Adaptive Options

When Change Is Not Enough....

A Global Network of Change and Development Professionals and Practitioners
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Welcome to the Editor’s Corner

On a recent trip to Curacao, a small island nation formerly belonging to the Netherlands Antilles just north of Venezuela, I started talking to a small group of street cleaners who were taking a break from tidying garbage of the well-maintained streets of Willemstad, the capital of Curacao. We had a warm, friendly conversation pivoting around the beauty of the island and the relaxed and sociable culture of the locals.

After a while, I noticed that two of the street cleaners were very young. I enquired about their age and was informed that they were 8 and 10 years old. They were the sons of one of the workers who preferred to have them with him as this way he could keep an eye on them. Also, they earned, unofficially of course, a little for their labour which was better than earning nothing when at school.

In my mind rose questions of ethically responsible behaviour. Was this ethically correct? What about the children’s schooling? Why were the parents not more concerned about this? Shouldn’t someone act to prevent this?

After skirting the issue for a while, I asked directly about their opinion of child labour at the cost of schooling. Politely I was reminded that this job for an 8 year old, as unattractive as I might find it, is superior to the few other alternatives that are available. A small delay in schooling might even be beneficial for the boys.

Looking around me, it was difficult to disagree with their logic. Curacao is a well-functioning and highly developed island. People are happy, healthy and poverty is minimal. It was clear that my impression of ethics and potential labour exploitation was not universally transferable. What is right and wrong in one place must be adapted to local culture and value systems of another place before we can judge ethical correctness.

But what about social responsibility and ethics of global business managers? Is there a universal code of conduct or is it for each company to set and enforce their personalized depiction of ethical behaviour? Is there a difference in business ethics from country to country, and if so, what ramifications does this have?

The current issue of Adaptive Options pivots around the topic of diversity among manifestations of ethical and sustainable behaviour, and the role that cultural differences might have on this. Our lead article by Cene Bavec won the Best Paper Award at the Management International Conference in Ankara, 2010. It probes the relations between social responsibility and ethical behaviour of European countries which yields several interesting country clusters from which inferences regarding economic performance and resilience in relation to ethics are pondered.

The second article by Robin Kramer and Melia Hariadi explores alternatives to the static perception of human resource management’s (HRM) role on organizational performance and sustainability. The authors propose a dynamic relationship exists between HRM and sustainability which feed off each other under the right circumstances.

The third article by Suzana Sedmak and Bojan Nastev discusses tendencies of amoral and unethical behaviour among students. It sets off with the premise that today’s students are tomorrow’s business managers and as such understanding the origins of unethical behaviour of students now might help explain unethical behaviour of business managers. This thought line is certainly reinforced if you subscribe to the notion that several of our global economic downturns can be linked to unethical behaviour of business managers.

Articles four, five and six share a common theme; the authors of these articles reflect on cultural repercussions in relation to schooling variations, employee engagement and dialogue. Pertinent issues with regards to the origins of xenophobic behaviour at schools and how we go from just talking to sharing values are discussed.

The final article is the winner of this edition’s student contribution. Matthias Kumberger brings his perception about what adaptability means for economic success and argues that business success hinges on the ability to modify and innovate rather than to copy and duplicate. With these interesting articles in store, I welcome you to this edition of Adaptive Options and wish you happy readings.

Rune Ellemose Gulev
Editor-in-Chief, ADAPTIVE OPTIONS
Should business be socially responsible and ethical?

Social responsibility of business and professional ethics in management are still highly disputed issues. They are loaded with ideological charges. Friedman and followers of the neo-liberal school of economy stand firmly on the position that business should not have any social responsibility. Its goal is to make the profit, and that is all. In his interview for The New York Times in 1970, Friedman explicitly declared that “the social responsibility of business is to increase its profits”. They are slightly more benevolent to the issue of management ethics, but only as long as ethical behaviour directly supports business activities and consequently contributes to the profit. On the other side, responsible business campaigners, followed by many managers and politicians advocate social responsibility as an essential part of sustainable business strategies and operations.

I believe that the majority of us are intimately favourable to socially responsible business and capitalism with a human face that we can see particularly in the Nordic countries. But looking globally, we can see a very different picture, particularly in developing countries. However, I would like to believe that in future globalization of our economy, possible repetitions of the economic crisis, and climate changes with their unpredictable social implications will put these issues much higher on the agendas of researchers and managers, not to mention politicians. We can already...
see that the current economic crisis raises awareness of this subject because many are convinced that this crisis has its roots also in business misconduct and lack of any social responsibility.

**What is social responsibility of business?**

The EU and many developed countries have partially embedded some concepts of social responsibility and ethics into their legal systems, particularly environmental issues. However, when we refer to social responsibility and ethics in general, we usually consider just non-legal binding incentives. In its strategy for Europe 2020, the European Commission defined social responsibility of business as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. For example, environmental aspects of social responsibility that are already integrated into legal systems are not voluntary anymore, so we cannot consider them as socially responsible.

**Overview of some European countries**

In our research we used statistical data at the country level from many sources, particularly IMD World Competitiveness Yearbook and Eurostat. From that data we developed a six dimensional indicator of social responsibility of business and management ethics. The *Figure 1* reveals a distinct grouping of European countries. For example, one distinguished cluster with countries that demonstrate very similar social responsibility of business and professional ethics in management (on the top of list) binds Austria, Netherlands, Sweden, Luxembourg, Denmark and Finland together. We can also notice that these countries are significantly different from all other European countries (at the rescaled distance 25). Slightly less obvious is the second cluster with Lithuania, Slovakia and Turkey. The third cluster with France, United Kingdom, Ireland, Belgium and Germany is again something that we would expect from our general perception on similarities in European economies. We could say the same for the fourth cluster with Estonia, Spain, Czech Republic and Hungary. Very interesting is the fifth cluster with Greece, Poland, Bulgaria, Portugal and Italy. It links three Mediterranean countries with Poland and Bulgaria. In the sixth cluster are Slovenia and Croatia, which is not so surprising because of their proximity and some similarities in recent history. Finally, Romania looks as a very different case that has very little similarities with all other European countries.
Can we confirm that high social responsibility and ethics positively stimulate economic performance?

The rationale behind this hypothesis is a rather disputed perception that socially responsible and ethically managed business is also economically more successful and sustainable. In our research we statistically confirmed the hypothesis that there is a relevant relationship between economic power of the country and its attitude towards social responsibility of business and professional ethics in management. This relation is even more pronounced looking at correlations with national competitiveness. For example, correlation

**Figure 1:** Clustering European countries by social responsibility of business and management ethics
between competitiveness and ethical practices is surprisingly high, reaching 0.932.

What if the answer to this question is not so simple? From statistical methods used in the research we cannot identify what is the cause and what is the consequence. There is still an open dilemma if social responsibility leads to higher economic performance, or vice versa. I would guess that these two issues are mutually interrelated and they stimulate each other. But, the final conclusion is obvious: there is no high economic performance in the environment where business is socially irresponsible with low ethical standards.

**Are European economies with high social responsibility and ethics more resilient and will exit the current crisis faster than other countries?**

The second hypothesis presumes that socially responsible and ethically managed business makes economies more resilient to economic and social crisis, because the social environment is more ready to support business in trouble. In our relatively simple model, we assessed a successful engagement with the crisis with estimated GDP growth in 2009, 2010 and 2011. This issue could be methodologically very complex, so we intentionally stayed on the level of initial simplification. However, we have not found any evidence (correlation) that would confirm this hypothesis. This outcome was a small surprise, because we expected the opposite. Many countries that scored very high by social and ethic demonstrated very vulnerable economies. It is thus obvious that economic resilience has another root, not in socially responsible and ethical behaviour. Social responsibility of business and professional ethics are definitely not very high on this list.

**Are high social responsibility and ethics positively correlated with economic freedom in the country?**

The third hypothesis assumes that we can achieve high socially responsible and ethically managed business only in countries with high economic freedom. This claim is not obvious because many responsible business campaigners are convinced that they can achieve their goals also in developing countries with usually (but not always) lower economic freedom and state owned businesses. However, we proved that social responsibility and professional ethics of management positively correlate with economic freedom in the country. However, we faced the same dilemma as in the first question. We cannot see what the cause is and what consequence. Again, we could just make an educated guess that these two characteristics mutually stimulate each other. Looking from the other angle, we could claim that economic freedom does not encourage social irresponsibility.

There is still an open dilemma if social responsibility leads to higher economic performance, or vice versa. But, the final conclusion is obvious: there is no high economic performance in the environment where business is socially irresponsible with low ethical standards.
Can high social responsibility and ethics lower the level of corruption?

The forth hypothesis deals with corruption, which is the most severe obstacle to economic and social development in any country. But this is a part of a never ending discussion about the economic costs of corruption. We anticipated that high social responsibility and professional ethics of management significantly reduces corruption. We used the Corruption Perceptions Index, which measure perception of corruption as seen by business people and country analysts and proved that high social responsibility and professional ethics in business leads to lower levels of corruption.

