

GLOBALIZATION

EDUCATION AND MANAGEMENT AGENDAS

Edited by **Hector Cuadra-Montiel**

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Preface

Globalization is such a contested term. Not only it has been considered a cliché of our times, but at the same time it has been criticized for its lack of a precise definition. Still it holds such an appealing and powerful voice. By the sole mention of the concept it was able to attract the research efforts of leading specialists throughout the world, each one of them making a contribution to the academic debate.

Among the myriad of globalization faces, several different emphases on economic process and education issues have been associated with the global agendas, clearly two of the most significant global challenges and trends. For the economic realm, globalization is transforming the way firms operate and how management is approached. However, far from universal convergence, crucial strategies in increasingly competitive markets focus on local demands. Think global, act local sums it up. At the same time that awareness of the global market niches, technological resources and scientific developments are needed, we must not forget local process, flows and networks.

Far from being determined by structural systems, actors either firms or individuals, must take into account the contexts in which they are situated. Agency awareness is no doubt crucial for managers, students, workers and teachers alike. Realizing where they stand is key to all their endeavours. Thus, ideas, perceptions and approaches on globalization vary according to their particular circumstances.

This collective enterprise acknowledges and celebrates such diversity of positions on globalization issues and processes. We are convinced that it is plurality that enriches debates, strengthens arguments and forges understanding. This book does not privilege a particular definition or approach on globalization. Rather, diversity of approaches on research agendas regarding globalization, management, education and the firm are presented in this volume.

A key concern presented on the first part of this book focuses on education and change. It is not only the perspective that education works as a vehicle of change in the globalization processes, but also how the global tendencies push teachers, students and institutions to adapt to new and challenging environments. The centrality of education cannot be highlighted strong enough as it renders possible alternative

scenarios via social and human capital empowerment. Its emancipatory potential seconds none towards a more inclusive and egalitarian future ahead.

Having acknowledged education as a key issue on globalization, the centrality of individuals is also present in the second part of the book. Human resource and management are of utmost importance in the global era. Business flows and networks have reached unprecedented density and intensity, especially among various regions of the globe. All that is involved in business firms, from transportation and logistics to marketing faces increasingly tougher demands and challenges.

Therefore, it comes as no surprise that firms are central actors on economic globalization. Market requirements and standards are constantly bringing up to date novelties that increase efficiency in their procedures, aiming to satisfy demanding customers of goods and services as well as international standards and regulations. Challenges arise at every step. Innovation and flexibility within such changing environments retain a nodal profile that builds on the capabilities and competences that only education could shape. It is for the above stated reasons that the present volume on globalization focuses on education, management and the firm.

Finally, I would like to show my gratitude to the InTech staff whose professional enthusiasm and efficient commitment made the editor task far easier than it would have been otherwise. To each and all the Authors I greatly appreciate their exemplary work, true and authentic evidence of globalization. I dedicate this volume to the loving memory of my grandparents, Eloisa and Leonardo.

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Globalization and Education

Internationalization and Globalization in Higher Education

Douglas E. Mitchell and Selin Yildiz Nielsen

Additional information is available at the end of the chapter

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1. Introduction

The core ideas developed in this is chapter were stimulated by two studies in which the authors explored how globalization is affecting higher education in the USA. The first was a study of how globalization has been transforming the faculty labor market in two-year community colleges (Mitchell, Nielsen & Batie, 2011). That study clarifies why these colleges have dramatically expanded their reliance on a part-time and task-contingent faculty workforce. The second study was a qualitative assessment of how faculty, students and administrators in a four-year research intensive public university computer science department are interpreting the globalization of intellectual, employment and student recruitment aspects of their work (Nielsen, 2011). This study documented ways in which research universities aggressively pursue internationalization of intellectual and organizational dimensions of their work while remaining largely unconscious of the extent to which these changes are related to political, social and economic globalization of the larger culture in which they are embedded.

With these studies as background, the body of this chapter examines the differences between internationalization and globalization in the contemporary development of higher education. Internationalization is seen as something higher education institutions **do** while globalization is something that is **happening to them**.

Virtually all institutions of higher education, public and private, are rapidly evolving into global actors, following a trend found in many other industries (Naidoo, 2006). The influence of 'globalization' and 'internationalization' on the character and behavior of higher education institutions has become a key theme in recent research (Enders, 2004; van der Wende, 2001). Unfortunately, the more frequently these terms are used, the more their meanings get mingled and confused (Enders, 2004). There remain some fundamental

differences between these terms, however, and clarifying those differences is an important first step in understanding how higher education institutions are evolving.

Despite being a popular buzz word in the mainstream media, the nature and significance of globalization has proven hard to pin down with enough precision to see how it is influencing policies or practices in higher education. Globalization is an inherently complicated phenomenon, stubbornly resisting easy interpretation and application (Carnoy & Rhoten, 2002). Like globalization, internationalization is also a popular and frequently employed concept, used in varying contexts and for diverse purposes. But the operational meaning of this term remains equally vague and unclear (Knight, 1999; Stier 2003; Yang, 2002). Knight (1999) makes a helpful contribution toward distinguishing these two terms. She argues that: “globalization can be thought of as the catalyst while internationalization is the response, albeit a response in a proactive way” (p. 14). While we like the notion that internationalization is the active ingredient acting to express and reinforce globalization, we do have a minor quibble with Knight regarding his distinction. As the Nielsen (2011) study indicates, internationalization can be, and probably should be, thought of as a leading variable, encouraging and facilitating globalization, not just a response variable describing how institutions respond to the presence of globalization in the spheres of economics, politics, culture and social interactions.

In the next few paragraphs we explore in greater depth the nature and dynamics of globalization. This analysis is followed by a synthesis of ideas about internationalization.

2. Globalization

Structurally, globalization is made both possible and necessary by the development of two transforming technologies – transportation and communication (Boyd & Mitchell, 2005). From supertankers to supersonic aircraft, from superhighways to bullet trains, transportation advances have radically penetrated economic markets and breached cultural barriers, making access to material goods, social interactions and political relationships unimaginable two generations ago. Simultaneously, communication technologies carrying hundreds of simultaneous high-fidelity, real-time, voice and video channels by satellites and over the internet are giving global reach to political ideas, competitive price/value comparisons, instant news, social organization networks and dozens of other innovations in the way people access events, ideas, information and opinions. Transportation and communication technology innovations are no longer optional attributes to be used primarily by cultural or political elites. Ordinary citizens have nearly universal access to these technologies and are reaping substantial social, political, cultural and economic benefits. Virtually all important social institutions, as well as entrepreneurs, intellectual, political and cultural leaders, ignore the global reach of ideas and material things now available to nearly everyone at their peril. American economic dominance is being challenged as are the political ideas and cultural mores in all developed nations. From Tiananmen Square to the Arab Spring and the U.S. Occupy movement the world has seen a

dramatic melding of technological and cultural change on an unprecedented scale – made possible by technological change, but driven by an emerging global consciousness.

2.1. Two dimensions of globalization

Although the term ‘globalization’ has been around since the early 1960s, developments in the last 20-30 years have largely shaped its character and impact. In recent literature the term is typically used either to characterize international **spatial awareness** or to highlight a transformation in the **processes of interaction** among individuals and groups. Tomlison, (1999) takes the first of these views – the spatial view – in his book “Globalization and Culture.” He argues that globalization refers to the world as a single place that serves as a common frame of reference for everyone. This notion is shared by many authors including Robertson, who was the first author to use it in the title of a sociological article in 1985 (cited in Currie, 1998). Robertson defined globalization as a compacted world where time and space are compressed (cited in Currie, 1998; see also Harvey, 1989). In this context, globalization also used to refer to the interconnections arising among mass cultures creating a consciousness of living in a “global village” (McLuhan, 1964; New World Encyclopedia, 2007). For observers emphasizing this geographic conceptualization, institutions of higher education are seen as at the center of this compressed world (Suarez-Orozco & Qin-Hillard, 2004). For these observers, the essence of globalization is found in new ways of thinking about space and time (Carnoy, 1999). Higher education institutions help to stimulate and clarify this new way of thinking (Suarez-Orozco & Qin-Hillard, 2004). Geographical space becomes increasingly measured by the time it takes to get from one location to another. As the time necessary to connect distinct geographical locations is reduced, distance or space undergoes psychological and cultural compression (Tomlison, 1999). Entrepreneurial institutions of higher education seek to capitalize on the shrinking geography, while less entrepreneurial ones find themselves pressured to adapt and respond (Carnoy, 2005).

The second view of globalization – the interaction process view – is found in the works of authors such as, Morrow & Torres (2000), Giddens (1994), Rizvi (2004), Altbach (2001), Beerkens (2003), Armstrong (2007) and Spring (2008). From this process view, globalization is defined as the practice of growing social interaction and connectivity among people around the world, creating economic, social, cultural, political, environmental, scientific and technological interdependence (Levin, 2001; Marginson, 2007). This type of interdependence has been described by Castells as creating a “network society” (1997). Not surprisingly, taking the spatial orientation toward globalization focuses attention more on transportation technologies while the process view tends to give priority to innovations in communication. One should not make too much of this distinction, however, since transportation innovations improve direct, face-to-face, communication while the virtually instant and increasingly high fidelity communications of the internet annihilate spatial barriers when information and idea sharing, rather than exchange of material goods, are the primary goals.

Globalization in both its spatial and process dimensions has been happening to the world for a long time. Only since the mid-twentieth century has its impact on the stability and

viability of the modern system of nation-states become recognizable. Before the Second World War and the subsequent abandonment of European colonization of so-called third world nations the system of nation states was not thoroughly established and stable enough to seem to be the “natural order” of political institutions. Although de-colonialization is not yet complete, globalization and internationalization are shaking the foundations of the nation-state system of global political and economic organization.

2.2. Globalization challenges nation state integrity

Beerens (2003, p.130) highlights key elements in the pressure system challenging nation-state political integrity. He sees four challenges arising from globalization. First, global is identified as, “a geographical concept distinguishing it from local.” This makes it necessary for nation-states to critique parochial policies, norms and practices by referencing them to those of other nations. Second, globalization is, “a concept of authority distinguishing it from territorial sovereignty.” This means that the global perspective is challenging the very idea of national sovereignty by asserting that nations are, and should be, held to an international accounting of their human rights practices, social welfare policies and protection of political liberties. Third, globalization is seen as, “a cultural concept distinguishing it from isolation.” Nowhere is this more visible than in the uprisings of the Arab Spring which produced a transnational sense of political solidarity or in the worldwide dissemination of popular music, folk art and dramatic films. Fourth, Beerens (2003, p. 130) sees globalization as, “an institutional concept distinguishing it from national.” On this point, his summary formulation is a bit fuzzy, but the essential point is that social institutions of all types increasingly derive their legitimacy and, therefore, their social and political support, by reflecting worldwide standards of organization and operation. For our purposes in this chapter, this globalization of institutional forms can be applied directly to colleges and universities.

The political arena of globalization cannot be separated from social, cultural, and economic forces that shape the state’s position. While global processes are often seen as beyond the control of nation-states, the role of the state has remained key in the expression of social interests and representation of social groups or classes that benefit or suffer from public policy formation in response to globalization (Shaw, 1999; Morrow, Torres, 2000). As the control of the economy is transferred from the public to the private sector which is broadly the main argument of the neo-liberal economic agenda, there has been a shift in the political platform of institutions (Cohen, 2007). Higher education institutions that pursue an institutional integration to the new economy have benefited from these political processes (Slaughter & Rhoades, 2004).

An example of this can be seen in many states having legal requirements that faculties reveal patentable findings of research to make certain that colleges and universities have the opportunity to review them for commercial possibility (Chew, 1992). Another feature of globalization on institutional policies is the cross-national policy borrowing by institutions and forming international policies among institutions (Lingard, 2000). Appadurai (1996)

argues that the policy ideas flowing globally are also linked to international political organizations such as the EU, World Bank, IMF, UN, UNESCO and OECD. These organizations or systems are largely institutionalizing mechanisms and they represent “a complex and ungovernable web of relationships that extends beyond the nation state” (Lingard, 2000; Waters, 2001).

2.3. Globalization is transforming higher education

From the social process transformation perspective, globalization is having a transformative effect on the core functions of institutions of higher education. Under the influence of social interaction globalization, higher educational institutions are developing a consumerist mentality which transforms education into a product exchangeable in an open market (Marginson & Considine, 2000; Altbach, 2004, Slaughter & Rhoades, 2004). Slaughter and Leslie argue that “the academy has shifted from a liberal arts core to an entrepreneurial periphery,” in which “marketization” of the academics leads to the rise of “research and development with commercial purpose” (1997, p. 208). This commercial purpose allows higher education institutions to compete for the monetary or human resources available globally to benefit their institutions (Slaughter & Rhoades, 2004).

Economic globalization is also turning knowledge into a commodity; a commodity whose value depends on the ease and security with which it is created, stored and transferred from producers to users, as well on its utility in the production of other goods and services. As knowledge is being commodified, however, social, political and cultural globalization turn knowledge production and distribution into symbolic status and power resources with significant consequences. Seeking the power and prestige of symbolic knowledge, higher education institutions are encouraged to pursue internationalization of recruitment faculty and students and to secure recognition for knowledge production. Importantly, the Nielsen (2011) study shows, however, that the faculty and administrators pursuing this internationalization remain largely unconscious of how this activity is reinforcing the very globalization forces that are reshaping their work force and productive processes.

Globalization in academy also constitutes of a wide variety of components including higher education institutions, the academic fields, scholars, and students as contributing factors. These components each hold a different position in the identification of globalization in higher education.

2.4. Market competition divides as well as integrating institutions

The institution of higher education has always been international in scope with the exchange of ideas, scholars and students, but modern technology, the internet, communication technologies, the increasing flow of students and highly educated scientists from all over the world as well as scientific investments, patent activities and R & D make globalization more visible in the scientific field today (Heylin, 2006). The arrival of computer networks and systems, and the challenges they bring cannot be solved without international

collaboration, such as adapting software usage around the world, the internet not having a single owner, overcrowding of the internet and selection of knowledge. For example, a software developer in California needs to collaborate with researchers in India in order to have adaptable products. At the center of these challenges are current national and international policies. For example, while developing technology with collaborations among different nations, agreements can be made to protect intellectual property but enforcements may not be possible. For example, the DVD copying is solved by having six different regions around the world. A DVD bought in Europe does not work in North America because of regional differences encrypted in the DVD. However, as digital technology advances and more and more information is online, controlling piracy again became an issue. As the concern over controlling technological innovations increase, we see more and more higher education institutions dealing with issues to manage R&D and protecting ownership. The way institutional policies are formed in the light of scientific and technological advancements reflect how the institutions respond to globalization. (Jenkins, 2003).

2.5. Globalization is transforming social relationships

Technological and economic changes have an influence on social and cultural structures. Globalization has created a new social environment (Kellner, 2002). This social environment has been described in terms of ‘the widening, deepening and speeding up of world-wide interconnectedness in all aspects of contemporary social life’ (Held et al., 1999, p. 2). It is a process which symbolizes a transformation in the spatial organization of social relations and connections. These connections can be evaluated in terms of their amplitude, strength, speed and impact generating global or local flows and networks of activity, interaction, and the exercise of power (Held et al., 1999). Social groups get closer together but at the same time persistently try to maintain a more intentional focus on their localized identities (Chaney & Martin, 2004; Knight 2004; Yang, 2002) In social and cultural perspective, globalization can be seen as a double-edged sword. Chomsky refers to globalization as international integration (Chomsky, 2006). This simple explanation can hold divergent worldviews socially and culturally. For example, globalization can bring people who share certain beliefs, professions or causes together such as the professional cultures, Turkish pop music fans, holocaust survivors, Muslim extremists or human rights activists to form new forms of societies. At the same time, as the national communities get more pluralized, cultural and economic differences can form divisions among the people who share the same locality (Cevre, 1995; Hannerz, 2004).

2.6. Research universities play a prominent role

Armstrong (2007) introduced a new conceptual framework through which to examine the impact of globalization on US higher education institutions. His framing of the process of globalization in the international arena sees higher education institutions as hubs. Armstrong depicts a new model of institutions where students and faculty earn degrees from various international locales through global partnerships and satellite campuses

thereby categorizing such institutions as non-traditional in the sense that they have no geographical borders. In this sense, institutions branch out and become global as opposed to just exchanging people and scholars with a fixed location. They expand their concept of being global as having international students, curriculum and activities, and having study abroad programs to a different order of having programs overseas which rely a great deal on the partnerships between the people from different educational institutions around the world (Armstrong, 2007; Scott, 2000).

When exploring globalization especially in the academics, we see that research universities play a particular role with global competition and high number of international students. Armstrong & Becker (2004) discuss in a lecture series on the subject of Higher Education and the Global Marketplace, the present situation, the emerging environment, and future positions of US research universities. Altbach and Knight's (2007) article discusses the motivations behind the global activities of research universities. Armstrong and Becker explain the high cost associated with supplying research, instruction and social environment for students in undergraduate, master, and doctoral programs serving mostly traditional students (2004). Traditional students are identified as the ones that study on campus. Education in these universities is seen as investment in the future of a private market economy. Therefore, as the global economy depends on skilled workers, the need for educating more people to participate in this economy gains importance (Armstrong & Becker, 2004).

Altbach and Knight discuss the motivations of research institutions to participate in the global arena in a different light. They explain the motivation of expansion also includes enhancing research knowledge and capacity as well as to increase cultural awareness in these organizations (Altbach & Knight, 2007). Both articles stress the point that the higher education institutions, particularly research institutions that participate in the global arena do so not only with the traditional ways of having international students and curricula, but also expanding to different locales in the world by branch campuses and online collaborations.

In sum, this brief analysis of globalization reveals that wide-ranging interconnectedness trends are evident, and they directly have an influence on higher education institutions (Altbach, 2004). Many of these institutions, however, struggle as they have to respond to an ever-increasing set of global challenges such as competition or handling increasing international populations while remaining confined by institutional structural principles passed on from an earlier, more state-centered world

(Najam, Runnalls & Halle, 2007). Academic systems and institutions try to accommodate these developments in different ways; internationalization is one way of responding to globalization (Altbach, 2001).

3. Internationalization: The engine of globalization

As distinguished from globalization with its emphasis on worldwide conditions that influence perceptions of space, mobility of actions, the nature of communication and orientations to social interaction, internationalization focuses attention on the intentional

actions of individual, groups and social institutions as they actively seek to cross national borders in pursuit of social, economic, political or cultural benefits. Looking at higher education institutions, Knight (1999) offers a working definition of internationalization in this domain. She sees internationalization as a matter of integrating transnational elements into the, “purpose, functions or delivery of post-secondary education” (p. 2). That is, colleges and universities are internationalizing their behavior when they reshape their purposes to attract international students, to deploy their programs across national borders, concentrate on internationally advantageous educational program niches, restructure work roles or compensation systems to recruit, retain or manage employees, etc.

3.1. World citizenship consciousness

One of the more powerful ways in which internationalization of action arises is through reconceptualization of citizenship. Rather than seeing themselves as citizens of a region, cultural subgroup or nation state, ordinary people are increasingly seeing themselves as entitled to, and ready to participate in, opportunities for interaction, work and consumption on an international scale. Individuals see themselves as citizens of the world, free to move about, trade experiences, seek educational opportunities, and pursue work or entertainment. Once they acquire this world consciousness they begin to find national borders inconvenient annoyances, inhibiting rather than enhancing security and opportunity. Though new and rapidly expanding in many domains, for students and faculty of higher education institutions, this kind of internationalization is not new. Since the medieval times, universities have been internationally oriented. For example, academics and students moved from Cairo to Bologna to Oxford in order to take advantage of the academic elites of those locations (Stier, 2003). Contemporary internationalization of higher education has its roots in this academic mobility of students and scholars (Scott, 2006). Scholarly exchange of faculty and students involved with scholarly inquiry has been a hallmark of university internationalization throughout their history (Vestal, 1994).

Internationalization has become more complex and comprehensive in recent decades. As noted during Congressional hearings on the International Education Act (IEA) of 1966 there is now a broad consensus that internationalization of education encompasses three major areas: a) movement of scholars and students seeking training and research, b) convergence in curricular content, and c) structural arrangements that provide cross-border technical assistance and educational cooperation programs (IEA, 1966). In 1994, Kerr, Gate & Kawaoka gave less emphasis to the structural components of international cooperation, but otherwise reaffirmed these components of internationalization. In research reports prepared for ACE (2002) and the International Association of Universities (IAU) (2003) the mobility of students and faculty were seen as the primary mechanisms of internationalization (Knight, 2003).

3.2. Collaborative science and scholarship

Internationalization in higher education is also evident in scholarly collaboration and the development of international standards in academic writing. Students move to other

countries for training and researchers join forces internationally for collaborative research and a substantial number cross international borders (often several times) during the course of their academic careers. Moreover, by the start of the twenty-first century most prominent academic journals were routinely accepting submissions from any part of the world and trying to apply universal criteria in reviewing them (Martin, 2007).

There are many ways by which technology is influencing this international collaboration (Castells, 1999). "Big Science" like that involving collaborative space exploration or the CERN collider in Geneva, Switzerland routinely involves multinational teams of researchers and multinational financial support. Science oriented industrial processes are also transformed into international endeavors by new forms of technology such as nanotechnology, biotechnology, biometrics, network technology, and information technology (Taylor, 2001). These developments require a more educated work force and open up global markets for products and ideas, encouraging higher education institutions to take an international stance in order to respond (Carnoy, 2005; Carnoy & Rhoten, 2002; Altbach, 2004; Marginson, 2007).

The internationalization of higher education institutions focused on research and cross-national teaching is facilitated by multinational research and development agreements with international business and industry organizations (Marginson & Considine, 2000; Slaughter & Rhoades, 2004). Such agreements call for the movement of personnel and facilities as well as ideas.

3.3. Dispersal of operations: Campus and center establishment

One prerequisite for success in the global marketplace is decentralization of service delivery so that the specialized needs and preferences of customers and clients can be served efficiently and effectively. This decentralization, combined with the centralization of production standards, is achieved by having a long list of highly standardized products and services that are mixed and matched by front line workers (Wallace & Brady, 2001). In computer manufacture, for example, a wide variety of highly standardized parts are produced in manufacturing plants all over the world. The parts are to exacting standards so that they are delivered ready for "off the shelf" assembly into highly individualized personal computers (Levinson, 2005). Labels like "made in China" or "made in America" no longer make sense as parts are manufactured in many different countries and their assemblage no longer has a singular national identity (Griffin, 2004, p.251).

Sharing knowledge and production of finished goods is rapidly leading to the "spatialization" of work. "Spatialization" is a term coined by Wallace & Brady (2001) to characterize work that is no longer bound to a particular geographical location (cited in Mitchell, Yildiz & Batie, 2011). This spatialization is reflected in the explosion of on-line, distance education programs, and the proliferation of satellite research centers and instructional campuses, and the restructuring of professional work into limited obligation, contingent contracts that commission the teaching of courses one at a time and remove full-

time and tenured status from the working contracts of many teachers and staff specialists. An example, is seen in the number of students Turkey's Anadolu University is serving in many different countries – their numbers have more than doubled in the last decade; they are now serving more than a million students (International Center for Distance Learning, Anadolu University). The University of London and Stanford University are also in the top ten of distance education universities in the world each with students living in over 180 countries (ICDL).

Studies have identified that in order to give way to cultural convergence; institutions must consciously increase their internationalization efforts (U.S. Department of Education, 1979; Clarke, 2004). Consequently, internationalization is both a response to globalization and a causal force hastening its further development. By having a chance to share cultural differences or personal similarities by studying in the same academic fields, people from distant locations in the world converge toward a common culture and loyalty to the same institutions (UNESCO, 2004).

3.4. International entrepreneurialism

Development of an international market for college level research and teaching has stimulated a sharp increase in university entrepreneurialism. Increased availability of knowledge creates competition among higher education institutions to keep up with the growth in specialized knowledge and control a market share in its development and distribution. Institutional status depends on being able to contribute to acquisition and dissemination of knowledge at its frontiers. To remain competitive, higher education institutions require increasingly substantial fiscal resources. And gaining needed financial support, requires establishing and maintaining a reputation for academic excellence. This reputation, in turn, is enhanced by pursuing the very best student and faculty talents even if it means investing heavily in recruiting across national borders.

Academic capitalists seek to accumulate information resources and to control flows of information within and across national boundaries. As a particular type of economic capital information can be compared with physical capital that is relatively static often tied to a specific location and fiscal capital that is easier to move and leverage for marketplace advantage but remains scarce and difficult to reproduce or pirate. Information capital, by contrast, is much more volatile than other forms of capital because it is relatively easy to replicate and thus be moved to a new location without disappearing in its current location. Thus, information is hard to hoard or otherwise control without very strong transorganizational and transnational agreements on patents, copyrights, and access to institutions of advanced education. It is for these reasons that the internationalization of higher education and the movement to contingency employment of higher education faculty are playing a vital role in facilitating and directing the progress of globalization.

During the Cold War, the motivation behind internationalization in United States higher education institutions was highly political and contradictory. Although the drive for

internationalization was seen as a sign of American imperialism by the rest of the world; US policymakers' presentation was on the lines of an initiative for peace and mutual understanding (de Wit, 1995). This view of international education as a force for peace has been a dominant one in US politics and higher education over the past 50 years. Following World War II, this political rationale was the dominant one in initiatives to internationalize higher education and stimulated investments like the European Marshall Plan the OECD and UNESCO. But with the end of the Cold War, political emphasis slowly gave way to an economic rationale (Knight, 2003). Economically, there is an argument that globalization is changing the goals of higher education in order to mirror markets. This notion is labeled as "academic capitalism" to symbolize a systematic creation of policies to make marketable activities possible, changes in the connections with the states, private organizations to support research; basically a change that prioritizes potential revenue generation rather than general expansion of knowledge (Slaughter & Rhoades, 2004). This change in the establishment of higher education institutions can be interpreted as a result of economic globalization. Advanced knowledge is seen as raw material that can be owned, marketed and sold. In addition, rising private corporations need well educated workers that influence the curricular selections (Schmidt, 2002; Slaughter & Leslie, 1997).

Partly because the core concepts of globalization have become an ideology driving organizational development and management strategies, and partly because measures of standardized educational attainment are now seen as reliable and appropriate, community colleges are being intensely pressured to adopt globalized marketing principles in their policy and management processes (Levin, 2001). Unfortunately, community colleges have only been able to develop systems for responding to half of the globalized equation – they produce an enormous variety of specialized educational programs, responding to virtually any recognizable community preference or demand. Cain (1999, p. 3) makes this point by comparing community colleges to Wal-Mart stores, saying, "The community college extends the one-stop shopping idea to education. If a need exists, a community college administrator is searching for a way to meet it". But the colleges are sorely lacking in the capacity to centralize the standards for producing these educational programs. Lack of standardization is partly the result of the traditional emphasis on academic freedom in all colleges and universities. More often, however, it is simply the result of an inability to clearly specify what instructional standards are required, and a general weakness in the ability of college administrators to hold faculty accountable for meeting whatever standards they are able to specify (Grubb, 1999; Levinson, 2005).

3.5. Neo-liberal managerialism: The mechanism of competition for resources

Internationalization of higher education has generated an important shift toward a much more aggressive managerialism, often referred to as neo-liberalism. This aggressive managerialism is aimed at transforming the nature of work and restructuring relationships between employers and workers. Ideas pioneered by David Gordon (Gordon, 1980) and creatively advanced by Wallace and Brady (2001) depict the development of the new

economy as grounded in the inevitable tensions between labor and management as they seek to establish workplace rights and responsibilities within the evolving technologies of production and management. These scholars argue that industrialization, with its advancing complexity and intensification of workplace technologies continues to create distinctive restructuring of labor/management relationships. In an early industrial period direct supervision of workers by the owner/entrepreneurs for whom they worked was made both possible and necessary as industry needed to separate workplaces from domiciles. Supervisory control was simple and direct because the entrepreneurs were craftsmen themselves and typically worked alongside their employees. This served to obscure social class differences while generating loyalty from the workers (Gordon et al, 1982).

As production technologies grew, a distinctive managerial class came into existence, creating a new framework for labor management relations and work supervision. The idea of “scientific management” emerged. Scientific management focused on technical control over worker activities through the disaggregation of tasks and utilizing “time and motion” studies of how each component task can be most efficiently performed to guide managerial supervision. Worker organizations were craft unions empowering skilled workers performing the same generic tasks (D. Gordon, 1980, Sennett, 1998). As intelligence gradually moved from the workers into their machines, however, supervision became more bureaucratic, and there arose a sharp distinction between the “primary labor market” for skilled and professional workers whose tasks required autonomy and managerial support (rather than supervisory direction) and a “secondary labor market” for unskilled workers who were managed through direct supervision. Until industrial unions developed, unskilled workers could be, and often were, easily replaced to control costs and discourage worker collusion (Gordon, Edwards, & Reich, 1982). Public sector unions, including those embraced by community college faculty, adopted the industrial union paradigm.

Wallace and Brady (2001) argue that we are now moving into a fourth period in which labor/management relationships are driven by the technologization of the work itself. They call this fourth period the period of work “spatialization” to highlight two key components of the new worker/manager relationship. First, spatialization highlights the fact that the application of advanced digital technologies has resulted in work that is no longer place bound to a particular factory or work site. Management, through detailed specification of measurable work standards, can farm out various components of almost any production process to far away places and still maintain tight control over its quality, quantity and cost. This broad distribution of work components enables managers to both seek the most economical venue for production and, simultaneously, undercut the power of worker organizations by simply moving production away from organized worker environments (Burriss, 1993; Harrison, 1994; Vallas & Beck, 1996; Wallace & Brady, 2001).

With the emergence of internationalism in higher education labor/management relationships are shifting rapidly away from permanent, full-time jobs and toward work that involves contingent, intermittent, task contracting that is not tied to specific work locations. New managerial technologies make it possible to supervise *outcomes* rather than *task*

performance, and to employ workers only for the amount of time needed to complete specified tasks (Iversen, 2004; Sennett, 2006; Carnoy, 2000). This strategy has dramatic consequences for work role definitions as workers are no longer expected to develop loyalty to their firms or to require fringe benefit packages that keep them tied to a particular firm. "Loyalty is dead" Sennett (1998, p. 65) asserts, and, therefore, "each vigorous employee ought to behave like an entrepreneur". Crucial to this redesign of work, however, is the development of managerial tools for actually monitoring production results (and assigning responsibility for those results to specific workers), rather than supervising the execution of specific tasks (Applebaum & Albin, 1989). Think, here, about the new strategies for building products as diverse as automobiles, computers and household appliances. These products are now designed to consist of highly standardized modular parts whose production can be spatially distributed. Construction, repair and maintenance of these products consists of assembling or replacing the appropriate modular components. This work can be monitored remotely and technologically (Griffin, 2004). Diagnostic instruments identify problematic modules, and worker training focuses on reading the diagnostic instruments and adjusting or replacing the appropriate module. Moreover, management can fairly easily test whether any given worker knows how to undertake the identification and proper installation of modular parts. Thus workers can be hired contingently, performing tasks on a "piece work" basis.

The shift is also visible in the large scale shift of manpower and capital from material manufacturing to information processing industries (Reich, 1992; Rifkin, 1995). As manufacturing production jobs decline in the highly industrialized countries, these jobs are replaced by new jobs that require higher levels of education to keep up with the everchanging technology (Carnoy, 2000). As one economist observed three decades ago, the average machine has at least a high school diploma and is learning more every year (Theobald, 1972). The widely noted shrinkage of the American middle class is, no doubt, substantially linked to the awesome gap that has developed between what it takes to *tend* the new production machinery and what it takes to *finance, design, build and manage* it. That said, the real impact of technology on skills according to Spenner (1985), Freeman & Soete (1994) and Carnoy (2000) depends on the distinct qualities of the labor force and the relation between the economy and the educational system. As Carnoy (2000) puts it "Technology seems simultaneously to de-skill and re-skill the labor force" (p.43).

For many Americans, community colleges are the point of entry into the information age economy. "The 'technical revolution' created a plethora of specialized, high-skilled jobs that fueled a need for workforce training, which community colleges were willing and able to provide expeditiously" (Levinson, 2005, p.47). They sort and assign their students to future roles in that economy. Their task, already enormous and growing more difficult all the time, is to assist their students in moving from service and production workers, who live to support the information economy infrastructure, into the ranks of knowledge workers who are capable of organizing and managing the information systems on which it is based (Griffith & Connor, 1994; Cain, 1999; Levinson 2005). Business thinker Peter Drucker commented on this subject in 1977, saying that "The substitution of knowledge for manual

effort as the productive resource in work is the greatest change in the history of work, which is, of course, a process as old as man himself...Education has moved from having been an ornament, if not a luxury, to becoming the central economic resource of technological society" (cited in Griffith & Connor, 1994, p.78). To respond to these changes, the community colleges need a faculty that is both smarter than the average machine and capable of teaching students how to become reasonably efficient lifelong learners (Cohen & Brawer, 2003). This task is doubly daunting because community college faculty have high workloads, low levels of professional support, and typically are working with students who have a lot to learn just to catch up with more advantaged peers who are attending the nation's four-year colleges and universities (Grubb, 1999; McGrath & Spear, 1991; Kozeracki, 2002).

3.6. Neo-institutionalism: Prioritizing legitimacy in the nation-state

Another dimension of internationalization is the development of organizational designs often characterized as a "neo-institutionalism." This new framework for organizational theory is replacing bureaucratic organizational theory as the dominant paradigm for analyzing complex organizations. Beginning in the 1970s with a seminal article by John Meyer and Brian Rowan (Meyer & Rowan, 1977), organizational sociologists increasingly emphasized the fact that many organizational activities often are not rationally linked to productivity goals. Instead, they emerge as a means of securing and maintaining organizational legitimacy in the eyes of governmental, professional and community groups (Powell & DiMaggio, 1991).

Early in the twentieth century the German sociologist Max Weber (Weber, Henderson, & Parsons, 1947) convincingly characterized rational bureaucracies as the archetypical modern social organizations. In this conception, organizational design is directed toward realizing production goals. Fredrick Taylor (Taylor, 1911) applied the Weberian concepts and used the idea of rational organization to develop guidelines for "scientific management" of bureaucratic production (Ray & Reed, 1994). By the 1970s, however, there developed a substantial reconceptualization of how complex social organizations are created and sustained. Research revealed that, within their boundaries, organizations are cultural systems with traditions, moral (or perhaps immoral) value systems, and a rich set of symbols and rituals for creating and expressing shared meanings capable of establishing social identities (not just work roles) for organizational members (Senge, 1990; Bolman & Deal, 2003). Beyond the organizational boundaries, emergent scholarship was documenting the broad dependencies of all organizations on the ways in which environmental actors – civic governments, professional associations and community groups – are willing to endorse their legitimacy by embracing their organizational missions and approving their operational routines. As a result, contemporary organizational sociology has raised to central significance the institutional rather than the bureaucratic aspects of complex social organizations (Rowan & Miskel, 1999; Scott, 1992). By "institutional" these sociologists mean that the moral, normative and symbolic dimensions of organizational behavior are more

important to organizational stability and success than are rational, means-ends productivity considerations. In short, the new organizational sociology proclaims that “legitimacy has trumped productivity” as the fundamental standard for evaluation and support (Mitchell, 1996; Powell & DiMaggio, 1991). The internationalization of universities puts this need for a coherent culture at the center of organizational effectiveness, creating significant tensions between the entrepreneurialism and neo-liberal managerialism with their emphasis on competitive processes and the neo-institutional corporate need for a more collaborative and culture building process which is more fragile in character and requires more substantial social interaction than is often produced in international educational ventures.

Neglect of the neo-institutional aspects of international cooperation was seen in the Nielsen study, where a major finding is that research university faculty did not consider cultural globalization to be something emerging from their international actions. They intellectually recognize globalization with world citizen consciousness as a phenomenon encountered in their international relationships, but do not see that their actions are building that citizenship consciousness. They do not account for the actions of their academic department in terms of global consciousness or interaction. Rather, they interpret their actions almost entirely in terms of competitive entrepreneurialism – raising the institutional ranking of the department, conducting good research, getting good students, getting more grants (money), etc.

Internationalization of student recruitment and competitive knowledge production reinforces the entrepreneurial side of international behavior, and deflect attention away from the impact of this competition on the development of multinational globalized and institutionalized forms of collaboration. As a result, observers note the emergence of global norms and cultures, while the students, faculties and university administrators who are producing these changes see themselves acting in largely self-interested and nationalistic ways. Ironically, it appears that the harder universities strive to mobilize human capital resources and achieve national prestige and reputations for excellence, the more they succeed in globalizing the higher education culture and produce a higher education ranking system which has common international metrics of success.

For the less prestigious community colleges, the competition of resources, students and high status internationalized programs leads to dramatically higher levels of neo-liberal management behavior through part-time contingent faculty employment and rapid changes in instructional program emphases. For these institutions, the reality of globalized educational norms means unrelenting pressure to advance instructional programs in response to global knowledge dissemination and secure control over the employment and assignment of teachers to allow for sharply increased managerial control.

3.7. The yin and yang of internationalization and globalization in higher education

We started this chapter with an explanation of globalization, arguing that internationalization is both a response to, and a contributing factor facilitating, globalization. This was illustrated

with examples from two studies exploring globalization and internationalization in higher education settings. Like the Yin and Yang forces in ancient Chinese philosophy internationalization and globalization work together to transform the self-understanding and organizational activities of both research universities and community colleges. Grounded in a revolution in transportation and communication technologies, globalization and internationalization operate together to create a global interdependence in economics, politics and culture.

With the Nielsen (2011) study of a research university department, we see international faculty and students moving freely around the world, contributing to globalization. Internationalization of higher education allows them to cross borders and institutions, challenging their national loyalties while strengthening their intellectual and institutional loyalties. Institutions like this rely on this shift in loyalties to bring top talent from around the world to work at a prestigious university. Loyalty to institution and field of endeavor are proving stronger than loyalty to national culture, orienting university scholars to pursue international legitimacy and prestige.

In Community colleges, it is not the loyalty to the field that provides the institution the legitimacy for survival. It is meeting a market need. The contingency of labor is legitimate because it benefits the institution financially and enables it to survive in the highly competitive global economy. The institution strives for ever greater flexibility to respond to rapidly changing market conditions and, in doing so, the community colleges operating in a global culture needing to quickly respond to technological advances and the changing job opportunities brought about by the globalization of market structures.

In sum, globalization is allowing a new order in the world of higher education. Going from political to economical purposes, nationalism giving way to world citizenship, culture depending on the identified groups more than geographical locales, organizational legitimacy more and more depending on global name recognition and expansion, allegiance to the organization giving way to entrepreneurialism and most of all control of knowledge dissemination; these forces have altered the fabric of higher education. Adaptation is a survival tool. Higher education organizations that fit, participate and welcome global changes will survive the best.

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Higher Educational Reform Values and the Dilemmas of Change: Challenging Secular Neo-Liberalism

James Campbell

Additional information is available at the end of the chapter

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1. Introduction

The way universities articulate their mission within contemporary globalization and the challenge of globalization to substantive community values is critical to understanding contemporary reform discourse in deep context. The tension between deeply held values and the demands of contemporary economic and social change that is being driven by neo-liberal globalization manifest at diverse levels on contemporary societies. Differing views exist in regards to how to best move forward in response to globalization [1-4]. Developing nations face the need to develop the capacities and capabilities of their citizens in the broadest possible way and education is widely considered as a key institutional conduit through which this occurs. However our capabilities and capacities as human beings are deeply connected to our ability to realise and maintain a sense of dignity and moral balance in a world increasingly beset by the values of instrumental reason, competitive rationality and consumerism. As Amartya Sen has argued addressing social exclusion is a critical component of capacity building. Ensuring that human capabilities are encouraged and allowed to grow and manifest is a key component of development theory [5-7]. The key issue that animates this chapter is the extent to which contemporary philosophies of higher educational development based on secular neo-liberal theory actually inhibits the pursuit of human capability since the fundamental premise of neo-liberalism rests on a denial of the substantive, other regarding and non instrumental values that human beings possess in their commitment to moral life through faith. The problem of economically developing nations in the context of global competition and the dominance of neo-liberal ideology requires a reinterrogation of the problem of values and their proper place in national development.

In this chapter we shall discuss these broad problems pointed to above with reference to a specific national discourse. Malaysian reform in higher education provides a good example of the desire to engage with the issues of globalization and competitive pressure yet at the same time strongly assert its own independent path for higher educational institutions [8-12]. Contemporary arguments regarding the commodification and importance of knowledge [13] for economic growth and the uneven and iniquitous impact of globalization on higher education and national education systems have had their impact on universities in Malaysia [14]. Reduction of knowledge to the status of a commodity is the hallmark of neo-liberal globalization. Ensuring that Malaysian higher education converges with the principles of neo-liberal globalization is a critical aim of neo-liberal global institutions [15]. This effort pursued by bodies such as the World Bank entails seeking a deep secularization of Malaysian institutional practices under the cover of a desire to globalize and integrate with the normative values of competition, performance and individualism. These are the values that deeply inform the secular neo-liberal agenda and the approach of institutions such as the World Bank [16].

In this sense the Malaysian example of higher educational reform and the difficulties and tensions that characterise it is a useful national context within which to engage the theoretical problems discussed in this chapter. Global pressures to conform with managerial and economically driven business practice in issues such as evaluative performance indicator culture, competitiveness or moving up university rankings is a critical issue for Malaysian higher education [17-18]. The uncertainty and disquiet with the contemporary way that modernization and globalization are manifesting in Malaysian institutions of higher education is part of a broader global disquiet at what is seen as the overtly secular, instrumental, calculative and individualistic philosophies and directions that are being pursued in an attempt to increase Malaysia's competitive position and drive economic growth in conditions of globalization, and competition [18-20].

Many Malaysian scholars and intellectuals are deeply concerned by the problems of contemporary modernity and the deep problem that modernity in its Eurocentric-Americanised form is bringing to Malaysian society [21-25]. The Malaysian government's higher educational strategy is a critical response to the dilemmas and issues facing Malaysian higher education and contains within it a values disposition which is critical to note. Historically universities in Malaysia have served national goals of educational inclusion and development [26]. However Malaysian universities are now faced by a set of asymmetric crisis' which challenge the very foundations of Malaysia's commitment to cultural dignity and social justice.

Asymmetric crises which characterize the contemporary globalized environment include: with respect to values, social equity versus selfishness; in regards to resources; waste versus conservation, and finally with regards to technological development; responsive and socially responsible development versus grandiose and extravagant development [27-28]. The deep secular nature of modernization discourse in relation to higher education frames the possibilities and problems of public policy in particular ways which produce significant disquiet and uncertainty in debates over the direction of Malaysian higher education [22, 29].

The problems of isomorphism and educational borrowing given globalization and the global forces for convergence to neo-liberal norms and competitiveness are a significant threat to values and cultural norms. Critics point to the 'fundamentalism' that characterises the market discourse of 'efficiency' and how this fundamentalism operates in contemporary globalization [Rodrik 2001; Amin 2004]. A key problem which animates the discussion in this chapter is how the secular pretence of contemporary westernised modernization and the discourse of neo-liberalism relegate spiritual values to personal interiority and away from the main public square and thus destroy the capacities of people to truly realise their moral aspirations and capabilities in an 'other regarding' fashion.

The problems of reforming higher education in developing nations such as Malaysia in such a difficult environment boil down to balancing the need for engaging with the changes underway globally, but also recognizing the need to balance this with commitments to values and moral criteria that are not driven by mere reaction, or subservience to, neo-liberal and Eurocentric power [30-31]. The recognition that higher educational reform in Malaysia must be holistic and that it must combine effort to change mindsets with a protection of culture and normative values are policy prescriptions that animate Malaysian public policy [32-33]. The dynamics and forces of globalization have lead to a radical rethink in respect to the role of the University in contemporary society [26]. However these forces of change if not integrated within the cultural values of Malaysians and consistent with Malaysia's objective national goals and sense of social justice [34] can manifest as forms of 'captive' mentality, where policy is driven by external agendas and express a form of imperialist power [35-36].

Cultural imperialism entails the 'use of political and economic power to exalt and spread the values and habits of a foreign culture at the expense of a native culture.' [37, p.303] The challenge of cultural imperialism as a form of values imperialism provides a difficult task for higher educational institutions beset by the need to 'compete' and remain 'relevant' in a world increasingly dominated by processes of secularization, neo liberal marketization and consumer oriented philosophy underpinned by instrumentalist and utilitarian modes of understanding which are fundamentally at odds with important and powerful normative and cultural identities of Malaysian society. The Ninth Malaysia Plan makes an important point:

'there is a need to strengthen the overall mindset, culture, values and social institutions to be more in step with the country's economic development. There is a danger of the country possessing first-class infrastructure but third-class mentality. In order to pursue further growth and development, Malaysia will need to fortify its moral and ethical foundations while enhancing its mindset and attitudes towards excellence and performance.' [38, p.4]

Part of the discontent with modern globalization from an educational perspective and from the perspective of national development is the ascendancy of possessive individualism as the core referent for ethical behaviour. Individualistically justified ethics which reduces itself to hedonism dissipates what Syed Muhammed Naquib Al-Attas refers to as the 'vital

centre'[23]. The public square and in our discussion, the public higher educational institution is stripped of ethical vitality through the discourse of neo-liberal managerialism, performance and competition based on a liberal view of the self as unencumbered. Neo-liberal globalization is radically challenging conventional notions of what Emerson refers to as the 'sovereignty of ethics' and this poses threats and opportunities for universities and educators [39]. Economic development carries with it implicit cultural and social values. Malaysian higher education has been informed by the commitment of the state to inclusion and the educational development of its people[40] as well a commitment to moral leadership[41, p.122]. However, contemporary Malaysian society is now buffeted by global popular culture, consumerism and growing individualism [42-43]. Cultural values of care and respect and compassion are increasingly under threat by values of possessive individualism. The contemporary Malaysian influences of Islam and other religious traditions that prevail in Malaysia [44-45] is in tension with the discourse of neo-liberalism. Currently the need to ground higher educational policy in closer reference to spiritual values and social capacities is not as strongly pursued in global public policy discussions as are the demands for competitive improvements, performance regulation and the broad discourse of neo-liberalism[46].

In higher education the values that are inculcated in the new discourse of performance, competition, efficiency and knowledge productivity are articulated in an apparently secular and instrumental language usually stripped on any substantive ethical referent and used without reference to cultural beliefs. These values which are pushed by mainstream neo-liberal global institutions in their advice to developing nations are the subject of considerable debate and public reflection. In the Malaysian case debate focuses on the problems of values, social stability and national intent. Contemporary ideas of 'development' and globalization which present themselves as 'irreversible' are increasingly challenging deeply held cultural and spiritual values in Malaysia [47, p.15]. How can we understand this tension between the cultural and spiritual values that inform Malaysian society and are fundamental to understanding notions of the self and the current discourse of neo-liberal instrumentalism, individualism and number crunching performance in higher education? What is the root problem that informs neo-liberal reform discourse which puts it at odds with the way developing societies such as Malaysia engage the issue of public purpose values and education?

The following discussion seeks to propose that a critical issue in this respect is the fundamentally secularist discourse which informs and structures neo-liberalism. To understand the problems facing higher educational institutions we must first go to the root of our current malaise. The root lies in a discourse of neo-liberal rationalization with its apparently secular self understanding that dominates and informs modernity and informs that way we understand what is legitimate in institutions of higher education and what is threatening or illegitimate. Arap Kumar Sen observes that 'the philosophy of secularism is organically linked with the discourse of modernization' [48, p.1156]. Secular neo-liberal discourse specifically denies any authority beyond the individual the market and processes of the rational evaluations of institutions. Anouar Majid provides an interesting analysis of the development of the secular view in the following:

‘The secular worldview that emanated from the late eighteenth century and the first few decades of the nineteenth was the product of Enlightenment thought and a classical liberal philosophy whose goal was nothing less than the recalibration and redefinition of human morality to adjust it to a new social calculus that excluded traditional religious commitments (irrational as these might have been).’ [49, pp. 2-3]

Jose Casonova adds further understanding when he points out that, ‘the secularist genealogy of modernity was constructed as a triumphant emancipation of reason, freedom, and worldly pursuits from the constraints of religion’ [50, p.11]. Casonova describes the narrative of secularism as, ‘the emancipation and expansion of the secular spheres at the expense of a much diminished and confined, though also newly differentiated, religious sphere. The boundaries are well kept; only they are relocated, drastically pushing religion into the margins and into the private sphere.’[50, p.11] Chandra Muzaffar reminds us finally that, scholars now are openly discussing the idea of post-secularism in the Western context as a response to the failings and limitations of the secular paradigm [51]. This recognition of the need to critique the secularist biases and discourse that informs Western modernity and especially its aggressive neo-liberal form is the critical view in this chapter.

The key idea here is that secularism in the contemporary world relies on a binary between the rational, measurable, calculable and the irrational, unmeasurable, and incalculable. It also relies on a critical binary between the public sphere (state institutions for example) where spiritual concerns have little substantive authority and the private realm where the spiritual is considered to properly exist. The secular normativity that informs contemporary neo-liberal higher education policy needs to be identified and analysed so as to expose its nature and consequences for public policy formulation. We need to grasp the redemptive and rationalised roots of neo-liberalism and challenge the way nature and characteristics of the contemporary secular/spiritual binary reinforces the identification of the secular with the rational and public and the spiritual with the private and irrational. Historically speaking, the prediction that religion and spiritual belief would fade into ancient memory as modernization advanced has simply been proven to be false. Yet even though the secularization thesis is demonstrably false the power of the secular imaginary in the global higher educational discourse is still prevalent [52].

2. Theory

It is the contention of this chapter that cultural values and spiritual beliefs which provide the mainstay of many peoples way of seeing the world and their place in it is considered irrelevant to the discourse of productivity, measurement and competition that characterises hegemonic neo-liberal discourse unless they mesh with an individualistic, instrumentalist discourse that privileges, ‘religious interiorization’[53, p.2] or supplement the discourse of neo-liberalism. Chandra Muzaffar makes the point that greed, self interest and self centeredness, which are all antithetical to ‘eternal spiritual and moral values’ is a key characteristic of the contemporary neo-liberal capitalist hegemony [51, p.4].

This hegemony is driven and articulated by specific institutional interests. For example the pursuit of neo-liberal reform in higher education which is pursued by global institutions such as the World Bank and advocated for developing nations such as Malaysia is driven by a secular rationality which is at odds with the spiritual social imaginary which characterises Malaysian society. Thus we have a tension between the pressures of globalization and international isomorphism in higher educational institutions: the desire to make higher educational institutions conform to calculative rationality, competition and possessively individualistic reform and the substantive commitments of the overwhelming majority of Malaysians to other regarding spiritual values [51].

The idea that spiritual belief should be included in the public square is a key characteristic of Malaysian modernization [21, 54-55] and is an idea widely spread in many developing nations. This is not without some controversy, nor is there always agreement on exactly where the boundaries of faith and public policy should be drawn. Nonetheless taken as a whole and looked at over the long duree of Malaysian nationhood the trend in Malaysian modernization has been towards a growing importance of religious influence in the public square rather than an ebbing of such influence as put by secularization theory[56]. At the same time as this trend is increasingly important in Malaysia the pressures to converge the nature practices and direction of Malaysian higher educational institutions to neo-liberal norms has escalated. These kinds of pressures are not limited to Malaysia. However the external forces in the global economy, international institutions and isomorphic pressures which characterise the discourse of higher educational reform at the global level are in distinct tension with the faith oriented values of Malaysians at the national level[51].

Contemporary higher educational discourse at the global level is characterised by a secular rationality and narrative which seeks to interiorize faith and implicitly views faith issues as of little relevance to the problems of public institutions. Neo-liberal educational policy prescriptions present itself in a rationalised and secularized discourse which dominates the contemporary higher educational policy scene [57-60]. The discourse appears objectified, instrumental and calculative yet its secular rational form finds its basis in a radicalised and rationalised Calvinism stripped of its other regarding moral sentiment. Thus we have an interesting irony in regards to neo-liberalism and the secular social imaginary within which it functions[61].

On the one hand neo-liberalism articulates its discourse in a secular fashion based on its claim to objective rationality, 'best practice' the 'logic of the market' and 'instrumental reason'. Neo-liberalism meshes easily with Eurocentric notions of modernization based on concepts of secularization that posit reason and efficiency and rationalization as the critical regulative and constitutive elements of modernity and 'public' policy. Faith based 'other regarding' value systems including spiritual religious ones are consigned to only having authority and legitimacy in the private sphere. Thus any attempt to insist on spiritual values having some commanding influence on public policy is viewed from the vantage point of Eurocentric secular modernity as threatening and dangerous; as irrational. Neo-liberalism sits squarely and neatly within this binary as a rational and 'objective' doctrine rooted in the 'science' of economics. This economic rationalistic and calculative instrumental view of human capability and what is the proper boundaries of public policy meshes neatly with the

liberal self interiorization of religion and rationalisation of public life. Efforts to reject this interiorization are at odds with the liberal project and are thus seen as irrational, unscientific or simply backward. In respect to how the secular discourse positions the religious Other. William Connolly points out:

‘Indeed, the best definition of Europe itself—as presented by those constituencies assuming themselves to be qualified to define its core authoritatively—is the idea that to be European is to express religious beliefs in the private realm and to participate as abstract citizens in the public realm. This innocent and tolerant-sounding definition promotes Christian secularism into the center of Europe and reduces Islamic peoples into a minority unlike other minorities; they are distinctive because they alone are unwilling or unable to abide by the modern agenda. . . . You might even say that the inner connection between Christianity and Europe today resides in the demand, growing out of the Christian Enlightenment, to disconnect the expression of religious belief from participation in embodied practices, so that it becomes possible to imagine a world in which everyone is a citizen because religious belief is relegated to the private realm and the interior of the self.’[62, p.78]

However the irony referred to above rests on the recognition that informing this secularised rationalized discourse of neo-liberalism is its basis in the way the rationalization processes of Eurocentric and particularly Americanized modernization are themselves forms of rationalised millennial discourses: specifically, rationalised Calvinism. It is not without irony that Protestant Calvinism a serious spiritual philosophy finds itself rationalised and stripped of any non calculative moral purpose and put in the service of a secularised and morally problematic philosophy of neo-liberalism with its visions of profit, consumption and unencumbered individuality [63-67]. Connolly argues: ‘that it is necessary today to expose and contest the spirituality invested in the contemporary evangelical-capitalist resonance machine, even as we seek to promote another set of spiritual affinities across lines of class, ethnicity, generation and creed.’[68] In short the neo-liberal philosophy which informs higher educational discourse is essentially rationalised Calvinism. This rationalization and secularization of the Calvinist redemptive ethic is reductive and stripped of other regarding sentiment which was still critical within historical Calvinism. It is no accident that the role of higher education as a beacon of ‘reason’, ‘civilization’ and ‘progress’ is now deeply influenced by a rationalised philosophy of neo-liberalism which asserts its deep messianic authority by claiming objectivity beyond faith and articulating itself in a secular discourse which marginalises any other faith imaginary through its demand that spirituality be interiorised and deleted from the public square.

Globally the higher educational industry is deeply infused with this rationalised and secularized ethos which frames and informs how ‘progress’, ‘reason’ and ‘civilization’ are understood. Susan George points out that, ‘neo-liberalism has become the major world religion with its dogmatic doctrine, its priesthood, its law-giving institutions and perhaps most important of all, its hell for heathen and sinners who dare to contest the revealed truth.’[69] It is no accident that neo-liberal capitalism ‘presents itself as a gospel of salvation’[70, p.292]. In fact the Weberian notion of disenchantment as a characteristic of

modernity is potentially misleading if understood crudely. Enchantment exists: in the millennial certainty and zeal of neo-liberalism and its advocates. This eschatological zeal and certainty informs what appears as a secularized discourse and social imaginary. It seals the ascendancy and dominance of neo-liberalism by virtue of surreptitiously ensuring the prevalence of deep Protestant tropes and logical forms within the apparently secular discourse[71]. Thus we have an apparently secular philosophy neo-liberalism that is infused with millennial certainty and zeal which can only be understood in reference to the deep Calvinist roots that inform American capitalism (the most powerful form of Eurocentric modernity) which is at the base of neo-liberalism. In this sense the Weberian notion of disenchantment through rationalization if not grasped deeply, hides from view the essentially continued ‘mythic’ and ‘redemptive’ strains that characterise the rationality of neo-liberalism. The reification of Calvinist principles to neo-liberal secular rationality reveals itself as the all encompassing authority of neo-liberal instrumental reason.

How do we then understand in practical terms the way that contemporary secular discourse informs the global social imaginary of higher educational discourse? Two basic theoretical artifices inform the secularism that we find in global institutions that drive higher educational discourse. The first is what Elizabeth Shakman Hurd refers to as laicism. Laicism is a view that privileges the idea that religion and spirituality are impediments and oppositional to development and modernization. Such a view is common in higher educational discourse. A laicist reading of spirituality in higher educational debate views spirituality as an infringement on the goal and purpose of higher education by irrational belief on an otherwise secular institution. It is no accident that the laicist arguments that are implicit within neo-liberalism sit comfortably with cultural exclusion.

The second characteristic that shapes the ideology of global institutions Elizabeth Shackman Hurd refers to as Judeo-Christian secularism which sees religion as a generator of conflict and division. The ‘secularized Christian separation of church and state’ which informs this way of thinking is persuasive insofar as it implicitly excluded from consideration considerations of spirituality and belief in discussions over the missions and purposes of higher education. In a higher educational discourse characterised by these often unreflected values, the idea that the goals of higher education must take into consideration religious or spiritual values and objectives is considered at best misleading and at worst dangerous.

According to this interpretation of the way the Judeo-Christian framed secularist beliefs affect the global discourse of higher education policy the idea of spirituality being central to the mission of higher education contravene the secularized Christian separation of church and state or in our case spirituality and higher education. Shakman Hurd provides us with an important discussion of ‘the “ideological conditions that give point and force to the theoretical apparatuses employed to describe and objectify” the secular and the religious.’[72, p.2] To repeat; the theoretical apparatuses which Shakman Hurd identifies as forming the basis of the Eurocentric rationalist discourse at a global level are laicism and Judeo-Christian secularism. According to Shakman Hurd:

‘These traditions of secularism are collective dispositions that shape modern sensibilities, habits, and beliefs regarding the secular and the religious. Secular theory and practice are given equal footing here in accordance with MacIntyre’s argument that “there ought not to be two histories, one of political and moral action and one of political and moral theorizing, because there were not two pasts, one populated only by actions, the other only by theories. Every action is the bearer and expression of more or less theory-laden beliefs and concepts; every piece of theorizing and every expression of belief is a political and moral action.” [72, p.2]

The way that spiritual belief is de-legitimised in the core global institutions of higher educational policy does not mean that religious beliefs are not critical to many higher educational institutions (many of them private). In fact many of the most prestigious global universities have their roots as religiously founded institutions. What it means is that the deeper secular ideologies which dominate mainstream public policy discourse in regards to what a university should do, and how its success can be understood and grasped is fundamentally informed by secular reason and specifically the neo-liberal project. The neo-liberal project for higher education (which is the dominant project) is driven in large measure by a secular rhetoric which places little value on values which are not reducible to profit, instrumental measurement and economic motivations.

Organisations such as universities are considered to have performed their function when, individuals have performed and shown performance through metrics devoid of any sense of values other than productivity and the indicators for it. At a global level the secular social imaginary that informs the discourse of higher educational reform is thus in essence founded in a particular ascendancy of a rationalised religious ethos that presents itself as beyond ‘faith’ and thus marginalises actually existing cultures and communities which do not share this spiritually interiorized and individualistic cultural agenda.

This secular religious binary which posits spiritual belief in the private sphere and lambasts it as irrational or dangerous when it manifests in the public sphere is the key implicit structuring discourse for neo-liberal reform to higher education. It is true that neo liberal reforms can coexist in a formally religious institution, as long as the substantive forms of governance, productivity, ideas of what counts as important knowledge are all still fundamentally driven by neo-liberal prescriptions. In other words, as pointed out at the beginning of this discussion the secular ethos of neo-liberalism can still function effectively in environments where there is formal religious belief and practice as long as the fundamental Judeo-Christian secular ethic and laicism is not threatened. Mohammad Hashim Kamali reinforces the basic analysis:

‘Historians and political theorists in the English-language literature on secularism agree on one fundamental observation, namely that secularism is a product of Christian society that emerged as a protest movement to the historical domination of the church over the state and the eventual reversal of that order after the Reformation. Whether secularism’s eventual objective is to deny God and eliminate religion altogether or just to restrict religion to the private sphere while recognizing the existence of a ‘god’ that has no say in people’s worldly

affairs, “the concept cannot be comprehended outside the context of Europe’s evolution and its Christian reform movements.” [73, p.1]

Thus is the way the secular social imaginary reinforces the hegemony of neo-liberalism on the global level. In the Malaysian case a tendency for religious and spiritual issues in the public square to be reduced to problems of legal definitions and punishment issues is also allowing neo-liberalism to drive a values agenda in higher educational institutions at a substantive level [74]. In other words, the substantive influence of neo-liberal policy in articulating forms of self regulation; based on the unencumbered and competitive individual and a calculative and evaluative rationality which reduces value to mere numbers means that arguably the inner and substantive values in higher educational institutions are being undermined despite formal commitments to the upholding of faith based values by governments in the public square. Malaysian critics have pointed to this problem specifically [75-79]. This substantive separation out of faith from the public square that is occurring through the dominance of neo-liberal philosophy in higher educational institutions runs contrary to mainstream opinion for example within Islam.[73]

The power of neo-liberalism on a global scale and in our case in the movement to reform higher educational institutions to its precepts is in large measure instituted through the way its policies are given as objective and rational rather than being based on so-called non rational arguments which must always be limited to the individual’s personal views and life. Thus its power rests on the secular binary and discourse which sustains it. Neo-liberal educational reform attempts to replace other regarding subjects who have loyalties and aspirations beyond consumption and personal advancement with ‘rational actors’. It should not be forgotten the extent to which secular philosophies such as neo-liberalism, ‘requires a profound change in human outlook’ [80, p.30]. Smita A. Rahman argues convincingly that secular liberalism which is the corner stone of neo-liberal reform relies: ‘on a strong rationalism to fill the role that faith formerly occupied in discussions of justice and the public good.’ [81, pp.39-40].

The problem is that rationalism as currently conceived in the current neo-liberal order is deeply individualistic, calculative and instrumental. Not only does this form of rationalism have little place for spiritual values which challenge its ascendancy it has little place for other regarding values as well. Tariq Ramadan reminds us that, ‘*the minimal governmentality proscribed by neoliberal ideology leads to an “empty” and hopeless political discourse*’ [82, p.2]. The importance of Tariq Ramadan’s insight in regards to the moral emptiness of contemporary neo-liberal reform and its pursuit of the, ‘privatization of all non-commodified public spheres’ [59, p.14] is critical to understand. Understanding the power and authority of neo-liberal reform requires us to grasp the way that the way neo-liberalism fuels what Tariq Ramadan correctly sees as a kind of moral emptiness in the public square is itself derived from its implicit basis in the processes of modern secularization and interiorization of spiritual belief characteristic of contemporary western modernity.

The decline of other regarding spiritual dimensions in our institutions of higher education entails also a decline or diminution of other regarding values in all our institutions. In the

Malaysian case this has led to significant public disquiet with neo-liberal reform in universities[83]. The significance of the current secular problematic to the hegemonic power of neo-liberalism cannot be underestimated. Thus secularism is in many respects a view that helps in the 'the production and governance of neoliberal subjects.' [84, p.149] According to Gojanskel secularism provides the, 'ideological context of contemporary global neoliberalism and its ideal unattached, nonparticularist and spaceless subject.' [84, p.149] In fact secularism 'as a political ideology can be traced back to early liberalism and its emphasis on universality, rationality and individual autonomy' [84, p.149] According to Gokanksel:

'Secularism as a contemporary political project aims to keep the body in the domain of the state and in the production of a particular deterritorialized global economic order. The neoliberal individual must be free of any particularist spatial ties that prevent him or her from competing effectively in the global marketplace. From the secularist point of view religious symbols mark religious, ethnic or cultural differences onto bodies that are supposed to be neutral, rational, equal and competent in neoliberal terms.' [84, p.150]

The steering institutions and globally powerful arguments for neo-liberal higher educational policy are fundamentally secular in orientation. The secular nature of institutions is deeply connected to the perceived 'civilizing' mission such institutions play in modern societies. This 'civilizing' mission as we have argued above is deeply rooted in a rationalisation and secularization of the Calvinist redemptive ethic of individualism, performance and calculative advancement. We must critique the way that the current globalized discourse of neo-liberal reform presents itself as universal, objectively valid and rational and how this marginalises other regarding values and spiritual traditions in the public square. The millennial certainty that characterises the neo-liberal discourse, while formally secular, is in fact deeply based on Calvinist roots which have been rationalised in the process of the articulation European modernity and it's more aggressive and imperious American variant.

3. Fear and performance

One focus of this chapter will be on how the current neo-liberal ascendancy creates a climate of fear and marginalisation which expresses it self in forms of cultural anxiety, doubt and a desire to satisfy externally driven aims and agendas in higher education which are not necessarily in keeping with indigenous needs or values. Furthermore this cultural dissonance expresses it self in the aims and practices of higher educational institutions which become disconnected from the values and other regarding moral frameworks of their denizens. [85-86].

Due to global isomorphic pressure [87-90] higher educational institutions are driven by neo-liberal managerial, evaluative, competitive and individually possessive agendas. This sense of marginalisation, fear and dismissal of 'other regarding' deeply held spiritual and moral values which are based on deep spiritual commitments manifests in

the way Eurocentric discourse of modernity has tended to interiorize religion and spirituality and privatize it [91]. This cutting of religion from the public square and is reinforced and generated through the current dominant language of business and management discourse and the broader neo-liberal ideology that now deeply influences higher educational discourse. Critically given the importance of capability building to developmental discourse the cultural affect of neo-liberalism on developing countries and peoples is fundamentally deleterious to educational growth understood in an inclusive and non-imperious way. Indeed many may experience the demands of neo-liberalism in higher educational institutions as what Jefferey Alexander terms 'cultural trauma'[92].

