conference papers, he has had work published in the Journal of Marketing and Entrepreneurship and the Journal of Sustainable Tourism. He is further the co-founder of COEUR (Competence in Entrepreneurship) – a European Union supported project.

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Twelve years ago, two colleagues met in an airport lounge in Aberdeen, Scotland, as the only opportunity to make contact as one flew into the city and one flew out. They did not know it then, but on this occasion, the first seed was sown for the beginning of a European dream, where students would come together in a mutual appreciation of the importance of an entrepreneurial marketing approach to future economic prosperity.

Prof. Dr. Matthias Eickhoff of FH Mainz and Andrew Turnbull of The Robert Gordon University's Aberdeen Business School (ABS) established a relationship then that has led to many benefits for both institutions. This cooperation has since developed to embrace other institutions in several European countries and the network opportunities will not end here. Already it has generated European Union funding that has supported the foundation of a Business Creativity module delivered across borders, with dissemination now in progress. Future potential can now be explored.

The discussion at this original meeting put forward the idea of a student conference. Enough conferences already took place for university faculty members, so this 'market' was saturated. But little or nothing existed that catered directly for students and exposed them to the need for an entrepreneurial talent to drive new business creation. Whether through instinct, or insight born of research, entrepreneurs need to identify business opportunities when developing new goods and services. It was agreed that a conference would provide a forum for students to come together, meet, discuss and replicate the all important first steps in the creative process.

The philosophy of 'Tell me and I will forget, show me and I may remember, but allow me to do and I will understand' was never truer and the conference was expected to permit this approach to become reality.

At first, it was thought that a lack of funding and the absence of a 'product champion' might prevent the idea from reaching fruition. Prof. Dr. Matthias Eickhoff is a determined individual however, and he was not about to allow the concept to be stillborn. His perseverance, in truth, was the key driving force behind the first COEUR (Competence in Entrepreneurship) student conference that took place in Mainz in September, 2004. Some seven years after the idea was first mooted!

Already Prof. Dr. Matthias Eickhoff had established the “Zentrum für unternehmerisches Handeln”, modelled on the Centre for Entrepreneurial Studies set up at ABS under the directorship of Andrew Turnbull in 1995. Indeed, this is just one example of how the two institutions and the two men have learned from and supported each other over the years and truly, exposure to the different cultures has improved the knowledge of faculty and students in ways that would not otherwise have been possible. How else could German students be aware that the Gaelic words ‘Uisge beatha’ (pronounced ‘visge beha’) meaning ‘water of life’ introduced the one word in English – whisky! – that came from this ancient language of the Hebridean islands off the north west coast of Scotland!?

The first COEUR conference built on the relationship between FH Mainz and the ABS and involved two further institutions from Wroclaw, Poland and Lisbon, Portugal. A second conference, introducing minor changes, but modelled largely on the programme used for the first, was held in September, 2005, in the north east of Scotland. Hosted by ABS, the students were based in a university retreat at the Burn House, Edzell, Angus (http://www.goodenough.ac.uk/the_burn.html) where they were able to enjoy the idyllic setting and scenery of the highlands of Scotland to undertake this unique mix of study, practical application and creative, critical thinking.

In 2005, the conference included one further partner, with the addition of ESC Dijon from France. The VSFS Institute of Finance and Administration, Prague, from the Czech Republic came on board two years later at the Portuguese event. In each of the last two years, in Poland and Portugal, the idea of taking the students away from the city to a secluded study centre has proved successful, allowing focus on the purpose in hand. As might be expected, the students still managed to play hard and work hard throughout an intense week, but the productivity has always remained high, motivation has never been lacking and the final presentations of the business ideas have consistently been of an excellent quality!

The COEUR student conference is an exciting blend, put together over the course of a week from Monday to Friday, featuring students working in international teams towards the goal of presenting a new business idea to a panel of academics, practicing entrepreneurs and enterprise company representatives. Interspersed with the team working sessions are academic presentations, company visits, case studies and cultural activities, with a very full programme of events from start to finish. Student feedback has been amazingly positive with the experience proving universally popular. Truly this has been a successful venture that has changed attitudes for the better in the long term and provided great enjoyment and pleasure for staff and students in the execution.

Without any doubt, the crowning glory, from an academic standpoint, has been the establishment of the Business Creativity module. Based largely on the COEUR week, the module has been effectively delivered for the first time in the 2007/2008 academic session. This is the goal that the consortium of European institutions has worked towards over these past few years and it is highly satisfying to reach the end of the academic year and note the successful development and delivery of the materials by different tutors across six schools.

That is not to say that this milestone has been reached without a hitch. There have been significant logistical problems to be overcome, but with a positive attitude prevailing amongst the tutors, much hard work and some excellent coordination on the part of staff at FH Mainz, evaluation of this first delivery has proved favourable.

Technology is a further key factor. The use of the online ‘blackboard’ system has been of critical importance for assignment submission and communication generally. Students are also able to exchange ideas and discuss the way forward using Skype and webcams, unthinkable just a couple of years before. As the technology improves still further and is adopted by all the network partners, so this aspect should become simpler.

Additional benefits include teaching exchanges, with, for example, Prof. Dr. Matthias Eickhoff delivering one class in the series to students at ABS and Andrew Turnbull instructing the German cohort in respect of Research and Resource Allocation, as one topic within the module syllabus. Through video conferencing, hopefully it will become standard to deliver classes across borders. Lectures may also be uploaded onto the virtual campus allowing access at any time.

Changes will be introduced in 2008/2009. For example, creating teams from students based in six different countries did prove problematic. So the consortium will split into two groups next year, with Poland, Portugal and Germany forming one and Scotland, France and the Czech Republic forming another. Team working, delivery and cross border exchanges will inevitably be simpler but the original six partners will still share the benefits of the learning experience. The assessment regime will also be simplified, without diminishing its rigour or affecting the balance between evaluating group and individual performance. Finally, more emphasis will be placed on the student experience, with less instruction and a consolidation of the syllabus to cover in more depth the most relevant topics.

The inclusion of the German and Scottish institutions in different groups is deliberate and in part at least, reflects the strength of the relationship that exists. Certainly it will not be threatened by the decision to divide the partnership. Indeed, it will be an excuse, if one were needed, to take the opportunity presented by Erasmus to ensure regular face to face updates concerning successes, problems and progress.

