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ADAPTIVE OPTIONS

When Change Is Not Enough.....

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Adaptive Options

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Welcome to the Editor's corner

Recently, upon a guest lecturing tour that I was on, I was reminded how quickly one gets “outdated” if not actively staying tuned in to the world of technological advancements. Having always thought I was fairly IT savvy, I was stupefied by a (when judged from my students perspectives) simple set of remotes and machines which, at a conservative estimate had about 17,000 different buttons I could press, I was not able to operate. Wanting to get my presentation on the overhead projector was no longer a simple task. The result: lights flickered on and off in disco fashion, shutters slammed up and down, speakers bombarded the room with static friction and I may even have beamed one or two students into space. In one swooping motion, I had joined the IT illiterates. As this occurred, students started off regarding me with general amusement, which quickly turned to bewilderment and ending with genuine sad looks of concern for my wellbeing in an IT dominated world.

Change, and the ability to adapt, has always been important, but I dare say, in the midst of this amazing IT revolution that we are undergoing, being able to adapt quickly is not only more challenging but also more important than ever; as my example illustrates, a short absence of not staying abreast with IT developments left me in the dust.

Addressing such rapidly changing environments thus warrants the need for adaptive options now more than ever. With this thought-line set, I am very excited to bring you six excellent contributions within this edition of Adaptive Options that provide renewed perspectives on how we can tackle our rapidly changing environments.

The lead article, by Harris Friedman, captures the true essence of adaptability. By applying entrepreneurial approaches within the field of psychology, he was not only able to provide benefit for his community, but also help himself find a career path that provided more meaning to him than traditional psychological approaches would have.

Cezar Scarlat follows this article with insight into how change management can fail, if the conditions are not right. Basing his experiences on lessons learnt from implementing a major project into a major Romanian public administrative body, we get reminded how tricky the change process can be, especially when your lead partner is heavily influenced by a political agenda.

Sharon G. Mijares contributes to this edition of Adaptive Option with a very interesting article on how gender differences influences the ability to adapt to change. By drawing parallels with several examples through history, Sharon demonstrates the benefits of further female involvement in the change process that are currently mainly male dominated.

Gorazd Sedmak follows this article with insight into the Slovenian hospitality and tourism industry and poses the very relevant question “why are the Slovenian hospitality companies so poorly networked?” In his article Gorazd shows how a willingness towards more cooperation within the industry would greatly benefit this small coastal region.

Winner of this edition's student contribution is Michael Roos who looks at the changing conditions facing the German labour market today and assesses the pros and cons of this from the perspective of a young German soon to enter the German workforce. Several mature thought-lines are proposed on how increased job insecurity may not necessarily be detrimental.

The final article by Rune Gulev and Hanna Lierse is an opinionated retort to the recent debates focusing on the Euro zone's financial instability. With these excellent contributions in store, I wish you happy readings and welcome you to the Spring 2010 edition of Adaptive Options.

Rune Ellemose Gulev
Editor



Adaptively Becoming a Psychopreneur

By Harris Friedman

In this article, Dr. Friedman, by drawing from his personal experiences with being entrepreneurial within his field, discusses the benefits that he was able to derive from daring to think and act differently than the norm for a psychologist. His positive experiences act as encouragement for others to dare to be atypical.

“Psychopreneur” is a neologism I use to refer to one who utilizes entrepreneurial approaches in delivering psychological, or related, services. I long had a desire to find diverse ways to be a psychologist. In fact, the thought of doing full-time psychotherapy and/or psychological assessments, the two activities that constitute much of traditional psychological practice, seemed to lack sustainable excitement for me. I also recognized that this type of practice would limit my income, since there are only so many hours available to directly deliver services, as well as the impact of my work in terms of “doing good.” So, when starting a private practice, I decided to limit my direct delivery of traditional psychological services to half-time and to seek other psychological, or related, opportunities to enhance my professional satisfaction. Some psychologists who share this feeling have simply developed secondary careers apart from psychology, such as several I know who do quite well selling real estate, but I remained focused on opportunities related to what I know best, psychology. So I share the story of how I first cleaned up in the psychology business as a psychopreneur, and where this has led me.

After being initially licensed as a psychologist in the early 1980s, I started a private practice and also received a small consulting contract to work with a state mental retardation facility. My consulting role involved assessing clients in this facility, as well as chairing habilitation committees to guide in out-placing clients into less restrictive community settings during a time of rapid deinstitutionalization—as there was more work than the one licensed psychologist employed with the facility could do. As a consultant, I scheduled this institutional work around my newly developing psychological practice, which primarily involved delivering outpatient psychotherapy, and I greatly enjoyed the opportunity to get out of my office and engage in the leadership role of chairing these habilitation committees.

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This paper is based on an earlier version: Friedman, H. (2006). Becoming a psychopreneur (or how I cleaned up in the psychology business). *Florida Psychologist*, 57(1), 15-16; 37-38.

In performing this consulting role, I learned that the facility was in danger of losing its federal license during this time of rapid transition, something that would have devastating financial ramifications. There were many problems at the facility that had to be addressed to keep this important federal license, one of least being that the workers who cleaned the facility had grown overly complacent and the facility did not meet standards of cleanliness. Many of these workers had been employed at the same janitorial jobs for decades and just were not amenable to changing their habits, in some ways being nearly as institutionalized as the facility's residents. Simply stated, despite many efforts to change these workers productivity, the janitorial work was not being done to the satisfaction of the federal inspectors. The facility's management decided that the only reasonable solution was to outsource these janitorial services, while finding other positions for these workers (e.g., as program aides).

I was thinking about expanding my practice and looking for whatever opportunities might present, so I began to make some creative leaps. I acknowledged that I knew nothing about janitorial services and had absolutely no interest in learning anything in this area. Nevertheless I literally smelled an opportunity. I recalled that a friend had shared that he had some experience with providing janitorial services, though he was currently employed in another line of work, and I sought him out to just talk about this opportunity. He assured me he had the needed skills to do the job, but that he did not possess the needed talent for obtaining a project of this magnitude, such as in writing a viable bid to provide a large service within a highly bureaucratic structure.

So, encouraged a little, I explored further and discovered that this opportunity was soon to be going out for bids and that there would be much com-

petition, especially from a very large firm that provided high quality janitorial services to institutions nationwide. This firm was very professionally organized, had deep pockets, and much experience in running a bottom-line business. I wondered, how could I, as a psychologist completely out of my element, ever hope to compete with it? And what on earth could I be thinking to even want to get into this business, perceived by many as low status and dirty (which it undeniably was), when I was a new doctoral-level professional. My wife and many of my friends concluded I was over the edge from post-dissertation and post-licensure insanity, engaging in a flight from psychological reality. But the opportunity beckoned irresistibly and I began to ruminate on possibilities.

Then it occurred to me, an out-of-the-box solution. I had previously been a consultant in delivering job skills training for a local government agency that helped chronically unemployed people seek employment. I knew that this agency had ample funds to cover job-transition programs. So I contacted the agency and was able to arrange a potential deal to start a program in which I would train people in job-seeking skills through giving them supported employment (i.e., through working as janitors), contingent on my receiving the contract. The agency agreed to recruit unemployed people from their eligibility lists and pay half their salary for up to six months while I trained them. Of course, these would be people that essentially no one else had wanted to hire and would present with many problems, like mental illness and alcoholism, but I could screen and select from among those eligible. And, as a psychologist, I thought who would be better in working with these troubled individuals?