To visualize the forth hypothesis and to illustrate the positions of some European countries we presented the dependency between aggregate index of social responsibility and ethics (ISRE), and Corruption Perceptions Index (Figure 2). If we focus on the ISRE interval between 5,5 and 6,0 we can notice two groups of countries with similar ISRE, but significantly different corruption perception index. For Slovakia, Lithuania and Turkey this index is around 5, on the other side for France, Ireland and United Kingdom it is between 7 and 8. These two different groups indicate that there are other forces beside the social responsibility of business and professional ethics in management, which influence the level of corruption in the country. However, the correlation $r=0,85$ is very high and indicates that 72% of corruption ($r^2=0,723$) can be explained by social responsibility of business and management ethics.

![Figure 2: Dependence between Aggregate Index of business social responsibility and management ethics (ISRE) and Corruption Perceptions Index](image-url)
Particularly in some new EU member states, corruption is a relevant obstacle for economic and social development. It is also very indicative that majority of Europeans, including Western Europe, still believe that corruption is a problem in their countries, with exception of Denmark, Sweden and Luxembourg (Eurobarometer, 2009). From political and economic point of view it could be important to see if we could reduce corruption with systematic support to social components of the business. The answer is far from trivial, because any state or local community involvement in business, which is one of the characteristics of social responsible businesses, could trigger an opposite effect, increasing corruption. Corruption usually has its roots in associations between politics and business.

Does it matter to be socially responsible in business?

Many people would support this claim, but many would also oppose. We would guess that the main reason for this disagreement lies in the fact that under some circumstances and in some environments social responsibility professional ethics definitely makes business more efficient and publicly acceptable. All northern and western European countries demonstrate high level of social responsibility and ethics. On the other side, all new EU member states (including two candidate countries) and the old EU members from southern Europe are far less benevolent to these issues.

We could just assume that high level of economic development leads to higher sensitiveness towards social and ethical questions as well, at least in Europe.

On the other side, in many less developed and emerging economies profit is so high on the priority list that social responsibility of business and professional ethics are more or less academic questions. What could be particularly worrying is an indication that many companies behave differently in Europe and very differently in other parts of the world. They consciously select where it is beneficial to be socially responsible and ethical, and where it is more profitably to make business ruthlessly. It leads to the conclusion that many individual companies are social responsible and ethical only in environments where they find it beneficial. Consequently, we are dangerously close to the Friedman’s idea that the profit is all that matters.

What about individual companies?

In our research, we used the data at national levels. It raises a question if these results are meaningful for individual organizations, too. We presumed that relations at national level would give us some meaningful indications on the situation at the level of an individual organization. Results at national levels are a statistical average of all individual organization, so we would conclude that in average we could “shrink” these conclusions to the level of individual organization. However, statistical average means that some
organizations are lower and some are higher than average. We could just claim that more developed European countries have a larger proportion of businesses that behave affirmatively regarding the social and ethical issues, which indirectly leads to the conclusion that they find it beneficial at individual level as well.

It would be methodologically extremely difficult to assess these relations at the level of an individual organization. We could do that only in two ways. The first one is to follow changes in the organization over time and assess, which social responsibility and ethic strategies lead to the best business results. The second one would be standard benchmarking between individual companies. In both cases, there is no way to gather relevant data, particularly on social environment, so both approaches are nearly impossible to implement in any objective way. By my opinion, this is the main reason that management is generally indecisive how to deal with this issue. They react very pragmatically; it is nice to be nice, as long as it does not harm you.

References

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HUMAN RESOURCE MANAGEMENT, PERFORMANCE AND ORGANISATIONAL SUSTAINABILITY: A NEW PARADIGM

ABSTRACT

The human resource management is an integral part of organisational performance and sustainability. Most of the literature on the relationship is framed within a world view that is rational, mechanistic and static. Such a view limits an understanding of the dynamic relationship between human resource management, organisational performance and sustainability. An alternative view is proposed and the implications for human resource management, organisational performance and sustainability are explored.

In this article, the authors discuss the relationship between HRM practices, organizational performance and sustainability. These concepts and the relationship between the concepts will vary according to the assumptions used to frame the analysis.

Prof. Robin Kramar and Melia Famiola Hariadi

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Sustainability issues are now on the international political agenda and are a serious concern for many business organisations. The concept of sustainability, which encompasses financial, environmental and social long term outcomes, requires managers, policy makers and employees to examine and review their definitions of organisational performance and the purpose of management practice. It also requires an evaluation of the way these long-term outcomes are achieved. Human Resource Management (HRM) practices are important for developing capabilities and organisational culture and they therefore contribute to sustainable outcomes. HRM practices and the outcomes of these practices, such as creative, risk-taking and innovative capabilities, are also an outcome of sustainable practice and a mediator between sustainability objectives and organisational performance.

This paper focuses on the proposition that HRM can contribute to sustainability and organisational performance. This is a complex question which examines the relationships between concepts which are ill-defined and shaped by assumptions about the world and the nature of organisations. The examination of the proposition requires an examination of the literature about the relationship between organisational performance, HRM and sustainability. It also requires an evaluation of the dominant world view which informs this literature. When an alternative world view is used to examine this relationship, the concepts of HRM and organisational performance are defined in broader ways.

OVERVIEW OF THE RELATIONSHIP BETWEEN HRM, ORGANISATIONAL PERFORMANCE AND SUSTAINABILITY

The definitions of performance, sustainability and HRM terms vary according to particular stakeholder interests, the time frame used and the national and industry contexts in which the concepts are considered. For the purposes of the first part of this paper, the definition of sustainability and organisational performance are explicitly or implicitly framed in terms of businesses operating in a neo-liberal form of capitalism and in organisations which operate in a rational way. Sustainability is defined as the long term survival of the organisation. Organisational performance refers to both short and long term measurable outcomes which contribute to the sustainability of the organisation. These outcomes could include financial, human/social and environmental outcomes. However, in terms of the assumptions informing the operation of the economy and organisations, the emphasis is on the way these outcomes contribute to the long term financial survival and adaptation of the organisation.

HRM refers to the systems of practices used to manage people and teams who do the work of an organisation and to those practices used to build the relationships between organisations and external stakeholders. The ultimate purpose of HRM is to further organisational performance and the sustainability of the organisation.
HRM and organisational performance

Studies in HRM-Organizational performance relationship reveal numerous mediating factors that contribute to organizational performance. HRM practices have been shown to further organisational performance by developing individual capabilities such as knowledge, skills, abilities as well as behaviours and attitudes. Studies also show HRM practices contribute to the development of inimitable cultures and organisational capabilities such as innovation and knowledge management.

Although there are semantic difficulties associated with the terms HRM, it is possible to identify HRM and as practices which positively impact on organisation outcomes and organisational performance. Central to the notion of HRM is the assertion that an explicit organisational strategy provides the framework for the development of HRM practices. A prominent body of research indicates that high performance work practices (HPWPs) such as incentive, training, information sharing, employee participation, selective selection and recruitment and teamwork are practices which contribute to organisational performance. HRM theory asserts there should be a ‘strategic fit’ between HPWPs and organisational strategy in order to improve performance.

A meta-analysis of research (Combs, Liu, Hall & Ketchen 2006) on the link between HPWPS and organisational performance found that HPWPs positively impact organisational performance; however the practices of performance appraisal, teams and information sharing were not shown to have positive impacts. The analysis also initiated systems of practices, rather than individual practices had a stronger impact and that the positive relationship between HR practices and organisational performance. Context was also found that impact being double in manufacturing than it was in services. Although Coombs et al (2006) identified organisational strategy as a moderator between HPWPs and organisational performance, they were unable to test for this link because of the difficulties in coding studies according to the appropriateness of the “strategic fit” of the organisations in the studies and the lack of information about the correlations between organisational performance and strategy-HPWPs.

Particular HRM practices such as training and development, effective selection, performance feedback and reward can also improve employee productivity and performance. HRM practices are also able to create a positive psychological contract between the employee and the employer. This can result in increased trust, commitment, organisational citizenship, engagement and a sense of fairness (Patterson et al 1997).

Although the concept of organisational capabilities can be understood in many ways, a commonly accepted definition of it refers to organised activities which enable the achievement of significant outcomes within a large scale unit of analysis. These activities are developed through conscious intent and indicate an organisational HRM practices have been shown to further organisational performance by developing individual capabilities such as knowledge, skills, abilities as well as behaviours, attitudes and inimitable cultures and organisational capabilities such as innovation and knowledge management.
ability to balance continuity and change in rapidly
changing circumstances. Organisational capabilities
such as innovation and knowledge management,
contribute to organisational performance. Various HRM
practices also contribute to the development of these
capabilities and to the organisational change and
development resulting from these capabilities.

Organisational performance, sustainability and HRM

The longer term survival of an organisation and its
sustainability can be enhanced through social/human
and environmental outcomes. Studies have shown an
organisation’s financial performance can be improved by
furthering human/social outcomes by providing internal
benefits such as developing capabilities, providing
career opportunities, work-life balance programs and an
ethical culture. In addition, addressing environmental
outcomes of the business have been shown to positively
influence corporate reputation and image (Brammer et
al 2007; Turker 2009).