This has already been a long journey and the road has not always been easy. The wind is not always at our backs, the sun does not always shine and the road has not always risen up to meet us. The end justifies the effort however, and the main promise to the EU of an instruction manual, supported by the DVD of a successful dissemination event held in Brussels in April, 2008, is shortly to be fulfilled. Both Andrew Turnbull and Prof. Dr. Matthias Eickhoff will no doubt be a part of the mission to spread the word across other higher education institutions EU wide.

The future remains exciting and if one chapter is closing, another will surely start to be written. New friendships and new experiences will be found and developed, just as entrepreneurs, perhaps the students on the COEUR week or participating in

the Business Creativity module, will see new opportunities for the businesses that will sustain the European economy into the second decade of the 21st century. Uncertainty and risk prevail and must be tolerated in both contexts!

What universities teach naturally needs academic underpinning, but a module that stresses commercial instinct as well as the importance of integrated insight based on information and fact has a place in Business Schools keen to demonstrate the relevance of practical skills alongside the value of theoretical understanding. With Business Creativity, it is this objective that has been achieved and German-Scottish cooperation and understanding have gone a long way towards realisation of the airport dream!

Entrepreneurial competences in education

Matthias Eickhoff

Despite legal fragmentation, cultural differences and historic roles, a new type of entrepreneur seems to be emerging in Europe as a study at the Centre for European Reform already showed almost ten years ago (Leadbeater/Ussher 1999). Increasing process-orientation changes the way people do business and favors flexibility to size, variety to standardization. European diversity increasingly seems to become a strength in the early phase of entrepreneurial development, the phase of Business Creativity and not an obstacle in organisation (Eickhoff/Jacob 2005, Eickhoff 2005).

A survey conducted in summer 2004 by Karen Wilson for the EFER (European Foundation for Entrepreneurship Research) among 240 Entrepreneurship-Teachers in Europe showed that although there is a significant growth in the last years in the teaching of the subject, much more needs to be done especially in the areas of action-oriented innovative approaches and in the creation of a cross-border faculty that helps to spur innovation and entrepreneurship and intrapreneurship in Europe.

While enterprises today are well prepared to react to deterministic change or to adapt proactively to predictable change on the basis of personal experience or marketing research, survival in a chaotic surrounding frequently is not yet on the agenda. To put focus on the development of entrepreneurial competences in education will foster the responsiveness of our economies to unpredictable, open change which is more and more gaining influence on future developments (Eickhoff/Müller 2006). COEUR workshops and the innovative COEUR Business Creativity Module BCM for interdisciplinary and intercultural teaching are unique first steps of a program which the partners are planning to roll out in the next years.

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ROBERT GORDON UNIVERSITY, ABERDEEN, UNITED KINGDOM

>> www.rgu.ac.uk



Description of the location

Aberdeen is a vibrant and bustling city with a fascinating past and a shining future. The city's welcoming atmosphere and appeal are summed up in the official toast: 'Happy to meet, sorry to part, happy to meet again'. Aberdeen is Scotland's third largest city with a population of around 215,000, of whom 15,000 are students. The city is full of charm and character, coupling timeless architecture with modern entertainment.

Description of the university

Aberdeen Business School is one of the leading providers of management and professional education in Scotland. We have over 3,000 UK and international students on our programme of undergraduate and postgraduate courses. The School is managed by the Faculty Management Group and there are more than 250 members of staff within the school.

Academic year

Winter term: middle of September til end of January
Summer term: end of January til middle of May

Language of instruction at the partner university

English

Course offers

Course is incorporated into the studies at the Department of Business Studies and Management Sciences. For example:

- Management BA/BA (Hons)
Four year full time course with language options, a one year paid vocational placement or opportunity to study abroad. Graduates can apply for Associate Membership of the Chartered Management Institute (ACMI).
- Management with Economics BA/BA (Hons)
Modules include European Economy and Economics of International Business. Language options. Year 3 has a placement opportunity nationally or internationally. The course is recognised by ICAS and CIMA.
- Management with Finance BA/BA (Hons)
This course covers Corporate Financial Management and International Finance and includes language options. It is recognised by ICAS, IPD and CIM.

- Management with Human Resource Management BA/BA (Hons) This full time course covers People Management, Organisational Behaviour and Employee Relations and language options. It also offers a work placement or the opportunity to study abroad.
- Management with Marketing BA/BA (Hons)
Full time course covering Marketing Communications, Consumer Psychology and International Marketing with placement opportunities in Year 3. The course is recognised by CIM.

For all Socrates Erasmus students, we make the assumption that they must achieve 30 ECTS points per semester. Most of our modules are worth 7.5 ECTS points; therefore students will need to complete four modules successfully. Assessments for modules could be coursework, examination or both. Students must complete all assessments successfully, including examinations – alternatives for examinations cannot be arranged. Students who do not successfully complete an examination which it is required in the course cannot be awarded ECTS points. We will provide additional examination preparation sessions for Exchange students prior to each examination session.

Accommodations

Accommodations are the responsibility of the RGU. Students are normally provided with a room in a dormitory.

Tuition

None

Note

In case the ERASMUS sponsored places of study at Aberdeen do not cover the demand, there is the possibility of studying for a foreign students' fee, or as a so-called "fee paying student" for one or two semesters. This fee comprises approximately 850 British pounds. There is also the possibility of financial support through a state scholarship (Bafög) or a student loan.

Orientation week

Yes

THE DEVELOPMENT OF SUSTAINABLE AND SOCIALLY RESPONSIBLE BUSINESS IN LITHUANIA

Juozas Ruževičius



Professor habil. dr. Juozas Ruževičius

International Business School at Vilnius University;

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Member of Scientific and Academic Board of European Universities Network for Total Quality Management EUN.TQM (EFQM, Brussels);

Member of Executive Board of International Society for Commodity Science and Technology IGWT (Vienna);

Organizations leadership, quality management and social responsibility activities assessor; business consultant;

Member of International Guild of Quality Professionals;

Author of 9 books and over 200 scientific articles in the quality management;

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1. Introduction

There are insufficient scientific conclusions and recommendations for business concerning peculiarities, benefits and links between the two comparably new concepts of organizational development – socially responsible and sustainable business and relationships with other management systems. The complex of tools to achieve socially responsible and sustainable business – SA 8000 (Social Accountability), OHSAS 18001 (Occupational Health and Safety Assessment Series), and environmental (ISO 14001, EMAS, eco-labelling) standards – can be integrated in one organization. The summation of related experience, methodology, relations between corporate social responsibilities (CSR), sustainable development and other management systems, facilitating and constraining factors makes the essence of scientific novelty of this research. There is a search to prove that certification of socially responsible and sustainable business management systems is not only to gain competitive advantage

showing the certificate, but also it is a tool to reveal strengths and weaknesses of a company.