This possibility solved several problems. I would now have a basis

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for a competitive advantage over the more established janitorial companies, since I could underbid them through this salary supplement that enabled cheaper labor. And I could also use my psychological skills in delivering the job-seeking skills training, building off my professional strengths in an area in which I otherwise had less to offer than the competition. In addition, that the salaries were only to be supplemented for six months for each employee appeared initially to me as a problem, but soon I began to see this as a great incentive. I could train these previously unemployable people with needed job-seeking skills and then outpace them in private sector jobs within six months. This employee turn-around could result in being able to have a steady stream of salary-supplemented janitors and thus keeping the competitive advantage ongoing. I was excited at the opportunity to apply what seemed to be an interesting synergistic approach to a business that would use my psychology background in a very challenging way.

As an aside, psychologists are frequently indoctrinated with an inherent bias to play it safe. This makes sense when people's lives are at stake in delivering professional psychological services, but it makes for being a poor business person—since some risk taking is absolutely needed to garner success as a psychopreneur. I had to do some real soul searching to risk going for this opportunity, especially since it required putting up considerable seed money that I had to borrow.

When I bid on the contract, the facility's management was as skeptical as my family and most of my friends had been. What could a psychologist know about janitorial services and why was I even interested in this? It simply made no sense to them, but I was the lowest bidder and it was difficult for them to award to a higher, though more established and admittedly more qualified, bidder. I was accused of low-balling the bid. The facility's federal funding was on the line and, if I did not deliver the goods, not only would I be in financial trouble, but there could be a lot of other people's well being jeopardized. However, the government's rules stated that the bid was supposed to go to the lowest bidder and I did not back down, being confident I could deliver the service—though I did have a few sleepless nights of private doubt.

A compromise was worked out. I was given the contract for a small portion of the janitorial services, as a trial. The major competing large janitorial company, though it had bid significantly

higher, was given a similar—but better paying—small contract, while the state continued to clean the rest of the facility with its own employees. If I could provide the service adequately during this test period, the entire contract would become mine; otherwise the large company would get it all.

I did perform adequately, largely due to the tremendous help of my friend who became the working supervisor. After that, I received and ran this contract for 3 years, while building my private psychological practice to the half-time goal that I had set for it. This janitorial contract eventually grew to involve over 50 full-time workers, including a staff of supervisors and job coaches. I really enjoyed the diverse work it involved, especially the hands-on training of employees in basic skills, such as time management and even personal grooming, needed for successful job seeking. This became a win-win-win scenario as the facility received a quality service for a bargain price, many of the janitorial employees were able to benefit, and so did I. Incidentally, after the three years, I turned the program back over to the facility and my remaining employees became hired by the state.

This brief case study of my first effort as a psychopreneur illustrates some basic principles that I have since followed. They involve being open to perceiving an opportunity when it presents itself, being innovative in conceptualizing how the opportunity could be utilized—including making connections between what psychological skills might give an advantage in pursuing the opportunity, and doing something that was not solely monetarily-driven but, rather, also allowed others to gain benefit.

Since this first psychopreneurial effort, I went on to explore many similar opportunities. Adding to the principles mentioned previously, I learned to do more than just actively scan for opportunities, namely how to actively make opportunities happen. For example, at this same facility I noticed that deinstitutionalized clients did not have adequate social supports in the community when they left the protection of the institution, so I proposed a case management service that I started with a small pilot program, initially employing two master's-level case managers; this later grew into another large project employing over 50 case managers and support people who served not just mentally retarded clients, but also severely emotionally disturbed children (see Friedman, 2002). I also became more committed to doing these types of projects not just for personal gain, so I learned how

to work with creating nonprofit organizations and launching them into independent existences to meet the needs of various underserved populations that psychologists were usually reluctant to help (see Friedman, 2003). In this regard, after successfully managing this case management project for over a decade, I turned it over to a nonprofit I created for that purpose.

I might mention that working through psychological-related businesses and nonprofits also allowed me to grow my private practice in a psychopreneurial way. I was able to hire psychologists and guarantee them work in these ancillary efforts while their private practice activities developed. So these types of programs became extensions of, and bolstered, my burgeoning practice, which at its peak had 5 offices in 4 southwest Florida cities and simultaneously employed up to 8 licensed psychologists and many more master's-level staff. In accord with my quest for diverse activities as a psychologist, I and my practice delivered psychological services in quite of a range of settings, including for a mental hospital, an Indian tribe, a prison, a hospital rehabilitation unit, a preschool intervention program, and an inpatient alcohol and substance abuse facility, to name just a few. My psychopreneurial efforts also involved my writing and receiving funding for numerous grants, as well as led me to personally pursue many diverse professional consulting roles, such as providing extensive forensic (e.g., witness preparation) and organizational (e.g., executive coaching) consulting. And I also particularly enjoyed mentoring many psychological residents who obtained licensure through my practice.

Much of the current wisdom on successful psychological practice emphasizes developing specialized practice niches, but frankly if I did the same activity every day in a specialized way, I would have been bored to tears. So this article's purpose is to help psychologists think more broadly, not narrowly, about the opportunities around them—and their own capacities to provide needed services that require psychological skills applied in innovative ways. With the continued growth of managed care and the ever-increasing competition from master's level mental health practitioners, the rewards (monetary and otherwise) of traditional psychological private practice have unfortunately decreased. Many psychologists are consequently seeking ways to change or enhance their practices. Hopefully this article will encourage other psychologists to consider functioning as psychopreneurs.

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Failing in Change Management: Lessons Learnt from a Romanian Case

By Cezar Scarlat

In this article Cezar Scarlat reflects upon his experiences with change management and how well intended change ideas are often trumped by peripheral issues.



ABSTRACT

This paper presents some insights from a technical assistance project, which has been implemented in Romania in 2006-2007 by an international consortium led by a British consulting company. This EU Phare project aimed at supporting a major Romanian central public administration body (ministry) - by technical assistance granted to that ministry in the area of organizational development and change management. The Project objectives were mostly matched. A major Project component consisted of training a team of change agents from the Ministry - in order to be able to sustain a subsequent organizational change process. The team was successfully selected and trained but... the organisational change has failed!

The paper emphasizes the reasons and some critical factors that have led to this end. There were a number of lessons learnt. A major one is that economic and management criteria give way to the political criterion. In order to succeed in a change management project, it is strongly recommended that all efforts (oriented towards organizational change in a certain subsystem) should be correlated with the restructuring of the system entirely. Otherwise, important human, material and financial resources are wasted, and time lost.

Between November 2006 and July 2007, the author has participated as an independent consultant in a TA (Technical Assistance) EU Phare Project aiming at supporting a major Romanian ministry by professional consulting services granted to that Ministry in the area of organizational development and change management. The team of national and international experts was selected by the Consultant (an international consortium led by a British consulting company - recommended by and experi-

enced in running several technical assistance projects in Romania, previously).

Anecdotally: the author had some hesitations before accepting the task - because it is largely accepted that it is almost impossible to change a public organisation like a ministry (mostly in a former centrally planned economy!) The task was finally undertaken for two reasons:

The Ministry was relatively small (and supposedly easier to change);

The Consultant's team of experts included a British management consultant whose CV has shown significant expertise in the change management area.

The Project and its Organisational Change component

The technical assistance Project - supporting the Ministry by professional consulting services - had several components.

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One of the Project components was aiming at organisational change: “Organisational development and change management”, which was supposed to be implemented in 2007. For this purpose, a team of “change agents” had to be trained – in order to be able to implement a new organisational structure, more *flexible* and *efficient*. The change agents were carefully selected by the Consultant’s team of experts, according to a set of criteria, after professional interviews. On the other hand, the new organisational structure had to be designed, in order to better match the efficiency criteria and correspond to the Ministry role and mission. Both sides of the Organisational Change component required a great deal of intense interviews.