These practices contribute to organisational
performance through improved employee perception of
the organisation, morale and job satisfaction, an ability
to attract and retain employees, a greater sense of
organisational justice and employee commitment
(Peterson 2004; Brammer et al 2007). These outcomes
contribute to greater cost efficiencies through lower
salaries, increased productivity, reduced turnover and
lower recruitment and training costs (Bachaus et al
2002; Peterson 2004). Therefore, performing well on
social, human and environmental indicators represents
a form of strategic investment that has a positive impact
on financial outcomes (Daily & Su, 2001).

Studies also reveal environmental and human/social
outcomes are interrelated and contribute to
organisational sustainability. The development and
implementation of advanced environmental policies and
capabilities are dependent on the creation of HRM
policies that create trust between employees,
management and the communities in which the
organisation operates.

The above review suggests that organisational
performance and sustainability can be furthered by
moving beyond the traditional performance indicators
such as financial and marketing targets (Boudreau et
al., 2005). The future success of the organisation and
the welfare of future generations could be furthered by
the use of social and environmental measures (Benn &
Baker, 2009). Although the rational for the adoption of
these performance measures rely on their contribution
to short and long term financial outcomes, the use of
these indicators require an acknowledgement that
various stakeholders will have different perceptions
about sustainability, success and organisational
performance. This raises additional challenges about
the need to manage a variety of stakeholders and
stakeholder relationships.
VIEWS OF ORGANISATIONS: Dominant view and alternative, emerging view

The dominant prevailing view of organisations

The neo-classical view of the economy assumed markets operated as perfectly functioning ‘clearing mechanisms’ by balancing price and cost. This view was based on assumptions about perfect knowledge and equal power of participants in the market.

Organisations would not have a place if markets operated perfectly, however, they are necessary for ‘internalizing’ recurring economic exchanges, increasing the efficiency of resource allocation and reducing the cost of individual transactions through standardisation and establishing routines. Therefore in this economy, organisations are assumed to operate in a rational way, ie by seeking to maximize efficiency and effectiveness by reducing market costs, maximizing market returns and operating in a deliberate and purposeful way. According to this view, organisations represent a common purpose or a unitary frame in which conflict between stakeholders’ interests is an aberration. The owners of organisations and managers therefore, are responsible for maximising the interests of their shareholders by increasing the profits of the company. This is reflected in the notions of organisational performance which are measured solely profits.

HRM practices also ideally contribute to shaping employee behaviour so it is efficient and effective and the organisation operates optimally (Bourdeau and Ramstad, 2007). This view of organisations and HRM can accommodate assumptions about people being influenced by their feelings, emotions and social needs because these characteristics are an element in their attempts to maximise their personal outcomes. When these aspects of people are acknowledged, one of the HRM’s challenges is to manage them to maximise financial returns.

This simple view of organisations has been challenged in many ways; however, it is still the dominant perspective in most organisations (Zappala, 2010). Among the challenges have been the development of reporting and accounting standards that measure a range of outcomes eg the Global Reporting Initiative (GRI) and the Accountability AA1000 standards; the development in global corporations of initiatives in the areas of Corporate Citizenship, Corporate Social Responsibility (CSR) and Sustainability (Zappala, 2010); and the development of measures such as human capital analysis (O'Donnell, Kramar & Dyball, 2009). Despite, these developments, an understanding and integration of broader sustainability outcomes reflected in the concept of CSR is still limited and fragmented. This approach limits a deep review of the meaning and nature of organisational outcomes and performance, the practice of corporate responsibility and the facets of sustainability and what they mean for business practice.

This view of organisations and HRM can accommodate assumptions about people being influenced by their feelings, emotions and social needs because these characteristics are an element in their attempts to maximise their personal outcomes.
Alternative, emerging view of organisations

In order to confront these issues and the nature of the relationships between HRM, organisational performance and sustainability, it is necessary to frame these relationships within a different view of organisations: “a new world view” (Zappala, 2010). This view can take a variety of forms, but some of its aspects include the notion of organisations and markets consisting of stakeholders with varying interests, an explicit acknowledgment of the exercise of power and differential access to knowledge in the market and in organisations and its impact on the development and implementation of HRM practices (Kramar, 1992) and a view that the world and organisations are complex adaptive systems (CAS) which are self-organising, unpredictable and non-linear.

When organisations are viewed as CAS, it enables a dynamic focus which acknowledges that change involving internal and external parties is a constant aspect of organisational life. Organisations would have broader purposes and take different forms from those shaped by the corporation’s law. The purpose of organisations could be to harness private interests to serve the public interests and to engage a range of stakeholders in decision making and sharing of rewards. The power of stakeholders would be engaged to not only further corporate purpose, standards of accountability but also the public interest (Zappala, 2010).

When the relationship between HRM, organisational performance and sustainability is considered within this ‘world view’, organisational performance is much broader than the maximisation of profits and financial outcomes. Social/human outcomes and environmental outcomes represent outcomes in their right, not just contributing to financial results. Additionally, organisational performance could be measured in terms of outcomes which arise from the stakeholder engagement in the organisation, rather than just organisationally mandated outcomes. The sustainability concept also assumes a broader meaning. The meaning would explicitly recognize that values are incorporated in its conceptualization and that it involves the balancing of competing interests, values and the priorities of a range of stakeholders, including future generations and ecological systems.

The requirement to manage a range of internal and external stakeholders has significant implications for HRM. Stakeholder relationships represent a ‘complex interplay of shifting, ambiguous and contested relationships’ (Gao and Zhang, 2006, p725) and at a minimum, stakeholder management requires communication between the stakeholders. The process of stakeholder management involves incorporating the views of stakeholders into decision making. (Gao & Zhang 2006). The research on the links between HRM, organisational performance and sustainability discussed in the previous section and framed in terms of the traditional world view have not addressed these capabilities.
Consequently, HRM practices and systems should focus on facilitating greater understanding of the various interests of the stakeholders and the emergence of organisational outcomes which reflect these interests. Essential elements of HRM would therefore include processes of individual and team development of capabilities associated with understanding different mental models, knowledge and power bases of stakeholders; increased self knowledge and an understanding of values and influence of emotions on perception and behaviour; critical reflection and systems thinking; and an ability to understand the interconnectedness of individuals, organisations and the environment, including the ecological system (Kramar, 2009). Other essential capabilities required of stakeholders is the ability to engage in debate, manage conflict constructively and simultaneously engage in dialogue and collaboration, so new understandings, decisions, practices and even institutions emerge.

The role and nature of leadership emerges as a process in which the purposes of organisations and the way of the organisation does business are questioned. Leadership is recognized as a process of symbolic, emotional management involving the exercise of power. Leadership is therefore an essential component of HRM. The previous discussion has not acknowledged the influence of national contexts on perceptions of organisational performance, sustainability and contribution of HRM to these outcomes. The Rhineland model of capitalism which is evident in Germany and Switzerland provides a framework for "a system of long-term cooperative relationships between different parties", including companies, trade unions, banks, suppliers and clients (Avery, 2005). Social outcomes, including egalitarian welfare distribution, social benefits, community infrastructure and social justice are regarded as important outcomes of business operation. This suggests governments and regulators can play a role in shaping the 'world view' in which organisations operate and HRM is practiced.

**CONCLUSION**

Sustainability requires a new way of thinking about business success. It requires a rethinking of the notion of success, organisational performance and a clarification about the meaning of sustainability for the business and for society. HRM could have a significant role contributing to organisational performance. However, most recent attempts to further sustainability and organisational performance have been grounded in a view of the world based on a mechanistic, rational view of the market, organisations and individuals.

An alternative way of understanding the relationship between HRM, organisational performance and sustainability, is to adopt different assumptions about the world and individuals. When the world is viewed as non-linear and individuals as non-rational, different questions will emerge, different methods will need to deal with dynamic change and the nature of the concepts and the relationship between these concepts will be much broader.
References


SOME ASPECTS OF ETHICAL PERCEPTIONS OF BUSINESS STUDIES STUDENTS

In this article, the authors discuss the tendencies of amoral and unethical behaviour among students. Research into this field is highly warranted when placing it against the backdrop of the recent economic crisis which can be linked to amoral behaviour of business managers. Accepting that today’s students are tomorrow’s managers, this article brings interesting insight into the levels of acceptance of unethical behaviour of our upcoming business leaders.

ABSTRACT

Business practices are in terms of global economic crisis under greater scrutiny than probably ever before. Unethical business practices have been identified as key catalysts of the economic crisis. Today’s business students will enter the workplace in the next years and will need to define their ethical stance as business persons and key decision makers in the future. The present paper focuses on the management students' perceptions and attitudes toward some ethically questionable practices with a special attention to the cheating in the academic setting. The results of our study show there are no statistically significant differences between male and female students with respect to their evaluation of various situations from an ethical point of view. On the other hand, employed students are stricter than full-time students with respect to judging situation as ethically unacceptable. This implies that bringing ethics into business studies and into academic setting as well would be an appropriate step towards enhancing ethics and morality of (future) business.
Business practices in the past few years have been under great scrutiny by the public, the government and other stakeholders. The global economic crisis came about with vast impacts on the population, workforce and business. Unethical business practices have been put on display and identified as the key factors in the economic crisis. The management is supposedly driven by profit-making motive and this leaves very little room for other aspects, such as ethics. While with the global economic crisis the public consensus on the unethical behaviour of management and business people reached the peak, the unethical behaviour in business has been a highly debated and covered topic in Slovenian media (at least) since the Slovenian independence in 1991.