The main purpose of this article is to disclose the peculiarities of the content and practice of socially responsible and sustainable businesses worldwide and in Lithuania, as well as to determine the evaluation of such business development and its main benefits. The paper provides an analysis of the development of these systems in Lithuania, within the context of European and global businesses. The interrelations of different management systems, the links among them, integration possibilities and improvement propositions are described in the article.

2. Interface between CSR and sustainable development

We make the assumption that the first incentives of corporate social responsibility (CSR) were applied in ancient Sumerian culture – they began to calculate minimum salary for employees. But the conception of CSR in business and other activities was developed only on the edge of XIX – XXth centuries (Kotler/Lee 2005; Ruzevicius 2007a; Scot 2003; Vogel 2005; Waddock 2006; Xueming/Bhattacharya 2006). The role of CSR in business management has been under debate. The scientists questioned whether a business can have any responsibilities other than the responsibility to increase its profits. However, other authors have disagreed (Enquist et al. 2007). Carroll (1991) argued for a pyramid of four kinds of social responsibilities – economic legal, ethical, and philanthropic, thus integrating CSR with a stakeholder perspective (Carroll 1991; Enquist et al. 2007). According to Carroll there is a natural relationship between the idea of CSR and an organization's stakeholders. This view was supported by Kotler and Lee (2005). The changing nature of CSR has also been debated. Vogel (2005), Xueming/Bhattacharya (2006), Enquist et al. (2007) argued that the prevailing business imperatives in CSR were originally profitability, compliance and philanthropy. However, from the end of the 1970s and onwards, these authors assert that the prevailing business imperative became “corporate social responsiveness” (Kotler/Lee 2005). Xueming and Bhattacharya (2006) have tried to solve contradictions between CSR and profit (Xueming/Bhattacharya 2006). An important contribution made by this

article is its results regarding the significance of relationship between CSR, customer satisfaction and market value (Enquist et al. 2007; Xueming/Bhattacharya 2006). The logical assumption is that contemporary corporate social responsibility is a concept whereby organizations consider the interests of the society and operate responsibly in terms of the sustainability of social, economic and environment development. The organizations are encouraged to take into account the CSR concept through the internal and external dimensions, such as customers, employees, shareholders, communities and the environment.

Today companies, both small businesses and big corporations are constrained to work inside a complicated environment, affected by the values, concerns and intentions of the society. Businesses must be ready to make decisions under the conditions of a frequently changing environment. For this reason, organizations must cooperate with the neighbourhood community so as not to stay behind. The cooperation between society and organizations is guaranteed by various good practice ideas, voluntary certified standards or systems based on the concept of CSR (Ruzevicius 2007b).

Environmental problems are highly taken into consideration by economically developed countries nowadays. At the end of the last century a number of environmental laws, technical regulations and normative documents were created. At the same time there appeared the combination of such concepts as “business”, “environment-oriented activity”, “sustainable development”, “continuous development” and “sustainable product management” in scientific articles (Calabro 2007; Ruzevicius/Waginger 2007). The “sustainable development” concept was finally formulated in the United Nations Gro Brundtland commission report “Our common future” in 1987. A country’s economic and social development should be oriented according to the sustainable development principle in the way that current satisfaction of consumer needs should not reduce the possibilities of satisfying the needs of the generations to come. Lithuania signed the declaration containing this point together with other countries in Rio de Janeiro in 1992. Every state must have an environmental policy, which links all development strategies of economy branches and territories.

Seeking for the highest quality of products and services, companies must manage their work by following the principles of sustainable development. Because of the rising stakeholders’ pressure, successful companies are engaged in sharing their success with others and benefiting people, business and environment. Organizations form informal social-economic contracts between the organization and its stakeholders. Today such a situation may be called “corporate life”. The organizations are being motivated to improve both social and environmental practices and the cooperation with the stakeholders voluntarily through the attempts of various international initiatives. In order to guarantee a durable partnership between companies all around the world and the stakeholders concerned about the transpar-

ency of the businesses’ results, organizations consolidate into the global CSR networks, use various means to implement the concept of corporate social responsibility into business practice: from abstractly declared to standardized worldwide. There are clearly visible direct and tight links between CSR and sustainable development.

3. The development of socially responsible and sustainable business related tools: national and international context

Modern organizations are implementing mandatory as well as voluntary management systems. A management system that is based on social responsibility and sustainable development requirements falls under the voluntary system category. Every organization chooses how it would like to implement the corporate social responsibility and sustainable development concept into its daily practices. Part of Lithuanian organizations chooses standardized social and environmental management system and tools – SA 8000 (Social Accountability), OHSAS (Occupational Health and Safety Management System) ISO 14001, products and services eco-labelling, other enterprises are involved in world-wide “Global Compact” social activities or EFQM (European Foundation for Quality Management) excellence model (see figure 1).

Thus increasingly larger numbers of organizations are interested in the CSR concept and those already involved as part of socially responsible business more and more often require adequate behaviour from the supply chain partners as well. Two Lithuanian organizations already implemented the system of social responsibility SA 8000. Textile joint-stock enterprise “Utenos Trikotazas” is the first Lithuanian company, certified in 2006 for its social responsibility system according to the standard SA 8000. The Ukrainian subsidiary “Mriya” of this organiza-

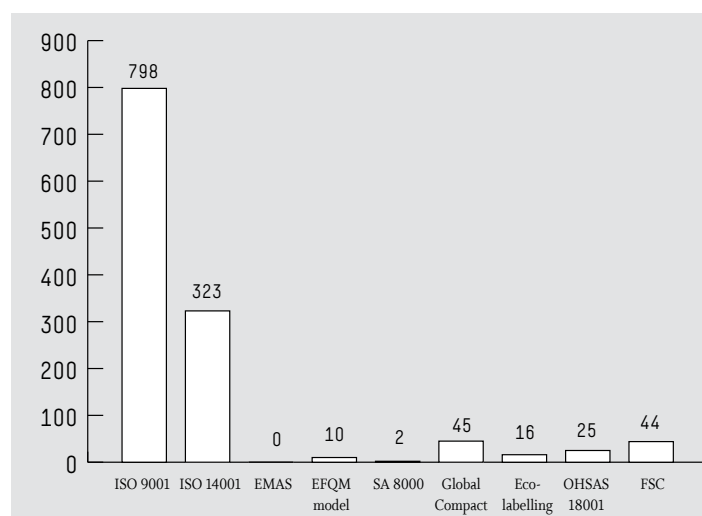


Fig. 1: The number of CSR and sustainable development related management systems and tools at Lithuanian organizations (May 2008)