Start of the Project amid confusion and resistance to change

In principle, the top management of the Ministry agreed with the Consultant to have a more flexible and efficient structure. However, the interviews with the Ministry’s staff members were extremely difficult to schedule and – when scheduled – the interviewees were proposing ideas of change related to... the enlargement of the existing structure – in that sense of more regional centres (local structures, sub-ordinated to the central authority). In other words, the change was perceived as an opportunity for a larger bureaucracy.

A top manager – amid his good will and intentions – has clearly declared: “mission of our organisation is to observe the law” (sic!). No word about the real mission of the Ministry, which was supposed to design policies and strategies for business development; no word about the business community to be supposedly served by the Ministry; no word about the strategy of the organisation itself.

During the interviewing process, the first alarm red-signal blinked. A very young staff member (fresh university graduate, for just a few months in the current job), warmly recommended by the senior management of the Ministry – and supposedly dynamic and progressive spirit – has offered such an astonishing comment during his interview: “Oh, the change is not

possible because our Ministry does not have... procedures for change, nor necessary resources, etc, etc”. Briefly, the same wording that one is expecting from an old, rigid, and bored bureaucrat civil servant, ready to retire and having no career dreams anymore...

Other samples of astonishing answers displayed during the interviews:

- ✦ “Yes, I am eagerly expecting the change; the change of government. And then I will have a much better position” (!)
- ✦ “Yes, I am in favour of change: of course I need a better position, better paid” (lack of understanding of what change is about, actually) “I have nothing to say; please ask me and I will answer” (defensive and passive attitude).

It is worthy to notice that by that time, the population was already aware about the possible government reshuffling – associated with changes in cabinet, number of ministries and ministers. The civil servants were having a feeling of fear of change, perceived as a wave of unpleasant things to follow. “Restructuring is equal to firing” was very common. The interviewing itself was generally regarded by the interviewees as a necessary step in the process of human resource restructuring – commonly associated with laying off people. Under these tense circumstances, it is easier to understand the defensive attitude displayed by some of the interviewees.

To summarize:

- ✦ At declarative level, each Ministry staff member – from the minister to the doorman – agreed that there is a need for change.
- ✦ There was a general lack of understanding what change is really about.
- ✦ There were staff members who had a very limited understanding of change – in that sense of salary raise.
- ✦ Most of the people associated the change with administrative restructuring and laying off. Many interviewees associated the interviewing process with human resource appraisal in view to licence people off.

Project progress and its results

Started under these unfavourable auspices and tense environment, the Project continued, the team of change agents was selected by the Consultant and – consequently – the change agents have commenced the training programme. In parallel, in spite of all inconvenients and obstacles, the Consultant's team of experts in organisational change has properly designed the proposed organisational chart based on the Ministry's ideal vision, mission and strategy. Hard to find a better one!

The satisfaction of the job well done and foreseeable successful completion of the task were compensating the frustrations and supplementary efforts required at almost each step and every single activity of the Project. The alarm signals previously described have been considered as normal. Overall, the Project was progressing well towards reaching its goals. Finally, the Project objectives were matched as well as the sub-objectives of its Organisational Change component.

The conflict

Independently, parallel to the Project development, the spring of 2007 has brought the “expected unexpected”: the government reshuffling, following to the top-level political fights between the major political parties, which eventually reached to a political agreement. The decision to restructure the government was based on political criteria and the new government structure was mirroring that political accord.

On the new political map, the image of the Ministry has been seriously affected: it had to merge and actually dilute in the larger structure of another ministry. The new organisation chart was accordingly diminished and significantly different from the previous one. And, even worse, *the new organisation chart was clearly different from the one professionally designed by the team of experts of the Consultant.*

The new organizational chart had to be implemented by force of the law. It met resistance from the old structure but it was also conflicting the organizational chart which has been developed by the Consultant. Undoubtedly, the law has won and the new organisational structure has been implemented.

To conclude:

The Project objectives were mostly matched. The first task of the Organisational Change component of the Project was to develop a flexible and efficient organisational structure to better answer to the Ministry mission; the new organisational chart proposed by the Consultant was accepted by the beneficiary Ministry. The other task of the Organisational Change component was to train a team of change agents from the Ministry – in order to be able to sustain the organizational change process. The team was successfully selected and trained but... the organisational change has failed!

Parallel to the Project development, the spring of 2007 has brought the “expected unexpected”: the government reshuffling, following to the top-level political fights between the major political parties, which eventually reached to a political agreement.

Why failure?

There are two arguments to consider the Project's Organisational Change component as a failure:

The organisational chart proposed by the Consultant was not implemented – although it was accepted by the beneficiary Ministry. It remained just a piece of (high professional) exercise and... lesson learnt!

The team of (well trained) change agents has been vanished. Some of the team members eventually left the organisation.

It is also important to answer the key-question: how could this type of failure be avoided?

Discussion

The process of the organisational change has observed most of the principles of change management:

- Clear change strategy and objective;
- Agreement of the top management of the organisation;

- Clear change implementation plan;
- Existence of a team of change agents;
- Existence of a critical mass of change.

The success conditions might be further analyzed according to D. Pascall, who stated that change strategy is sustained by three pillars: organisation structure, culture, and processes.

Anyway, in the attempt to identify the main cause of this failure, it is critical to understand that the Ministry was between two restructuring forces – exercised from inside and outside, respectively (*Figure 1*):

- The organisational change triggered by the team of Change Agents (following to the mutual agreement between Ministry and Consultant), answering to the efficiency needs and designed based on strategic management principles;
- The administrative restructuring following to a government reshuffling – imposed by the new government team, observing political criteria. This administrative restructuring was imposed and implemented by law.

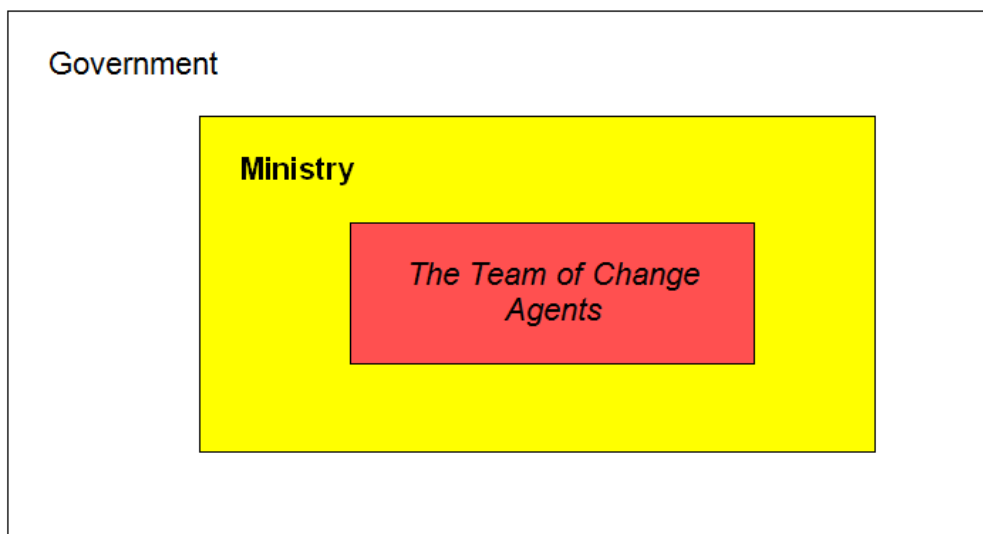


Figure 1. The Ministry between the organisation change triggered by the team of Change Agents and restructuring exercised by the Government reshuffling

Unfortunately, the two restructuring forces were not convergent – as they were determined by different types of criteria and reasons. They were neither conceptually correlated nor time-related.