Critics point out the way that current managerial culture in higher education is deeply affecting intellectual culture. According to critics such as Kathleen Lynch; 'the seemingly apolitical nature of the neo-liberal agenda'... 'depoliticises debates about education by hiding its ideological underpinnings in a language of economic efficiency'. [Lynch 2006 p.7] Lynch argues that, these 'changes are significant not only in terms of how they refocus research and teaching efforts in the university but also in terms of how they change the cultural life of the university. Not only is constant auditing and measuring a recipe for self-display and the fabrication of image over substance'. [Lynch, 2006, p.7]

Everything one does must be measured and counted and only the measurable and countable matters and can be ranked. Under current neo-liberal reform, 'the measure of educational and research worth is increasingly one's ability to serve what is measurable in the market.' [93, p.7]. This reduction of what a university does to the simply measurable and the reduction of its mission to the interest of the market rests on the secularization process that underpins and informs neo-liberal reform philosophy. This secularised and rationalised form of redemptive Calvinist eschatology which characterises the neo-liberal project is characterized by a calculative and instrumental rationality which is at odds with human capacity building understood in reference to normative other regarding values and substantive social capability. It literally generates a climate of fear.

Neo-liberalism maintains its universal hegemony and adherence to the individualistic consumption ethic through a politics of fear and cultural symbolic violence [94-95]. The politics of fear manifests in several diverse yet interconnected ways. The politics of fear manifests in the discourse of global relevance and competition. The sense that universities must compete against each other and compete against so called 'world's best practice' and 'global benchmarks' produces a sense of genuine disquiet and underneath this a deep seated fear of failure. This sense of fear is by no means accidental. Based upon a growing sense of anxiety, fear is one of the dominant yet largely understated aspects of contemporary neo-liberal globalization.

The current homogenizing neo-liberal globalization ideology does not truly recognise or accept diversity, does not accept social norms and values at the expense of individual choice and profit, and seeks to marginalise through a politics of fear forms of culture that are inimical to its ascendancy. Anxiety and dread result from accepting a philosophy which is

utterly at odds with deeply held normative beliefs and values. With respect to the broad discussion of contemporary neo-liberal globalisation the politics of fear is thus an important and sometimes underestimated aspect of how contemporary neo-liberal hegemony expresses itself and maintains itself. Neo-liberalism 'otherizes' and demonizes contending cultures that are not amenable to it as 'cruel' or 'barbaric'. In essence, those cultures and social groups not amenable to liberal individualism and consumption are cast out and demonised; they become groups and cultures to be 'feared'. A critical aspect of secularization discourse as it manifests in neo-liberalism is this demonization and rejection of non individualistic and other regarding spiritual values as irrelevant to the 'main game' of university objectives.

In other words, a politics of fear which infuses secular neo-liberal certainty (a certainty derived from its millennial Calvinist roots) forges a kind of public ethos which marginalises opposition and imposes a values framework on public policy discussions which is fundamentally at odds with the actually existing needs and values of developing societies. Cultures that are not amenable to the demands of neo-liberalism are thus seen as backward or undeveloped. In this respect, the politics of fear has a role in helping neo-liberalism maintain its public ascendancy. Collective insecurity, doubt and moral vacuity which manifests due to the vacuity of contemporary liberal lives, presents consumption and excess as ways to address the nagging sense of loss of values and community that characterise neo liberal society. Fear is the great hidden motivator to maintain neo-liberal society and patterns of individualism and consumption[96-97]. In higher education fear is a useful motivator to keep our goals 'relevant' to neo-liberal aims. At the cultural and social level, fear of hopelessness is sated by consumer goods and constant stimulation and at the broader political level; fear of the other is used as motivation to maintain current inequality and dispossession. In higher education fear manifests in the power of rankings systems and the way that Eurocentric rationality presents itself as objective and beyond question.

Much of what passes for public policy and academic discussion of higher educational policy is grounded in a secular and instrumental discourse, usually stripped of any substantive normative and especially spiritual reference. In the argument made above this philosophy of neo-liberal individualism and instrumental reason generates fear and unease among those who do not share its moral vision. However as argued above it is critical to note that the roots of this neo-liberal discourse and its eschatological certainty lie precisely in its Calvinist pre-history. Thus the power of the secular imaginary that informs higher educational discourse is founded in a rationalization of Calvinist individualism which provides neo-liberalism with its moral fervour and its most troubling redemptive certainties. Jefferey Alexander makes the point broadly when he argues that the, 'essential cultural patterns of modern societies derive from those of the earlier religious world'[98, p.86]. The dominance of instrumental, calculative, radically individualistic agendas for higher education is deeply rooted in the redemptive and particularist foundations of a rationalised secular ideology; contemporary neo-liberal global modernity. Nikki Keddie reminds us that secularization theory 'shares the linear-progressive viewpoint of modernization theory, and is really a sub-

category of that theoretical approach.’[49, p.3] [99] Instrumental reason and possessive individualistic values become the dominant and overriding imaginary and referent for self understanding and action on the world. Karen Litfin writes:

‘Modernity’s emblematic faith in technology, the doctrine of progress, the centrality of instrumental reason, the sanctity of individual freedom, the denial of the sacred – all of these have been suggested as sources of an environmentally destructive cultural tendency. The common ground uniting all of these beliefs is the secular worldview, a historically specific story about reduction of reality to matter, the triumph of human reason over the vagaries of nature, and the colonization of space and time by material progress.’[100, p.29]

4. Conclusion

The creation of sustainable social capacities and the strong necessity of recognising the place of substantive values in higher education require balancing values within contemporary modernization and development [55]. These are critical issues in regards to the direction and success of developing nations such as Malaysia. The argument in this chapter is that the secularised modernist values that underpin higher educational discourse are a root problem to address before we can come to grips with these problems [101]. The problem is not abstract as discussions of theory sometimes imply, for it manifests in the concerns of intellectuals policy makers and citizens alike in many developing nations. To what extent are we witnessing what Rajni Kothari argued was a, ‘deepening sense of crisis in the modern knowledge system’ [102, p.283].

Neo-liberalism espouses, individualism and such a way of framing the possibilities of social interaction foreclose on other cultural understandings of human life, which are more communitarian and, for example, recognise the centrality of religious values to all aspects of social life. Cultures and movements which evidence such understandings are often seen as ‘backward’ ‘illiberal’ or ‘dangerous’ and a threat to the ideas of individual freedom and individualized ethics that neo-liberalism holds to be sacrosanct. When modernizing higher education is correlated with neo-liberal ideals then the push for a breakdown of social solidarity and espousal of possessive individualism can become all-pervasive. The impact of this on capacity building in Malaysia is worth consideration[6]. What are the negative consequences on capacity building in societies whose life world is deeply imbued with spiritual sensibility, of the endless march of neo-liberal rationalization?

Contemporary neo-liberal globalization and its secularized rationality and eschatological certainty expressed both as economic dominance but more powerfully as cultural dominance provides the background for the contemporary problems of Malaysian development and educational growth. Resistance to this secularized discourse with its focus on counting, material advancement and individualism has been expressed by numerous Malaysian scholars. In the field of literature the work of Mohammed Salleh Yapaar [103] is important in critiquing perspectives that reduce religion simply to discourse. Eminent scholars such as Syed Muhammed Naquib Al-Attas[47, 101] have been staunch critics of

secularism and its effects. Azizan Baharuddin [104] has also contributed significantly to the debate over secularism and faith in public institutions as has Chandra Muzaffar [74, 105] and Osman Bakar [106] to name a few. In fact the tradition of diverse Malaysian scholarship on these issues is extensive and in many respects it may be possible to argue that the post secular thinkers in the West who are now realizing the problematic nature of secularism and its false and stifling binary between the secular and faith are in a way catching up with scholars in the developing world who have argued this for some time. The great challenge of the contemporary debate over higher education is to listen to the voices from the developing world and to understand the way in which the secular discourse of neo-liberalism is marginalizing and excluding the moral values of my people subjected to it.

The contribution that Malaysian scholars and intellectuals are making to this important issue needs to be recognized. Looked at attentively the arguments put forward by critics such as Shackmann Hurd with respect to how secularized hegemony is articulated in the practical level now reinforces and supports the arguments of Malaysian critics such as Chandra Muzaffar and their critique of hegemony. The contribution of scholars as broad ranging as Tariq Ramadan, Talal Asad, William Connolly and Charles Taylor, are all providing arguments and theoretical support for the spiritually inclined positions that a wide range of Malaysian scholars have put forward for some time. The salient role that consumption and individualism plays in contemporary higher educational ideology means that the need for a central ethical role of universities within Malaysian society is therefore accentuated not dissipated. The need to address capability deprivation, cultural marginalization and exclusion becomes a critical normative issue for universities. Capacity building which is the fulcrum of Malaysian educational policy is severely constrained if it is framed within a discourse that denies the validity of spiritual values and leads to cultural trauma.

Secular modernity needs to be the subject of what Talal Asad refers to as a 'rethink' [107, p.29]. Talal Asad reminds us that the implicit secularist epistemology that informs the secular political view of the role and place of spirituality in our institutions is deeply flawed. Secular epistemology based on autonomous, universal rationality is the foundation stone for secularist political doctrines which characterise the ideologies of our public institutions. As an epistemic category the secular is the foundation point for the power and authority of neo-liberal hegemony. Communitarian spiritual religions and value frameworks seriously challenge neo-liberalism as a basis of claims to deeper meaning than consumption and greed. Take for example the issue of Islam which is critical to understanding the moral universe of Malaysians. Eqbal Ahmad and others such as Edward Said [108-109] have wisely reminded us is that the way neo-liberal imperialism 'frames' Islam and indeed any religion or culture that is not beholden to its hold is in an utterly reductive and caricatured way. Eqbal reminds us of the way cultural imperialism 'draws boundaries' 'to deny our common humanity.' [110] How much is neo-liberal reform in educational institutions acting to stymie us from realising our common humanity and ethical selves?

A philosophical engagement with the secular nature of much contemporary economic and public policy in higher education is the beginning of a path away from the deeply problematic nature of contemporary policy prescriptions. The normative interests of specific

cultures are broken apart in a process of neo-liberal globalization where ‘all that is solid melts into air’[111]. Consumer capitalism provides its denizens with ‘unexpected hopes’ that generate an individualistic ‘interiority’ which is ‘perennially dissatisfied and restless.’[112, p.4] This dissatisfaction and restlessness which drives consumerism, individualism and moral chaos is recognized by a broad array of scholars from Osman Bakar, Muhammed Salleh Yapaar, Chandra Muzaffar through to Syed Naquib Al-Attas and many others[47]. If developing nations are to truly build capacity and capability then reassessing the influence and nature of neo-liberal reform in educational institutions is imperative.

An educational project that engages the capabilities of students, teachers and the community is in keeping with the full development of human freedom tempered by the recognition that true freedom cannot properly exist without mutual respect and recognition and ultimately a recognition of the ongoing importance and vitality of spiritual values which are other regarding and not reducible to self interest [113]. In other words the deep secular and laicist way in which higher educational public policy is framed if not interrogated may lead to significant social and political problems based on the secularist modernist values which inform higher educational discourse. The secularist modernization and developmental agenda that is pursued by neo-liberal international institution in higher education is fundamentally a form of cultural imperialism. Recognising the importance of faith in our institutions is not a precondition for irrationalism and conflict. Quite the opposite, in fact it is an important resource for redefining higher education back to its mission in service of the common good. Capacity building properly understood requires a rethink in regards to the secular presuppositions that inform neo-liberal discourse. One among many critical locations for this debate is in Malaysia a cross roads of civilizations.

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“Red Light” in Chile: Parents Participating as Consumers of Education Under Global Neoliberal Policies

Verónica López, Romina Madrid and Vicente Sisto

Additional information is available at the end of the chapter

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1. Introduction

International research has provided evidence of a connection between the construction of collaborative alliances between parents and schools and the improvement of educational quality. In Chile, parent participation has been included as one of several aspects of community participation in the educational reforms of the last two decades. In this chapter, we analyze several Chilean educational policies that promote parent participation, based on three underlying logics or conceptions of education: the neo-liberal project of education, the civil-rights movement in education, and the emancipatory approach to education (Reca & López, 2001). These different logics promoted by educational policies for parental participation in education have been mixed, in the sense that one policy may contain two of these logics. We provide evidence based on empirical studies about parent participation, providing an account of the tensions produced between orientations stemming from educational policies and the educational actors that provide meaning to, transform – and in some cases reproduce – the proposed logic.

Following Apple (2004, 2010) and Gordon and Nocon (2008), we hold that globalization policies have predominantly installed the logic of neoliberalism. Neoliberal policies and practices are characterized as those strongly promoting private property rights, promoting free trade and free markets. Research on the effect of globalized neoliberal policy in education has depicted a higher segregation and stratification in neoliberal-practicing societies. We argue that neoliberal global policies subjectivize parents as consumers of education, and promote individual forms of parent participation through one dominant mode: school choice.

But, in Chile, parents have been subjectivized as consumers of education since the military dictatorship in the early 1980s, before globalization policies became increasingly dominant.

Parent school choice was a policy installed in Chile by the military dictatorship which radically changed the educational system following a neoliberal, market-driven approach. In this chapter, we argue that globalization policies have helped to strengthen a type of parent participation in education, which focuses on their role as consumers. This means that one type of logic has prevailed over others.

In Chile, the “neoliberal experiment” created during the military dictatorship and preserved after the return to democracy, installed a neoliberal logic underlying economic, social, and educational policies (Fischer, González, & Serra, 2006). The structural elements that characterize a Chilean educational system are market driven, so principles such as deregulation, competition, and stratification were expected to be applied by public schools (Barlett et al, 2002). In Chile, this translated into the expansion of private schools by making them eligible for public funding, the introduction of market instruments to promote competitive behavior between the publicly funded schools; the use of vouchers; the collection of tuition fees; and the deployment of an extended range of opportunities for families to choose a school for their children (Bellei, 2007). Hence, it assumes parental school choice is an instrument consistent with the *freedom to choose* logic (Friedman, 1962).

The first major policy installed by the military dictatorship was the privatization of public schools through joint “public+private ventures”, known as public-subsidized schools (“colegios particulares subvencionados”). These schools are administered by the private sector and funded partly by the State and partly by the student’s family. The second policy was the creation, in 1981, of a large-scale voucher system, where the State finances public-municipal and public-subsidized schools through a funding policy based on student attendance records. Vouchers are not given to the student or his/her family but to schools, so that schools need to “compete” for student enrollment. A third policy was the introduction of a standards-based, high-stakes national assessment of educational achievement, the SIMCE test. These policies have installed a scheme where parental choice is understood as THE motor that can “rationally” improve education in a free-market scenario, where parents are assumed to be in a position to choose what they perceive to be the best school for their children. This context defines the role of parents mainly as decision targets, that is, as customers, who are able to choose the educational institution that best suits their needs based on information that is publicly available. As Montecinos, Sisto and Ahumada (2010) pose, “from a demand perspective, increased privatisation purports to promote and affirm parents’ rights and individual responsibility in choosing a school. Theoretically, giving the parents the right to choose will increase quality because they will choose a school that shows good academic results and schools will make an effort to retain the fidelity of the parents” (p. 489).

The “Concertación”, the center-and-left wing political coalition which governed the country from 1990 up to the year 2010, proposed a hybrid, mixed approach of neoliberal and human rights-based approach, combining both political community and market-driven models in their approach (Ministerio de Educación, 2002; Ministerio de Educación/CIDE/UNICEF, 2005). During the decade of 1990s and beginning of the XXI century, parents were invited to participate in the school system as organized citizens through local and regional Parent Associations (Bellei, Gubbins, & López, 2002) but also as consumers of education through a

school choice policy that was maintained during this decade from the military dictatorship (Martinic, 2002).

In this chapter, we take a close look at different forms of parent participation in the Chilean school system during the last decade, organizing these different forms based on the logic underlying them: Are parents invited to participate as consumers of education, citizens or agents of social transformations? Are they invited to participate in all of these forms? Which one of them is most dominant? We establish a relationship between different programs and actions oriented towards different types of parent participation, based on these three underlying conceptions.

2. Parent involvement: Global views, local views

The international literature shows that educational policymakers and teachers across the world agree that the involvement of parents enhances the academic success of students (Epstein, 2001; Pomerantz, Moorman, & Litwack, 2007). Latin-American research has provided evidence of a positive relation between the construction of collaborative alliances between parents and schools, and the improvement of educational quality (Dabas, 2000; Martinic, 2002; Reca & Avila, 1998; Mineduc, 2012). Flexibility and fluidness in the relationship between the members of the community and schools have been shown to constitute a factor of success in educational reforms (Reimers & McGinn, 2000).

Alas, although parental involvement has reached the status of general consensus, research has shown that *more involvement is not always better*. In fact, Pomerantz & Cols (2007) provide evidence that it is *how* parents become involved that largely determines the success of their involvement. They also argue that parent's involvement may matter more for some children than for others. The study of Fan & Chen (2001), for instance, confirms that there is a moderate and practically meaningful relationship between parental involvement and academic achievement. Parental aspiration/expectation for children's education achievement has the strongest relationship, whereas parental home supervision has the weakest relationship with students' academic achievement. Likewise, the Abrahams and Gibbs's (2002) study shows, parent involvement and practices of inclusion and exclusion should be related, since parents who are familiar with the language and style of educational discourse are more inclined to participate in their children's schooling. This can create a feeling of "inauthentic" or at least, non-authentic participation in terms of democracy (Anderson, 2001), since if middle-class, educated parents are usually the ones who take active part in organized forms of participation, they may do it in order to maintain or strengthen privileges for the middle-class students, thus making social stratification and segregation perpetual.

In this context, parental participation, in many other countries, is promoted as one of many forms of school improvement and has been included in many educational reforms in the United States, in Europe, and in Latin America (Anderson, 2001), specially due to decentralization efforts (Fernández-Soria, 1996). In Chile, parental participation has not only been included in the educational policy of co-existence, "Política Nacional de Convivencia" (Mineduc, CIDE, & Unicef, 2005), but it is currently also part of the national school quality

assessment system (i.e. SNED, Sistema Nacional de Evaluación de Desempeño). Schools that obtain high scores on this measure receive benefits in terms of material and human resources. Besides, in 2002, a specific policy called “Política de Participación de Padres, Madres y Apoderados en el Sistema Educativo” was created by the Ministry of Education. Today, parent participation is also mandatory for schools willing to apply for the Preferential School Subsidy Law (Ley SEP), which boosts government subsidy for students identified as “vulnerable” (i.e. coming from lower SES backgrounds) (Mineduc, CIDE, & Unicef, 2005).

However, even though in Chile the post-dictatorial educational policies have recognized parental participation as an important aspect of school improvement, emphasis has been placed on different bearings of parent participation. According to Martinic (2002), although educational reforms require the participation of all actors in the interactions, communications, and responsibilities, in Chile a culture of non-participation prevails –deepened by the consequences of divergent social thinking during the military dictatorship- that affects their participation in school affairs:

“In spite of the importance granted in the discourses and policies, social participation is very difficult to achieve. In effect, people do not feel compelled to intervene in the public debate, nor are there formulas and techniques that guarantee a wide and permanent participation. The [Chilean] State’s track record and the representations that the population have about its role are part of a culture that favors “delegation” over “shared responsibility” when facing services such as education. On the other hand, school cultures, the way in what teachers think, plus the lack of flexible and participatory methods to work together with families and communities, affect the generation of active spaces of cooperation and decision-making” (Martinic, 2002, p. 2) (translation and brackets are our own).

As we can see, parent participation in the school system is viewed as a difficult “task” that sparks resistance in the Chilean authoritarian culture, as well as in a non-participatory, authoritarian school culture. Developing stronger ties between parents and schools is a complex task, since these relationships mirror the contexts and inequitable power arrangements of the broader society. Nonetheless, reasons for promoting parent participation are value-laden and have to do with underlying educational views, which in turn delineate different conceptions of education and educational policies. Within each of these views, parent participation is promoted for different reasons and motives.

3. The underlying logics of different forms of parent involvement

Ten years ago we identified at least three of these educational approaches of parent involvement (Reca & López, 2001): a) the neo-liberal project of education; b) the civil-rights movement in education; and c) the emancipatory approach to education.

Since the three logics were constructed following a weberian typology-scheme (Reca & López, 2001), these “ideal types” are helpful in that they allow us to better understand the theoretical and epistemic nature of the discourses underlying parent participation. But, in real life, the different logics are intertwined, since the different forms and modes of parent participation

cannot be lineally linked to one and only on logic. In other words, one mode of participation (for example school councils) can be traced back both to a civil-rights as well as to a transformational logic of education, depending on *what type* of school council we are talking about. In consequence, some of the logics of education delineated in this chapter may appear combined in the concrete day-to-day experiences of parents participating in education. This is particularly true for the civil-rights and transformational logics. In this section, we describe and provide updates for each of these approaches as they have evolved in Chile, and discuss how parent participation is visualized within each of these educational perspectives (see Figure 1).

3.1. The neo-liberal project of education

The neo-liberal approach poses parents as consumers and clients. Education is seen as a cost-effective enterprise, where schools compete with each other in order to obtain better educational results. The neo-liberal approach allocates responsibility on schools, which in turn deposit responsibility on teachers, parents, and students, thus tuning political and collective responsibility into an individual undertaking (Sisto, 2011). Neo-liberal reforms favor private endeavors, since schools are seen as able to compete against each other in a market-driven economy. Within this scenario, parents are client constructs, being responsible for consuming educational services. As consumers, they ought to be properly informed – hence the stress on standardized testing. They are perceived as capable of choosing the best educational options for their children, regardless of any other (economic, cultural) considerations. Parents are “free” to choose the best schools for their children, and this in turn feeds forward school improvement, since the “best schools” will prevail, and the “worst schools” will eventually be shut down (Elacqua, 2004; Torche, 2005).

The neo-liberal approach characterizes parents as *consumers of products –in this case, of educational services* - that the market has to offer, among which they have the right and freedom to choose, based on quality and preference criteria (selection based on school performance and on their own value-orientations). Parental participation in school administration and management is also promoted, since this is another form of expressing needs and approval/disapproval of the educational service being offered. Hence, parent participation is viewed as positive in terms of *accountability* (Reca & López, 2001).

In the early 1980s, under the Pinochet regime, Chile started to install the provision of educational services using a market-driven model. The model started with the design of three types of schools: municipal, to be administered by the country’s 341 municipal governments and totally financed by public funds through a per-pupil voucher system based on student attendance; subsidized private, to be financed through the same public voucher system but to be managed by the private sector, but where parents are usually charged an additional tuition; and private non-subsidized, run by the private sector and fully funded by parents. These three types of schools cater to different socio-economic groups (García-Huidobro, 2007), creating a tightly segregated school system, where municipal schools almost exclusively serve the low socioeconomic groups and private non-subsidized schools almost exclusively serve high socioeconomic families, to the point that the OECD (2004) Report defined the Chilean school system as being consciously segregated.

The market-driven model designed under the Pinochet regime has not only increased educational segregation, but it has also weakened the total enrollment of students in municipal schools. As of 2001, municipal schools represented 58% of total enrollment, but in 2006 the percentage dropped to 46.6% of total enrollment, and in 2011, to 40.7%. On the other hand, subsidized private schools grew from 45% in 2006 to 50.7% in 2011. Research shows that the market-driven model boosted the growth of private providers and decreased municipal school enrollment (Cox, 2004; Taut, Cortes, Sebastian, & Preiss, 2009).

3.2. The civil-rights movement in education

From a human rights perspective, the civil approach grants parents a civil right to participate in school affairs: within this view, education is seen as a formidable means of producing democracy (needless to say, when it doesn't work, of reproducing social differences). The rationale is that, since students spend most of their time in school, the school scenario is daily instantiation of civil rights. Dewey's (1927) conceptions of democratic communities, and his Progressive Education movement - where schools are seen as real-life contexts of democracy learning through every-day democratic practices - would closely align with this approach. According to Anderson (2001), the civil-rights and human-rights movements closely align with concepts of participatory democracy, as opposed to formal representative democracy. Based on Dewey's (1927) notion of democratic communities, supporters of participatory democracies sustain that the future of democracy in global, pluralistic societies depends on the existence of local social spaces that allow actors to learn and develop the ability to dialog, discuss and confront ideas and positions, in order to develop authentic citizenry.

The United Nations' appeal for participatory school communities also views parental participation as another form of exercising civil rights (Bellei, Gubbins, & López, 2002). Within the civil-rights view of education, *parent participation in the school system is just another way of constructing citizenship*. Within the framework of a democratic government that values collective organization and participation as a means of strengthening democracy and guaranteeing its continuity, mothers, fathers, and caregivers play a decisive role in school management. If parents are informed and get actively involved, give their opinion and take part in the decisions of the school, more participatory school communities will be constructed.

For several decades, researchers have promoted community participation in school-based decisions as a means to democratize schools and to build more involved societies. Within this approach, parent participation is viewed as a privileged means of empowering community actors and strengthening their competences to participate in issues concerning the due respect of cultural, religious, and other differences (Barber, 1984, 1992; Kahne, 1994).

Under this logic, parents are subjectivized as *citizens*, and parent participation is conceived not only as a mechanism that improves the management and quality of education, but more importantly, as a way of exercising citizenry rights, particularly the rights of children and youth to education. Parent participation is geared to achieve greater equality in this domain, and towards the strengthening of civil society. Organized forms of parent participation within the schools emerge as a privileged scenario for civil empowerment and for the

construction of citizenry, an exemplary method of exercising rights and values, respect and tolerance to cultural differences, etc. All told, within this perspective, parent participation is viewed as a privileged space for the construction of participatory democracy (Anderson, 2001).

3.3. The emancipatory stance in education

A different approach towards education is the transformative or emancipatory stance. The origins of this approach can be traced back to Marxist analysis and to social-historical analyses, which influenced critical pedagogical views such as Bourdieu and Passeron's (1970) theory of social reproduction proposal in Europe; and Paulo Freire's (1963) pedagogy of liberation in Latin America. The emancipatory approach views community actors as victims of oppression and schools as authoritative experts, and members of the dominant social class, who exert their power over students (and their parents) in order to preserve an ignorant labor force, ignorant of their transformational power (McLaren, 2000; McLaren & Lankshear, 1994; Mayo, 2004; Morrow & Torres, 2002).

The transformative approach views parents as agents of change. If parents participate not only in the school system, but also in the pedagogical processes of their children's learning, then they can bring to schools their culture and values, and transform the top-down curricula to make it more meaningful. Through their participation, they also become empowered. Parent participation is, therefore, a means of emancipation (Reca & López, 2001; Lareau, 2003).

This approach is oriented towards the transformation of the entire school culture, so that the school may understand that *parents are active, empowered agents of change*. It promotes deep, profound forms of parent participation, especially in pedagogical issues that have historically been construed as within the field of the "teacher-expert". Ideally, parents participate in the design of the curricula, in the design and implementation of learning activities, not only as an assistant to the teacher, but also as an expert in specific processes of their children's learning processes. Parents' role is not only to care and provide for, but also to educate and teach. Hence, this conception seeks to make the relationships between teachers/school principals and parents more horizontal, by redefining the relations of knowledge-power traditionally established in the school systems by setting the stage for shared power among the different members of the school community (Reca & López, 2001).

4. Forms and modes of parent participation in Chile

In Chile, as elsewhere in the world, parental participation takes one of two forms: individual or collectively organized participation. Individual participation is mainly viewed as pedagogical assistance outside school - "parents helping their children with their homework at home"- attending parent meetings, and complying with school rules and regulations. Parent participation in more direct modes of participation - for example, as assisting teachers in classwork - is infrequent (Bellei, Muñoz, Pérez, & Raczynski, 2004).

Organized forms of parent participation have been present since the second half of the twentieth century (Reca & López, 2001), but were - as all other forms of collective community organization - bluntly downplayed during the military dictatorship. After the return of the democracy, the Ministry of Education collaborated several years with UNICEF in a project aimed at promoting organized forms of parent participation in Chile (Bellei, Gubbins, & López, 2002), mainly Parent Associations and District and Regional-level Unions of Parent Associations. This project no longer exists.

The most traditional form of organized participation in Chile are the “Centros de Padres” (Parent and Legal Guardian Centers). Unlike other forms of parental participations, these are organizations formed exclusively by parents and care-givers. Research performed on organized parent participation in the school system in Chile within the framework of the UNICEF project mentioned above showed that the “Centros de Padres y Apoderados” (CPA) faced a lot of difficulties during the 1990s and the first years of the turn of the century (Guzmán, Hojman & López, 2001; Flamey, Gubbins & Morales, 1999; Martinic, 2002). Most difficulties can be traced back to a) their lack of representation (during the military dictatorship their representatives were designated by the school principals with no balloting taking place whatsoever in those days, even though elections did take place, many parents still believed that CPA representatives were colluded with the School Principal, in the sense that they or their children received certain benefits in return for going along with the Principal’s actions and rhetoric (Martinic, 2002); or b) their focus on fund-raising initiatives aimed at improving the School’s deteriorated infrastructure, which distracted their attention from the schools’ “central issues”.

A wider, commune-based form of organization, the ‘Uniones Comunales de Padres y Apoderados’ (Communal Union of Parent and Legal Guardian Centers), a relatively new form of participation -initiated in the early 1990s- that geographically groups the former school-based Parent and Legal Guardian Centers into district organizations, showed at the beginning of this century the potential of promoting the civil-rights and transformative approach through self-organized parent training (Reca & López, 2002; Guzmán, Hojman, & López, 2001). In 2001, Guzmán et al. (2001) were able to obtain information from 35 of these Commune Unions of Parents (representing 10% of all the communes of Chile). Through a qualitative study with focus groups and interviews, they described how those organizations were almost always initially formed by the initiative of the Municipal Directorate for Education (DAEM), so they, were also hindered by a perceived lack of representation by parents. However, for the members of these Unions, being part of a collective form of participation translated into hopes of positioning parents as relevant actors in education: they wanted to

“Change a little the vision that has always been present. We have always thought that we just have to unite to fix things or to ask for help. The idea [behind forming a Communal Union of Parents] that I have is that we can give our time and our ideas, and also receive the orientation from professionals and be able to work together” (Guzmán, Hojmann & López, 2001, translation is our).

Notice how in this quote parents still assume educators are experts, and they themselves need education. In fact, much of the work done by UNICEF at the time was to provide

training to representatives of Unions and Communal Unions in topics such as laws and regulations, communication skills, etc. (see Flamey et al, 2002).

The relationship between parents and schools was consciously described as vertical in some of the Communal Union representative's discourse: "There is an authoritarian relationship of school principals with sustainers, teachers, parents and sometimes even with students, but in isolation we don't work like a system....we don't interact as a community, we are kept apart in static compartments" (Guzmán et al., 2001).

Current research is needed as to the whereabouts of these Unions and Communal Unions. Our informal experience with former leaders reveal that the high hopes of social transformation, of "changing the vision", are still present but have been very hard to achieve due to difficulties in relating to school principals and school management teams, as well as to the media; but that the human-rights facet is very much a focal point in their work. A President of a Communal Union of Parents in northern Chile described his work in supporting parents whose children were "invited to attend another school" to the first two authors at a Regional Conference on Education organized by another Communal Union of Parents – a frequent form of subvert school expulsion-, or parents whose children were not being accepted in a public municipal school by taking them to the District Department of Education (in Chile, El Departamento Provincial de Educación) to talk to government officials and, if needed, to start a lawsuit.

At the beginning of this century, the Ministry of Education promoted a new form of parental organization: School Councils, whose level of functioning is included within the SNED national school achievement assessment system. Internationally, school councils have been conceived as a collegiate form of school participation, where representatives of different actors would get together to discuss and make decisions about issues concerning the school. In countries such as England, school councils not only receive information and are asked for their opinion, but they also vote and decide on administrative and pedagogical issues, such as the continuity of educators. Therefore, they have, at least in writing, the chance to enforce the transformation of the school.

In Chile, the Bill that created School Councils was passed in 2004, together with the extension of the school day (Jornada Escolar Completa). Their purpose, officially declared, was to provide a means of collegiate democratic participation across actors. The law mandates that every public (municipal and subsidized) school must have a School Council, "which will be of an informative, consultative and propositional nature, *except if the school provider decides to grant it a resolucional (o.e. decision-making) nature*" (Law 19.979, Article 8). The School Council is integrated by the school provider or his/her representative; a teacher elected by his/her peers; the president of the CPA; and the president of the Student Union only when the school has secondary education. Article 8 mandates that "the School Council shall be informed, at least, of the following matters: a) student learning achievement records; b) reports of visits by the Ministry of Education inspectors concerning the application of legal mandates; c) in municipal schools, the outcomes of selection processes of teachers, teaching assistants, staff, and school officials, d) yearly budget; d) quarterly income

and expense statements. The same article also mandates that, “the School Council will be consulted, at least, on: The Institution’s Educational Project, normal and extracurricular program for the current exercise, goals and improvement projects, , a written account by the School Principal of the school’s annual educational management, before presenting it to the community, plus a review of the school’s rules and regulations. However, Article 8 of this Law also specifies that the School Principal may revoke the resolving nature of the School Council at the beginning of each school year:

“Article 8º.- The School Council will have an informative, consultative, and propositional nature, except if the school provider decides to grant it a resolution nature. In any case, the resolving nature of the School Council can be revoked by the school provider at the beginning of each year”.

This was the outcome of fervent lobbying at the policy-making level, mainly from right-wing, but also center-wing politicians actively involved as shareholders in private-subsidized schools, who might have been pressed by these schools. For many people who drafted the Bill, this last phrase declared the “natural death” of the School Councils, or at least, stifled its transformational power.

Eight years after their implementation, only one study has assessed their progress and outcomes (De la Fuente & Raczynski, 2010). This study found that most schools had formally formed a School Council, but had not taken ownership of it as an instrument of democratic representation, so that most schools councils were left to “accomplish a merely formal role, with no influence in the lives of the institutions” (p. 66). Although this was the image portrayed by most schools, some school councils were actually having a slight impact, and very few cases were their impact was being significant. The authors conclude that the impact of the school councils was closely influenced by the conditions and contexts of the schools:

“The features of the schools where the school council “lands” defines the shape these spaces take. In this way, it is rare to find a “good school council” in an elementary or high school that does not have adequate conditions, such as educational leadership willing to allow the participation of all school stakeholders, or an environment that promotes understanding and trust across all stakeholders of the school community” (De la Fuente & Raczynski, 2010, p. 66).

These paragraphs outline different forms and modes of participation that can be linked to the diversity of underlying logics or conceptions of education described in the previous section (see Figure 1). While the logic of neoliberalism clearly mandates parents to participate as consumers, it also suggests certain forms of parental participation, mainly at an individual level, and depicts a certain mode of participation as dominant: parent school choice. Likewise, the logic of civil rights based on the human rights approach, assumes parents are predominantly laymen, and foster the development of collective and organized forms of parental participation as most appropriate. In Chile, the dominant collective and organized form of parent participation has endured time, through Parent Organizations, and in the last decade, through Unions of Parent Organizations. Finally, the emancipatory or transformational logic of education calls for parents to act as agents of social and educational

change, through different forms of participation at the individual level but mainly also the organized and collective levels. Within this logic, parents are invited to transform the school and students' learning processes through active involvement, be it individually through their pedagogical involvement, at home and in the classroom, redefining the relations of knowledge-power from within and establishing relationships based on shared power between members of the school community; or in an organized mode such as school councils; and collectively, through social acts of transformation such as public manifestations.

Logic of Education	Subjectification of Parents	Forms of Parent Participation	Dominant Modes of Parent Participation in Chile
Neo-liberal	Parents as consumers	Individual	School choice
Civil-rights	Parents as civilians	Collective and organized	Parental Associations
Emancipatory	Parents as agents of change	Individual, collective, and organized	Pedagogical involvement School councils Public demonstrations

Figure 1. Forms and modes of parent participation in Chile, their relation to different types of parent subjectification, and to different underlying logics of education.

In the remainder of this chapter, we focus on parent school choice as of the current form of parent participation in Chile. We pose that, although the other modes of parent participation are still present in our country (Parent Associations; School Councils; individual pedagogical involvement, and during the year 2011, public demonstrations), parental school choice is being portrayed as THE most important form of parent participation. Underlying this mode of participation is an individual (not a collective, not an organized body) and narrow form of participation. Underlying both mode and form is, of course, a neoliberal logic approach to education.

We draw from results reported in the literature as well as from original data obtained through a discourse analysis performed by the third author (Sisto) on recent information given to parents by the central government. The discourse analysis was performed using as corpus the government letter accompanying a document called "The traffic light Map", produced by the Ministry of Education in order to provide "more information" to parents. Our purpose was to analyze the types of actions promoted by this instrument aimed at parents and legal guardians, in order to understand how parents and legal guardians are understood by government policies. We took the "Traffic Light Map" as an instrument meant to mold the actions of these actors coherently with the logic of neoliberalism.

In addition, we draw from two unpublished studies in two regions of Chile conducted between the years 2009 and 2010. Both studies were carried out by the second author (Madrid) while working at Programa CRECE, a University-based technical-assistance program for public schools based at Pontificia Universidad Católica de Valparaíso. Study 1 was performed in a rural community of Region VI in Chile and its purpose was to describe

the perception of the educational community about the public education provided by the local Municipality (CRECE, 2009). This study had a quantitative phase and a qualitative phase. In the first phase, a questionnaire was designed and applied to capture the perception of the full student enrollment of all 25 municipal schools in the community. Out of a universe 4.200, within a 95% confidence level and a 5% error, the sample size was set at 453 cases. A total of 1,957 questionnaires were completed. In the second phase, a series of focus group sessions were conducted with participants drawn from the parent pool who were asked to complement and drill on the information obtained by means of the questionnaire. Five focus groups were conducted with parents who qualified on two dimensions: they had to live in different locations within the community and have a different number of years of experience with the school. Candidate participants were drawn using the data contained in the questionnaires, picking 34 of them at random, to contact by telephone. Focus groups had 5-7 participants each. These were recorded, transcribed and later analyzed through content analysis.

Study 2 aimed at understanding the process by which parents and tutors chose a school. The methodology chosen was qualitative and had an exploratory character (CRECE, 2010). The sample was made out of four female parents who lived within the same neighborhood and had the same socio-economic status. The selection criteria was dichotomous: two of the participants were chosen from the pool of parents who had chosen to have their children leave the municipal school and attend a private-subsidized school; the other two had chosen that their children would remain studying in the municipal educational system. Two interviews were conducted in depth with each participant. They were recorded, transcribed and later analyzed using content analysis.

5. Parents as consumers of education

The logic of neoliberalism assigns parents the role of consumers of education, placing the emphasis on their right to choose schools. As consumers of pre-existing educational products-services available in the marketplace, parents have the right and freedom to choose, according to quality and preference, based on educational outcomes and value-driven of preferences. Election is a central aspect of this logic (Reca & López, 2001).

In this section we look at this mode of participation in Chile, from two perspectives. First, the role of central governments during the last three decades and how this role has changed with the change of governments; and second, the ways in which parents end up choosing schools, and the reasons underlying their choice.

5.1. The government's call for school choice

As pointed out earlier, in the eighties, out of the political regime under a dictatorship, Chile underwent a radical restructure of the financial and management components of its educational system by introducing a demand-driven subsidy. This in turn meant student and their parents became economic actors, with the latter being in charge of deciding and selecting the "best" educational offering, within the logic of market forces. One of the most

relevant assumptions of this perspective has been the conviction that freedom to choose a school not only improves the degree of satisfaction of parents and students but also stimulates a systemic change, thus directly improves the quality of education. (Neal 2002; Hoxby, 2001, 2002; Byrk & Schneider, 2002; Plank & Sykes, 2003). This improvement of schools is the result of competitive pressure stimulated by parents and tutors. Consequently, under this educational model, parents and particularly their ability to choose is paramount to the proper performance of the educational "market".

During the 1990s and the first decade of the XXI century, the Coalition did not engage in active efforts to stimulate parent school choice. Information on school academic results was available in schools, and once Internet penetration grew in the country, the central government set up a web page containing results of the national quality of education assessment system (Sistema Nacional de la Evaluación de la Calidad de la Educación, SIMCE; www.simce.cl). Progress on this web page includes the display of results as a nested scheme, where schools are compared to the standardized mean of schools of the same dependency. Since dependency is often used in Chile as a proxy of socioeconomic status (SES) due to the high segregation and stratification nature of the Chilean educational system, this nature means parents are invited to interpret their school's academic records by comparing them to schools of similar SES. However, given that the rate at which Internet facilities are actually used by medium-low and low SES families is been low, the usefulness of this data to inform parents when choosing schools was rare; the web page has probably been used more by researchers than by parents.

One of the first educational actions undertaken by the first right-wing government that won a democratic election in 2010 was to provide "more information" to parents, so that they would in a better position to exercise their right to choose schools. During the first months after winning the election, the newly appointed Ministry of Education implemented a rating system that ranked schools based exclusively on the latest SIMCE test scores. This information tried to "nurture" stakeholders' decision-making pertaining to school enrollment. The "Traffic Light" (*semáforo*), as promoted by the Minister of Education, was a system where schools were ranked by their last SIMCE scores against nearby schools of the same commune. Parents received a "traffic-light map" in which schools were marked red if their score was below the national average; yellow if it was similar, and green if it was above the national average (see Figure 2). The rationale was that, if parents were better informed about the SIMCE results of their schools, they could make better decisions as to where to enroll their children. Unlike the SIMCE website available during the last decade, the "Traffic Light Map" does not reveal additional information, omitting data such as the SES background of the students.

Figure 2 shows the "Traffic Light Map" given to parents in one city of the Region of Valparaíso. This is a sea-side city, with the Pacific Ocean to the West, and medium-sized hills to the East. In this city, the poorer neighborhoods are located east, that is, in the hills. The "Traffic Light Map" shows most red dots (below national average) are located in the hills, and that most green dots (above national average) are located near the bay area. So, this is actually a "map of poverty and segregation". The concentration of green and red traffic lights follows a pattern of income level differences. The majority of the red dots correspond to public municipal schools, which, as we have described above, serve mainly children from

lower SES, and the majority of green dots correspond to private schools serving children from higher SES backgrounds. Curiously, public information still exists in the SIMCE website, which takes contexts into account. Moreover, a pamphlet explaining the school's scores was designed and delivered to parents that year, comparing schools with similar contextual features, but a decision was made to give more publicity to the SIMCE map in the media, as a means to empower parents when choosing a school for their children.

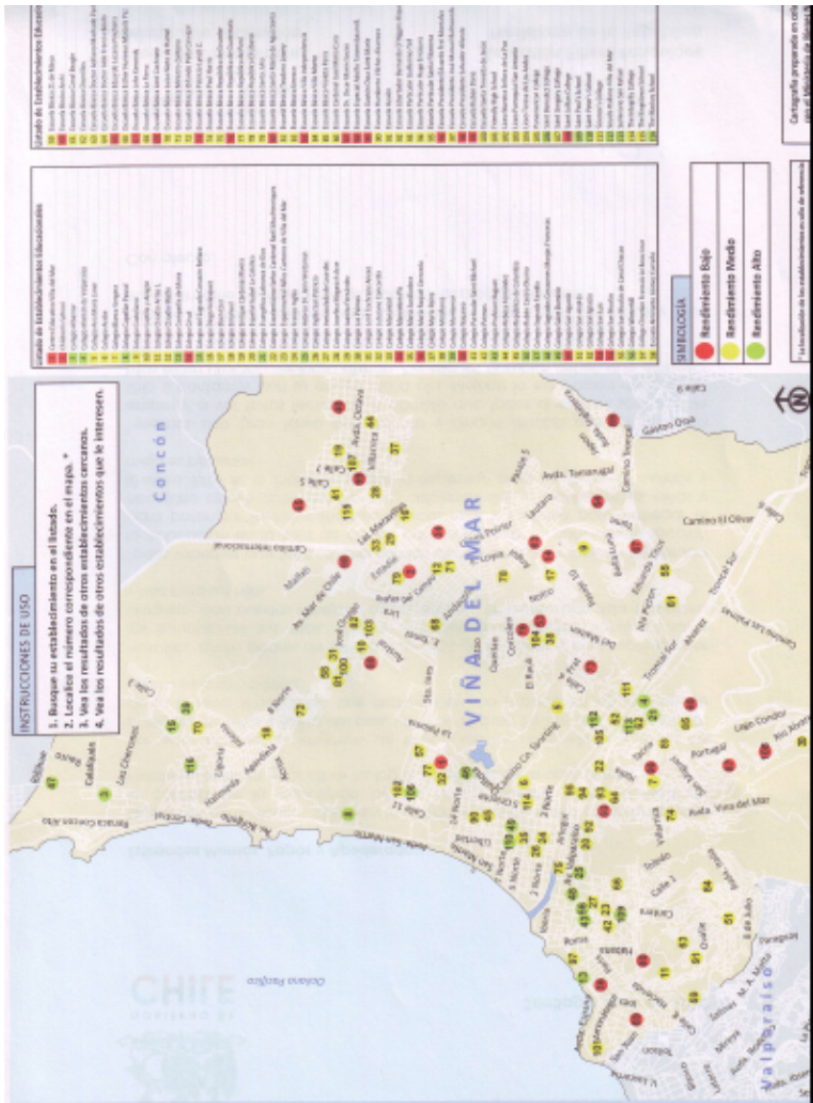


Figure 2. “Traffic Light Map” sent to parents by the Chilean Ministry of Education during 2010 in one commune in the Region of Valparaíso

The “Traffic Light Map” was given to all parents along with a letter signed by the recently elected President Sebastián Piñera, and by the former Minister of Education, Joaquín Lavín (see Figure 3). Both documents were given to all parents whose children were enrolled in public municipal schools. Its explicit purpose was to inform parents about the learning outcomes of different schools in the commune through a commune territorial map, with the green, yellow, and red dots indicating not only the school’s location, but also their results on the last SIMCE test, as compared to the national norm (with the standardized mean set at 250 points).



Figure 3. Letter sent to parents along with the “Traffic Light Map” by the Ministry of Education in 2010.

Following the criteria of discourse analysis, we used the criterion of *representativity* developed by Ibáñez and Iñiguez (1996), according to which texts are representative if they are habitual products in the context to be analyzed, and if they manifest the relation under study (Iñiguez & Antaki, 1994). Public discourses from Ministry authorities, as well as leaflets and manuals for dissemination, are rich sources for analyzing how the justifying rhetoric in which transformations are installed in the public agenda operate by seeking social legitimacy and appealing to the identities of the social actors involved.

The text was analyzed following the principles of Discourse Analysis as developed by the Discourse and Rhetoric group of Loughborough (Potter & Wetherell, 1987; Billig, 1996; Wetherell et al., 2001). This type of analysis confronts texts as forms of social action. As Ibáñez and Iñiguez (1996) propose, the task of this type of analysis is to “bring to light the power of language as a constitutive and regulatory practice” (p. 75). This is why the orientation is pragmatic and rhetoric. This analysis allows understanding *how*, through different texts, rhetorical strategies are deployed which construct certain versions of reality. In this case, certain versions of identities become convincing, thereby undermining alternative versions. What we present is not detailed in the sense of the rhetoric and linguistic perspective of discourse analysis. Its purpose is to use this analysis as an illustration of the type of relationship that is being tried to be built between State and parents.

The text begins as follows:

Dear Mothers, Fathers, and Legal Guardians:

We want to communicate to you something very important: our tight commitment with the quality of your children’s education, and our commitment to keep you informed about the achievements and advances in their learning outcomes.

For this reason, the Ministry of Education has sent a Report for Parents with the results of the SIMCE 2009 test taken by forth and eight graders to all elementary and high schools of the country.

As we can appreciate in this fragment, at the beginning of the text the speaker takes the stand of someone that is “tightly committed” to quality in the education of children of “dear mothers, parents, and legal guardians”, explaining in the context of this explicit “commitment”, the “commitment to keep them informed of the achievements and advances in their learning outcomes”. The document is thus delivered with this framework of reference, namely the “results of the SIMCE 2009 test”, omitting any mention to its comparative nature.

This first paragraph shows a remarkable rhetoric operation: the document is constructed as a report of outcomes, not as a comparative report, and emerges as an expression of the commitment declared by the authorities to the quality of their children’s education. The responsibility of the authority is constructed as informational. This is articulated together with the responsibilities allocated to parents as is indicated in the next paragraph:

As parents of families, are aware of your interest and of your concern about the studies of your children. Because a good education leads to a higher rate of progress, opens up doors and better opportunities. In synthesis, a fuller and happier life for your children.

In this text, one can see how the speakers identify with the parents, subjects addressee of this missive. The authorities describe themselves as being parents. This displacement serves the purpose of accounting for the duties and responsibilities of the speakers, appealing directly to the addressees. A good parent must take interest and worry about the education of their children. The reason the text offers for this interest, has to do with the fact that a "good education" is constructed as a means through which their sons and daughters may "progress". The text is constructing education as being responsible for social mobilization, and this in turn means that the "doors will open" and that better opportunities will arrive, "in synthesis, a fuller and happier life". Therefore, in this paragraph responsibilities are construed, with a strong moralizing character, since if parents do not accomplish their responsibility, what is at stake is their children's happiness.

It is important to pause at this point. The document, a "traffic light of education" that is presented through this letter, is depicted simply as a report of "their children's learning outcomes", not as a document that compares schools. In this document, the best and worst results of the commune are presumably presented. The parents and legal guardians to whom the document gets delivered, are indicated that the information is being delivered as part of the State's commitment, and that they, as parents and legal guardians, must act accordingly, since if they don't, they would be failing their responsibility, hindering their chance to achieve happiness and a full life.

Even though the letter does not explicitly suggest what parents should actually do, it implies that the responsibility of choosing a school is theirs. A school indicated with a red dot is taken as a poor quality school, and along with that, of being unable of providing the means to have their children make progress, be happy, and enjoy a full life. The State has thus accomplished its responsibility of informing, it is now the turn of parents and legal guardians.

The text ends with the following statement:

We all know that there is a long way to go to really improve the education in the classrooms, to enrich school coexistence, to foster educational infrastructure, and also to deliver the necessary support that we as parents must give to our children and youth. They deserve it, and they need it in order to become better students and better persons.

We have a big task ahead of us, and no time to waste to start seeing fertile fruits. The change that we all want will be possible only if we count on your daily support. Improving the education of our children is a long-breath process. That is why the changes need to start today.

This is not only this Administration's mission. It is an everyone's mission, and very specially, one for teachers, parents, and the students themselves.

With affection

*Joaquín Lavín Infante
Minister of Education*

*Sebastián Piñera Echenique
President of the Republic*

This closure reinforces the idea that the improvement of education is the responsibility of all, alluding explicitly to parents and legal guardians, reinforcing the moral load of this mandate: *“they deserve it and they need it to be better students and better persons”*. Through the use of the first person plural (us), the subject addressee of this letter is appealed to as being accountable: *“We have a great task ahead of us and no time to waste”*. And, as the text goes on, *“the changes need to start today”*.

In this manner, the subject – mothers, fathers, and legal guardians- are appealed as accountable for the education of their children. Since this letter labels the document as the *“Traffic Light of Education”*, the responsibility is clear: school choice. Placing your child in a school marked as red is condemning his/her future. What you should do is to place your child in a green-dotted school....this is how you can give them the opportunity to live a plentiful and happy life...this is the duty of parents. The recipient of this letter cannot do anything else, since the moralizing force appeals directly to the subject, forcing him/her to act accordingly.

5.2. Parental responses to school choice

Beyond of the agreement of policies about school choice in Chile, how have parents reacted over time, and how are they currently responding to the mandate of school choice as the dominant mode of parent participation?

In families of middle and higher income, social status seems to be a key factor. Elacqua, Schneider, & Buckley (2006) studied the school selection behavior of parents in a large urban area and found that the social class composition of the student body was a key factor. Their findings stressed the importance that affluent parents place in schools as a space for fostering the building of social capital, since students interact with other equally or more affluent families, thereby exacerbating stratification and segregation. As Montecinos, Sisto, and Ahumada (2010) pose, since this factor is more relevant than the school’s overall performance on academic records, the idea that choice will increase quality seems unsupported in the case of Chile’s highly socially stratified society.

Moreover, in order to compete, many private subsidized schools have implemented selection processes to exclude those who might have a negative impact on tests scores or that would *“drive quality down”*. Given this practice, it is the school that chooses the family and not the other way around! Schools are choosing parents through stringent selection processes and voiding enrollment if the student does not *“adapt to the school”*. The *“chosen few”* are those with high economic, cultural, and social capital (Bellei, Muñoz, Pérez, & Raczynski, 2004).

Municipal schools, on the other hand, do not select their students. They cater to all students, including those rejected by private entrepreneurs, students from low-income families. In Chile, therefore, the market has introduced competition among families (consumers) and not among schools (providers) (Montecinos, Sisto, & Ahumada, 2010).

Thus despite the benefits of freedom to choose proclaimed by Friedmans' (1955) market theory¹, research in Chile has shown that the main consequences of three decades of implementation of this model in education have been the segmentation of the educational system and a modest track record of achievements in terms of learning outcomes (Elacqua & Fabrega, 2004; Bellei, 2007). Critics of this model have emphasized two important issues. First, that information provided by the outcomes of standardized tests do not qualify as a trustworthy and faithful source for parents to choose a school mainly because a) standardized, norm-referenced test outcomes are a better reflection of the socio-economic composition of students than of the educational quality across schools, b) the high volatility of those results from year to year do not allow the delivery of stable nor trustworthy information to differentiate schools (Urquiola, Mizala & Romaguera, 2007). Second, that the selection process does not operate using the expected academic-driven rationale. Several studies (Mizala & Romaguera, 2000; Elacqua 2004; Urquiola, Mizala & Romaguera, 2007) provide evidence that in general legal guardians and parents with broad educational backgrounds do not prefer quality information as understood from the SIMCE (Sistema Nacional de Evaluación de la Calidad de Educación, our national stakes test for elementary and high school) or PSU (Prueba de Selección Universitaria, our national university entrance test) test outcomes over other elements. Nor are legal guardians and parents of low SES choosing schools based on these academic-driven reasons.

A quantitative study conducted by Elacqua and Fábrega (2004) found that parents in municipal schools ended up choosing the school for their children mainly based on "practical reasons" among which the argument "that our child would go to a nearby school, that the school was the only available option, cost, security, proximity to work, schedule, our family works in the school standout" (Elacqua & Fábrega, 2004, p.32). On the other hand, according to these authors, "Parents from the subsidized private sector are more likely to choose based on values and curricula² (...) and are more keen about indicators of schools of their choice as compared to parents from the municipal sector" (Elacqua & Fábrega, 2004, p.24). This study came to the conclusion that the following statement applies to parents from either sector:

"(...) use few sources of information, have weak educational networks, take few schools under consideration, end up choosing for practical reasons and deal with very few pieces of precise information about the schools they choose. Besides, the quality of the sources and networks and the precision of knowledge about the schools are a function of the socio-economic level and do not depend as much on whether the school being chosen is a subsidized private school or a municipal one" (Elacqua & Fábrega, 2004, p. 38).

These criteria applied to school choice are confirmed by research that show that in many communes, and consistently over time, public-subsidized schools do not show better results

¹ It is important to note that Milton Friedman (1955) was the first to propose the voucher system as a means to mobilize market forces to improve education.

² The value category refers to religious affiliation, discipline, tradition and prestige, which are values taught at school. The category curriculum refers to language used throughout the day, to the material being taught, personalized education, infrastructure, and to whether or not it is co-ed (Elacqua, 2004).

on the SIMCE test than public-municipal schools (Bellei, 2007), but that parents still prefer them over public schools, to the point that the amount of public/municipal schools have steadily decreased in the last few years.

Córdova (2007) analyzed school choice processes in poor neighborhoods in Santiago. Their findings point in the direction that the main reasons that mothers choose schools are: proximity of school and home, familiarity with the school (personal experience or that of relatives who are alumni of the school), the notion that education provided by municipalities is free, and the perception that it happens to be a good school. To mothers that were interviewed, a “good school” *manages to have students learn and grow-up properly*. The main indicator that mothers use to assess schools in this count is learning how to read and write and being able to use the four basic arithmetic operations. They also see if their children are developing several skills, such as being able to address public audiences. In line with this argument, a good school is one where teachers care as much about learning outcomes of children as about their emotional or social development. It becomes particularly important for teachers to provide additional help to students with learning disabilities. The same applies to the way they value that the school *is in order and disciplined*, demanding the same behavior from officials, teachers and students.

These findings have been confirmed the second author in urban and rural contexts in Chile (CRECE, 2009, 2010). A mixed-methods research on Mid-to--low SES parents` choice of school, in a urban commune in Chile’s Region VI (Study 1) showed that parents choose public/municipal schools based on geographical proximity to their homes (40%), tradition and previous experience with the school, i.e. parents are alumni of that school (19%) and because the public/municipal school is free (10%). On the other hand, parents who choose public-subsidized schools do so based on the perception of their academic performance (14%), geographical proximity (11%), infrastructure (8%) and perceived discipline (8%) (CRECE, 2009).

The findings were confirmed by research in rural sector as well. Based on a survey and group interviews to parents, a study in a rural commune in Chile’s Region VI shows that parents choose public/municipals schools also based on the same factors mentioned above (CRECE, 2009). Geographical proximity is a central reason for these parents mainly due to the costs of commuting, should they decide to send their children to a distant school. This is evidenced in the following excerpt:

A2: “let’s see I’m going to get to the same previous topic, meaning I was counting on sending them to ..., because my nephews study there, and my sister used to tell me it is a super good school, but because of the commuting issue I placed them here”.

(Focus 2, Legal guardian, Rural School)

In the opinion of these parents, choosing a public/municipal school was influenced by trust in the school and by having a close relationship with its teachers. Trust in the school and appreciation of the work by teachers is the product of a long-term relationship between parents and schools. Parents and relatives are generally former students of these schools.

Therefore, their acquaintance with the teachers, principals explains their judgment about the school, which plays a very important role when choosing a school.

A5: *"(...) you (already:::) knew the teachers, you become almost a friend to the teachers (.) then you feel closer to the teachers than at other schools, they know you, so you trust.*

A6: *"it's just that they already know you, so you trust them. That's why I put them here"*

(Focus 3, Legal guardians, Rural School)

A1: *"Me too, my whole family studied there, they graduated from that school (.) That's why I still have my daughter there, and because I like the way it is (.)".*

(Focus 2, Legal guardian, Rural School).

Thus, the value of familiarity with the school appears to be a selection criterion placed above learning outcomes, and above measurable school performance. It is unclear if SIMCE test scores played any role as a criterion used by parents, since they did not explicitly mention this criterion in the interviews, and when asked, their answers were unclear. Parents seemed to prioritize historical and relational components when choosing schools. At the same time, those elements emphasize their beliefs about what is the purpose of education, which is mainly formation on values:

A3: *"I think more than anything not as much in the outcome, because SIMCE is taken by many children and maybe not everyone in the classroom performs the same way, but as I was saying, in their learning (.) in that they learn values, in that they will do well in whatever they choose to become (...) the fact that they further their education(.)"* (Focus 4, Legal guardian, Urban School).

Study 2 was developed in a central region of Chile (CRECE 2010). This qualitative and exploratory research focused on the experiences of four urban low SES parents about school choices, in an urban commune. The sample included four legal guardians, with two of them having just decided in favor of a private subsidized school and the other two having recently chosen to keep sending their children to a municipal/public school. Based on this difference it was possible to explore the selection a criterion was used in both cases, and to drill on the process of school choice itself. This research confirms the aforementioned practical criteria (proximity, cost) and those related to shared past experience with the school and the trust that was built on teachers and other school people as key aspects behind the choice, particularly in cases when mothers chose to stay within the municipal educational system.

"PAR: Sure, because when you are already here ... whatever, my children were here the full eight years the eldest and after eight years it looks like we became fond of it. Ignacio was let's see ... eight years and Diana ... when Ignacio was in Eighth Grade Diana was in First Grade ... in that many years (you) get involved with the school." (Legal guardian 1, Municipal School).

"A teacher who becomes familiar, one who you can approach with more confidence, it is your children that you are placing, then you get attached more or at least me, I get attached to that truth in fact here I would tell him anything or call him by phone even he would call me by phone

... ma'm you know the girls fell down, so I am taking them to my home (...) you won't see that in another school, least in a private school I believe you won't see that" (Legal guardian 2, Municipal School).

Additional elements which had not been identified previously in the literature surveyed emerged. In the case of mothers who chose private subsidized education, a number of practices and meanings emerged that were associated with the notion of "school shopping" and thus with the notion of the legal guardian as a consumer of educational services. In these female legal guardians the idea of looking for schools other than municipal ones emerged. The main reasons put forward by participants were based on the possibility of getting access to a better disciplined environment and the perception that a better quality education does exist in those schools (measured in terms of things like the number of notebooks used, more notebooks stand for better education). Besides, it is interesting to note that the motivation for switching to a private subsidized school was based on the poor perception of municipal education. The most critical aspects along this line were the poor discipline record of municipal schools and the idea that, since municipal schools do not have student screening criteria for selection purposes (as opposed to private subsidized schools), the pace of education in municipal schools is slower, since they must adjust to the learning level of all children involved. In this sense, the two female legal guardians whose private subsidized education believed that municipal schools should focus on boys and girls with major learning shortcomings.

"I don't know if it is a norm, or I don't know why it is so differentiated, but you can tell that municipal education is slower. I don't know if it is better or worse, but I find that for example if a child falls behind, obviously the municipal one is good for her because it assumes the pace of the child so she may get it at a slow pace, but if the child is an over-achiever, it is her that falls behind so darn, I miss going faster or something like that" (Legal guardian 2, Private Subsidized School).

"Ricardo used to read all letters and tells me, Mrs. María Inés I was surprised by Ricardo's reading skills, yes I told her, Ricardo already reads and tells me darn, hopefully we will not have any problems, why? I told her, because he can get bored, he may be bored in class he is the first to finish in class, he knows how to read, he knows about this other stuff ... kids go slower, then I have to keep their pace because they are a majority, then Ricardo may get bored" (Legal guardian 2, Private Subsidized School).

Even though the data presented above are part of an exploratory research agenda, they are relevant to emphasize how, in cases where parents choose private subsidized education, clear indications emerge about their addition to the selection logic, since they start by "window shopping" for schools and to look within this type of schools those that assign priority to their own values (discipline, "plus" learning outcomes). The weaknesses of municipal schools, partly due to their structural features (they do not select students), as perceived by participants, have been paramount when choosing private subsidized schools. This way, the female legal guardians in this study reflect how parents and legal guardians from the private subsidized sector seem to be adding to the notion of education consumers. Given current

growth rates of the private subsidized sector in Chile and the concomitant decrease of public municipal enrollment, these findings are relevant. Also worth mentioning is how criteria that justify and potentially stimulate student segregation show-up in female legal guardians' perceptions. In their narrative, municipal schools become schools geared to cater to certain groups of students, "the slow ones" versus schools that cater to "the more advanced. That is to say, the "undesired" as opposed to the "desired" students. This is not a minor issue, when accounting for the effects the private subsidized sector may have in terms of student segregation in Chile. These findings pair up with Elacqua's (2011) research which shows that the perception of interviewees is that municipal schools tend to get students with deeper learning shortcomings, since these schools cannot lawfully have student screening processes, something that does exist in the private subsidized sector. "Public schools are more likely to serve disadvantaged (low socioeconomic status and indigenous) student populations than private voucher schools. (...) disadvantaged students are less segregated in the public sector than in the private voucher sector" (Elacqua, 2011, p. 451).

As observed, there are reasserted elements in different studies which tell us that the choice does not seem to be driven by academic quality criteria defined by a central authority - be it a Ministry, Municipality or School - but by other criteria, sometimes of a practical nature and sometimes also based on the perception of prestige and social status, which say more about the cultural assets of the families of the students attending the school than about learning outcomes of students or of the educational results of the school. In the case of low income legal guardians (Córdova, 2007) and in urban and rural contexts (CRECE, 2009, 2010) there is a clear allusion to symbolic and cultural aspects associated to the notion of a good school, as well as to the affect and formative aspects that parents expect to receive at school. From the standpoint of parents, these aspects configure a process of school choice that we can label as *not rational* in relation to the current educational model. The expectations of educational policies that assume that the information about academic performance (SIMCE) is being used rationally to make decisions, seems to be flawed according to research findings. The above mentioned studies mirror that the school choice process reflects an alternative logic that does not match the logic expected and promoted by the central authority.

Based on the evidence presented, it is difficult to conclude there is a dominant tendency about how parents construct their options when choosing a school. On the one hand, parents and legal guardians from the municipal/public sector do not seem to portray the idea that parents participate in education as consumers, because they assert other elements in the school selection process, among which values and school orientation stand out, as well as shared paths between parents and educators, the levels of trust that get built, etc. On the other hand, parents that chose private subsidized schools, even if they do not consider data and performance (SIMCE) as being central to their choice, seem to lean more towards consuming educational services, looking actively for alternative educational services, "window-shopping" schools, and bringing private subsidized schools into the family option pool, all of which tells us of a certain alignment with the logic of participation as a consumer as framed by Friedman's (1955) market-driven theory.

6. Discussion: “Red light” on the dominant neoliberal approach to parent participation

We conclude that currently the prevailing mode of parental participation in Chilean educational policies is as consumers of education, borne within a neo-liberal conception of education and within the framework of globalization.

The voucher system institutionalized in Chile has emphasized one particular type of practice which is the fruit of the neoliberal view of parent participation: parental choice of schools, based on informed knowledge about the quality of schools. The underlying assumptions are that school quality can be only be measured by the national SIMCE test; that schools must compete with each other under the same conditions, independent of the student’s socio-economic background; that parents are not well-informed about the quality of their School i.e. SIMCE scores, and that therefore they are not making good decisions; and that, had they been well-informed, they would have chosen rationally; and finally that the most significant role of parents is to participate as consumers of education.