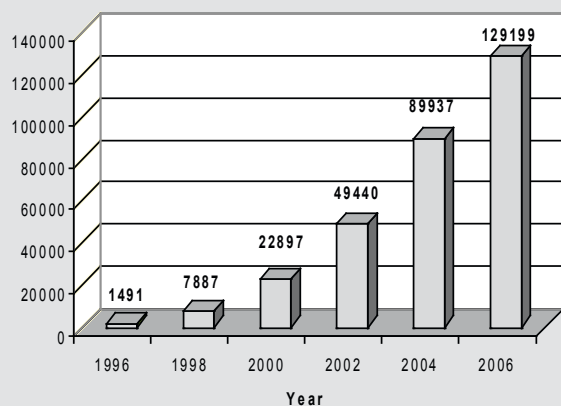


Fig. 2: The changes in number of EMSs certified enterprises worldwide

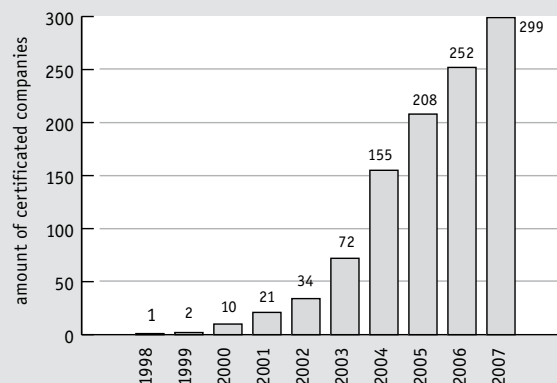


Fig. 3: The changes in number of EMSs certified enterprises in Lithuania

tion was also involved in the social responsibility process as well – which means that Lithuanian companies are spreading the best practices to organizations from other countries accessing into the EU. An initial audit of the Ukrainian company showed some similarities as well as differences to the Lithuanian situation. Similarly the development of competence of system understanding leads to more responsibilities at the place where actual work is performed, initiating more organizational freedom to make decisions at the lower management levels. At the same time the cultural differences are obvious and require more attention from managers coming to work in the Ukraine – local people used to communicate “lively”, while management systems tend to document activities. For Lithuanian employees it was easier to understand that conception, while Ukrainians consider documenting efforts as worsening their organization freedom – thus reducing employees’ satisfaction in this case. Also the psychological pressure of Lithuanian managers working in Ukraine offers some negative patterns in business communication with local people. As a conclusion of the situation – it is comparably

easier to solve problems with documentation and infrastructure compared to improving communication, attitudes and reducing cultural barriers.

Moreover, we provide an analysis of the development of the above-mentioned tools development in Lithuania, within the context of European and global businesses. Unfortunately, there are no organizations implementing EMAS (Environmental Management and Audit Scheme) systems in Lithuania as of now. Germany is leader in this field – 1,444 EMAS certified organizations (Spain: 936, Italy: 810, Austria: 253; April, 2008, EMAS 2008). Quality management systems ISO 9001 also can be defined as sustainable business and CSR tools, because they facilitate the rational use of natural resources, better management of personnel, improvement of work environment is a part of the improvement process, including management responsibility to allocate necessary resources. In Lithuania, the certification of the QMS started in 1995 and at the beginning of 2008 there were over 800 certified organizations – about 1 percent of all enterprises in the country (see fig. 1).

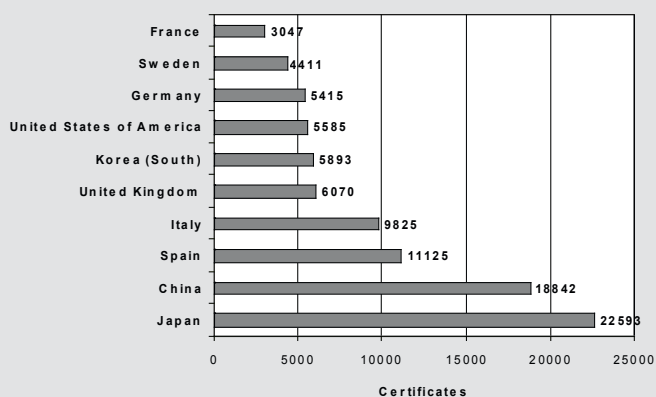


Fig. 4: Worldwide top ten countries by the number of EMSs certified enterprises (start of 2007)

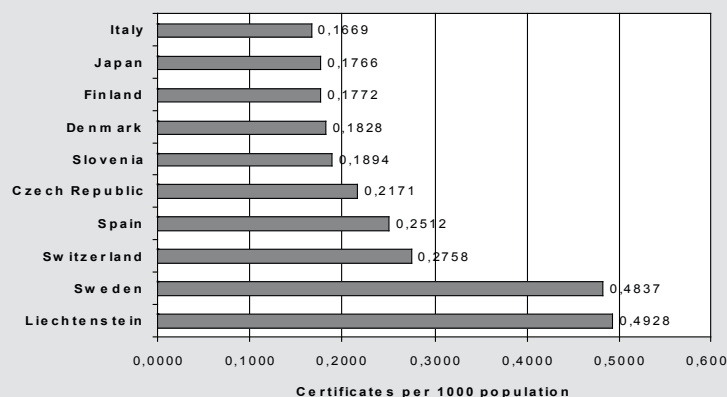


Fig. 5: Worldwide top ten countries by the number of certified EMSs per 1,000 of the population by country (start of 2007)

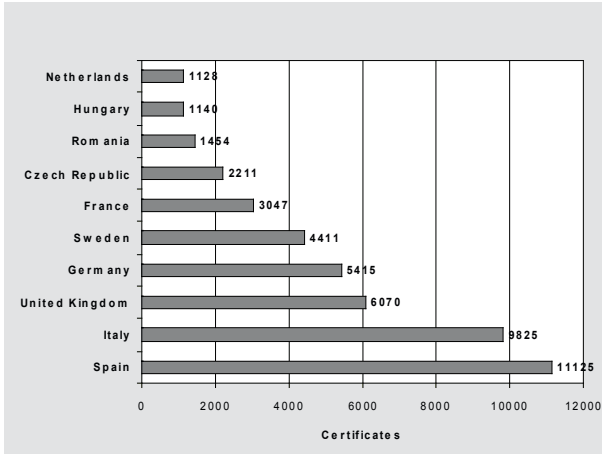


Fig. 6: EU top ten countries by the number of EMSs certified enterprises (start of 2007)