Following the proclamation of independence from Yugoslavia and the constitution of the Republic of Slovenia, extensive political, social and economic changes took place. The transition from the socialist country to the capitalist market system was marked by privatization processes which were very often characterized as “wild” privatization of the formerly socially owned companies by which the new economic elite taking advantage of the lax supervision and inadequate legislation that existed. One type of the “side effects” was often massive dismissals of the employees. Many unethical practices by the managers (who very often later transformed to the owners) were identified, however (mostly due to the inadequate legislation) rarely these were characterized as illegal and/or properly addressed, i.e. prosecuted.

We could claim that (also) this specific Slovenian context gave rise to a general perception of the business and management as highly unethical. As if (from the point of view of business) business does not need to consider the ethical character of the choices made. De George refers to “the myth of the amoral business” (De George, 2006) where business is perceived as incongruous with ethics. It is not seen as immoral but amoral – it has simply nothing to do with ethics and the primary concern of business is profit. When referring to business ethics many would claim that it is an oxymoron – business and ethics being seen as contradictory terms that do not interfere with each other. After the global expansion of the economic crises many claims were posed for the rethinking of the ethical standards in the corporate contexts and for the status of the professional ethics to be redefined.

Tomorrow's business leaders and today's business students are subjects of our research. Growing, learning, studying and developing themselves in the above-sketched context they will need to define their ethical stance as business persons in the future. The present study focuses on the management students' perceptions and attitudes toward some ethically questionable practices with a special attention to cheating in the academic setting. Namely, some studies indicate that cheating in the academic setting indicates the inclination towards cheating in the business context after graduation. Furthermore, we aim at identifying possible differences among different groups with respect
to gender, level of study, and employment (full-time students or part-time, employed students; management position, non-management position).

In order to achieve this aim we have conducted a survey at Faculty of management Koper (University of Primorska, Slovenia). Grounded on some previous research (listed later) we assume that students that are employed have a more strict ethical standard than full-time students. Furthermore, we hypothesise that being employed in the management has no clear effect on the assessment of whether the listed activities are ethical or not. On the other hand, we propose that gender-wise differences are present: women are harsher on listed activities as being unethical.

**Ethical Perspectives and Business Students**

Students' attitudes toward different ethical aspects of the business world and their ethics related beliefs have been researched in different studies. Special attention has been given to the students of the business schools – to future employees and leaders in the business sphere. Researches range from assessing students' attitudes and perceptions of the business world to (some concrete) ethical aspects of their behaviour; in the latter context cheating in the academic setting has been widely studied. As Lawson argues, students' beliefs of ethical behaviour in the business world are important, since their "perceptions of what constitutes ethical behaviour, whether accurate or not, will influence the actions they take once they enter the business world" (Lawson, 2004).

Although cheating in academic setting is widespread and could not be limited to business schools, several studies report business students being more prone to cheating and using different dishonest practices while studying. McCabe and others concluded from an extensive multicampus research, where the data were collected from 5,000 United States and Canada that business students cheated more than non-business students (McCabe et al, 2006). There were many other studies conducted with researchers' conclusions on business students being more inclined towards cheating when compared to other students (e. g. Bowers, 1964, in: McCabe and others, 2006; McCabe, 1997; Smyth et al., 2009). Some studies did not confirm business students to act less ethically, however some did find out that business students when compared to the non-business major peers show more lax attitude towards cheating (Klein et al., 2007) or are even less familiar with different moral principles (Luthy et al., 20019).

While not denying the alarming figures about academic dishonesty, even more concerns arise when considering some evidence suggesting that cheating in college is related to cheating in the real life, workplace context (cf. Lawson, 2004; Chapman, 2004; Harding et al., 2004). Sims discovered a correlation between students' cheating in academic setting and in the workplace.
setting. In an exploratory study Harding and colleagues found out that "there is a relationship between self-reported rates of cheating in high school and decisions to cheat in college and to violate workplace policies" (Harding et al., 2004) and further concluding that encouraging ethical behaviour in the academic setting might have positive effects on the "future ethical decision-making in workplace settings" (ibid.). Lawson's results of the study indicated a very strong relationship "between students' propensity to engage in unethical behaviour in an academic setting and their attitude toward such behaviour in the business world" (ibid.).

In various studies researchers tried to find out whether differences existed in ethical perceptions/behaviours/attitudes among different student categories; does gender, age, employment etc. affect ethical stance of these subcategories? There were many reports on correlation between gender and perceptions of ethical behaviour or attitudes toward acting ethically. As a rule – when a correlation was confirmed – women on average held more ethical attitudes and beliefs than men (e.g. Lawson, 2004; Alleyne et al., 2010; Chapman & Lupton, 2004; Smyth et al., 2009). Many of the researches would confirm the assertion made by Gupta and colleagues that "female students were more likely to behave ethically than male students" (Gupta et al., 2009). In a cross-national study comprising students from Australia, Singapore and Hong Kong Phau and Kea found significant gender-wise differences; however, contrary to some of the above mentioned studies, males indicated a higher level of ethical attitudes when compared to females (Phau and Kea, 2006).

Regarding age-wise differences among (business) students, the results from different studies show diverse results. On the one hand there are reports of older students being more ethically "conscious" when compared to younger. For example, Lawson reports that "an ethical maturation process occurs as students progress through school" (Lawson, 2004). In line with this statement Smyth and colleagues (Smythe et al., 2009) report older students to have higher ethical perceptions when compared to younger students. In a study on cheating among business students Klein and others report that the younger the students were, the higher the level of the cheating was (Klein et al., 2006). On the other hand Gupta and others do not report age to have any impact on the ethical behaviour of the students (Gupta et al., 2009). Alleyne and others concluded that age "is shown to be important variable when assessing the ethical status of individuals", however indicating that older students (over 35 years) were less likely to view the ethically questionable situations as entailing an ethical problem when compared to younger students (16–20 years group) (Alleyne et al., 2010).
Research

In line with the literature review we have designed our study as to measure business students' perception of various activities, both in everyday life and in academic environment, and to identify possible differences among students with respect to various features, such as gender, level of study, and employment status.

A convenience sampling procedure in groups was applied, where classes at different levels and in different years of study have been used as groups. With the use of a self-administered questionnaire their attitudes toward some aspects of the ethics in management and business as well as perceptions/evaluations of some ethically questionable situations were assessed.

In the paper we focus on students at all levels and years of study at Faculty of management Koper at University of Primorska, Slovenia (UP FM). The faculty has approximately 1,800 students and we have applied the convenience sampling at the level of groups: levels (under and postgraduate), years (first, second and third, and first and second, at undergraduate and postgraduate levels, respectively), classes (undergraduate students in each year are divided into three groups). Once the group was selected, all the students in the group were surveyed. In such a manner our final sample comprised of 389 students, which is more than one fifth of all the students, indicating that our results have good representativeness grounds. Our sample consisted of 133 male and 259 female students with age ranging from 18 to 53 years, averaging just over 27 years. 230 of these were undergraduate students and 159 postgraduate students. Regarding the employment – 204 students were not employed at the time when survey took place, 183 stated they were employed (2 did not report their status). If we take and study the differences in (average) age between employed and regular students, we can see that full-time students are on average just over 22 years, whereas employed students have an average age of almost 34 years, and the latter have a much higher variability.

Furthermore, studying only those that work we see that out of 183 employed, 63 worked in the management, 118 not in the management, and 2 did not report their level of employment. This distribution over gender is revealed in the following table, clearly indicating (and supported by Pearson’s Chi Square test) that there is no significant difference between males and females (among UP FM students) with respect to them being employed in management or not.
RESULTS

The questionnaire comprised of several situations/activities that might be seen as ethically questionable (presented in Figure 1). Respondents evaluated each of the situations on a 5-point Likert scale: from being completely immoral or morally unacceptable (value 1) to completely morally acceptable (value 5).

Results reveal that in general the respondents were more prone to answer as listed activities to be morally unacceptable, with standard deviation in all cases around 1. In Figure 1 it is clearly seen that students have depicted situations of keeping the money and disposing of a found wallet, asking other student to take the exam for you, stealing newspaper from neighbour, forging student-status paper, and calling in sick even though not in fact being sick, as being morally unacceptable. On the other hand, the data reveal that some activities are not being judged as morally unacceptable, namely: looking at other students' exam, cheating on exams, car-insurance fraud, doing not your job-related work while on job, using business mailing for private use, writing seminar work for others, and conducting plagiarism.

Figure 1: Mean values of evaluated activities with respect to their morality

Source: Survey among UP FM students, own calculations
The following figure represents the distribution of answers for activities cheating on exams (panel a) and looking at other students’ exam (panel b), to reveal that students tend to perceive this activity as morally unacceptable only in a limited number of cases.