We conclude that all of these assumptions are questionable in the Chilean context. The rationality of school choice as a rational behavior based on school performance seems unwarranted. Parents are, indeed, choosing schools, but not based mainly on achievement outcomes. For middle and higher-income families, social status plays a key role. For medium-low and low SES families, practical reasons such as proximity play an important part, together with social-affective bonds with the school and the school staff, for deciding to stay in public municipal schools. Parents that decide to move their children from a public municipal school to a private-subsidized school seem to be doing it because they perceive a “slow rhythm” and a detrimental school climate. These are more subjective, socially-laden perceptions of “school quality”.

Since parents’ decisions are not only based on information about tests’ scores but also on other elements which together mediate the choice, such as values, familiarity, social status, etc., one of the effects of parental school choice has been the reinforcement of school segregation and stratification. This is due to several reasons. First, as we have shown, many times it is not parents that choose schools, but quite the other way around: private and private-subsidized schools generate stringent selection processes that select families based on family income, educational history, and cultural background, and only after that has been taken care of, they select students based on academic achievement. This leaves public municipal schools with the pool of students and families “unwanted” by the other types of schools. Second, it seems that the decision underlying school choice is strongly influenced by social status and by the “peer effect”, that is, the consequences of studying alongside peers of equal or higher SES. Parents seem not to be choosing schools based on school achievement. Rather, they are choosing classmates based on social status.

By strengthening educational segregation, this has deepened the already existing educational gap between the three different types of school. In this scenario, parental school choice, rationally or not, has helped to validate and reinforce the logic of school segregation. During the last 25 years, enrollment in private-subsidized schools has grown significantly

and progressively, and enrollment in public municipal schools has declined steadily. The Chilean Observatory of Educational Policies (2006) observes that:

"In practice, private-subsidized education has operated by attracting the best students from the municipal sector ("the cream"), and inversely, "wiping off" those students who are most difficult to educate, which is generally associated with poorer socio-educational conditions of their families. As a result, those students with greater needs and/or socio-educational problems have tended to concentrate in municipal schools, which paradoxically have fewer resources" (OPECH, 2006).

Even if school choice did follow a rational, academic-based scheme, which we pose it doesn't, this form of participation constrains and impoverishes parent participation in education. In this chapter, we have shown how, in Chile, the "parents are consumers" metaphor has prevailed over the "parents are citizens" or the "parents are agents of change" paradigms. Underlying the predominance of the parents-as-consumers perspective is the logic of neoliberalism. Therefore, from the analysis of the different forms and modes of parent participation in Chile deployed during the last three decades, we conclude that the neoliberal logic is prevailing, at least in terms of parent participation.

It is necessary to recognize how problematic it is to consider parents' participation mainly as consumers of education over other ways to participate and be involved in educational process. When neoliberal policies are introduced in an educational system, certain discourses of participation over which relationship and subjectivities are constructed get also introduced. As Anderson (2001) points out,

"It is important to understand the fundamental differences between participation as consumerism and participation as citizenship. While metaphors are useful in that they tell how something is like and unlike something else, educators too often lose sight of the metaphorical use of certain terms. It has become fashionable for educational administrators and teachers to refer to their students and communities as their customers without stipulating the ways students and communities are like customers, as well as the ways students and communities are not like customers" (p. 584).

Most importantly, the logic of neoliberalism as it applies to parent participation within the voucher system, creates a social imagery that this the most important (and sole) form of parent participation, leaving out other forms of participation. Therefore, a very impoverished conception of parent participation is prevailing. As we have shown, the "Chilean way" to parent participation started out, in the early 1990s promoting different modes and forms of parent participation that framed different underlying logics of education, such as the re-constitution of parent associations, the constitution of Unions of Parent Associations; and at the beginning of this century, the emergence of school councils. In Bahktian terms, these forms were a more heteroglossic invitation to parents. However, the first democratically elected right-wing government has installed a very monologic view on parent participation. It is expected that this narrow view on parent participation as school choice will further affect public municipal school enrollment decline and in turn favor private-subsidized school enrollment, since the logic that has long been installed is one where "private is better".

Therefore, one venue for further research is the relationship between educational policy and the types of parental participation prescribed and installed. As Anderson (2001) points out,

participatory policies entail certain notions about subjects and relationships, and will have pragmatic effects by promoting certain values and minimizing others. Given that in Chile context is tainted by a market-driven educational model, it is interesting to see how policies containing participation discourses aligned with this model. The “Traffic-Light Map” is a clear example of such a policy. However, it received a lot of criticism, both for not offering contextual comparative data and for stigmatizing red-dotted schools and certain communes where only red dots appeared or where no green dots appeared. Parents naturally asked themselves and later complained in the media, “What I am supposed to do, change neighborhood”? Perhaps these types of critics explain why the “Traffic-Light Map” and letter was only handed in the first year of President Piñera’s presidency. However, the map per commune is still available at <http://www.simce.cl/mapas/index.php>

Another venue for research are the challenges faced today by the other modes of parent participation – collective and organized vs. individual; representative vs. participatory-. Though scarce, data shows that parent associations reveal serious issues of real inclusion and participation at the institutional level, where hierarchical practices and parental participation in decision making is restricted, downgrading their value. At this level, it is rather an institutionalized way of restraining and limiting the organized participation of parents. Even though the policies of parent participation in the 1990s promoted more democratic forms of participation, the Chilean history of school participation, together with the hierarchical structure of the schools in Chile and the focus of policies for parent participation through school choice implemented in the early late 2000s have not favored the use of these spaces for parent participation in a more democratic and fruitful manner during the last decade.

School councils, on the other hand, are considered in many cases stale, merely formal government organs. However, schools where an environment of trust and confidence in democratic participation are already installed, they do seem to be having a positive effect in terms of the logic of citizenry. There is practically no research available as to the transformational logic of parent participation; as an example, parents participated alongside students in the Student Movement of 2011, where students marched for a “public, free, and quality education” and took over school buildings for months. Although, as we have shown, as much at the State level as organically and culturally, school related organizations incorporate neoliberal values and criteria of the understanding of education, yielding an extremely difficult landscape for parental participation in the Chilean educational system. Nonetheless these other practices are needed and research can help make them visible.

The dominant neoliberal approach to parent participation that we pose in this chapter emerges from the dynamic interaction between policies, school micropolitics and the subjective processes of parents, who themselves buy in to market-driven criteria. The studies portrayed in this chapter reveal that, although the current “Ministry voice” is quite monologic supporting parents as consumers, parents behavior is heterogeneous and heteroglossic. On one side, the logic of neoliberalism which subjectifies parents as consumers seems to work: parents are, indeed, choosing schools. The question is, for whom? for what reasons? serving whose purpose? On the other hand, parents are also participating as members of the Parent Associations and Unions of Parent Associations; as parent

representatives in the School Councils; as supporters of the Student Movement, etc. These different patterns reveal the different discourses across parents; their actions speak louder than their words. Although they do choose schools, their actions are not limited to this domain. They are willing to engage in and do seek other forms and modes of participation. We should take a closer look at these.

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Promoting Social Capital, Empowerment and Counter-Stereotypical Behavior in Male and Female Students in Online CSCL Communities

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Additional information is available at the end of the chapter

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1. Introduction

The process of globalization, the spread and connectedness of production, communication and technologies across the world, has produced both positive and negative effects on the economic, social, cultural and health domains. Stiglitz (2002) maintains that globalization has brought medicine to the developing nations, attention to human right violation and has made people worldwide more aware of our interdependence. One field in which globalization has produced mostly positive effect has been in the educational domain, where far reaching changes have been implemented by the adoption worldwide of distance education. Globalised e-learning has overcome limits of space and time, reduced the sense of isolation felt in many nations of the developing world and has given to many people access to knowledge in unprecedented scale. As we will document it has deeply changed the way people can teach and learn, providing new and still unexplored opportunities. However not all distance education projects have the same potential to promote problem solving efficacy, cooperation, empowerment, social capital and sense of belonging to an online community. In this chapter we will discuss various research projects which have explored which kind of elearning is most effective in promoting these positive changes.

Up until the late 1980 most experiments on computer-supported education of the first and second generation were based mostly on a solo-learner model, and the opportunities to individualize learning processes were supposed to be the most important aspect of computer-aided instruction. During the last twenty years of the third generation of computer supported education, the use of information and communication technology and education has more or less explicitly considered technology's possibilities to facilitate social interaction between teacher and students, and among students. Computer Supported

Collaborative Learning (CSCL) has attracted the attention of different disciplines because it enables both independent as well as group learning. CSCL is based on cooperative and constructivist learning theories which focus on social interdependence and learning also by teaching one another. The new technologies offered by software platforms which include multiple communication modalities have facilitated the application of cooperative and constructive models online. Supporters of CSCL maintain that the social interaction available online can produce interpersonal effects even superior to those found in F2F groups (Biuk-Aghai & Simoff, 2004) and that it has the potential to provide new first class educational opportunities to teach even professional skills, normally taught only in F2F graduate programs. For instance, Rudestam (2004) underlines that certain key features of CSCL such as asynchronous small group discussions, collaborative problems solving, reflective inquiry, competency based outcomes and the facilitator role of the instructor could be very helpful in the training of clinical psychologists. Several authors underline that learning professional skills in asynchronous small group discussions online, through the new internet platforms that make available all course materials and record all exchanges among participants could offer to online students additional advantages, by creating “a permanent written record of the entire classroom experience as an ongoing source of reflection, evaluation and learning” (Rudestam, 2004, p. 428). Opponents instead think that the quality of education in online courses can be compromised because teaching and learning are dynamic processes that benefit from non verbal cues present only in F2F settings (Walther, Loh, & Granka, 2005). Many agree with Barbera (2004) that the promise of distance education through virtual environment being able to provide high quality education has yet to be realized. Zhao and colleagues (2004) contend that the advantage of distance education in delivering learning content in college level courses may not work as well for graduate courses where more complex ideas are explored.

To which of these contrasting theoretical positions do empirical data provide more support? The question is not easy to answer for several reasons. Most published efficacy reviews lump together studies that use first, second and third generation methods of learning, which differ widely in the kinds of social interaction they allow or promote and show contrasting results (Bernard, Lou, Abrami, Wozney, Borokhovski, Wallett et al., 2004; Jahng, Kugh, & Zhang, 2007). Moreover, studies on the efficacy of collaborative learning online vs. F2F are even fewer than those focusing on types of distance learning of first and second generation. According to Russell (1999) and Phipps and Merisotis (1999), who have reviewed empirical research, many studies have also serious methodological limits, as not using randomly selected subjects, or not including a theoretical framework. Benbunan-Fich and colleagues (2002) also highlight that most studies have compared synchronous online vs. F2F and only very few have examined asynchronous learning settings. Even reviews focused solely on CSCL emphasize the lack of control F2F groups, or underline that most studies do not distinguish between synchronous or asynchronous modes of communication or do not do not consider key variables like degree of cooperation required, pedagogical models, teachers’ and students’ characteristics, subject matter taught, or use different outcome measures which make comparison difficult (Lehtinen, Hakkarainen, Lipponen, Rahikainen, & Muukkonen, 1999). Most research did not differentiate among the theoretical pedagogical

models on which the teaching was based, did not distinguish between types of platforms used, synchronous and asynchronous communication, did not assign students randomly, did not hold assessment procedures constant, or employed small samples (Fahy, 2006; Meyer, 2006). Moreover, most studies varied in the type of collaborative learning that was promoted. This is a major limit, since there are different degrees of collaborative learning. On the low end of the continuum, a group might be brought together involuntarily, might have members who do not value collaboration, and might be given tasks and assessment that discourage collective behavior. At the high end of the continuum, a group might be created voluntarily, might be trained in specific collaborative techniques, might be asked to complete tasks that require cooperation and might have their individual assessment tied to those of other group members (Sipusic, Pannoni, Smith, Dutra, Gibbons, & Sutherland, 1999). Several studies also revealed that distance education was more effective for undergraduate than graduate students (Bernard et al., 2004; Jahng et al., 2007). Furthermore there are few authors who have compared the efficacy of F2F and online courses in transmitting professional competencies, increasing self-efficacy and empowerment, promoting social networking and social capital (Harris, 2003; Maggio, Cheneail, & Todd, 2001; Susskind, 2005). Still fewer have investigated whether groups' dynamics in CSCL lower conflict level or favor the emergence of counter-stereotypical behaviors in both male and female differences, since most studies have focused on women's overcoming the gender gap in participation.

In this chapter we will first discuss four studies which aimed A) to compare the efficacy of F2F and online courses in transmitting professional competencies, increasing self-efficacy and empowerment and social capital; B) to explore how some teachers characteristics (having Master or PhD, shorter or longer experiences in teaching on line and F2F) influence students' learning; and C), to ascertain if learning strategies, personality traits differentiate students who do better in online or F2F collaborative learning contexts. These first studies we are all done on Yahoo Groups platforms. Then we performed two more studies using a Moodle Platform which aimed to ascertain which characteristics of only online learning contexts: A) produce less conflictive group dynamics; B) favor the emergence of gender counter-stereotypical behaviors.

2. Can professional skills, social and problem solving efficacy and empowerment be promoted online?

Proponents of collaborative approaches to learning have recently gained more attention for a number of factors. First, there has been an increase in the popularity of learning theories underlying the benefits of collaborative learning such as cultural-historical theory, constructivism and situated cognition. Vygotsky (1978) maintains that each internal cognitive change is due to the effect of a social interaction. Therefore, interaction between children and adults and between peers is crucial in promoting learning. Constructivism based on Piaget's theories, emphasizes the importance of context during the construction of knowledge and the role of social interaction in promoting learning (Doise & Mugny, 1984). Situation-cognition theory considers learning as a process of entry in a community of

practice and links together the specific context and the knowledge to be learnt (Brown, Collins, & Duguid, 1989). Second, in work in organizations collaborative activities in groups are becoming more crucial (Johnson, Surya, Won Yon, Barrett, & La Fleur, 2002; Lehtinen et al., 1999; Marshall, 1995). Most educational systems, however, have in the past focused mostly in promoting competition more than cooperation, individualism more than team work, self-actualization more than community spirit; and therefore often did not prepare students to work together in teams. Moreover, the distributed expertise point of view underlines that cognitive demands of modern work make the collaboration and networking of different competencies necessary for successful problem-solving (Schrage, 1990). Also Gros (2001) sustains that collaborative learning responds well to the needs of the “information society”, in which cooperative relationships, shared decisions, diversity and communication are becoming the dominant values.

Collaborative learning should encourage the development of various forms of self-efficacy such as problem solving efficacy, social efficacy, and study efficacy. Research involving university students has shown self-efficacy can be promoted in traditional educational settings and favor enactive mastery, as theorized by Bandura (1997). For instance, in some studies (Goker, 2006) peer coaching increased self-efficacy of student instructors teaching English as foreign language. Others proved that self-efficacy in pre-service teachers can be promoted, when they are able to benefit of feedback from experiences, colleagues and supervisors (Clifford & Green, 1996; Watters & Ginns, 1995). Other experiments have revealed that business majors increased their self-efficacy after taking part in an academic self-management training course (Gerhardt & Brown, 2006) or that nursing students could improved their self-efficacy in caring for elders through a reminiscence education program. Unrau and Beck (2004) enhanced more student research self-efficacy with social work students enrolled in both research and practice courses with respect to those who took only practice courses. Not all training programs do succeed in increasing students’ self-efficacy. A recent study by Fletcher (2005) who tried to build undergraduates’ technological literacy for higher education failed to find significant differences in self-efficacy scores between control and treatment students. While most F2F studies show that one can improve various forms of self-efficacy in university students, we know very little on how to increase socio-political empowerment, since relatively few studies have evaluated the efficacy of deliberate attempts to promote perceived or actual socio-political empowerment among students (Angelique, Reischl, & Davidson II, 2002; Francescato, Solimeno, Tomai, & Paulesu, 2005).

Community psychologists (Amerio, 2000; Prittellesny, 2005), who unite clinical psychology’s traditional concern for the welfare of the individual with an interest in the legislative and political processes that contribute to create the conditions in which individuals live, have underlined there is a growing need to promote social political empowerment for all students in our university settings, and to promote active citizenship. Political empowerment has been found to be linked to involvement in one’s community (Heller, Price, Reinhartz, Riger, & Wasserman, 1984; Perkins, Brown, & Taylor, 1996; Zimmerman, 1990), political actions (Stewart, Settles, & Winter, 1998; Zimmerman, 1989), and feelings of efficacy (Cole, Zucker, & Ostrove, 1998; Florin & Wandersman, 1984; Hinkle,

Fox-Cardamone, Haseleu, Brown, & Irwin, 1996; Zimmerman & Rappaport, 1988). In studies with college students and community residents, Zimmerman and Rappaport (1988) found that participants with the highest community involvement had the highest empowerment scores. Political empowerment has been found linked to a commitment to act for social change (Donnelly & Majka, 1998; Foster-Fishman & Keys, 1997; Foster-Fishman, Salem, Chibnall, Legler, & Yapchai, 1998; Fyson, 1999; Zimmerman, Israel, Schultz, & Checkoway, 1992). Also political efficacy offers an antidote to alienation and can be understood as a form of political powerfulness (Zimmerman, 1989). As such, political efficacy may be a predictor of activism (Wittig, 1996).

The process of political empowerment begins when one is able to recognize the social opportunities and the obstacles present in the settings where one lives; and above all, understands the unequal power dynamics among individuals, groups, organizations, local communities and macro-social contexts. Brusciaglioni and Gheno (2000) underline that a first level of empowerment is reached, through the elaboration of new narratives, which makes choices that were “unthinkable”, become “imaginable” for a person, a small group, an organization, a local community or a nation. However, narratives are not sufficient. Changes can become feasible only by creating the socio-cultural and economic conditions that promote individual and collective empowerment. These environmental conditions have been changed historically through collective struggles and not only through individual efforts, as the “self-made man mythology” sustains. To become empowered, a person needs first of all to be able to hope and to imagine a better future (hopefulness component). One also has to have objectives and take a variety of actions to reach them (efficacy component). To become socio-politically empowered requires a further process: to become aware of how socio-political events, taking place even in more distant contexts, can influence negatively or positively one’s life.

Therefore, an individual should be interested and willing to understand local, national and international political news, and to recognize the importance of uniting with others to participate in initiatives that can have an impact in social and political processes. To become politically aware, one needs to develop the capacity to read power and social dynamics in wider contexts and to feel an affective bond not only with family and friends but with unfamiliar persons who have common aims and responsibilities as co-citizens. One has to develop the belief that she may increase her power to influence social settings by joining others in collective struggles. So in the last twelve years we have been engaged in a series of studies to explore which types of online experiences could promote the development of professional skills, social and problem solving self-efficacies and empowerment and to compare the efficacy of F2F and on line courses. We conducted preliminary studies in the academic years 1999-2002, which helped us to define the evaluation research design, train online teachers, develop appropriate teaching modules that required a high degree of students’ cooperation and could be taught sequentially both in regular F2F and online community psychology seminars, and develop and test individual assessment procedures of acquired knowledge and small group professional competences assessment procedures. We performed a pilot study in 2002 (Francescato, Porcelli, Mebane, Cudetta, Klobas, & Renzi,

2006). In this research fifty psychology majors, homogenous for gender, age and grade average, were assigned randomly to two seminars taught over a two-month period by the same teacher online and F2F, to learn the same professional skill, a community evaluation methodology called community profiling which allows the users to detect problems and strengths of a local community. All students, divided in ten small groups carried out similar evaluation activities in a local community of their choice. The teacher, expert in both F2F and online teaching, designed small group collaborative learning activities into a seminar series consisting of weekly modules that could be completed both in F2F and online settings. The same teacher acted as content expert and process facilitator for both groups. In both seminars students learnt the same professional skill, by actually participating in a community evaluation. They all learnt the same community evaluation methodology: community profiling. This allows the users to find out what particular problems and strengths characterize a local community. Eight profiles (territorial, demographic, economic, service, institutional, anthropological, psychological, and future) are drawn through a variety of data gathering techniques. Profiles are examined by a core research group made up of residents and community psychologists. This core group, helped by key experts, identifies the strong points and the problems areas, using “hard data” such as rates of unemployment, demographic changes, measured levels of air pollution, and number and types of services. Instead, to explore the affective components of community belonging (i.e. shared values, feelings about living in certain neighborhoods, fears and hopes for the future), the analysis of the psychological, anthropological, and perception of future profiles is performed. For instance, to take emotional snapshots of how residents feel, Italian community researchers use story telling and a group movie script technique. Different groups of residents, who during the examination of the first five profiles have been shown to be important for that specific community, are asked to develop a plot for a movie script about their community. They have to pick a genre of movie (e.g. historical, science fiction, comedy, or detective story) and come up with a title, a plot, and main characters. The movie may be dramatized if they wish, in particular relevant scenes. Most groups choose to dramatize their movie in front of members of other groups, which are then encouraged to say what emotions they felt watching the performance. It seems that emotional sharing in a protected environment promotes a climate of trust in which even conflicts can be openly expressed and handled. During a final meeting, in which all the people who participated in the research are urged to attend, main positive aspects and negative emerging in all eight profiles are discussed as well as priorities that need to be implemented to promote desired changes and specific goals and activities.

The modules of the course were planned with precise learning objectives for each community profile with tasks that could be completed either in a weekly three hour face-to-face meeting or online during the same week. The timing and sequence of tasks and exercises were therefore held constant for both experimental conditions. The seminars lasted two months. All students during this period carried out, in a small group, a profile analysis in a local community of their choice. Results of the pilot study showed that online and F2F participants achieved a similar growth in acquired knowledge and in the level of professional competence (measured through the evaluation of the 10 final group community

assessments) Moreover the two best community profiles were done by online-trained students, and online groups were more efficient (four of the five online groups submitted their final analysis before all of the F2F groups). We then undertook a second study (Francescato, Porcelli, Mebane, Attanasio, Pulino, 2007b) involving 166 psychology master level students. They were randomly assigned to four online and four F2F seminars held by the same teacher, two of which focused on developing psychological professional skills (organizational and community analysis) and two aimed to develop more clinical skills (understanding group dynamics and facilitating team work). The following measures were administered before and after the seminars to all participants. An empowerment scale (Francescato, Mebane, Sorace, Vecchione, & Tomai, 2007a), validated with a large sample of Italian adults, composed of three subscales: 1) perceived capacity to define and reach objectives; 2) lack of perceived resilience in difficult situations and hopelessness; 3) socio-political interest. Then we gave a Scale of Accademic Self Efficacy (Pastorelli & Picconi, 2001) and a scale of Perceived Self Efficacy for Problem Solving scale (PSEPS) (Pastorelli, Vecchio, & Boda, 2001); and finally a Scale of Perceived Social Efficacy (SPSE) (Caprara, Gerbino, & Delle Fratte, 2001). To evaluate competence acquisition students were divided in small groups (four to five students), which had to produce a final paper showing they had used the appropriate techniques learnt in the seminars in an environmental context of their choice (neighborhood, volunteer groups, community organizations, etc.). The 33 final papers were evaluated by two judges on the basis of seven criteria, found to be valid on a pilot research (Francescato et al., 2006). For each criterion evaluator could give a score from 0 (inadequate) to 5 (very good). Results in this study showed that both online and F2F seminars were effective in increasing professional competence, social and problem solving efficacy, and in promoting empowerment. We observed statistically significant increases, in social self-efficacy and self-efficacy for problem solving but not in perceived academic efficacy. There was a significant increase in two of the three empowerment subscales, dealing with perceived capacity to pursue aims and sociopolitical interest, in both online and F2F groups, with no significant differences between the two kinds of learning settings. Online groups increased their competences in understanding group processes significantly more than their F2F counterparts and did a slightly better job in facilitating group processes. We in part confirmed these effects in another study (Mebane, Francescato, Porcelli, Iannone, & Attanasio, 2008) which compared the efficacy of F2F and online collaborative learning seminars in helping clinical and community psychology master students acquire the professional skills of affective education, such as being able to facilitate circle times and observing and understanding group processes. Training in affective education had been up to then carried out exclusively in F2F groups (Menezes, Coimbra, & Campos, 2005; Karpinnen, Katz, & Neil, 2005), so we wanted to ascertain whether it could be effectively done in online contexts. Secondly, we aimed to verify if social capital could be built both during the online and F2F seminars and whether these new social ties lasted after an interval of several months. Forty-four students completed the seminars, (21 online and 23 F2F), 7 were males and 37 females, reflecting the gender composition of psychology students in Italy (about 85% female) the mean age was 24. They all were in the fifth year of a five year Master Degree Program in Clinical and Community Psychology. The same teacher, expert in both F2F and online teaching, planned affective education learning activities that could be done both online and in F2F seminars. Two trained observers expert in online and F2F

group teaching, recorded both the online groups and F2F group processes and evaluated students' performances. Students in both seminars had access to the same theoretical materials on affective education and the same practice exercises. We used the Yahoo Groups platform because it was cost free. A mailing list was activated that was open exclusively to students enrolled in the online socioaffective seminar. Also students were divided into small teams of four to five members and each team had its own private mailing list to facilitate small group task completion. Yahoo Groups has several functions that we used. The area Messages allows messages to be seen contemporarily by all and also can record, the order in which the messages are sent. So even people who cannot be online for several days can click a special command and view all previous messages and catch up with all the exchanges that have been going on among group members. All circle times were done in this area messages. The Data base area allows you to create tables to which all members have access. For instance, we inserted all names and phone numbers of participants. Also we did a form of brainstorming, called brain writing, using it as a virtual blackboard. The area Documents is where one can insert and save and download files made up by participants and by the teacher. It functions as an archive. Here we saved all theoretical materials, articles, and bibliographies about affective education. In the Area called Polls one can vote on different issues and the platform does all the counting and reports results. For instance, when students had to decide whom among them would facilitate certain circle times or whose turn it was to observe the area Polls was used.

We planned micro modules with precise learning objectives and group tasks that could be done in the F2F three hours meetings and online the same week, so that sequences of groups tasks and exercises were held constant, as well as the pedagogical methodology based on collaborative learning. The students in both groups received the same theoretical materials, made the same practice exercises, and received feedback from the same teacher. In both groups they experienced first circle times facilitated by the teacher and then students conducted the other circle times with some students acting as silent observers outside the circle time. They also practiced analyzing group processes, and detecting strong and weak points of their group activities. The difference between the two groups was that in the F2F one they saw and heard their teacher and fellow students and so could use all nonverbal cues, which supporters of traditional graduate training consider indispensable to transmit professional competencies based on interpersonal communication such as those involved in clinical and educational psychology. To give a clearer idea of how the work was organized we will here describe the activities of one specific week in the third month of seminar. The F2F students met for three hours and held two sessions of circle time . In the first part of the meeting, they selected who was going to practice facilitating and which students were to practice being observers, using two observation schema on group processes, described in previous meetings: Bales's IPA, Interaction Process Analysis (Bales, 1951), and the Group Development Observation systems (GDOS) of Wheelan, Verdi and Mckeage, (1994), adapted to the Italian context by Francescato and Ghirelli (1988). The theme to be discussed had been chosen by the students the previous week "Pleasant and unpleasant experiences in school". After a 45 minutes discussion the circle time ended, and afterward a feedback session was held on how participants had felt during the circle time, and what kind of group processes had been recorded by the students who had been silent observers outside the

circle. The teacher also gave feedback on how well the facilitator encouraged the group discussion, and how accurate were the students observation of group dynamics. In the second part of the three hours meeting participants had to simulate that they were freshmen in high school who were holding their third circle time to discuss conflicts which had emerged about the destination of a proposed school trip. One student was selected to be facilitator and took the role of high school teacher. Some students again had to observe silently and did not participate to the circle time. At the end of the circle time all students participated in a feedback session about strong and weak points of the experience. Afterwards the teacher commented on how the aims of the meeting had been achieved and what could be done at next week meeting. Online students' work was organized on a weekly schedule as can be seen from the following worksheet, prepared and posted by the same teacher:

Work sheet example

Weekly objectives:

- 1. To practice facilitating circle times in an asynchronous modality.*
- 2. To practice observing group processes during circle times.*

Activities Plan

By 12 PM on May 16th you are asked to select two among you who will facilitate the two circle times that will be held this week. The persons who will decide to facilitate the circle times have to be able to go online several times during the 24 hours in which the circle time will be held. The facilitator should try to exercise those functions that promote group task completion and group development as described in the reading material posted last week in the area Documents.

Between 9 AM May 17th and 9 AM May 18th you are invited to participate in a circle time on "Pleasant and unpleasant experiences in school" which will be facilitated by one of you. In these 24 hours each of you may send one or more emails on the circle time topic, that is you may describe your negative or positive experiences, or comment on others people's memories. Some of you will act as silent observers using the observation schema on group processes, provided in the area Documents.

By 8 AM May 19th each participant can send a message to the group commenting how she or he felt during the circle time. Observers will also by the same date mail in their observation on group processes.

Between 9 AM May 20th and 9 AM May 21st you can participate in a second circle time. In this circle time you'll pretend to be freshmen in high school holding your third circle time to try to resolve conflicts which arose in your class in attempting to decide the destination of the next school trip. You may in the future hold a circle time with high school students, it is important to remember how it was for you at their age. Those of you who have not yet been observers are invited to act as silent observers, choosing also what kind of group process variables you will observe.

By 12 PM May 21st each participant will send a message on his/her impressions on this circle time, and also observers should mail in their observation. If you have any questions or doubts, feel free to ask (Mebane et al., 2008).

Performance in facilitating circle times was gauged during meetings taking place during the second half of the seminar when students were supposed to have developed this skill. Competence in understanding and observing group processes was measured at the end of the seminar through a final paper. To have a more objective and detailed description on how facilitators reached their goals, the experts used a common schema frequently used in evaluating the role of discussion groups facilitators first proposed by Johnson and Johnson (1975) and readapted by Francescato and Ghirelli (1988). The two experts, were asked to evaluate how well students had carried out seven functions which facilitate task completion: to clarify the aims, to give procedures, to give or ask for information, to summarize, to keep the group focused on the task, to integrate, and to evaluate how the group is proceeding. Also the experts considered how well the students performed on seven functions which favor group process such as introducing people, controlling the level of comprehension, sustaining and giving help, participating and observing, helping to verify hypothesis, mediating, and paying attention to the emotional wellbeing of participants. Each student was given a score from one to ten by each expert on his performance on each of the 14 functions. There was a 98% agreement among the two trained observers.

To evaluate acquired competence in observing group processes the same two trained observers first described autonomously how the two groups, F2F and online had evolved according to the following specific group schema, which includes four main group variables to be observed: 1) structural variables relating to the number of people attending, the way they were recruited, the degree of formality or informality, the high or low hierarchy present, etc.; 2) task variables such as productivity, participation, decision making procedures and norms; 3) group processes variables such as collaboration and conflict, risk propensity, emotional climate, phases of group development etc. and finally 4) individually centered variables such manifest emotional states, leadership style etc.

This schema has been used for years in our graduate program to evaluate how well students are able to understand the evolution of F2F group processes. It is more comprehensive than any of the single measure listed above and has been used for years in our graduate program to evaluate how well students are able to understand the evolution of F2F group processes (Francescato & Ghirelli 1988). Students divided into groups of five used this same schema to describe the group processes (online or F2F) in their final reports. The two trained group observers examined how closely the students' descriptions of the group variable under study matched their observations, and each of the ten final term papers (five by online teams and five by F2F teams) was graded on how each variable was correctly assessed. There was a 96% agreement among the two trained observers. We chose a group measure because collaborative learning involves work in small teams, and we wanted a small group performance measure as well as individual indicators. Results indicated that as far as competence in facilitating circle times, in both groups all students who facilitated a circle time were evaluated by the two trained observers as having done sufficiently well in the their job, with no differences between the two settings. So our data seem to show that one can learn a clinical professional skill such as facilitating affective education small groups also online. Furthermore, comparing how well certain functions were performed, we found

that online students did a significantly better job in defining aims, establishing procedures, keeping focus on task at hand, while F2F students did better on only one function: introducing people and helping them to express themselves.

While all ten small group final papers received a passing grade, showing that both online and F2F students had acquired some professional skill in group dynamics observation, significant higher levels of capacity of reading group dynamics were shown by online students for all the four types of variables used to understand group's processes. Generally these students showed more competence at observing finer processes, nuances and details. For instance for the structural variables both online and F2F students agreed with trained observers in describing a low hierarchical structure, however online students produced more examples of indicators of this democratic and participatory style. The same was true for task variables such as productivity, participation, decision making procedures and norms, both groups identify main trends correctly, online students significantly more often gave detailed examples, pointed to exceptions to the general trends, they were much more precise in assessing each individual's level and type of participation and contribution. For example while the F2F could remember only four explicit or implicit norms which had guided the behavior of members of the group; online students pointed to many more norms, both formal and informal. Also for group processes variables such as, collaboration, conflict, risk propensity, and the phases of group development, online students were more accurate in describing how these variables had evolved.

3. Can social capital be built online?

Several social scientists have documented how our western society has widely increased its financial and intellectual forms of capital, while it still urgently needs to increment its social capital (Putnam, 2000). Bourdieu and Wacquant (1992) define social capital as "the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (p. 14). Putnam (2000) maintains that social capital is built in social networks and their associated norms of reciprocity. He makes a distinction between bridging and bonding social capital. Bridging social capital arises when people from various backgrounds make connections entering social networks that are "inclusive" and therefore favor participation of individuals who differ on many crucial variables such as income, political orientation, ethnic origin, religious affiliation etc. These kinds of networks literally create "bridges" that is they allow people who might not have had the possibility to encounter one another in their daily lives the opportunity to become acquainted. The relationships that develop may lack depth but they offer breadth, they offer the chance to get to know people of various backgrounds. Instead, bonding social capital can be exclusive. It is built between individuals engaged in tightly-knit, emotionally close relationships, such as family and close friends. The individuals with bonding social capital have little diversity in their backgrounds but have stronger personal connections. The continued reciprocity found in bonding social capital provides strong emotional and substantive support and enables mobilization. According to Putnam (2000), these two types of social capital are related but not equivalent and moreover they are not mutually exclusive.

Social capital is considered a resource that can influence outcomes at both the individual and collective levels (Beaudoin, 2007; Lin, 2001; Putnam, 2000; Williams, 2006). Numerous studies on social capital have shown that it's linked to a variety of positive social outcomes, such as lower crime rates, more efficient financial markets (Adler & Kwon, 2002) and, also, a better public health: people and communities with higher levels of social capital are healthier than those with lower levels (Beaudoin, 2007; Kawachi & Berkman, 2000; Kennedy, Kawachi, Prothrow-Stith, Lochner, & Gibbs, 1998; Wallack, 2000). Different researches have investigated how social capital influence the life of young people: their wellbeing, their educational achievement and their school engagement. Various forms of social capital, including ties with friends and neighbors, correlated positively with indices of psychological youth well-being, such as self esteem and satisfaction with life (Bargh & McKenna, 2004; Steinfield, Ellison, & Lampe, 2008) and negatively with risk behaviors (Beaudoin, 2007; Curran, 2007). Other research show that students with higher levels of social capital (school capital and family capital), obtained better outcomes on reading and math test and were more engaged in school activities (Israel, Beaulieu, & Hartless, 2001). School involvement was positively associated with the support of teachers, friends and parents support and perceived absence of neighborhood dangerousness (Garcia-Reid, 2007).

Our educational system which encourages competition more than cooperation, individualism more than team work, self-actualization more than community spirit, often fails to prepare students able to work well in teams, and be active citizens. Educational institutions are being forced to find better pedagogical methods to cope with these new challenges. Some authors maintain that computer mediated communication liberates interpersonal relationships from the limits of physical locality and thus creates novel opportunities for the development of genuine relationships and a sense of community. On the other hand, opponents of distance education think that physical presence allows for non verbal communication which creates a level of group cohesion, and promotes affective relations not attainable in online settings. Empirical evidence is mixed and hard to compare since many authors have studied social presence using different measures and only a few have explored social capital formation online. Most have not compared F2F and online learning contexts. Therefore we performed a study to evaluate if social ties formed by students lasted after the students no longer shared the common setting of a university seminar, that is, if "social capital" in the form of long lasting relations had been accumulated during the collaborative learning experience and how it was independently utilized by each student. Moreover, we wanted to compare how online seminars and F2F seminars fared in promoting social ties and widening students' social networks. One hundred and sixty-six psychology majors who had participated in the research previously described (Francescato et al., 2007a, 2007b), were contacted by phone or online for a brief interview, nine months after the end of the seminars. About 139 were reached, all the 82 online students and only 57 out of 78 F2F students. We inquired whether they had made new friends among their fellow seminar members, if they met F2F and how often, if they heard or kept in touch by phone or email, if they still studied or worked together. The overwhelming majority of students made some new friends during the seminar: (95% in the F2F groups and 79% in the online groups), with a significant difference in favor of F2F students, however nine months later

more friendships made online lasted longer. The intriguing finding of our study that online friendships not only lasted more, but had also a more intimate character than F2F ones, needs to be further explored. Some online students commented that meeting people online, forces one to go beyond immediate impressions conveyed by physical appearance, dress style, tone of voice, to get to know people more on their character and behaviors as one student stated: "Being deprived of the usual cues, by which we evaluate people rather quickly when we meet F2F, online you are more prone to pay attention to how people react to the different situations, to what they think and how they expressed themselves - You see the "interior" person more than the "external one".

We also assessed social capital in the affective education study previously described (Mebane et al., 2008). To evaluate whether either online or F2F setting had promoted the formation of social capital among participants and feelings of sense of community we analyzed the personal observations about the seminar written by each student in the final term paper. Each student was invited to write his/her impressions of the seminar and to evaluate it. We wanted to ascertain whether bonding social capital had been promoted during the seminar that is if students had developed affective interpersonal ties and prosocial and mutual aid behaviors. We thought spontaneous remarks written in their final report about forming good interpersonal relations, or about feeling close to other group members or about making new friends could be a good measure of social capital formation. Independently two trained observers read each student's personal comments and classified each phrase, and counted whether in each student's final personal comments there was at least one phrase that showed the presence of social capital formation. In the social capital category were included comments such as "I have seen my relationships with my colleagues get deeper and more important every day", "To some of them I have told things about me that I do not let emerge unless I trust deeply" or "For me the personal contact with people is essential, to be able to touch them look at them. I thought I could never develop close relation without the physical presence, and still in this online seminar it has happened", "I got close to group members by sharing emotions, I have learnt to read among the lines, to listen to the silences and the absences, to respect the times and spaces of each" or "I have acquired new knowledge and competencies but above all, I made new friends, these people whom I had never seen, really cared about my health when I got sick, they were supportive when I was needy".

A second measure of social capital was gathered through a follow up study which was also carried out nine months after the end of the seminars to ascertain whether relations formed during workshop had lasted in time, actually widening the personal social networks of members. Affective education seminars for their specific contents favor the discussions of personal experiences as is common in other types of clinical training, so interpersonal relations are promoted, but they can or cannot develop in lasting affective ties. Forty three subjects were successfully contacted for the follow up and were asked if they had developed new close friendships among fellow seminar members whom they had not met previously, if they still kept in touch with these persons by phone or email, if they actually met F2F (saw each other to do something together) and if they had studied together during the nine months period interval between the seminar and the time of the interview.

Results show that both seminars favor the development of social capital and sense of community, online contexts actually promoted more development of some forms of lasting social capital. For instance 81% of online students wrote at least one comment that underlined that they had built new social bonds. Only 52% of the F2F students wrote at least one observation relating to social capital. Moreover online students more often wrote at least one statement that showed they had developed a sense of community in the seminar, about one in four wrote two or three comments. About half of the F2F students included at least one sentence, only four of them two or three. Data from the follow up show that there were no significant differences between the two groups with respect to the development of new friendships, keeping in touch and studying together. However, significant differences emerged on how often they actually saw each other. Online members met F2F with the new friends made through the seminars more often than their counterparts. We also obtained similar results in another research with high school students involved in a school community online (Tomai, Rosa, Mebane, D'Acunti, Benedetti, & Francescato, 2009). The general aim of this study was to evaluate the impact of the presence of an online community on the social capital of students attending high school. We hypothesized that students belonging to a school online community would show higher levels of both offline bridging and bonding social capital than a control group of students, not using the online community. We further hypothesized that the more students used the online community the higher their level of their offline bonding and bridging social capital. Participants were 264 high school boys and girls, 126, (62 males and 64 females) who had joined the community online Spallanzani Shout and 138 (62 males and 76 females) who did not. Anova analysis showed that levels of bridging and bonding social capitals were significantly higher for members. Instead intensity of use was significantly related only to bridging but not to bonding social capital.

4. Which students learn better F2F or online? Does teachers experience matter?

In all the previous studies we have discussed, we held constant several variables associated with the success of a course (in particular, the subject matter taught, the activities and sequence of the course, and the teacher) in order to be able to compare online and F2F learning in small collaborative groups. However, to control for relevant variables in our studies the same teacher was used, this was a positive aspect but also a limit. The teacher who taught both online and face-to-face students was a strong supporter of online teaching and fairly experienced on online education and could have unintentionally “favored” online students, since this was the very first course offered online in the psychology faculty at our university. Which characteristics should a teacher have to be successful online, in fact has been a very controversial issue. Some authors maintain that not only online technology gives easier access to reliable data about what happened in the course than traditional note taking, but also that the method of teaching is changed by the presence of continuously available shared records. Harasim and Yung (1993) asked 176 teachers with online and F2F teaching experiences to evaluate the two settings. Ninety percent of the respondents

reported that online the online instructor becomes more a facilitator and a mentor, that students become active participants in discussion, grow more independent and develop more group interactions and have more time to reflect on ideas and exchange ideas. Moreover, educators and students operate more as equals with less hierarchy, and learning and teaching become more collaborative. Young (2004), in a 2-year longitudinal study, found strong support for Pickering's (1995) theory that online teaching would favor the emergence of informal, subject oriented groups of learner/teachers. The new Web teachers are returning education to more convivial and less authoritarian practices. Different authors (Berge & Collins, 1996; Bocconi & Pozzi, 1999; Draves, 2000; Gokhale, 1995; McGee & Boyd, 1995; Nelson & McFadzean, 1998; Shepherd, 2000a, 2000b; Zorfass, 1998) underline that online teachers, with respect to traditional F2F teachers, need to have also specific training competencies on both communications' technology and group facilitating skills. McPherson and Nunes (2004) maintain that educators have to play four main types of roles (pedagogical, social, managerial and technical) to maximize the benefits of learning environments. However, they also underline that often online teachers did not have basic skills to support students. Gray, Ryan, and Coulon (2004) have studied how online teachers are trained to become skilled online tutors. They selected 25 case studies in seven countries, only three involving collaborative learning. They found that in most cases tutors were trained through experiential learning where virtual tutors were trained in exactly the same environment as their learners. Gray et al. (2004) provide no data on the effectiveness of this kind of training. In fact, very few empirical research have compared tutors which different training, or experience levels. Some studies have shown that tutor led online learning groups fare better than untutored learning settings (Lombardi, Forte, Di Nocera, Sementina, & Renzi, 2004) but emphasize the importance of taking into consideration students' characteristics such as motivation. Klobas and Renzi (2000) maintain that benefits of online learning are obtained if teachers have a favorable attitude toward new learning technologies, are competent in their use and do not employ only traditional teaching methods but promote collaborative learning. However, most authors, who have described the specific functions online teachers have to carry out to stimulate active collaborative learning among students, underline the insufficiency of empirical evaluation studies (Chickering & Gamson, 1998; Gray et al., 2004; Ligorio, Talamo, & Simons, 2002; McPherson & Nunes, 2004; Salmon, 2000). There seems to be a lack of well-controlled studies comparing the efficacy of teachers with different levels of competence and years of experience teaching in online and face-to-face contexts.

Also which kind of students learn better on line is still an open to debate. Schrum and Hong (2002) maintains that seven dimensions may favor the success o an online student: (1) access to technological and multimedia instruments; (2) experience in the use of technology; (3) learning styles; (4) study habits; (5) motivation; (6) aspects related to life style (hours dedicated weekly to the online course, the support of family, friends and colleagues) and (7) individual characteristics. Sounder (1993) discovered that distance-students even perceived a greater level of connection between the professor and other students than their counterparts in traditional classrooms. Whiteman, Scott, and McElnay (1994) found that students have positive attitudes toward distant education. Bisciglia and Monk-Turner (2002)

found that students who attend class off campus and who work full time have a more positive attitude toward distance education, and are more likely to be motivated and willing to take other distance education course than their on-site peers. Hannay and Newvine (2006) found that students enrolled in criminal justice courses preferred distance education, because it allows them to balance their other commitments more easily. Respondents also thought they achieve higher quality educational outcomes in the distance learning environment. Reviewing the literature on students' characteristics, one can notice that there are several research that have studied the cognitive and learning styles of students who prefer and perform well in online settings, while fewer studies have examined the impact of personality variables and learning strategies. With respect to cognitive variables students who do well online have a high capacity for tolerance and ambiguity, a low level of anxiety, an active approach towards learning, a meta-cognitive competence, self-regulation, and a high level of motivation and capacity of learning from past experiences. Several studies have explored how students perceive distance education compared to traditional learning. Beare (1989) found that students had a preference for styles. Workman (2004) has found that students with high global cognitive styles performed better in a collaborative rather than individual setting. Chen (2002) reviewing the numerous studies, on field dependent or independent cognitive styles, found that field dependent students have more problems and need more guidance following online courses than field independent students.

With regard to learning styles,(defined as stable, physiologically based preferred modalities of learning), empirical studies yield contradictory results. Ross, Drysdale and Schulz (2001) found in a computer science course that students with a sequential learning style gained better grades than those who have a random learning style. Instead Miller's (2005) research showed opposite results: students with a random learning style performed better online. Aragon, Johnson and Shaik (2002) found significant differences in the learning styles preferences of the online students and those of F2F students. Online students had higher levels of reflective observation (learning by watching and listening) and abstract conceptualization (learning by thinking), while F2F students reported higher use of active experimentation (learning by doing). However, Aragon et al. (2002) discovered students could learn equally well in either delivery format, regardless of their learning style. Sonnenwald and Li (2003) in their study have shown that students characterized by a competitive learning style perceive online contexts more favorably than face-to-face settings. Students with an individual learning style have a more negative perception of online settings. Moreover, persons with a collaborative style perceive positively both settings. Personality traits have been theorized by Eysenck (1971) to be correlated with academic learning. De Fruyt and Mervielde (1996) have revealed using the BIG FIVE questionnaire, that conscientiousness with its components of precision and persistence was the best predictor of academic performance. Only a few studies have explored the relationship between personality traits and online learning, and they present contradictory findings Carey and Kacmar (1997) using a Jungian theoretical framework, found that subjects who use a combined sensing-thinking type approach present a higher level of satisfaction with teleconference communication than intuitive-feeling types. However, Mawhinney and

Lederer (1996) concluded that intuitive-feeling managers spend more time using computers than sensing-thinking managers. Wilson (2000) documented that sensing thinking subjects showed significantly greater usage of computer-mediated communication systems (CMCS), sending almost twice as many messages and double the message content with respect to intuitive-feeling subjects. Palloff and Pratt (2001) underlined that students who might be best suited to learning online are ones who need more time to think and reflect before responding to questions and ideas, while Day and Batson (1995) found that reticent students do not participate (in F2F-class discussion), simply because they do not 'think as rapidly as some of the other students. Ellis (2003) found that in asynchronous learning, students with introverted thinking appear more willing to contribute than extraverted thinkers, while those with judgemental attitudes (whether dominant or auxiliary) much prefer the F2F environment. Studies using standardized measures of personality also gave conflicting results. Santo (2001) underscored that those students who prefer online training tend to have lower levels of extraversion and higher levels of openness and conscientiousness compared to students who prefer traditional forms of training. But his results are in part contradicted by Zobdeh-Asadi's (2004) study that found that students who prefer traditional F2F teaching methodologies had higher levels of openness and conscientiousness than those that prefer online settings. A research of Wang and Newlin (2000) showed that students that have an internal locus of control had higher grades in an online statistical course, while F2F students who performed better had higher levels of external locus of control. Deter (2004), on the contrary, found students who were more field independent tended to have better online technologies self-efficacy, but did not receive higher grades than those students who were field dependent and had lower online technology self-efficacy.

Further investigations are clearly necessary to assess the personality traits and other psychological characteristics such as convictions of being able to succeed in solving problems, succeed in academic and social tasks, as well as feelings of empowerment or disempowerment of students who not only prefer but also perform better in traditional or online learning environments. A review of the literature also shows the need for more focused studies that compare, for instance, the efficacy of F2F and asynchronous online settings in increasing graduate students' academic and professional performances, when students are assigned randomly to the two settings, and are taught by educators with various degrees of technical competence and teaching experience. It appears that more data are necessary to understand which learning strategies, and which psychological variables differentiate students who perform better in asynchronous online or in F2F collaborative learning contexts.

So we embarked upon a study whose aims were: 1) to compare the efficacy of F2F and CSCL in increasing academic performance and professional psychological skills of university master level students assigned randomly to the two conditions; 2) to explore how some teachers' characteristics (having Master or Ph.D.'s, shorter or longer experience in teaching online and face-to-face) influence students' learning; 3) to ascertain if learning strategies, personality traits and other psychological variables (such as problem solving, academic and social efficacy and empowerment levels) differentiate students who do better in online or

face-to-face collaborative learning contexts. Ten seminars were offered to 170 psychology majors, five online and five F2F. Students were assigned at random to an online or F2F course. Students' performance was evaluated with before-after knowledge and competence measures used in the previously described studies. We also administered: questionnaire on learning strategies (Pellerey, 1996), the BIG FIVE Questionnaire (Caprara, Barbaranelli, & Borgogni, 2000) and a Locus of Control Scale (Nigro, 1983). Results show that students who benefitted more from online collaborative learning contexts were the ones who had more difficulties concentrating on studying, and organizing a efficient work schedule. They also had low levels of perseverance in finishing tasks, a low perception of their academic competence and sense of responsibility, low basic anxiety, high emotional control and high external locus of control.

Students who have better results in F2F contexts have lower scores of emotional stability, internal locus of control, low energy and high conscientiousness. Our outcomes that low anxiety and high emotional control students fare better online confirm previous studies (Liu, Papathanassiou, & Hao, 2001) which maintain that online learning can be efficacious particularly with students with high tolerance for ambiguity, low anxiety levels, capacity for independent judgment and high emotional control. Neither having a Master or a PhD degree, nor years of experience in teaching collaborative learning (F2F or online), were relate associated to students' performances. A limit of this study could be in the variables we investigated (length of teaching experience online and F2F, formal academic credentials); while these did not have an impact on students, other characteristics of teachers may have an influence on students learning. Further well controlled studies are needed, but our results seem to underline that a highly structured collaborative methodology that fosters students' interaction could be the key factor in promoting learning. Some research has shown that this social interaction has to be facilitated; one cannot take for granted participants will socially interact, merely because the environment makes it possible (Kreijnsa, Kirschner, & Jochems, 2003). Future research should explore if, as in our study, online learning seems to be particularly beneficial to those students who lack perseverance, are not very anxious, can control their emotional reactions and have external locus of control and high problem solving efficacy. Our results are similar to those found in other research (Liu, Papathanasiou, & Hao, 2001; Perkins, 1995; Reed & Overbaugh, 1993; Shermis & Lombard, 1998), which emphasize that students can learn well online only if they have low levels of anxiety and high control of their emotional reactions. We found it very interesting that particularly students who use learning strategies characterized by lack of perseverance and have difficulties in managing their study time and completing tasks punctually, benefitted more from online settings. Possibly, asynchronous, highly structured collaborative learning courses, such as the one we tested in this study, which provide weekly deadlines and feedbacks, help students feel more responsible for their learning and also foster mutual aid.

5. Are asynchronous online groups less conflictive?

Several authors have studied how virtual teams form, establish roles and group norms and if they go through the same stages of group development, commonly found in face-to-face

groups (Palloff & Pratt, 1999; Preece, 2000; Schwier, 2002; Johnson et al., 2002; Gardner, 2004; Chidambaram & Bostrom, 1997). One interesting distinction has been found. In F2F groups linear sequential model development generally is characterized by a first stage in which people get to know each other establish goals and norms, a stage of conflict variously labeled as a storming, or fight stage, in which people disagree and argue about how goals can be reached and if groups members can be trusted. Then there is a phase in which norms are set, followed by a performing stage in which goals are reached, and a final stage of leave-taking. In the online settings, instead some studies (Johnson et al. 2002), found that the conflict stage was absent in virtual learning teams and infrequent conflicts were distributed throughout all the stages. To understand if and why virtual teams may experience less conflict in their group development could have strategic theoretical and practical relevance. However, reviewing the few publications examining this issue, we found various methodological limits, and that further study were necessary. Previous studies, in fact, varied in the pedagogical model used (degree of collaborative or solo learner) and CMC communication modalities (Griffith & Meader, 2004; Johnson et al., 2002; Mortensen & Hinds, 2001).

In our study with 98 students we explored whether CSCL asynchronous learning groups showed the same sequential stages found in F2F group development (forming, storming, norming, performing and adjourning) or whether the storming stage was absent and conflicts among members infrequent. To detect conflicts, we examined the entire corpus of email produced by 23 groups of students, working collaboratively in asynchronous modalities, using two different methodologies (paper and pencil and implemented by software analysis). Our findings were the same with both methodologies: we detected a very small number of conflicts; in 22 out of 23 we could not find enough messages indicating conflict to form the classical "storming stage" commonly found in F2F groups. We found, however, the same sequential patterns for the four other stages. In fact, in our groups, both manual and computer aided analysis showed that the content of messages corresponded first to the forming, then the norming, performing and adjourning stages. So we confirmed that also online asynchronous learning groups follow a sequential model of group development, but do not present the conflict stage. We had students working both in very small (4-5) and larger (18-20) groups, but we did not find differences with respect to levels of conflict. Both more task-oriented and socio-emotional oriented groups showed no storming stage. One could expect more conflict to emerge in a group where people are more personally involved and have to give each other feedback on their performances, as was the case in our socio-emotional oriented groups. Johnson et al. (2002), in fact, had hypothesized that the relatively few conflicts they had found in their groups were due to the fact that they were task-oriented groups, in a learning context where time and work procedures were rigid. We found instead, that type of task did not differentiate socio-emotional and task-oriented groups: in both the few conflicts that emerged involved process oriented conflict. This type of conflict has had limited investigation (Jehn, 1997; Jehn, Northcraft, & Neale, 1999) it occurs when members disagree over who should do what and how things should be delegated (process conflict includes disagreements regarding how to do the task or how to

delegate resources). We found however an interesting difference in the direction of the conflicts: in task oriented groups people directed their displeasure toward the platform or teachers, in socio-emotional groups they had more conflicts directed toward other members. The low level of conflict found in almost all our asynchronous groups could be in part influenced by the use of collaborative methodologies, which emphasize cooperation more than competition, and by employing asynchronous communication modalities, which may foster less conflict among members. Under the heading of collaborative learning are included experiences, which vary in the degree in which cooperation is required or promoted. In our groups we expected students to complete tasks that required cooperation and moreover we had their individual assessment partially tied to those of their group members. So we created, using Sipusic's (1999) indicators, a climate which actively promoted cooperation. We believe that both collaborative learning modalities and asynchronous communication patterns favor the development of a less conflicting atmosphere. As Rudestam (2004) theorizes, asynchronous computer mediated environment may favor the developments of meta-skills of critical analysis, of giving and receiving feedback, and managing time. Online students understand how group dynamics evolve, whether or not the instructors explicitly favor it. Asynchronous learning permits to confront more viewpoints than can emerge in a traditional class discussion: time constraints of synchronous oral communication usually allow only a few students to voice their opinions, often people may have problems remembering accurately what was said by a colleague. Asynchronous learning allows time to read other people comments with calm before writing, promoting critical thinking. We think that in class discussion is the synchronous communication modality given the limited time available that can create competition among student willing to speak; and promote potential conflicts when students are interrupted or feel overwhelmed by the different ideas being proposed buy their colleagues. If we are correct, synchronous online discussions groups should evidence more conflicts than asynchronous ones. We have some evidence than political and sports chats, which have no collaborative framework, can lead to very vehement conflicts among participants. Some authors described CMC interaction as negative and flaming (Kiesler, Zubrow, Moses, Geller, 1985; Sproull & Kiesler, 1986). Further research is needed also to ascertain if the degree of collaborative learning or the mode of communication is (synchronous or asynchronous), in learning groups, have more impact in fostering conflict production or reduction.

6. Can we favor the emergence of gender counter-stereotypical behaviors in online courses?

Recent developments in political and work organizations have shown that to solve complex problems we need people able to compete as well to cooperate, to be creative individuals but also good team workers, to pursue self-enhancement as well as community spirit (Gros, 2001; Schrage, 1990) in short, we need persons who can integrate the best characteristics stereotypically attributed primarily to males and females. To work in teams you need to be capable of using communication styles, which in the literature have been labeled as

“feminine” and “masculine”. The feminine communication is person oriented, characterized by cooperation, sensitivity, understanding, and compassion. The masculine communication style is mostly task-oriented (dominant, analytical, competitive, and forceful). Educational institutions are therefore facing today the further challenge to enable female and male students to go beyond stereotypical gender behavior fostering the development of students that are both task and affiliation oriented, integrating the best characteristics attributed traditionally to males and females (Adam & Derber, 2008; Dawson & Newman, 2002; Herring, 1993, 1992, 1994; Lundin & Magnussen, 2003). Initial beliefs were that Internet could head in this direction promoting equalization among people of different backgrounds and also between women and men, and online courses using CMC were envisioned to increase participation (“equalization hypothesis”) (Harasim, 1987). Since there was a fair amount of research supporting the assertion that in traditional F2F classrooms gender differences in interactions, specifically, are the cause of inequity (Spender, 1982; Stalker, 1996), with male students dominating face-to-face interactions by simply speaking more (Karp & Yoels, 1976; Coates, 1986; Fritschner, 2000). Most research on gender differences online has focused on examining whether females could overcome the gender gap in participation. However, studies adopting the equalization hypothesis have mostly neglected another line of inquiry: namely the potential of online settings to promote counter stereotypical behaviors not only in women, but also in males. Very few studies have explored under which conditions both males and females could exhibit counter stereotypical behaviors (Wishart & Guy 2009).

A review of the online literature on gender differences allowed us in fact to individuate different characteristics of educational settings, which had been found separately to be associated with the emergence of counter stereotypical behaviors mostly in female students. Our study attempted to explore if educational settings which integrated several of the characteristics which separately had been found to be associated with counter-stereotypical behaviors could promote counter-stereotypical communication styles both in male and female students. Our general aim was to ascertain if university educational settings with certain specific characteristics such as offering small group seminars, based on pedagogical method of collaborative learning as CSCL, using exclusively asynchronous communication, with a teacher actively promoting high levels of collaboration in gender-neutral activities, and evaluating students also on group participation, could promote the expression in both male and female students of counter-stereotypical behaviors in communication styles. About sixty psychology master students were divided into all female, all male and mixed groups learning the same group skills. Our results do suggest that it is possible to promote counter-stereotypical behaviors in both male and female students. In fact, some male students in both all male and mixed groups did exhibit more “feminine” communication styles, expressing more process-oriented statements generally uttered more by females. Our female students did in turn also exhibit some “masculine” task oriented communication patterns in both all female and mixed groups. Specifically our results have shown that women tended to provide more technical information, suggestions and gave less attention to social-emotional dynamics. Men

instead exhibited more feminine social emotional patterns. In our study they are, in fact, more focused on reducing tensions, showing solidarity, agreeing than on asking or giving information on task or domineering as males have been found to do in other online groups (Herring, 1994, 2000, 2001). In all our three groups negative socio-emotive messages were quite rare, confirming previous research that CSCL groups exhibits lower levels of conflicts or flaming than other online and F2F context (Johnson, Suriya, Won Yoon, Berret & La Fleur, 2002). Our females showed more conflict than males, therefore exhibited a counter-stereotypical behavior, since other studies have indicated that females tend to avoid conflict especially with other females (Jeong & Davidson-Shivers, 2003) and are more likely instead to comply and agree (Tisdell, 1993; Vanfossen, 1996).

We also wanted to explore if counter-stereotypical communication styles in both males and females would occur more often in same sex groups as separatist theories would suggest, or in mixed group as Bandura (2001) social cognitive theory would predict. Our results indicate a different pattern for females and males. Women in mixed groups showed more counter-stereotypical behaviors sending more than expected task answers and less than expected socio-emotive messages. Men on the contrary in mixed groups tended to reproduce more stereotypical behaviors (in these groups they sent more messages task oriented and less messages socio emotive, specifically they produced less positive socio-emotional messages and higher number of answers in the task area). Males showed instead, more often counter-stereotypical communicational styles in the only male group where they sent more socio-emotive messages than in the mixed group and sent fewer messages related to answers. Therefore, our results support separatist theories but only for males, and Bandura (1997) social learning theory but only for females. Further studies on different samples are needed to explore if only gender groups can be more effective than mixed gender in promoting counter-stereotypical communication patterns for males but not for females and vice versa. One limit of our study in fact is that we included only psychology students: males who major in psychology, a field chosen primarily by women may be more “person oriented” and have more feminine communication styles than other males, majoring in more traditionally male fields

7. Conclusion: educational implications of our findings and directions for future research

Overall our research show that the new platforms of distance education of the third generation, when integrated with collaborative pedagogical models as in asynchronous CSCL can provide high quality education, contrary to the misgivings many professors hold, particularly in the social sciences and in psychology, fields in which very little e-learning has been implemented. Our studies reveal the effectiveness of using Computer Supported Collaborative Learning (CSCL). In fact, by integrating CSCL, affective education techniques, and community psychology skills we have promoted students’ social capital, empowerment, problem solving efficacy and social efficacy and fostered counter-stereotypical gender behavior in both male and female students.

The results of the several studies discussed in this chapter will have to be confirmed by other researchers in other countries. Our research shows that online education can foster the development of crucially needed meta-skills, including promoting counter-stereotypical communication patterns. Not all online education is this effective however: our studies indicate that high quality courses should be offered with certain specific characteristics such as small group seminars, based on pedagogical method of collaborative learning as CSCL, using exclusively asynchronous communication, with a teacher actively promoting high levels of collaboration in gender-neutral activities, and evaluating students also on group participation. The integration of these different factors creates a positive learning climate that promotes not only professional skills taught normally in F2F seminars in graduate schools, but many socially wanted meta-skills, such as of various forms of self-efficacy, and empowerment. CSCL settings were found to be even more effective than face-to-face settings in promoting social capital and team work skills.

Several directions for future research emerge from our findings. We had hypothesized that F2F students, benefitting from the physical presence of teacher would do better in learning psychological professional skills such as interviewing and facilitating small group discussions, skills which are based also on nonverbal cues. However our results showed that online students performed better, overcoming what could be the disadvantage of not seeing teacher's expressions and other non verbal behaviors. We think online training was more effective because students, having all their interactions recorded, could go back and review what teachers and fellow students had written and done and therefore could compare and contrast their performance with those of their fellow students and teachers as often as they needed. Moreover, online groups can understand group developmental phases better, since they can go back and see, for instance, how decisions were taken and how conflicts were resolved, while F2F students have to rely on their notes and memories, which are often more partial and incomplete. More studies are needed to confirm our outcomes, however these initial results indicate that online collaborative learning can indeed be used to increment different kinds of professional competencies as theorized by authors such as Rudestam (2004). Collaborative learning did promote new friendships among students, initially more in the F2F settings, as we had hypothesized, indicating that social capital may be more easily built in settings that can also benefit from nonverbal communication (Kiesler & Sproull, 1992). However the social ties built, perhaps with more difficulty online, proved more lasting, and the social support exchanged more varied. In fact while there were no significant differences between the numbers of online and F2F students who kept in touch with their new friends by phone or email exchanging emotional and informational support, more online students actually saw their friends, spending their free time with them. For instance, in our study of high school students involved in a school community online, we had also hypothesized that people who made more intensive use of the site would have higher bridging social capital. Our results confirmed our hypotheses and they are similar to those obtained by Ellison et al. (2007) with college students. As theorized by many authors (Howard et al., 2001; Kraut et al., 2000, 2001) virtual communities allow people to get in touch easily, and to keep weak ties alive. Instead our hypothesis that intensity of use would be correlated also with bonding social capital was not confirmed. Also Ellison et al (2007)

had found a weaker relation between intensity of use and bonding social capital than for bridging social capital among college students. Ellison et al. explain their findings postulating that college students used their Social Network Site more specifically to maintain weak ties, while for strong ties it was used as a supplement to offline communication. Our high school students may be adopting the same communication style or other factors may play a role. We think further research should explore this area. We found that intensity of use was related to higher levels of bridging social capital but not of bonding social capital. Other studies are needed to find out precisely what kind of interactions foster what kind of capital.

It could be interesting to conduct longitudinal studies, starting with entering freshmen. We could measure their initial level of social capital and explore whether students who do join a school online community already start out with higher levels of social capital, or whether intense use of the community online actually favors the growth of social capital or whether both hypotheses can be confirmed. Since bridging and bonding social capital have been shown to be positively related to school performance, (Israel, Beaulieu, & Hartless, 2001; Parcel & Dufur, 2001) it could be useful to investigate if school which have online communities and high social capital also have lower levels of high school drop-outs. Over all our studies contradict supporters of traditional teaching that maintain that online groups cannot equal F2F groups, because online normal communicative processes are disrupted by the absence of the physical presence and non verbal communication, making cognitive, meta-cognitive and social learning more difficult. On the contrary, our research support those authors who maintain CSCL favors the perception of social presence (Calvani & Rotta, 2000; Galimberti, 1994; Short, Williams, & Christie, 1976). The results of our studies will have to be confirmed by other research, done with different populations, however our data give some support to the thesis of those who maintain that online contexts can increase the development of affective relations and of social capital at least as well as F2F contexts (Biolghini, 2001; Calvani & Rotta, 2000; Parks & Floyd, 1996; Parks & Roberts, 1998; Tu, 2002; Yalon & Katz, 2001). Our research also supports previous studies that maintain that CSCL settings can enhance feelings of social presence and social belonging (Kiely, 1993; Vanderbosch & Ginberg, 1997).