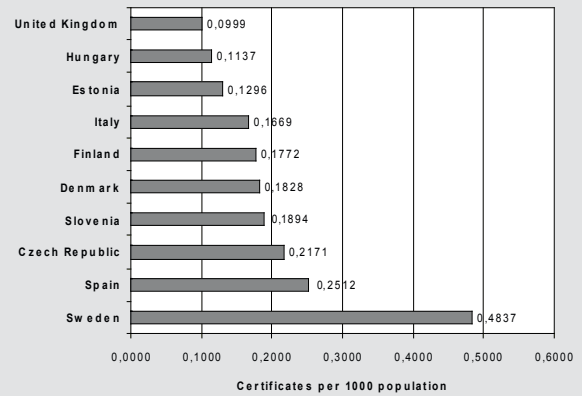


Fig. 7: EU top ten countries by the number of certified EMSs per 1,000 of the population by country (start of 2007)

At the beginning of 2007, nearly 900,000 ISO 9001 certificates had been issued in 170 countries of the world. By this time the biggest number of QMS certificates was issued in China (162,259 companies), Italy (105,799), Japan (80,518), Spain (57,552), Germany (46,458) and the USA (44,883) (The ISO Survey of Certifications 2007). The number of certified QMS in Lithuania increased about fourfold in the period from 2000 to 2006. The growth of this indicator in Lithuania is much faster than the world average. QMS are being implemented not only in business enterprises, but also in hospitals, higher education institutions, police departments, city municipalities and other public sector institutions in Lithuania.

The comparative analysis of development of Environmental Management Systems (EMS) ISO 14001 in Lithuania, in the EU and in the world is presented in the figures from 2 to 9. All calculations of relative indicators are made by authors from The ISO Survey of Certifications (2007). The number of certified EMSs in Lithuania increased in the period from 2000 to 2006 about thirty fold. The growth of this indicator in Lithuania is about

fivefold faster than the world average (see figures 2 and 3). At the end of 2006 the highest amount of certificated EMSs was boasted by Japan (22,593 companies), China (18,842), Spain (11,125), Italy (9,825), United Kingdom (6,070) and South Korea (5,893) (figure 4). The Czech Republic with 2,211 EMSs is leading this indicator in the group of new EU countries (figure 8).

However, the estimation by absolute variables is not informative enough. Therefore, for a more objective comparison, the author proposes to use a relative indicator – the number of ISO 14001 certificates per 1,000 of the population (see figures 5, 7 and 9). According to this indicator, the highest ranking countries in the world are Liechtenstein (0.49 certificate per 1,000 population) and Sweden (0.48 certificate). The Czech Republic (0.22 certificate per 1,000 population) is leading in the newcomers group of EU countries. Lithuania, with 0.074 EMS certificate per 1,000 population, is behind Estonia – the leading Baltic State country (figure 9). Thus, business organizations and state governmental institutions of Lithuania have every reason for concern.

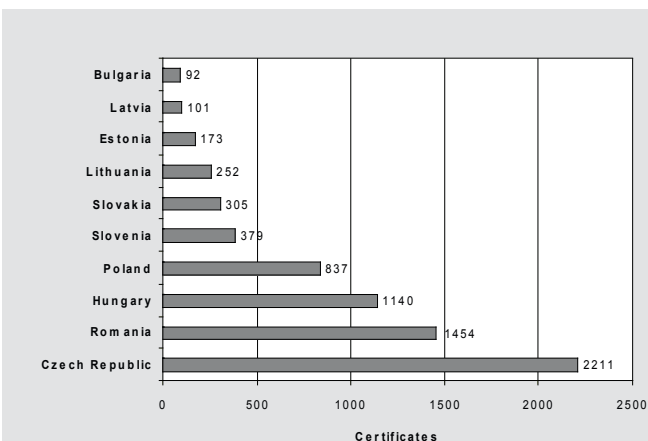


Fig. 8: Top ten EU New countries by the number of EMSs certified enterprises (start of 2007)

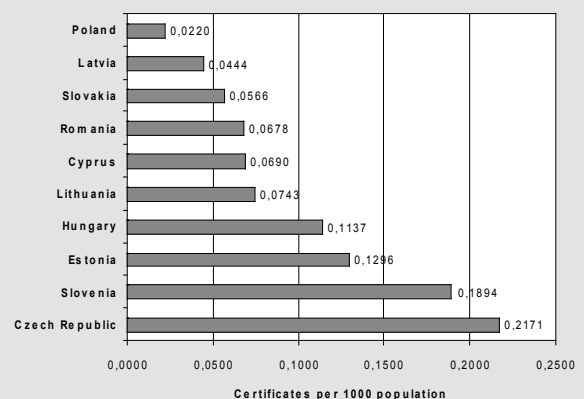


Fig. 9: Top ten EU New countries by the number of certified EMSs per 1,000 of the population by country (start of 2007)

A rapidly growing interest of Lithuanian businessmen in eco-labelling should also be pointed out. At the beginning of 2003, only one fifth of the surveyed enterprises indicated their intention to seek eco-labelling for their products in the future, whereas in 2007, this indicator grew to 39.4 per cent. Though Lithuania cannot boast about the ecological certification and labelling indicators of its products thus far, there are breakthroughs to be followed and positive tendencies in other ecology areas. Almost all state forests of our country have ecological certificates of the FSC (Forest Stewardship Council). Certification of the forest and wood supplier chain with the FSC certificate facilitates the exports of timber and its products. Another example – in 2007, six Lithuanian seaside beaches received international eco-certificates “Blue Flags”. In 2005–2007, several Lithuanian hotels and village farmsteads were presented with international “Green Key” certificates confirming that accommodation and recreation services provided by these organizations meet requirements set for the conservation of natural resources.

4. Conclusions

Summarizing the importance of implementing and integrating two new – CSR and sustainable business concepts into the companies’ practice, it shall be noted that the image and reputation of organizations in the social and environmental fields are continually growing in influence on consumers. Qualified workers prefer to change their workplace and stay at those companies that do care about their employees, because the labour market is very competitive in Lithuania. The author provides conclusions that the certification of socially responsible and sustainable business management systems is not only to gain competitive advantage by showing the certificate, but also it is a tool to reveal the strengths and weaknesses of the company.