Lessons Learnt

C1. Decision criteria at the level of the larger system (political reasons of the government) have priority over the decision criteria of the subsystem (economic / efficiency and managerial / flexibility reasons of the Ministry).

C2. The restructuring of the larger system (government, central public administration) seriously impacts the subsystems (Ministry) and induces within it organisational changes, regardless the subsystem's priorities.

C3. The actions of the larger system (government) are perceived by the subsystem (Ministry) as external factors; consequently, they are risk factors (outside the control of the Min-

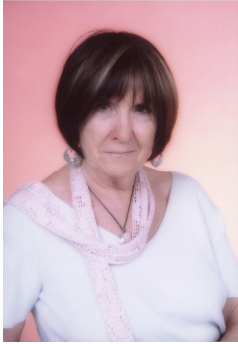
istry). However, the risk can be managed by better intelligence and communication.

C4. It is suggested that the efforts of the organisational change at the subsystem level (Ministry) to be correlated with the restructuring process of the larger system (government). Better two-way communication is a mitigation factor.

Conclusion

The managerial and economic criteria give way to the political criterion. In order to succeed in a change management project, it is strongly recommended that all efforts (oriented towards organizational change in a certain subsystem) to be correlated with the restructuring of the system entirely. Otherwise, important human, material and financial resources are wasted, and time lost.

On top of all these: it is hard to change a central public administration structure, as its culture is bureaucratic and strongly dependent on political factors.



Adapting to Change Is A Gender Issue

By Sharon G. Mijares, Ph.D.

In this article Sharon Mijares depicts the status quo of male domination in many fields ranging from the economy to world politics. The article not only taps in to many shortcomings inherent in our gender biased societies, but also relays the benefits of what a more egalitarian approach would bring.

Global trade has greatly expanded communication on all levels, for better and for worse. As evidenced by the environmental, economic and political problems facing us, it is obvious that this expansion requires more harmonious human interactions—especially if it is to be a win-win endeavor. This article suggests that adaptive interaction requires a shift in gender balance in order to both promote and sustain needed economic and leadership changes. It provides research and examples related to women and their contributions to resolving current environmental, dietary, economic and political problems.

Considering the massive changes impacting us on every aspect of social organization it is necessary that the feminine half of humanity be included in all decisions and efforts to move in healthier directions. Gender is an important factor to include in any discussion on adaptation and options for change in the 21st century in order to both promote and sustain needed economic and leadership changes. The paradigm of *one* person, gender, company or nation profiting at the loss of another appears to be leading us into chaos. Therefore, balancing gender has the potential to impact every level of human life for the better. It can provide the energetic and relational field in which new ideas and creative change are birthed.

Seventy-two years ago, the late Eleanor Roosevelt (1884-1962) recognized the dilemmas confronting us. She clearly saw the emerging crises when she wrote,

Every nation is watching the others on its borders, analyzing its own needs and striving to attain its ends with little consideration for the needs of its neighbors. Few people are sitting down dispassionately to go over the whole situation in an attempt to determine what present conditions are, or how they should be met.

In her book, *This Troubled World* (1938), Eleanor noted the value of women in promoting good relationships, the role of ethics, and, even more importantly (and *bravely* considering her prominent position), she noted the importance of a “love” that reached out beyond borders—caring for the entirety of humanity. She recognized that this motivation would enable economical, environmental, social and political behaviors that would benefit all people, other species and our planet. Eleanor believed, as do many others, that women have the potential to provide the qualities of what she called “brotherly love” as it has been absent in every facet of patriarchally- governed endeavors.

Perhaps the current crises will force us into a deeper form of caring for one another, and in this field—our innate human creativity will naturally emerge and provide new resources and ways for dealing with old problems. Certainly, human creativity and caring leadership are needed. Recently, when driving through the streets of San Diego and Alameda counties in California, I saw many empty buildings, locations that

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used to host a variety of businesses. It was easy to imagine the results of economic failure, the shattering of dreams and the impact of these losses on families—the suffering of so many people impacted by every vacant building. This is what Eleanor Roosevelt was talking about when she noted women’s capacity to include the impact on *relationships* in any relevant global discussion. Compassionate connectedness will allow for a more balanced and healthy adaptation to the paradigmatic changes occurring, as we move from the patriarchal organizational patterns that have dominated our world into a gender balanced model of human relationship. This means that equal representation of women is needed in all levels of social organization, including economic and political arenas.

In 1999, the World Bank published a *Policy Research Report on Gender and Development*, a document investigating the differences between men and women in relationship to corruption in government. It was revealed that,

“Numerous behavioral studies have found women to be more trust-worthy and public-spirited than men. These results suggest that women should be particularly effective in promoting honest government. Consistent with this hypothesis, we find that the greater the representation of women in parliament, the lower the level of corruption. We find this association in a large cross-section of countries; the result is robust to a wide range of specifications.”

This doesn’t mean that women are incorruptible; as both genders have contributed to and are part of this dying patriarchal social organization—and both genders are also part of the change. In their book, *Women, Gender, and World Politics*, Beckman and D’Amico discuss the biological differences existing between males and fe-

males, but also note that “gender characteristics are cultural creations, passed on to new members of a society [or religion] through a process called socialization.” Biological sex and gender are separate issues in regard to what constitutes a man or a woman, and these differ when comparing one culture with another. In their study, Beckman and D’Amico also included the obvious variations in each sex. For example, one male can be totally focused on power over others whereas another may lack the strength needed for leadership, but exhibit nurturing qualities (both are needed). The female could manifest total reliance on others for decision-making or evidence combative characteristics, or at a more developed level emanate both strength and concern for others. But, on the whole, patriarchal ideologies influencing political, economic policies, religious dogmas and cultural practices have assured that rigid gender models be maintained—and have thus hampered the wellbeing of many of our institutions.

Because of this, women have, by necessity, adapted to the male-dominated environment, repressing signs and feelings related to innate femininity, in order to obtain any level of success within it. Many women utilized masculine behaviors as it appeared to be the only way a woman could obtain a status of power in a chosen profession. This has been detrimental as it added to this energetic imbalance, and will no longer provide long term strategies for success.

Given the current economical and environmental crises, it is relevant to recognize that overall, women do not respond to stressors in the same manner as males. This is especially relevant if economic, environmental and political stressors lead to chaotic conditions. In our book, *The Root of All Evil: An Exposition of Preju-*

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dice, Fundamentalism and Gender Imbalance, we included a discussion of hormonal differences between males and females in regard to testosterone and oxytocin levels to support our theory that patriarchal ideology and the lack of gender balance was at the root of our current plight. Testosterone is more associated with fight vs. flight responses, and oxytocin with care-taking ones. In that evolutionary and environmental patterning have encouraged increased testosterone in males, and oxytocin in females, increasing the numbers of women in all threatened human endeavors provides the balance needed for new ways to deal with old problems. The unique qualities of the feminine can stir the pot, shift the direction of the stream, and create positive changes—the ones being discussed throughout this journal edition. Once the role and power of gender is fully understood, and included as a primary element of the global discourse, we will discontinue this practice of repeating and recreating the same problematic scenarios.