Our results will have to be duplicated with different samples, especially with males, since that our university psychology population was primarily of female students, but they do offer some support to those who underline that collaborative learning online should not be considered a “series B” educational setting (Boling & Robison, 1999; Lundin & Magnusson, 2003), but one that can also improve graduate and professional training (Johnson et al., 2002; Rudestam, 2004) and favor students’ social efficacies, empowerment, and counter stereotypical gender communication styles. The implications for educational institutions are clear: they should offer students who cannot attend regular graduate F2F seminars, graduate CSCL learning opportunities to increase not only their professional knowledge and skills, but also their social efficacy and their social networks. New research should also explore the use of Computer Supported Collaborative Learning outside university educational settings. It could be used, for example, in international companies and

worldwide non-profit organizations where members of teams live in different countries. Management training programs could be set up for virtual teams using CSCL to foster the growth of social as well as professional skills in employees belonging to the same organization but living in different areas or countries, or on organizations who need to network for a particular cross-cultural projects.

Another important line of research could explore if online learning communities such as the ones described in this chapter could bring about changes in the formation of identity and in sense of belonging and in the meaning of community. Some sociologists and political science experts think that the rapid increase in exchange in the social, technological, and in the cultural domains, will bring us to the creation of a global community, whose territory will include the whole planet, and whose inhabitants will feel primarily “world citizen”. They argue that identity is no longer provided through identification of being born in a given location, but through experiences in the netcommunities. Online learning communities can create an “electronic reality, that for some people becomes more meaningful and affective than real places or people. Other analysts have to made reference to the emergence of a “cosmopolitan” culture and that we are experiencing the formation of “transnational culture” and common humanity through the establishment of a “unitary global culture” (Giddens, 1993, Jamieson, 2002). Some researchers maintain instead that globalization processes favor an excess of individualism, lowers awareness of interdependence and devalues belongingness. Some authors therefore hypothesized that more people will feel no particular sense of belonging to any place and no sense of community (Mittelman, 2000, Nelson and Prilleltensky 2005). Further CSCL learning projects with students of different countries and different ethnic groups are needed to ascertain to which of these theories empirical data provide more support.

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From Prescribed to Narrative Curriculum – An Attempt to Understand Educational Change in Portugal

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Additional information is available at the end of the chapter

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1. Introduction

In liquid times when the social institutions have difficulties in adapting themselves to changes at the same time they happen [1] one of the visible effects of the various processes of globalization has been the conduct of society in a more individualized way, which has a dual effect on education. On the one hand, the need to listen their actors and understand through this listening how to build educational processes. On the other hand, to identify the social consequences that this individualization has on knowledge worked on school and how does school react to these changes.

We assume curriculum knowledge as a social process, produced by multiple actors in different fields or levels, as well as curriculum construction, which has been taken as prescription, as the reproduction of inequality and social exclusion because it is based on existing models of power and symbolic and cultural capital.

In this work knowledge is understood in two ways: on the one hand, the selected knowledge to be worked on education and training of students and, on the other hand, the professional knowledge of teachers. In this sense, it is relevant to the study of curriculum knowledge reconstruction and the experience of teachers in the schools context.

In this context, we understand the life histories of teachers as a key tool for understanding educational change, as we look at their life histories as a refraction of curriculum history, as well as social, political and economic changes [2].

Based on policy cycle approach and assuming a socio-historical methodological approach, we aim at describing and analysing both the effects of change forces in teachers' life and work, whether the effects of teachers' life histories in curriculum construction and the

relationship established between them over the last four decades in Portugal. We can say that the existence of an alignment between change forces and teachers' life and work is crucial to the framing of teacher professional knowledge. On the other hand, there is a closed link between teachers' life and work, as their life politics and all their social knowledge is embodied in their work. This work also tries to show that the methodological triangulation between a socio-historical approach, methodological cosmopolitanism and the life histories of teachers may be considered a challenging contribution in the deconstruction of educational change in Portugal.

In the first section we analyze the effects of globalization in society, policies and knowledge, arguing that the kind of globalization that is becoming hegemonic, the neoliberal globalization, is turning the society more individualized, competitive and flexible. These features have consequences in policies and education, as this social area is taken as the centre of development for competitive states.

The second section presents a short methodological analysis, where we justify the methods and procedures in this work.

In the third section we analyse four decades of curriculum policies in Portugal, taken Ball's proposal of policy cycles and using both the contexts of influence and text production in each cycle to understand changes education.

In the following section we use the approach of life histories to analyse the context of practice and to understand how teachers build their professional knowledge.

In the last section we introduce some findings and highlight the need of making educational research under these qualitative approaches in order to show the action of different patterns of change, as well as to understand the link between life and work of the main actors in education.

2. Society, policies and knowledge: The effects of globalization

We are living in a time of institutionalization of a new way of knowing, new ways of living and thinking those same experiences. Different authors present different summaries, but we are interested in referring the synthesis by Santos [3] when he identifies the emerging paradigm as "the paradigm of prudent knowledge for a decent life". In fact, this sociologist intended to show that the nature of scientific revolution we now go through is structurally different from that which occurred in the sixteenth century, since the scientific paradigm must also be a social paradigm.

The paradigm of modern science lies in the basic concepts which now assumed a keen critical sense: subject, object, its relationship as a basis of knowledge and truth. The emerging paradigm in articulating "the theory of the object and the theory of justification of knowledge" [3] leads the discourse on the scientific knowledge to a postmodern condition, since the absence of founding narratives refers to the discussion of true to its place in the practice of its own construction, which is social.

In fact, the society moves towards a post-industrial era and post-modern, encompassing what Hargreaves [4] called the seven dimensions of Postmodernity, namely flexible economies, the paradox of globalization, certainties killed, the fluid mosaic, the self without limits, safe simulation and compression of time and space. This postmodern situation, which many consider in transition, is complex, paradoxical and contested. Bell [5] considers that "the sense of (...) living in a gap can not be better symbolized than by the widespread use of the prefix post."

In effect, as suggested by Giddens [6], some elements of post-modernity are radicalized and universalized forms of the exact elements that constituted the modern condition and their own potential. If modernity compresses and collapses time and space, postmodernity makes it even more. The first assists the development of monopoly capitalism. The time now attends its expansion and proliferation throughout the world. In this sense, that which is called post-modernity can only be an extension and intensification of the conditions that preceded it and not something profoundly new¹.

However, Hargreaves [4] argues that some dissimilarities can be found between these two times, once in the time we live in information is organized differently processed more quickly and both disseminated and available more widely, with appropriate implications for patterns of communication and economic and organizational control. Another key aspect in postmodern society is the domain of image and visual culture that instant, together with the other, indicate deep changes in economic organization, political, organizational and personal.

With regard to economic activities, post-modern economies are characterized by technologies and more flexible work processes. Flexibility is often described positively as a way to create a more meaningful and holistic approach to individuals and is often presented as a central purpose of education and its restructuring. Thus, the flexible economies place enormous challenges in terms of teaching and learning, as well as the level of skills to develop in students. The creation of structures and patterns of flexible organization in the work of teachers cannot be neglected so that they objectives can be achieved. However, these savings can jeopardize the school purposes when limit what teachers teach to the enterprises agendas. In this sense, and according to Hargreaves [4], "it is important that teachers and those working with them can face the 'flexibility' as an open democratic opportunity that requires critical engagement and commitment, and not as a closed corporate duty that requires a submission without question."

On the other hand, the more flexible economies are also ensured through new patterns of regulation and control that compress and conquer the boundaries of the geographic area that is economically flexible, meeting the economic flexibility above the national identity. By establishing a relationship between education proposals and this context, Ball [7] showed, in the analysis of speech counterparts in the English context, that the insistence on concepts

¹ These are the factors that led Giddens to reject the terms post-modernism and post-modernity as "we didn't go beyond modernity, but we are experiencing a phase of its radicalization" [6].

such as flexibility, motivation, market rules and an entry based management of the processes of schooling "the principles that provide organization and social control within the economy". Thus, the economy performs, as a mode of regulation, the instance-based matching, ie, the one that builds educational processes at the level of curriculum, pedagogy, assessment and management "in [8]".

This mode of regulation has its correspondence in the dominant discourse on education in Portugal and in the 1980s or the 1990s we have assisted to a change of educational ideology, from democratizing ideology, to democratic one, to modernization ideology and, in the 1990s, the ideology of inclusion. We can say that the mandate² addressed to the Portuguese education system has been based since the 80s on its relationship with the world of production and market.

Like most researchers in education defend at the heart of this transition is the globalization of economic activity, political relations, information, communications and technology. These trends are not entirely consistent, with consequences even deeply ironic, paradoxical and perverse.

The present society is characterized by cultural, ethnic and linguistic pluralism that is inevitably reflected at the school for all [10]. The postmodern society is fast, compressed, complex and uncertain that lives in the transition from a solid state to a fluid state of modernity [1], which implies as challenge to education the resolution of those uncertainties and dilemmas.

A central paradox of postmodernity is that of anonymity, complexity and uncertainty produced by globalization express themselves in the ironic search for meaning and certainty embodied in local identities, which, when put in danger, are being rebuilt at crazy beat. The main educational response to the social crisis caused by globalization³ has been to wake up old cultural certainties or to impose new certainties, through centralized control of curriculum and assessment requirements [4].

However, the postmodern condition is not solely defined by the national and cultural uncertainties created by globalization. In this society, increasing economic diversity, in parallel with the revival of local identities, causes profound changes in the systems of knowledge and belief, as well as in specialized knowledge based on them. The change of cultures of certain to cultures of uncertainty arises from a number of factors: a global broadcast information, the compression of space and time lead to a more rapid change rhythm, which makes the knowledge fragile and temporary, and the emerging multiculturalism, putting in contact different cultures and beliefs [4]. According to Santos [11], the emerging of a new paradigm of knowledge, which can also be read as a

² According to Roger Dale, the concept of mandate matches with "the provisions that contain the concepts of what is desirable and legitimate for the education system to produce or generate" [9].

³ According to Giddens, globalization is understood as "the intensification of worldwide social relations, relations which link distant localities in such a way that local events are shaped by events that take place many miles away and vice versa. This process is dialectical because these local events can go in a reverse direction of the far relationships that have haped them" [6].

radicalization of knowledge structured by the paradigm of modern science, should lead to a "double break" at the time that turns into common sense, translating into self-knowledge and wisdom of life that will uncover alienating mechanisms of social structure and, to this end, be followed by exploiting the emancipatory potential of the institutions of contemporary societies [8].

According to Carneiro [12], we live in a transition phase between industrial *Clockwork Orange* and the age of boundless knowledge and competences, which progressively move from a paradigm of bureaucratic domination to a paradigm of economic domination. We are left with a third phase of organization of educational services, that the author calls as the *Learning Society*, customized, based on the communities and determined by the rhythm of forms of learning and by the search for knowledge.

The argues to consider nowadays a set of knowledge that comprises the traditional one and the other knowledge that have been excluded from school can be found both on social and economic fields. What we are saying is that social justice depends on cognitive one, which demands the recognition of diverse knowledge systems [13].

On the other hand, and according to Goodson [14], the triumph of a new world order based on an individualised society transfers the locus of social opposition to the policy of individual life, which changes the focus of analysis of changes in schooling or in the curriculum, which were focused on social collective movements and today define a strategy based on the policy of life of the individuals.

As is the case in other countries, the school in Portugal is experiencing a crisis related to the change of values, rules and objectives that was the basis of the construction of school for all. This school, with new audiences, is not easily understood by everyone, from policy makers to teachers, parents and students, which has exacerbated a double crisis that has developed: of regulation, because school does not effectively fulfil its role of social integration and training for the latest requirements of the "economy of knowledge", and of emancipation, as it does not produce the desired and designed social mobility by the different social classes [15].

This crisis, which includes both low student achievement, and weak professional integration or weak socialization ability, or "indifference to differences" [16], leads to the production of new social inequalities and leads the policy makers to the implementation of successive educational reforms, what Ball [17] calls the "epidemic policy".

Without debate, at least in Portugal, the purposes of education, which include not only the objectives to be achieved, but also shape the values that should be achieved [18], national governments adopt a reformist discourse characterized by competitiveness, performativity and accountability [19], as well as an evidence-based policy, having as its origin the projects of different global agents being the OECD (Organization for Economic Cooperation Development) considered as the the most meaningful world think tank on world education "see in [20, 22]".

These activities and reformist speeches integrate the aim to build a "knowledge society" [23], which implies a reformulation of the knowledge, although absent from discussions about this new society and its educational implications [24], became the main force of the economy and a new factor of production.

This narrative of globalization, known as Knowledge-based Economy, is the cause of the movement from the centre of public policy for the creation, distribution and management of that knowledge based on skills and perceived as "social overhead investment" [5], and the building of a new narrative for education, now based on the objective of making a new type of worker, a new type of citizen and a new type of individual [25], responsible and in charge of a Lifelong Learning, performed "anywhere, any time, by any provider" [26], while constitutes a *completely pedagogical society* [27], which gives a new role to the State and creates new forms of training.

Knowledge, especially scientific knowledge, was taken as central to the empowerment of individuals and nations of modernity, and the school was elected as an instrument of its own achievement. In this context, knowledge emerges as a mediator between ignorance and knowledge itself and as the organizer of relationships between nature and society [28], which shows the centrality of knowledge in individual development [29].

The construction of knowledge in the curriculum, which has more than a century of existence, is confused with the construction of epistemic knowledge. Although it seems strange and difficult, we will try to outline some arguments.

Firstly, the curriculum subjects, the way curriculum was organized, did not exactly correspond to the scientific disciplines, although some contain the same name. However, the nature of both is quite different, given the logic that historically compose them, and in the first case, there are some that are not equivalent in any scientific discipline.

The knowledge curriculum structure is indeed based on subjects. Goodson has sought to articulate the history of curriculum with the history of school subjects, questioning the apparent naturalness of curriculum construction and characterizing curriculum and educational materials as a "social construction" [30], far from being a technically rational product, vehicle and carrier of social priorities, built, negotiated and renegotiated in a number of levels and a variety of arenas, which causes a variety of internal conflicts, with social and political nature, which are slowing around the school "see [30, 31]".

Within its relative autonomy, schools reflect and shift on both the social definitions of culturally valid knowledge. The knowledge that school has given this legitimacy is a mechanism to designate and differentiate students, which is not socially neutral.

The historical construction of the curriculum, in particular the process of becoming a subject, is not the result of merely cultural choices, but are always combined with social and political dimensions [31]. Thus, the historical legitimacy of the curriculum occurred and occurs in a context of disputes by the legitimacy (or the reverse) of certain fields of knowledge, which also happened for the prestige (or status) which is or was assigned and the occupied

territory or to occupy in the curriculum arena. This led to the emergence of new school knowledge, but also the eclipse of other positive so far. Examples of English and Biology, in a sense, and Civility and Latin, in another. Some of the curriculum areas that have arisen in the school are not, in fact, even science of reference (Civics), or were built at a later stage of their school creation development (Geography).

In fact, school knowledge is deeply linked to powerful social groups and always was a mechanism of social exclusion because the position of superior social orders depends on it. Goodson [14] gives the example of David Layton's description in his book *Science for the People* of the development of a new school subject called *Science of Common Things* as the first attempt to increase social inclusion relating curriculum science with natural world experience of common students in elementary schools. As this looked like a threat to social hierarchy, this science was withdrawal from curriculum and reappeared twenty years later with a simplified version of pure laboratory science in a differentiated shape.

Secondly, curriculum knowledge is an organizational and historical construction, whose main intention was to organize the institution in accordance with the processes of production, which, at the time, was characterized by Taylorism. That is, the logic governing the construction of curriculum knowledge was functionalist, in the sense of organizing everything that is inherent to the school institution and not the organization of knowledge. Magalhães and Stoer [28] argue that knowledge, assumed as the socio-cultural paradigm of modernity for the emancipation of individuals, is both a powerful form of social regulation, leading to a rationalization process, incorporated into the production process and social organization.

Chervel [32] discusses the idea that the contents of education are a result of imposition of society and culture, specifically refusing to consider them a kind of simplification or popularizing the knowledge of reference produced outside of the school and she transmitted, away from the notion of "didactic transposition" of Chevallard [33]. To Chervel [32], the school subjects are entities that enjoy a relative autonomy within a school culture created by and in school, but in interaction with the broader culture, not the mere result of a process of social reproduction. The subjects appear as a unique cultural creation produced over time by the school, understood here as a self-regulated and relatively autonomous system. The author also stresses theoretical freedom to create a discipline by the teacher, whereas the school is of tremendous complexity, it is not reducible to the explicit teaching and programmed learning.

Popkewitz introduces the concept of "curriculum alchemy", assuming that the transformation of scientific subjects into school subjects is a process of social production, understanding alchemy as "the process through which disciplinary fields of mathematics, literature, art, and science are transformed into school subjects." The pedagogical knowledge from this "alchemy" considers the conditions at school, such as time, the concepts of childhood, teaching culture and contains a strategy for the "government of souls." The knowledge insert in the curriculum presents a set of rules and standards defining the way we think, act, feel and speak, which becomes, in this way, "a disciplinary technology" and a form of "social regulation" [34].

If historically we can not say that knowledge curriculum is shaped by a logical and rational translation of the fields of scientific knowledge, we have now witnessed a paradigmatic rupture in its construction, recontextualized its logic in contexts of control and regulation [35]. In this sense, the conception of knowledge as representation and reflection of reality, based on a humanist and rationalist model of the subject and of conscience, has been reconfigured, taking into account that the meta-narratives of modernity are questioned.

This third phase of reconfiguration of knowledge, caused by unemployment of graduates, combined with the inability of decision makers to anticipate the need for certain profiles, the value of the individual emerges again. This is, the most important for employers is not mostly the content of education, but the development of the survivability of individuals in situations of competition, making it necessary to develop "procedural skills" based on "learning styles", more than in contents [36].

Magalhães and Stoer [28] argue that knowledge has been reconfigured as an information and communication network and assumed a central role in the production process. This reconfiguration was developed both by OECD, at the global level, and EU, at the regional level, with the PISA and Education and Training projects, which were conceived based on transfereable and segmented knowledge known as competences. As a result, the project of construction of the citizen also has changed in that there is no concern with the building of nation-states, with its own identity, but with the competitive states, able to organize an economy over its competitors.

This change of status of knowledge, but also of its nature, has caused tensions which are reflected in the opposition between education for competences, the result of the mandate of the labor market, and education for the full development of the individual, as consequence of the design of education as a symbiosis between individual emancipation and local aspirations [28].

The concept of competence has therefore emerged and dominated the political agenda in education, as well as the policy options in the curriculum, published and disseminated by international organizations. The introduction of this concept directs the work based on constructivist curriculum, but can be linked to the economy and its demands, as competences "are conceived, above all, as performance-driven and which trend to treat performance and learning as if they were mutually exclusive" [28].

As knowledge became a central factor of production and turned itself into a commodity [37], competences for which the knowledge allows access are reset back and replaced by an "archetype (...) adapted to the demands of the labor market" [28]. Indeed, Bernstein [38] refers to:

A new concept both of knowledge and of its relation to those who create it (...) Knowledge should flow like money to wherever it can create advantage and profit. Indeed, Knowledge is not just like money: it is money. (...) Knowledge, after nearly a thousand years, is divorced from inwardness and is literally dehumanized. Once knowledge is separated from inwardness, commitment and personal dedication, then people may be moved about, substituted for each other, and excluded from the market.

On the other hand, “the knowledge that is susceptible to be translated and to circulate in the form of bytes appears to be precisely the knowledge on which the concept of competencies is based” [28].

However, these authors highlight the fact that we must not fall into dichotomies, establishing an opposition connection between performance and skills and training of individuals and pedagogy. Indeed, it is possible that knowledge as a source of education of individuals and knowledge as information are not located on opposite poles of individual development [28].

According to Boterf [39], competences are related to the know how to act in situation, what is translated in the “mobilization of knowledge that each competence allows to select, integrate and combine”. In this set of knowledge we can distinguish different kinds: the theoretical, the processual, the processual know how, the experiential know how, the experiential, the social know how and the cognitive know how. To Perrenoud [40], competence is understood as “a capacity to act effectively in a particular type of situation, based on knowledge, but not limited to it”. Roldão [41] extends this concept, understanding it as an integrated construction of knowledge, which is based on three areas: use, means of mobilization, integration, involving different kind of knowledge, and context, since the knowledge is transferred from one context into another one.

The emergence of this concept can be explained at three levels: first, as a concern of economic and social utility; secondly, as related to the individual society due to its individual nature; and thirdly, as a concern with a needed rupture with the encyclopedic nature of the curriculum, based on widely inert, dead and sterile school knowledge. Thus, knowledge has also a brainy use as it should be seen as a platform to build new knowledge.

What we argue is that this new kind of knowledge and its management has to be seen in a context of deep inequalities that still persist in our society so it doesn’t create new inequities, because in an educational system with no cognitive and social balance we will have a meritocratic society with a lack in the distribution of knowledge and social capital.

3. Methodological framework

In this research we intend to establish a relationship between the changes in the global economy, culture and society with educational projects in each curriculum policy cycle from 1971 to 2009 in Portugal, as the educational work is subject to a new stratification within the new global labour order, which also causes a repositioning of the agents of change [14].

Globalization and its processes have changed the speed and nature of educational change in a way that the conditions for it have been profoundly transformed and lead us to other analytical theories. So, we take change as a process, not an event [42], as a socio-political process, and look for socio-historical patterns of change. As Goodson [14] points out: “When we understand change as a condition, we see that it integrates a global exhortation and expectation created across nations and then followed local and personally”.

The analysis is based on Goodson's proposal of taking three kinds of change agents – the internal, the external and the personal – to see what's their relationship over the past four decades in education policies reforms in Portugal. Internal agents are defined by the author as those who work in schools, trying to begin and promote transformations and acting in an external frame of support. External change is a up-bottom change as it happens in national curriculum changes. The personal change is related to personal beliefs and missions that individuals bring to the process of change itself.

In some projects, see [43, 44], the authors concluded that educational change could be analyzed using three patterns:

- i. Internal patterns of change, used in the 1970s and 1980s, where the educators were responsible for the invention and promotion of new subjects and its establishment with external legitimation was made through the legislation and mythologization, meaning the development of a wide range of activities with the limits that may be a threat to the settled rhetoric and support. As Goodson points out [45], "Educational change was, therefore, defined, instigated and promoted internally, and then went to sustain and win external support in order to ensure establishment and legislation".
- ii. External patterns of change, developed since the 1990s, where change is invented and promoted within external constituencies, like business groups and think-tanks, and internal agents are just responding, becoming conservative, resistant and reluctant. Legislation is the instrument that leads schools to follow externally mandated changes that are finally established when the rhetoric is taken for granted.
- iii. Integration patterns of change are the future patterns of change that Goodson [14] proposed, where the internal, external and personal are put together, considered and negotiated, but the main idea is that the mission of change is essentially located in the hands of internal school agents and closely linked to their own projects and personal concerns.

On the proposal of Ball [46], we analyze the construction of curriculum policies, interpreting the various contexts that compete in it, and inter-relate this analysis to the methodology advocated by the annales school to the understanding of historical change, developing a combination of history and sociology.

According to the aims and methodology selected for this paper, taking policy cycle approach to educational policies analysis became very useful because the approach of educational policies process of production and implementation underlines its complex and controversial nature, but also emphasizes micro political processes and professional action on the local level, as well as the need to articulate macro and micro processes in the analysis.

Bowe and Ball [47] proposed political process characterization using the concept of continuous cycle which consists in three main contexts, inter-related, without time dimension or sequentially, and each one presents arenas, places and interests groups that involve disputes and fighting: the context of influence, the context of text production and the context of practice.

Subsequently, Ball [46] proposed the policy cycle expansion, adding the context of effects and the context of political strategy.

We took in this work the first two contexts, considering the context of influence as the one that corresponds to the beginning of public policies and to the construction of political discourses, showing a symbiotic relationship with the context of text production. It's in these contexts that we can see the disputes between social groups in the definition of social aims in education, their interests and ideologies and where the concepts acquire legitimacy. There are also visible global and international influences in the process of national educational policies.

We also looked to the context of practice, by using life histories approach, which corresponds to the context where the policy is subject to interpretations and recreations, producing effects and consequences that may represent significant changes and transformations in the original policy proposals. Thus, the authors assume that teachers and other professionals working in schools have an active role in the process of interpretation and reinterpretation of educational policies, in social relations constituted and understood in the context of its production, which has implications for the implementation of these policies.

Moreover, assuming the methodological concept of cosmopolitanism “see [48, 49]” which enables us an approach in which the level of analysis is not from the state, but of new spaces at a new level, we will not forget the transnational level, essential to understand the map of educational policies, taking into account its influence on regulation and governance of education, nor the micro level, which corresponds to the schools where the curriculum is developed. We assume that national curriculum policies are spaces of refraction of global and regional educational policies [2].

The triangulation method we want to build will be completed with the model of biographical analysis, because, as Nóvoa [50] underlines, the personal and the professional can't be separated since the training process is embodied in the life path, which becomes also a training path. This method presents very relevant in the context of individualised society, through which teachers' life histories will be developed, based on the subjective report of their professional lives with a juxtaposition of the genealogy of contexts. As Roberts points out, “the term life story is commonly applied to the narrated story by the author while life history infers the later interpretative, presentational work of the researcher” [51].

This means the "story" of each teacher's life becomes a life history when is crossed with the political, social, economic and cultural characteristics of each time. The final result is the analysis of teacher trajectory, options and decisions in his professional context based on educational, social, political, cultural and economic history. According to Goodson [14], it is not possible to understand the social without firstly understand the biographical and personal.

However, the approach takes knowledge as knowing about curriculum, establishing close relations with professional knowledge that characterizes or legitimises teachers work. In this sense, teachers' professional culture becomes central and we apply to the concept of knowledge as narrative, meaning the knowledge that isn't rooted in a syllabus, but in the building of personal identity and the management of life. It isn't more a prescriptive knowledge, but a knowledge that is build along with the personal life, at the same time each one builds his own narrative [14].

In section three we will present a short review over historical periods and curriculum history in Portugal and in section four a teacher life history will be introduce.

4. Curriculum history in Portugal (1971-2009)

When we look and analyze educational and curriculum policies in Portugal in the past four decades we identify six different political cycles. These cycles correspond to historical periods when social changes were made and caused restructuring in education policies and teachers work. Along with the French work developed by the *Annaliste* school, we seek to understand the link between national and individual trajectories which mean different approaches to the centralized policies and can be seen as processes of refraction [52].

In the Profknow Project there was analyzed the periodization in some countries according to each national context. In Portugal, this project defined four different historical periods [52]:

- i. 1945 - 1974 – Dictatorship
- ii. 1974 - 1976 – Revoutionary period
- iii. 1977 - 1985 – Normalisation
- iv. 1985 - 2007 – Restructuring

We can say that there is a coincidence in the different analysis, because we have the same periodization, although we understand the last period as including three different policy cycles as each one has different policy focus. In this section, we analyse both the context of influence and the context of text production in each cycle, using as well the tool of curriculum changes along these cycles.

4.1. The endogenous modernization cycle (1971-1974)

The last period of dictatorship (1968-1974) had as President Marcelo Caetano, appointed due to physical incapacity of Salazar, and can be divided in what is named by Marcelist Spring and Marcelist Winter [53]. On the Marcelist Spring, characterized by some authors "see [53, 54]" as a time of concern with development based on liberalization and then democratization, some political measures were taken that proved an ideological state opening to exterior, such as the limitation of political police power, publication of a new press law and approval of new trade union legislation. At an economic level, a developmental economical policy was taken, favorable to an European integration and open to foreign investment, and some big economical projects were launched. At the same time, welfare state foundations started to be built.

However, the overseas war⁴ was leading the country to an unsustainable situation, on economical, political and social areas. The so called Marcelist Winter was a time when the regime got in a fast breakdown process and all the chances of evolution were abandoned. There was a backspace in policy making and citizen freedom was once again threatened by the regime.

It is in the Marcelist Spring that Veiga Simão was appointed as Minister of National Education and we can say that there was an educational raising interest, with development and modernization in the core of Portuguese policies. The aim was to involve all the people to contribute to the modernization of Portugal, one of the last countries in Europe living under a dictatorship. And education was a central instrument to get it as Portugal had at the time a huge rate of illiteracy.

In fact, the biggest aim of his governance was educational democratization in access, in a non-democratic political regime. Veiga Simão started to normalize the university situation and to reform compulsory education presenting two important documents, *The Project of the School System* and *General Guidelines for Higher Education Reform*, that represented the spine of his reforming project, and the great innovation of his action was the creation of a large public debate about these reforms, which mobilized relevant sectors of Portuguese society.

The Project of the School System was achieved in the Law 5/73, but it was only put into practice through experiences: in 1972/73 the 3rd experimental year (7th grade) in 19 schools was launched and in 1973/74 the 4th experimental year (8th grade) in the same 19 schools was launched too.

Under the slogan *democratize education*, this Minister of Education proposed a real change in Educational System at that time with a great sense of inclusion of all those who had been excluded from the system. First, this law increased pre-school education and compulsory education to eight years (divided in primary school with four years and preparatory school with another four years), which would cover students from the ages of 13-14. Other measures like the use of TV school, when it was impossible to ensure to all students direct teaching, the creation of social supports, like transport, meals and school material allowance, and co-education regime in Preparatory schools can also be seen as a step towards inclusion and equity. On the other hand, the 7th and 8th grades, which just worked experimentally, contained innovative objectives of cognitive, psychomotor, affective and civic nature. There was the substitution of traditional History and Geography subject by Introduction to Human Sciences, which had as objectives “the formation of a national consciousness (...) in a perspective of an universalist humanism and international comprehension” [55].

In secondary school the creation of general courses and complementary courses in technical education contributed to the equalization of social and cultural status of both ways of concluding this education level, which constituted discriminatory situations based on socio-economic family status. The diversification of higher education was another achieved goal.

⁴ Portugal had since the first half of the 1960s, a colonial war on three fronts: Angola, Guinea-Bissau and Mozambique.

Internationally, these educational changes were driven by the support of OECD to measures related to compulsory educational expansion, educational planning, administrative modernization, creation of new university and higher education reform, in continuing the collaboration established in the 1960s under the Mediterranean Regional Plan⁵, which contributed undoubtedly to the consolidation of the turning of educational policies in Portugal in the sixties and seventies.

These projects were taken by political opposition as very contradictory, because it was not possible to have democratic education in a non-democratic society. On the other hand, this reform had a strong link to “the demand for specialized labor necessary to economic expansion” [56], showing its instrumental value. What these reforms showed was that Portuguese society couldn’t live anymore in the political organization of *Estado Novo* as it came to an end with a hegemony and legitimization crisis.

4.2. The “revolutionary” cycle (1974-1975)

After the military revolution in 1974, named *Carnation Revolution*, Portugal came into a social and political process of *revolutionary crisis* “see [57, 21] between 25th April 1974 and 25th November 1975⁶. This State crisis was caused by the fracture of 25th of April 1974 and had two main features: a strong popular movement, almost in all social sectors, which busted many changes in Portuguese society and a paralysis of state structures that resulted of a huge struggle for state political control [21]. It was a contradictory political process at this time and there was a conflict between two models of society and state: the democratic-socializing parliamentary basis and the socialist-revolutionary popular basis under a military head, which ended with the success of the first.

In what concerns educational policies, social movements in schools and academic life started to require a new educational reform that had to move away from the previous one for three reasons, according to Hespanha: firstly, Veiga Simão reform was very close to the proposed models of international organizations such as OECD which subordinated education to economy; secondly, that reform had a meritocratic orientation and the new political orientations tend to adopt positive discrimination measures in order to achieve substantive equality of opportunity; at last, Veiga Simão policies were still engaged in a repressive frame [58].

In this period UNESCO supported educational measures that developed democratic education, citizenship in a socialist perspective, educational success democratization and Adult Education. In its report, *Eléments pour une politique de l’éducation au Portugal* [59], this organization legitimized Portuguese policies centered in education-democracy-citizenship [60].

⁵ This Project included Spain, Greece, Italy, Turkey and Yugoslavia and was settled after an exam to the educational policies in each country. In Portugal started in the beginning of 1962 and two reports were produced: one describing Portuguese educational reality in 1963 and the second making a prospective study about Portuguese society evolution between 1962 and 1975.

⁶ Military movement which ended the military influence of the radical left in the revolutionary period in Portugal that started with the 25th April 1974.

The rupture with the previous reform started peripherally in the schools management and continued with some political measures based on the concept of school as an agent of transformation and with the respect of students' different needs and interests, such as ensuring the compliance of compulsory education of six years, ending compulsory exams on Primary Education, changing elementary and secondary school programs under a humanistic and democratic educational philosophy [55], changing curriculum plans in lower secondary school due to the creation of the secondary unified course, the implementation of a system of two stages in elementary school, introducing the concept of interdisciplinary through the creation of a non-disciplinary curriculum area, preparation of legislation for the schools governance based on autonomy and democracy and the revision of higher education expansion program.

As Stoer [56] argues, revolution enabled the remobilization of Veiga Simão reform in its contents and in democratic action, which was enlarged in new dimensions of democratic participation, equal success opportunities in education and linked educational purposes to society [21] in a context of optimistic search of education, meaning that education was seeing as the way for social mobility "see [61, 62]".

Despite not having done any global education reform, the introduced changes were also based on teachers action and proposals and came from schools. Nevertheless we can say that there are two movements: one, bottom-up, led by teachers and other actors in the periphery of the system, with the aim of democratizing the structures of leadership and schools' management; the second from the political-administrative power, to democratize education structures, while ensuring not only the access but also and especially, democratizing the school success, fighting a highly selective system.

4.3. The "normalization" cycle (1976-1986)

This new cycle in Portuguese history was marked by a new Constitution dominated by socialist ideals that favored political and social normalization until 1986, when another cycle begins due to approval of the Law on the Education (Law 46/86). However, the created *parallel* state meant that in the constitution was defined the construction of a state and a society *in transition to socialism* but in political action there was "a constitutional state concerned with the construction of a modern capitalist democracy" [63]. Economically, this reality allowed privatizing capital to free itself from excessive regulation, restoring accumulation conditions. Portugal focused its development strategy on European integration, as an immediate need and as a structural need too of social modernization with external pressure.

On the other hand, this was a period when unemployment grew up, particularly in young people looking for the first job, which led to what Grácio [61] called a *disenchanted search of education*. This opened the way to interventions by IMF, WB and OECD. Between 1976 and 1978, World Bank supported educational policies normalization with the strengthening of educational central administration power, creation of quotas in access to higher education

and creation of higher education of short duration. The period of 1979-1986 was led by OECD concerned with the new vocational education and the training of human resources, supporting the (re)creation of technical and professional education [21].

Politically, we had a new relation of political forces having different coalitions between PS, PSD and CDS-PP⁷. The late process of institutionalization of social policies in a welfare state, that just happened in 1974-1975, was replaced by some adjustments due to imbalances in the balance of payments and the traditional model of stabilization programs of International Monetary Fund (IMF) led to a great decrease of social state role similar to what happened in European central states “see [63, 21]”.

The intention of normalization also occurs in education policies, with the aims of reset normalization in schools organization, with the first socialist government trying to do it initially through *negative interventions* [64]. Nevertheless, European challenge brought the mandate needed to the new legitimation with the orientation of substituting politics for planning [55], which required the reconstruction of centralization paradigm [65]. Two central aims emerged at this time: to give priority to technical training needed for the economic modernization and the importance of the creation of a Law on the Education that represented the starting point for an educational system reform.

In this context, the main educational measures were related with the diversification of education at secondary and higher educational levels, corresponding to what is called *new vocational education* [9]: the concretization of upper secondary school reform, the creation of Polytechnic Education, the introduction of vocational courses in upper secondary school and the experience of creating professional training in a partnership between companies and schools.

Although the school still had a positive representation in the Portuguese population, it was in this cycle that a *disenchanted search of education* began and would affect educational professionals, as well as public opinion. Educational and curriculum changes were built by internal forces that developed new curriculum experiences in schools and, on the other hand, occupied some crucial political places in educational administration.

4.4. The exogeneous modernization cycle (1986-1995)

In the period 1989-1995 the first political majority with the PSD had two main concerns: on one hand, turning education into an enterprise, as a response to training needs placed by economic modernization as in rules of internal operation of school organization; on the other hand, the construction of a school of values and based on a project. This meant, in the words of Prime Minister Cavaco Silva, to give to education the status of “indeclinable national priority”.⁸

⁷ PS is the socialist party, PSD is the social-democratic party (centre-right liberal party) and CDS-PP is the Christian Democrats party.

⁸ Speech of presentation and debate of the Program of 11th Government, in Republic Assembly session of 26th August 1987.

Deeply affected by Portugal's accession to the European Union on 1st January 1986, social policies were convergent with other European countries, being situated in the modernization ideology plan. This means that we had, according to Vasconcelos and Sá [66], a macroeconomic convergence in slow approximation to European conditions, mostly due to receiving funds from European community, the increase of private consumption and the increase of active workers.

Although OECD reinforced the relationship between education and economic competitiveness and management of system effectiveness and focused on results through its statistical projects, like *Education at a Glance*, EU started to put pressure on national policies in order to achieve economic convergence, which meant the need of positive educational results.

The Law on the Education of 1986 established, among others, two upgrading measures for the future of education in Portugal: compulsory and elementary education of nine years, divided in three cycles: primary school of four grades, second cycle (5th and 6th grades) and third cycle, known as lower secondary school, of three grades (7th, 8th and 9th).

To answer to these changes, a Reform Commission of Educational System was created in 1986 to present a proposal of global reform for all educational system that started in 1989, in which the main curriculum changes were new curriculum plans and new programs for elementary education and the distinction of general courses and technological courses in secondary school. This structure revision brought some new disciplines, as the change of Social and Physical Environment discipline for Environment Study in primary education, the return of Portuguese History and Geography in preparatory education, the introduction of a new discipline called Personal and Social Development, in option with Religious Education, and the creation of a new non-disciplinary area named School Area for all non-tertiary education, which was meant to be a multidisciplinary area but with no specific time class to develop it.

Having started school integration in the early 1970s, Portugal created and regulated the Special Education Teams in 1983 for teachers Special Education (Despacho Conjunto 36/SEAM/SERE of 17/08) and special education for pupils with special educational needs (Decreto-Lei nº319/91, 23 August), two important steps for setting educational policy in this area [67].

The creation of Professional Schools in 1989 also shows the influence of market and the use of diversification as an instrument of achieving equity.

Teodoro and Aníbal [68] underline that at the same time that Prime Minister announced privatization in state sector, the Minister of Education gave a speech based on humanistic aspects concerning democratic and emancipatory values but also stressed the need of seeing education as a “decisive investment for development”, being a challenge with five dimensions: i) democratization of education; ii) quality to promote excellence; iii) education for success; iv) education for an active life; v) to value nation, mother tongue and Portuguese culture⁹.

⁹ Diário da República nº 006 1987, p.131, V Legislatura, session of 28.08.87.

In the second half of this social-democratic government, the relationship between education and economic competitiveness was reinforced with an oriented management for system effectiveness and was focused on results.

4.5. The hybrid cycle (1995-2002)

The main features of this period can be related to the need of, since 1998, making a route of monetary and financial identification with euro and the stability pact and a process of modernization of different areas based on Operational Programs¹⁰. In other words, the EU increased the requirements of convergence also at educational level with some international studies that showed that Portugal was far from the other European countries in what concerned literacy rates, for instance.

On the other hand, OECD statistic projects in comparative education continued showing our delay in what concerned public investment in education, learning outcomes and learning environment. These results were confirmed with the first PISA¹¹ in 2000, where the Portuguese students stayed beneath OECD average in literacy competences.

It is also in these times that we can observe the increase of social diversity and interculturalism due to the fact that Portugal has been transformed into a *platform of cultures*. In fact, in the second half of the 1990s, particularly after 1997, Portugal has been seen as an immigration destination, not only for people from PALOP's (Lusophone African Countries), but also for people from Brazil, the Republics from ex-Soviet Union, Romania, Bulgaria, India and China [69].

In education, the Socialist Party (PS) in office tried to abandon the concept of 'top-down' reform and to value local innovation and gradual change in schools, which would reinforce the participation of all actors in the process of public education policy-making. Nevertheless, educational system remained very centralized because the autonomy given to the schools and teachers was more rhetoric than real.

The *Reorganization of the Compulsory Schooling Curriculum* in 2001 took place in a consequence of the implementation of the so called *Participated Reflection Project* and *Flexible Curriculum Management Project*, which were developed between 1996 and 2001. In this reorganization, the links between three cycles of elementary education were reinforced with the creation of a *National Curriculum for Elementary School*, based on competences. The introduction of non-disciplinary curriculum areas, compulsory second foreign language, re-organization of teaching time slots, pre-eminence given to formative assessment¹², re-

¹⁰ Operational Programs are designed to structure the National Strategic Reference Framework (NSRF), which constitutes the framing for the application of the Community's policy for economic and social cohesion in Portugal.

¹¹ The PISA studies aim to measure 15-year-olds' ability to face the challenges of real life. The project is conducted in 3-year cycles: the first data collection took place in 2000 and its main area of assessment was reading literacy. Motivation, attitudes towards learning, familiarity with computers and pupils' ability to manage and monitor their own learning were also assessed. PISA 2003 looked more closely at mathematical literacy, having also assessed problem-solving skills, and PISA 2006 focused on scientific literacy.

¹² Formative assessment is based on the process rather than on the exams results.

introduction of national exams, creation of alternative learning routes in compulsory schooling (alternative curricula/ 15-18 Courses¹³) and Creation of the RVCC (Recognition, Validation and Certification of Competences)¹⁴ were the main curriculum measures to point out.

The creation of Education Territories for Priority Intervention, the consolidation of school autonomy, the development of new forms of school administration and management and the increase of investment in education meant an attempt to consolidate democratic school in Portugal, based on inclusion and equality, but also regarding performance, with strong references to development and education prevailed, setting up a logic of homogenization and universal modernization [68].

This hybridization in educational policies can be observed in the re-introduction of national exams in compulsory schooling within the same legal normative framework that formative evaluation had previously been introduced as the main mode of evaluation. In fact, the presence of formative assessment should be understood as a sign of the state intention to implement the ‘consolidation of mass schooling’, while the introduction of national exams may be explained as a consequence of the consciousness that there was a ‘simultaneous crisis’ in that schooling model. The difference, and contradiction, between these two modes of evaluation introduced in compulsory schooling is no doubt an instance of the existing tension in Portugal between democratic and meritocratic schooling [70].

4.6. The “governance-by-numbers” cycle (2002-2009)

Politically, and between 2002 and 2004, while a centre-right government (PSD+CDS-PP) was in office, we observe discourses that value regulation based on results. Thus, it was argued that there was a need for school rankings produced through external assessment, which in fact was later introduced in 2005 with compulsory schooling. We can observe the following policy measures in this period: reform of Secondary Education, creation of Technological Courses in Secondary Education and introduction of national exams in the last year of compulsory schooling (Portuguese Language and Mathematics).

The following governmental period, starting in 2005 and headed by the Socialist Party (PS), is characterized by a discourse that moves in two directions: on the one hand, it promotes public education as a factor of social justice and social mobility as well as of the promotion of equal opportunities; on the other hand, it develops social control through the external assessment of schools and teachers [68]. The second direction of the governmental action is strongly linked to the concept of rationalization, taking into consideration that external assessment serves the purpose of human and material resources management based on excellence. The key words in this period are performance and accountability.

¹³ 15/18 Courses were the vocational route for low secondary education.

¹⁴ Coming within the New Opportunities Initiative, the process of Recognition, Validation and Certification of Competencies (RVCC) increases the level of educational and professional qualification of the adult population, through the enhancement of the learning achieved outside the education or training systems.

The main policy measures can be synthesized this way: reinforcement of youth training qualifications (Education and Training Courses and Vocational Courses); Introduction of ICT as a subject in 8th and 9th grades ; Full Time School Programme¹⁵; Introduction to a foreign language in primary education (4th grade); Programme for development of English learning in 3th and 4th grades and other curriculum enrichment activities in primary education; development of English learning in all grades of primary education; Definition of the development, recurrence, results dissemination and analysis of national exams; Mathematics National Plan; Portuguese Language National Plan; Definition of the minimum teaching time for programmes and curriculum development in the areas of Portuguese Language, Mathematics and Environmental Studies (primary education); and change in the number of teaching hours allocated to Sciences in Secondary Education (Experimental Component).

The emergence of plans and programs serves the intention of solving all the problems identified in Portuguese educational system, the pressures for lifelong learning and positive results in national and international assessments. In fact, in this period we can talk about the Europeanization of educational policies, which means that OECD is still on the top of educational governance, but EU is reinforcing its influence and *Education and Training 2010 Programme*, as well as benchmarks and the establishment of educational indicators, are the most effective guides for national policy-making [71].

We can say that all the changes introduced in Portuguese education in this cycle are performance-oriented policies and derived from external inventions, as OECD and EU demands. These changes were also promoted by these organizations, with all their projects and programmes, and schools just had to implement it.

And although Portuguese education has made good progresses in access to education, in failure and early leavers rates, it is true that it still has a long way to run as the percentage of failure and early leaving school in 2007/ 2008 was 7,8% in elementary education and 19,1% in secondary education, very far from the average EU results [72].

5. Life history – Professional knowledge of a teacher of Portuguese language and literature

Building life histories is a complex process that aims to be focused on the individual and personal, while not forgetting the collective. On the other hand, as the history of life itself, there are unpredictable and uncertain processes, which gives it a renewed enthusiasm.

This history comes from a duality of factors: on the one hand, this teacher belonged to the grouped of the schools selected for our broader empirical study; on the other hand, he was our teacher of Portuguese literature in the late 80ies and therefore had a profile which falls within that we draw for our work, taking into account that his life and his work crossed all the historical periods that we previously identified.

¹⁵ Full Time School Programme was designed in Primary education to give students non-disciplinary curriculum areas and enrichment activities.

We made initial contact via email, contextualizing the interview request and Jorge replied immediately that he would be available for an interview about his personal and work life. There was, later, a telephone call to confirm the interview date and a postponement happened for personal reasons.

At the day and time agreed, we met at the school where the Jorge worked and where I've made my last year in high education. It was an initial moment of memories, good memories, a phase of both lives in that, as we said, the dream led the life trajectories. On the other hand, the complicity between the two of us was evident both by the relationship teacher / student in the past or the current working relationship since both embraced the teaching of Portuguese language and literature. For these reasons, the interview was fluid and without any lack of dialogue.

The interview took place in a director's office provided for that purpose and even interruptions made by former colleagues who wanted to greet the teacher served to bring into discussion some issues that could be further erased from the Jorge's memory. Due to personal issues, the interview was interrupted and continued later, which proved to be very positive because it was possible to listen to the part already performed and identify the issues that could be deepened.

The analysis of the interview is divided into three main themes: life trajectory; professional knowledge and professional life. Within these categories, different themes emerged and were used in the writing of this life history.

5.1. A late and forced vocation

If we want to synthesize in one sentence Jorge's life trajectory, the *technologist teacher*, we might say that on his way he has always been privileged to the extent that he sought to engage all his passions, finding the ways and means to combine them. We speak not only of his personal tastes, but also professional, both from the private and public sphere, which he could merge without losing the notion of its limits and achieved a strong and happy professional and personal construction.

Coming from a humble family of Beira Baixa, without economic capacity to support a child to study at the university, Jorge began teaching in 1966 and, despite some interruptions, one for military duty and another to perform a master's degree, he has only abandoned public education in 2004.

Portugal had in the 60's a reality very far from other European realities, characterized essentially by a dictatorial regime, turned to the past and to the rehabilitation of authoritarian state, as Braga da Cruz states:

The Estado Novo of Salazar interlaced a national ideological Catholicism, of a traditional nature, in a civil, police and personal dictatorship of the Head of Government, which was supported on a social enterprise organization, and on expenses of industrial workforces and rural peasantry, served the designs of a weak and dependente national bourgeoisie [73].

This totalizing, nationalist and authoritarian feature is also visible at the level of education, with brands such as the prohibition of trade union organization of teachers and the students' free association, the governance of schools based on an authoritarian model of government control or the omnipresence of systematic procedures of political and moral indoctrination. The school thus plays a central role in the inculcation, indoctrination in moral and social shaping a society reduced to a basic education (reading, writing and calculation) of its male members.

Salazar's vision of society as an unchanging hierarchical structure led to a different conception of the role of school: school was not intended to serve as agency of professional distribution or intellectual merit, but above of all as the instrument of indoctrination [74].

According to Nóvoa [75], between 1947 and 1961 we witnessed a third phase of national education policies, which seek to combine the educational and economic planning, with strong influence of human capital theories. Thus, the 1950s and the 1960s brought some important changes that are considered a crucial background to the reform that will take place in 1973 and are seeing as a turning point due to the definition of educational priorities concerning with training of human resources qualified to development, specially to industry.

The first turning point occurred with the technical and professional school reform (1948), which was the result, according to Grácio [61, 76], of a certain voluntarism coming from the governmental believe that technical schools could have a positive role in the acceleration of industrial growth.

The second turning point is the publication of the Educational Popular Plan in 1952 that made feasible the principle of compulsory education, of three years at that time, and decreased significantly adult illiteracy rates, through a National Campaign of Adult Education.

The last turning point was the political action of the Minister of Education Leite Pinto who extended compulsory school to four years (in 1956 to the boys and in 1960 to the girls), created some important instruments of scientific policies and gave orientations to the modernization of teachers work and teaching contends, as well as to the revision of pedagogical structures for what would be done latter in the Mediterranean Regional Plan.

It was in this severe environment and with strong limitations that Jorge completed his higher education studies at the University of Coimbra. As he explains, he was one of four students from his village to finish the fourth grade and the only one to pursue university studies.

I am what you might call, perhaps, a late and forced vocation, because at the time it was very difficult to study. There were no universities everywhere, as there are today, my parents were humble people, had no money to pay me a college that required me to move to another city, as I lived near Aveiro.

The decision to opt for a course of humanities can find explanations of various dimensions: the personal and social. At the personal level, Jorge had three clearly distinct passions: music and artistic sensibility to the literature, medicine and mathematics. Clearly it was the socio-economic factor that contributed to the decision to attend humanities, which allowed him to work simultaneously, including playing the wedding march.

What were the courses that could be drawn at the time as a volunteer, without compulsory attending classes? The Humanities and the Law. (...) I started working at the age of 17th to study ...

The passion for Classic antiquity led him to enroll in and finish the course of *Classic Languages and Literatures* at the University of Coimbra.

Well, I'll go to the Classic Languages and Literatures course because I will get the classical heritage that is present in our literature and at the same time, I can do a sort of "snooping" on the latest things.

On the other hand, the teacher admits that the choice for this course and for the teaching profession is related to the apostolate, the figure of "John Week" to be at the service of others, a hallmark of teachers' professional culture. This social category, solidarity above other interests, provides a strong motivation to embrace the teaching profession and can be linked to the Christian education that Jorge had, as well as to the profile of teachers required at the time, taking into account the school function and purpose of education.

After the first experience in a private school, Jorge harmonize until 1972 the military service with teaching in a private school in Almada, where he taught courses after work time to adult people. In 1972 he was placed in the Liceu Nacional of Almada, which he left only for two years: in 1975 to do the traineeship at the Liceu Normal D. João de Castro and a year with a scholarship to finish his master's thesis, under the Multimedia Communication.

Parallel to his professional activity as a professor of Portuguese Language and Literature, in the lower and upper secondary school, with particular emphasis on the latter, he was a teacher trainer, taught classes at the Institute Piaget in Almada and currently still teaches Technologies of Information and Communication at the Higher Institute of Education and Sciences (ISEC) in Lisbon.

His dedication to music led him to collaborate with music schools and associations, as well as to participate in public events.

Despite leaving the teaching profession in public education, a natural decision, Jorge is still teaching in ISEC and deepened its activities related to music and multimedia communication.

5.2. The teacher as an expert

Jorge's first experience as a teacher was in a private school near Coimbra, at the end of his graduation, where he fell in love for teaching and started building a professional culture based on two pillars: the social and the scientific pillars.

it was an almost family atmosphere, there yes, I liked teaching, but then fell in love with teaching. I think it was the time when I was more teacher because I knew the students completely. I knew in my classes when they did not give any income because they had love problems, had been angry with his girlfriend, I knew when at home parents were back face, so I knew it all. I was simultaneously a teacher and almost a kind of spiritual director of those people, what was very hard for me.

These two pillars are present in the teaching profession, but throughout the history of education in Portugal they have had different roles. By the time that Jorge began teaching we witnessed a strong accent on scientific pillar, with a strong regulation made through national standard national exams at the end of each cycle of education. Nevertheless, and according to Catholic moral protected by the state, this missionary spirit was also required for the role of educator that he played. Basically, what we have is the teacher, as an actor of the Educator State, to be called to fulfill his role that does not end on training.

This paradigm will change with the advent of the April revolution and the political democracy, since the social pillar will be the one in evidence, taking into account the need to democratize access to education, as well as standardize school courses.

The entry of Portugal into the European Community and the establishment of the Law on the Education in 1986, configure the necessity of building a country's image based on Europe, capable of reaching the levels of development and productivity of its counterparts. This was reflected in education and teachers' work, very specifically, with the need of strengthen both the democratization of success and the pillar of the scientific work of its professionals. This is despite the political discourse in the 90s have been shaped by the logic of inclusion in compulsory education, which does not mean, as pointed out by Correia [77], that it is a democratic ideology. It seems, above all, that it was a meritocratic ideology, that didn't promote social mobility and greatly contributed to enhance the concept of teacher as an instructor and not as an educator.

Jorge assumed his professionalism with this double bias and, despite the ideological changes, tried to remain until the end of his career embedded in the conception of citizenship, of being and of critical spirit.

A teacher cannot be a disciplinarian if is not disciplined, a teacher cannot require to others if he doesn't is by himself.

The behavior of teachers, not all the teachers, many teachers is bad.

I was responsible for a particular circumstance, without intending to invoke Sartre now, but I was responsible for myself and my circumstance, and my circumstances required that I was ready.

I've known colleagues who have worked here in an excellent way in all areas, and were excellent people, before they were good teachers, they were excellent people.

"Professor, I thank you a lot of what you did for me". What did I do? I was a Teacher!

I think anyone who comes to school - now I'm contradicting my early history, except that mine was a love story, a second love plan, that took me until the end of life! – Regarding Literature and Teaching, when we come in, and come with good intentions, we necessarily fall in love.

Being a teacher is, in his own point of view, being responsible, honest and disciplined. Someone has to like what is doing and must be able of thinking about what and how to do, which implies to have all these features before becoming a teacher. Caria tells us in a study from an ethnographic research with teachers between 1992 and 1996 that teachers build a culture based on knowledge how to be and not based on know who to be, which is part of a peripheral power based on an ethos of negation [78].

Moreover, this dimension of know who to be is related to the pillar of the teacher educator, involving a dedication and knowledge of students that is beyond the simple transmission of knowledge. Indeed, we have seen in the successive educational reforms in Portugal an accent on technical dimension rather than on the educational one on the teaching, which Jorge recognizes and identifies.

Who likes the profession can make mistakes, but suddenly stops and says, "Wait, I'm doing stupid things here, they need me in other way," and will always find some way. Now the robots, today there is a certain robotization of teacher's life, where everything is set.

We observe today a highly regulated teaching profession in all its dimensions, which gives this notion of *robotization of teacher's work*. Whether the teacher performance assessment that Jorge recognizes as necessary, *it is urgent, not that of Maria de Lourdes which is worse than the few that existed*, or the assessment of students, which was gradually being more standardized, or at the organization of teaching or even at the school curriculum that has been a highlight of the technocratic bias, based on learning outcomes measured nationally and internationally according to indicators defined in transnational organizations (such as the OECD or the EU), organizations that also define the instruments to overcome poor results.

This teacher notes that it's not possible to separate education from training since in the end of the career, for some situations I have been through, I was almost afraid of being a teacher, because although I had an easy life, I saw the way we could easily hurt someone, or make a great action, by helping a student. This statement may mean that the teacher is also responsible for building the student's identity, not only in cognitive terms, but also in her/his personal and social dimensions.

Indeed, Jorge believes that a good teacher is the one who knows students, who have read them, and interprets their needs and manages the work in the classroom according with this knowledge. It is someone who enjoys it, who *loves his sweater*, and in the case of Portuguese Language teachers it has to be someone who enjoys *being a teacher of that, you have to like that*. As stated, the lack of authority of the teacher is sometimes related to the lack of scientific authority, meaning that talk about responsibility, requirement and preparation is also to talk about knowledge, passion for knowledge and desire to learn more.

The teacher who is? The teacher is a connoisseur, is a brain. The teacher who does not have sensibility cannot communicate anything on Literature to students.

Plus, if you do not have it, you have to find, if you do not have it available you have to find it.

The teacher, if doesn't have enthusiasm in what he gives, if doesn't show love for the texts, the students will never going to get there.

The emphasis on knowledge, not only at the level of abstract knowledge, but also on its use, is key to understand the relationship that Jorge has with professional knowledge, which was build upon *many things that academic education and teacher training doesn't give.*

The demand for more knowledge, especially the one that was also useful in his professional practice, led him to do a Master's degree on multimedia, called *Fruit Salad*, in which he sought to study the relationship between music and literature. Indeed, Jorge worked this way in high school where he taught for over 30 years, where he built the "Center for Studies and Research on Poetry and Music by technological means" to work with his students. Here he developed the taste and sensitivity of students for literature, by working the relationship between the two areas.

You can't imagine the joy when I listen to the students with the guitar singing poems we have worked by leaving classroom! But, I discuss with them the music. "Let's see. This song is good for a poem, this too, and let's see." And why this? It is a way for them to capture what is abstract.

The use of a *more elusive and inscrutable language* was a strategy to improve the understanding of scientific knowledge. This transposition and mobilization of his personal knowledge to his professional activity allowed the teacher using other approaches of scientific knowledge that have benefited students. The teacher recognizes that information technology and its languages are useful and necessary, but rejects the concept of a tool since he defines the computer as an *extension of our own sensibility, is not a tool.*

However, he points out that his role in the classroom was different from the one he played in this Centre - there is a certain hierarchy in the classroom and here the power was distributed between teacher and student and this activity was used as an important addition as it approached him to the students in human terms, because (...) *many times this distance between teacher and student is a departure that also will be seen in cognitive terms.*

Jorge identifies without any hesitation the need for a teacher, especially in the case of a teacher of mother tongue discipline, to be a good reader continually investing in the knowledge so that the critical eye does not fade. He states, however, that a good system of teacher training, which could help teachers in *removing the language* would be desirable also to contribute to the elimination of a *cubic system* in which the teacher begins to collapse, i.e., during the year of teaching practice teachers unfolds in innovation which is, according to Jorge, put into a chest and pulling out whenever is needed. This feature of the professional culture also leads to lack of reflection and restructuring of knowledge, adding the new to the already existed knowledge, similar to what happens with the educational policies in Portugal.

5.3. Mother language as the centre of learning

Considering the school with a low permeability to the knowledge that is not part of the formal curriculum, a reference to what Boaventura Sousa Santos calls "subordinate knowledge" [13], Jorge positively analyzes the evolution of the organization of formal knowledge, when referring to the structure of education in Portugal. He introduces a distinction of three educational phases during which he was linked to education:

- i. Dogmatic and teacher centered education before the revolution, coinciding with the dictatorship in Portugal;
- ii. Sociocentrism, which meets the aims of building a socialist society, with strong influences of UNESCO in the 70s;
- iii. Student centered education from the mid-80s, coinciding with the Convention on the Rights of the Child, ratified in 1990 that Portugal, with great impact on pedagogical theories in which the teacher is no longer the center of the relationship school triangle but students played that role.

This classification is similar to that made by Correia [77] when analyzing 25 years of educational ideologies in Portugal. The latter can be joined to the individualism that socially emerged. On the other hand, the teacher states that these changes were reflected in the ideological preparation of national exams, particularly in terms of the selection of texts.

When he thinks about the importance of studying the mother language he points that all languages are fundamental and that the school did not follow this approach, although the *mother tongue should be the centre of the languages learning, should not be subordinate* and the other languages as complementary. In fact, nowadays with the prevailing of the audio-visual, it is essential that students learn to combine text with image, to do integrated readings, but always starting with the mother tongue learning.

I think it's important today to read texts, knowing how to analyze texts, but it is important to read a sequence of images, oral texts that they hear, (...) and the school has never prevented the children to receive this kind of message.

Despite this goal, the teacher finds obstacles in the mother tongue teaching because of the lack of knowledge of students at the end of primary school, which he considers as decisive for decreasing school failure, assuming that this is due to the assumption of the school as a *playful*, which has prevailed in Portugal since the 1980s.

Jorge considers the Veiga Simão reform on curriculum a *breath of fresh air*, especially at the preparatory cycle, which corresponds the current 5th and 6th grades. *On the level of preparatory cycle things have changed a lot. It was much more opening, more inviting to reasoning, not memorization, so it was interesting.*

With regard to the teaching of Portuguese language and literature, before the April 25th, literature was a memorized one, final remark, it's over. I had a range of adjectives that apply at all authors. "He has a fluent style, (...),"it will do for all authors, as in grammar. This can be identified with the inert knowledge, the one that doesn't produce any action or

consequence. Although based on this paradigm, the teacher said that the school had a degree of requirement that was spread through out life.

After the democratization in Portugal, knowledge and its organization of before the revolution were canceled, including the syntax and logical analysis, considered *symbols of the past*. There was a rejection of an overly mechanical organization of knowledge that could be seen, for instance, on sentences analysis and division.

Someone was saying, quite rightly, that our language is increasingly ugly. Leaving the usual analysis of the writing, going to the oral, our language is increasingly ugly because it is being continuously turned into a consonant language. The vowel is what has the musical spectrum. The consonant is noise, and in fact, our language today is full of consonants . And onomatopoeia: "So dude, bang."

However, Jorge points out that decision as excessive given that language, in fact, language and thought are, say, front and back of one sheet, and this was destroyed, and so now people are chaotic when they write. In this sense, the identification of ideas that make up the text is also situated at the level of transferable knowledge, not only essential to the educational success of students, as well as to the exercise of full a citizenship.

In the New Program of Portuguese Language subject the theme of communication emerges, in a logic of freedom of expression that did not fit into a repressive regime. Regarding literature, this achievement, in fact, values, human values were there, but (how shall I say?) without guidance, I mean, everyone did what they want, the works were not specifically, there wasn't a schema. Despite all the changes, teachers, by inertia, continued to use a lot of syllabus contents from before the democratization, because the new program was still confused, incidentally, it was not a program but several programs. Even in the late 1970s many teachers had reference to the contents of the program pre-April 25 and Jorge considers this period as a missed opportunity to bring about a change in the subject.

On the other hand, the structuralism paradigm was also introduced, which Jorge sees as positive because *sofar what existed was a very impressionistic analysis, and structuralism puted a certain order*, although in his opinion, had also contributed to the decline of taste in literature. Too arid schemes and extreme option for this analytical framework led to what the teacher calls *the death of literature*.

Structuralism would have been good for it had disciplined a little, only became a too arid scheme that killed too many readers. Before April 25 schemes like this didn't killed readers for a simple reason: people read since the Primary School.

The design of curriculum identified with the syllabus, the only valid, was in force in the Portuguese school at least in official terms until the education reform of 1989. Jorge points out that there is a difference between curriculum and non curriculum disciplines, mentioning to the multiple activities in the school mainly from this reform, but already in the previous period, identified as a period of great innovation with great freedom in schools. However, he points out that *everyone had their revolutions, everyone innovated, although some innovations were totally unreal*.

The opening happens on the curriculum, or better, is institutionalized in the 1989 reform with a concept of open curriculum and the introduction, for example, of the interdisciplinary field called School Area.

With School Area, in fact, there was a "shake" in the School, that is, it was clearly seen that the teacher had not only an active part in the Classroom, but also outside it.

It is interesting to identify that, along with the training model that is implemented, this area has contributed to some key aspects in the professional culture of teachers: the extension of the concept of curriculum, which definitely crossed the walls of the classroom and allowed the transformation of what is meant by valid knowledge socially accepted. A second key aspect was the establishment of collective work of teachers, since these two instruments accentuated the form of collaborative work. A third aspect was the approach between teacher and student, which has contributed to an improvement of students' educational outcomes. The fourth point to note is the contribution to create a school culture that continued in subsequent years.

Each group had an intervention in the trainees who, in fact, did some studies sometimes a little complex. So this period showed that school was open to the future.

In some classes, at least, this created an environment of complicity, I saw it with my students. There was a clear complicity because we worked with them outside the classes and they ended up being here longer. It was time that they took some profit, so it was a period very much alive and very interesting, and so strong that created a school spirit for the following years.

However, recent curriculum changes and educational policies developed lead us to agree with the professor when he says: *You have to handle when it is curriculum, but when it isn't curriculum . Artistic Education in this country...?*

The disciplinary program was organized according to a spiral logical, which Jorge complains because eventually there is a repetition of content that could cause a disclaimer of teachers. He is very critical on the Portuguese language program of the latest high school (2002) not only by the way it was prepared, but also because its starting point is the lack of students' knowledge. He also regrets that this same program is one of the causes of academic failure of students, causing a social failure.

5.4. The syllabus as a reference

The curriculum is identified with disciplinary program, syllabus, although Jorge defends a concept of open program - the space outside the classroom is also a space of knowledge, which means also the opening to other knowledge that is not part of the formal curriculum. However, references to new pedagogical strategies are made that consider *classroom itself already as a supplement.*

For the curriculum management, the teacher explains that this management is done differently according to class of students. Both the strategies of curriculum management and

pedagogical ones were defined according to the class that he taught with *the aim of meeting the syllabus and developing in students the feel and taste for discipline contents.*

If the class had to perform a final exam, this exam was the main reference and knowledge organization was made up according to the exam typology.

one thing is to prepare students who have to undergo a national exam, another thing are the other students.