The number of QMS (ISO 9001), EMS (ISO 14001 or EMAS), eco-labelled products certificates per 1,000 of the population of a country can be used in order to compare the sustainable development efforts of different countries and regions.

Only big Lithuanian companies with partners or clients from abroad are implementing CSR standards and running socially responsible businesses, while small and medium sized enterprises are not motivated enough for socially responsible business development as the civil society of Lithuania is still weak and people in Lithuania (customers, employees, shareholders and communities) do not prioritize socially responsible business. Gradually CSR is becoming more valuable in Lithuania and the future development mainly depends on the govern-

ment and the society. Lithuania is a participant in global processes. Therefore, there is an annual increase in the number of organizations that are interested in the sustainable and socially responsible business concept and those that already are part of this style business. It should be highlighted that leading Lithuanian companies are spreading the best sustainable and socially responsible business practices to organizations from other countries accessing into EU.

The author gives such possible quality management development insights to quality scientists, consultants and quality practicing:

- development of the rigorous methodology of calculation of QMSs and other management systems’ design, implementation and maintenance costs and of their effectiveness evaluation;
- evaluation of the efficiency and influence of standardization, QMSs, environmental management systems and eco-labeling tools on company’s added value and country’s gross domestic product;
- evaluation of real and comparable value of management systems certificates, delivered by different conformity assessment institutions;
- development of methodology for intellectual products’ quality evaluation;
- studies of emotional quality content, evaluation and measurement;
- research of relationship between quality (economic) development “refinement” and national culture, worldwide religions etc.

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VILNIUS UNIVERSITY, VILNIUS, LITHUANIA

>> www.ef.vu.lt



Description of the location

Lithuania is the largest of the three Baltic States and has approximately 3.4 million inhabitants. Vilnius, with its ca. 600,000 inhabitants, lies in the southwest of the country, not far from the border to White Russia. It is easy to find one's way through the old part of the city, the baroque buildings of which have largely been restored.

Description of the university

The University of Vilnius, one of the oldest and most famous establishments of higher education in Eastern and Central Europe, was founded in 1579. It has twelve faculties, eight institutes, ten study and research centers, the oldest Library in Lithuania, three university hospitals, an Astronomical Observatory, a Botanical Garden, a Computer Center and St. John's Church.

Altogether approximately 24,000 students are enrolled at the university, of which 4,000 students are in the Business Department.

Academic year

Winter term: beginning of September til end of January
Summer term: beginning of February til end of June

Language of instruction at the partner university

English

Course offers

BA International Business

Accommodations

The university supports students in the search for accommodations. There is also the possibility of sharing an apartment.

Tuition

None



ANTIDUMPING, COUNTER VAILING DUTIES AND SAFEGUARD MEASURES IN ARGENTINA: WHAT DOMESTIC AND FOREIGN PRODUCERS SHOULD NOT IGNORE*

Viviana Kluger



Dr. Viviana Kluger

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Dumping

Within the World Trade Organization (WTO) context, “dumping” is considered incompatible with the principles of free trade. Dumping takes place when a company exports a product at a price lower than the price it normally charges on its own home market.¹

How can domestic producers protect themselves from this practice? They may ask their government for antidumping action, which means charging extra import duty on the particular product from the particular exporting country in order to bring its price closer to the “normal value” and to remove the injury to domestic industry in the importing country. In fact, “to dump” means to put something into a place where rubbish may be unloaded or left. According to the AD, as a requirement of anti-

dumping actions taken by the government, domestic producers must demonstrate that there is dumping, injury and causation, that is to say, dumped imports are causing the injury identified in order to have these kinds of duties.²

When we speak about dumping we must necessarily refer to the idea of dumping margin: how much lower the export price is compared to the exporter’s home market price. A fair comparison shall be made between the export price and the normal value, at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. This is the way to calculate the dumping margin:

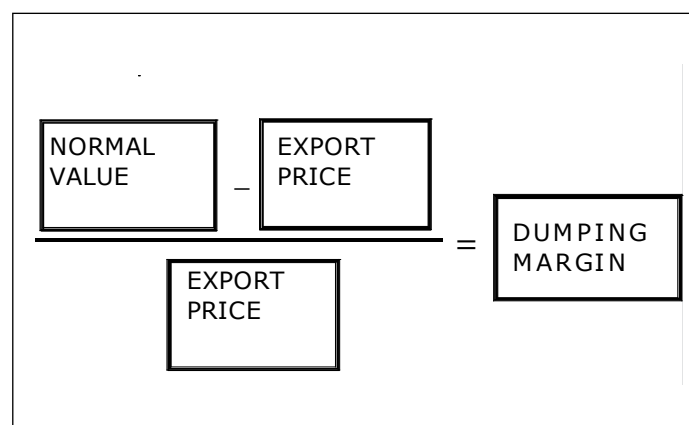


Fig. 1: Calculation of the dumping margin

The dumping margin is expressed as a percentage of the export price. The AD states that there are three ways of identifying the “normal” value of the product, and thus to decide whether a particular product is being dumped.³

* I’d like to thank Victor Insausti for his help in reading a previous version of this article.

¹ According to the Antidumping Agreement (henceforth AD) of the WTO, a product is to be considered as being dumped, i.e. introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country (Art. 2.1).

² Art. 3.5 states that it must be demonstrated that the dumped imports are, through the effects of dumping, causing injury within the meaning of this agreement. The demonstration of a causal relationship between the dumped imports and the injury to the domestic industry shall be based on an examination of all relevant evidence before the authorities.

³ Art. 2.2. and 2.3

- The first one is the price in the exporter's domestic market. If this cannot be used, two alternatives are available:
- either the price charged by the exporter in another country or
- the calculation based on the combination of the exporter's production costs, other expenses and normal profit margins.