As an experiment, turn on any news channel covering current governmental decisions regarding health care and/or proposed and attempted resolutions of economic problems and you will notice that the majority of “decision-makers” are males. Listen and watch the decisions being made regarding ongoing wars and discussions on nuclear weapons and you will see the evidence of disproportionate gender imbalance. These same examples apply when considering the dangerous neglect of current environmental threats. Obviously, the current paradigm is doing little, if anything, to help the problem. One woman, the 2004 Nobel Peace laureate Wangari Maathai, initiated the Green Belt Movement in 1977 as one means of providing sustenance and income for the people of Kenya. First, she enlisted groups of women to grow and plant trees on farms. They also gave seedlings to nearby farmers, and ensured the farmers followed through on the project. This also provided a monetary reward in that,

“They received 1 shilling for each exotic tree they distributed and 2 shillings for indigenous/fruit trees as a token of appreciation for the work they were doing. By 1997, over 20 million trees had been planted and survived. This was seen both as a significant contribution to environmental conservation worldwide and a contribution to improving livelihoods; the trees provided income (through sale of timber, firewood, fodder, fruits), food (fruits), improved food productivity (because of improved soils), building materials, fencing materials, fencing materials and many other life benefits.”

Their website notes that “The mission of the Green Belt Movement International (GBMI) is to empower communities worldwide to protect the environment and to promote good governance and cultures of peace.”

Twenty-seven years ago a Japanese woman, Yumiko Otani, was thinking about diet and the fact that it cost considerable money and care to support the meat industry. She began thinking about the Shinto goddess, Ama-terasu Omikami, who was the embodiment and radiating force of the sun, nourishing the life force of all. This led to Yumiko’s theory that it is far healthier to eat the natural grains of the earth. Although her education has been in engineering, her creative

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insight and caring led her in a new direction. By 1996, she had published *Mirai-shoku [Future Food]: Surviving the Age of Environmental Pollution*, and started the Life Seed Campaign under the concept of “changing kitchens and farmland to enrich the Japanese diet with native grains”, and began organizing Tubu-Tubu Peace Food Seminars to teach her theories and skills with regard to foods that can revitalize the body. In 2000, she began introducing her concepts to international audiences, and by 2004 Tubu-Tubu Peace Foods were introduced at “Terra Madre”, a slow-food conference of 5,000 producers. She has also gone out of her way to hire and train women as one way of shifting the gender imbalance in Japan.

Gender inequality hinders development in business and economic realms. In fact, it has an impact upon “the rest of society and impedes [overall] development.” Thus this rigorous movement towards gender equality is spreading around the globe. Entrepreneur Margaret Heffernan is considered to be a business guru. In an interview with the BBC, she noted that corporate ways of dealing with the war as industry, mechanized companies and basically old paradigms of power over others simply doesn't work well with women. In her experience, women prefer a management style that is empathetic and that promotes positive relationship. According to Ms. Heffernan, “women have been low in social power in the workplace for a long time, and have learned how to read signals to ensure their survival. The skills found in women bosses - good radar, intuition, an ability to empathize, conducting not commanding and multi-tasking, not getting lost in the detail - are also the values that drive their companies.” She believes the capacity to be aware of changes in moods, attitudes, etc., is exactly what is needed considering the economic and business crises facing us. These women are less apt to follow old patterns and are more apt to adapt to both crisis and change in innovative ways.

Many nations are also establishing gender quotas in their parliaments. For some time, Sweden was leading this movement, as 47.3 of its women had been elected to parliamentary positions. More recently, Rwanda surpassed this by electing 56.3 percent women, a movement from 17% in 1995. In that women fill less than 19 percent of the world's parliamentary positions, there is a belief that this policy will facilitate much needed gender balance. In addressing this practice in Nordic societies, Birgetta Dahl, a former Speaker of Parliament in Sweden (1969-2002), noted that,

“The most interesting aspect of the Swedish Parliament is not that we have 45 per cent representation of women, but that a majority of women and men bring relevant social experience to the business of parliament. This is what makes a difference. Men bring with them experience of real life issues, of raising children, of running a home. They have broad perspectives and greater understanding. And women are allowed to be what we are, and to act according to our unique personalities. Neither men nor women have to conform to a traditional role. Women do not have to behave like men to have power; men do not have to behave like women to be allowed to care for their children. When this pattern becomes the norm, then we will see real change.”

Many women are being mentored by other women as they enter into these positions with the intention of enabling them to take leadership positions in non-patriarchal ways.

Increasing nations are also electing women into their highest offices. South America was the first to elect a female president, Isabel Peron, in 1974. Since that time, over 60 women have been elected as prime ministers or presidents in countries

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throughout the globe. In January 2006 two women were elected to presidency, When Ms. Johnson Sirleaf was elected to presidency in West Africa, and Michelle Bachelet in South America in January 2006, a New Times article noted that “unlike Margaret Thatcher and Golda Meir, the strong women of the previous generation, Ms. Bachelet [Chile] and Ms. Johnson Sirleaf [Liberia], have embraced what they have both called feminine virtues and offered them as precisely what countries emerging from the heartbreak of tyranny and strife need.”

It is up to these women, and all women entering leadership positions, to affirm non-patriarchal, more egalitarian styles of leadership rather than to repeat the same patterns that have founded current crises. But, perhaps the real changes will begin at communal levels. Along these lines prior Secretary General of the United Nations observed that;

“women, who know the price of conflict so well, are also often better equipped than men to prevent or resolve it. For generations, women have served as peace educators, both in their families and in their societies. They have proved instrumental in building bridges rather than walls. They have been crucial in preserving social order when communities have collapsed. We in the United Nations know, at first hand, the invaluable support women provide to our peace-keepers – by organizing committees, non-governmental organizations and church groups that help ease tensions, and by persuading their menfolk to accept peace.”

Leymah Gwobee’s example of “persuading their menfolk to accept peace” won international attention. Facing the warlord Charles Taylor directly, Leymah was able to both stop a war and get the men to the negotiating table. She and the women of Liberia created the Women in Peacebuilding Network (WIPNET), and initiated the Liberian Mass Action for Peace.

When the UN held its fifty-third session on the commission on the status of women, the gathering specifically addressed the positive role of women as “economic agents.” The session titled *Emerging issues, trends and new approaches to issues affecting the situation of women or equality between women and men: Gender perspectives of the financial crisis* noted that discrimination against women evoked economic loss. They also recognized that women had been excluded from higher education in many parts of the world, making the education of women a priority at this time. They affirmed that the creative change associated with entrepreneurship will be enhanced as women are able to move through any and all restrictions against their equality and authority in economic and leadership policies. The session affirmed the following:

all forms of de jure and de facto discrimination against women had to be addressed, in particular those that restricted women’s rights and opportunities to work. Women’s role as economic agents should be enhanced and steps should be taken to increase women’s income, which [will have] long term beneficial impacts for families, households and future generations

Neither men nor women have to conform to a traditional role. Women do not have to behave like men to have power; men do not have to behave like women to be allowed to care for their children. When this pattern becomes the norm, then we will see real change

Far more often than not, discussions on paradigmatic changes related to economical, business, social and political leadership are traditionally led by the male half of the global population. Many people believe that this paradigm no longer works, and that as the system crumbles a new social system will emerge—one that is more egalitarian in nature and that meets the needs of an authentically successful global paradigm. This will be possible if choices are made for the good of all concerned.

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Emerging issues, trends and new approaches to issues affecting the situation of women or equality between women and men: Gender perspectives of the financial crisis.



Networking In Hospitality Business – The Slovenian Experience

By Gorazd Sedmak

In this article Gorazd Sedmak reveals how a lack of networking within the Slovenian hospitality sector is acting as a real hurdle for economic progress within the industry. By illuminating which areas of inter-firm cooperation are lagging, and which excel, Gorazd takes an important step towards setting an agenda that addresses how networking among stakeholders of the Slovenian hospitality business can increase.