Jorge recognizes that the exams are the main regulatory instrument of teaching, but could not be otherwise, since he felt to betray the students if he doesn't prepare them properly for the exam, as *the students wanted to choose a career and could not do that if I did not cooperate with them.* For the terminal year of high secondary school, subject to national exams, he explains that had developed practical lessons based on text analysis in order to obtain a result. He rejects, however, that in the grades where such an exam exists the work of preparing students to it will be the only one work to be done.

In the grades that didn't have a national exam, Jorge used to take different knowledge, with a greater mobilization of knowledge related to the literature. However, the syllabus continues to be the governor of learning, but the teacher did a hierarchy of contents to improve students' learning. In those classes, he also gave priority to the traditional grammar and creativity, developing teaching strategies that allowed the involvement of students and their best learning.

He fully supports the updating of Portuguese linguistic terminology, but he still criticizes the process, which he classifies as fighting sects, similar to what happened with the drafting of disciplinary programs or the introduction of new linguistic paradigms. Jorge is also critique on the way that was chosen to minimize the impact of these changes on students, similar to what was done in the previous period to democracy, which was enrolled in a Taylorist paradigm, as the choice was a pedagogical strategy of mechanization and the increasing number of classes that could lead to good school results.

5.5. The space that distinguishes knowing from not knowing: The school

Jorge defines precisely the school as the space where the differences are established in respect of recognition. In fact, there are today other spaces of knowledge that didn't exist in Jorge's childhood, but in some places everything is messed up: knowledge and what is not knowledge. For its use become beneficial to users, they need to manage this distinction that should be developed in and by the school. According to the professor, this is the great advantage of the school compared to the internet or television, the other learning spaces, which is not used by the social institution that in turn closes and does not include in its curriculum new knowledge in its official corpus, not preparing students for the changes that occur outside the school.

School had a reputation, the School was the owner of knowledge and, today, knowledge is not only in school. We go to the Internet and is full of knowledge.

The School has one thing in hand that does not use, is that the school is able to distinguish the knowledge of unknowledge.

It began to have television, the television began to be more important to them than the school, in my point of view school makes a mistake, trying to avoid the computer but it didn't.

Contrary to what happened before the political democratization, Jorge says that we have now a variety of schools that develop the curriculum differently, but if we look at its organization, we observed that it is almost unchanged, based on classes and subjects with little changes in the nearly forty years. Indeed, Portugal has a single national curriculum, on which were introduced an interdisciplinary area 1989 reform and curricular areas in the *Reorganization of Basic Education Curriculum* in 2001. However, these areas next year will be completely vanished from compulsory school curriculum, dedicated entirely to the so called nuclear learning.

However, if this distinctive feature of the school wants to have a real impact in the lives of students it would also be essential that all the actors should adopt a responsible attitude, which does not always happen. Teachers do not always respect the institution and its work, since if they are not demanding with themselves, they hardly will be with their students. For the latter, the professor admits a major shift in public schools in recent decades, which makes the schoolwork harder towards the learning of students. But it also saves critical to the parents and their lack of cooperation.

The school is a kind of a wardrobe of students, where parents hang up students.

This disclaimer of all actors decisively contributes to an environment that is not always conducive to learning and there is an increase of school indiscipline, which exacerbates the lack of a rigid hierarchical structure where all roles were defined.

(...) Requires a culture of authority. It isn't authority to establish authoritarian regimes, but a culture where each one has to know what is his role.

When I started teaching, this did not exist in schools. Because the school is, like it or not, an island, and life is much more.

We underline the teacher's emphasis on two aspects. The first is that as organizations become more flexible the difficulty in defining the roles of each one can contribute to an unhealthy work environment. On the other hand, the recognition that the school is a part of society and cannot do the job alone, but must be integrated and always consider its exterior.

The reference to the work done at the Primary School and the differences between schools in different cycles is interesting since it considers the Primary School as the Gordian knot of all learning, where exists an excess of playful learning and lack of awareness in curriculum management. There is therefore a need to modify the programs to ensure the effective learning. On the other hand, Jorge considers that the worst working conditions in the primary school teachers can lead to a lower commitment to the profession, although the research points to stronger professional and school cultures when difficulties are greatest.

The School is not a garden, there is a place of recreation, is a workplace. Now, it is a workplace where not everyone can be happy, but it is a workplace. And I think the school is failing in this area, especially in basic education, i.e., it is necessary to do I don't know exactly what for when students reach the final grade in primary school are able to read, write, and know the basic calculation.

On the other hand, the organizational structure of the school has evolved a lot and there can be find many positive aspects. The organizational rigidity gave way to a more flexible period, which the teacher assigns as the *floating period*, corresponding to the revolutionary period, which was overtaken and brought to the position of Director of Class, very bureaucratic before 1974, a more forward-leaning student after that.

The role of Directors of Class was very bureaucratic, it was more, well, to guide. There was no proper follow-up as there is today. Regarding this there was a great evolution.

Jorge has had many career-long management positions at various levels in school. He was member of the team schedules in 1975, when the school was managed by a General of the Armed Services Committee. In 1976 he was a member of the 1st School Management Committee, serving as vice president in the first democratically elected committee.

And then was, later, I think twice. You know, my experience in the Executive Councils is of mission, fight . but someone has to be there, and when someone is elected should make the sacrifice to go there.

He also had the positions of Director and Deputy of Disciplinary Panel, in addition to traineeship supervisor role. He was also in the emergence of trade unionism in Portugal before the revolution of April.

The teachers had no union, and we made a petition asking for the existence of a Union, and Chairman of the Board said, "you do and go to the street," and me and another colleague here Almada, signed.

According to the teacher, the changes that have taken place at the level of teacher training were the ones that caused the greatest impact on teachers' work. Before the revolution, Jorge classifies his subject group as one composed by young people interested and very receptive, although he says that *people with an open mind, maybe they were more in politics than in the teaching practice itself, but what is certain is that people were indeed interested in very simple terms.*

The teacher refers to the post-revolution period like that in which prevailed in the *blood in the gills*, an involved citizenship and intervention, unlike today. After the troubled years of 1974 and 1975 in schools comes a new form of professionalism in service and Jorge understands it as the first great moment in innovative school.

the first time for us to assess, in fact, the innovative spirit, or not, in this school is the onset of professionalism in service with the famous PIT's (Individual Work Project in Training Exercise). The legislation, and all the attachments created by the Directorate-General, were an absolute shambles, because it had been done by people who in fact would be very good in their

offices but did not know anything about the schools. That is, they made a kind of training, and above all a kind of assessment that they themselves certainly did not know how it would work. And then what happened? We got it here, we have created a section just for training, even before the law and began studying the documents and to give you, perhaps, a clear sense of what we did here, we were called "the fans" who were the supervisors, checkers criteria.

understand how this could have been an important moment in schools, since it gave them an opportunity to commit to a model of field training in the school environment, adopting it to its reality, its context. Jorge even participated in a committee that prepared a study on the PIT's - Training Exercise - based on national surveys conducted over more than a decade. However, despite all the dynamic movement in school, the teacher assumes that bureaucratic promiscuity in schools is a reality because ultimately pervert processes that turn out to be unrealistic. The schools are, in fact, organizations that are poorly permeable to processes that do not come from inside, and when these processes are too complex and even a little irrational, the institution reacts by protecting their professional, but apparently doing what is asked.

Now look, I had 10 trainees. There were more than 2000 "do not know exactly how many" parameters that I had to apply. There were those who wanted to simplify this. How do you do? In another School they have it done, photocopies, and here it is.

The period that begins with the Law on the Education is a very fertile period and positive with the creation of the Service Teacher Training and Continuing Education Centers. During this period, Jorge fell in love with the proposal and participated actively in two ways: with proposals under its disciplinary group to conduct external training, organized by the Training Centre, but also proposals for internal training. The school had organized training from internal skills, using internal stakeholders and based on training needs of teachers in school. The training offered by the Training Centre concentrated on ICT without any distinction of training that is done outside of school. There is also insufficient supply of training in Portuguese Language and Literature.

Yes! Finally, it was one of the best things I came up today!

And I was in love with it. There are things in the legislation but a bit dangerous . and then even when the Adelaide later took over the office and I met the Training Section, we had a meeting and we felt we should do a Training Course, we should begin by doing that.

... made training courses in the field of ICT, and eventually end up, on top of ICT while ICT, that is, not as educational technology, turned to use in learning activities.

Interestingly, Jorge admits that from this period on, in which the school was very dynamic and anti-routine, *there was no more collective or collaborative innovation, only at the individual level.*

It is precisely at the level of teacher training that Jorge is more critique and identifies more deficiencies and I think that, in fact, the training did not exist, and there was, say, the fault . the blame is on three levels: it is the Ministry that throws things out but has no idea how the

schools work because everything is done by people who stand in the offices, by the staff. Many of them were not teachers, but not only them, also the teachers' supervisor (...) In the Training Centres, there were serious flaws, because the training centers have become a kind of supermarket of ICT, nothing more than that .

At the highest level of central services, the teacher points out that these are limited to producing legislation without creating conditions for their development, without creating the structure and, like the initial training, with teacher trainers who have never given a lesson in high school, which causes a reproduction of models that are not always the most suitable to the learning process.

On the other hand, the intermediary service of Training Centres, although an useful instrument, had become essentially bureaucratic and external training ended up focusing primarily on ICT, but without the accent on learning how to use computers and the answer to the question of why it is made.

Training courses for the new program were made by people who knew they were not able to make a syntactic analysis and who cannot truly distinguish an adjective from a noun, things like that, but they are genius! Why? Because they knew all the theories.

The identification of liabilities is also at the level of specific training in the subject and responsibilities are notorious for the teachers, who passively accept the training that was offered to them and did not require the training they needed.

This criticism also reaches those who are responsible for Science Education, who the teacher blames for the lack of knowledge that teachers have and excess of appreciation of certificates, the result itself and not the process, to what was effectively promoted in teaching.

Missing, for example, scientific knowledge in the areas they teach, lack of pedagogical training in the areas they teach, because the education sciences, most of them are "aerial view" who does not go down to the ground, and above of all lack one thing: (...) because the curriculum is a normal and necessary, including the curricula must be assessed and in accordance with the assessment people should or should not be rewarded. But it happens that at one point it fell into an excess of certification, i.e., today, and it's not just in school, is also out, and unfortunately the Government has worked terribly for it, today what counts are the certificates.

In this sense, Jorge certifies that the results of the courses he taught in the New Opportunities may point to a lack of credibility of the system, since it seems that its assessment favored the conclusion of grades in what he considers as a race to achieve the rates established in European commitments instead of a race to develop a knowledge citizenship.

Regarding the learning results, Jorge was also indignant when they mention the results of the major statistical projects such as PISA, since he sees them with lack of objectivity and manipulation of data, which do not turn them credible. In this sense, the teacher assumes that the school does not reflect on these results. On the other hand, he refers to the injustice

when different educational systems, such as Portugal and Finland, are compared, mentioning how classes are built in this country. Nonetheless, Jorge thinks that the educational gap between Portugal and other European countries is not that great, but believes that our education does not meet current requirements.

6. Final remarks

The main results are related to a deep understanding of curriculum policies in Portugal over four decades, paying particular attention to peripheral actors, considered here not only as players but also as policy builders. This work also identifies the processes of change and legitimacy of valid knowledge, as well as the processes of regulation and governance of curriculum policies.

Regarding the effects of globalization on education, we can say that is clear the existence of a strong movement towards curriculum homogeneity and standardization. Although regional and national differences, all educational systems are being under pressure with the results of statistical projects as PISA, which lead them to a similar movement. In curriculum policies this is very evident as we observe the reinforcement of standarts, the introduction of competences or the regulation of teachers' work.

The great stability that characterizes educational systems that, as social institutions, were invented to last and transfer valid knowledge to the new generations is the base that allows schools to resist to change and to refract educational policies. As the teacher of our research assumed, schools and teachers aren't just technicians who implement what is built outside school and themselves. They also create, recreate and *decreate* educational policies. And this is what leads to increasing friction amongst schools and teachers.

The third feature caused by globalization, the fluidity, also contributes to this friction inside institutions and between them as knowledge is something permanently outdated.

These features show the importance of having life histories in educational research along with longitudinal studies, based on historical periodization. In fact, we can see in Jorge's life and work how and why did Portuguese curriculum was built and the consequences of some choices. This life history also reinforce the meaning of building teacher's knowledge along with his own life due to the need of having a complementarity between teachers missions and dreams and educational goals. We saw that in the periods that Jorge felt identification with the changes, he incorporated it inside him and they were part of him. In these periods, Jorge work was much more fruitful and the collaborative work arose.

On the other hand, this methodology also showed what's the professional knowledge and how it is build by tecahers. Jorge's professional knowledge was built using multiple instruments always seeking to improve learning results. It is set by scientific knowledge, pedagogic knowledge and what we've called as social knowledge, related to all the knowledge Jorge got outside his profession, but used it to improve his performance as a teacher.

Also curriculum knowledge can be stressed as the one that comprises not only the contents of syllabus, but also all the social knowledge needed to raise a self based on whom to be. This only can be made if school curriculum lays on an open paradigm, which is the opposite that we now have in Portugal. In fact, just a curriculum not based on prescription, but placed on the framing of each one narrative could be a curriculum that both respect the social needs and the individual ones.

As we saw, Portuguese curriculum has suffered some changes, but lies on the same framework. There is a need to analyse and reflect on global and regional agendas since curriculum is not being discussed in Portugal, neither about its organization, nor about itself as the schooling grammar didn't change since the nineteenth century. So is to say that there hasn't been a paradigmatic change in the curriculum, because new concepts have been add to old curriculum concepts. There hasn't been any discussion about knowledge, knowledge organization or learning, just about techniques and school organization. Portuguese education has an accountable valid knowledge, based on competences, with a rational based on functionalism, control and regulation, technically built and apparently depoliticized, but still uniform, segmented, hierarchical and sequenced.

And this task is getting more complex as we see a paradigmatic change in those global and regional frameworks for education as we see a shift from a learning process based on inputs to a learning process based on outputs. In Portugal we changed from contents-based curriculum, to competencies-based curriculum and now we are moving towards a learning outcomes-based curriculum. In fact, the concept of learning outcomes is coming into Portuguese education in many ways such as curriculum policies since curriculum-based competences, teachers' evaluation, the benchmarking in schools and the project of standards that will begin in 2011 are based in students and schools learning outcomes.

Regarding Portuguese Language syllabus, we can say that it they reflect the political and social movements in Portugal and Europe as they really show the progressive opening of the learning contents and the flexibility of curriculum managing according to the students needs and school context. Duarte [79] explains that the biggest changes can be found in the syllabus of 1979 that belongs to the communicative paradigm and curriculum is set as open and related to the society. The study of Portuguese mother language is taken as a scientific study at the same time that its value and respect as a key to national identity is promoted. On the other hand, it is also in this curriculum change that literary foreign authors are introduced and teacher autonomy is declared, although co-responsability of students in learnig just came later in the 1989 curriculum reform.

The patterns of change in curriculum policies in Portugal over the last four decades moved from internal mandates to external ones and it has been evident that the gap between these two patterns has been growing. We can say that in the first three cycles we had change invented and promoted by educational professionals as their missions and beliefs were aligned with external mandates.

The change process followed in the exogenous modernization cycle, that affected all teachers and educational agents working in schools and universities at that time, as well as other educational agents like unions, shows that there was a strong negotiation taking place in the beginning of the process between internal and external forces. On the other hand, the commission created for the curriculum reform was composed by ex-teachers and professors who worked on education policies for significant time. Although external mandate is stronger, we can say that there is still an alignment between internal and external forces, although the invention of change was made externally and its promotion by both change forces.

On the hybrid cycle the change process is also a hybrid one: on one hand, we have internal forces inventing and promoting some changes at curriculum level, for instance, in the reorganization of subjects and in the introduction of some curriculum areas, like monitored study, or compulsory subjects as the second foreign language; on the other hand, we can see that external forces have lead all the process and their patterns were at the core of the changes. We are talking about the introduction of curriculum-based competencies concept, that was not even worked by Portuguese scholars at the time. It's clearly a concept that came out from international organizations and its projects, as OECD, and EU, fundamentally after Lisbon Strategy in 2000. There was no negotiation on this, although the Ministry of Education had developed an innovation process but always centralized and with pre established answers to the problems that were found.

The last cycle shows that the external patterns of change have really established in Portuguese education as we no longer have educational professionals negotiating changes nor their questions, concerns or experiences are included in policy-making. All the changes introduced in Portuguese education derived in this cycle from external inventions, as OECD and EU demands, and were also promoted by them, with all their projects and programmes, and schools just had to implement it.

Educational policies are nowadays in the core of political and economic concerns all over the world, as there is the belief that more educated people generate a more competitive economy, based on human capital theory. In Portugal this belief is central because this country is facing a huge economic crisis with serious social consequences, and politicians hope to get out from it through education

The main challenge for educational policies is that educational actors, either from internal or external arenas, need to define, firstly, what are the goals and purposes of education in Portugal and then negotiate the pathways and the tools to get it, without forgetting to align it with teachers dreams, projects and missions. There is no way to continue changing curriculum without listening the main actors: the teachers who achieve better results and improve their work whenever their work is embody in their life narrative.

The divorce between internal and external mandates came at the same time as educational ideology moved from educational democratizing to educational modernization and inclusion [77]. What we argue is that the integration model of change should be the best way

of getting sustainable reforms by involving and engaging those who know how to do it, when, where and why, the teachers and all educators, with global/ regional/ national values and aims. This would be working with people, on people, teachers and learners, parents and stakeholders, putting the accent simultaneously on teaching and learning, on learning to be and to know, to do and to live with others [80].

School for all was a social conquest achieved by the modern democratic ideals and a major means for the creation of an imagined identity, the national citizen [81]. The massification of schooling - with new populations of students - didn't just mean only more students; it also meant a change in the quality of the schools themselves, which policy-makers, teachers, students and families have an evident difficulty to deal with.

In this sense, it is urgent to apply to the political system to try to decrease the differences between people building the most fair and inclusive educational system possible. What happens is that educational systems as we know were built based on exclusion and inequity and need to have a huge change in their structure and organization for them to promote equity. And it seems that behind the discourse about the need to have a fair and inclusive educational systems, mostly based on economic arguments, we have a real meritocratic mandate to education because system is not the same for everyone, it has privileged routes for those who have good academic results and some less privileged routes for those who stay behind, have educational failure or leave school before acquiring basic skills. Equity has suffered a semantic variation over the last forty years, changing from equal opportunities of access to equal opportunities of success, which is more rhetoric in the Portuguese case than real. Otherwise, economy is not an equal system and if this is the system that rules the world, social systems, like education, won't be either.

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Globalization and Management

Acting in a Globalized World: Marketing Perspective

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Additional information is available at the end of the chapter

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1. Introduction

There is the notion that the world has become a global village, implying that the increased exchange relationships among a multitude of actors (nations, institutions, organizations/firms, and private individuals) have resulted in interdependence among many actors (Wei and Lau, 2008; Peng, Wang, and Jiang, 2008; Lee, 2005; Curry, 2000). As Lee (2005) expresses it, our tastes, needs, wants and demands are converging, a trend which is termed as “global consumers”. An important implication of the increased exchanges among several actors in our globalized world is the increased interdependencies at all levels of human interactions (e.g. national, organization/firm, and private levels). Evidently, nations, for example, that are interdependent have increasingly opened their economies to facilitate the technological, political, and cultural exchanges among them (Human Development Report, 2004; Curry, 2000). As reported in the Human Development Report (2004, p. 85), contacts between people and their values, ideas, and ways of life have all increased in an unprecedented way.

Technological, economic, political, and socio-cultural exchanges among several actors in our globalized world (Peters and Pierre, 2006; Lee, 2005; Human Report development, 2004) have numerous benefits and at the same time challenges, which need be understood and managed (Li, Qiu, and Wan, 2011). It has become an established fact that researchers agree on the dual effects of globalization; globalization provides global market opportunities and global market challenges (p. 1016). Of importance, then, is to discuss some effects of interdependencies among actors acting in the globalized world. Prior to discuss the effects of interdependencies, we state the purpose for the chapter.

Globalization and liberalization of markets will leave no firm, anywhere, in any market, free from intense competition from foreign and domestic markets. But, not all firms will be able to exploit opportunities and handle challenges, which globalization brings with it. The

purpose of the chapter, therefore, is to review and discuss some of the opportunities and challenges, which are inherent in our globalized markets and suggest some ways regarding how a firm can create and sustain its competitiveness over time.

2. Some effects of interdependencies

Benefits of globalization

Acting in the globalized world all actors (nations, institutions, organizations/firms, and private individuals) appear to benefit from the increased liberalization of markets, more especially socio-economic reforms, which is considered as the necessary condition for the realization of the full impact of globalization (Li, et al., 2011; Wei and Lau, 2008; Peters and Pierre, 2006). Private individuals have access to not only great many things, but also varieties and choices. Foreign goods and services are in abundance, for example, in almost any town, city or village in Africa, south of Sahara. These goods and services range from agriculturally processed goods (e.g. tin tomatoes and canned meat from Europe and South America) to sophisticated high-tech goods (e.g. computers, medical equipment, electronic equipment, mobile phones, cable T.V. sets, and automobiles) plus basic industrial raw materials and components such as iron and steel, motor spare parts and machines and machine tools from Europe, North America, and Asia (Awuah, 2009; Spiegel, 2007).

On the firm level, the substitute of a larger global market for the firm's limited domestic market will be a great benefit of globalization. There were periods when most markets were heavily regulated and/or controlled; hence, exporting goods or services into other markets was restricted (Teece, 1985; Unger, 1989; Todaro, 1994). As Czinkota and Ronkainen posit (2007, p. 189), many firms, especially "Mininationals" or "Born Globals" do benefit from increased trade liberalization in that they are able to serve many markets from a handful of manufacturing bases. Thus, in the era of increased globalization and/or trade liberalization, many firms are not compelled to build a plant in every country as some established multinational corporations once had to do (Doole and Lowe, 2008; Czinkota and Ronkainen, 2007). Moreover, globalization is seen to expand firms' market potential, increase their resources accessibility, promote their output growth, and also help them to procure foreign outsourcing (Li, et al., 2011). For example, forging co-operative exchange relationships with other firms in order to get access to foreign firms' resources and activities, through outsourcing relationships, will lead to complementary exchange relationships among the interacting actors. Through the complementary exchange relationships among interdependent actors, almost all countries, organizations/firms, and private individuals have a greater access to products, services, technologies and practices, which may be modern, effective, and superior to some existing ones (Wei and Lau, 2008).

On the global and national levels, as argued by Lee (2005), the global integration has some positive effects. For Lee, the interdependence among nations, effects of globalization, has enabled the entire world's productivity to grow rapidly. As reported elsewhere, (Czinkota and Ronkainen 2007, p. 5) there was an expansion of world trade during 2000 to 2005. In

merchandise, the increase was from \$ 6.2 trillion to over \$9 trillion. In services, the increase was from \$1.5 trillion to \$2.1 trillion. Taken together, the worldwide growth of goods and services was 150% (p. 5). On the national level, the following country growths are worth reporting. China's economic growth rate since, 1990s has been on the average 10%, the highest in the world. In 2009, however, the growth rate decreased a little bit, 8.7%; this was the time when other global economies were in deep recession (Chuang, M-L., et al, 2011). A Swedish trade figure shows the extent to which a small country such as Sweden can benefit from increased world trade. As reported elsewhere (www.economywatch.com), in January 2010, Sweden's exports amounted to 78.4 billion Kronor, while its imports were 70.9 billion kronor.

"While globalization has led to substantial economic growth overall, the benefits of globalization have not been shared equally among states" (Carasco and Singh, 2009, p. 259).

It is beyond the scope of this chapter to exploit the controversy around the benefits and disadvantages of globalization (for some readings on this see, e.g. Awuah and Amal, 2011; Awuah, 2009; Carasco and Singh, 2009; Peters and Pierre, 2006; Human Development Report, 2004). At any rate, some challenges emanating from the increased interdependence among many actors in our globalized world are discussed below.

3. Some challenges of globalization

Handling socio-cultural, technological, economic and institutional barriers

Interacting actors, especially countries and business firms will have an increased exposure to challenges emanating from economic and institutional barriers. The Japanese currency market as well as the Chinese currency market is considered to be manipulated in that they are intentionally said to be held low in relation to other major trade currencies such as those of the U.S dollar and the Euro. This is a development, when not remedied, would render goods and services exported from the U.S and Europe into Japan or China to be expensive. This is because a Japanese customer will have to have more money in order to buy a comparative good/service (from the U.S or Europe that are being sold in Japan). The same will apply to the relative expensive comparative good/service (from the US and Europe, but being sold in China). The challenge is that it is not the physical evidence that U.S or European goods/services are expensive in Japan or China, but it is difficult to prove that there is a conscious economic or institutional barrier on the part of the Japanese or Chinese public policy instrument to devalue their currencies. The Japanese and Chinese authorities have constantly denied such accusation of currency manipulation, which the West put on them. Japan is also said to have imposed one of the highest farm tariffs in the industrialized markets (Financial Times: November 10, 2011:4). It is also reported elsewhere (Peng, M.W., et al., 2008; Spiegel Special, 2007; Beamish and Lu, 2004) that almost all industrial countries still have some trade barriers or subsidies, which protect their domestic companies from competition from abroad.

As Wal-Mart and Carrefour have been experiencing in China, offering retail services in an environment, where the socio-cultural forces constrain their design and implementation of strategies, have resulted in each of the firms having difficulty to implement standardization strategies, which have enabled them maintain leadership position in, for example, Canada and Mexico (in the case of Wal-Mart) and in Europe (in the case of Carrefour). For the Chinese market, the firms in question are said to be struggling for leadership; but, for that to be achieved, they will need to overcome socio-cultural barriers (Chuang, M-L, et al., 2011).

Increased competition and domestic job opportunities

Concern has been raised about, for example, the harm that global sourcing can do to local and national economy (Cavusgil, Knight, and Riesenberger, 2012), namely, job losses in the home country, reduced national competitiveness, and declining standard of living.

“A major concern is job losses. The number of jobs in the U.S. legal industry outsourced to foreign contractors now exceeds 25,000 per year. Some estimate that more than 400,000 jobs in the United States IT industry have moved offshore” (p. 507).

Walmart, the world’s largest retail chain is said to source as much as 70% of its finished merchandise from abroad, a strategy which has made some concerned citizens in the U.S to form a protest group called Walmartwatch.com against the giant world retail chain (p. 508). As the authors maintain, job losses are occurring in developing economies as well. For instance, in the textile industry, El Salvador, Honduras, Indonesia, and Turkey have seen jobs gradually being transferred to China, India, and Pakistan (p. 508).

Increased vulnerability: Interdependencies demand collective action

There is no denying the fact that nations, organizations/firms, and even private individuals over the globe will all be vulnerable to some crises and/or security issues, which occur and negatively impact our increased socio-cultural, technological, economic and political exchanges. The global financial meltdown of 2007-2009, which was triggered by the bursting of the U.S. housing price bubble and the resulting increase in mortgage delinquencies, brought financial crises to many countries (see e.g. Allen, Chakraborty, and Watanbe, 2011). The current Eurozone Debt Crisis, where some countries within the Eurozone are on the brink of financial collapse, when not properly handled by all the interdependent world trade partners, will bring a greater economic recession, which will affect world trade in total. Finally, we are all vulnerable; therefore, our interdependent exchange relationships will not leave many actors spared from, example, the spread of pandemics (e.g. the E.Coli outbreak, which took some lives in Germany and in some Western countries). The Herald Tribune added a note to underlie this interdependency when the E.Coli outbreak, some food poisoning traced to the eating of tomatoes and cucumbers, occurred this year, 2011; “the supply chains for tomatoes and cucumbers can be difficult to untangle” (Herald Tribune, June 4-5, 2011:4).

The above examples of challenges cannot be handled by any single actor in any economy. It behoves several actors, having heterogeneous resources and performing varied activities, in our globalized world, to establish exchange relationships, which will enable them to handle challenges, which are of concern to all. An in-depth discussion of the effects of globalization will be taken up, later on in this chapter, on the firm level, where we discuss in some detail why and how firms need to create and sustain their competitiveness as they act in our globalized world.

4. Competitiveness of firms in the globalized world

From the preceding sections, it can be deduced that, due to globalization, the distinction between national markets, for some products and services, are fading away (Czinkota and Ronkainen, 2007). Substituting the global market for the smaller domestic market becomes imperative for most firms, especially those operating in global industries such as the electronic, automobile, telecommunication, and appliances industries. With increased globalization and increased liberalization of national markets (e.g. less barriers to trade), any firm should strive to exploit the numerous opportunities inherent in globalization. Thus, there is a tremendous increased homogeneity in our needs and tastes, access to large markets, modern and superior technologies, superior goods/services, and falling costs of doing business across the globe (Cavusgil, et al., 2012; Carasco and Singh, 2009; Lee, 2005; Knight and Cavusgil, 1996).

However, globalization is not without its challenges. For example, some markets, and the firms operating in them, will not be capable to quickly respond to the rapid transformation processes of globalization and trade liberalization (Awuah and Amal, 2011). Most firms will not have the capabilities to deal with increased competition, which increased globalization and trade liberalization bring with them. But, as argued earlier on, globalization and trade liberalization will leave no firm, in any market, free from intense competition in foreign and domestic markets. As Doyle and Stern (2006) posit, success for most companies is a temporal phenomenon; things change rapidly, consumers needs and wants change rapidly in response to market dynamism, and competitors get better. As reported elsewhere (StiGlitz, 2006) General Motor's (GM's), an automobile giant, revenue in 2004 was \$191, 4 billion, more than the BNP of 148 countries. But, in 2008, GM nearly went bankrupt and had to be bailed out by the U.S. government.

If a firm is not able to create sustainable value for its customers, as Doyle and Stern (2006) contend, the competitive advantage of the firm will be a temporal success as GM's example portrays. A firm needs to create value for its customers, which the firm's competitors cannot match over time, a performance that will ensure a sustainable competitive advantage. The notion of creating value for a firm's customers is supported in the literature. For Porter (1985), a firm's competitive advantage grows fundamentally out of the value the firm can create for its customers.

“Indeed customer value is a cornerstone concept of the relationship marketing suggesting that unless value is created and delivered to customers , the firm has no

legitimate reason to exist nor can accomplish its corporate objectives” (Tzokas and Saren, 2004, p. 127).

In this chapter we adopt Birerty, Eckles, and Reeder’s (1998, p. 466) definition of value. For the authors, value is the provision of greater satisfaction at a given price or equal satisfaction at a lower price (p. 466). In addition, the authors emphasize that customers will choose a ‘bundle of benefits’ that offers the most satisfaction for money. Competitors are getting better; customer needs are ever changing due to, for example, rapid changes in technologies, socio-economic and political changes. Firms that embrace new changes, in the globalized markets, are creating a bundle of benefits ingrained in their products/services, all in the attempt to win and retain customers. A recent development can be seen in the mobile phone industry. Smart phones, as mobile communications devices, are not only embracing just voice, text and games, but also downloading music, video, and television, access to Internet, better camera, GPS, long battery life, and design. The mobile phone industry, which was for the past two decades dominated by Nordic (e.g. Nokia and Ericsson) and Asian firms (e.g. Sony, Toshiba and Panasonic), has now three U.S firms (Apple, Google, and Microsoft) in the forefront of the industry. None of the U.S. firms is said to have its roots in the telecom industry (Di Dimension, September 15, 2011: 22). The performance of the three U.S firms is consistent with Birerty et al’s (1988) notion of the provision of ‘a bundle of benefits’ to customers. The three U.S. firms are providing a bundle of benefits to customers, something which their rivals are not able to match; that gives the three U.S firms some competitive advantages over their competitors.

A firm’s ability to create value for customers, as Porter (1985) maintains, will be the source of its growth and profitability and also the source of creating value for shareholders and value for employees (Doyle and Stern, 2006). However, how firms create value for customers in our globalized world should be seen in a wider context. Thus, a firm’s ability to create value for customers that will lead to its competitiveness and generate profit, for example, will depend, in large, on how well the firm handles its relationships with some significant actors in the marketplace (Håkansson and Snehota, 1995). For instance, the increased interdependence among firms denotes that goods and services are designed, created, and delivered by sharing knowledge and experiences with others (Anderson and Nerus, 2004). Sandvik’s (a multinational company operating in the tooling industry) example of sharing experience and knowledge with some significant actors, while producing value for its customers, is worth reporting here.

“Sandvik contends that the product’s performance advantage in the tooling industry is being reduced all the time. To achieve a differential advantages, vis-à-vis its competitors in their competitive market, Sandvik has to stay ahead of competition by, for example, investing so much in research and development and/or working together with universities or research institutes that are in the forefront of technology in metal cutting” (Awuah, 2001, p. 584).

In our globalized world, characterized by, for example, intense competition and fewer barriers to trade, almost all firms, in any industry, share Sandvik’s experiences quoted

above. Whether a services firm (providing mostly intangible solutions) or a manufacturing firm (producing physical or tangible goods) to outperform competitors will mean that the firm must be able to stay ahead of competition by, for example, providing 'a bundle of benefits', which its rivals will not be able to match. Nevertheless, this will demand that the firm invests so much in research and development and/or working together with other actors (e.g. universities or research institutes, customers, suppliers, and even sometimes with competitors). Submitting to studies elsewhere (Awuah, 2008, 2007; Håkansson and Snehota, 1995; Håkansson, 1987), a firm's efficient use of its internal capacity and its efficient utilization of external capacity will form the firm's 'total capacity'.

In view of the above discussion, there is the need to conceptualize on how a firm can develop its competitiveness in our globalized markets, something that is virtually lacking in the extant literature. As evident in the preceding sections, one important effects of the increased globalization, which the world is witnessing these days, has to do with the extent to which a greater number of firms, from both the developed and from the less developed countries are internationalizing their business activities (Cavusgil, et al., 2012; Carasco and Singh, 2009). A framework to aid our understanding of how a firm will develop its sustainable competitiveness in the competitive global markets would be very useful. Hence, we attempt to conceptualize on factors that affect the development of a firm's competitiveness in our globalized markets.

5. Theoretical framework

A firm's ability to operate successfully will depend on how much it is competitive vis-à-vis its rivals. Hammond and Groose (2003) stress that a firm's internationalization of its business activities should be seen as its development of competitive capabilities that enables it to compete successfully against rivals from and within different countries. In Figure 1, a firm is seen to be in a constant search to establish its business relationships in as many as possible markets, foreign and domestic, in order to be able to survive in a globalized world, where competition has become very fierce (Peng et al., 2008; Beamish and Lu, 2004). The intense competition in our globalized world demands that all firms must be well equipped to face the emerged competition by developing their competitiveness vis-à-vis other competitors. That will mean using the firm-specific capabilities to create value for customers in any market (Doyle and Stern, 2006; Porter, 1985). Here, a firm's utilization of its specific capabilities, for example, innovation, learning, and customer-orientation will have to be developed and updated over time. As Doyle and Stern (2006) assert, innovative solutions, no matter where they come from, once they are perceived by customers to be new and superior to some existing alternative solutions, will be preferred by customers. Especially, small- and medium-sized enterprises (SMEs) are seen to be very good in internationalizing their businesses by providing innovative solutions to customers (Andersson and Wictor, 2003; Knight and Cavusgil, 1996).

But, as argued above, value creation for customers and other stakeholders, worldwide, should be seen in a wider context, where the firm's performance influences and is

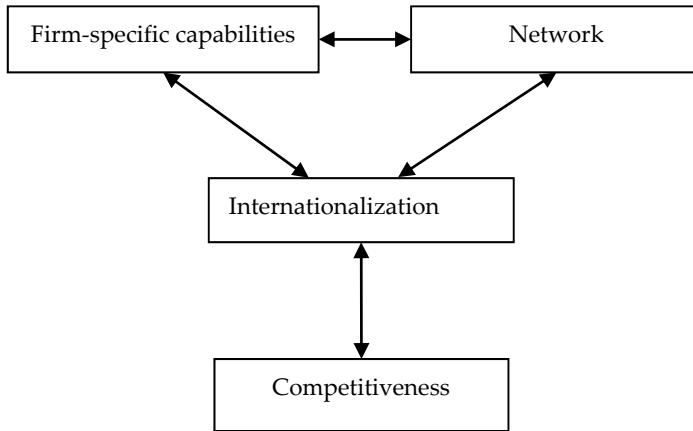


Figure 1. Factors affecting a firm's development of its competitiveness

influenced by other significant actors (Awuah, 2008, 2007; Anderson and Narus, 2004; Håkansson and Snehota, 1995). As Anderson and Narus (2004) assert, a firm designs, produces and delivers goods and services by sharing knowledge and experiences with some significant actors in the marketplace. According to Dunphy et al., (1997), organizations are concerned with learning if it helps them to perform better. However, learning cannot be a sole internal activity. A firm is seen to be embedded in a network of exchange relationships, which enables the firm to have access to complementary resources and activities of other actors in the firm's network (Awuah, 2008; Gummesson, 2002; Håkansson and Snehota, 1995). In interaction with other actors in a firm's network, the firm and the interacting partners engage in mutual learning, which will among other things, enhance the firm's ability to perform better (Tzokas and Saren, 2004; Dunphy et al., 1997). According to Cavusgil, et al, (2012) a firm, which engages in international businesses stands the better chance to learn much about world market than those that are focused only in the domestic market.

For most firms (e.g. those in the global industries such as automobile and telecommunication), the pursuit of growth, the preempting of competitors in their domestic markets, and for survival all suggest that they have to develop and implement internationalization strategies that will enable them achieve the above objectives (Czinkota and Ronkainen, 2007; Pettinger, 2007; Doole and Lowe, 2004) . One crucial strategy for a firm, therefore, would be, according to Pettinger (2007), for a firm to establish physical presence in many foreign markets. For Pettinger (2007), this physical presence is the key to market, economic, social, political and cultural knowledge and understanding.

"Given that consumer and competitive behaviors are deeply rooted in national cultures, SMEs that possess such social knowledge can leverage it in promoting product innovation" (Zahra, S.A., et al., 2009, p. 82)

Most SMEs are seen to be very good in internationalizing their businesses by providing innovative solutions to customers (Andersson and Victor, 2003; Knight and Cavusgil, 1996). However, whether large or SMEs, the interdependent relationships between most firms

suggest that a firm and its interacting partners engage in mutual learning, which will among other things, facilitate the development of innovative solutions, enhance a firm's internationalization into unknown markets and becoming customer-oriented (Awuah, 2008, 2007, Tzokas and Saren, 2004; Andersson et al., 2002).

Most studies have underlined a firm's network of exchange relationships as one of the major factors impacting positively on the firm's internationalization. For example, a firm's network of exchange relationships will help the firm determine, which foreign market it will choose to enter and with what entry mode to use (Awuah, et al., 2011; Moen, 2002; Johanson and Vahlne, 2003, 1990). Significantly, a firm's network becomes an important asset, especially when its innovative solutions will have to be brought to several markets, substituting its domestic market with the wider globalized market. All in all, a firm's internal capabilities will be complemented by those of the activities and resources of some of their identifiable network partners, a joint effort that will facilitate a successful internationalization.

A foreign firm may enter any foreign market, thanks to liberalization of many markets, but the ability to develop and sustain its competitiveness, in the face of intense competition and the challenge to handle different parameters (e.g. culture, laws, language, and technologies) will be a tremendous task that must be both understood and managed (Awuah, 2009; Zahra, S.A., et al., 2009; Pettinger, 2007; Hollensen, 2001). As maintained by Blomstermo, et al., (2002, p. 61), a firm's internationalization of its activities has to do, as always, with obtaining knowledge about foreign markets. Lack of knowledge, according to the authors, is still a fundamental problem with most firms' internationalization efforts. The costs and/or knowledge required to undertake some innovative activities, which will strengthen a firm's competitiveness in several markets, can be beyond the capabilities of a single firm. Hence, building and sustaining mutually beneficial exchange relationships with several significant actors in a firm's network will enable the firm to draw on their complementary resources and activities (Svensson and Wood, 2008; Håkansson, et al., 2004; Kotler, 2000). Thus, the firm's development and sustenance of its competitiveness that will enable it to compete successfully against rivals from and within different countries will be a function of its own effective utilization of internal capabilities plus its utilization of external capabilities, to which it has an access as the result of its network of exchange relationships (Awuah, 2008, Johanson and Vahlne, 2003; Håkansson and Snehota, 1995).

Globalization has set into motion forces such as those advanced above to aid our understanding of the extent, to which firms will have to actively participate in the globalized markets so as to be able to create value for customers in any market, an effort which will reflect their competitiveness vis- á-vis their rivals. Consistent with what Hammond and Groose (2003) contend, a firm's internationalization of its business activities should be seen as its development of competitive capabilities or competitiveness that enables it to compete successfully against rivals from and within different countries.

6. Concluding remark

In our globalized world, characterized by, for example, intense competition and fewer barriers to trade, almost all firms will have to develop a sustainable competitiveness that

will enable them to stay ahead of competition in any market where they operate. However, this competitiveness of a firm in our globalized markets will have to translate into the creation of a bundle of benefits, which customers in any market will opt for. This is an effort, which the firm alone cannot develop and maintain, as it competes in our competitive markets. But, as has been discussed above, a firm's embeddedness in a network of exchange relationships impinges on the firm's performance, for example, the creation of value. Since a firm designs, produces and delivers goods and services by sharing knowledge and experiences with others, establishing, developing and maintaining long-lasting exchange relationships with some significant actors in the globalized world will not only facilitate the firm's internationalization, but also strengthen its competitiveness.

To have a sustainable competitiveness, therefore, the firm's internationalization efforts should be strengthened through the firm's effective use of its own internal capabilities and, in addition to that, its efficient utilization of external capabilities, to which it has an access as the result of its network of exchange relationships (Awuah, 2008, Johanson and Vahlne, 2003; Håkansson and Snehota, 1995).

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The Rise of Transportation and Logistics in Europe 1950 – 2000

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Additional information is available at the end of the chapter

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1. Introduction

In the last decades logistics changed fundamentally: from a microeconomic point of view, logistics developed from an auxiliary function in materials management to an independent factor of production that would go onto coordinate world-wide supply chains. From a macroeconomic point of view, the rise of the logistics sector as an important employment sector is fundamental and a force for deepening the division of labor. This paper explores the driving factors of the rise of logistics. It demonstrates how traffic policy of a gradually unified Europe shaped the development of logistics from its basic functions of transport, handling of cargo, and storage to the modern concepts of high performance logistics, including concepts of organization of world wide supply chains and dimensions of quality in services, such as promptness and accuracy. Besides the political factor of the unification of Europe, one can identify an economic factor concerning the development of a consumer-oriented economy. The great variety of consumer goods was a challenge for the automobile production and the distribution logistics. As a third factor, the innovations in the parcel industry are considered where for the first time the flow of goods are linked to information technology to ensure speed and quality resulting in the “tracking and tracing technology”. The fourth factor was the process of globalization, which led to the creation of production sites for consumer goods outside of Europe. As a result, the logistics of consumer goods distribution were realigned to import harbors, where consumer goods arrived pooled in shipping containers. The paper is based on the evaluation of research reports, monographs on traffic policy and national and European statistics. The rise of logistics has not drawn much attention of the scholars in the past. So this paper opens a new field of research. First we address to the consumer-oriented economy.

The decades of the economic miracle in Western Europe after 1950, also called “trente glorieuses” or “miracolo economico”, mark an evolution of the consumer-oriented economy in Europe, which not only addresses mass consumption but also the mass production and mass

distribution of consumer goods (Strasser 1998). Mass production, mass distribution and mass consumption constitute a system. The automobile industry and the automobile trade, which form the basis of mass mobilization, play an important role within the consumer goods industry. The automobile cannot be viewed as only an important consumer good, but also as a product which enabled purchases in distant central markets and the comfortable transport of large amounts of consumer goods. It created the precondition for the focus on large scale entities in the retail trade. Other strong sectors of the consumption-based economic system are banking services, insurance services and services of the tourist industry. However, those sectors are less important for the supply of goods and are therefore neglected in this research.

2. Mass motorization and the motorway network

In the decades following 1950, mass motorization strongly contributed to the economic miracle in Western Europe.¹ Automobile stock rose rapidly. In Western Germany, the growth rates of the 1950s amounted to 20 % per annum. Mass motorization got a fresh impulse from the reasonably priced, iconographic starter models: in Italy the Fiat 500, in France the Citroen 2CV, and in Western Germany the VW Beetle. The existing road system, which in many European countries did not include motorways, was unable to sustain the increasing motorization. There was said to be chaos and accidents on the roads.² (Girnth, 1954). In response to the insufficient road network and the increasing influence of the auto lobby on traffic policy, European countries gradually extended the motorway network, which unburdened the roads and cross-town links and promised fast and comparably safe driving (Mom 2005, Ross 1998, p. 86). The following table shows extension of the motorway network in the EU15 countries.

Country/Year	1960	1970	1980	1990	1998
Belgium	183	488	1.203	1.631	1.682
Denmark	–	84	516	601	861
Germany	2.671	6.061	9.225	10.809	11.427
Spain	–	387	2.008	4.693	8.269
France	174	1.533	5.264	6.824	9.303
Ireland	–	–	–	26	103
Italy	1.065	3.913	5.900	6.193	6.453
Luxemburg	–	7	44	78	115
Netherland	358	1.209	1.780	2.092	2.360
Austria	–	478	938	1.445	1.613
Portugal	–	66	132	316	1.252
Finland	–	108	204	225	473
Sweden	–	403	850	939	1.339
United Kingdom	202	1.183	2.683	3.180	3.421

Source: Eurostat (2002a, p.1). Data for 1960 from World Road Congress (1969, p.51).

Table 1. Length of the motorway network in the EU15 in kilometers

¹ For Sweden see Lundin (2004, p. 303-337). For Italy see Paolini (2005). For Germany see Klenke (1993). For France see Loubet (2001). For Great Britain see Thoms et al. (1998).

² We define motorways in this paper as junction-free roads with two lanes for each direction.

3. The logistical function of motorways in the consumer-oriented economy

The extension of the motorway network has not only served the automobile, but also the rapidity and economy of truck traffic. It gave a decisive impulse to the truck-based logistic systems. In the political debate about expansion of the highway system, two aspects - the transportation of people and the traffic of goods on the motorways - were viewed differently within European transport policy. In fact, German politics assigned goods transport to the railroad, and thereby pursued a twofold traffic policy: The motorway was mainly built for the automobile. However, this twofold traffic policy was short-sighted, as it did not address the economic rationalizing effects of truck traffic. Moreover, it impeded the development of logistics as a growing segment in the early phase of a service-oriented society: truck traffic decreased the costs and speeded up the transport of goods. In Germany, this aspect was not even considered in the research of economic effects of the motorway until 1970.³

In contrast to Germany, in Italy the aspect of rationalization of the goods traffic was one reason for the construction of motorways, and was appreciated as transport “modernization” since the railroad showed very poor performance (Bonino and Moraglio 2006). Capital investment in railway modernization focused on the area of passenger transportation, so that rolling material in freight haulage was no longer current. Moreover, the railway could not be integrated into a modern logistical concept of time-based competition, since the freight train did not run on schedule (Kerwer 2001, p. 173-216). In England, the construction of highways began with detour roads around the cities of Preston and Lancashire so that the cross-roads were cleared and goods traffic was accelerated. Charlesworth (1984, p. 35) shows the lobby work of the Chamber of Industry and Commerce.

The development of truck traffic along the European motorway network is closely related to the evolution of modern logistical systems. Those evolved in the two main areas of the consumer-oriented economy: in the just-in-time delivery concept for automobile assembly facilities and in the build-up of modern distribution structures in the retail trade for the turn-over of goods in the already developed consumer goods industry. The stores were supplied by hierarchical distribution systems that were composed of central and regional warehouses where the goods were stored. The warehouses together with the motorway developed to the essential infrastructure of the mass consumption society. For example, consider the motorway M1 in the UK linking London to Leeds. Its section from Milton Keynes (location of the warehouse of Amazon) to Nottingham developed to the preferred location for distribution logistics known as “golden triangle”.⁴

If one includes the automobile industry into the branch of the consumer goods industry, one can assert the thesis that the consumer-oriented economy is based on modern logistics and

³ See literature report by Frerich 1974.

⁴ Merriman 2007, p. 203.

vice versa. A consumer-oriented economy is characterized by a differentiated offer of mass customized goods in a consumer market where customers have a large choice of offers. The deliveries of goods are urgent. A rapid change of fashion and models on the consumer goods markets and time-based deliveries to the automobile assembly facilities require transports without delay. In European transport networks, this is only possible via truck, as door-to-door-transports without transfer, while the railway slackens in this system of time and quality competition.

The question concerning the development of distribution systems was put in context with the distribution of consumer goods, and was related to the expansion of department stores and the increasing presence of chain branches within the retail sector. For the first time, scientific marketing methods were implemented systematically in retail. Customer desires were to be scrutinized and, if necessary, sparked. Additionally, agile logistics had to deliver the goods to the store racks in time, in order to avoid empty racks which might cause antagonism and loss of customers, which is very easy on a consumer market that appears to have an almost unlimited offer of goods. This reveals a consumer orientation in modern logistics. In the academic theory of logistics, the location of production plants, as well as central and regional warehouses, was researched in order to minimize storage and transport costs and transport to the stores (ReVelle and Swain 1970).

The Western European the consumer-oriented economic system had a logistic structure that the following figure exhibits.⁵ With the exception of secured public or quasi-public sectors, the market economy regulated competition among producers of goods and service providers. The infrastructure of transport and storage capacity allows the supply of the goods required for production and the distribution of consumer goods. The consumer goods industry and especially the automobile industry were very well-developed. The logistics of the developed consumer goods markets could profit from a dense motorway network, to built-up structures of external suppliers in the automobile industry. The productive, truck-based distribution structures served the supply of a large variety of consumer goods. The railroad transported primarily goods for the heavy industries.

In addition, these infrastructure services lead to the structure of an economy based on the division of labor, which can exploit the learning curves and economies of scale provided by specialization.

4. The automotive logistics of the automobile industry

This section deals with the Europeanization of the automobile industry. It focuses on how the “automotive logistics” sector emerged. Growth and high earnings during the years of the economic miracle enabled the well-unionized work force of the automobile industry to implement high company tariffs. Management balanced high costs and affordable end products. The outsourcing of production and logistics into sectors and countries with lower wages served as a way out of the cost trap. In 1988, the average hourly wage amounted to 18

⁵ For the structure of communist logistics see Vahrenkamp 2012.

euros for industrial workers in Germany, compared to Portugal where the hourly rate amounted to 3 euros (Eurostat 1989, p. 126). The transfer of warehouse operations and production supply processes to low-wage employees of the logistics trade lowered costs. This was the starting point for the development of just-in-time-delivery and the outsourcing of parts production to low-wage countries in the 1980s (Christopher 2010). Both developments gave a strong boost to the logistics industry to create a “modern logistics”, which extended the basic functions transport and storage with the aspect of quality: rapidity, punctuality, low error rates and process control with the help of computer networks were in demand. In logistics trade, the separate business segment “automotive logistics” was created, which complemented the classical logistic functions with services and production steps, such as inventory management and re-ordering, packaging, pricing and pre-assembly.

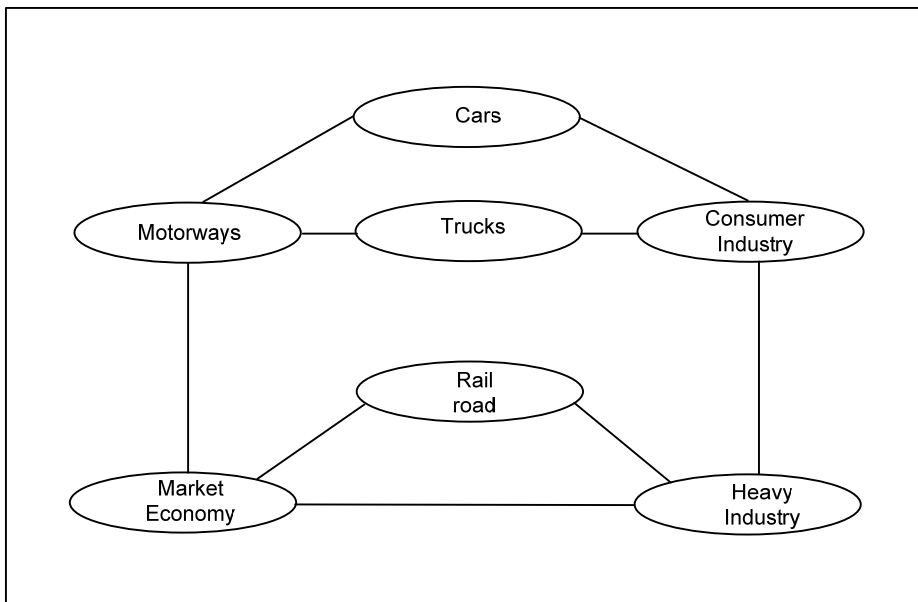


Figure 1. Model of the logistic structure of the consumer-oriented economic system.

5. Common traffic policy in Europe and the liberalization of truck traffic

Border-crossing road freight transport in Europe was only made possible via a number of international institutions and agreements.⁶ The Economic Commission Europe (ECE), which organized the commission for domestic traffic, needs to be mentioned. Already prior to 1949, this commission had been enabling truck traffic. This was thanks to its convention on road traffic (also called “Freedom of Road”). Foreign trucks obtained the right to enter a

⁶ Regarding the following see Bundesminister für Verkehr 1961, part VII., Trinkhaus 1998, letter J., Frerich and Müller 2004.

country with their freight, whereas before the convention, the cargo had to be shifted to a domestic truck at the border (Schipper 2007). The commission for domestic traffic coordinated the Marshall Plan's aid supply which started in 1948. It also represented a field of policy for road and truck traffic expansion in order to compensate the railroad capacity constraint which followed the war. On May 19, 1956, the commission established the transport contract within the international road haulage (CMR), and the customs agreement on the international goods transport in sealed trucks with carnets TIR on 15 January, 1959. Therefore, custom checks for border-crossing transit transports became redundant. After all, the European conference of traffic ministers (CEMT), which was founded in Brussels in 1953 by Italy, Belgium, France, Germany, and Switzerland, helped tremendously in coordinating traffic policy in Europe.⁷ It had the political goal of facilitating and easing the exchange of goods within Europe, and in 1960 it concluded an agreement at The Haag with respect to maximum size and weight of trucks.

Beside oversight of the European Economic Commission, there were bilateral agreements between two countries regarding the amount of truck allocations. These were determined annually by representatives of the Ministries of Transport. If the contingents were spent, there could be no further truck traffic. This shows how restrictive and inflexible traffic allocation system was, especially with regard to the constantly growing exchange of goods within the European Economic Community EEC.

The agreement for the foundation of the European Economic Community in 1957 aimed at developing a joint traffic policy to ease transnational goods traffic and to abolish barriers confronting the exchange of goods. The EEC agreement, under Title IV ("The traffic"), articles 70 to 84, required the coordination of European traffic policies. Conditions were to be formulated, under which traffic companies throughout the EEC were able to work. In particular, article 79 inhibits the discrimination of transport conditions based solely on the country of origin or country of destination (Trinkauss 1998, letter J211).⁸ Article 81 of the EEC agreement provides for a reduction in border taxes and fees. Articles 85 and 90 require free and fair competition in the economy, including the traffic sector. This was specified with the claim for free market access, the restraint of state subsidies, cartel bans, and the prohibition of abuse of power. However, it has been a long and difficult, 34-year way leading to the goal of a European-wide market with free access for transnational truck transport service.

What is most surprising about the EEC agreement is its clear market-based orientation, which differs tremendously from the economic and traffic policies of the individual member countries. At the peak of the Cold War, this orientation was to be understood more as an ideological differentiation to the Eastern bloc than a maxim for domestic policy. Moreover, it

⁷ An important step for Western Germany to overcome the foreign-policy isolation. The report of the „European Conference of Traffic Ministers“ on 16 October, 1953 is published in the traffic paper 1954, p. 178-180. By now, all European states (except Serbia), including Russia, form part of the CEMT, also Azerbaijan and Turkey.

⁸ An example for the discrimination is the transport of 100 tons steel plate. The prices for transportation via railway for a distance of 253 kilometers from Duisburg to Bingen amounted to 610 DM in July 1954. However, the price for a comparably long, but transnational roadway of 252 kilometers from Liege to Duisburg accounted for 378 DM. See Bayliss 1965, p. 11.

needs to be emphasized that the regulations of the EEC and the European Union referred to transnational traffic. Separately, each individual country can regulate its domestic traffic.

Traffic policy can draw on many instruments to regulate truck traffic.⁹ There are three categories of instruments: regulation of market access, price regulation and regulation of operation, while taxes for the operation of trucks, security standards for vehicles and drivers' working condition are set. If control of market access is reduced to subjective entrepreneur qualifications and if pricing is not subject to state requirements, this is considered liberalization of truck road haulage. In contrast, the operative regulation of truck road haulage is understood as the legal regulation of truck operation.

The common traffic policy of the EEC focused on truck traffic, which was easier to standardize than the area of railroads, since these were state monopolies. In order to implement the requirements of Title IV of the EEC agreement pertaining to truck traffic, the EEC council of ministers had two main fields of policy: the liberalization and the harmonization of the operative truck road haulage regulations. Liberalization guarantees market access for foreign entrepreneurs in the home country, and creates competition in the hitherto isolated national markets. In the 1960s, truck industry regulation in the EEC countries showed varying levels. The countries which used the railroad as an instrument for economic and social policy also combined regulation with a protection policy, restrictive licensing and price regulations. These countries include England, France, Belgium, and Germany. The Netherlands considered the transport sector as a regular economic sector without public obligations. Italy limited its railroad policy to a deficit settlement (Bayliss 1965, p. 64). Harmonization alludes to the unification of national operative regulations. Differences distort competition and hinder the creation of a common traffic market. In the field of harmonization, the EEC launched a number of regulations (European Commission 2001, part 3).

For decades, the EEC's council of ministers was unable to put the liberalization requirements of Title IV of the agreement into practice, since some of the member countries initially aimed at harmonizing the terms of competition within the EEC. Among the member countries, Germany and France were interested in railroad protection and used the broad harmonization policy to postpone liberalization. As a precondition, they combined liberalization with extensive harmonization. The Netherlands and England had already liberalized truck traffic at the end of the 1960s, and did not support railroad-friendly politics. Hence, a conflict between harmonization supporters and liberalization advocates developed¹⁰ (Frerich and Müller 2004, p. 128). According to 1983 estimates of the European commission, high railroad deficits influenced opinions on traffic policy in some member states and "initiated them to judge the politics towards other carriers mainly on the basis of their effect on the railroad". The commission suggested investigating road haulage for "further possibilities, how the supply could be adjusted to the demand, which made the present system for capacity checks unnecessary at the very end." (Europäische Kommission 1983, p. 6 and 12).

⁹ The regulation appeared for the first time in the 1930s in all European countries, see Bayliss 1965.

¹⁰ In England the market access and the pricing were liberalized since the 1960s, see Laaser 1991, p. 192).

As the conflict between harmonization supporters and liberalization advocates in the Council of Ministers caused a blockade of traffic policy for years, the institutions of the EEC developed an unpredictable dynamic. On January 22, 1983, the European parliament filed suit against the Council of Ministers at the European Court of Justice for failure to act. On May 22, 1985, the European Court of Justice enunciated a judgment against the Council of Ministers for failure to act (Blonk 1985, p. 97). Between 1985 and 1986, the Council of Ministers made decisions for the liberalization of road haulage. The existing discrimination on the side of any third parties due to bilateral quotas of truck rides was abolished in January 1992 with the help of a progressive and noticeable increase in multilateral joint quotas. In 1990, the truck transport tariffs in transnational traffic, which were created to protect the railroad, were abolished and free market rates were enacted.

Compared to harmonization, which was subject to veto rule, liberalization was easier to achieve due to majority rule in the Council of Ministers. As a consequence, liberalization was realized without harmonization. For the establishment of equal market conditions, the important adjustment of truck taxes was not achieved until the turn of the millennium. In 1996, the tax burden for trucks without exhaustion gas cleaning in Europe ranged from 414 DM in Finland to 5,286 DM in Austria.¹¹

As a result of liberalization, the truck fleet increased sharply to 15.7 million in the years between 1980 and 1990, and in 1998 reached just 20 million, whereas in the decade between 1970 and 1980, the number of trucks rose only by 3 million to 10.6 million. From 1990 to 1999, traffic performance in the EU climbed from 790 to 1,258 billion tons kilometer. This included 76% of traffic within distinct member states (Eurostat 2002a, p. 1 and Tronet 2002). Liberalization lowered transportation costs due to strong competition within individual countries. This enabled commercial freight haulage to secure its market share between 1985 and 1995 against transport on own account (“private carriers”). in all EU countries except Italy and Portugal.

6. The European Domestic Market as logistics promoter

The establishment of the European Domestic Market on January 1, 1993, and the conversion of the EEC into the European Union (EU) involved the harmonization of fees, taxes, norms and regulations. Furthermore, it was characterized by the omission of border formalities for transnational freight haulage by truck. Until then, long delays at the borders were necessary for the compensation of various strict regulations in the member countries, which lead to long traffic jams for trucks.¹² The detailed investigations of the Cecchini Commission revealed that trucking companies suffered a loss of € 8 billion due to internal administrative costs and delays at the borders. This corresponded to approximately 2% of transnational goods value (Cecchini 1988). The waiting period reflected the processing of required

¹¹ Data according to the Federation of German Long-Distance Hauliers. One US-Dollar equaled about 2.50 DM in the 1980s.

¹² In 1986, at the motorway border crossing Kiefersfelden from Germany to Austria, the Federal Government considered a truck's hold of 1,200 meter length as necessary, see Bundestagsdrucksache 10/5908, p. 2.

documents at the border. These documents were related to different sales taxes and excise taxes, as well as varied sanitary and veterinary regulations for consumables. Moreover, different technical norms fragmented the market and impeded free goods traffic. Since 1993, those barriers with the exchange of goods and services no longer apply, and trucks can cross the borders without stopping.

The establishment of the European Domestic Market involved the liberalization of truck transport and lent strong support to the restructuring of a Europe-wide logistics and to the intensification of European division of labor. Industry locations and supplier plants could be dislocated because of powerful logistics. While until 1993, distribution systems of producers or trading firms were organized as national entities in Europe, the EU then enabled transition to a transnational form of organization with centers of distribution that were able to supply entire regions internationally. This can be best seen in the metropolitan areas of London, Paris, Brussels and Cologne. There are in total approximately 80 million consumers represented – while the regions around Paris, Brussels, and Cologne is also called “blue banana” in transport geography. A central warehouse in Brussels or Lille can supply consumers in less than 24 hours with a truck-based supply network, making these locations very attractive for logistics in Europe. Since the opening of the Channel Tunnel (“Eurotunnel”) in 1994 (Gourvish 2006), the former mining town of Lille, is located in the center of the metropolitan areas. The connection Calais–Folkstone is built up with a commuter rail which transports trucks piggy-back through the tunnel. The train ride from Lille through the Eurotunnel to London takes 90 minutes, to Paris 60 minutes, and to Brussels 30 minutes. The rides via truck are comparable. In 1998, the commuter rail transported 704,000 trucks (Deutsche Verkehrszeitung, 6 February 1999).

7. Parcel services as pacemaker for the logistics industry

The evolution from the industrial to the consumer-oriented society has increased the importance of valuable manufactured goods compared to bulk goods, and was noticeable in the 1970s due to the increasing volume of sent parcels throughout Europe. During liberalization of transport markets in the US in the 1970s and 1980s, the parcel services UPS and Federal Express were founded, which pretty soon focused on a global operating area. The parcel services have created the package with a limited weight and limited measurements as a special segment of the transportation business. They built a network of cargo airplanes for long-distance transport, which was independent of the freight capacity of passenger airplanes (belly freight) (Campbell 2001).

The parcel services were promoters and pacemakers of the whole logistics industry and, with various innovations, they have paved the way to high performance logistics. They have defined the basic parcel and introduced the objective of standardization to the transport industry. They have tightened transport, achieving domestic delivery within 24 hours, while traditional packaged goods networks show a delivery time of three days. They have implemented measures to guarantee the quality of service. They were one of the first industries to use barcodes, enabling the tracking and documentation of parcels within the

system. In marketing, they introduced simple pricing models so that the customer could calculate the transport costs in advance. The complicated pricing models from the era of railroad logistics have been overcome.

Up to 2000, parcel services showed high growth rates. They acted as competitors in the packaged goods sector and made much cargo shift to the parcel segment.

8. Globalization boosting logistics

The process of globalization led to the creation of production sites for consumer goods outside of Europe. Due to high wages and more liberal import policies, the consumer goods industry shifted their locations to the periphery of Western Europe, North Africa and Turkey as well as to Asia, in the 1980s and 1990s. The production of consumer electronics disappeared completely from Western Europe. At the same time, transport costs decreased drastically due to the containerization of world trade. Trading houses now procured a large portion of their goods in Asia.¹³ As a result, the logistics of consumer goods distribution were realigned to import harbors, where consumer goods arrived pooled in shipping containers and container handling replaced the labor-intensive handling of cargo on the quay.