First we compare how students differ in their responses with respect to gender. After applying different tests (e.g. independent-samples t-test value to test for the statistical significance in their difference), we conclude that in no case do male and female students differ; the highest, almost statistically significant difference between those two groups is with evaluating activity of taking office accessories (pens, paper, etc.) for own home use (here the P-value is just above the threshold of 0.050). Otherwise there are no statistically significant differences between male and female students in this respect.

Second, we compare students with respect to the level of study. Undergraduate students are in all the listed activities statistically significantly different from postgraduate students. Furthermore, they (undergraduates) are less strict in assessing the level of (im)morality of activities in the questionnaire – their averages are higher. This ethically more problematic sign of undergraduate students is rather worrying as they will, after finishing their studies, have the potential to become managers. However, somewhat reassuring is the fact, that postgraduate students act (judge) these activities more strictly.

When studying only the employed students, results show that they differ regarding the level of study. The differences were found in evaluating following activities: taking office accessories (pens, paper, etc.) for own home use, stating false reasons for not attending the classes, looking at other students’ exam papers during the exam, asking other student to take the exam for you (in your name), using un-allowed techniques (cheating) during the exam, and copying seminar work from

Undergraduate students are less strict in assessing the level of morality of activities. This ethically more problematic sign of undergraduate students is rather worrying as they will, after finishing their studies, have the potential to become managers. However, somewhat reassuring is the fact, that postgraduate students act (judge) these activities more strictly.
sources, not listed in the bibliography. In all cases undergraduate-level employed students are more inclined towards such activities being morally less unacceptable. Although this is somewhat worrying for business-study students, the reassuring fact is that postgraduate employed students are stricter in this sense – leaving the chance that future managers will react more in line with ethical guidelines.

Third, employed students are divided into two groups: working in management and not working in management. The results show there are no major differences among those employed students, but for one activity: asking other student to take the exam for you. With this activity the employed in management are statistically significantly (t-test of 2.913 and P-value of 0.004) different from those employed, but not in management: both are judging this activity as highly immoral, the former are even stricter in this respect.

Lastly we check how students that are employed differ (if at all) from full-time students. Results reveal that in fact in all aspects (activities) full-time students and employed student differ statistically significant (only in one case is significance near the threshold for P-value of 0.050) from each other. Furthermore, in all cases employed students are stricter than full-time students. This provides basis for conclusion that as students become employed they follow ethical issues to a greater extent.

CONCLUDING REMARKS

Based on the research we can conclude there are no statistically significant differences between male and female students with respect to their evaluation of various activities from ethical point of view. Moreover, in all cases undergraduate-level students evaluated morally questionable situations as being more acceptable when compared to postgraduate students. Comparing students working in management and not working in management, the results show there are no major differences among them. On the other hand - when comparing full-time students and employed student - results show that they differ statistically significantly from each other with respect to all listed (and evaluated) activities: in all cases employed students are stricter than full-time students with respect to judging situation as ethically unacceptable. Findings of the research are somewhat worrying: students tend to evaluate cheating, looking at other students’ exams and similar activities as morally acceptable. Taking into consideration that they will in a few-years time become employed and represent future decision makers, what does this mean for the future economy? Will the current economic crisis enable management to shift its consideration of ethics in business and will management students accept or adapt to such changes?

In order to answer these questions, we propose that encouraging ethical behaviour and its implementation in the academic setting might have positive effects on the
"future ethical decision-making in workplace settings". Furthermore, implementing ethical issues into business studies has a potential of raising ethical behaviour and perception of business studies students, whereby significantly improving the chances of achieving (future) ethical business practices. Certainly, the study provides some reassuring facts, namely that postgraduate students are stricter in the ethical sense and that as students become employed they follow ethical issues to a greater extent. Nevertheless, future studies in the field and beyond (i.e. including other fields of study) are required for the current management to be able to assess and employ “proper” graduates in order to successfully adapt to changes in business practice, triggered by the current economic crisis.

REFERENCES


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CROSS-CULTURAL COMPETENCE – A MISSING TOPIC IN THE AUSTRIAN EDUCATION AT SCHOOLS

In this article the authors discuss how cross cultural competences can be integrated into the school systems of Austrian schools. It provides a very timely and relevant look at the sources of where and when our perceptions about foreigners stem from and what we can do about it now to advance cross cultural understanding and lessen xenophobic behaviour.

Cross-cultural education in Austria

Cross-cultural competence is an important trait for employees in international business life. Companies are encouraged to train their personnel for cross-cultural encounters in order to achieve successful cooperation across cultures. Austria’s economy in particular is dependent on international dealings because of the country’s high proportion of exports. Thus, cross-cultural competence is an asset which companies expect from their personnel.

The Austrian educational system is not yet able to provide cross-cultural content to prepare pupils for their further business lives or even for their daily encounters with colleagues with a background foreign to them.

What do we understand when we talk about cross-cultural competence or even of culture? There are so many definitions of culture and different understandings of cross-cultural competence. In our project we use the following definition:

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Culture reflects common characteristics that influence people’s values, attitudes, behaviour and practices – the response to the environment that is reflected in shared understandings, common ideas and artefacts; the way things are done and seen and what is considered as right or wrong.

Our definition of cross-cultural competence is a simple but clear one:

Cross-cultural competence is the competence to (inter)act in cross-cultural situations successfully, the ability to act and reflect effectively, and without a strange feeling and inappropriate action towards counterparts who belong to different cultures. Furthermore it implies the ability to observe and not to judge.

Cross-cultural research has many roots – this field is a young and dynamic one, rooted in psychology, ethnology, and anthropology. At least, the managerial aspect came into the cross-cultural research work with a strong orientation towards problem solution, and not only observation, which is employed by the former disciplines like anthropology or sociology.

**General outline of the project**

In Austria, all school forms are facing tensions between migrants and Austrian students – even in primary school, the teachers are confronted with cross-cultural problems day by day. How they handle the situation depends on their own personality, experiences, and attitudes – but not on a knowledge that was built up in cross-cultural training for increasing cross-cultural competence. The situation of the students is even worse – also facing daily encounters, there is no support or knowledge transfer by trained personnel. Stereotypes and prejudices develop easily and remain during the years in school, manifest themselves and are possibly a reason for the increasing hostility towards migrants and foreigners.

In the working environment, companies expect from their personnel international applicability which also implies cross-cultural competence. Especially in school forms like the BHS (high schools providing vocational education) cross-cultural elements should be part of the curricula. But there is still nothing available – and that is the point of contact of this project.

The project is structured into three phases – firstly, the definition of the problems and strains, secondly, the development of a curriculum, the didactical approach and the content of teaching and thirdly, the implementation, evaluation and dissemination of the project content and the results. At the end of the project,
the model and the findings will be available for all Austrian BHS.

In the next paragraphs we want to point out the highlights of phase 1. Basing on the theoretical foundation to explore the problem field rigorously, phase 1 was split into two initial steps: A qualitative and a quantitative analysis of the problems and strains. In addition to the scientists, the research team consisted of six students who participate actively in the work during the process and represent the above mentioned target groups.

**Highlights from the qualitative study**

The questionnaire contained nineteen questions that treated general questions concerning migrants; then personal experiences, language, association, and segregation of migrants from certain nationalities; advantages and importance of more cultures (and migrants); difficulties with migrants and experiences related to that; personal estimation of the situation in school; and an invitation to suggest some ideas for improvement of the situation at school. The interviews lasted an hour on average and the students got very interesting answers. Most of the respondents admitted that they had negative personal experiences with migrants (or Austrians) even in primary school and that continued to influence their attitude. Another interesting bit of information emerged concerning the application of the mother tongue in the schools daily life: All Austrian students feel insecure and disturbed when migrants use their mother tongues among themselves in school and relate that to voluntary segregation. The respondents were not only asked about difficulties and disadvantages, but were also invited to point out advantages and positive aspects of having people with a different cultural background at schools. The students suggested many valuable options for benefiting from a multi-cultural environment and collaboration between migrants and Austrians.

**Highlights from the quantitative study**

Based on the insights of the qualitative study, an online survey was designed where 259 Austrian schools of the mentioned school type (vocational schools) were invited to participate. After applying for the authorization for participation of the schools, 1017 questionnaires were answered. This random sample with more than thousand answers could increase the importance of the outcome of the study and is a good starting point for more research work and allow more depth. The questionnaire consisted of several subject fields like general anonymous data (age, sex, school form, class, nationality, migration background, the quality of these experience, the place of the first experiences - like kindergarten, primary or proceeding school forms - and personal experiences with other countries), experiences (covered personal encounters good and bad with persons from different cultures, Austrians and migrants),
social background (like environment, background, own and the parents’ attitudes towards migrants, teamwork related questions), difficulties and positive things as two blocks, language, and open questions (suggestions and ideas for better coexistence and cooperation at school).

The population of respondents had the following characteristics: 32,51% were male, 67,49% female which shows that girls tend to be more open to participation.