The determination of injury must be based on positive evidence and involve an objective examination of both (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for like products, and (b) the consequent impact of these imports on domestic producers of such products.⁴

With regards to the volume of the dumped imports, the investigating authorities shall consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in the importing country. With regard to the effect of the dumped imports on prices, the investigating authorities shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of a like product of the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. No one or several of these factors can necessarily give decisive guidance.⁵

Antidumping duties are only applied through an investigation that will lead to the determination of the existence, degree and effect of any alleged dumping.⁶

The antidumping procedure involves an initiation of the investigation, though a written application, during which parties must have the opportunity to present evidence and in which there is an evaluation of all relevant economic factors that have a bearing on the state of the industry in question.⁷

After the initiation, all interested parties shall be given notice of the information which the authorities require and ample opportunity to present in writing all evidence which they consider relevant in respect of the investigation in question.⁸ Domestic producers, exporters and foreign producers should receive questionnaires and shall be given at least 30 days for reply.⁹

The investigation may end if the margin of dumping is insignificantly small (less than 2 % of the export price of the product)

and if the volume of dumped imports is negligible (i.e. if the volume from one country is less than 3 % of total imports of that product). Investigations can proceed if several countries, each supplying less than 3 % of the imports, together account for 7 % or more of total imports.¹⁰ Antidumping duties can last a maximum of five years.¹¹ Investigations shall, except in special circumstances, be concluded within one year and in no case more than 18 months, after their initiation.¹²

2. Subsidies

Subsidies may play an important role in increasing the export competitiveness of an industry. In particular, in developing countries and in the transformation of centrally-planned economies to market economies, subsidies may play a crucial role in the countries' policy.

A subsidy is a financial contribution by a government or a public body of the exporting country or country of origin such that it confers a benefit on the producer or exporter. The legal framework for subsidies within the WTO context is the Agreement on Subsidies and Countervailing Measures.¹³ While dumping is an action by a company, when we come to subsidies, it is the government or a government agency that acts, either by paying out subsidies directly or by requiring companies to subsidize certain customers.

What can domestic producers do against subsidized exporters? They can ask for countervailing measures, provided sufficient evidence of the existence of (a) a subsidy and, if possible, its amount, (b) injury and (c) a causal link between the subsidized imports and the alleged injury.¹⁴

The ASCM states that countervailing duties may only be imposed pursuant to investigations initiated and conducted in accordance with the provisions of this agreement.¹⁵ The procedure is very similar to the one explained as regards antidumping measures, with a written application, questionnaires, presentation of evidence and evaluation of all relevant economic factors that have a bearing on the state of the industry in question.¹⁶

3. Safeguards

Safeguards are applied when a product is being imported into the country, in such increased quantities, absolute or relative to domestic production, and under such conditions, so as to cause,

⁴ Art. 3.1

⁵ Art. 3.2

⁶ Art. 5.1

⁷ Art. 5.1

⁸ Art. 6

⁹ Art. 6.1.1

¹⁰ Art. 5.8

¹¹ Art. 11.3

¹² Art. 5.10

¹³ Henceforth ASCM

¹⁴ Art. 11

¹⁵ Art. 10

¹⁶ Art. 11.1

or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.

According to the WTO Agreement on Safeguards, they are emergency measures against imports of certain products, regardless of their source,¹⁷ applied only for such a period of time as may be necessary to prevent or remedy injury to facilitate adjustment. They are applied in a non discriminatory way against all origins. The agreement states that a WTO member may restrict imports of a product temporarily if its domestic industry is seriously injured or threatened with serious injury caused by a surge in imports.¹⁸

These kinds of measures are aimed to create a certainty condition, allowing the domestic producers to start retrofitting programs and structural adjustments to allow the industry to become competitive in the international trade.

Is it possible to request safeguard measures against an unfair trade practice? No, it isn't, because each problem has a specific procedure and measure. In the case of safeguards, foreign exporting companies compete "fairly", the problem is the lack of competitiveness of the domestic industry against imports.

Safeguards may take the form of an increased import duty or a quantitative restriction (quota). The necessary elements to apply a measure are:¹⁹

- an affirmative determination of serious injury to the domestic industry,
- a causal link between increased imports and serious injury,
- an adjustment programme, which means a plan for the improvement of the domestic industry competitiveness. It must establish the effort to be put into in order to achieve this goal, should also quantify the objective proposed and an execution schedule.

Serious injury to apply a safeguard measure means a significant overall impairment in the position of a domestic industry, while threat of serious injury is a serious injury that is clearly imminent, shown by facts and not based on mere allegation, conjecture or remote possibility.²⁰

A WTO member country may apply a safeguard measure only following an investigation by the competent authorities of that country. This investigation shall include reasonable public notice to all interested parties and public hearings or other appropriate means in which importers, exporters and other interested parties could present evidence and their views, including the

opportunity to respond to the presentations of other parties and to submit their views, inter alia, as to whether or not the application of a safeguard measure would be in the public interest.²¹

The measures can last four years as a maximum.²² When countries apply safeguard measures, they must give something in return, that is to say, seek compensation through consultations. If no agreement is reached, the exporting country can retaliate, which means taking equivalent action, for instance, it can raise tariffs on exports from the country that is enforcing the safeguard measure.²³

4. The Application in Argentina²⁴

In the 1990s, Argentina, like many developing countries, opened its domestic market to imports and created governmental offices involved in dumping, subsidies and safeguards investigations. Nowadays, these governmental offices in charge of this type of investigation, is the Ministry of Economy and Production, the Secretariat of Industry, Trade, and Small and Medium Enterprise, the Under-secretariat of Trade Policy and Management and the National Foreign Trade Commission.

Producers that seek trade remedies must submit a petition at the Secretariat of Trade and Small and Medium Enterprise. It can also be submitted by Chambers, Trade Associations or Federations, enclosing the corresponding supporting documentation. It is important to note that petitioners must meet at least 25 % of domestic production of the subject product (technically, to fulfill this provision is to be "representative" of the industry).

After the filing of the petition, if the Under-Secretariat finds indications of dumping or subsidy, the Commission finds indications of injury to the domestic industry and causal link between them, the Secretary of Industry can decide the initiation of the investigation. This decision is published in the Official Bulletin.

After due notification in the Official Bulletin, the Under-secretariat of Trade Policy and Management and the Commission send questionnaires to all known domestic and foreign producers, importers and exporters, to collect information for the purpose of finding evidence of the existence of the unfair practice, injury and causation. The information collected is referred to data of the firms, legal status, the "scope product", the "like product", dumping margins, domestic and international markets, all quantitative variables of injury, amount of imports, prices and arguments for and against the existence of dumping, injury and causal link between dumping and injury.

¹⁷ Art. 2.2

¹⁸ Art. 2.1

¹⁹ Art. 2.1

²⁰ Art. 4

²¹ Art. 3

²² Art. 7.1

²³ Art. 8

²⁴ The legal framework for investigations used to be Decree 1326/98, and from October 2008 on, Decree 1393/08

In case the Under-Secretariat and the Commission find dumping or subsidy, injury to the domestic industry and causal link between them, the Minister of Economy may impose provisional measures in order to prevent a further deterioration of the condition of the domestic industry during the investigation.