In the expansion of their terminal facilities, the ports could hardly keep up with the rapidly growing number of incoming containers. The German coffee-roasting company Eduscho (acquired in 1997 by Tchibo) that sold cheap consumer goods in their outlets pointed at the link between the import of consumer goods and container logistics. In 1993 it built a central warehouse for containers in the port Bremen and supplied from there its 22,000 outlets in Europe every week with new consumer goods.¹⁴ To meet the growing container traffic, London shifted its inner city harbor to the Thames estuary, while Hamburg's tried to defend its logistically unfavorable situation on the Elbe 100 km inland with ever new deepenings of the Elbe, in order to adapt the river to the rapid growth in size of container ships. From 1980, container ships that transported more than 3,000 TEUs were afloat.¹⁵ Ship beams were initially limited to 32.20 m because otherwise they would no longer fit through the Panama Canal, the link between the Atlantic and Pacific in Central America. Hence load capacities were limited to about 5,000 TEUs. However, the ships continued to grow despite the restrictions imposed by the Panama Canal. From 1988, yards started building ships with over 5,000 TEU which served Europe-Asia and North America-Asia routes. In 2000, the largest ship of the Maersk shipping line, the "Sovereign Maersk", had a cargo capacity of 6,600 TEUs. Just nine years later, shipping companies were putting vessels into service with a loading capacity of 13,000 TEUs.¹⁶ The growth in size lowered the transportation cost per container, but required large

¹³ Levinson, Marc *The Box – How the Shipping Container made the world smaller and the world economy bigger*, Princeton/Oxford, 2006. Klose 2009. Taylor, D. *European Distribution Strategy of Woolworth*, in: Taylor, D. *Global Cases in Logistics and Supply Chain Management*, London 1997, p. 29-37.

¹⁴ *Deutsche Verkehrszeitung* 8 Juni 1993.

¹⁵ TEU is the conversion of container sizes to a 20-foot standard container (TEU = Twenty Foot Equivalent Unit).

¹⁶ Rudolph 2009, p. 26.

investments in ports to enable container handling to keep up with ship sizes. While shipping companies raked in fantastic profits, the state had to provide the necessary infrastructure with billions in investments. This unsatisfactory situation could only be changed with a pan-European container handling tax.

Globalization required special import logistics at Western Europe ports and distribution logistics linked with them via hinterland railroad transport. The northern ports of Rotterdam and Hamburg rose to become the major import harbors for containers in Europe, outdistancing ports on the Mediterranean, and achieved the position of container hubs which with feeder vessels supplied neighboring regions such as the countries on the Baltic Sea. In Hamburg, the growth in container throughput reached in the years 1995 to 2005 the considerable value of an average of 13 percent per year.¹⁷ Transport policies had not foreseen the container flood and had not made any provisions. Hinterland transport lines developed into bottlenecks of the supply chain.

Until mid-1990s, the ports on the Mediterranean failed to invest in container handling and scared off customers with high fees, rigid working hours, threats of strikes and the risk of theft.¹⁸ Container ships with consumer goods from Asia reached the Mediterranean Sea by crossing the Suez Canal, but unloaded only a small part of their containers for Germany or Austria in Trieste, Genoa or Marseille, but sailed instead two additional weeks around the Spanish peninsula to unload them in northern ports.¹⁹ The company Kombiverkehr responded to this development by offering from 1995 trains from Hamburg and Bremen to Austria for the supply of consumer goods to Austria.²⁰ This resulted in the significant CO₂ footprint of a 1000 km long railroad hinterland route from Hamburg to Vienna. In 1999, 66 percent of import containers destined for Austria went through northern ports and only 34 percent via Koper and Trieste.²¹

9. Conclusion: The logistic revolution

In the 1990s, the co-occurrence of various developments caused the logistic revolution:

1. The deregulation of truck haulage markets, air traffic markets, telecommunication markets and mailing markets coincided in the 1990s and strongly affected the private supply of logistics services in the transport industry, parcel services, and telecommunication services, all of which were responsible for the management of logistic networks.
2. The consumer-oriented economy has caused an increased variety of models in materials management, and has heightened the complexity of logistical processes in production

¹⁷ Winter and Katzschner 2006, p. 1165.

¹⁸ While in Hamburg in 2005 container throughput increased by 15 percent, in France it fell by 1.6 percent because of strikes in Le Havre and Marseille, *Verkehrsrundschau* 14 March 2006.

¹⁹ The Mediterranean ports developed into bottlenecks of container logistics with correspondingly high wages of dock workers, which in Piraeus reached the fantastic value of 100,000 € per year, roughly the level reached by container ports along the U.S. west coast.

²⁰ *Vierzig Jahre Kombiverkehr*, published by the Gesellschaft Kombiverkehr, 2008.

²¹ Lecture by Professor Sebastian Kummer on the Bremen Logistics Day, 30 March 2011. Tomsic 2004.

and trade. Haulers as logistics service providers have been integrated into production processes.

3. Political developments have lead to a strategic realignment of distribution systems. Both the European domestic market, the collapse of the Eastern bloc, and the establishment of a market-based national economy required a new evaluation of previous logistical concepts in purchasing and sales. In this context, we can also speak of “Euro-Logistics”.
4. The concentration in food retail has grown considerably within the past years. Retail companies have built up their own specialized logistics systems.
5. Internet-based information systems, created in the 1990s, have drastically simplified and cheapened the exchange of information. They have contributed to the acceleration and precise management of material flows in the logistics supply chain. Internet-based mail order businesses have strengthened parcel services.
6. The reliability and affordability of transport processes, which accompanied the logistics revolution, has increased the division of labor between the various production stages, leading to a displacement of production sites and to their integration into supply chains. This influence of modern logistics concepts on national economies is summarized by the term “logistics effect”.

The logistics revolution has been complemented theoretically by the concept of Supply Chain Management created in the 1990s, which takes the entire and probably global supply chain into account instead of optimizing an economic function just locally. With this approach, the logistic revolution has found its theoretical conclusion (Christopher 2010).

The development of logistics was up to the year 2008 a classical success story. There seemed to be no barriers against continuous expansion. But, many traffic experts saw the rise of truck traffic within Europe critical, taking the environmental costs of truck transport into account. At the same time the European Union took measures to clean the exhaustion gases of trucks (now EURO 5 norm). In the European Community a long debate arose, how to identify and to charge these costs as part of the motorway toll. But before the year 2000, in Germany one could drive a truck on a motorway without any toll. Also car drivers and the public regarded trucks as troublemakers and exerted pressure on politics to restrain trucking. The consumers demanded on the one hand a broad selection in the shops, but did not recognize, that this service was almost impossible without truck delivery – at least when the railroad did not provide service of high quality. Austria and Switzerland imposed many restrictions on Alps crossing truck traffic. The issue of “green logistics” with a broad bundle of goals to reduce the environmental impact of logistics entered the scene of traffic policy not until the year 2000.

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Human Resource Management and Performance: From Practices Towards Sustainable Competitive Advantage

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Additional information is available at the end of the chapter

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1. Introduction

Due to rapid changes in the business environment, including globalization and technological innovations, the traditional sources of competitive advantage are not sufficient for success in today's situation. The rising competition requires to develop the internal potential, hereby the great attention is paid to business systems emphasizing that people enable these systems to operate. Therefore, human resources and their management have recently been viewed vital in the attainment of sustainable competitive advantage" [1-3]. Particularly, the significance of HRM is emphasized in the face of globalization [4-8] when the traditional employment practices are changing.

Testing added value of HRM to performance has become increasingly popular since the mid-1990s [9-13]. These empirical studies reveal two main approaches: the first approach is based on caution note – there is no link between HRM and performance, or if it is, it is dubious; the second approach is highly enthusiastic assuming positive and significant HRM and performance linkage. Admitting two approaches the literature review allows to maintain that „some progress“ [14] or even „considerable progress“ [15] has been made in research on HRM and performance, however the complexity of the link exists. Therefore, some variables that allow to reveal the link are in need.

While acknowledging that HRM serves as a value-creating function, there are some issues unresolved and some questions open. These issues can be summarised under the umbrella of the plea of Guest (1997): there is a need for theory on HRM, theory on performance and theory on how the two are linked. Notwithstanding the attempts theoretically and empirically to examine what we mean by HRM, what are the performance outcomes and what is the nature of link, the progress, according to Paauwe (2009), is still modest.

Although deep and comprehensive analysis of the content of HRM and of performance is beyond the scope of this paper, still in order to reveal the pathway from people management to sustainable competitive advantage, we are in need to disclose previous mentioned constructs. Hence, how do we treat HRM and performance in the scientific literature examining the link between them?

Globalization is transforming the world, still each organization operates in market seeking excellent performance which leads to sustainable competitive advantage. However, the choice of performance measures used in research studies varies widely. In terms of performance outcomes proximity to HRM practices Dyer and Reeves (1995) posited four levels of outcomes claiming that the impact of HRM practices on more distal outcomes is made through more proximal outcomes [16].

As regards HRM, it should be admitted that traditionally HRM function has been viewed as a cost to be reduced [3], however, the growth of beliefs and evidence that “how people are managed can make the difference” [17] enhances the value of HRM. Acknowledging that the majority of the researches define HRM in terms of HRM practices or bundles of practices [18], still no consensus exist on what HRM practices are definitively essential to HRM [19]. Different attitudes exist due to particular perspectives on HRM – the universalistic, the contingency and the configurational.

Assuming HRM does influence performance, the most fundamental issue is the linkage between the constructs. That issue is even more important taking into consideration the aspects of globalization. Due to fact that “there is a little understanding of the mechanisms through which HRM practices influence effectiveness” [20], one of the main challenges for researchers is to explicate and to assess the precise pathway through which HRM practices influence organizational performance. “The remaining void” [21] or “largely unexplained facet” [22] of HRM and performance linkage has been referred to “black box” [19]. Understanding the relevance of exploring the pathways leading from HRM practices to organizational value, considerable number of theories and approaches are used in order to clarify what is in this “black box” – the resource based view, human capital, intellectual capital, the behavioural perspective, organizational climate and culture, symbolic view of firm, an attribution approach, social exchange theory [23]. Moreover, particular approaches and theories determine not only the nature of the linkage, but also the significance of organizational strategy, the need for micro-level research and even the reverse causality in linking HRM and performance.

Based on above mentioned theories and approaches and seeking to provide an answer to Becker and Gerhart (1996) question “how do human resource decisions influence organizational performance?”, particular models attempting to indicate the relationships, including intermediary ones, in the HRM and performance chain have been developed [12, 24-27]. All mentioned models are based on Dyer and Reeves’ (1995) categorisation of outcomes emphasizing that in order to understand how HRM practices affect profitability, it is necessary to see what impact they have on proximal outcomes that have an impact on more distal outcomes and consequently have an impact on the most distal outcomes.

Virtually all authors have implicitly or explicitly treated the “black box” as a linear causal process consisting of one or more smaller boxes, however the number of boxes in the “black box” and the content of each box differ in each model. Due to various approaches the mechanism by which HRM practices are translated into competitive success is complicated and not well understood till now, however some general trends could be highlighted.

Purpose – Theoretically to discuss the causal pathway by identifying mediating variables in HRM and performance link.

Paper object is the content of the “black box”.

Research method. The paper is built on the analysis and synthesis of scientific literature on HRM and performance link.

2. HRM and performance link

Acknowledging the relevance of all types of resources to contribute to excellent performance, researchers emphasize that in the context of globalization human resources are vital to achieve success in the most effective and efficient ways [28]. It is generally accepted that “people are the key assets in the new world market and that all other assets are nothing more than commodities that can be purchased at market prices, because only the human asset has potential to learn, grow, and contribute” [29]. However, there is a continual debate as to what in particular provides value to the organization – human resources or their management [30]: 1) some authors maintain that sustained competitive advantage lies in the human resources and not in HRM practices *per se*, as the latter are well known; 2) other authors, though, highlight that competitive advantage is created through HRM practises and not human resources, as it does not suffice to hire best people in order to gain the competition; 3) third group of authors suggests a unifying approach to the critical role of both human resources and HRM in the enhancement of sustaining of competitive advantage.

The desire of human resource practitioners to show the value of what they do for the whole organization is of long standing: even Drucker (1954) emphasized that personnel management are worried “about their inability to prove that they are making a contribution to the enterprise” [31]. The presenting HRM as a new approach to personnel management [32] has provided an opportunity to contradict to repeated criticisms that human resources do not add value to the organization. Emphasizing strategic contribution, closer alignment to business, the involvement of line management and focusing on employee involvement provided assumptions and expectations that HRM contributes to a range of positive organizational outcomes. Therefore, the researchers have become active carrying out empirical research aimed at providing evidence that HRM results in higher organizational performance.

The first systematic empirical studies of the HRM and performance link were published by Arthur in 1994, MacDuffie in 1995, including one of the most cited articles in this area by

Huselid in 1995. In the course of eighteen years the huge number of studies in different industries and different countries were conducted. Although the bulk of literature seems to accept that HRM practices have a significant impact on organizational performance, it should be taken into consideration that there are two different approaches: 1) conviction concerning link; 2) doubt about link or even denial.

The agents of the first approach highlight that: 1) A set of HRM practices (high performance work systems – HPWS) are related to turnover, accounting profits and organization market value [11]; 2) „Bundles“ of HRM practices are related to productivity and quality (auto assembly plants) [10]; 3) There is a significant relationships between HR practices and accounting profits (a sample of banks) [33]; 4) Certain combination of HRM practices are related to operational performance outcomes [34]; 5) HRM practices are related to turnover and profitability [35]; 6) It is substantiated and corroborated the relationship first, between a range of HRM practices and important HRM outcomes, such as satisfaction, motivation, turnover, absenteeism and commitment, and second, between these outcomes and more general performance outcomes at the organizational level, like productivity, quality, R&D, customer satisfaction, sales, profit and market value [13]; 7) The effect of a one standard deviation change in HR system is 10-20 per cent of a organization’s market value [36]; 8) An increase of one standard deviation in the use of high-performance work practices (HPWP) is associated with a 4.6 per cent increase in return on assets, and with a 4.4 percentage point decrease in turnover. This fact allows to state that „HPWPs’ impact on organizational performance is not only statistically significant, but managerially relevant“[37]; 9) Much (though by no means all) of the empirical HRM research in its ‘systems’ form has been found to matter (in a positive sense) for organizational performance [19]; 10) HRM practices help improve firm performance [28].

The agents of the second approach underline that: 1) It is premature to assume that HRM initiatives will inevitably result in performance gain [38] ; 2) Using stricter tests there is little or no association between HRM and performance [39]; 3) After the reflection on the available evidence a conclusion sounds that HR practices are at least weakly related to firm performance [40].

However, even researchers who have doubts as Guest, Michie, Conway and Sheehan (2003) or Wall and Wood (2005) assume that the scientific literature conveys a strong message that HRM does promote performance [22]. Acknowledging that HRM can contribute to superior performance as a source of competitive advantage by making organizations more effective [41] and notwithstanding that “some progress” [14] or “considerable progress” [15] was made in the analysis of the relationship between HRM and performance, there remains the space for emergence the better awareness of link. Whereas “empirical evidence for the existence of an HRM-Performance link is inconclusive” [42] and the large majority of published studies provided evidence of an association rather than causation [15], the plea of Guest (1997) is still relevant: we need the theory with respect to HRM, the theory concerning performance and the theory with respect to the linkage between two above mentioned constructs.

Assuming the relevance of empirical finding, there is the need theoretically to approve link by providing some theories, otherwise the analysis of constructs and link between them will lack scientific rationale. The theory consists (minimally) of statements that deliver predictions in terms of relations between events (it does so by asking questions “what” and “how”) and statements that deliver explanation in terms of the causal mechanisms responsible for generating these events (it does so by asking “why”) [42]. Identifying the theoretical framework used by scientists for their research provides critical information on the epistemological and ontological assumptions they have about the subject [19]. Although the review of the literature allows for Fleetwood and Hesketh (2008) to calculate 47 theories, approaches and perspective used to ground the link, however despite that fact they draw the conclusion that empirical research is seriously under-theorized - “it is uncontentious to claim that research on the HRM-P Link does have theory, at least in terms of the predictive dimension of theory” [42]. The same attitude share Boselie, Dietz and Boon (2005) highlighting that their “research on research” findings demonstrated a deficiency in the literature regarding alternative theories and concluding that contingency theory [43-44, 33], resource-based view [45-46] and the AMO framework [47] are the three most commonly used theories. The main statements of these theories are provided in Table 1.

Theoretical perspective	Author	Main statements
Contingency theory	Jackson and Schuler, 1987; Snell and Youndt, 1995; Delery and Doty, 1996	Seeking for better organizational performance HRM strategy has to fit with business strategy
Resource-based view	Barney, 1991 Grant, 1991	Competitive advantage comes from the internal resources that the organization possesses
AMO framework	Appelbaum, Bailey, Berg, and Kalleberg, 2000	Organizational interests are best served by an HRM system that attends to employees' interests, namely their skill requirements, motivations and the quality of their job

Table 1. The theoretical perspective on link. *Source: developed by the authors*

Contingency theory. Contingency scholars argued that HRM strategy would be more effective only when appropriately integrated with a specific organizational and environmental context [48], accordingly the organizations that closely coordinate their business strategy and HRM strategy achieve better performance outcomes in comparison to organizations that do not [49-50]. Irrespective of the strategic framework being used (Miles & Snow, 1994; Porter, 1985) the scientists propose three or four competitive strategies available to organization and an appropriate HRM strategy for each competitive strategy [51]. As an example of mentioned statement could be the combinations provided by Bird and Beechler (1995) suggesting the appropriate match between business strategy

and HRM strategy type as: prospector business strategy with utilizer HRM strategy, defender business strategy with accumulator HRM strategy, and analyzer business strategy with facilitator HRM strategy [52-53]. Such match stimulates some critical approach whereas limited number of competitive strategies indicates limited number of HRM strategies [51].

Resource-based view. Resource-based view led to change thinking from an “outside-in” to an “inside-out” approach: from an emphasis on external industry based competitive issues to internal resources emphasizing effective and efficient utilisation. Hereby, resource-based view has long provided an essential theoretical rationale for human resource potential role [51]. Whereas according to that perspective, differences in organizational performance can be attributed to unique resources and capabilities rather than the industry’s structural characteristics [54], hereof the question arise concerning the features of resources that contribute to the creation of sustainable competitive advantage. The answer was provided by Barney (1991) identifying four criteria of resources: valuable, rare, inimitable and without substitutes. Resources are valuable insofar that they allow the organization to conceive or implement strategies that improve their efficiency and efficacy. In HRM context, the characteristic of rarely depends on the job pool’s heterogeneity and is in connection with the concept of resource specificity and labour mobility. If resources can be duplicated or imitated by another organization, then they are not a source of sustainable competitive advantage. Assuming above mentioned fact the organizations can develop human resources internally or obtain them in the market, but need to take into consideration that the way in which human resources act is limited by the existence of causal ambiguity, social complexity and unique historical conditions. As regards any substitutes, human resources are one of the few organizational resources without the potential to become obsolete and transferable toward a variety of technologies and products [55].

Notwithstanding that internal resources constitute the basic point for understanding organizational success, it should be admitted some critical points concerning resource-based view, for example resource-based view often neglects the social context within resource selection decisions are made.

AMO framework. Literature review allows to maintain that theoretical and empirical research in the field of HRM suggests that three independent work system components shape individual and aggregate employee characteristics and thereby contribute to success of organization [21]. These are [16]: 1) mechanisms to ensure the employee has the appropriate skills and abilities; 2) mechanisms to energise and motivate the employee to engage in desired behaviours, apply discretionary behaviour and prevent and resolve process exceptions; 3) work systems that empower employees to contribute their individual and collective efforts toward organisational outcomes.

The researchers have begun to incorporate above mentioned components in the framework of AMO, according to that employee perform well, when they [56]:

- they can do the job because they possess the necessary knowledge and skills - they are able to do so - (A = Abilities);
- they will do the job because they want to and are adequately incentivised - they have the motivation to do so - (M = motivation);
- their work environment provides the necessary support and avenues for expression - (O = opportunity to participate).

Three commonly used theories reflect different traditions in HRM research, whereas contingency theory and resource-based view focus on the examination of HRM at the organizational level and are mainly interested in its performance effects from a business perspective, meanwhile the AMO framework represents an established tradition, having its foundations in industrial/organizational psychology [14]. According to Boselie et al. (2005), in many research the contingency theory and resource-based view are overlapped: together they reflect the central assumptions behind the conceptualisation of what HRM is and does: namely, that it responds accurately and effectively to the organisation's environment and complements other organisational systems (contingency theory) and that it delivers added value through the strategic development of the organisation's internal resources (employee) (the resource-based view). In comparison three theoretical perspective it should be admitted that more than a half articles published after 2000 use the AMO framework [14], that is treated as an extension of the resource-based view [18].

Notwithstanding the fact that three most popular theories are identified, in most articles it is not clear how these theories link HRM and performance. Due to that the space for applying another theoretical approaches is left, like social exchange theory or attribution theory. The identification of frequently used theoretical approaches and wiliness to disclose the value creation process lead to the analysis of both constructs: HRM and performance.

3. The nature of constructs: HRM and performance

The finding human resources as a valuable intangible asset of the organization have provided a solution to the problem – how to compete in the market. Although one of the main purpose of HRM is to foster the performance of an organization [57], there appears to be no consensus on the nature of HRM [18]. The literature review allows to maintain that besides definition of HRM some other definitions are used, like “strategic HRM” [13], “high involvement management” [35], “high commitment management” [58] or “high performance work systems” [59]. Claiming that no matter how the process of human resources management is labelled, Boselie et al. (2005) found that in 104 research studies for the most part HRM was understood as a set of employee management activities (practices). However “There is no single agreed, or fixed, list of HR practices or systems of practices that are used to define or measure human resource management” [14], meanwhile creating competitive advantage through people requires careful attention to HRM practices that best impact the mentioned asset [60]. Moreover, there is no widely accepted theoretical rationale for selecting practices as definitively essential to HRM, consequently different research studies deal with different practices. Thus the question of what combination of practices are

likely to have the greater impact on performance arises. The answer to that issue depends on the approach we are follow - the universalistic, the contingency or the configurational. Adopting universalistic perspective means that there are certain HRM practices (so-called “best practices”) which have the potential to have a positive impact on performance irrespective of context. The configurational perspective suggests that the combination of HRM practices is the power which drives performance. Meanwhile, the contingency perspective requests to provide an answer concerning under what conditions certain practices are likely to be more effective. In the context of global competition the organizations have to apply HRM practices which give more flexibility in utilizing resources [8]. Despite different perspective, a certain commonality around how HRM is operationalized when examining the link between HRM and performance already exists, as the AMO model presents a specific way of defining HRM and moreover, represents an essentially universalistic perspective [15].

While we agree that it is critical to examine HRM and performance link, it should be acknowledged that some ambiguity exists trying to clarify and define the performance measures. According to Colakoglu et al. (2006), performance outcomes vary in terms of two aspects: first, their proximity to employee contributions or the level of aggregation in which they are measured, and second, the relevant stakeholder group of focus. Our focus of attention in terms of the purpose of that paper is just the first aspect. Hereby, we concentrate on proximity aspect according which the performance outcomes can be grouped at different levels like individual level, department level, plant level, business unit level, firm (corporate) level. Due to mentioned levels the research are conducted on micro level (reflecting a more functionally oriented view of HRM and focusing specifically on the effect of single or multiple practices on individuals) or macro level (reflecting the more organizationally focused examination of HRM) [14].

Looking across the potential measures of HRM effectiveness, Dyer and Reeves (1995) posited four levels of outcomes [16, 61-62]:

- human resource related outcomes; Boselie and van der Wiele (2002) identify perception and objective HRM outcomes. Wright and Haggerty (2005) provide another classification: affective, cognitive and behavioural reactions;
- organizational outcomes (e.g. productivity, quality, efficiency);
- financial outcomes (e.g. profit, sales, ROI);
- market based outcomes (e.g. stock price).

The relevance of mentioned categorisation is based on two assumptions. First, HRM practices have most immediate impact on human resource related outcomes, since these outcomes are in a closer line of sight to practices. Second, the impact of HRM practices on more distal outcomes is made through more proximal outcomes. Together, these two points claim that in order to understand how HRM practices affect market based outcomes, we need to see what impact they have on proximal outcomes that have an impact on more distal outcomes and consequently - on the even more distal outcomes (Figure 1).

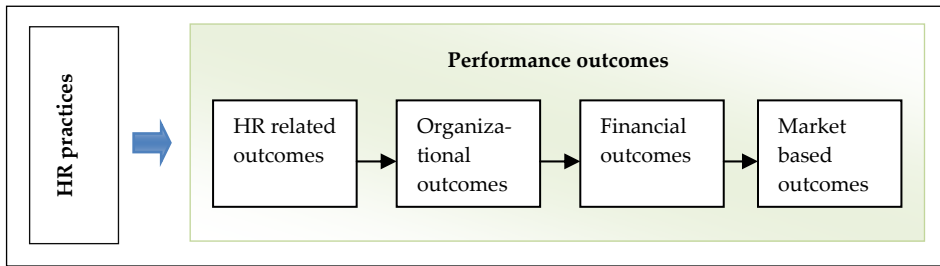


Figure 1. HRM impact on Performance logic. *Source: developed by the authors*

Regardless of the fact that the distance between some of the performance indicators and HRM interventions is simply too large and potentially subject to other business interventions [14], based on the Rogers and Wright (1998) review [63] we can state that very few studies had examined human resource related outcomes, many had used accounting and financial market measures and based on the overview by Boselie et al. (2005) we can maintain that financial measures are represented in half of all articles (104) included in their analysis, accordingly profit is the most common, followed by various measures of sales. Hereby, referring to performance outcomes categorization provided by Dyer and Reeves (1995) and admitting that employee responses to HRM are crucial to sustainable competitive advantage we share the attitude of Paauwe (2009) proposing the need for performance indicators that are far more proximal in terms of what HRM practices can actually affect.

Summing up, it is essential to underline that finding some consensus and commonality on the nature of HRM and performance is related with two aspect of Guest (1997) plea, i.e. we need a theory of HRM and a theory on performance. Meanwhile the third aspect – we need theory on how two constructs are linked – is the most crucial part in the scientific literature which need precision attention.

4. The “black box” problem

The substantial attention exploring human resource added value to sustainable competitive advantage has to be allocated to causal chain linking HRM to performance, i.e. examining how relates HRM to performance. Recognizing that effectively implemented HRM practices will “cause” higher performance, it is more important to see “how” something is done compared to just “what” has been done [64]. Based on the approach that mechanisms of HRM and performance link and clear constituents are vital to more complete perception and knowing of how HRM drives firm performance, different authors [3, 19, 25, 55, 60, 65-67] describe existing issues using very similar statements (Table 2).

The statements presented in Table 2 illustrate the “black box” problem - what are key intervening variables that help to explain the link - and foreground that the conceptual development of the mediating mechanisms through which HRM has an impact on performance is still not evident. According to Purcell et al. (2003) the “black box” refers to the often unclear processes that occur when inputs are converted into useful output.

Author	Statements
Becker and Gerhart, 1996	There is a lack of understanding about the process (how and why) through which HRM creates organisational value and increases performance
Huselid and Becker, 1996	To date there is very little research that “peels back the onion” and describes the processes through which HRM influence the principal intermediate variables that ultimately affect organization performance
Wright and Gardner, 2000	One of the issues is to theorize means through which the HRM and performance relations occurs, in essence, specifying intervening variables
Purcell et al., 2003	Many previous studies have examined the link between HRM practices and shown there to be a positive relationship, but none has explained the nature of this connection – how and why HRM practices impact on performance
Wright et al., 2003	Much of the research has demonstrated statistically significant relationships between practices and firm profitability. While these studies have been useful for demonstrating the potential value created through HR practices, they have revealed very little regarding the processes through which this value is created
Guthrie, Data and Wright, 2004	It remains true that little is know about the mechanisms by which practices are translated into competitive success
Boselie et al., 2005	Between the input (i.e. some form of HRM intervention) and output (i.e some indicator of performance) – moderated possibly by intervening variables – lies what HRM does to improve performance, how and why, but scant attention is paid to examining the “linking mechanisms” and the “mediating effects of key variables” in this relationship.
Lytras and Ordenez de Pablos (2004; 2008)	There is a gap explaining how HRM contribute to the creation of a sustained competitive advantage
Theriuo and Chatzoglou (2009)	Despite the quantity and variety of empirical studies little attention has paid on the concept or understanding of the mechanisms through which HRM practices influence performance. There appears to be only a limited amount of research attempting to explore how HRM practices essentially work and to pinpoint the processes through which these practices can lead to competitive advantage

Table 2. Statements to mechanisms of link. *Source: developed by the authors*

The “black box” is also described as “remaining void” [21], “gap” [55] or “largely unexplained facet” [22] in terms of explaining the processes by which the HRM and performance impact operates. In literature the issue of the “black box” is treated extraordinary seriously assuming that complexities and nuances highlight the requirement to consider in more depth the relationship and exact mechanisms shaping the link [51].

Hereby, we need to open the “black box”, notwithstanding the fact that there is huge amount of acknowledgements of the existence of the “black box”, moreover - some suppositions as to its possible contents, however only few studies attempt to look inside.

5. The models exploring the “black box”

In the scientific literature quite big number of theoretical models, explaining the mechanisms through which HRM and performance relationship works, is presented. All these models are designed for opening the “black box” and reflect the order of Becker, Huselid and Ulrich (2001) that “Ultimately, you must have a persuasive story about what’s in the black box. You must be able to throw back the cover of that box and reveal a plausible process of value creation from HRM to firm performance” [68]. Becker & Huselid (2006) argued that the HRM and performance link is not as direct as suggested by the prior strategic HRM literature, admitting that intermediate outcomes, as part of an indirect link, are central to a more complete understanding of how the HRM drives performance. Due to theories which link HRM and performance, the field has advanced from rather simplistic models in the 1990s in which HRM practices were simply shown or assumed to correlate directly to rather distant indicators of performance, to far more advanced ways of theorizing and modelling the relations [14]. The growing sophistication and complexity responds to the plea that future work “must elaborate on the black box” [3] and to move away from simple input-output models which have HRM on the left side and performance outcomes on the right side.

After reviewing the literature, it looks that models of Becker, Huselid, Pickus & Spratt (1997); Guest (1997); Purcell et al. (2003); Wright and Nishii (2006) and Boxall and Purcell (2008) are more frequently used in theoretical and empirical researches. These models is our interest here, presenting at the beginning each of the model, later making comparison of models (similarities and differences).

Becker et al. (1997) model. This model was treated as one of the most specific [66] and the most logical and definitive model of the processes through which HRM practices influence performance [60] (Figure 2).

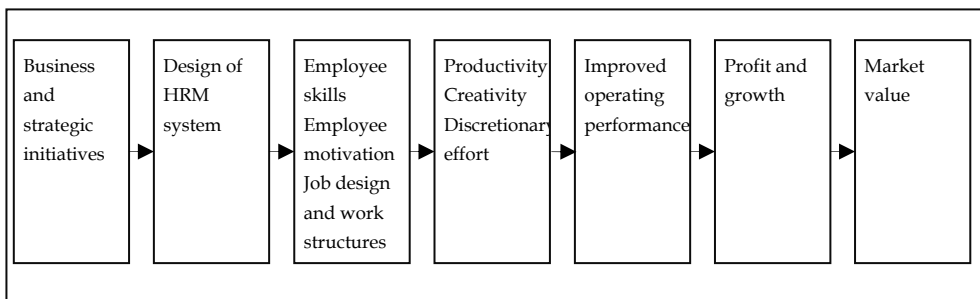


Figure 2. HRM-Performance link model of Becker et al. (1997). *Source: Becker et al. (1997)*

As is seen from Figure 2, the essence of the model lies in several proposals. First, the core feature of HRM system is that it is linked to organization business and strategic initiatives. Second, HRM system should be properly aligned, otherwise individual best practices can be in a conflict within HRM systems and due to that can actually diminish the value of organization. Third, HRM practices have a direct impact on employee skills, employee motivation and job design and structures, which consequently influence employee’s creativity, productivity and discretionary behaviour. These variables, in turn, result in operational performance, which relates to profitability and growth, ultimately determining firm market value.

Guest (1997) model. The starting point linking HRM and performance, according to Guest (1997) is assumption that improved performance is achieved through the people in the organization. The essence of the model is based on several proposals. First, the role of external context and strategy is acknowledged. Second, Guest (1997) uses the expectancy theory as a possible basis for developing a more coherent rationale about HRM and performance link. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role. This conclusion is a cause to choose such HRM practices that lead to high employee commitment, high quality staff and highly flexible staff. Third, the model encompasses the list of HRM practices that help to achieve appropriate HRM outcomes. Fourth, the model separates behaviour, performance and financial outcomes (Figure 3).

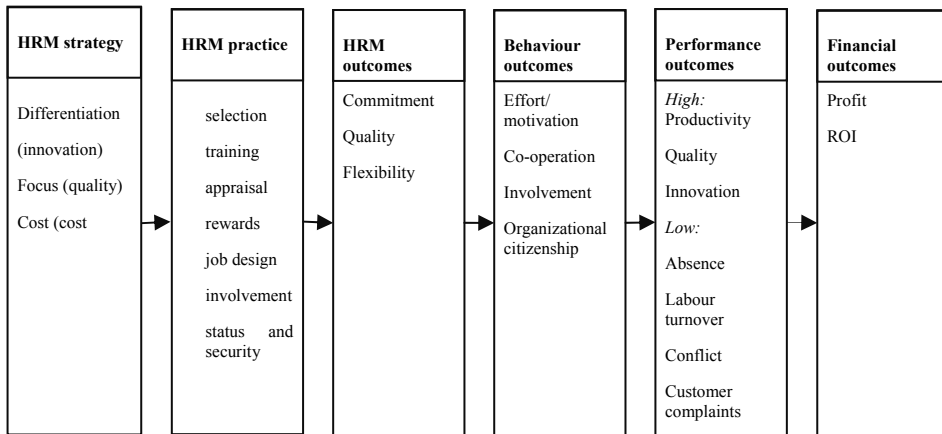


Figure 3. HRM-Performance link model of Guest (1997). *Source: Guest (1997)*

The People - Performance framework (Purcell et al., 2003). This framework, as Harney and Jordan (2008) state, is built on two assumptions central to “unlocking the black box”: first, the framework advances the concept of discretionary behaviour by suggesting that virtually all employee have the capacity to engage in discretionary behaviour; second, the critical role of line managers because they have discretion in the way that they apply HRM and the way they behave towards employee (Figure 4).

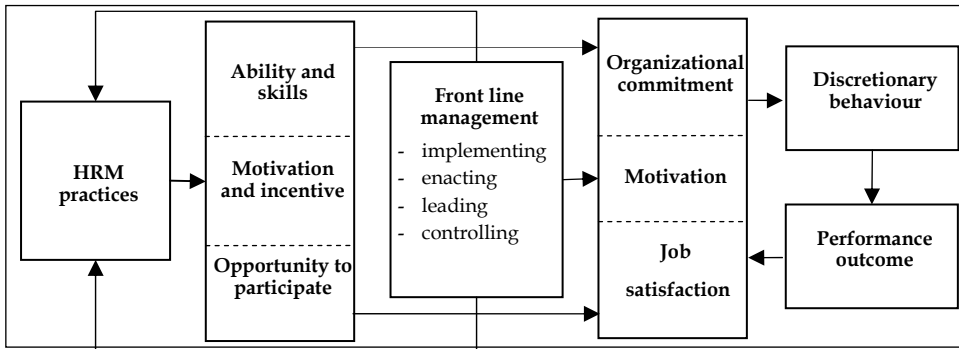


Figure 4. The People and Performance model. Source: Purcell et al. (2003)

The logic of the model is based on several proposals. First, Purcell et al. (2003) do not provide a specific set or “bundle” of HRM practices, instead they simply give an indication of what type of HR practices accommodate the conditions of the “black box”. Hereby, from one side, tradition practices as recruitment and selection, training and development, appraisal and reward, and from another side, choices concerning job security, work life balance, employee voice and work organisation are incorporated in HRM practices list [21]. Second, the performance is treated as function of employee ability, motivation and opportunity to participate. Third, the role of line managers in “bringing policies to life” is highlighted. Fourth, the role of discretionary behaviour is stressed.

Wright and Nishii (2006) model. Wright and Nishii (2006) studied some of the mediating processes that might occur in HRM and performance relationship by examining the relationship at multiple levels of analysis. They present the model that includes intended HR practices, actual HR practices, perceived HR practices, employee reactions and performance (Figure 5).

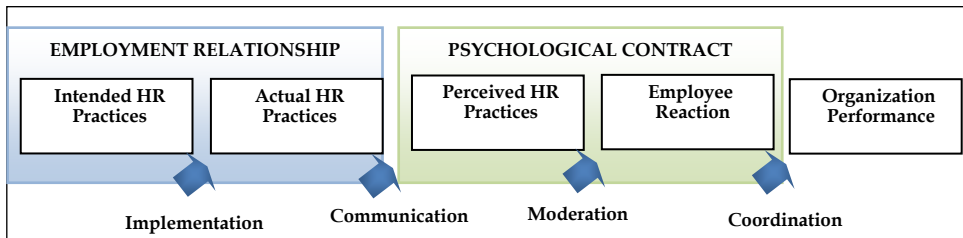


Figure 5. The link model of Wright & Nishii (2006). Source. Wright and Nishii (2006)

Assuming that there is the gap what is formally required in HRM policy and what is actually delivered by line managers [69], the model draws attention to some aspect: the need to distinguish actual practices, intended practices and practices as perceived by employee, and the key role of line managers by interpreting and implementing HRM practices. The differences between practices will be exploring by making comparison of the models. Here, we would like to focus on another aspect: as is seen from the Figure 5, Wright & Nishi (2006)

model covers some essential processes that have to occur in order that HRM practices impact organizational performance. First, starting with the assumption that decision makers have designed an intended system of HRM practices, the next step is to actually implement those practices. Second, the link between the actual HRM practices and the perceived HRM practices presents the significance of communication. Third, after getting the information concerning HRM practices employee form some internal strategy for how they will react – we face to the concept of moderation, which posit that the impact of one variable (in this case - the HRM system) on another variable (in this case - the employee reactions) varies depending upon the level of a third variable (in this case - individual differences). Fourth, notwithstanding that employee may behave differently as a result of their perceived HRM practices, but whether or not the behavioural differences positively impact organizational performance may depend on the level of coordination across them.

Boxall and Purcell (2008) model. This model is based on Wright and Nishii (2004) model and ideas of Purcell & Kinnie (2007) and involves intentions, actions, perceptions and responses and hereby strives to integrate the individual and collective levels of analysis [26] (Figure 6). The logic of the model is based on several proposals. First, intended elements encompass not only top management espoused values and employee relations style and formal HRM practices, but also organizational and financial policies, seeing much that is done in finance and operations management affects what employee experience at work. Second, three parties that deliver management actions are underlined – senior managers, human resource managers and line managers. Each of the parties has different responsibilities and duties, however the actions of all them influence perceptions of employees. Third, the individual and collective perceptions are at the same importance. Fourth, the perceptions lead to employees responses and outcomes which are key mediators that result in organizational performance.

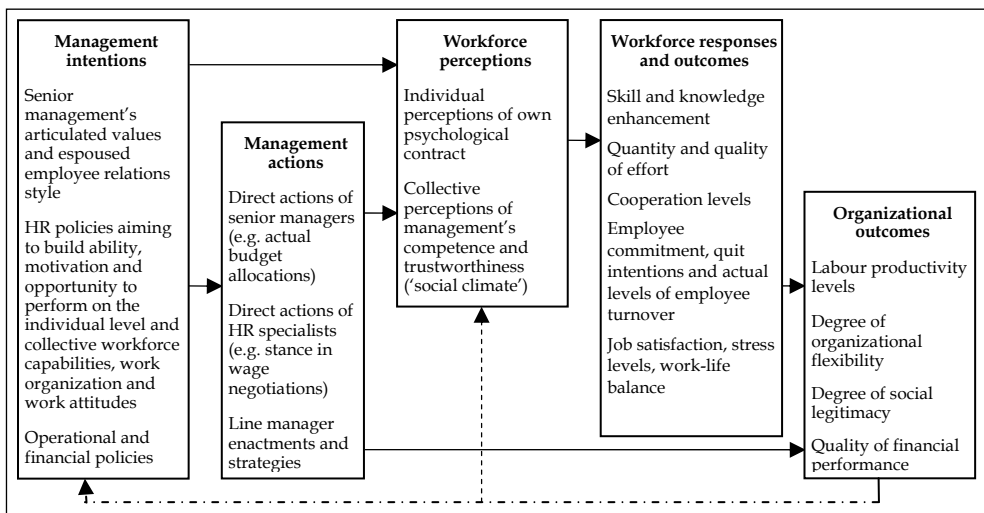


Figure 6. The link model of Boxall & Purcell (2008). *Source: Boxall and Purcell (2008)*

The overview of five models provide general awareness on the opening of the “black box”, on exploring the process linking HRM and performance, however it should be admitted that mentioned models differ. The comparison of the models is provided in Table 3.

As it is seen from the Table 3, some debate can concentrate on two kinds of aspects: quantitative aspect and qualitative aspect. Respecting first aspect two main questions are significant: how many boxes should be included in the “black box” and how many variables should be in each box. Concerning the second aspect, the question of Becker and Huselid (2006) -“What are the most important intermediate outcomes” - gains the significance due to the demand to provide the answers or at least thoughts about issues like the relevance of the strategy; the type of the mediating variables; the reverse causality; the identical understanding of content of each box. All above mentioned points are our interest here.

Quantitative aspect. While examining the quantity of boxes the main challenge is to decide on the appropriate number of mediating variables between the primary independent and dependent variables [66]. The earliest models simply proposed that a fit between HRM practices and organizational strategy resulted in a generic outcome titled - firm performance. Becker et al. (1997) model added two layers of complexity with the inclusion of employee skills, employee motivation and breaking employee behaviours into three components: productivity, creativity, and discretionary effort. Purcell et al. (2003) stressed the role of line managers and the relevance of skills, motivation and opportunity to participate, in a similar way Wright and Nishii (2006) distinguished between intended and actual HRM practices. From such perspective the list of boxes should not be considered definitive or complete, seeing another researchers could theorize even more specific linear causal models by including more and more “boxes” between HRM practices and market value. That tendency is related with increased globalization also.

In substance, the question of how many boxes need to be included before the model is complete has yet to be settled, although Hope-Hailey, Farndale and Truss (2005) are persuaded that the primary issue in the development of conceptual model is which variables should be included in making step from HRM to organization performance [70]. However, it is worthwhile to underline that, according Wright and Gardner (2000), the consensus exists concerning one issue: any theoretical or empirical effort should at least specify some mediating variable(s), but not how many.

While analyzing the number of variables in each box, i.e. the number of sub-boxes, the task of development of a specific theoretical model to open the “black box” requires specification of the relationships among each of the sub-boxes. It should be taken into consideration that this creates a serious problem for understanding the phenomena as the complexity becomes virtually unmanageable. As it is seen from the Table 3. from one to nine variables are used in each box trying to avoid to many relationships exploring HRM and performance link. In summary regarding the quantity of boxes and the number of variables of each boxes, it is worthwhile to stress that putting too many boxes in the model will not open the “black box” and putting too much items in the boxes will not make the model more insightful.

Author	Quantitative aspect		Qualitative aspect			
	No. of boxes	Variables in boxes	HRM strategy	HRM practices	Mediating variables	Human resources related outcomes
Becker et al. (1997)	7	min -1 max – 4	Involved	Not specified	Employee skills Motivation Job design Work structures	Creativity Productivity Discretionary Effort
Guest (1997)	6	min - 2 max – 7	Involved	List of practices	Employee skills Abilities Appropriate role Understanding of that role	Commitment ; Quality; Flexibility; Effort/motivation; Cooperation; Involvement; Organizational citizenship
Purcell et al (2003)	6	min -1 max – 4 (not including practices)	Not involved	Practices according AMO	Abilities Motivation Opportunity to participate Line managers	Organizational commitment; Motivation ; Job satisfaction
Wright & Nishii (2006)	5	min -1 max – 1	Not involved	Intended/ Actual/Perceived practices	Line managers	Employee reactions (affective, cognitive, behaviour)
Boxall & Purcell (2008)	5	min - 2 max – 9	Not involved	Intended/ Actual/Perceived practices	Senior managers Human resource managers Line managers	Skill and knowledge enhancement; Quantity and quality of effort ; Cooperation levels ; Employee commitment, quit intentions and actual levels of employee turnover; Job satisfaction, stress levels, work-life balance

Table 3. Comparison of the “black box” models. *Source: developed by the authors*

Qualitative aspect. The relevance of the strategy. A strategy could be define as an integrated and coordinated set of commitments and actions designed to exploit the core competencies and hereby to gain a competitive advantage [49], as a set of strategic choices including critical choices about ends and means [27]. Whereas the practical purpose of strategy is to provide a plan that employs multiple inputs, options, and outputs to achieve a company's policy goals and objectives [71]: strategy decides how the organization's goals

and objectives will be achieved, what operational units will be used and how those units will be structured; moreover, strategy determines what resources will be needed and how these resources will be acquired and used.

The answer to the question - What role the strategy plays in HRM and performance link – becomes essential respecting that, as it is seen from the Table 3, some models do not include strategy in the chain of HRM and performance link. The literature review do not allow to provide uniform answer to above mentioned question concerning strategy.

As it was mentioned before, the assumption of a close link between business strategy and HRM is based on contingency theory. The results of empirical research differ: although Bird and Beechler (1995) established that employee performance (e.g. morale and turnover rate) in firms that successfully adopted the strategic fit concept was significantly better than in firms that did not do so and Delery and Doty (1996) found support for a fit with Miles and Snow typology, however Huselid (1995) stated that the simple adoption of high performance work practices is more important than any efforts to ensure that HRM practice are aligned with organizational competitive strategy. Maintaining that typically the research distinguishes three or four different competitive strategies, mostly based on the competitive positioning typologies of Porter (1985) or Miles and Snow (1994) and then tries to link these to appropriate HRM architectures, Paauwe (2009) concludes that research in this area fails to provide conclusive evidence that matching HRM practices to competitive strategy contributes significantly to organizational performance.

However, it should be admitted that Becker and Huselid (2006) see effective strategy implementation as the key mediating variable between the HRM architecture and organizational performance. They emphasize the linkage between strategic business processes and the HRM architecture instead of linking the HRM strategy to one of the market positioning strategies.

The type of the mediating variables. The comparison of models allows to identify several types of mediating variables, as employees skills, motivation and opportunity to participate; line managers; employees attitudes and responses. These variables will be later exploring.

The AMO framework. As it was mentioned before, the AMO framework is the most popular theoretical perspective linking HRM and performance. The elegance of the AMO framework is that it encompasses mediating changes in employees abilities, motivation and opportunities to participate. Here we notice the duality: from one side, HRM practices have the most significant direct influence on employees skills, motivation and empowerment [72], from another side, the AMO framework provides the skeletal structure of the typical best practice prescription [19]. As it is seen from provided models, the components of AMO framework as critical intermediaries were included already in the initial models. For example, in Guest (1997) model high quality staff is related to capabilities and knowledge and skill of employees. The core of the Purcell et al. (2003) model links employee attitudes, discretionary behaviour and performance where the three AMO conditions are presented.

Line managers. People management occurs in each organizations and therefore it is performed by a number of different of agents [73]. In that sense, agents other as human

resource managers may be involved in the process: mainly these agents are top management and line managers. Sisson (1994) states that the key role for top management and line managers is evident: top management should offer “transformational leadership” through the establishment of an organization’s mission and values, and by being highly visible and sharing their vision for future success with other employees, meanwhile line managers play an essential role through their ability to “inspire, encourage, enable and facilitate change by harnessing commitment and co-operation of (the organization’s) employees” [74].

The involvement of line managers in the process in HRM is not a new phenomenon, whereas line managers have always had some responsibilities in people management field. However, in the recent 20 years the emphasis on role of line managers have increased due to some reasons [75]: the emergence of new concept - human resource management – and arguing that management of people should be more integrated and shared with line management [32]; the decentralisation of decisions making; the growth of teamwork; the trends toward individualism.

Following an approach that “HRM is too important to be left to personnel managers” [76] and accepting that HRM is an aspect of all management jobs, line managers are increasingly involved in the delivery of HRM, particularly in relation to their own teams [77]. Hereby, line managers may serve as critical intermediaries in shaping not only the actual form HRM practices take in practice, but also the perceptions of these practices by employees. Notwithstanding these findings, the role of line managers has been largely ignored in the huge volume of research on HRM and performance causal chain [19].

Analysing line managers as intermediaries, it should be taken into consideration that line managers do not act as “robot conformists” [78], whereas they vary relevantly in how they fulfil their activities. That leads to statement that employee’s perceptions of HRM practices will vary as well. Moreover, managers priorities between financial, market and human resource issues will affect the priority they give to HRM and constantly there is the risk that line managers simply fail to implement practices [15].

The comparison of provided models for opening the “black box” (see table 3) allows to fix that three of five models include line managers in causal pathway explaining some aspects of their activities. Purcell et al. (2003) identify four different aspects of line managers activities: implementing, enacting, leading and controlling. Implementing HRM practices refers to whether line managers put HRM policies into operation. Enacting is concerned with the way in which line managers enact the policy to make it effective. Leading includes the actions of line managers which they undertake on a daily basis that have a great impact on employees experience about work in certain organization. Controlling is concerned with controlling the behaviour of the employees and their influence over the job duties. Boxall and Purcell (2008) underline in their model the role of three actors: senior managers, human resource specialists and line managers and keystone on the behaviour when they enact practices. The extend to which the line managers need to enact and the extent to which the line managers want to enact practices are stressed arguing that line managers are responsible for converting much of human resource policy into actual practices, “given the

resources they are allowed to work with and their judgement about what will work or what serves their interests" [27]. Wright and Nishii (2006) underlying the role of line managers propose in their model some of the basic processes that seemingly have to take place in order for the HRM practices to have an impact on performance. Here we would like to discuss here only the communication process which shapes linkage from actual to perceived HRM practices. Communication is the exchange and flow of information and thoughts from one individual to another. Communicating is a critical skill for the managers - they must be able clearly to communicate both inside and outside the organization [26]. According to Wright and Nishii (2006), Bowen and Ostroff (2004) provides one of the most thorough multi-level frameworks for understanding the strategic HRM process which is based on communications theory: they highlight the consistency of messages about HRM practices, both in terms of what is communicated and the sources of communication [15] and argue that HRM practices are organizational communication devices that aim to communicate to employees particular messages [79].

The incongruity between rhetoric and reality in HRM field was noticed already by Legge (1995) [80] and that fact encouraged Wright and Nishii (2006) to try to open the "black box" by distinguishing intended, actual and perceived HRM practices, on that idea is based also the model of Boxall and Purcell (2008). Both models integrate two aspects: line managers as a key intermediaries and three kinds of practices as the gap between these practices is often explained by line managers variability in behaviour [75]. Wherefore analyzing the qualitative aspect of the "black box" we focus on mentioned kind of HRM practices.

Intended HRM practices are practices designed by the organization to contribute to the achievement of organization strategy. The practices are influenced by the articulated values of organization and includes the ways the work is structured and organised, because that impact employees attitudes and behaviour [75]. Actual HRM practices are those practices that are implemented, this means that not all intended HRM practices are actually implemented, and that practices can be implemented in ways that differ from the initial intention [69]. Actual HRM will be perceived and interpreted subjectively by each employee, further based on the perceived HRM practices, employee will react in some way. Hereby, the perceived HRM practices and employee reactions are two individual level variables that are central to causal pathways and core to the "black box" opening. Referring to Wright and Haggerty (2005) considerable variance at individual level can occur due to two reasons: variation in the actual HR practices and variation in the schemas individuals employ in perceiving and interpreting HRM related information.

A look inside the "black box" in the models of Wright and Nishii (2006) and Boxall and Purcell (2008) is explained using not three already discussed theories (contingency, resource-based approach and AMO framework) but focusing on an attribution approach and social exchange theory.

Whereas attribution approach suggests that individuals have a tendency to derive causal explanations about events, occurrences and other individuals, it may be able to explain how some mechanisms work in the organization [23]. Wright and Nishii (2006) have used

attribution theory to explore the way in which employee interpret HRM practices and to show how that interpretation can shape their response. According the theory, although the employee have the understanding about how they are expected to behaviour in response to practices, they also have a tendency to derive causal attributions about the intention of organization in implementing certain HRM practices. Two kinds of attributions are identified: external and internal. If employee make a conclusion that the implementation of HRM practices is due to external factors, these attributions may not impact behaviour of employees. As regards internal attributions, the situation is different: the internal attributions will likely effect how the employee react to HRM practices [23]. This is the confirmation that it is not sufficient to restrict the focus to the presence of practices, there is a need for organisations to pay much more attention to communication [15].

Social exchange theory explores the exchanges that occur between two parties: employee and employer regarding the perceptions of reciprocity at the individual level of analysis [23]. According to social exchange theory, HRM practices are viewed by employees as a commitment to them by the organization, hereby employee feel obligated to response equality to treatment of the organization.

Employees attitudes and behaviour. Increasing globalization has important implications for employee relations [6]. Central to more sophisticated ways of thinking about the relationship between HRM and performance is the idea that HRM practices at the organizational level affect the attitudes and behaviour of employees at the individual level [14]. The message in the bulk of the literature is the same: at the core of the chain are employee attitudes and behaviour [75]; virtually all scholars who specify a causal chain between HRM and performance see employee attitudes and behaviours as a critical linking mechanism [27]; employees reactions are at the heart of all HRM and performance linkage models, because causal link is flowing from practices to performance via responses of employees [81]; it is accepted that performance depends at least party on the behaviour of employees [82]. The fact that employees outcomes have largely remained dormant in research is ironic because how HRM affects performance rests on the assumption that it is through employees attitudes and behaviours. The comparison of models allows to state that they incorporate employees attitudes and behaviours, mostly – organizational commitment and job satisfaction are included. Moreover, Purcell et al. (2003) even include discretionary behaviour assuming that competitive advantage stems from the ability of organisations to elicit effort from their employees above and beyond the immediate requirements of the job [21]. Discretionary behaviour means making a choice regarding the do, the way the job is done - the speed, the time, the style, the innovations and so on [25].

Reverse causality. Already at the beginning of elaborating to open the “black box” Paauwe and Richardson (1997) notice the risk not to examine the possibility of reverse causality in HRM and performance link. The analysis lets to mention that not all authors include reverse causality in their provided models, although reverse causality can be illustrated by such example, the organization with high profit may have a higher willingness to invest in HRM. This assumption was confirmed by Schneider et al (2003) who found that profitability is more likely to cause job satisfaction than job satisfaction is to cause profitability [18].

The identical understanding of content of each box. The main challenge is choosing a level of specificity within each box. It is not enough to maintain that a “operating performance” box has great value. Such proposition will bring some confusion, because if one is to explore this relationship empirically, on which aspect(s) should one focus? To response to the above question is not simple, since numerous measures of operational performance exist such as customer satisfaction, customer retention, sales revenues. As Wright and Gardner (2000) state, this leads to a multiplicative effect in determining the process of the model, at the same time the relationships among each of the sub-boxes should be described.

As a consequence of the comparison of the models, five main findings could be drawn. First, although all authors have implicitly or explicitly treated the “black box” as a linear causal process, different models encompasses different number of boxes and the content of that boxes is not homogeneous. Second, although the accurate assessment of HRM-Performance link requires reliable and valid assessment of HR practices [16], but as seen from Table 3, different models comprise various HRM practices, acknowledging that HRM deals with a wide range of issues [83]. Third, employees abilities, motivation and opportunity to participate (AMO framework) and role of the line manager to „bring policies to life“ [25] are two crucial variables through which HRM practices influence human resource related outcomes. Forth, employees reactions are at the core of all models, because causal link is flowing from practices to performance via responses of employees. Fifth, human resource related outcomes impact more distal performance outcomes: only when human resource related outcomes are achieved it is possible to expect higher performance.

The comparison of the models highlight that there is an ongoing debate over the number of mediating variables and its content. This means that till now exist no answer to the Wright and Gardner (2003) question – how many boxes should be taken into account when studing the HRM-Performance linkage. The answer to this question is important as, according to Becker and Huselid (2006), “a clearer articulation of the ‘black box’ between HRM and firm performance” is the most pressing theoretical and empirical challenge in the Strategic HRM literature. However, the literature review and comparison of he models allows us to elaborate model that includes the frequently used variables (Figure 7).

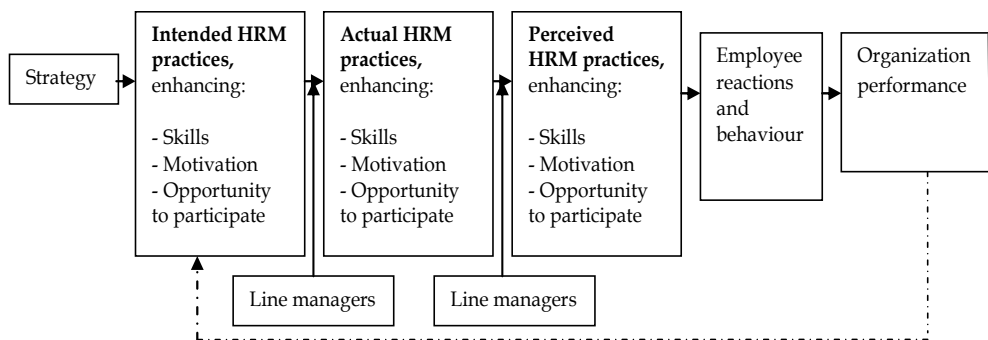


Figure 7. HRM and performance link model. *Source: developed by the authors*

In summing up, it could be stated that assuming the relevance to open the “black box” and to reveal the precise mechanisms through which HRM practices influence organizational performance, till now there is an ongoing debate over quantitative and qualitative issues. However, some commonality around the mediating variables shaping the “black box” already exists by acknowledging the core significance of employee skills, motivation and opportunity to participate and of line managers.

6. Conclusions

1. Assuming that in the context of globalization human resources and their management are vital to achieve sustainable competitive advantage, many of HRM research efforts have been directed to understand HRM and performance link. Notwithstanding the statistically and managerially significant relationships between two constructs and growing number of research demonstrating that HRM can serve as a value-creating function, still there remains considerable space for improvement the understanding. Although contingency theory, resource-based view and the AMO framework are the three most commonly used theories for linking HRM and performance, however, due to the growing sophistication and complexity these approaches do not provide answers to huge amount of questions in relation to HRM theory, performance theory and theory on how the two are linked.
2. Different attitudes: the universalistic, the contingency and the configurational determine that there appears to be no consensus on the nature of HRM: there is no single agreed, or fixed list of HRM practices or systems of practices that are used to define or measure human resource management. Despite various approaches, a certain commonality around how HRM is operationalized when examining the link between HRM and performance already exists, as the AMO model presents a specific way of defining these practices. Although performance outcomes vary in studies widely, however, based on the proximity to employee contributions, the outcomes can be divided into four groups making two assumptions: HRM practices have most immediate impact on human resource related outcomes, since these outcomes are in a closer line of sight to practices; the impact of HRM practices on more distal outcomes is made through more proximal outcomes.
3. Assuming HRM influence on performance, it is important to consider the intervening steps in HRM and performance link, to explain the processes by which HRM and performance impact operates and to open the “black box”. Notwithstanding that in the scientific literature quite big number of theoretical models, explaining the mechanisms through which HRM and performance relationship works, is presented, these models due to different approaches varies in respect to quantitative and qualitative aspects. Concerning quantitative aspect two main questions are significant: how many boxes should be included in the “black box” and how many variables should be in each box. As regards qualitative aspect, the relevance of the strategy, the type of the mediating variables, the reverse causality and the identical understanding of content of each box are the core issues.

4. Although different models encompass different number of boxes and the content of that boxes is not homogeneous, however some obvious features can be presented: employee abilities, motivation and opportunity to participate (AMO framework) and the role of the line managers are two crucial variables through which HRM practices influence human resource related outcomes; employees reactions are at the core of all models, because causal link is flowing from practices to performance via responses of employees; human resource related outcomes impact more distal performance outcomes: only when human resource related outcomes are achieved it is possible to expect higher performance.
5. Acknowledging that putting too many boxes in the model will not open the “black box” and putting too much items in the boxes will not make the model more insightful, future research need to elaborate on more precise mechanisms and to theorize deeply the means through which the HRM and performance link occurs.

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The Context of Globalization and Human Resource Need and Strategy for Developing Countries – The Case of African Countries

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Additional information is available at the end of the chapter

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1. Introduction

Globalization is a non-stop economic process; individuals, companies or governments are always on the lookout for new processes or innovations and so the economic and power structure of the world is never stagnant. It is clear that in creation of innovations not only technology is important, but also people, culture and communication, etc. Under going globalization process the necessity to investigate global human resource development and its differences from domestic human resource development appears. The main aim of this chapter is to explore the context of globalization on human resource development in developing countries the case of African countries. As we enter a new millennium, the effects of internationalization now known as globalization are everywhere apparent. This has played a major role in sustaining the economic expansion of the global economy in the second half of the 20th century. Globalization is seemingly shrinking the planet as barriers to trade are dismantled, transport and communications costs fall, and global production systems are formed and managed by giant multinational corporations. Globalization can be defined as the ongoing economic, technological, social, and political integration of the world that began after the Second World War. There are several dimensions to this dynamic process, including the increased internationalization of economic markets, for example, in trade and financial capital flows. The rapid integration of the world economy through increased trade and investment, which has been fueled by new technologies, the spread of information and the growing importance of knowledge - based industries, provides the potential for opening up new avenues for human development.

2. HRM issues and challenges in global development

2.1. Overview

The coming of the 21st century globalization poses distinctive HRM challenges to businesses especially those operating across national boundaries as multinational or global enterprises. Global business is characterized by the free flow of human and financial resources especially in the developed economies of European Union (EU), the North American Free Trade Agreement (NAFTA), other regional groupings such as the Association of South East Asian Nations (ASEAN), the Economic Community of West African States (ECOWAS), the Southern African Development Community, (SADC) and East Africa (EA) respectively etc. These developments are opening up new markets in a way that has never been seen before. This accentuates the need to manage human resources effectively to gain competitive advantage in the global market place. To achieve this, organizations require an understanding of the factors that can determine the effectiveness of various HR practices and approaches. This is because countries differ along a number of dimensions that influence the attractiveness of Direct Foreign Investments in each country. These differences determine the economic viability of building an operation in a foreign country and they have a particularly strong impact on HRM in that operation. A number of factors that affect HRM in global markets are identified: (i) Culture (ii) Economic System (iii) Political System - the legal framework and (iv) Human capital. R.A. Noe, J. R. Hollenbeck, B. Gerhart, P. M. Wright, (2000) consistent with the scope of human capital (the skills, capabilities or competencies of the workforce). This is in consonance with the belief that competency based human resource plans provide a source for gaining competitive advantage and for countries profoundly affect a foreign country's desire to locate or enter that country's market R.A. Noe, J. R. Hollenbeck, B. Gerhart, P. M. Wright, (2000). This partly is why Japan and US locate and enter the local markets in South East Asia and Mexico respectively. In the case of developing countries, globalization poses distinct challenges to governments, the private sector and organized labor. These challenges, which must be addressed through a strategic approach to human resource management, include (i) Partnership in economic recovery especially in South East Asia (ii) Concerns over possibility of fraud in E-commerce (such as issues of confidence and trust) and (iii) Implementing prescriptions for recovery and growth taking in to consideration the development agenda and unique circumstances of individual country.

2.2. The global trends of public administration transformation

The first trend relates to the construction or re -construction of a State that operates according to the rule of law. There are a number of countries across the world undergoing a process of State construction or re - construction. Within this trend, we may distinguish two different movements. The first one that characterizes countries that need to build from scratch or re - build their government institutions, as is the case of some African countries, which have experienced war and internal conflict resulting in State collapse for example South Sudan, Libya, Egypt, ect. The second one relates to countries that have embarked in a process of political and economic change. This is, for example, the case of the countries of Eastern Europe

who had to cope with a difficult transition from centrally planned economies to market economies. The challenge in this case is to dismantle old State institutions (or de-institutionalize) and to bring them in line with new values of openness, participation, and transparency. The second trend relates to the modernization of the State. This is a challenge that affects all countries and is related to the adaptation and improvement of administrative structures, managerial capacities, financial management and technological adequacy to new needs and demands emerging from societies which are much more complex and heterogeneous than a few decades ago. In other words, it is a process of re-adjustment of State institutions and public management to the need for greater cost-effectiveness, quality, simplicity and participation in government. The need to enhance efficiency in the public sector and to cut public costs, which is at the heart of the New Public Management school of thought, has resulted in a series of measures, including privatization, deregulation, and the introduction of market like mechanisms in the public sector. In a number of countries, de-bureaucratization and decentralization have been increasingly coupled with new approaches to management, exemplifying openness, adaptability, participation, flexibility, diversity and responsiveness.

The third trend has to do with the reconfiguration of the role of the State. With the spread of globalization and the changes occurring at both the domestic and international levels, the functions and role of the State have been transformed substantially. The worldwide trends of globalization and citizen participation have compelled Governments to debate "the role of the State", to explore various partnerships with private sector and civil society organizations and to consider reengineering of government systems, retraining of public officials and rethinking of public policies. Given the rapid changes in technology and the global economy, Governments have also been motivated to learn to continuously re-evaluate government performance in relation to citizen demands and global pressures.

The general configuration of State responsibilities has changed and this has introduced important modifications both in the policy arena and in the State's requirements for high level skills, qualitatively and quantitatively. Overall, the course of change points to a shift of focus away from hands on management and the direct production of services and goods towards strategic planning with a view to the establishment and maintenance, refinement and reform of an enabling framework for private enterprise and individual initiative. A parallel shift has moved the State's centre of gravity and with it the locus of power. Decentralization, de-bureaucratization and deregulation are adding to the importance not only of local government, but also of non-state actors on whom significant functions are devolved or outsourced. At the same time, a range of tasks and policy decisions, traditionally handled by national bureaucracies in their respective capitals, is being increasingly transposed to an inter-governmental or supranational level as a result of increased flows between countries of goods, capital, labour and information. Also, the State is called upon to act as "linking pin" of processes of planning, consultation, negotiation and decision-making involving diverse actors, State and non-state, at different levels of governance. The State is the hub of activities connecting multiple partners and stakeholders from very varied fields, regions, cultures, occupations, professions and interests.