The average age of all respondent was 16,46 years. 68,04% answered that their parents had not come from another country to Austria, 31,38% had a migration background, 0,59% did not answer this question. But 90,52% answered that they personally had not come from another country to Austria. So the answers were to a large extent from respondents, Austrians and migrants' children, who were born here.

Concerning the experiences some very interesting details could be revealed: While 86,02% had experiences with colleagues from other cultures, 13,49% denied any interaction. The majority of those who had experiences considered them positive which correlated with the outcome of the qualitative study – the percentage of very positive experiences was 18,25% and positive experiences was 50,05%, 23% were negative and the rest had none.
But what was really a novelty was that the first experiences were already made in kindergarten and primary school – whereas the most formative experiences that determine cultural stereotypes were made in primary school. First and foremost, the negative experiences determine the students’ later attitudes and behaviour – therefore the education project should start in early stages of primary school. We think that there is a deep impact of cultural differences and behaviour of people. To understand these differences in culture, values and behaviour, there has to be a knowledge transfer to build up cross-cultural competence – and this has to happen very early. Now there is no objective cross-cultural knowledge transfer in Austrian schools and cross-cultural competence is not an element in the curricula, so the children assimilate their experiences with their parents and their closer environment on a very subjective basis. This was also the reason why the questionnaire contained questions about the parents’ attitude towards migrants, particularly with regard to a high percentage of 21.29% who claimed their parents to be reserved or even hostile towards migrants. In consideration of the fact that the children generally adopt parental attitudes and behaviours unquestioningly, cross-cultural knowledge and competence seems to be a good way of breaking this vicious circle. It is very interesting that there is a correlation between the attitude of the pupils towards migrants and the attitude their parents seem to have.

In the section about differences and difficulties between students with a migration background and without, the “top five” differences named were language, religion, looks, upbringing and behaviour. Personal difficulties occurred mostly in areas like language, behaviour, conflict behaviour, as well as attitude and communication behaviour. 28.81% of the pupils had difficulties with Austrians, 46.88% had difficulties with migrants and 24.31% had no difficulties at all.

What was really bothering the respondents was the use of other languages than German in school; more than 50% felt troubled and 44.5% were convinced that there is a negative impact on the sense of community in the
class and 29.27% claimed that their personal well-being was influenced negatively.

The final open question invited the interviewees to offer suggestions for better coexistence, cooperation and communication between Austrians and migrants: The knowledge and an exchange of experience could be an element in subjects like history, geography or religion. The students wished to have more teamwork in culturally mixed groups, exchange of experiences and opinions. The pool of knowledge could be used in integrated education and subjects contain more interactive elements.

**Consequences and impacts**

In consequence of the results of the qualitative and quantitative studies the project team is assured to develop a curricula for cross-cultural competence as soon as possible (second phase of the project). Based on the theoretical foundation and the findings of the two surveys, cultural and didactic elements are to be developed in cooperation with the students. Basically there are five different core areas in the conception of the curricula for cross-cultural competence: Self-competence and the ability of self-reflection, communication and empathy, capacity for teamwork, ability to solve conflicts, and cooperation and social responsibility. Furthermore the conception contains a didactic approach to teaching cross-cultural competence. The third project phase is the evaluation and the development of a tool-kit for cross-cultural competence with all materials for the training in the classroom. The project output will be available for all Austrian vocational schools and the researchers address both students and teachers.

This project is the first step towards more openness and competence concerning other cultures in Austria and against stereotypes, hostility, and xenophobia in the worst case. We are sure that this has positive effects on the climate in Austrian classrooms and as a consequence of this it has positive effects on our economy and society. Our approach opens a possibility to influence people’s behaviour by transferring objective and pedagogic knowledge, so the children are able to make up their own minds instead of assuming their parents’ attitudes and behaviours blindly.

This is just a first step, because the research was a first glance and needs to go deeper and to be more intense. A first step, because there was only one relatively advanced school type – but as the research showed, the issue emerges much earlier.

So as an outlook, there will be more research work and in the end, there will be a curriculum in every school form in Austria, open and interactive communication and integration in subjects that imply cross-cultural elements. This is a big dream that can be reached with the support of grant programs like Sparkling Science and ambitious researchers. A very big dream – but we are pretty big dreamers.
ENDORsing EMPLOYEE ENGAGEMENT THROUGH
THE HUMAN CAPITAL APPROACH

In this article, the author reveals his findings pertaining to endorsing employee engagement. While the results are gathered from a mining company operating throughout the Indonesian archipelago, their utility is transferable to other industries in other countries.

ABSTRACT

Many companies still confront significant problems when handling and developing human resources. The paper presents the results of empirical research on employee engagement in a national mining company. This research sought to confirm employee engagement factors and adopt the human capital approach as a tool of analysis. We shared questionnaires as the primary data for exploring information provided by management and operational staff in all branches. Critical factors in supporting employee engagement were found to be the employee’s current career intention, equal opportunity and fair treatment, and communication. Furthermore, this research offers a platform from which it is possible to develop strategies in employee engagement.
HUMAN EXISTENCE IN ORGANIZATIONS

The human resource (HR) paradigm has changed over time; today, humans are seen as the assets of a company with a very large capacity and great value. In contemporary HR, humans are no longer just a static resource, but headed toward a more dynamic and developing role every day. A company’s human resources management strategies and policies, as well as structures, infrastructures and physical attributes, have high potential to influence human behaviors in organizations. We have to recognize that managing people is a particularly complex and dynamic task because human resource management is located at the interface between the personal systems of the employees and the structural system of an organization. In order to strengthen and improve employee’s competencies and capabilities towards increasing individual and organizational performance, specific human resource management programs and activities are needed. However, organizations do not only need people who are highly intelligent, knowledgeable, skillful and creative, but also who are responsible, can work together on a solid team daily and who are willing to stay within an organization for a long period of time.

WHY HUMAN CAPITAL AND EMPLOYEE ENGAGEMENT?

More and more organizations are announcing plans to manage their human capital strategically and to see the cultivation and investments in human capital as an opportunity to improve their market position. Furthermore, the next challenge for organizations is how to align the human capital assets with strategic implementations and business strategies, in order to create sustainable value for the organization.

Employee engagement has become a popular term for academics, practitioners, consultants and companies over the years. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. This difference appears in the numbers, as well. Business organizations with engaged employees has 51% higher productivity, 3% higher revenue growth, 4% higher profitability and 9% higher shareholder returns. Employees who are engaged will work harder, will be more committed, and are more likely to go ‘above and beyond’ the requirements and expectations of their work. A figure from Bernthal (2005) shows that a higher level of engagement will decrease the turn-over’s of employees in organizations.

![Figure 1: Engagement level vs. Turnover likelihood](Bernthal, 2005)
MEASUREMENT OF EMPLOYEE ENGAGEMENT INDICATORS

The company examined in this study is named PT Aneka Tambang Tbk (Antam), and operates in the mining and metals segment. It is engaged in the exploration, excavation, processing and marketing of gold, silver, nickel ore, ferronickel, bauxite, and iron sands. The company’s main office is located in Jakarta and its operations spread throughout the mineral-rich Indonesian archipelago (Jakarta, West Java, Kepulauan Riau, Central Java, Sulawesi and North Maluku).

In order to obtain the data, we delivered 1274 questionnaires to management and operational staffs, throughout all Indonesian branches. We asked the respondents how they felt about their workplaces. In the section “Dimensions of Individual Value,” respondents answered whether they felt able to make a unique contribution, experience empowerment, and have opportunities for personal growth. In “Interpersonal support,” we asked if they worked in a safe, cooperative environment. In “Focused work,” we asked if they felt they enjoyed clear direction, performance accountability, and an efficient work environment (Bernthal, 2005; Robinson, 2007). Despite the large number of questionnaires we distributed, we received 799 valid questionnaires in response.

FINDINGS AND ANALYSIS

The table below displays the results of the analysis of the respondents’ perspective regarding the most important factors in engagement.