Industrial networking is formal or informal strategic or repeated cooperation amongst the companies aiming to achieve various business goals and competitive advantage (Gilmore, Carson and Rocks, 2006; Hanna, Walsh, 2008). The essence of networking is the linkage and exchange of two or more partners' resources on a voluntary basis. Relationships can be vertical – involving firms at different points of the value stream, or horizontal – between competitors. Networks are especially effective for the operators of small and medium businesses (SME). Since the vast majority of independent hospitality establishments belong to this group, networks are suitable for them too (Bowen, Jones, and Lockwood, 2006). Common benefits sought by companies participating in cooperative arrangements are: broadening of the resource base in terms of skills, technologies, reliable supplies and know-how, possibility of risk-sharing, combining complementary capabilities and profiting from economies of scale. Besides, facilitation of innovation in product or process design (including the development of standards), redefinition of service supply, sharing of employee training costs and en-

hancing possibilities for the introduction of more favourable legislation are also important advantages. The final goals that are pursued by the networking are higher sales volume, competitiveness, supply variety, and technological and organizational solutions.

The principal aim of the paper is to present the results of a preliminary research on the present state of networking, unexploited potentials and reasons for poor cooperation between firms in the hospitality sector. Hotel managers in the Slovenian littoral as (potential) members of informal networks and the president of the Assembly of the Slovenian Small Hotels Association (SSHA) as the representative of a formal network were interviewed for this purpose. Poor cooperation between hospitality companies and equally poor cooperation with other firms co-forming the integral tourism product (ITP) are among the most important obstacles for the implementation of the national tourism strategy in which strong destination management organization (DMO), private-public partnership and coherent ITP are recommended for the achievement of comparative advantage. While some attempts have been made in the area of

lodging establishments to form networks, restaurants, inns, bars and similar catering outlets still show very little interest in collaboration.

Tourism and hospitality on the Slovenian coast

Resorts in the coastal area are Slovenia's most important tourism destinations. Until the mid 80s they were typical mass tourism resorts in the late mature stage with a classical SSS (sea, sand and sun) product. After the number of visitors and the turnover started to fall in the early 90s hotel managers and local authorities started activities for the repositioning of the destination towards wellness and MICE (meetings, incentives, conferences, and events/exhibitions) tourism. Interestingly, restaurant managers did not follow the hoteliers and (with very few exceptions) have until nowadays continued to provide the type of supply that was tailored for mass tourists. Beside the catering facilities of the lodging establishments, there are approx. 120 independent catering outlets with food supply in operation, as well as approx. 200 bars and similar outlets in the coastal area.

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This might be called managerial myopia, namely, hospitality operation managers are not aware of long term opportunity costs of non-cooperation.

Networking in the Slovenian hospitality sector

The only formal network in the hospitality sector in Slovenia is the SSHA (the former Small hotels cluster). The cluster was established in 2004 with the financial support of the Ministry of the Economy. When the financial support by the Ministry ceased in 2006, the cluster transformed into the SSHA. Since then the SSHA has been financed through membership fee. The SSHA has 31 members: 23 hotels and 8 strategic partners (consultancy and educational institutions, the National Tourist Organization and Association of Tourist Farms).

The mission of the SSHA is:

- the increase of the occupancy rate and better business results,
- the introduction of specialized offer in each member hotel,
- the development of a common brand "Slovenian Small hotels",
- the development of new products,
- the increase of the added value in member hotels' services,
- the introduction of common quality standards,
- the raising of investment funds.

This mission is implemented by the development of joint tourist programs, trainings for employees, joint marketing actions, applications for national and international financing programs, activities for enhancing service quality.

There are no formal networks among hospitality companies in the Slovene littoral. On the one

hand, the reasons can be found in capital mergers of large hotels that took place in the last decade and have undoubtedly diminished the need for collaboration with companies outside the joint business. On the other hand, it seems that managers, especially of catering outlets, do not see the need to change their products and the way of operation as they nevertheless attain higher prices and higher average spending per guest than outlets outside tourism destinations. The seemingly good results are possible due to the valuation function of tourism, restricted mobility and the lack of information among tourists. This might be called managerial myopia, namely, hospitality operation managers are not aware of long term opportunity costs of non-cooperation. Policymakers on national and regional levels are aware of the importance of strategic partnerships and declare it in their strategic documents, however, their incentives seem to miss the mark. Therefore some additional information on hindrances for industrial networking might be of great help to them.

Reasons for unexploited potentials

The president of the Assembly of the SSHA and the managers of 25 randomly chosen hospitality firms from the three Slovene littoral municipalities were interviewed. A five-point Likert scale and open questions were employed for this purpose. They were asked about their actual cooperation with other companies and their opinion was sought for on the main opportunities and hindrances to networking. Jure Požar, the president of the SSHA Assembly said that the initial incentive for the foundation of the cluster was the possibility of acquiring funds from the Ministry of Econ-

omy. Some limited extent of cooperation among hotels had existed before the formal network, however, during the first two years of activities members of the cluster realized that formal cooperation brings more credibility to cluster members and better chances for successful application on different projects. Despite good experiences with the cluster/association, informal social networks and personal relationships between the managers that are based on higher levels of trust prove more efficient than formal relationships in Požar's view. Nevertheless, these two types of cooperation are complementary. So far, orientation towards common values and principles, joint marketing actions (branding), organization of workshops and exchange of experiences turned out to be the most fruitful areas of cooperation. By far the most important obstacle to more intensive cooperation in Požar's opinion is lack of time. This is followed by concern for professional secrecy and managers' individualistic character, which also hamper cooperation.

The sample of establishments included in the research comprised managers of ten bars, twelve inns/

restaurants and three lodging establishments. Only six managers from the sample practice some kind of strategic cooperation with other hospitality establishment (with 3-6 of them). Principally the cooperation concerns pricing and services offered. Nine managers have strategic connections with travel agencies or (other) lodging establishments (with 2-5 of them). Only two managers *do not* have strategic cooperation with the main suppliers (with 1-20 of them) and eight managers stated they are engaged in a strategic cooperation with important customers (companies, institutions). It seems that strategic cooperation with the suppliers is the less problematic and the most fruitful as it allows unhindered operation and financial planning through constant prices, and access to constant quality of provisions.

Managers' attitudes and perceptions regarding the networking were measured by grades appointed to different statements (1 - meaning "I do not agree at all" and 5 - meaning "I agree absolutely"). In Table 1 the mean values regarding possible benefits gained by networking are presented.

Despite good experiences with the cluster/association, informal social networks and personal relationships between the managers that are based on higher levels of trust prove more efficient than formal relationships

Table 1: Managers perceptions of advantages

Statement	Mean
My company can achieve better business results through inter-firm networking.	3.52
Networking is advantageous for:	
More reliable and favorable supplies	4.36
Increase in sales volume	4.36
Recommendations to guests to visit other members of network	4.28
More efficient marketing (joint promotion, branding, better image ...)	3.88
Joint procurement (quantity discounts, data bases ...)	3.76
Exchange of experiences and information (regarding new technologies, partners ...),	3.68
Exchange of skills and knowledge (workshops, internal trainings, consultations ...)	3.56
Access to capital market	3.56
Joint outsourcing (accounting, legal advisers ...)	3.52
Cheaper access to business data bases	3.44
Joint market research	3.32
Joint development of new products and standards	3.04

The above results confirm the actual state of networking. Managers are not very keen on networking; they are principally concerned with direct achievement of operational goals (reliable and favorable supplies and higher sales volume) while relatively little interest is shown to engage in strategic cooperation that brings positive results only in the long run. This attitude is coherent with the present blurred marketing position of hospitality firms (especially catering businesses) in the

area and managers' often myopic style of conducting business.