A fourth trend, which has emerged in the past years, is related to a growing demand to make democracy more meaningful and to allow for more opportunities of participation in policy-making. In many advanced democracies, citizens and civil society organizations are showing increasing dissatisfaction towards how democracies are functioning. For example, the growing influence of money in the electoral process and the strong influence of special interests on public policy decision making are being viewed in many democratic nations as undermining full citizens' participation. As a result, citizens are asking that government be reformed in order to enhance public participation, to expand political opportunities, and to improve its operations as well as the quality of services provided. In some parts of the world, the difficulty of governments to deliver adequate services, especially in the social sphere, and promote better living conditions for all has also resulted in a widespread disappointment among the population for the current forms of governance.

2.3. The demand for transparency, participatory and efficient government

One of the greatest challenges of our times is therefore to have not only governments of the people and by the people, but also for the people. This means greater participation in key spheres of policy making decisions, including how taxes should be spent and on what, and better and more effective services. Citizens are asking to be more actively involved in public affairs and to be engaged in many other ways than just at election day every four or five years.

As highlighted in the United Nations Millennium Declaration, the promotion of democracy and good governance, including an efficient and effective public administration, is among the best ways to ensure that the values of freedom, equality, solidarity, environmental protection, and shared responsibility are respected. Democracy and good governance are a goal in itself because of the values on which they rest, but at the same time, they are also the most critical means to achieve the United Nations Millennium Development Goals, which set very precise objectives, targets and indicators to achieve the broader goal set out in the Millennium Declaration related to development and poverty eradication. In fact, although many studies have not been able to show that democracy will lead to greater economic growth, there is evidence that democracy ensures greater redistribution of resources. One of the consequences of democracy is that it generates political incentives for decision makers to respond positively to the needs and demands of society. The stronger a democracy is the greater and more effective will be the pressure of these incentives on the decision makers.

Having in place a democratic system, however, is not sufficient. Government institutions need to be based on clear and widely accepted rules; to have committed leaders and qualified people to undertake appropriate reforms in the economic and social spheres; to be able to mobilize resources and manage expenditure; and to operate in the most cost effective way possible by making use of new information technologies. In other words, the legitimacy of a democratic regime is based in great part on the capacity of the State to deliver services that are relevant and of high quality to all sectors of the population in a society. The

performance of the public sector depends on well functioning institutional structures as much as on the quality of the people who work in them. Skilled, dedicated and highly motivated public servants are essential for carrying out reforms that are effective and sustainable in the long term, as well as responsive to the changes that are occurring both at the local and global levels.

The essence of what the public sector is and its guiding principles (rule of law, serving the citizens, etc.) will shape its choices of how to solve the many challenges it confronts. Connecting the mission of the public sector with empowered public officials and a system that supports innovation and excellence can make a big difference in the future performance of the public sector. Human resources development is also a critical factor in ensuring that the development goals outlined in the road map towards the implementation of the United Nations Millennium Declaration are effectively achieved. Building public sector human capacities in terms of knowledge, skills, motivation and commitment, networks and mastery of information technology is crucial in order to be able to translate the values, objectives, and goals of the Millennium Declaration into nationally owned policies, strategies and action.

2.4. Challenges and trends in human capital management

The last 20 years have been difficult for the public service. We have seen too many reforms leading to too few results, too much rhetoric, too many keepers of single truth, and not enough wise leaders. Over the last 20 years, new forces such as globalization, information technologies, and innovation have transformed the way we think about governance, the role of government and the work done by public sector institutions. Both developed and developing countries have undertaken wide ranging reforms. Some have been remarkably successful; others not. We have seen progress on many fronts in different parts of the world, and we have also made enough mistakes that it should now be possible to look back and assess the lessons learned, as we turn our attention to the challenges ahead. Some resounding reform successes are worth noting:

- The construction and expansion of the European Union is one of the greatest achievements of our time in building a governance system based on progressive economic integration, democratic principles and human solidarity;
- The transition from an apartheid regime to a democratic society that guarantees equal rights to all citizens in South Africa has given hope to many who are leading ambitious reforms; and
- The successful transition from centrally planned economies to market economies in countries such as Slovakia, Hungary, Poland, etc. is showing the way to others.

We have also seen the consequences of the failure to provide for good governance. Many countries are still lacking:

- Political institutions to arbitrate conflicting views and to bring about peaceful resolutions of conflicts,

- Democratic accountability and transparency in the exercise of power and the use of public funds,
- Political oversight of public sector institutions;
- Independent judiciary, and
- Law making and law enforcement capacities.

Serious mistakes were also made in some of the most prosperous countries of the world. For a time, it seemed that parts of the world lost sight of the importance of the role of the State as many decided to put their faith in the market's unlimited ability to resolve problems. This view transformed the role of government in many countries, with policies advocating a lesser role for the state and a greater reliance on market forces.

As a consequence, a high price was paid in many countries. It damaged the sense of pride of the men and women who had dedicated their life to the public service and convinced a number of young people to make a different career choice. Despite the diversity of governance experiences in the context of the rapid and deep societal changes of the last 20 years, we are facing many common challenges. We must all explore how the public sector can work best and bring value added to society in the future. It has become customary to talk of:

- The transformation brought about by the forces of globalization,
- The impact of information and communication technologies and
- The emergence of knowledge based economies and societies.

The author will not except obliquely, address these issues as they all have been covered previously. This chapter will try to provide a general context to this theme by looking at broad challenges and going back to the meanings of some core principles that tend to take for granted. In order to “Unleash the Human Potential for Public Sector Performance” we should first ask ourselves for what purpose? What will be the role of the State in the future? How can we unleash the potential of the State and of Public Sector Institutions to ensure a high standard of living and quality of life, to promote social justice and to provide for the peaceful enjoyment of life? This chapter frames this overview by discussing three challenges: finding the right balance between the market and the State in a global context, the need for leadership within the civil service, and the impact of the knowledge imperative.

2.4.1. A search for balance

One of the great lessons learned over the last 20 years should be the need for balance between the role of the markets and the role of the State. Each one makes a unique contribution. Each one operates in accordance with its own set of values, and each one is deserving of respect in its own right. The market is the most efficient way to allocate scarce resources and to ensure the pursuit of individual interests. The State (and in particular democratic State) is the most efficient way to ensure social cohesion and the pursuit of collective interests.

The first supports market choices, the latter collective values. One encourages individual choices and contractual arrangement, the other political consensus and covenant. One seeks to maximize individual benefits, whereas the other protects individual rights and the rule of law. One encourages competition, the other collaboration.

For a well performing economy and society to flourish, it is not about the dominance of one over the other, it is about a search for balance. Both are fallible, both have inherent weaknesses, but by working together, they compensate for each other and achieve the best results. The lack of balance between the role of markets and the role of the State is partly responsible for several significant failures in public sector reforms:

- The Asian crisis in 1997 was not caused by “excessive” regulations but rather by the absence of an adequate regulatory framework;
- Some countries like Korea, Thailand, Argentina and Indonesia were encouraged to cut their deficits by reducing the role of the State and cutting taxes at the worst possible time in their economic cycle, which in turn magnified the crisis;
- There is no direct evidence that tax cuts have helped to create wealth and employment but rather an indication that they led to higher deficits and increased economic disparities between the wealthiest and the poorest in the countries that followed this prescription prematurely; and finally
- Russia is the most compelling example of the need to build the State in order for the market economy to flourish. The call for “less government”, without the appropriate regulatory safeguards was, to say the least, ill-advised.

To unleash the human potential of the public sector, we must first articulate in modern and compelling terms the importance of the role of the State and of public service institutions. This is the first, and perhaps the most difficult challenge.

Achieving balance will require political leadership to state the importance of the political processes and the role of public service institutions in meeting new and emerging needs. It will require leadership within the professional public service to bring about the changes needed to serve the collective interest.

Reaffirming the need for balance, and restating the importance of Government in liberal market economies would do much to restore a sense of pride in a public service career and to rebuild a relationship of trust between citizens and public sector institutions. Choices about the role of Government in society have a direct impact on the ability to attract and retain talents in the public service, and to provide for stimulating employment and career development opportunities.

2.4.2. *“Physician Heal Thyself” (Luke 4: 23)*

In my opinion, the primary responsibility for reform in the public service rests with the public servants. Obviously, public servants should be able to count on the support of elected officials to bring about legislative changes to marshal reforms that affect the whole of government. But by and large, the public service should take responsibility for on-going reforms and bring about the necessary improvements in order to fulfill its mission. Too often, the public service hides behind a so-called lack of “political will” without demonstrating its own willingness to bring about changes.

The author is among of those who believe that “New Public Management” (NPM) has done as much harm as good, because:

- It converts citizens into customers,
- It shifts the focus from the collective interest to user satisfaction,
- It borrows from private sector management practices without adapting them to public sector values and principles, and
- It erodes the professional public policy role by transferring it to the political level or to independent organizations.

That being said, the frustrations and the disenchantment of citizens with the public service, which led to NPM, are only too real. Citizens demand and deserve high quality service exempt from patronage or influence peddling. They expect access to information, and they expect services to be organized and delivered in accordance with their needs and circumstances, not at the convenience of departments or civil servants. They demand to be treated with respect by public sector institutions and public servants true to their mission of being the “servant” of the collective interest and the “keeper of a public trust”.

The second challenge, therefore, is to accept the responsibility to bring about the changes within our power. The public service model, as we know it today in most countries, was inherited from the industrial age. It is the result of the work by Adam Smith, F.W. Taylor, and Max Weber. The Weberian concept of the Public Service in the 19th century:

- Advocates a clear separation of roles between political and professional functions;
- Is built around a hierarchical system of accountability to Ministers and Parliament;
- Operates an administrative regime based on the rule of law, the protection of citizen’s right and due process; and
- Recognizes the need for a professional, competent and meritorious public service.

These basic principles remain valid today. However, Author strongly believes that we need to modernize their definition and their application. To illustrate this point, the author refers to the rule of law, the merit principle and the need for due process. Our commitment to these principles should never be used as:

- A pretext to prevent needed reforms,
- A justification to oppose the reform agenda of a rightfully-elected government, or
- As a means to defend corporatist interests.

Unlocking the human potential of the public service starts with facing the truth, no matter how uncomfortable this may be at times. Firm commitment is to leave the future generation with better institutions than the ones we inherited.

- The Rule of Law

The respect for the rule of law is one of the most fundamental principles of public sector institutions. Unfortunately, incidents related to the inability to eradicate corruption and take forceful action to address proven incidents of wrongdoing continue to undermine the credibility of the public service and public servants. This is not a matter of a Minister alone. Much can be done in the public service by public servants at all levels.

- The Merit Principle

It is necessary to protect the public service from political interference in the recruitment and promotion processes, in order to build professional and highly competent institutions. The “merit principle” was never intended to grant immunity for poor performance. A commitment to the “merit principle” does not imply guaranteed promotion or guaranteed employment for life. While we need to defend and protect the “principle of a meritorious public service”, we must also be prepared to review and change the “merit system” invented by the public service to give it effect. There is evidence that the “merit system” put in place in some of our countries did not always advance the merit principle but contributed instead to encouraging a corporatist approach and prevented much-needed reforms.

- Due Process

The commitment to due process is no justification for red tape, or inefficient and disjointed operations in Government. The public sector is not inherently less efficient than the private sector; more complex, yes, but not less efficient. Many of the policies, controls and procedures are not required to fulfill the requirements of the rule of law. They serve instead to satisfy the appetite for control and power by some, at the expense of the commitment to serving citizens.

These three core principles are sound but we need to revisit their definition and their application in order to ensure the ongoing relevance of the public service to citizens’ needs and to remaining deserving of citizens’ trust.

2.4.3. *The knowledge and innovation imperatives*

The other challenge is pertains to the “knowledge and innovation imperatives” that are in so many ways characteristic of the era we live in. The bureaucratic organizational model in the public sector and the industrial management model in the private sector have characterized the organization of work for most of the last century. They were built around clearly defined and predictable tasks. Similar tasks were grouped into units, units into branches, and branches into departments. The organization relied on a strict division of labour. The authority was delegated top down.

A profound transformation took shape in the private sector during the 70's, 80's and 90's as the knowledge-based economy started to take shape. When the assets of an organization become intellectual, the old management model starts to break down.

The public service has been slower to adapt, but it must, in order to provide value added, remain relevant to citizen’s needs, and continue to be an attractive workplace. This transformation will be critical to the ability of the public service to attract and retain its fair share of the best talent in the future.

Let’s look at this more carefully. The nature of work in the public service is shifting from tangible to intangible services (building a road vs. providing information), from mass

production of the same service to citizen centred services (issuing checks vs. assisting start-ups).

The organization of the work is also changing and is increasingly dependent on the use of networks reaching inside and outside, well beyond the traditional boundaries of the organization. This requires new ways of thinking as there is a need to implement a “whole of government” approach, supported by horizontal management and team work, in order to effectively promote and respond to the broad range of public interests in a cohesive and coherent manner.

The structures of authority are changing. The power of the office must now co-exist with the power of ideas, the power to innovate, and the power to discover new and better ways to fulfill the mission. Training for a job, as it was done in the past, only works when the content of the work is predictable and repetitive. Learning, on the other hand, is central to the ability of an organization to innovate, and will be key to the future of the public service. At the practical level, this means preparing highly competent and qualified knowledge workers who will have the added characteristics of being learners, innovators and entrepreneurs.

It remains an open question whether, and to what extent, the public service will be able to adapt to the “knowledge imperative” and to encourage innovation. It is a complex undertaking and some countries will choose a more modest role for their public service. Innovation that fails in the private sector can damage a firm’s reputation or affect shareholder’s return. In the public sector, the consequences of failure are borne by citizens. A successful innovation in the public sector is largely invisible but a visible failure can put an end to a brilliant career. Securing innovation in the public sector represents a conundrum. On the one hand, creating a public and political constituency for innovation is a challenge: the tolerance for failure and even for reasonable risk-taking is low. The current public service management systems do not encourage innovation, favouring instead predictability in a given range of activities. On the other hand, failure to transform bureaucratic organizations into “intelligent” and “learning” organizations, able to explore and find new and better ways of achieving their mission, might signal their declining relevance in the future.

There can be no innovation without some degree of tolerance for failure and reasonable risk taking. The way the public service adapts to the “knowledge and innovation imperatives” will set the context for human resource management reforms in the future.

The competition for talent will be fierce among countries and between the private and public sectors. People will come to the public service if they are given the chance to make a difference, and the opportunity to use their skills and reach their full potential. A public service whose role is limited to repetitive and predictable tasks will attract a different kind of workforce.

The old “bargain” of lower compensation than the private sector, in return for greater job security, is no longer realistic. A reasonable pay, new skills and lifelong learning are key factors to a sense of personal security and employability. Today, one must learn a living to earn a living.

2.4.4. *Globalization and migration*

Migration is defined as, “the temporary or permanent movement of persons between countries to pursue employment or education (or both) or to escape adverse political climates” I. Goldin, K. Reinert, (2007). These authors note that migration causes brain drain, which is the loss of educated and highly skilled citizens to other countries. In African countries we have lost very many well trained human resources in key positions to developed countries. They have been lured by better pay and working conditions as well as the promise of a better life. This ‘skill poaching’ by the developed countries has had detrimental effects in the production, community service sector, as well as in education at the higher levels. In the public universities the scenario is the same whereby key trained lecturers are moving to other countries with a lot of ease and many of those who go out for education opt to remain outside. The United Nations Population Division UNCTAD, (2003) produced the world migrant stock that showed the number of migrants had increased from 16,351,076 in 1990 to 17,068,882 in 2005. High income countries use skilled migrants to fill occupational shortages that cannot be met by training resident nationals. Migrants take with them skills in critical demand. In African countries, we have lost a good number of well educated people who have migrated, which means the loss of leaders, innovators and household heads which has its own social and political costs. The social costs include the loss of social cohesion, dynamism and growth potential of the economy. A recent study of the Organization for Economic Cooperation and Development (OECD) suggests that “emigration of highly skilled workers may adversely affect small countries by preventing them from reaching a critical mass of human resources, which would be necessary to foster long-term economic development” OECD, (2004b). Emigration deprives governments of tax revenues, depleting the quality of public services and preventing society from earning a return on money invested in the education of migrants. In a report entitled Least Developed Countries (LDCs) LCD – UN report, (2007) economic growth and the creation of employment opportunities for educated manpower in LDCs appears to be closely associated with slower rates of brain drain. The report indicates that the reasons for brain drain are slow economic growth and political instability, especially in Africa. The low level of pay and the huge and widening gap between earnings in LDC’s and those in developed countries are also to blame. M. Brown, J. B. Meyer, (1999) Report that 40,000 scientists and engineers from developing countries are employed in research and development in high income countries, compared with 1.5 million who are working in their home countries. About 70,000 professionals and university graduates are thought to leave Africa each year to take up work in Europe or North America T.L. Weiss, (2001). Therefore is clear from statistics that globalization has had own negative effects on the growth of labor pools in Africa countries and this would explain the reasons why they progress so slowly.

2.4.5. *The impact of HIV/AIDS on public human resource in Africa*

There continues to be global concern for the apparent relentless scourge of HIV/AIDS. In the last two decades the unleashing of the HIV/AIDS pandemic in Africa became yet another

development challenge to a continent already plagued with a plethora of challenges into the twenty first century. The peculiar political and socio-economic landscape of Africa with its tribal based wars, dictatorships and poverty makes this all the more challenging. Africa is struggling to cope with the devastating impact of this pandemic on the functioning of its societies. There is an impending crisis projected in the macro economy of Africa. The AIDS/HIV pandemic also places heavy costs on business through increased medical aid claims, life and disability insurance, increased absenteeism due to ill health, funeral attendance or the need to care for the sick family members, loss of skilled workers and the increased cost of recruiting and training replacement workers, reduced job performance due to disability, etc HIV/AIDS Pandemic in Lesotho, (2003) p 206. It also impacts negatively on international competitiveness, deters domestic and foreign investment and is a potential threat to security in the region.

2.4.5.1. *The HIV/AIDS challenge*

The devastation that disease alone has caused on Africa is underrated. For instance, Malaria is seen as having impacted on Africa by slowing economic growth by between 1.3% and 2.6% a year. Zuma: (2003) cited in IDASA UNDP 2003. This chapter presupposes that the challenge of HIV/AIDS in Africa can only be dealt with, if Africa internalizes HIV/AIDS as an infectious disease crisis, especially when it is on record as being the continent with the highest HIV/AIDS infections. In other words the HIV/AIDS problem has to be identified and defined as what it is and not on perceived and unfounded premise. In arguing for this as a foundation for interventions, it is observed that societal labels and views on diseases can affect the actions and outcomes in tackling some diseases Kevin De Cock et al: 2002, *The Lancet* p. 67. A case in point being the crusade of Thomas Parran, the US Surgeon General under President Roosevelt to demystify syphilis and address it as a public health problem rather than as a moral issue. Ibid

More than fifty years later, the emergence of HIV/AIDS, and the moral issues it raises have also raised the platform in terms of government engagement with the disease. Some authors argue that as yet some approaches to HIV/AIDS in Africa are poorly structured to the crisis because it has not yet been identified and dealt with as an infectious disease crisis. That is to say, the issue of prioritization is vital. This will involve political commitment, normalizing or mainstreaming HIV/AIDS into governance and leadership and government institutions, structures and systems.

Subsequent discussions will also deal with responses, which can be construed as indicative of the primacy of HIV/AIDS in governance and leadership consciousness.

This section has attempted to establish the need for reorientation of perceptions and the prioritizing of this pandemic as well as its integration into the very fabrics of nation building as a precursor to this discussion. Examining some micro and macro concerns will approach the challenges of HIV/AIDS in the African public service. First, an examination of Africa's peculiar challenges in confronting the pandemic will be looked at, and then the challenges in the micro environment of work place human resources will follow. There is little doubt as to the challenges that Africa faces in the present world milieu.

This especially true as Africa has suffered more than others from not being integrated into the world economy. Not too long ago the international political and economic balance tended towards a dependency theorist tilt of Keynesian, Andress 2002:4; Amsden 2003:33 views of protectionist theories, harnessed by national subordination of poor countries and exploitation by rich nations. However, with the emergence of new economies of the East (Asian Tigers), models of regional integration for global relevance have begun to emerge. Growth triangles of ASEAN countries Ravenhill John (2001) have created state initiative and private entrepreneurship in countries like Malaysia, Indonesia and Singapore. These eastern trends have further set the pace for the internalization of the need for "collective self reliance" Laszlo Ervin, Krtzman Joel and Bhattacharya AK. (1981) these developments only go to mirror the image of the decrepitude of the African scenario. For instance NEPAD (2002) Annual report of the world's least developed countries are in Africa, the aggravation of poverty continues with about 300 million Africans living on less than US\$1 a day Ibid, p 3.

While there is a need for a global response to Africa's crisis developments such as wars, and the devastation of disease, it is premised in this discourse that despite global support and interventions, a total commitment to fighting Africa's problems can be best broached by Africans themselves. This is because, Africans are in the unique position to philosophically and ideally face problems given their own peculiar social and political environment. The HIV/AIDS crisis will therefore require an approach, where prioritization and ownership of the HIV/AIDS pandemic becomes a reality in Africa. This will however, not take away the genuine economic, social/cultural and political challenges that will always pose a barrier to progress in combating the HIV/AIDS pandemic. Some of these are unpackaged subsequently.

2.4.5.2. The HIV/AIDS and human capital challenge

HIV/AIDS is a development problem. The estimations of the impact of the pandemic in terms of its toll on human capital are adverse. The uniqueness of HIV/AIDS in terms of its main mode of transmission makes it more volatile than other diseases like Malaria and even the deadly Ebola virus. This deadly silent mode of transmission through sex as well as its long spanned incubation also exposes more people to the disease over time. For instance, it is estimated that in most affected countries, half of all 15 year olds alive will eventually die of the disease, even if infection rates go down in the next few years Abdoulie Janneh (2001)

The impact of HIV/AIDS from a human resource perspective has both policies as well as capacity challenges. Appropriate human resource strategies must be developed by human resource management components whilst human resource capacity in crucial areas of service delivery will have to be maintained.

The rising threat of HIV/AIDS on Africa's work force has been one of concern to government and employers of labor. In South Africa for instance it is estimated that about 5.3 million South Africans were HIV positive by the end of 2002, and increase from the comparable estimate of 4.74 million in 2001 AIDS policy research center: (2002). ILO fact sheets www.ilo.org/public surmises that in Malawi between the years 1990 and 2000, deaths among public service workers increased tenfold, as a result, unfilled vacancies in

national ministries of education, health, agriculture and water development stand at over 50%. There have been ideally a number of descriptive and explorative studies that have been done which give us a fair estimation on statistics on the socio-economic impact of HIV/AIDS in the work force due to ill health and death. There is no doubt as to the magnitude of the problem that faces Africa in terms of the pandemic, however, the problem that faces Africa will be the issue of how to engage with the pandemic, to mitigate the risks involved. A few issues deserve particular attention.

2.4.5.3. Remarks

Having traced the plethora of challenges that confront Africa, and having mapped out certain possible routes to engaging with the pandemic, it must be stressed that while none of these targets for engagement are new, what is emphatic in the approach of this chapter is to bring forward the issues of African ownership for the solution of its challenges and its peculiar environment. It should be acknowledged at this juncture that although the African continent has made strides towards tighter regional integration and self help, it is a long way from the beginnings of change.

In proposing a human resource response, this chapter focused closely on the Employee Assistance Programme (EAP) due to its unique reflection of the spirit of Africanness (Ubuntu), working together for change. Africans should not forget therefore their early thriving communities based on traditional values of brotherhood and enduring cultures incomparable to any in the world. This is one approach that will reduce stigma, as well as create a sense of ownership especially as Africa moves from the era of the infected to the affected.

This is not to say that core strategic thinking in curbing the tide of deaths and infections will not need a comprehensive approach, one that involves all sectors and all tangents of the disease. Moreover, while recognizing strategies that will mitigate the impact of HIV/AIDS in the workplace, a holistic picture for engagement indicates that poverty and food shortages, gender based discrimination imbedded in various

African indigenous cultures, as well as limited access to basic education are still some of the core challenges that will need ongoing interventions in Africa. Finally, the philosophical undertone of this conclusion is intended to place value alongside solutions. This means that while the search for solutions continues, where possible those African traditional values that define the African fighting spirit should be encouraged to rise above the fear and trepidation in any challenge. It is hoped that this chapter has served to stimulate African minds to the need to fully put our resources and our sense of oneness to deal with this pandemic.

3. Human resource needs and strategies for development in Africa

3.1. Development and human resource in Africa

What is the current state of staffing in terms of numbers, knowledge, skills, attitude, etc in the public service in African countries? To answer such a question one would need to

undertake a comprehensive stock taking and analysis of public service employees in every country. The author cannot claim to have conducted such an extensive and laborious exercise. Reading through public/civil service reform documents in a number of African countries, it is evident that the public service has for long been experiencing difficulties in recruiting and retaining competent staff let alone talented ones. The situation may vary from country to country but it is generally acknowledged that recruiting and retaining professionally knowledgeable, skilled, committed, talented, and motivated personnel in the public service constitutes a daunting challenge in African countries. The worrying concern is that existing levels of talent in the public service in many countries in Africa cannot support and sustain the achievement of the development aspirations of the continent, let alone the globalizations challenge as well as Millennium Development Goals. Another worry may be expressed in terms of a question: Does the public service in Africa really aim at attracting the best talent? If yes, through what approaches and methodologies is this done and with what results? If the stock taking and analysis of the staffing in the public service arrives at the conclusion that existing levels of talent in the public service in many countries in Africa cannot support and sustain the achievement of the development aspirations of the continent. Where did the public service go wrong to have its attractiveness and capacity eroded and what can be done to reverse this process and address the situation? Where did it all begin? Where will it end? How can it end? If the public service must recruit and retain the best talent, what talent should be targeted? What are the talents (skills, knowledge, and attitudes) that are critical to the performance of the public service and through what approaches, methodologies and practices can such talents be identified, attracted, recruited, nurtured, developed, deployed and utilized? In the context of Africa where issues of poor governance are paramount on the table we need also to ask ourselves the question of to what extent the best talent can be utilized for optimum performance in the context of a poor governance environment. Is it realistic to expect the public service to attract the best personnel in the context of poor governance? What are the governance issues that must be addressed in order to provide a context that is conducive for the public service to be attractive and to recruit and retain the best?

3.2. HR capacity building in the public sector

Governments all over the world need to face the challenge of having in place adequate human resources in the public sector in order to plan, implement, monitor and evaluate policies and strategies for achieving the Millennium Development Goals, including poverty eradication. There is a general tendency to believe that the problem of inadequacy of human capacity in the public sector only affects developing countries. True, developing countries are being confronted with these serious problems; however, since in the context of globalization eradicating poverty in one corner of the world is equally a responsibility of all countries, developed countries also need to have the appropriate human capacity to understand, dialogue and negotiate with developing countries. If this capacity is lacking, then the job of poverty eradication becomes harder. In brief, a visionary and committed leadership as well as adequate human resources at the global, regional, national, and community levels are required to meet effectively the MDGs.

At the national level, the quality of public sector human resources is crucial in enabling the State to provide leadership in defining a home-grown governance framework and national appropriation of the Millennium Development Goals. The State needs to provide leadership in this process through law-making, regulatory and security-related functions, as it is the ultimate guarantor of life, liberty and property.

Moreover, developing strong leadership and adequate human resources in the public sector is a crucial task in order for any country to prosper and undertake programmes that are aimed at reducing poverty. Finally, an effective public sector is essential in creating an enabling environment for private sector development and economic competitiveness.

Strengthening public sector human resources capacities is, however, not an easy task and many are the difficulties that need to overcome. Although all countries around the world are facing a number of challenges in modernizing their public sector, developing countries are facing even greater difficulties due to a number of factors, which include:

- The changing role of the State due to national and international factors;
- The erosion of public sector human resources capacity, and especially scarcity of effective public managers;
- The constraints in recruiting highly qualified personnel.

The reform of the public sector in developing countries has been greatly affected by constraints in recruiting high-quality personnel. The main factors that may describe this phenomenon are as follows: a loss of pride within and credibility outside the public service; brain drain to the private sector and to more economically advanced countries due to better salaries and career opportunities; and a gradual decay of national governance structures in stagnating countries. Human resources public sector reform has also been particularly difficult as the core competencies needed in the public sector have evolved and changed in a number of ways as a result of the changes taking place at the national and international levels.

Given this extremely complex situation, what the public sector needs more than ever is its fair share of the best talent in any given country to respond effectively to evolving traditional functions of the State, as well as the challenges of globalization and other social changes. Moreover, it is important to underline that improving human capacity in the public sector also requires sound public institutions and good governance. In other words, strengthening public sector capacity requires a holistic approach, which should begin by rebuilding trust in the public sector and promoting high-quality leadership. There are key issues that need to be addressed in order to promote adequate capacities among public servants, including:

- Reinforcing human resources planning and management systems and units;
- Reinforcing core public service values, such as:
 - Revaluation of learning, integrity and competence;
 - Low tolerance for corruption and crime;
 - Stress on meritocracy;
 - Growing sensitivity towards and respect for citizens' needs;

- Fostering a political culture that places emphasis on the respect for institutions and norms over personal interest;
- Promoting professionalism in the public service;
- Creating a culture of learning organization;
- Introducing incentive structures, such as:
 - Fair remuneration system; and
 - Increasing recognition of the need to acknowledge and to reward industry, loyalty, accomplishment and merit;
- Increasing recognition of the value of cross-cultural and international links as means towards the improvement of the professional image and performance of the public service;
- Tapping the best talent from underrepresented groups, including women; and
- Promoting the knowledge and use of ICT tools.

3.3. Effective leadership and good governance

Fostering effective leadership is perhaps one of the most important and first steps to take in the reform of the public sector human resources. Effective leadership is critical to the future of governance, of democracy and of people's well-being. In particular, leadership enhancement programmes must be conceived and implemented with the aim of making leaders capable of effectively addressing the key issues facing the world today and the immense tasks required to meet the Millennium Development Goals. Leadership training needs to be interdisciplinary, international and inter-sectoral (involving public and non-profit organizations). Leaders have to develop a cross-sectoral approach to solving problems and this is particularly critical to reducing poverty.

Taking into account the present political environment in an increasing globalizing world, new areas of leadership competency also need to be strengthened, in particular diversity management; knowledge management; horizontal management; resource and information management; partnerships and negotiation skills; communication and ICT skills. Leaders need to be able to deal with more ambiguity and in the face of difficulties and contradictions, including economic liberalism and social welfare; people getting poorer although they have more voice; and managing change while ensuring stability and security.

Given the diversity of administrative cultures and based on a variety of societal environments, each country leadership has to be open-minded and look at all the potential solutions to their own problems: the key element is to develop a sense of direction for the public service of a given country which takes into account its history, its environment and its position in the global world in a realistic manner.

In the process of public sector leadership capacity development, Management Development Institutes have a critical role to play. They constitute the infrastructure in their respective countries for management development; they have human resources capable of doing management research training and providing technical advisory and consultancy services in different aspects of management. In particular, they can play a leading role in training needs

assessment, human resource policy design, personnel development programmes formulation, implementation, as well as monitoring and evaluation. On the one hand, they can assist governments in addressing the capacity needs of high-level government officials by focusing on strengthening expertise in strategic thinking and policy analysis, technical knowledge, and awareness of complex emerging issues. On the other hand, they can assist governments in reinforcing the capacities of civil servants who have to implement public policies by focusing on developing new skills, operational modalities, and techniques.

It is understood that some of these institutes, in fact most of them, will require to have their capacities reinforced, but this does not in any way minimize the role they are supposed to play. In particular, they can greatly contribute to the efforts being undertaken by many Governments in reaching the MDGs. In this respect, they should ensure that they have the appropriate capacity to assist Governments in this task by continuously upgrading their skills and techniques. These institutes may also play a very important role in promoting cooperation and sharing of information since they have networks at the national and regional levels through which they can pool expertise, facilitate exchange of successful practices and share innovative practices. In sum, building leadership capacities is one of the most challenging and urgent tasks that all countries face, and this in turn requires both good policies and institutions.

3.4. Human resource need for development in Africa

The following are the basic need to adapt:

- The critical human capacity needs for effective performance in the public service: Beyond numbers of public servants, human capacity refers to knowledge, skills, attitudes, networks and cherished values as well as institutions, systems structural arrangements as well as tools and logistics, are highly recommended.
- Strong and committed public service leadership at all levels: Capable of coping with the complexity and conflict contained in the context of globalization, and dealing with all forms of diversity including gender, race, and ethnicity.
- The knowledgeable, skilled and committed policy advisers: Given that governance and public administration includes the higher order tasks of providing policy advice and critical assistance in developing grand designs of society and nations, one of the primary roles of the public service is to ensure a capacity to develop policies and strategies, forecast and anticipate future trends, react to rapidly changing global and local conditions, be creative, challenge the status quo and be self critical,
- Human resource management professionals: In most public services in African countries, positions responsible for forecasting, planning, developing, and managing the human resources are occupied by individuals who are not professionally qualified to manage the human resource. Consequently the basics in personnel management, let alone human resource management are ignored. This is the case in personnel records, human resources data and information processing, human resources development including training, succession planning etc. The public service requires professionals capable of adequately supporting the human resource management function if the

service has to develop strategies for attracting, recruiting, developing, motivating and retaining the best skilled personnel to man it.

- Knowledgeable, skilled and ethical financial and other resource managers: In several countries currently there is what may be called a crisis in the area of transparency, accountability, ethics, and integrity especially related to the management of financial resources.
- Knowledgeable and skilled information managers: Effective policy and strategy analysis, formulation, planning, monitoring, and evaluation strongly depend on systems, processes, and practices of information management that can avail timely, accurate, well organized, and accessible information.
- Public servants who cherish professionalism, ethics and integrity: While skills and knowledge are essential for performing any public service function, we must acknowledge that without appropriate values such as professionalism, ethics, integrity, the public service will remain under disdain. Inadequate integrity, unethical behavior and lack of professionalism breed and sustain corruption and other forms of malpractices that have characterized the public service in many African countries. Many projects and programmes aimed at improving service delivery and reducing poverty in many countries miss their targeted objectives because their resources are embezzled and diverted by officials who lack integrity.
- Public servants that are knowledgeable, skilled and committed in executing functions related to ensuring law and order, justice, audit and administrative control: Respecting laws, rules, regulations, and due procedures is a cardinal requirement for a well functioning public service system. It is the basis of the rule of law, democracy and fairness. However, its administration is not an automatic given; it requires dedicated and capable personnel.
- The need to anchor human capacity on sound, institutional and systemic capacity: However, human numbers, knowledge, skills, attitudes, networks and cherished values do not translate themselves into effective performance capacity unless they are operating within appropriate institutional, systemic, and structural frameworks. If the public service is not professionalized, it is not easy to attract professionals in it.

3.5. The strategic human resource as a response to the challenge of globalization in Africa

The strategic human resource management (SHRM) involves a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital (employees) contribute to the achievement of its business objectives has L. Baird, I. Meshoulam, (1998) J. E. Delery, D.H. Doty, (1996) M.A. Huselid, S .E. Jackson, R. S. Randall, (1997) S.E Jackson, R. S. Schuler,(1995) developed a more comprehensive academic definition of SHRM: Strategic human resources management is largely about integration and adaptation, its concern is to ensure that:

- Human resources management is fully integrated with the strategy and the strategic needs of the firm;

- HR policies cohere both across policy areas and across hierarchies; and
- HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

P.M. Wright, G. C. McMahan, (1992) SHRM refers to “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals”. Hence, it appears that some of the frequently cited fundamental elements of SHRM in the literature are: SHRM practices are macro-oriented, proactive and long term focused in nature; views human resources as assets or investments not expenses; implementation of SHRM practices bears linkage to organizational performance; and focusing on the alignment of human resources with firm strategy as a means of gaining competitive advantage J.P. feffer, (1994) R. S. Schuler (1992).

3.5.1. Improving efficiency, effectiveness, achieving better performance, equity, ethics and accountability

The author start with the assumption that the most successful, efficient and effective public officials generally work at a low coefficient of performance as measured against their potential. One basic approach to enhance efficiency, effectiveness and accountability is to ask what minor and major changes are required of senior officials in terms of competencies, skills, behaviour, attitude, organizational structure, strategy, rules, regulations, processes, technology and other factors in order to improve or alter existing situations of low efficiency and effectiveness, poor performance, as well as ethics lapses leading to management deficit. Promoting efficiency, enhancing effectiveness and improving performance of senior officers cannot be a onetime exercise. The process requires unremitting efforts on a variety of fronts over a long continuous period of time.

3.5.2. Causes of inefficiency/Poor performance

The following are the main causes of inefficiency and poor performance.

- i. Lack of clarity as to the mission and goals of governmental organizations. Gap between national and international demands of the 21st Century and outmoded capacity of senior officers to meet them.
- ii. An over-centralized organizational structure, as well as rigid, often irrelevant, and unevenly enforced rules which result in delays in responding to clients, and distract senior officials from strategy formulation and policy-making.
- iii. Faulty organizational structures and management processes.
- iv. Decision making is centralized and there is a general failure to delegate.

Hierarchical management structures and failure to delegate authority are pervasive practices within the bureaucracy which hampers efficiency.

- i. The system suffers from deteriorated professionalism and lacks professional orientation, thereby contributing to inefficiency and incompetent public image.

- ii. Poor personnel management is particularly relevant when flawed practices lead to low morale, giving rise to discontent, frustration, low wages and poor public image.
- iii. Low level of skills and shortages in the delivery of public services is due to a variety of reasons such as progressively deteriorating educational standards, inadequate training and human resource development.
- iv. Weak accountability mechanisms. While accountability to external institutions has been all along unsatisfactory in most developing countries , even the internal systems of accountability within the public services relying on instruments such as objective performance evaluation, merit based promotion processes and amenability to official discipline have been greatly weakened.
- v. Poor incentives and compensation leading to low wages and frustration.
- vi. An inappropriate skills mix, reflecting: (a) the past role of the state as employer of first resort and the associated expansion of employment at low skill levels and (b) the closed nature of the civil service, which imposes constraints on the government to introduce needed skills at higher grade levels from the market.
- vii. Lack of proper output oriented job descriptions.
- viii. In many cases, the general level of efficiency is deliberately kept low by the concerned officials because of corrupt motives.

If there is lack of efficiency, papers do not move quickly enough thereby affording opportunities to public officers to indulge in corrupt practices. In fact, the phenomenon of “speed money” is becoming more and more common. This malpractice was generally found earlier among lower officials. However, the malaise has been spreading upwards to senior echelons. The causes responsible for the unsatisfactory performance of the public sector can be tackled in the short term or in a medium term time horizon. Others would, e.g. improvement in education system, require efforts extending over a very long period of time.

3.5.3. The efficiency and accountability improvement

In this section, an attempt will be made to selectively focus on efficiency and accountability of senior officials in many developing countries reforms to address these issues has been initiated from time to time. Since 1947 one might even say that developing countries bureaucracy has been perpetually in a reform mode. There have been a number of commissions and committee assigned with the task of implementing reforms in order to improve the performance of public administration. However, none of the reports of these Commission and Committees could be fully implemented, essentially, due to lack of political will and entrenched vested interests. Few recommendations have been implemented; resulting in some improvement but far less than what is needed in a developing country facing the challenges of the 21st Century. The author step forward by arguing that different governments, politicians, army and senior public officials implemented those parts of reforms they liked and failed to implement the recommendation not suitable to their vested interests.

3.5.4. *Human resource development and senior officials*

A clear paradigm shift is taking place as senior officials are increasingly committed to good governance and public management. The concept of governance is reshaping due to drivers of change-global interdependence, communication and information revolution and the rising expectations of the masses to be involved in the decisions of the government. Access to information, transparency of decisions can dramatically strengthen accountability, improve efficiency and effectiveness. Human Resource rejuvenation is the key to the renewal of public management. The Civil Services in general and senior officials in particular require a different set of skills to manage these turbulent times. Capacity building of senior public officials must become the top priority of governments that wish to achieve sound policy objectives in general and delivery of services in particular.

There is an overall shortage of training opportunities at all levels of hierarchy. The shortage is due to several reasons including the fact that training is often treated as a discrete event rather than part of an overall human resource development strategy. Competent trainers are in short supply and trainers get few opportunities to enhance their skills in “Training and updating knowledge”. A big portion of the training curricula and material is based on borrowed and often outdated models. The classroom based lecture style training/teaching dominates most training programs. Most of the training material is theoretical whereas inter linkages with the actual work environment are less than desired. Training evaluation, impact assessment and monitoring of job performance are rarely measured. However for training of senior officials, Most of developing countries have made significant progress. This step is adding great value to the capacity of civil servants and helping them to bridge the gap between their capacities and competencies and requirements of the present times. In order to further strengthen training programmes so that they provide public officials with the necessary skills to meet many challenges of contemporary democracies.

4. Conclusion and recommendation

Globalization has its positive side as well as its negative side. It affects the economic dimensions; that is trade, finance, aid, migration and ideas. Increases in these dimensions of globalization, if managed in a way that supports development in all countries, can help alleviate global poverty under certain conditions. However as much as globalization is said to lead to job creation, the jobs created for African countries should strengthening human capacity in the public service, as a general subject is complex because countries, even in Africa are not homogenous. Even the public and the private sectors are rarely homogeneous. There are substantial differences even between categories of skills, calling for differential “strategies” for staffing for quality performance in the public service. First we need to underscore the primordial role the overall governance environment plays in attracting and retaining the best talent in the public service. Governors in all African countries need to be mindful of the relationship between the kind of governance they practice and the quality of the human resource they need. The umbrella strategy required concerns how to revamp the image of the public service. As long as the image continues to

push the best employees out of the public service while at the same time repelling young graduates, efforts of staffing the service for excellent performance cannot be successful. The new public management criticism of "rules-bound" administration notwithstanding, it needs to be emphasized that long term strategies cannot be put into effect without a sound institutional framework. It is what lends credibility and decimation to particular actions and measures and thus dispels the impression of "politics as usual". We need this credibility and legitimating not only to combat the presence or suspicion of clientelism and patronage, but also and most importantly, to enhance the image, prestige, and professional credentials of the public service. In practice the term "Staffing" encompasses every activity in human resource management. It includes forecasting human resource needs, planning, prospecting, attraction, selection, recruitment, deployment, human resource development including training, career management and motivation, performance evaluation, discipline, remuneration, promotion and separation. At the same time it also implies a necessary relationship and interdependence between all of the above. Therefore, there is a strong need for a holistic approach. Fragmented measures cannot yield the needed results. They merely lead to waste, in a large number of cases. This underscores the importance of the two critical factors for effective staffing for excellent performance in the public service. One is a long term strategy and the other is a credible and coherent institutional framework in terms of systems and structures, rules and regulations, procedures and processes, policies and programmes. This clearly points to the importance of each country, considering its specific situation, having an appropriate personnel system for managing human resources in the public service.

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Globalization and the Firm

Global Standards for Supply Chain Management in Consumer Packaged Goods Industry

Virgil Popa

Additional information is available at the end of the chapter

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1. Introduction

The Global Standards Management Process (GSMP) is the global process established initially by Global Commerce Initiative (GCI) and continued by GS1 for the development and maintenance of global standards and implementation guidelines, which are part of the GS1 System.

The Global Standards (GS) is a comprehensive set of methods and rules allowing the user community and affected industry groups to submit and influence the creation and maintenance of globally agreed standards and guidelines. Since the needs of the community as a whole and the vertical industry groups are constantly changing, the GSMP structure needs to reflect changes to allow maximum process efficiency.

The Efficient Consumer Response (ECR) movement, Voluntary Interindustry Commerce Standards (VICS) and other industry associations have developed Global Standards and Best Practices for CPG (FMCG) industry based on collaboration. These include for example Category Management and Collaborative, Planning, Forecasting and Replenishment (CPFR). To date the industry has struggled to implement these processes widely. A standards based foundation brings: Scalability (expansion from a pilot to an enterprise-wide solution); Portability (roll-out across internal divisions and regions); Affordability (increase in scale without proportional increase in cost) to these processes. [1]

Emerging technology brings new e-business and e-service opportunities to the marketplace. e-Procurement, e-auctions and e-communication over the internet through XML will all be more efficient if developed on a common standards based platform. If international manufacturers, retailers and solution providers (including exchanges) are forced to support a myriad of local 'standards' then the incremental cost incurred will impact the entire supply chain, including national players.

The Global Commerce Initiative established the Global Upstream Supply Initiative (GUSI) in order to provide a standard framework for consumer goods manufacturers and their suppliers of ingredients, raw materials and packaging to better integrate across a number of supply chain processes.

Without Internal Data Alignment, for example, Global Data Synchronization (GDS) will definitely not improve business performance and will, in fact, magnify the negative impact of poor quality data. What's more, collaborative initiatives such as those included in Efficient Consumer Response (ECR) and Collaborative Planning, Forecasting and Replenishment (CPFR) will not be economically deployable on a wide scale without the consistently accurate and available information that will result from an Internal Data Alignment program.

GDS is based on a global network of data pools, or electronic catalogues, which are all interoperable and compliant with the same business requirements and standards. Interoperability means that a manufacturer can publish a product and partner data on one single Data Pool without having to worry about the fact that customers may select different Data Pools to access the data.

The need for an internal organization

The success of Global Standards, and therefore the realization of the benefits, will come through achievement of critical mass. Widespread adoption, though, does not mean that companies cannot gain competitive advantage through optimal implementation of standards. Leading companies that strive for this position have aligned relevant internal functions and processes with the external standards development and management environment and are building standards implementation into their internal business processes.

It is clear that standards development requires business involvement. Industry representation is critical. Leading businesses understand this and engage with the standards process.

In addition to working with the GS1 - GSMP and with GCI, most major manufacturers and retailers engage with trade associations such as Association Internationale de Marque (AIM), CIES – The Food Business Forum, Food Marketing Institute (FMI) and Grocery Manufacturers Association (GMA), and with associations such as the regional and national ECR and GS1 organizations. Most companies do not co-ordinate their activity across these bodies allowing regional or national managers to engage with a regional or local perspective rather than a global perspective.

Lack of alignment of these activities in a global company results in inefficient use of resources, duplication of activity and confusion within and outside the organization.

Companies that have coordinated across these activities report increased efficiency (a reduction in the resource applied against these activities) but coupled with a significant increase in effectiveness. Less people doing a better job.

The GS1 Business Plan includes expansion of the GS1 System into targeted sectors. In order to accommodate new sectors, GSMP must balance the need for individual sector needs with a consistent overall process. In terms of recognition and governance, the GSMP allows the formation of a User Group for a specific sector based on the GS1 Business Plan.

The Nestlé GCI/GSMP network

Nestlé implemented a GCI/GSMP internal network to co-ordinate the approach to standards development and drive the standards implementation. The organization is built around 4 units: One Expert Network per subject; Subject Matter Owner; Central coordination role; Nestlé GCI/GSMP Steering Group.

Nestlé created an Expert Network for each subject in which they are involved in GCI/GSMP working groups. In general, the Experts could be anyone, who is working on the respective subject. They contribute their subject knowledge during standards development and communicate the decisions made back to their base (e.g. Market, Regional Center).

2. Overview of Global Data Synchronization (GDS)

2.1. Information sharing in the supply chain

Information sharing can address three key areas in a product life cycle: Greater sharing of information about consumer trends and market trends between trading partners can lead to greater insights into consumer behavior, enabling both partners to better serve the consumer. Sharing information about real demand between two trading partners can enable the development of products that better meet consumers' needs. Sharing of accurate, real-time operational information between the two trading partners can lead to better use of assets in the supply chain. This can improve product availability and consumer satisfaction at the point of purchase. Accurate information is the basis of any commercial enterprise. This is particularly true in the fast-moving, quick-response world of manufacturing and retail. [2]

New ways of working together is about developing new ways for vertical trading partners to work together – including sustainable changes in culture, collaborative business planning and new measures and rewards. For a bilateral trading partner relationship, it offers an integrated roadmap for getting alignment and commitment on four key strategic choices in the collaboration of trading partners, which can ultimately lead to more satisfied shoppers and the elimination of waste, both of which should, in the end, produce better business results.

Some of the changes that need to be made with regard to information sharing will affect the whole industry; others will be bilateral arrangements between individual trading partners, as each company finds out “what works for us”. The reforms needed are in systems, in practice and in philosophy, and cover, for example, a common vision of the value to be created by sharing information across participants in the value chain or changing the way

data is exchanged. A GCI group worked on the development of data flows linked to the process of new product introduction, identifying what the information needs would be in 2018, as well as possible solutions, like a POS data sharing platform. The group analyzed the current situation and outlined the action needed to move the industry forward. A number of group members are now working to establish pilots on information sharing across several steps of the new product introduction process. [3]

2.2. Global commerce initiative vision for Global Data Synchronization (GDS)

Data synchronization is the process of sharing master data between trading partners (details of materials for sale within a market). GDS is based on a global network of data pools, or electronic catalogues, which are all inter-operable and compliant with the same business requirements and standards. Interoperability means that a manufacturer can publish a product and partner data on one single Data Pool without having to worry about the fact that customers may select different Data Pools to access the data. A Global Registry controls the flow of information within the network. Obviously, perfect alignment of Master Data is a necessity to support advanced collaborative practices, but the effort of undertaking such a project is worth it: exchange of master data through data pools is the most efficient and reliable method to implement modern collaborative practices.

Strategic direction

To support and implement the GCI vision for GDS is the strategic direction for many multinational companies. Under the Global Commerce Initiative was developed the first truly global approach to Data Synchronization.

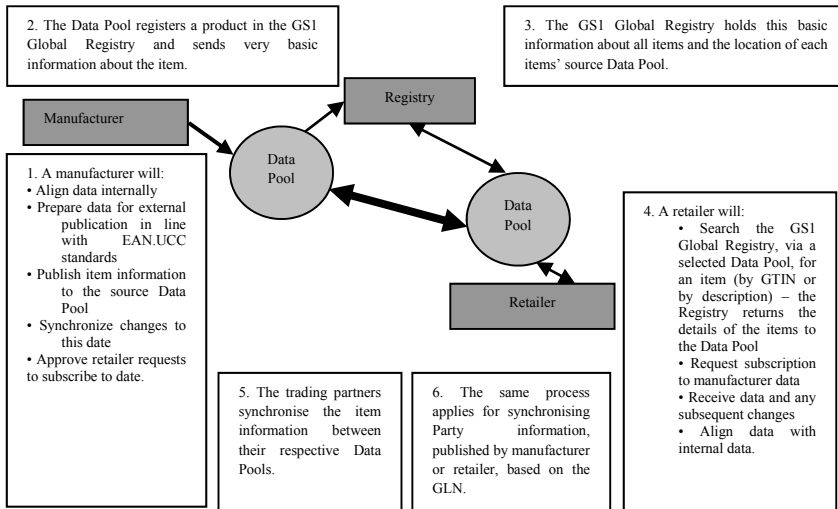
A known best practice in the area is always to collaborate with customers or suppliers with confirmed GDS commitment while aligning internally to create the readiness for efficient and effective large scale implementation of GDS, in terms of organization, processes, data and systems.

Buyers and sellers would be able to focus on building sales rather than on correcting misaligned information. When a new product is launched the data will be exchanged in a seamless and streamlined way through the supply chain, allowing the right amount of goods to become available at the right place and at the right time – and faster!

This is the vision that GDS enables through providing the fundamental infrastructure for the seamless flow of product information through the supply chain.

This GDS vision is delivered by the GDS Network. The network (Figure 1.) consists of:

- Interoperable, certified Data Pool,
- A Global Registry; provided by GS1,
- A set of EAN.UCC Standards (European Article Numbering – United Code Council), ensuring that all supply chain partners use common product descriptions and classification and the same message structures to exchange the data.



Source: An integrated view of the Global Data Synchronization network on the Electronic Product Code Network, GCI and IBM, 2004 [4]

Figure 1. GCI vision for GDS

These elements of the GDS Network collectively support the synchronization of product data between trading partners.

The GS1 Global Registry and the interoperable Data Pools are at the heart of the GDS process. Their roles and functions are distinct but complementary. The key role of the GS1 Global Registry is to ensure that original data is registered once, at one place. Data Pools provide for the publication of certified standard data and subscription to this data.

The Network works with the following principles:

- The GS1 Global Registry and the Data Pools will be EAN.UCC certified,
- There is interoperability among all Data Pools and the GS1 Global Registry,
- One single point of entry into the Network by all participants,
- Only the Data Pools will communicate with the GS1 Global Registry,
- Only GDS EAN.UCC Business Messages will be used within the Network.

2.3. Master data synchronization

Master Data Synchronization (or alignment) through data pools is recognized as the most efficient way to support the master data sharing between trading partners. The benefit of data pools is that the use of their services mandates the adoption of standards. The development of most national data pools in the world are claimed to be based on GS1 standards such as the Global Trade Item Number (GTIN) for the unique identification of items, GS1 messages such as PRICAT and PARTIN, etc. Although many data pools support GS1 standards, their development appears having been mainly focused on national

requirements. This has led to the implementation of different structures and designs. In order for global data synchronization to be viable, data pool inter-connection and interoperability is essential.

Key business components and requirements of the global data synchronization process are:

- Leveraging data pools in order to benefit from the potential they offer,
- The registration of all items and locations to facilitate sharing of master data,
- The implementation of standardized information flow to support the data registration and synchronization.

In order to meet these requirements, the following is needed:

- Implementation of a Global Registry to control the registration of items and locations,
- Amendment and further development of data pools in order to comply with the GCI specifications (master data dictionary (GCI / Data dictionary), rules, principles, synchronization process, etc.),
- Development and implementation of standardized messages between data pools and the Global Registry,
- Development and implementation of standardized messages between data pools and users (companies) based on the GCI / Data dictionary,
- Establishment of a Neutral Body for the governance and certification of the Global Registry,
- Establishment of a Neutral Body for the Technical Certification of data pools.

The initial implementation of the GDS vision is focused around Master Data for 'Item' with 'Location' intended to follow soon after. Master Data is the set of data describing the specifications and structure of each Product (or Item) and Location (or Party) involved in Supply Chain Processes, based on the key identifiers, the Global Trade Item Number (GTIN) and the Global Location Number (GLN).

The Master Data is an Information Alignment that can be divided into Neutral and Relationship Dependent Data.

Neutral Data is that which is generally shared between multiple parties and which is Relationship Independent. This can be split into three categories:

- Core Product Data – Core Data Attributes that apply to all instances of any product (e.g. description, brand name, packaging, dimensions, etc),
- Category Specific Data – Data Attributes that only apply to specific product categories (e.g. the color, grape and strength of a bottle of wine),
- Target Market Data – Data Attributes that are specific to product in a particular market (e.g. packaging indicators in a specific country).

Relationship Dependent Data – Data Attributes that concern all terms bilaterally agreed and communicated between trading partners such as marketing conditions, price information and discounts, logistics agreements and more.

2.4. Global Upstream Supply Initiative (GUSI)

The Global Upstream Supply Initiative (GUSI) was formed to define a common way for manufacturers of consumer products and their suppliers to provide tighter integration of their supply chains, without the need for costly and time-consuming IT integration projects with every customer or supplier. The UIM (Upstream Integration Model) developed by GUSI comprises a set of agreed business processes and information flows supported by electronic message exchange based on GS1 standards.[6]

The GUSI Working Group first established an Upstream Integration Model (UIM), which defined a number of standard business processes and information flows for different scenarios. These scenarios covered different situations where consignment stock was or was not involved and covered the case where the manufacturer initiated the order (Traditional Order Management) or where the supplier initiated the order (Supplier Managed Inventory).

In both cases, greater supply chain integration is achieved by improving visibility of both inventory and demand throughout the supply chain.

The GUSI Working Group decided to adopt the GS1 XML message standards to exchange information between the trading partners in support of these supply chain processes.

It is important to highlight that each business case must be tailored to the actual situation depending on the individual supplier and manufacturer, the industry, the products, etc. The starting point for the companies will also be different. The business case for companies that have already invested in collaborative supply chain solutions will focus on the cost to adopt the GUSI model vs. the benefits gained from extending their collaboration community, while the case for a company introducing collaborative solutions for the first time will focus on the initial investment vs. the benefits gained from collaboration based on the GUSI model.

The potential benefits can be categorized as:

- Hard benefits (tangible),
- Likely benefits (quantified) (tangible),
- Qualitative benefits (non-tangible),
- Stretched benefits (non-tangible).

Tangible benefits are those associated with a monetary saving, e.g. from collaboration which can give reduced inventory, material cost reduction, reduced errors, optimized production planning, reduced paper handling (e.g. e-billing) etc.

Non-tangible benefits refer to all those that cannot directly be put into monetary terms, e.g. improved data quality, increased flexibility and reliability towards customers. Although difficult to quantify, intangible benefits can be significant and add weight to an ROI study [5].

2.5. Business rationale

The current situation in the upstream supply chain of the CG industry is that all manufacturers and suppliers are faced with different business processes and data interchanges when they move into more integrated relationships. Different business processes and approaches create a barrier to the scalability of integration efforts whilst also imposing many costs: the time and money spent making transactions; the delays caused by the need for corrections; plus inevitable information gaps and misunderstandings. Both parties should obtain benefits from integration, among them improved visibility of demand and demand changes and reduced inventory. Today, to access these benefits, each program between manufacturer and supplier has to establish its own framework for process definitions, item and location coding and in many cases message content. This is both a wasteful process and in itself presents a significant barrier for scaled adoption. For example, integrated suppliers consists in the challenge to integrate with multiple manufacturers, each one with its own definition of the above factors. The existence of a framework based on industry standards overcomes the described barriers and:

2.6. Integrated suppliers

The working group has taken into account existing standards and work undertaken by previous projects. In particular it has built on work sponsored by ECR Europe.

The ECR “Integrated Suppliers” report summarized the concept of ‘Integrated Suppliers’ as follows: *“Integrated Suppliers is a concept for improving the part of the supply chain between manufacturers and the tiers of suppliers of ingredients, raw materials and packaging. By sharing information both parties are able to exercise judgment on costs, quantities and timing of deliveries and production in order to stream line the production flow and to move to a collaborative relationship.”* [7] Where the ECR report was about the ‘supplier driven’ continuous replenishment processes (supplier recommends the order to the manufacturer) it did not include ‘manufacturer driven’ ordering processes. The UIM covers both aspects and covers more elements that can be improved in the manufacturer/supplier relationship - for example, next generation electronic data exchange based on exception management.

2.7. Case for using existing GS1 item and location coding standards

A significant change proposed is that manufacturers and their suppliers should adopt the GS1 standards for item and location coding to create a common coding system across the supply chain - downstream as well as upstream. It is felt that the time is right for this move given that:

- a. There is strong manufacturer commitment to the GS1 standards;
- b. There is an increased manufacturer momentum to build automated solutions that will scale;
- c. There is increasing supplier awareness of the inefficiencies of the existing methods;

- d. There are new technologies expected over the next few years that will be based on existing GS1 standards. By adopting the existing standards, suppliers will be able to migrate to these new technologies. An example is the emerging use of Radio Frequency Identification (RFID). To use RFID companies will need to adopt the new GS1 Electronic Product Code (EPC) Network being developed. The EPC will provide a coding structure for radio frequency tags enabling individual items or groups of products to be tracked across the supply chain. The existing GS1 item-coding standards are embedded in the new EPC structure. It therefore provides a good first step towards new RFID-based solutions [6].

The main GS1 standards that suppliers and manufacturers should use are the:

- “Global Trade Item Number”(GTIN): a unique and international GS1 number is assigned to each trade item or to a standard grouping of trade items. This number is known as the GTIN. Each GTIN data structure is represented by a bar code symbol. This allow for the identification numbers to be scanned for automated data capture and electronic data processing.
- *Global Location Number (GLN)*. Location numbers are a key concept in supply chain management. A location number is a numeric code that identifies any legal, functional or physical entity within a business or organization. The identification of locations is required to enable an efficient flow of goods and information between trading partners through electronic messages to identify the parties involved in a transaction (e.g. buyer, supplier, place of delivery, place of departure).

2.8. The Upstream Integration Model (UIM)

The UIM and Information Alignment offer common business processes and data interchanges to support upstream interoperability between manufacturers and suppliers.[6]

By engaging in such an integration effort, business partners wish to:

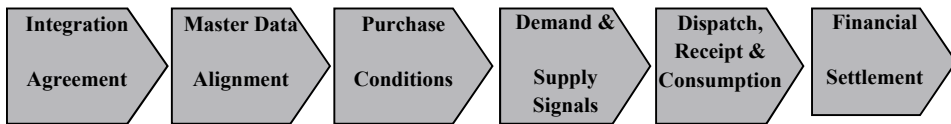
- Create value in the supply chain for mutual benefit,
- Apply practical solutions fitting the nature of their business,
- Share and synchronize data and processes,
- Co-manage the materials lifecycle through the definition of business rules,
- Apply industry standards,
- Push the concepts through the whole supply chain.

It has been designed to meet the major electronic communication needs in the following business areas:

- Procurement,
- Material forecasting,
- Inventory management,
- Dispatch, Receipt & Consumption of Materials,
- Financial Settlement.

By adopting this model manufacturers and suppliers will have a common language for the processes and data interchanges within their electronic integration relationships. To achieve this, the model contains very specific definitions of process terms, data exchanges and their content. Adopting the model allows companies to translate their internal processes and approaches into a common language that all other parties will be using. The UIM structure creates a common set of definitions that all parties can use, whilst still allowing them to use their own internal definitions and processes, possibly with a requirement to translate internal information into the standard structure of the UIM.

The concept of the model is based on six building blocks, structured as per Figure 2 below:



Source: GUSI working group [6]

Figure 2. UIM Building Blocks

The UIM offers a collaborative approach to both supplier- and manufacturer- initiated ordering processes and addresses the most common variants of them based on either a manufacturer or supplier driven scenario.

3. An integrated view of the Global Data Synchronization network with Electronic Product Code network

3.1. The EPCglobal network

RFID is a technology which allows an electronic ‘tag’ (a silicon chip attached to an antenna) to transmit its unique identification number to nearby electronic ‘readers’. RFID tags are used in a variety of applications from automated bridge toll payments to dog tracking. The Auto-ID Center created the concept of a unique code EPC that can be stored on the ‘tag’ and, once read by an RFID reader, the code can be used to ‘look up’ information about the tagged item. Because a code uses very little chip memory the chips themselves can be very small and, therefore, very low cost. This makes the tags suitable for ubiquitous deployment on pallets, cases, inner packs, and even on individual consumer items.[4]

By using the RFID technology to increase the visibility of product movement and the EPC code to facilitate off-product information storage, supply chains of the future will be able to track objects in real-time through the total supply chain and the product’s lifecycle. The increased visibility of pallets, cases, and items that the use of EPC technology can deliver will offer numerous new opportunities for improving supply chain measurement, performance tuning, and product collaboration. In order to take advantage of this product visibility across multiple trading partners in a supply chain, there will need to be a secure network for reliably sharing product information.

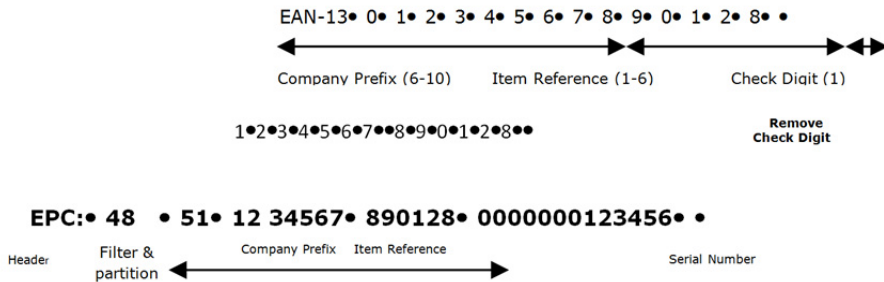
The EPCglobal Network is an open, standards-based system that will facilitate the sharing of unique product identification and tracking information among partners in the value chain.

The EPCglobal Network enables the secure storage and/or retrieval from other sources and networks of the following information about each tagged object:

- **Core Product Information:** Things true for all products with the same GTIN. This is identical to the Core Product Information in the GDS Network.
- **Manufacturing Time Information:** Things known about this pallet, case, or item at the time of manufacture. Data elements such as 'lot number' and 'expiration date' are not stored by the GDS Network and today are often only stored in the internal IT systems of the manufacturer.
- **Lifecycle History Information:** The distributed track and trace details of the lifecycle of a product. Data elements such as 'date/time received in back of store' are not stored by the GDS Network and today are often only stored in the internal IT systems of the various supply chain partners.

3.2. The link between GTIN and EPC Code

The GTIN (e.g. EAN13, UPC12, etc) and the EPC are standards based numbering schemes for identifying items.



Source: [3]

Figure 3. Example of a GTIN used to build an EPC Code

The diagram shows a high level schematic of how a GTIN can be used to build a unique EPC code.

Reference should be made to the EPCglobal Tag Data Specifications.

The GTIN is an umbrella term used to describe an entire family of EAN.UCC data structures for trade items identification. The family of data structures includes the UPC (UCC-12), EAN.UCC-13, EAN.UCC-8 and EAN.UCC-14. Items at every level of the trade item configuration (consumer selling unit, case level, inner pack level, and pallet) require a unique GTIN.

The EPC is an identification scheme to uniquely identify an individual item. The difference between the two is that a GTIN identifies a particular class of object, such as a particular

kind of product or Stock Keeping Unit (SKU), but does not uniquely identify a single physical object.

To ensure the continuity, but still being able to create a unique identifier for individual objects using the GTIN, the GTIN is augmented with a serial number. The combination of a GTIN and a unique serial number is called **Serialised GTIN (SGTIN)**.

Other GS1 standards based numbering schemes can also be used to build unique EPC codes.