Table 1. Employee engagement variables based on unit’s perspective

<table>
<thead>
<tr>
<th>UNIT</th>
<th>HIGHEST INDEX</th>
<th>LOWEST INDEX</th>
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<tbody>
<tr>
<td>Nickel</td>
<td>Current Career Intention (2.43)</td>
<td>Feeling valued &amp; involved (1.30)</td>
</tr>
<tr>
<td>Baucsite</td>
<td>Current Career Intention (2.84)</td>
<td>Feeling valued &amp; involved (1.28)</td>
</tr>
<tr>
<td>Gold</td>
<td>Current Career Intention (2.42)</td>
<td>Feeling valued &amp; involved (1.31)</td>
</tr>
<tr>
<td>Geomin</td>
<td>Current Career Intention (3.92)</td>
<td>Equal Opportunities &amp; Fair Treatment (1.23)</td>
</tr>
<tr>
<td>Logam Mulia</td>
<td>Communication (2.55)</td>
<td>Feeling valued &amp; involved (1.28)</td>
</tr>
<tr>
<td>Main Office</td>
<td>Equal Opportunities &amp; Fair Treatment (4.92)</td>
<td>Immediate Management (1.51)</td>
</tr>
<tr>
<td>Cilacap</td>
<td>Current Career Intention (2.15)</td>
<td>Training, development, career (1.00)</td>
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</tbody>
</table>
The index column shows how well the general employee believes that they can be engaged by the company using these factors. The number at the highest level of the index shows that these factors are more powerful than those at the low end of the index. The findings showed that current career intention, equal opportunity and fair treatment, and communication were the most important factors. Current career intention can be translated as “employee development,” as it is similar to the process of developing employee skill, knowledge and experience. To retain talented employees, equal opportunity and fair treatment are extremely serious areas that need particular attention from management. The company has to create transparent promotion opportunities and career paths for all employees, without gaps or discriminations regarding gender or culture. A lack of communication can lead to distrust, dissatisfaction, and unwanted turnover. Employee engagement changes with satisfaction and /or commitment. Engagement is active behaviour, while satisfaction/commitment is passive behaviour. Engaged employees are willing to give a positive contribution in ideas and real action, staying in the organization for a long period, even though they may not always be satisfied with some part of the organization. Nevertheless, satisfied/committed employees are not necessarily engaged employees and only take advantage of the organization’s facilities and are not willing to contribute actively. Employees feel engaged when they find personal meaning, high motivation in their work, receive positive interpersonal support and work in a conducive work environment. There is a difference in the behaviours of engaged and disengaged employees, as well as in their productivity. The engaged employees are more competitive and productive, demonstrate high effort, motivation, and lower absenteeism, and are willing to stay longer in the company.

Consequences and Suggestions

Many companies and managers recognize that employee engagement and human capital are critical factors in the achievement of organizational competitiveness. Human resource management treats them simultaneously with effective policies and strategies. Nevertheless, knowing and understanding diversity of every kind must be a focus for management before they implement any policies or decisions. Human resources management and managers have to manage employees by being respectful and equitable. It is not always easy to handle employees who come from several cultural backgrounds. Sometimes management must prepare more than a single approach and strategy.

In order to improve the employee engagement level, management should:

1. Be fair and friendly, ensuring equal positions for all employees, to discuss and prevent the root problems of employees’ dissatisfaction with the organization.
2. Actively involve the employees in making strategic decisions.

3. Improve performance appraisal management and career path development based on transparency, fairness and equality for all employees. This procedural and distributive justice makes employees more satisfied and more willing to engage in the organization.

4. Aware and consider employees' work-life balance. Employees need sufficient and special time for their personal life and family after they spend all day at their job.

REFERENCES


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Where are you now?
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SOME ESSENTIAL REFLECTIONS ON INTERCULTURAL DIALOGUE AND ITS POTENTIAL

Despite being a fuzzy inter-, trans-, and multi-disciplinary concept, intercultural dialogue is increasingly referred to as an effective tool to address, at least partly, some of the major challenges in contemporary multicultural societies and to foster the development of an inclusive, active and plural relationship among the cultural, religious, traditional and linguistic diversities of which these societies, especially in the West, are comprised.

The aim of this brief article is to reflect on the actual significance of intercultural dialogue underlining, in particular, its essential relationship with the international human rights paradigm. Educational initiatives will finally be discussed, among the other intercultural dialogue fields of development, as the most relevant example of the potential of this approach.

Development and success of the notion

With its promotion started formally by the United Nations General Assembly by the end of the 90s (but under the different label “dialogue among civilisations”), the international commitment for the promotion of intercultural dialogue has reached momentum especially following the terror attacks of September 11, 2001 when the urgent necessity emerged to face, in form and essence, the dangerous advancement of the “clash of civilisations” as theorised by S. P. Huntington in his

In this article, Mr. de Perini discusses the roots of intercultural dialogue and what is needed in order to go from just talking to sharing values; the ultimate goal of intercultural dialogue.

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famous article dated 1993. Since then, initiatives and projects for the promotion of intercultural dialogue have been included in the agendas of all the major international organisations and their agencies, as well as, of local authorities and civil society networks in every region of the world. Thus, the United Nations and UNESCO (at the global level), the Council of Europe, the Arab League’s Educational, Cultural and Social Organisation (ALECSO), the European Union, the Organisation for the Islamic Conference’s Educational, Scientific and Cultural Organisation (ISESCO), the Euromediterranean Partnership/Union for the Mediterranean (at the regional level) and many other institutions worldwide have developed their own dialogic strategies, created specific bodies and mechanisms to enforce and monitor them, and signed agreements to make their efforts a globally shared and universally promoted commitment to return the negative effects of globalisation and the feared risk of an actual clash among world cultures. Since 2007, best practises and ideas about the development of intercultural dialogue have been further exchanged and discussed under the umbrella of the more recent UN Alliance of Civilisations, especially through annual forums and bi- and multi-lateral operative memoranda of understanding.

As a consequence, although differences arise in their interpretation of both methodologies and roles of the actors involved, it is possible to identify some common elements among these initiatives: the essential anchorage to the universal human rights paradigm, the driving role attributed to transnational civil society networks, the respect of the principle of the equal dignity of every culture/civilisation and, thus, of cultural diversity. These elements are generally applied in common fields of action, namely: intercultural education and youth, interreligious dialogue, migrations, media and communication, history, arts and culture, coexistence. However, beyond any formal classification, all these fields interconnect mutually in the promotion of dialogue among cultures.

Despite the impressive global spread, however, intercultural dialogue has remained a fuzzy notion and it is quite difficult to denote with precision what it is in essence. Support can be found in the several excellent definitions which have been provided in the latest years, especially in Europe, by regional organisations (for example in the Council of Europe’s White Paper on Intercultural Dialogue2), civil society networks (as in the “Rainbow paper” by the Platform for Intercultural Europe3) and by teams of scholars and researchers (for example the major European Union research project on

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intercultural dialogue and citizenship4 and the ERICarts report “Shared Diversity” 5). These documents also provide insights, proposals and best practices about the concrete development of this notion.

Dialogue, culture and the intercultural approach

Rather than at its definition (a synthesis), this contribution is aimed at focusing on a deeper reflection on the significances of intercultural dialogue, for which a useful starting point might be a reflection on the three concepts implied in the broader notion: “dialogue”, “culture” and “intercultural approach”. These three concepts will be thus discussed with a constant view to the contributions they bring in their final assembling.

The concept of “dialogue” indicates, drawing from the ERICarts report, the idea of an interactive communication between individuals and groups, which can involve creative abilities that convert challenges and insights into processes of creative transformation and innovation and, then, into diverse cultural expressions. Interaction is thus the key element but, in order to be effective, it cannot be made just for the sake of exchanging views and it should occur in an environment where daily encounters among people from different cultures take place, as for example in the cities and in their public infrastructures such as schools, markets, sport clubs and streets. Indeed, if we ask ourselves what the final aim of intercultural dialogue is, it is evident that the answer cannot be just “to exchange opinions with people from different backgrounds” or “to learn something new about the other”. It needs to imply a more action-oriented interaction. As clearly stated in the general conclusions of the major European research project on intercultural dialogue and citizenship mentioned above, the final aim of intercultural dialogue is rather to be found in an effort to “motivate individuals and groups of different cultures to share universal values by doing together” 6.

The second concept implied in the notion is “culture”, which is to be intended – as frequently underlined in reports and research outcomes on the issue – in its wider anthropological meaning, not just in its classical conception as a sum of knowledge in the fields of literature, painting, music, art, architecture, writing, entertainments and all the elements constituting and shaping daily life for most of ordinary people. Differently, it is to be understood as a dynamic interaction of historical, spiritual, intellectual, material, artistic features and aptitudes which are source of people’s internal strength and external pride. As a consequence, it becomes even clearer that the central participant to this


6 Bekemans L. et al., op. cit., p. 654.
A close linkage: intercultural dialogue and human rights

By assembling the three concepts briefly analysed above, the result is a broad understanding of intercultural dialogue as a series of action-oriented interactions among people from different cultural, linguistic and religious backgrounds, which pay the utmost attention to the principles of the equal importance of all world cultures/civilisations, the respect of cultural diversity and the dignity of the human person, on the basis of common goals.

Accordingly, the application of this theoretical framework allows a dialectic synthesis between relativism and universalism since, on the one hand, it recognises and sets as its fundamental basic principle the acceptance and the respect of the diversity of each culture and, on the other hand, it recognises that all cultures have equal dignity and are rooted in universal values.

Therefore, since intercultural dialogue is based on those principles and on the centrality of the human being, it is not surprising that “it is unanimously assumed that human rights [...] provide the code of communicative symbols, therefore they offer a ‘transcultural’ instrument to help the transition from the potentially conflictual phase of ‘multi-culturality’, to the dialogic (potentially cooperative) stage of ‘inter-culturality’”8.

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7 Council of Europe, op. cit., p. 19.