Next, statements regarding the reasons for no or poor networking frequently mentioned in the literature were presented to managers. Perceptions were again measured by grades allotted to different statements.

Table 2: Managers' perceptions of hindrances

Hindrance to networking are:	mean
Distrust	4.33
Lack of organizational knowledge	4.21
Conservative character of managers in hospitality business	4.21
Managers are not acquainted with benefits of networking	3.96
Lack of time	3.96
Fear of disclosure of professional secrecy	3.83
Changes on the market are too fast (emergence of new establishments and failure of old ones)	3.79
Bad experience in the past	3.74
Managers do not even reflect about it	3.56
Personal conflicts	3.30
Networking does not bring any gains	3.12

Beside the hindrances identified in literature, the following reasons were mentioned as obstacles for more intense networking: individualistic national culture, lack of will and lack of respect for people working in the hospitality business.

When comparing the perceptions of managers and the experiences of the president of the Assembly, it can be noticed that formal network stresses long-run aims oriented cooperation such as higher level of credibility of cluster members, common branding and easier access to project funding etc. On the other hand, (potential) members of informal networks seek predominantly short-term benefits. Exchange of experiences and knowledge are seen by both as of medium importance.

Distrust and to some extent an individualistic, conservative character are obviously general problems in networking. Interestingly, lack of time

seems to be much more of the hardship for members of formal networks than those of informal ones. Managers that are not members of a formal network feel that lack of organizational knowledge and even ignorance of benefits of networking are important hindrances for more intensive strategic cooperation. They pointed out another interesting problem that is probably specific to ex-socialist countries –lack of respect for people working in the hospitality business. This commonly known fact influences the self-esteem of employees (including managers), leads to negative employment selection and might therefore be more important than it seems at first glance.

Intelligibly, many of the above mentioned hindrances (e.g. distrust toward other managers and a conservative character) to better strategic cooperation in the hospitality business cannot be overcome overnight. However, we believe the most efficient measure

the policymakers should introduce at this point would be to strengthen the efforts aimed at stimulating networking by a systematic promotion of advantages and benefits of networking. Namely, it seems that a considerable part of managers have not reached the A of the well known marketing acronym AIDA (awareness, interest, desire, action) yet. Positive experiences and benefits of cooperation as well as a quantitative assessment of savings attained by different forms of cooperation

could be presented to (and maybe adopted by) hotel managers together with cases of successful hospitality networks from nearby Italy and Austria. Furthermore, guidelines to solving some of the operational problems that were found by the "experienced" networks might also be of great help to emerging and young networks.

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Tomorrow's labour market will challenge us

By Michael Roos

In what way will labour markets develop and how can one take advantages from that? In this article Michael, winner of this edition's student entry, looks at the ongoing changes facing the German labour market today, from the perspective of a young German.

Last week I noticed a remarkable situation at my family's dining table: My sister, who is about to write her thesis, announced excitedly that she was offered an undated contract of employment, but my parents just did not consider it being anything exceptional. I thought they really should have because just recently I had read in a newspaper that in the majority of cases for young professionals the contract period is limited to less than two years nowadays.

This was the moment that I realized that the labour market had changed and that the situation that I will have to face someday will be entirely different than the situation on the labour market my parents knew.

So in this article I want to take a look at the changes in the labour market and how the participating groups of employees, companies and states can deal with it.

I would like to summarize very briefly what experts like Markus Albers, with whom I had a long telephone call during my research process, predict: Work will become more flexible and mobile in every way. People

will no longer work for just one company their whole life. Limited contracts will become even more common and so we are all going to end up having fractured labour biographies. Thus employees will increasingly have to take responsibility for managing their own career. They will get closer to being freelancers, which will be rather challenging for many because it will not be sufficient anymore to just succeed once in the hiring procedure. Entering that competition, people will have to perceive themselves as a brand that needs to be established continuously.

How will we feel in our insecure jobs?

Having heard this several issues came to my mind:

How will our relations to our employers look like? The 2008's Gallup Poll, that analyses employee's work engagement, revealed that in Germany the group of people saying that they have no emotional bonding to their employer already rose up to 20%; only 13% said that they have a strong bonding. I assume one does not have to bother about the principal-agent theory from which one can deduce that these results are alarming since work engagement certainly influences workers' productivity and

conscientiousness. So are these simultaneous developments of decreasing contract durations and decreasing engagement not at least a hint that they might be correlated?

Then I wondered whether I like the development that borders between professional life and private life are getting blurred. On the one hand I see the advantages of the new flexibility but on the other hand I fear that people will have problems to really unwind at home after work. I guess it requires certain abilities of personal time management to perform the cut there. In other words some people will be delighted by that development and others will have to discover self-discipline first.

The other side of the coin looks like this: There has not just been a change in working conditions – also workers are not the same anymore! My generation, the so called digital natives who grew up with Internet and mobile phones, come along with completely new values, competencies and beliefs. Broad media literacy is absolutely common to them. Accordingly they actually do not have to be taught how to brand themselves via Twitter or Facebook, it has already become part of their

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lives and thus they can deal with those challenges and take the benefits from the new ways of working. Relating to values bestseller author Dan Pink says that this generation longs for three simple things: Autonomy about directing their own lives, mastering challenges and working on a purpose they believe in.

From all this, one may conclude that there seem to be a lot of new “musts and cans” for employees. Insecurity vs. self-actualisation, what weighs more? Maslow put security in the foundation of his pyramid – scientists in happiness research tend to say that autonomic living is a condition for happiness nowadays. I guess it is neither black nor white. It primarily depends on everyone's personal justification. Nevertheless I believe that one will not even have the possibility to choose between both anyway since refusal will not make anybody happier.

How companies will profit from new solutions

When it comes to companies it seems obvious that they will benefit from the new flexibility of working culture, but there are also factors that threaten them. For instance they will have to deal with the predicted lack of specialised workforce especially in the developed countries. Business book author Seth Godin predicts that a “company's success will primarily depend on how well they will manage to attract and coordinate skilled, innovative freelancers.”

Agreeing to that point I prognosticate that in order to succeed in that market human resources departments will be valued up as key competitive factors. And I also assume that there will be a relocation of their job definitions: Their main challenge will not be the plain supervision of existing employees anymore, but the detection, attraction and allocation of adequate personnel. In the course of that, budgets will be moved from on-the-job training to recruitment and coordination activities, because the increasing fluctuation of employees will shorten

their average continuance in one company by far, implying that investments in a fluctuating personnel will not be reasonable anymore. The consequence is that lifelong learning will become even more an employee's duty, which I really do not consider as bad for two reasons: First, because of the many autodidactic possibilities via new media nowadays like iTunesU for instance and secondly, because in contrast to in-company education it will be equally assessable for all hierarchies and that means a democratisation of education.

Furthermore those self-educations and the possibilities to buy in providers for almost any services like accounting, IT or production will reduce the complexities and risks of self-employment dramatically and will evoke an unprecedented measure of entrepreneurship across the whole society. The resulting amount of start-ups will not just release enormous creativity, but will also allow new business models and finally change the corporate landscape in a massive way.

Two brief case studies

These concepts of flexibility, autonomy and freelancing may all sound rather nice but still fairly utopian, so I just want to present you the ambitious approach of *Best Buy* and their experiences. *Best Buy* is the leading US electronics retailer and they introduced a concept called ROWE (Results Only Work-Environment) which basically means that each person is free to do wherever, whenever, whatever they want as long as the work gets done. So they radically proceeded from an input orientated performance measurement to an output orientated one.