During the investigation, verifications of the information submitted in the questionnaires and hearings can be held, in order to check the information provided and to inquire the parties in relation with questions arising from the records, so that the parties can question or object their counterparts regarding the information, data and evidence submitted, and to inquire third parties about their opinions on the subject matter.

With all information verified and data collected both the Under-Secretariat and the Commission issue their final dumping and injury determination. If the Under-Secretariat finds dumping or subsidy and the Commission finds injury to the domestic industry and the causal link between them, the Minister of Economy may impose antidumping or countervailing duties.

Measures can be imposed for a maximum term of five years, with annual reviews and may be imposed retroactively to the period when provisional measures were imposed, provided that all legal requirements are fulfilled. It is important to point out that although Commission and Under-Secretariat Reports are the technical basis for the application of measures, an affirmative determination does not necessarily mean that the Minister is forced to impose duties. In determining the final decision, the Minister may take into account other relevant factors, such as public interest or consumer interest, or the interest of product end-users.

Argentina is the sixth country in the WTO as regards the number of investigations initiated in 2007. The first place corresponds to India (46 investigations), the second to the United States (29), the third to Korea (15), the fourth to Brazil (13) and the fifth to the EC (9).

Starting January 1995, up to December 2007, it imposed 58 antidumping measures, with a media duration of five years. Only a few were imposed for three years and one for two years. As regards safeguards, only one measure is in place: a specific duty on recordable compact discs. No countervailing duties are still on.

While Argentina has applied these measures, also the countries' exporters were hit by the actions of other WTO member states. During the period 2007 to 2008, Peru opened an antidumping procedure on Argentinean vegetable oil and Chile did the same on wheat flour and in 2006, Chile had imposed a safeguard measure on milk and Gouda cheese and dumping duties on wheat flour.

OECD countries	Newly industrializing and developing countries	Eastern European and former Soviet countries
Japan 2 Australia 1 Canada 1 European Union 1	China 16 Chinese Taipei 4 Korea 3 India 3 Indonesia 3 Malaysia 2 Thailand 2 Vietnam 1 Brazil 7 Uruguay 1 South Africa 1	Russia 1 Kazakhstan 1 Slovak Republic 1 Ukraine 2

Fig. 2: List of exporting countries which were affected
(The number refers to the amount of measures imposed against that country.)

5. Conclusion

For domestic producers, ensuring the implementation of an anti-dumping or a countervailing duty can be of great relief. Nevertheless, producers should be aware that they must be ready to supply the necessary and accurate data. At the same time, governmental offices in charge of the investigation, must know that investigations should be developed according to international standards because otherwise, they would have to face the Dispute Settlement Procedure.

REFERENCES

WTO Antidumping Agreement

WTO Agreement on Subsidies and Countervailing Measures

WTO Agreement on Safeguards

http://www.wto.org/spanish/tratop_s/adp_s/adp_s.htm

UNIVERSIDAD DE CIENCIAS EMPRESARIALES Y SOCIALES, BUENOS AIRES, ARGENTINA

>> www.uces.edu.ar

Description of the location

Buenos Aires is, on the one hand, a cultural metropolis with ca. 15 million inhabitants. On the other hand, it is the capital city of an economically fast developing country. Thus, studying here offers numerous possibilities similar to those of any European capital city. At the same time, the picture of the city is also filled with beggars and street children. The daily crime rate is higher than that of Mainz and yet manageable if certain precautions are taken as when in Rome or Paris. The cost of living for German students lies one fourth under that of Mainz.

Description of the university

The UCES is a private university founded in 1992 and has approximately 6,000 students on its rolls. The university lies in the quarter of Buenos Aires called Recoleta near the city center and is dispersed throughout many buildings on one street. Most of the areas of study have some relation to business science. Lectures take place mornings and evenings. One has access to the library and computer labs at all times. There is no student cafeteria; however, there are enough restaurants close to the campus.

Academic year and exams

Classes begin in March and end in December. This time period is divided into a winter term (the second week of March to the end of July) and a summer term (the first week of August until Christmas). Exams take place in the last 2 to 3 weeks of the term. Examinations are held in the form of “parciales” (in the 6th and in the 14th week of the term) as well as a final exam (“examen final”). Only those students who have taken part in at least 75 % of the lectures may write the final exam. Three requirements must be successfully completed in order to take part; a failed requirement may be repeated in the same semester. The “parciales” can include a written test, group work, an essay or a presentation. Exchange students normally choose four to five courses (“asignaturas”), which are taught four course hours a week. Failed “asignaturas” can be repeated in the following semester. The grades range from 1 to 10 (10 is the best grade and 4 is a pass).

Language of instruction at the partner university

Spanish



Course offers

Electives at the UCES (all “asignaturas” or courses contain 6 ECTS points) include:

Economía Argentina Comparada – mandatory
Ética Profesional
Decisiones de Inversión
Marketing Directo
Comercio Exterior
Mgmt del Conocimientos y RRHH
Estrategias de Negocios I
Estrategias de Negocios II
Bloques Regionales y Globalización

Accommodations

The UCES does not have own dormitories. There are private dorms called “residencias de estudiantes” for which exchange students can personally apply approximately six months before the intended stay. The International Office of the UCES offers a list of these “residencias” but does not make arrangements nor does it make recommendations. It is possible to rent “pisos”, which are common in Madrid, but the fact that normally one-year leases must be signed makes the renting of “pisos” difficult. Sharing apartments or “pisos compartidos” is not well-known.

Tuition

Students of the University of Applied Sciences Mainz pay the UCES tuition fees (at present ca. 130 Euro per month). There is the possibility that these fees be waived should there be UCES students taking courses in Mainz. In this case, a selection committee at our university decides which students are to be freed of tuition. Requirements for tuition free studies are the students’



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grades up to that time and an interview. Applications for tuition free places can be handed in to the International Office upon admittance to studies abroad.

Note

The UCES offers a variety of athletic and cultural activities.

Visa requirements

Students are required to possess a visa. According to Argentinean law, students are to apply for a visa upon location and within the first 30 days after entering the country. The university provides help by filling out a form for the Argentinean Immigration Service. The application for a visa is made together with a police clearance certificate. The cost is approximately 50 Euros and takes about three weeks. A private medical insurance for abroad is highly recommended.





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