This position is reflected, either implicitly or explicitly, in all the core reference documents of the international and regional organisations and institutions such as, just to bring some examples in a reverse chronological order, the already mentioned Council of Europe’s White Paper (2008), the Report of the High Level Group on the UN Alliance of Civilisations (2006) 9, the UNESCO’s Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005) 10, the European Union’s Symposium on intercultural dialogue (held in 2002) and the following conferences on the issue11, the UN General Assembly’s Resolution 55/6 on a Global agenda for dialogue among the civilisations (2001) 12, and the ISESCO’s Tehran Declaration on Dialogue among civilisations (1999)13. It is important at this point to emphasize that, despite being generally organised and supported by intergovernmental bodies, all these documents have been drafted and adopted also thanks to the contribution of eminent scholars, civil society representatives, enlightened politicians and thinkers.

**Education: food for dialogue**

Once theoretically analysed the scope of intercultural dialogue, it is time to focus on the activities that allow its transformation into a concrete, operative action. Indeed, without a practical application, intercultural dialogue would be only an abstract definition, although very intriguing. In other words: which activities lend themselves to make people from other backgrounds work together to share the common outcomes of their work? As anticipated before, several fields of action have been identified by organisations and networks. Probably, the most representative is that of education, which is certainly to be intended as directed to the youth, but also to the educators themselves. Paradoxically indeed, the first and utmost condition for dialogue among people from different cultures (but this is true for any kind of dialogue), is the basic existence of a wish to undertake it. Beyond this, specific expertise is needed to conduct it within a perspective of mutual respect and understanding. Educators are thus included among the targets of intercultural education strategies. Their role is to develop the proper grounding to educate young people not only to values such as tolerance, human rights and respect for the others – which are clearly essential for any intercultural approach –, but also to transmit the necessary critical sense to make them prepared to deal with the diversity.

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them able to move in a maze of cultural relativism and to reflect on the nature of the stereotypical perception that one has of the others. Implicitly, such an educational opportunity would encourage dialogue among young students naturally, without imposing or proposing any further external motivation.

For all these reasons it is opportune to focus on measures aimed at promoting exchanges and lifelong learning programmes among people (young and less young) belonging to different cultural and religious contexts and to orient intercultural dialogue toward the creation of policies, programmes and initiatives not only in the specific area of culture, but obliquely, crossing all the fields of action among which education presents itself as the most strategic and indispensable.

In conclusion, if we consider, with an image, intercultural dialogue as a living creature, who needs to be fed and supported daily in order not only to survive but also to flourish, education, whether to intercultural dialogue or – because of the strong link highlighted above – to human rights, constitutes the healthiest and the most nourishing food that may be provided.
EUROPE: A ROLE MODEL APPROACH TO GLOBAL CHALLENGES

Winner of this edition’s student entry: Matthias Kumberger

Writing about *change* first of all made me look for a useful definition. *Change* seemed to be a little outdated for a long time. It re-entered headlines and minds around the globe within the last months as people in North African claim their *change*.

Until 1989 the bipolarity of the world made it clear that *change* was just allowed as a question of politics of the day. And when the iron curtain fell many thought it was the long awaited true but final, last *change*. The end of the classic east-western conflict seemed to have proved that the *one* western model of society was the fittest. Thus the world seemed to have reached a more or less final state.

But it was soon clear that Francis Fukuyama’s *End of History* and the promised *peace dividend* would not become a reality. It is futile to put all the examples on record. But it is undoubted that our world lacks clear good and evil labels and at the same time offers real time exchange and investigation via internet unlike eras before. Hence it has become a warehouse offering various approaches to everyone while we are facing turmoil on several front-lines.

**Change, Competition and Disorientation**

Wall Street and *its approach* led to the worst financial and economic crisis after the great depression, and now, as our social security systems have problems
coping with demographic change and as we are stuck in Afghanistan, China registers one of the highest economic growth rates. In an age of catching up economies and peoples who justifiably demand their share you might wonder whether our post-war lives were just an episode that might be about to end. May other concepts be fitter, more efficient and effective? The core question therefore is: Does the Western approach to life have a comparative advantage in terms of dealing with change over the other approaches? In short, I believe the answer is: Yes!

Focusing on Europe - What makes the difference?

Education, culture, training. Three words that are quasi-synonyms for those who doubt Europe’s competitive spirit. But which one offers a true and sustainable adaptive option? Is it really the hit and run training or could it rather be through “thorough” higher education?

Watch out: Many might agree that Chinese American professor and book writer Amy Chua does not really offer up-to-date solutions to get a next generation fit for change by proclaiming tiger mum techniques. But at the same time students around the globe look for customized and tailored-to-a-purpose study programs that provide them with ready for the market education.

I had my epiphany thereby in early 2010 when I accidentally watched a TV-interview with Ottmar Hitzfeld, one of Germany’s top football coaches. Although football had never been of any true interest for me I now wondered what exactly made him so successful. Like about any other profession one could find tons of information about how to become a football coach in enough libraries around the globe. But there had to be more to it than just pure knowledge from the books otherwise everyone could become a Hitzfeld. So what about talent?

Without claiming that talent is not part of the equation it must be doubted that successful people’s achievements just derive from talent. In fact it seems to be the result of a process, of a development. Is there a pattern? An approach?

You can fake products but can you fake innovation?

It is the approach to problem solving and dealing with challenges in its occurrence in concrete situations as well as a society’s model to face its future. So what are the opposing corners? Problem solving can thus be seen as applying an algorithm whose “source code” is known or it can be seen as a function whose term is far more complex and hard or impossible to decode completely.
So what is this assumed special European approach? What is available to us today are two basic or even constitutive pillars of approach:

The first one is the we-agree-to-disagree attitude. This is a part of many decision-making processes that is based on parliamentary-like exchange of positions and perspectives. Like the historian Carr\(^\text{14}\) said about writing history: It is as if one tried to climb a mountain. Meaning in this context that you can see the problem, i.e. the peak, but one can chose many different ways and trails of ascending.

This is by far not as theoretic as it may seem. The principle is reflected for example by continuous discussions about the degree of freedom on the markets. The financial crisis just keeps on confronting us with this question and the current deficiencies of our system. And now national governments and countless factions, lobbies and stakeholders try to get their point across.

To find a little elucidation just take the rational and mathematical approach describing economic reality like in Mankiw’s Principles of Economics\(^\text{15}\); just to find its real-life boundaries in Sen’s Development as Freedom\(^\text{16}\). So who is right? Both; to an extent. And both deduced their findings again within interdisciplinary patterns. This leads to the second pillar: Best-practice is the result of a mixture of logic assessment and diffuse, unknown stimuli that came across our lives (see Hitzfeld above).

**Better solutions through lack of efficiency.**

The first pillar is quite understandable. Discussion and exchange create solutions. Although as constitutive as the second one this part of the approach is not that often questioned. Observers just remark sometimes that the advantage of economies like China is that they do not have to consider and integrate dissenting opinions and therefore are quicker and straighter when making decisions and in the aftermath implementing them. However in the long run this is a misbelief because if you cut off crucial perspectives you will not get the best solution possible. Institutionalized and hence forced inclusion of different perspectives creates benefit. That way the long term effectiveness is increased by short term lowered efficiency.

**European mind-set as a result of diffuse input.**

The second pillar though is a lot more under fire. Although it is essential to our comparative advantage and almost uncopyable while highly effective. Let’s get back to Ottmar Hitzfeld. Now how could he become such a successful football coach? Those in favour of the algorithmic view would be eager to say the function is known with its exact term. To make a football team win is thus the result of specified amounts of gymnastics,

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\(^{16}\) Amartya Sen: Development as Freedom (2001)
leadership measures, alimentation and fighting spirit motivation techniques; easy or at least possible to copy. The mentioned features are not wrong, but how can you copy them exactly? There is no recipe with specifications in grams, amount etc. In fact it is a function of which the precise term is only partly apparent. For Hitzfeld, it might have been an opera visit, sports, a history documentary, novels or his family.

A changing world needs more not less Europe.

To be able to sustainably cope with future change Europe needs to stay on its tracks. Strategic control and course adjustments are surely an important part of this ongoing process. But what emerged from our long history is precious and more than ever very useful. It is our comparative advantage. This advantage is hard to copy but easy to lose. So it is up to us to make the difference.

Checking the correctness of this approach – especially for the future – is by the way rather easy: Whenever we discuss the challenges mentioned at the beginning, what do these discussions all have in common? They always link formerly more or less disjoined fields of life. Foreign aid together with security, free markets with social security, sustainability with profitability.

Again, the whole process of problem solving can’t be described as a copyable algorithm. It should rather be seen as a function whose term is unclear. The independent variables in this function are both mostly unknown in nature and number. But they are an integral part of a truly successful result. It is just like with vitamin pills. They can be effective but they can never replace a balanced diet. Inter alia because we do not even know what specifically is in our food and what it is good for.

Apart from comparative advantages there is of course another sphere which is not less important and might also need shelter: The normative world. Our rejection of Chua’s approach is also a question of politics and policies as we do not want live in her world of constraints and pressure.

Summing it up: Successful and sustainable change adaptability is not only an unknown function, it is a civilization, an approach to life. Adaptive options; we need them more than ever. All we have to do is make sure that we don’t get too streamlined.
If you have an interesting thought-line on how change is affecting you, our universities, academic curriculums, jobs, social patterns or countries/the world at large, then AO would be more than pleased to receive your thoughts for publication in the upcoming edition of Adaptive Options.

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