People at *Best Buy* – managers as well as employees – initially had serious concerns about that new model: How fairly will my performance be measured? Will we lose control over our employees? But then they made very positive experiences: Employees

Lifelong learning will become even more an employee's duty.

were urged to really focus on the processes that are valuable for the customer and to act more efficiently than ever before. The predicted chaos in communication did not occur, instead people found creative collaborative solutions and restructured processes reasonably.

Giving you some hard facts about *Best Buy's* experiences here is an extract from the analysis which they did in cooperation with the University of Minnesota: Productivity rose by 10-30 %, voluntary labour turnover sunk by 50-90 %, customer satisfaction hit the all time record and millions of dollars were saved in real estate costs each year.

Another remarkable instance revealing the benefits of new working solutions is *Google*. Engineers at *Google* are allowed to spend 20 % of their time to work on any subject and however they want. On average half of *Google's* new products like *Gmail* or *Google-News* were created in that creative fifth – that seems to be quite efficient to me.

In what way should states contribute?

Dealing with the role of the states I see two major tasks: Providing the right circumstances and mending social hardships.

For instance the whole school system needs to be restructured because its main purpose is to prepare students for the new labour market. I plead to put a much larger emphasis on the whole soft-skills sector: media-competences, the ability to judge sources, figuring something out on your own and being able to work collaboratively will enable people to participate successfully in the new labour market – learning facts and figures by heart will not.

Also the statutory framework has to be redesigned to invigorate the new entrepreneurship. Dealing with those tasks will already be a hard nut to crack. But an even bigger challenge to the governments will be the overdue reconstruction of the welfare systems, as we have them in Western Europe, which were once designed for an industrial society. The welfare system will have to face not just the demographic change, but also more common times of temporary unemployment and a hardening core of long-term unemployment, which will accrue since it will become even more difficult for less educated workers to participate in the new labour market.

In consideration of these issues I really do not see how the old social insurance system could keep its level. Under these circumstances I think it will be the state's only option to concentrate on providing a basic social care available for everyone, while taking reduced social security contributions. Everything beyond will have to be provided by personal financial precautions. I am calling for that, because I do not think that the welfare system will be able to cope with the new changing working models in an appropriate way. Emerging free resources shall be used to qualify people for the new labour market to avoid a pre-programmed elderly poverty.

What can be confirmed?

Even though we can see that there is a lot of change going on right now, some points seem quite certain to me: People, companies and states will have to face a shifting labour market that will require different skills and organisational structures and offer unseen development potentialities coevally. Not everyone will be able to profit from that process in the same way, which obligates activities by the state concerning education and welfare policy. Nevertheless an uprising generation of digital natives will establish new values and determine their new perception of working lifestyles.

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Seeking Economic Stability in the EU– an opinionated plea

By Rune Ellemose Gulev and Hanna Lierse

The European Union is a “good-weather-machine.” It only functions well when the sun is shining, that is, when times are prosperous. When times are tough, its foundations shake. The reasons for this boil down to stunted public perceptions on how the common market works. A little illumination within this field may save us from a lot of the mundane discussions dominating EU political agendas during times of financial instability.

The global financial crisis has left scars on most countries around the world - countries in Europe are no exception. Some are experiencing record levels of unemployment, negative growth rates and immense governmental deficits in an environment of global financial instability. Add to this, the bleak economic outlook for Greece with its growing debt has raised doubts about its continuance as a member of the Eurozone. Set aside the legal problems associated with an exit from the Eurozone, the eco-

nomical and political consequences are unimaginable.

Nonetheless, economic nationalism ranks high at a time when European cooperation is needed the most. Surely, each state plays a central role in its own national tragedy and bears responsibility. However, returning to economic nationalism is not a viable alternative as European economies are deeply intertwined. Instead of turning backwards, the crisis should be regarded as an opportunity to improve the existing institutional

deficits of the Eurozone. Hence, as the global financial crisis subsides, it is time to critically evaluate how we can best proceed from here. How do we decrease the vulnerability of weaker countries in the Eurozone and at the same time, set forth prosperous economic agendas that do not miss out on global opportunities?

A fitting beginning to this debate is to address how Europe needs to change its operating philosophies in regard to the Euro, the pan-European currency



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initiative that is grand in most ways, but has proven on a number of occasions to be suffering from some inherent deficits. At current, there is a looming debate concerning whether it is justifiable that comparably richer Euro countries partake in funding the majority of the Greek financial collapse. This debate is perhaps most vivid in Germany, which allegedly bears the lion's share of the burden. The contesting arguments generally pivot around why hard-working German tax payers should fund Greek laid-back working conditions, normally exemplified by the two extra months salary per year and an early retirement age that the Greek workers currently enjoy. Granted, these arguments sound convincing but are they also accurate? In our opinion they represent only part of the picture neglecting other causes and consequences of the current situation. Fact is, Greece is not merely broke because of its flamboyant employment conditions – other issues are at the root of this cause, issues with which countries like Germany are closely intertwined.

In a capitalistic society, Darwinistic survival-of-the-fittest terms rule; there will always be winners and losers. It's an inherent ugly part of the game. Equally, within the Eurozone, there are winners and losers. Countries that have huge export surpluses and countries with import deficits. Germany is riding high on its huge export surplus which has been aided greatly by reducing real wages and by keeping the annual inflation rate lower than the EU

agreed-upon target of 2%. Hence German products have become relatively more competitive compared to Greece which is located at the other end of the spectrum. It is not without coincidence that EU monetary policy has materialized so to favour the German situation – Germany after all is the main engine behind the Euro.

So, the playing field for the Euro countries is skewed and it currently favours the countries who keep wages and inflation rates low. Now, in our opinion, low inflation rates are certainly in the interest of the Eurozone but is the current institutional system with the existing incentives sustainable? Can all European countries gain a competitive advantage by reducing real wages and living from export surpluses without there being any losers? Of course not – competitive capitalistic markets demand that some will benefit more than others; the latter being, economically speaking, the comparative losers.

The problem is when this primary understanding of how competition within the Eurozone works isn't being transmitted to the public. The debate stops with "why should we bail the others out" and does not consider that others need bailing out because of years of skewed market conditions that have allowed for economic surpluses in some regions to occur in the first place. Hence, the problem does not lie with the laid-back Southern members but with an insufficiently coordinated European economy. The building of nega-

In a capitalistic society, Darwinistic survival-of-the-fittest terms rule; there will always be winners and losers. It's an inherent ugly part of the game.

tive stereotypes for national election campaigns is a grave danger for European cohesion, which is now needed more than at times of stability.

The European crisis has short and long-term implications. In the short-run the focus needs to be placed on financial assistance to stabilise the situation. The creation of a European fund is certainly no altruistic undertaking. European banks have been buying Greek bonds benefiting from high interest rates over the years. In case Greece is not "bailed out" there is a danger of a new collapse of the banking system. I support the initiative for members of the richer Euro-countries to make a

mental shift towards accepting that hard earned domestic funds sometimes must get allocated abroad. From my observation post in life, I dare to say that these countries are still sitting pretty and coming out ahead through our joint efforts. Moreover in the long run, the crisis may provide a window of opportunity to improve the institutional setup of the Eurozone. The establishment of a European economic council and better financial market regulation could support economic coordination and long-term investments as opposed to short-term monetary arbitrage. These measures could enhance stability, growth and regional cohesion in the EU and make the community a more powerful and competitive actor at a global level.

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