The publicly available EPCglobal Tag Data Specifications give details on how to create 96-bit EPC codes, which encapsulate existing industry numbering schemes such as:

- EAN.UCC Serial Shipping Container Code (SSCC[®])
- EAN.UCC Global Location Number (GLN[®])
- EAN.UCC Global Returnable Asset Identifier (GRAI[®])
- EAN.UCC Global Individual Asset Identifier (GIAI[®]).

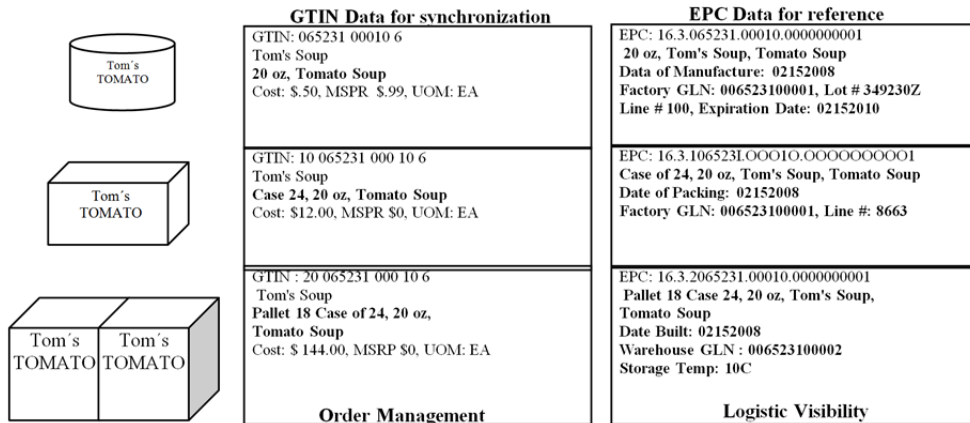
For other industries, it is intended that different numbering schemes will be used to build the EPC to ensure minimal disruption and investment protection, while at the same time ensuring that all EPC codes are globally unique. Today, in addition to consumer products and retail, many industries are considering EPC adoption – including defense, aerospace, pharmaceuticals, healthcare, logistics, airlines, chemicals, medical equipment, consumer electronics and paper.

3.3. Electronic Product Code: RFID drives the next revolution in adaptive retail supply chain execution

RFID-Based EPC Will Fail in Supply Chains Built on Inaccurate Data

The benefits promised by RFID-based EPCs can only be delivered if trading networks also address the issue of inaccurate data that pervades today's supply chains, especially in the retail sector. There is little point in knowing that a case of goods with a particular EPC is speeding its way through the system if you think it is toothpaste when it is actually shampoo. Since the EPC is a GTIN-based number, synchronizing the meaning of the GTIN during the order management process is critical to ensuring accurate fulfillment of that order and downstream supply chain processes based on EPC scanning.[11]

Therefore, prior to the implementation of RFID readers and tags, all retailers and their suppliers must adopt the single global data synchronization (GDS) vision being promoted by the Global Commerce Initiative (GCI) and GS1. GS1, the standards organization for retail, has not only developed a single standard for identifying products, the Global Trade Identification Number (GTIN), but also an infrastructure—the Global Data Synchronization Network (GDSN)—to allow the retail industry to share data more easily. When fully implemented, GDSN will allow detailed data about products from any supplier anywhere in the world to be accessed by any retailer anywhere in the world, through a network of locally held databases of GTINs called data pools.



Source: [10]

Figure 4. GTIN and EPC in Supply Chain Synchronization

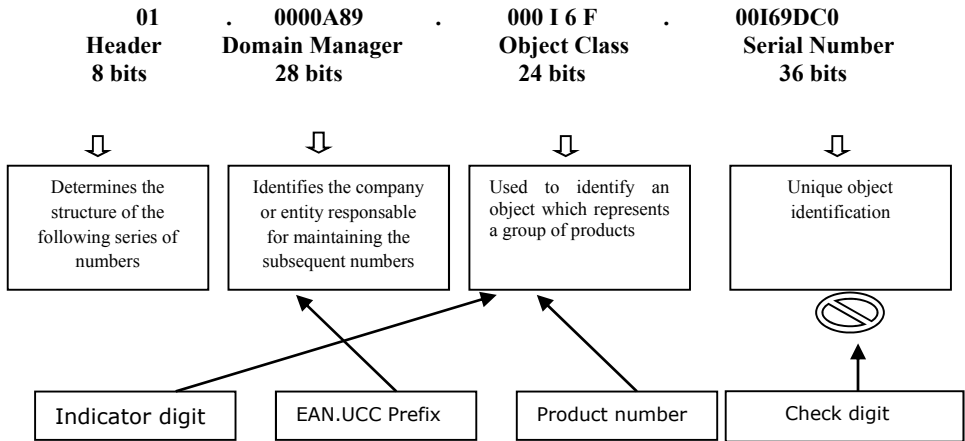
3.3.1. RFID (Radio Frequency Identification) and EPCs—The basic technology

RFID tags storing EPCs are a way to associate data with a physical product. Anyone handling the physical item can (with the right technology) access the business data about that item—everything from its identity to which invoice it has been charged on. Each RFID tag contains a microchip that stores identification data—the EPC—and a wireless transmitter and antenna that can broadcast that data to readers. Unlike the conventional barcode, readers do not have to be in “line of sight” of the tag.

As with the barcode, a set of standards is emerging to govern the EPC data structure stored on RFID tags, so that a tag attached to a pallet by a supplier can be read and understood when that pallet reaches the customer. The format of EPC is governed by EPCglobal, an RFID standards development joint venture between GS1 and GS1 US. EPCglobal is also developing standards for the radio frequencies at which RFID tags will operate to ensure global interoperability of tags and readers.

3.3.2. Structure of EPC

RFID tags can be active, passive or semi-passive. Active tags include a battery that powers the antenna to broadcast a signal to be picked up by the reader. Passive tags have no battery but draw power from the reader, which sends out electromagnetic waves that induce a current in the tag’s antenna. Semi-passive tags use a battery to run the chip’s circuitry, but communicate by drawing power from the reader. Active and semi-passive tags can be read up to 100 feet (30 meters) away while passive tags can only be read from within 10 feet (3 meters). Active and semi-passive tags are also much more expensive. This means they are economical for tracking high-value goods that need to be scanned from a distance but are not suitable for tagging very low cost items.



Source: [10]

Figure 5. Structure of EPC

3.3.3. How RFID works as part of the supply chain

When an RFID tag is attached to a pallet or case, the manufacturer needs to either program the tag with an EPC containing the relevant code for that product or capture the pre-programmed EPC. In either case, the EPC needs to be associated with the appropriate data describing that product.

This product data is stored using Physical Markup Language (PML), a subset of eXtensible Markup Language (XML), devised to allow the attributes of physical items to be described in a standard way which can be interpreted by any PML-compliant application. The PML standard is also managed by EPCglobal, drawing on work undertaken by bodies such as Le Système International d’Unités (SI) and the National Institute of Standards and Technology (NIST) in the US.

When an RFID tag is read, the EPC code is sent to an Object Name Service (ONS) on a local network or the Internet, which points to a server where comprehensive data about the product can be found in PML format. That data can be retrieved and passed to a company’s inventory or supply chain applications.

Readers can be arranged and configured to capture RFID data in several ways:

- to conduct a scan of an area to identify everything in that area at that time. Such scans could be continuous, scheduled on a regular basis or triggered by an event in another system or by a person;
- to continuously scan for tags passing through a narrowly defined area (such as the doorway to a loading dock);
- handheld scanners could be used to scan for tags on individual items.

However readers are configured, they will pick up a constant stream of EPCs. Many of these will be duplicate readings of the same RFID tag. Existing business applications such as Enterprise Resource Planning (ERP), Supply Chain Management and Logistics applications are ill-equipped to deal with these high volumes of repetitive data. The reader therefore needs to pass the information to a middleware application that can manage the flow of data.

4. Creating the business case for Global Data Synchronization in the company

The basic building blocks of Global Trade Item Number (GTIN) and Global Location Number (GLN) have been around for a number of years whereas GDS is now being set in place. The GTIN is a single, unique number assigned to all products and services, so that these products and services can be easily and accurately identified by everyone, regardless of country, region or continent. The GLN provides businesses with a globally accepted method of identifying legal entities and locations, such as plants, offices, stores and any other shipping or receiving point. GDS is a process designed to help keep everyone in the industry on the same page by ensuring that basic data such as item and party information stored by one company matches the corresponding data in the systems of their business partners. There are many paths that can be taken on the journey to a global system language. In an effort to limit the scope, we chose to focus the business case on the first “island of stability” in this move to global standards: the Global Data Synchronization (GDS) process and the necessary preparation for that, the adoption of GTINs and GLNs. The reason for this is that GDS is the first step after implementing GTIN and GLN that will really bring the benefits from these foundational standards.[12]

Let’s take a closer look at some examples of how the benefits can be mapped to specific process areas:

Building the Case for Global Standards The Global Commerce Initiative (GCI) is working to promote the necessary standards for the adoption of a common system language. GCI has already published several recommendations ranging from implementation guidelines for the Global Trade Item Number (GTIN) to best-practice recommendations for Collaborative Planning, Forecasting and Replenishment (CPFR).

5. Global Trade Item Number (GTIN) definition

A GTIN is used to identify any item (product or service) upon which there is a need to retrieve pre-defined information and that may be priced or ordered or invoiced at any point in any supply chain. This definition covers raw materials through to the end user products and also includes services, all of them having predefined characteristics.

	Manufacturer	Retailer
Corporate management	<ul style="list-style-type: none"> • Simplified corporate reporting (D) • Expand geographic retailer base (I) • Eliminate IT system redundancy (I) • Opportunity for shared service creation (I) 	<ul style="list-style-type: none"> • Simplified corporate reporting (D) • Enable global sourcing (I) • Corporate transparency/sales synergy (I) • Eliminate IT system redundancy (I) • Opportunity for shared service creation (I)
Category/Promotion management	<ul style="list-style-type: none"> • Improve visibility/stock-level planning (I) • Product posting/maximize retail exposure (I) • Reduce time spent on complaints/disputes (D) • Simplified and enhanced category reporting (D) • Reduce product introduction lead time (D) • Reduce product promotion lead time (D) 	<ul style="list-style-type: none"> • Reduce need for local agents/intermediation (I) • Expand supplier base (I) • Corporate sourcing price transparency (I) • Improve visibility/stock-level planning (I) • Reduce time spent on complaints/disputes (D) • Simplified and enhanced category reporting (D) • Reduce product introduction lead time (D) • Reduce product promotion lead time (D)
Administrative data handling	<ul style="list-style-type: none"> • Eliminate need for cross-reference tables (D) • Fewer invoice disputes (D) • Fewer write-offs (D) • Reduce accounts receivable (I) • Fewer sales order defects (D) 	<ul style="list-style-type: none"> • Less catalogue maintenance (D) • Eliminate need for cross-reference tables (D) • Fewer invoice disputes (D) • Fewer order defects (D) • Improved fill rate (I)
Logistics	<ul style="list-style-type: none"> • Simplified order tracking and tracing (I) • Fewer return shipments (D) • Improved rate of perfect orders (D) • Fewer emergency orders (D) • More accurate picking (D) • Optimized short-term planning (I) 	<ul style="list-style-type: none"> • Error-free shipment receiving (D) • Fewer return shipments (D) • Fewer backorders (D) • Less excess/safety stock (I) • Optimized location dispatch (I)

Source: [12]

Table 1. The benefits for manufacturer and retailer for implementing GDS

5.1. Basic principles for assigning a GTIN

- GTIN assignment is governed by the rules contained in the General GS1 Specific actions Manual .
- A series of identical items use the same GTIN.
- Any series of items different from another, for trading purposes (ordering, stocking or billing), is assigned its own unique GTIN.
- A GTIN used at the lowest packing level, often the unit sold in the retail store, must be based upon the EAN/UCC-8, UCC-12 or EAN/UCC-13 Data Structure.

5.2. GTIN allocation rules

A Global Trade Item Number (GTIN) is used to identify any item upon which there is a need to retrieve pre-defined information and that may be *priced* or *ordered* or *invoiced* at any point in any supply chain. A separate unique GTIN is required whenever any of the pre-defined characteristics of an item are different in any way that is relevant to the trading process. The guiding principle is if the customer is expected to distinguish a new trade item from an old trade item and purchase accordingly, a new GTIN should be assigned. Specific rules that apply to prevalent industry practices have been endorsed by the Global Commerce Initiative Board, for the Fast Moving Consumer Goods (FMCG) industry. These rules covering many common business cases can be found in Section 3 below. While all GS1 standards are voluntary, the rules are intended to drive normative practice within the FMCG sector. [13]

The Brand Owner is the organization that owns the trade item specifications and may be:

- The manufacturer or supplier. The company manufactures the trade item or has it manufactured, in any country, and sells it under its own brand name,
- The importer or wholesaler. The importer or wholesaler has the trade item manufactured, In any country, and sells it under its own brand name or the importer or wholesaler changes the trade item (for example by modifying the packaging of the trade item).

6. An introduction to the Serial Shipping Container Code

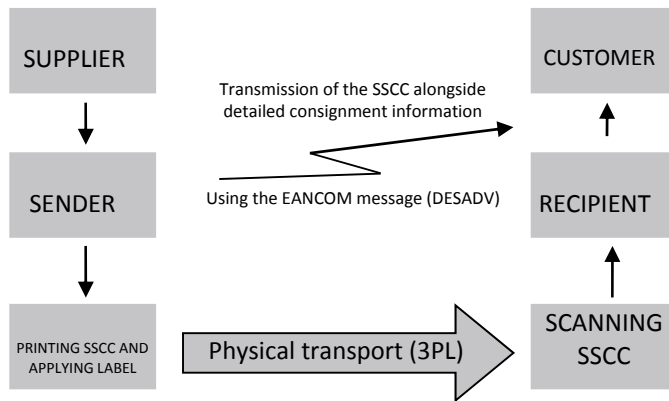
6.1. The Serial Shipping Container Code

The Serial Shipping Container Code (or SSCC) is a voluntary standard designed to provide a standard code and symbology system that can be used by all parties in the supply chain, from manufacturer to transporter, distributor and retailer to track product distribution. The standard was designed to support as wide a range of applications within the distribution system as practical. When coupled with shipment information provided in advance by means of Electronic Data Interchange or EDI, the standard will support applications such as shipping/receiving, inventory updating, sortation, purchase order reconciliation, and shipment tracking.

The SSCC is used to uniquely identify goods on the way from sender to final recipient and can be used by all participants in the transport and distribution chain. Each shipping container at the time of its creation is uniquely identified by the sender with a SSCC. A bar code label encoding the SSCC is applied to the shipping container using the GS1 Application Identifier Standard and the GS1 bar code symbology. [14]

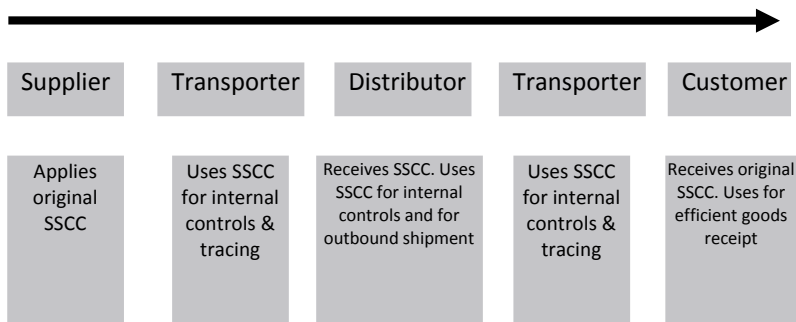
The sender then communicates to the recipient in advance via the EANCOM Despatch Advice (DESADV) message, the SSCC's of each shipping container to be shipped and all the relevant shipment and container information. The shipment information will usually include information such as date and time of shipment, expected date and time of arrival, carrier

identification, references to a customer purchase order number or contract, etcetera. Container information will include the product or products and the relevant quantities contained in each shipping container identified by an SSCC along with any additional information such as final delivery location(s), relevant dates such as best before date, or expiry date, batch numbers, etc.. The recipient stores this information in a computer data base. Upon reception of a shipment, the receiver scans the bar coded SSCC, and all the relevant information stored on file for that particular shipping container is transmitted from the computer to the application for further processing. The SSCC can be used by all parties in the supply chain as a reference number or license plate to extract all the relevant shipping container information held in computer files within the receiver's information systems. The SSCC uniquely identifies the transport entity (the shipping container it is applied to) for the lifetime of that transport unit.



Source: [14]

Figure 6. The GS1 messages



Source: [14]

Figure 7. The SSCC as an entity identifier

Use of the SSCC as an entity identifier means it can be used in multiple transactions by all companies across a supply chain. All companies will benefit from the implementation of one common and unique shipping container reference number.

7. Global Product Classification (GPC)

7.1. Overview

The GS1 Global Product Classification (GPC) is a system that gives both sides of trading partner relationship a common language for grouping products in the same way. It ensures that products are classified correctly and uniformly, everywhere in the world. The term “product” as used throughout this guide refers mainly to physical products; however GPC is expanding into services as well. [15]

The business objectives of GPC are to:

- Support buying programs by allowing buyers to pre-select groups of applicable products
- Provide a common language for category management, thus speeding up reaction to consumer needs
- Be a key enabler of the Global Data Synchronization Network
- To be a Pivotal classification system between the information exchange parties

How it works

GPC is a rules-based, four-tier classification system for grouping products. The four tiers are *Segment*, *Family*, *Class*, and *Brick* (with attributes and attribute values). A Brick identifies a category incorporating products (Global Trade Item Numbers (GTINs)) that serve a common purpose, are of a similar form and material, and share the same set of category attributes.

7.2. General principles

1. Modularity and Flexibility of the classification structure in order to meet industry objectives for the GPC.
2. The logical grouping of bricks. The logic behind the schema should be transparent.
3. All categorized information must be universally applicable, i.e. the terminology used in the schema should not be culturally or nationally biased.
4. The schema is initially published in Oxford English with an explanatory glossary, which helps to clarify specific terms. Both the schema and the glossary are being translated to other languages, including US English.
5. Schema should facilitate the collection of relevant classification information, and allow it to be presented in a view acceptable by the industry.
6. The schema can cover all products in the supply chain
7. Any changes to the classification schema should be communicated in delta report.

7.3. GPC rules for assessing GPC attributes

A clear and unambiguous understanding of classification concepts is critical for the development and maintenance of a coherent classification system. Within the fields of

electronic catalogues and data synchronization there is confusion due to differences in terminology (e.g. property = attribute) or different understandings of concepts like identification, description, and classification. Typical terms that can cause misunderstanding when not precisely defined include ontology, taxonomy, classification system, data dictionary, vocabulary, thesaurus, characteristics, property, attribute, and feature.

Recommendations below relating to these terms and definitions do not imply that the other terms and definitions are erroneous or inferior. This section seeks to establish a consistent vocabulary for supporting the GPC, and recognizes that other terms may be equally valid in the same or a slightly different context.

8. Shelf Ready Packaging (SRP) - A collaborative approach

SRP is a reality today. Numerous stores all across Europe demonstrate a fairly high level of implementation. Expected benefits from SRP sit both in the area of productivity (shelf replenishment effectiveness) and of business opportunity (On Shelf availability improvement, improvement of product recognition in shelf by the shoppers). But surprisingly, so far very little shopper research has been done to understand in detail how the shoppers interact with SRP. [17]

For these reasons, SRP cannot be considered as a standalone best practice, whose generalization would bring substantial and measurable benefits at the industry level. Its implementation should follow a case-by-case iterative, rather than systematic or dogmatic approach. This report aims to provide you with a methodological framework, comprehensive tools, and testimonials for embarking on your journey through the SRP world.

8.1. Scope

Shelf Ready Packaging (SRP) is the term used throughout this publication to refer to a product that comes in a ready merchandised unit which is easy to identify, easy to open, can easily be put onto the shelf and disposed of, allowing an optimisation of shelf replenishment and enhanced visibility. SRP is synonymous with RRP (Retail Ready Packaging), and ready to sell or PAV (prêt-à-vendre). SRP covers all types of packaging which goes to the retail outlet, including promotional displays, pallets, trays, crates, etc.

8.2. Guiding principles

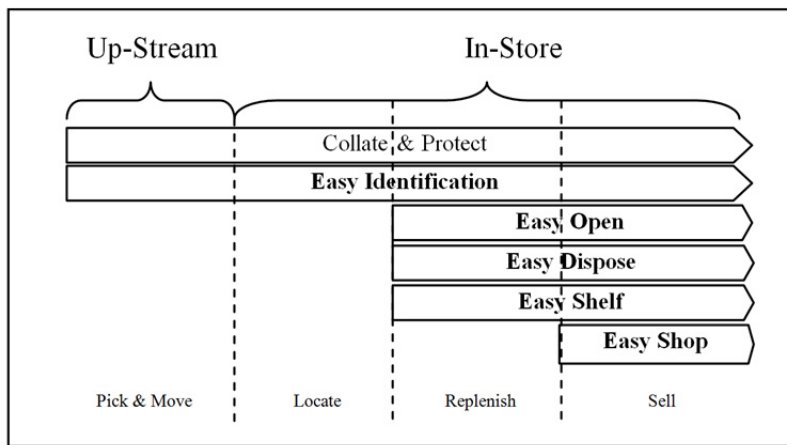
First of all, to guide the discussion between manufacturers and retailers, the following comprehensive set of guiding principles for SRP implementation has been established:

- Always of Value to the Shopper, Retailer and Manufacturer,
- Compliance with Environmental Legislation and Public Policy Concerns,
- Avoid Fragmentation and Complexity,
- Maintain Brand Identity,

- Measure Implementation,
- Requirement of Long-term Commitment from Retailers and Manufacturers,
- Compliance with total Supply Chain Efficiency Principles.

8.3. Functional requirements

Experience shows that it is generally easy to define what is not SRP. Reversely, it is sometimes not so straight forward to define precisely what is SRP. An industry agreement on common functional requirements for SRP design, applicable across Europe, is therefore an important pre – requisite. The following diagram illustrates the five SRP requirements validated by the ECR Europe workgroup:



Source: [17]

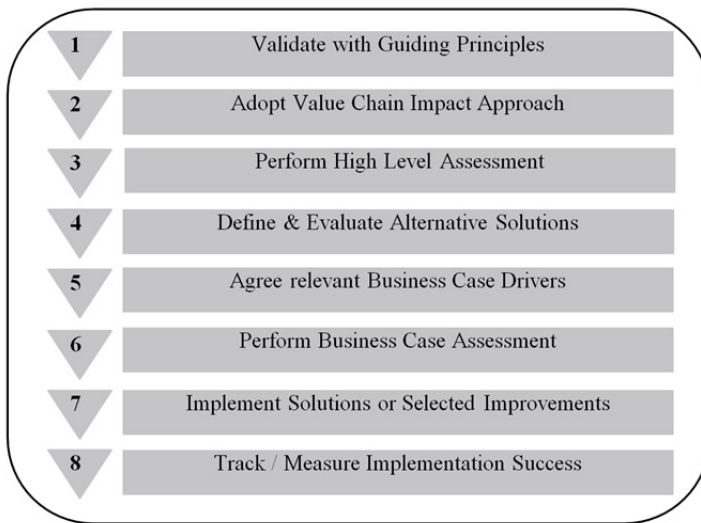
Figure 8. The five SRP requirements

The requirements listed above can vary in importance according to the product, and should be taken into consideration alongside existing ECR Europe recommendations pertaining to efficient unit loads design throughout the supply chain (1997). The assessment tool provided in this document allows the relative importance of these requirements, for a specific product or group of products, to be weighted collaboratively, and to measure the compliance of a specific SRP design with each of these requirements. 100% compliance with all the functional requirements should not be a systematic target: depending on product characteristics, it may appear that some of these requirements are not applicable in a particular case. However, Easy Identification (facilitation of product identification in warehouse or back store) will always be considered best practice for most packaging solutions, whether SRP or not.

8.4. Business case

SRP implementation, can in many cases, impact the cost structure of a product, since it may require industrial investment or additional outer packaging cost. However, as mentioned above, shoppers are not willing to pay for any extra cost related to SRP implementation. A collaborative and consistent business case approach is therefore required to assess the costs and benefits of implementing SRP on one specific product or group of products.

The eight step approach illustrated below enables retailers and manufacturers to take a total supply chain view and to make an informed decision on SRP execution, with the ultimate goal of enhancing shopper experience and maximizing joint business benefits.



Source: [17]

Figure 9. The eight step of SRP implementation

The eight-step approach includes a business case assessment tool.

8.5. In store execution

Once a retailer and a manufacturer have agreed on the development of an SRP solution in line with the guiding principles, functional requirements and business case approach, it is imperative that the solution is fully utilised.

To maximise the success of implementation, SRP should be approached as a company initiative, supported by the top management, both at manufacturer and retailer level. The following 3 step process will ensure a successful in store execution



Figure 10. Ensuring Successful In-Store Execution

Successful execution relies mainly on management communication, staff training, usage tracking and feedback. The store audit checklist provided in this document will facilitate the initiation of a continuous improvement approach on SRP, by capturing at the shelf level the feedback from the store personnel in light of the expected benefits of a specific SRP execution

9. CPG company best practices

9.1. Overview of a typical Landscape

Best Practice: nowadays the ERP systems like SAP most probably will not offer the full range of attributes needed to GDS; therefore companies like IBM have developed special products to “fill this gap”. It is very important to have in mind the scale of the GDS implementation before acquiring such a product like WPC-GDS, the installation and configuration costs for such solutions could be considerable. Also is important to notice that, despite 1SYNC cannot be “connected” to the ERP system, massive uploads can be done using the web interface of the system.

In the example above the ERP system of the company is SAP R/3. The solution provided by IBM (WPC-GDS) is implemented. WPC-GDS is periodically updated to meet the full attributes set of 1SYNC. Also will be noticed that 1SYNC is offering Pre-Prod and Prod environments, therefore the necessary testing and simulations can be conducted

A typical landscape of a GDS implementation in a large company will look as follows (Fig. 11.)

9.2. Cutover steps (testing scenario)

The 7 points below are a testing scenario for the environment mentioned earlier:

1. Review of material from Data Quality point of view: GTINs inconsistency, completeness.
2. Replication from SAP to WPC
3. Enrichment (at least at mandatory in WPC fields level: GPC Description/Code, Start Availability Date, GTIN name)
4. Approval (an intermediary step in WPC, specially designed as a quality gate)
5. Add Item (Items are moved from WPC to 1SYNC)
6. Add Links (GTINs linked between them)
7. Publish

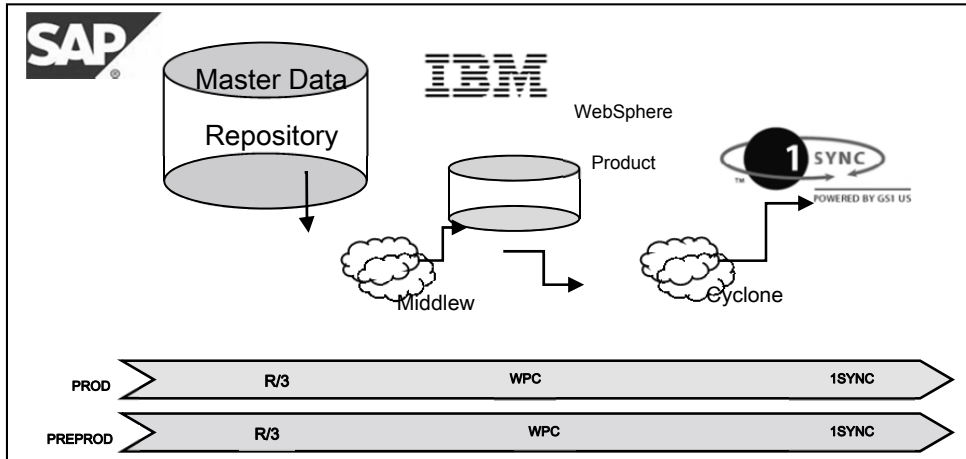


Figure 11. Typical Environment for GDS

Best Practice: to perform full reconciliation after each step above

The goal of conducting such a test is to check the end-to-end process of moving the data from SAP R/3 to 1SYNC. Based on the results of this test the massive publication of items can be carried out (remember: an item 1SYNC can be deleted only by 1SYNC clerk).

Details for each step:

*9.2.1. Review of material from data quality point of view:
GTINs inconsistency, completeness*

In the example from Figure 4 a material will be published from SAP system. The material has 2 GTINs – one for CS (case) and another for (each), therefore resulting in a publication of 2 GTINs linked to each other

Obviously, a check should be conducted in both WPC and 1SYNC to make sure that these GTINs don't exist already.

Program selections

Sales Organization: EC15
 Distribution Channel:
 Material Number: 11892783
 Language Key: EN

Material	L	Material Description	EAN/UPC	Denom.	AUn
11892783	EN	Carrot Dis 500g SE	40000046042	1	CS
11892783	EN	Carrot Dis 500g SE	40000045847	1	EA

Figure 12. The check of material member (EAN/UPC)

During testing the materials will be reviewed “manually”, but for big amounts of data applications such as Athanor from Similarity Systems can be successfully used to make

sure the data in the master data repository is cleansed and compliant with the standards.

Best Practice: Athanor is a recommended tool not only for GDS implementations. Due to its capacity to maintain data quality it can be at the core of data cleansing activities in general. Before taking the decision to use Athanor a correct estimation should be done taking in account the costs of the Athanor implementation *per se* and developments needed to have Athanor effectively checking the data.

At this step is also good to notice that some retailers have developed own guides to easy synchronization through 1SYNC. For example Carrefour has developed a “1SYNC-Carrefour Implementation Guide” which, once again, underlines the crucial importance of a good coordination between producer and retailer during the implementation phases. The purpose of the guide mentioned above is to give 1SYNC manufacturer users instructions needed to synchronize their item data with Carrefour using 1SYNC Item manager. It is intended to highlight any specific processes, attributes or validations that are in addition to the standard 1SYNC GDSN synchronization process.

Best Practice: once again the link with the GDS partner is proved to be very important. It is important to notice that some of the partners participating in GCI have special instructions to be taken in consideration

Basically, a very important part of the project will be solving on the points below:

- Data Cleansing:
 - i. Athanor implementation and training (recommended, especially in case of big volumes of data);
 - ii. Cleansing.
- GDS Data Standards adoption:
 - i. Understand Data Standards;
 - ii. Prepare all values;
 - iii. Implement in WPC or/and ERP (SAP R/3).
- Attribute analysis:
 - i. Mapping between 1SYNC, WPC and the ERP system (SAP R/3);
 - ii. Agree fields (attributes) with the partner.

9.2.2. Replication from SAP to WPC

An IDOC is generated from SAP system once the GDS flag activated and the information for the selected material is transmitted. The key for this transmission is GTIN – GLN – TM (Global Trade Item Number – Global Location Number – Target Market). The IDOC will contain the information of the parent and child GTINs.

In Figure 5 can be seen the Outbound Idocs in SAP and the corresponding XML Message in WPC Process Monitor. In the XML message can be seen information on both GTINs and the corresponding hierarchy organization for this GTINs.

SAP R/3:

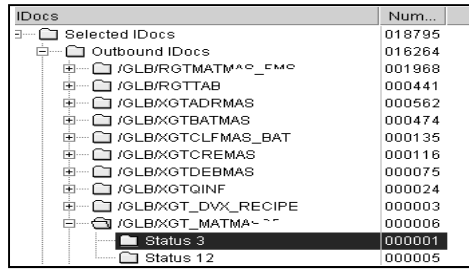


Figure 13. The Outbound IDocs in SAP R/3 (Status 3)

WPC:

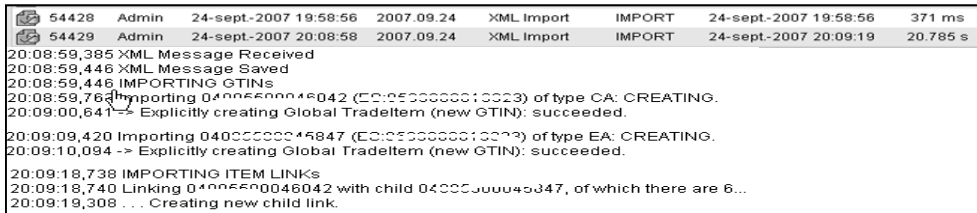


Figure 14. The corresponding XML Message in WPC Process Monitor (the link at SAP R/5 to WPC - GDS)

Best Practice: at this point it is important to notice the time needed for this replication, which for bigger volumes will be taken in consideration. If this replication is successful the technical work of linking SAP R/3 to WPC-GDS is completed, therefore the idocs generated and the XML message in WPC-GDS will be checked for any discrepancies very carefully.

9.2.3. *Enrichment (at least for mandatory in WPC fields, for example: GPC description/code, start availability date, GTIN name)*

During tests this enrichment can be done manually directly in WPC. During a cutover this enrichment will be done using built-in mass uploads WPC facilities.

Best Practice: both manual and mass uploads enrichment will be tested. For mass uploads development work in WPC-GDS will be required. Is important to notice that, every time a new attribute is added in GDS these developments (for upload), will need to be adapted. Also is known that, when 1SYNC implements a new attribute, IBM-WPC-GDS is not always up to date. A “waiting time” for a new attribute in WPC is to be taken in consideration.

The status in WPC at arrival of the items will be “Draft with Variant” for Global attributes and “Edited” for Local attributes (note that the statuses can be different, depending on WPC configuration). The enrichment with supplementary attributes, not stored in the ERP system will happen uploading flat files having structures aligned with the way the upload facilities were designed in WPC. Below can be seen the flat file and the successful loading (results).

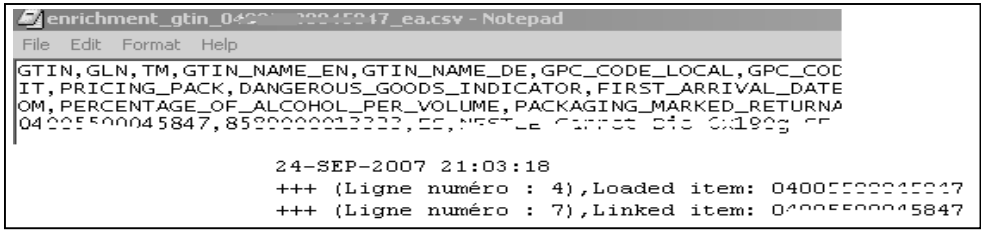


Figure 15. The uploading of flat files designed in WPC

After such operation the status of the items will change in WPC to “Draft with Variant” for Global attributes and “Compliant” for Local attributes of the GTINs.

9.2.4. Approval (an intermediary step in WPC, specially designed as a quality gate)

Best practice: The approver will be usually a separate user

During cutover the approval step will be “automated” using the uploading facilities of WPC:

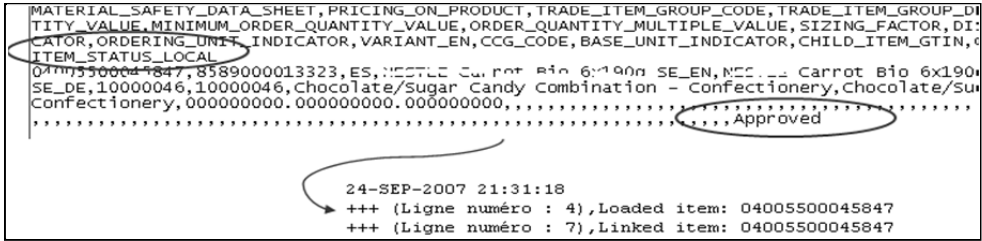


Figure 16. The approval step, using the uploading facilities of WPC (Approved)

The status will change to “Approved” for local attributes:

WPC:



Figure 17. The approval step for local attributes (Approved)

9.2.5. Add item (items are moved from WPC to 1SYNC)

WPC:

The screenshot shows the SAP WPC interface for adding an item to 1SYNC. It features a search results table with columns for Select, GTIN, Name, Target Market, and Information Provider. Below this, there are two sections for item configuration. The first section shows the item with a status of 'Draft With Variant' and 'Submitted For Registration'. The second section shows the item with a status of 'Registered'. The interface includes fields for GTIN, GTIN Name, Product Name, Description, Target Market, Information Provider, and Item Status. There are also buttons for 'Select All', 'all values', and 'go'.

Figure 18. The global information alignment – adding the Item to 1Sync (Registered)

Adding the Item to 1SYNC will take place from inside WPC. The status of the items will change from “Approved” for Local attributes to “Submitted for Registration” and after receiving the confirmation from 1SYNC to “Registered” (Figure 10).

At this stage the items can be finally viewed in 1SYNC (both GTINs and the corresponding link ready for creation):

1SYNC:

1 to 2 of 2 Records in GTIN Variation											
Add to List		Export Data		Publish to		Links		Category Update			
<input type="checkbox"/>	Global Trade Item Number (GTIN)	GTIN Name	Information Provider Name	Target Market	Product Type	GPC Category Code	GPC Category Code Desc	Brand Name	Qty of Next Level Item (s)	Language Code	Item Status
<input type="checkbox"/>	04005500045847	Carrot Bio 6x190g SE_DE	Carrot Bio 6x190g SE_DE	ES	EA	10000046	Chocolate/Sugar Candy Combination - Confectionery	Nestle	1	de	ACTIVE
<input type="checkbox"/>	04005500045847	Carrot Bio 6x190g SE_EN	Carrot Bio 6x190g SE_EN	ES	EA	10000046	Chocolate/Sugar Candy Combination - Confectionery	Nestle	1	en	ACTIVE

Create Child Link						
Links: 1						
	GTIN #	GTIN Name	Product Type	Quantity	Operation	
<input type="checkbox"/>	04005500045847	Carrot Bio 6x190g SE_EN	EA	1	Create Child Link	

Figure 19. Final checking – the chain/link SAP R/3 – WPC – GDS - 1SYNC WORKS

The success of this step proves that the “chain” SAP R/3 – WPC-GDS – 1SYNC works correctly.

9.2.6. Both “Add links” and “Publish” steps are done from WPC

Best Practice: it is important to involve the partner at this stage- to check that he can “see” correctly what was published. Attention to correct GLNs and TMs.

10. Conclusions

Master data sharing between trading partners (e.g. buyer / seller) is one of the most important supply chain processes since master data is fundamental to all business systems. The integrity and timeliness of master data is critical for the uninterrupted flow of goods throughout the Supply Chain. Sharing data effectively and efficiently is reliant on access to precise data definitions by all partners, data accuracy and agreement on the process used to support the exchange of data between trading partners. Such data sharing is commonly called Master Data Alignment or Master Data Synchronization. The master data exchanged is defined and agreed in the context of a common understanding of the business requirements between trading partners.

Since 1990, increased awareness of the importance of master data synchronization has triggered the launch of national (public) initiatives.

- A primary objective of these initiatives was to offer trading partners efficient “tools” to support master data synchronization between national trading partners, namely the implementation of National Data Pools;
- Currently, there are many data pools around the world, most of who are affiliated with EAN / UCC organizations.

With the emergence of free trade regions, global and international commerce, increasing use of e-commerce, master data synchronization has rapidly become an international concern. In March 1999, the report of the ECR Master Data Group (Inter-Operability of EAN Compliant Data Pools, IODP) highlighted the diversity of the existing data pools. This diversity prevents proper global master data synchronization and, makes the harmonization of the national data pools a necessity in order to support the global business needs [7].

Best practices at Nestle confirm the Global Standards of Global Data Synchronization (GDS), launched by Global Commerce Initiative (GCI), now renamed Global Consumer Forum (GCF)

Companies are working together, both retailers and producers, to overcome the technical and organizational difficulties of GDS implementations. In this environment is important for each company to understand GDS implementation in terms of its own particularities (from technical, organizational and financial point of views) and to adopt the most suitable solution to meet the standardized criteria recommended by entities like GCI, which are supported by most of the industry players.

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The Company's Logistic Activity in the Conditions of Current Globalisation

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Additional information is available at the end of the chapter

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1. Introduction

The globalisation we face nowadays derives from the fact that, by starting from the technological and economical development, a significant number of human activities is situated on such a large scale and scope that they exceeded the national borders within the limits of which the sovereign states exercise their right to govern. The new actors had to cope with the challenge caused by the monopoly-type governance. Multinational corporations, global financial markets, non-governmental organisations as well as criminal organisations and international terrorist networks appeared. Their activity is not covered by international laws which are based on formal agreements between the nation-states, for they have not been able so far to find a common ground for agreements aiming the issue of globalisation.

Among the most invoked causes of the current globalisation, we list the following: *the internet (technology)* which is in many ways the emblem of globalisation because the globalisation of financial markets, the transfer of some very large amounts around the world in just a few seconds would not be possible without this technology, or the organisation of integrated production at trans-national level; *rapid decrease of transportation costs* is due to the very large boom trade and logistic activity have undergone. Thus, the merchandises can be transported much faster; *the end of the Cold War* is also one of the causes of globalisation. If in the conflict between the East and the West the world was divided into two sides which maintained few relationships between them, in 1989/90 this delimitation known as the "Iron Curtain" collapsed. Those states that belonged to the "Eastern block" opened into the direction of world market, *the global issues* have a particularly important place, especially at consciousness level, an evidence being not just the "One World"-type shops in the industrialised and ultra-developed states. However, the global issues also need an internationalisation of the politics, stimulating the development of a global consciousness. Thus, organisations such as Greenpeace or Amnesty International are committed to certain global themes such as the environment or human rights, becoming "Global Players". Thus,

the beginnings of some new global companies appear clearly; *without liberating* the world trade within GATT, respectively of OMC, this globalisation could not have been really possible. Those who criticise the globalisation such as the ATTAC network increasingly draw the attention on the fact that globalisation is not an inevitable process, but rather a result of deregulation policy of the US started at the end of the Second World War.

The sizes of current globalisation are closely interlinked. Among these, we list the following: *economical size* which refers to the enormous increase of trade and direct investments, the globalisation of financial markets, production integrated at trans-national level, trans-national corporations, local competition; *the size of "environment"* takes into account certain global issues, such as atmospheric warming, the ozone hole or cutting down of rainforests which most impressively illustrate the phenomenon of globalisation because in this case it is certainly a matter about global issues which need a global approach; *the social size* refers to the fact that the world has become a "global village", innovative remote communication networks (chat, e-mail) adding to the traditional communities such as family or neighbourhood, which cannot however replace these traditional communication scopes; *the cultural size* meaning that Hollywood productions can be viewed everywhere around the world, and the "Americanisation" of world culture is an undeniable fact. However, regional and local cultures do not disappear because of this. On the contrary: informing about these cultures is one of the secondary phenomena of globalisation; *the political size* takes into account that politics faces major issues. The globalisation and competition at a local level limits the area of acting for national politics, many issues being able to be solved accordingly only at an international, respectively global level. Therefore, new political forms must be found. In this sense, the European integration is seen as a successful response to the challenges of globalisation. The regional and national politics suffered and still suffers from the delimited and dematerialised economy increasingly practiced at an international and global level.

The consequences of the current globalisation directly affect us all. In this context, a prudent assessment of the opportunities and risks of globalisation plays an important role, distancing us from the current trends of demonisation or rather of glorification of the consequences of this phenomenon.

The following can be listed as consequences of globalisation: *erosion of the national statute* meaning it does not disappear or become useless, as it suggests in many comments, but it erodes. Thus, certain additional levels appear where the issues can be solved – both superior and inferior to the national statute; *the social dumping* refers to the fact that the increase of competition capacity within the global competition at the local level and implicit drop of assumed expenses with social insurance payment is seen as a necessity, especially by the industry, while the unions warn on the danger resulted from the so-called social dumping; *the emphasise of the gap between the poor and the rich* due to the fact that those enterprises with a significant threat potential could threaten to move into "cheaper countries" regarding the workforce. These existed far before having started the discussions about globalisation, but worsened due to globalisation. The movement of those protesting against globalisation try to draw our attention on this and they managed to attract in the meantime a significant number of supporters; "Global Governance" aims to (re-)tame the "tiger", meaning the

capitalism released by “globalisation”. When the issues start to get an increasingly more global feature, their political solution must also become “global”. In this sense, there are various projects, which inclusively aim to form a global state. For this purpose, the concept of “global governance” was invented, which means: a management of the world without a global leadership system, an internal policy at world level, a policy of the new world order, the politics in the 21st century, a concept opposed to neo-liberalism, a response to globalisation. The global governance aims to fill the resulted void, the regulatory deficit, by cooperating at the international level - the state however keeping its own regulatory functions, but also by forming some new political forms.

The international production, including the production of trans-national companies, branches and other companies linked to the multinational companies, by agreements and alliances, without capital participation has known a strong development. The old scheme of manufacturing in a country and selling in another country has given room to the international manufacturing operations. The technologic progress allows the decomposition and desegregation of production processes. Companies choose the place that meets the most favourable production factors for each of the stages of the production process. Consequently, the export does not represent often the sale of a national product to a foreign buyer, but it results from the different national localisations of those companies that participate in crating the same product. The multinational companies can contribute in stimulating the economic development in the implantation countries, in strengthening their technological abilities, in creating their human resources, in facilitating the access to new markets.

In this context, the logistic functioning of the company with ist other functions essentially includes all activities of the specialized personnel (director of logistic and logistics operators) which aim to offer the customer the necessary product when needed, where needed, in the quantity needed and with a correct price-quality ratio.

The approach of a new domain of company’s management, the logistical one, imposes the knowledge of own aims and methods of study. But, in order to facilitate the implementation, its main components must be prevalently set forth. Impelled by the change in the structure of potential clients, suppliers have performed ground changes in their distribution. The institution of the method of “Just times” has imposed special rules even within the company for supply and transfer of products, semi-finished goods and pieces in between workshops, with consequences over suppliers too, whom needed to rethink the distribution logistics depending on clients’ new data.

2. Systemic concept of company’s logistics

2.1. Study of the physical distribution logistics

By using the quantitative and qualitative analysis, as well as the comparative theory, it may be noted suppliers have ultimately changed the distribution, even imposing special rules, being triggered by the change in the clients’ structure. [1]

The structure of the scientific demarche is:

2.1.1. Full recomposition of the physical distribution structures

From a logistical point of view, the physical distribution structures are subject to three types of changes, such as: geographical redistribution of its physical entities; expansion of the physical entities; specialisation of the physical entities.

A stronger integration of the distribution infrastructure into the production operations leads to positive results. For their most important clients, suppliers can therefore suggest the implementation of an advanced storage for responding thusly to the fragmentation of the supply batches. These storages replace the supplier’s warehouse of finished products and that of client’s components. The storage shall have a dual role and namely: adjustment role between the supplier’s production and client’s consumption and repartition role between the client’s various consumption points.

For these reasons, the techniques of shared logistics are used, appealing to logistic operators outside the company, suggesting the specialisation of the units of logistic operations as a solution for treating various distribution operations with maximum efficiency, according to the nature of the product, its life and type of operations to be accomplished.

2.1.2. A more severe management of logistic costs

Distributors’ concern of controlling their logistic costs or clients’ desire of better knowing the composition of a franco price trigger the supplying companies to accordingly organise their record. The improvement of the distribution logistics implies a more gradated knowledge of the structure of costs. The interest for each product line is thusly attained, even separately for each product of imputing it the related logistic costs. The resources and means are often common, although their use differs according to each product.

	<i>Structure of costs</i>	<i>Possibilities of discount</i>
General expenses	5%	(size) 3
Logistic expenses	20%	(size) 1 Cost elements with great possibilities of short-term discount
Expenses with purchased materials	75%	(size) 2 Cost elements the discount of which has already been broadly reviewed

Figure 1. Correlation structure of costs – possibilities of discount

The calculation of the “Direct product profit” of agencies in the great distribution and of the suppliers is significant for attempting to find different solutions from one product to another. An advantage is thusly created, consisting in: obtaining more important orders; increasing the market segment occupied; assigning a larger space in storehouses; arguments for stronger negotiations etc.

The structure and evolution of a distributor’s tasks are factors determining a thorough study of the logistic costs elements (fig. 1.). Three more important cost items are basically

discovered and namely: general expenses 5%; logistic expenses 20%; expenses with purchased materials 75%.

For this, the calculation of the indicator is necessary: Direct product cost (DPC) and Direct product profit (DPP). The evaluation of the logistic cost to be imputed to a product needs two types of initial databases: the database of the product (weight, size, packaging type, features of the selling unit etc.); database of the distribution (the range of operations, the cost of operations etc.) (fig. 2).

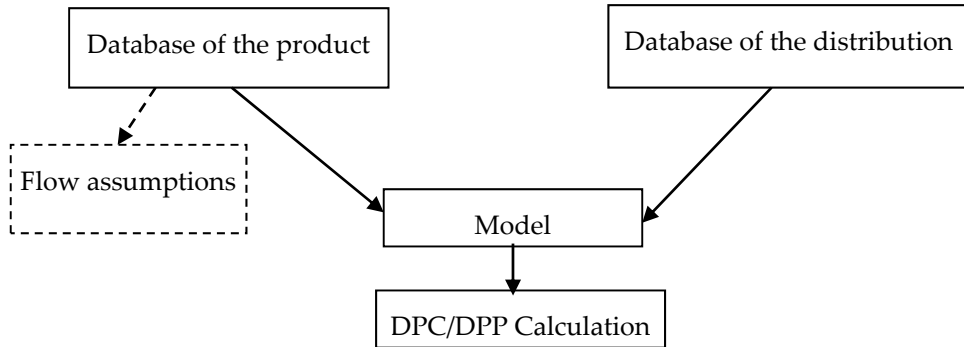


Figure 2. The calculation DPC/DPP

The model represents a formalisation of all logistic stages the product passes through and is completed by calculating the following DPC indicators – the assembly of logistic costs likely to be affected to a certain segment in the logistic chain, generally the distributor of a product or commercial references; DPP – gross contribution of DPC to the result of a distribution entity, for a product or commercial reference. [2]

Depending on the volume of demand and DPP obtained, the commercialised products are classified into four categories: by taking into account the great volume represented by appeal products, the company accepts to bear the logistic costs proportionally risen by the gross margin obtained; at each sold unit, the ideal product generates an important direct large profit; the product contributing to logistic costs sufficiently low for generating an interesting direct profit, but in lower volumes; the product with problems is in too low volumes and implies very high logistic costs (fig. 3).

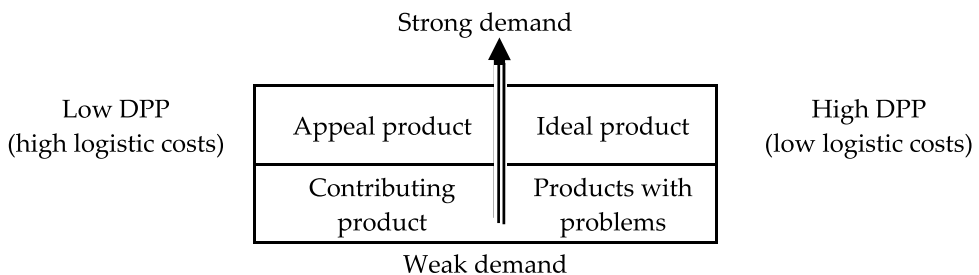


Figure 3. Classification of products by demand/DPP criterion

2.2. Study of the production logistics

The activities are:

2.2.1. Using the method of “Just-in-Time” (*Juste-à-Temps*)

Used for the first time in Japan, the organisation *Juste-à-Temps* (JAT) aims to satisfy the needs of various participants intervening in the process of making a product available exactly at a time when this is requested. The supply, production or delivery are driven only when the demand for that respective product is signalled.

Obtaining some positive results as consequence of applying the “JAT” method as well as maintaining them in time must be based on a series of actions referring to: maintenance; change of series; location of workshops; conception of the product; quality of the product; relations between the participants to the production-delivery process.

The “JAT” method determines the participation of logistics with full rights to organising the production, which generates certain problems to the flow of materials, components and products, as well as to managing the technological operations.

2.2.2. Synchronising the production flows

Synchronisation implies the attempt of a better coordination of production operations in time, with the aim of reducing the response intervals of the production and minimising the stocks materialised into the semi-finished products, that are in standby or in course of being manufactured.

An efficient synchronisation of the flows is obtained by a previous simplification of the flows intra and between workshops and by the good connection of the flows in between them. The simplification actions lead to rethinking the hyper-specialisation of the workshops. For minimising people’s movement, cars are not placed in-line anymore, but in “U”. All other flows related to the flows of components and products are affected, especially those concerning machines. Their replacement (using a new machine, management, disposal of the old machinery) generates a flow the administration of which is indispensable to the coordinating assembly. The SMED (Single Minute Exchange of Dye) method allows a complex approach of this issue.

On the one hand, the connection of the flows implies an interrelation stronger than that introduced by methods of managing the traditional production, and on the other hand, the reduction of the risk related to the complexity of the flows.

The perfect connection demands the application of a perfectly tuned system of information transmission. It is good to use the Kanban system, which controls the start of manufacture, by means of the labels transmitted from one downstream workshop to an upstream one. When starting to manufacture in the various workshops of the factory, respectively at the supplier, the ideal synchronisation demands to be proceeded so that the components of the product are available at the desired moment.

2.2.3. *Rethinking the stocks*

Rethinking the stocks implies the existence of some key points of the stocks and namely: Their right identification; the attempt of eliminating the stocks before using them; when a stock is justified, this must be maintained; the justification of the existence of stocks right before using them.

The formation of stocks shall be done after setting certain warning indicators, regarding the supply activity, by previously covering a process in three successive stages: **stage I** – when it is found out there is an area affected by risk or real incertitude. The “absurd” stock is eliminated, meaning the one which does not cover any risk anymore. This is the case of stocks (called hardly saleable stocks) of products or components which do not have any operational or commercial life anymore and survive by generating insurance costs, used surface and management, without any possible income, just as the material stocks formed without any commercial advantage and which can be given up when the supplier may consent to deliveries in smaller and more frequent quantities; **stage II** – consists in the activity of reducing the risks and uncertainties, where each detected area is the object of a precise study for determining the risk occurring in such an area; **stage III** – of evaluating the stock level as the cheapest alternative for a situation where other solutions are more expensive at the time of the analysis, the formation and accomplishment of stocks shall only be done after covering the stages previously stipulated, and the compliance of the contents of key points leads to an efficient management of the stock.

2.3. Study of the purchase and supply logistics

This type of logistics certain

2.3.1. *The supplier's logistic audit*

The evaluation of a supplier's capacity of dominating its logistics is the more important as the clients' requests in this domain are restrictive and precise.

The selection of such a supplier goes through the homologation process. When the evaluation of the supplier's quality becomes a logistic dimension, this is transformed into a factor for choosing the supplier. It indeed allows the identification of the risk related to the supplier's logistics. A product cannot be obtained anymore only according to the quality and price evaluations. A supplier's logistic evaluation is based on the existence of a questionnaire, containing questions referring to identifying the supplier, the evaluation of supplier's supply logistics, evaluation of the supplier's production logistics, evaluation of the warehouse of finished products – packages – shipment and evaluation of the supplier's distribution logistics (fig. 4.).

2.3.2. *Localising suppliers and transportations for the purchase*

The use at a large scale of the franco purchases has limited the logistics in the domain of purchase for supplies. [3] However, there are two phenomena triggering the analyses

related to localising suppliers and transportations indicated by purchases: researching the synergy between the physical distribution and supply, appealing more and more to the logistic operators’ service, which offers the possibility of rethinking the supply circuits (fig. 5).

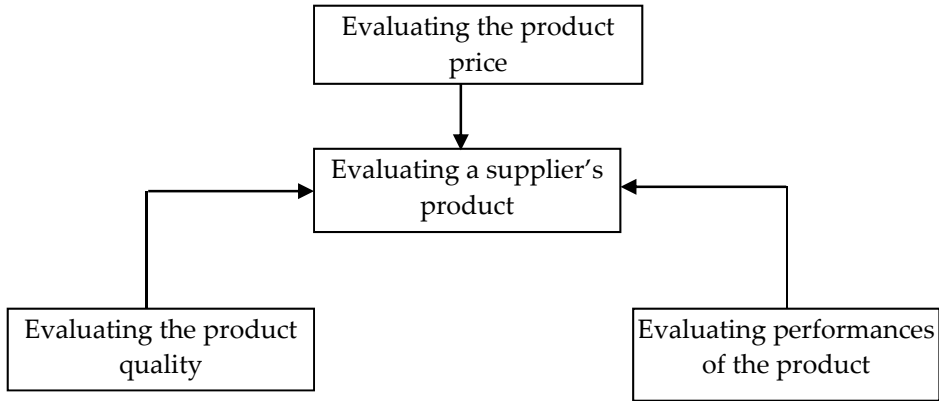


Figure 4. Logistics – the criterion of evaluating a supplier

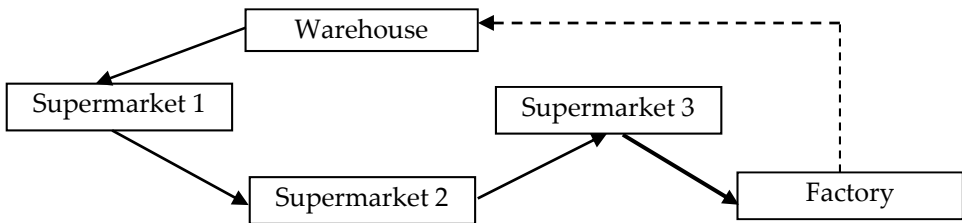


Figure 5. The connection transportation of purchases – transportation of delivery

2.3.3. *Reviewing prices*

The study of the synergy between the supply and distribution reclaims quantified sizes of prices for being able to allow the choice from several possible variants.

These reviews have highlighted in multiple cases that the industrial supplier gained a substantial part of its margins from the transportation operations for sale. Opposite to this tendency, clients require information about two prices: a franco price and a price when exiting the factory.

The comparison of the two prices demands the buyer to have available elements about the transportation of the products, by knowing the exit price.

2.3.4. *Conditioning and packaging*

The ways of handling a supplier’s deliveries are multiple, depending on clients’ location. The more or less good accomplishment of initial conditioning and packaging acts directly over the internal management costs of the client company.

Or, suppliers do not always pay that much attention to the conditioning and packaging issues, from the point of view of their operational use. Conditioning is the responsibility reserved to marketing. Packaging is best led by production people whom see in it an easy source for reducing prices of recurrence demanded of them for not affecting what seems to be as essential.

The upstream specification of packaging and over-packaging, as much as possible, shall avoid the managements, stock ruptures and further reconditioning, all of which generate "added costs".

3. Activity of logistics within the company and the costs it occurs

3.1. Level of the company's logistic service

Derived from the orientations of the company's general strategy, logistics focuses its generic orientations in compliance with the aimed performance level. [4] The levels of services must be especially defined by integrating not only the market expectations, but also the performances of the competition (fig. 6). Therefore, **an efficient logistic system is built by starting from a clear definition of its objectives with regard to service.**

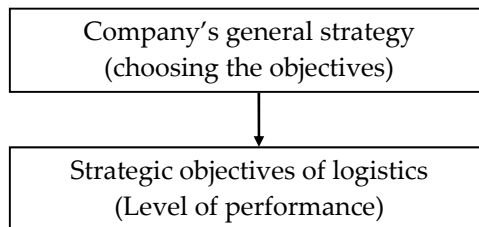


Figure 6. Positioning the logistic aims

For this, it is necessary:

3.1.1. To state the three dimensions of the logistic service

The pertinence of the logistic service levels is as much higher as this gravitates around the exhaustive nomenclature of logistic services. This nomenclature is featured by three dimensions, such as: **dimensioning the service in a state of "continuous flows"** (which covers the assembly of "normal" daily activity, which may be well known in anticipation and imposes engagements referring to framing in terms, reliability, homogeneity of providing services, capacity, availability, compliance of the pursuit documents, control and administration); **dimensioning the service in a state of "random or transitory flows"** (which is actually connected to the activities of unpredictable nature or supply of services which are the task of logistics and are directly integrated to the commercial relation company/client, being applied to the continuous flows as well as for the transitory or random ones, being overlapping the other two dimensions) (fig. 7).

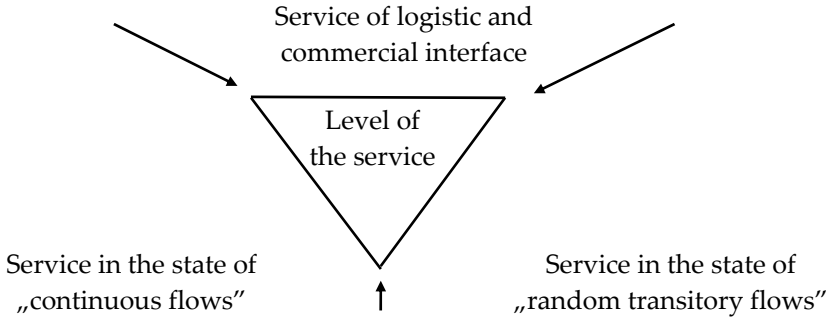


Figure 7. The three dimensions of the logistic service

3.1.2. To set forth the level of the logistic services

In order to successfully accomplish this issue, it is recommended to use, at a large scale, a **questionnaire** for better understanding the clients' expectations. This questionnaire informs on clients' exigencies regarding the level of the service expected of the logistics (fig. 8). The results thusly obtained correspond to the elaboration of the tender book in compliance with that part of the global tender where logistics plays the main role.

This definition of the tender book **Services** is even more necessary as it varies from one activity sector to another, from one family of clients to another. By means of such a tender book, it is necessary to evaluate the service aims and to ensure their dynamic ascendant, meaning the evolution in time.

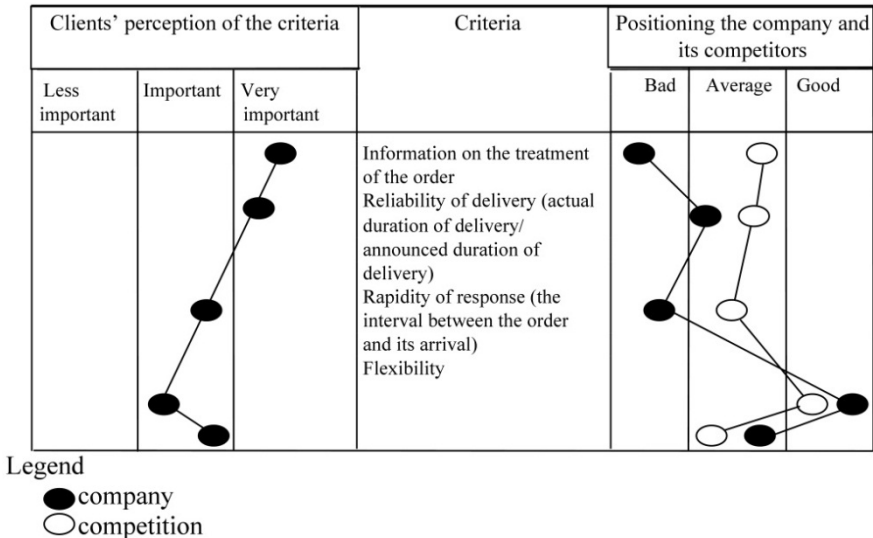


Figure 8. Comparative representation of the service levels

3.1.3. *To delimit the objectives of the tender book*

A level of services is not susceptible to be reached unless it is interpreted by the company involved in its accomplishment, at all stages. The global level of services suggested to clients arises from the plurality of the objectives by sectors. Once the strategic orientations of the company are fixed, and the logistic ones are determined, the chart of the strategic orientation may be filled in by defining the orientations by logistic subsystems.

3.2. Accomplishing the logistic product

The accomplishment of the "logistic" product consists in making it so effective as to be possible to be integrated into the flow, including the assignation of all components necessary to its further pilotage. The product is imagined not only in its industrial dimension (with preoccupations of intrinsic technology and production technique), but also with a certain logistic dimension.

For these reasons, the following are necessary:

3.2.1. *Use of logistics even since the phase of imagining the product*

This supposes:

1. An additional diversity of the service brought to clients.

As any dimension of logistics, the logistic support is a producer of services expected by the client. Badly conceived for a sold product or system, this contribution expected by the client influences his/her future decisions of purchase. In its broadest approach, connected to the high technology products, the integrated logistics support affects all flows starting with making the product available, meaning: the means of practically using a product; maintenance; equipments for tests and repairs; technical documentation; supplies of parts; training the operators and maintenance personnel; rejection of products.

2. A profitable source of considerable incomes

The evaluation of their effort needs the introduction of the notion Life Cycle Cost (LCC), meaning the Cost of the Life Cycle or Global Cost:

$$LCC = C_d + C_a + C_u + C_l \quad (1)$$

where:

C_d represents the development cost;

C_a – purchase cost;

C_u – cost of use (operating cost + cost of support);

C_l – cost of dissolution.

Those situations are frequent where the support cost for certain products is at least equal to that of purchase for the client.

The phases of development of a product promptly emphasise the level of support costs that shall be further attached. For a product the use cost of which (essentially support cost) represents 50% of the cost of the life cycle, the diagram in figure 9 shows that practically it is not possible anymore to act on them since the LCC engagement is done in a ratio of 20% at the end of the research phases and of 92% at the time of starting to use that product. It must therefore be anticipated even since the phase of imagining the product driven for decreasing the support costs reaching the desired levels of performance. Such a demarche of integrated logistic support was formalised and used not only for the very technical products or systems (armament, computer etc.), but also for any type of product, including the commercial ones.

The comparison of the logistic costs to the turnover forms a first stage in setting the order of the operational management. [5] The availability or non-availability in this domain is revealing with regard to the company’s capacity of identifying and keeping under control the logistic costs or not. If the costs generated by the marketing activity are inductive costs of the demand registered on the market that may be determined or evaluated, the logistic costs are made by the circulation of raw materials and finished products. A response of the marketing induction is found in the induced costs of logistics (fig. 10) Generally, they are costs of physical distribution which are best identified and isolated. Such costs are: previsional costs, sales management costs, supply management costs, warehouse costs, transportation costs, customs costs and fees, costs with the informational logistic system etc.

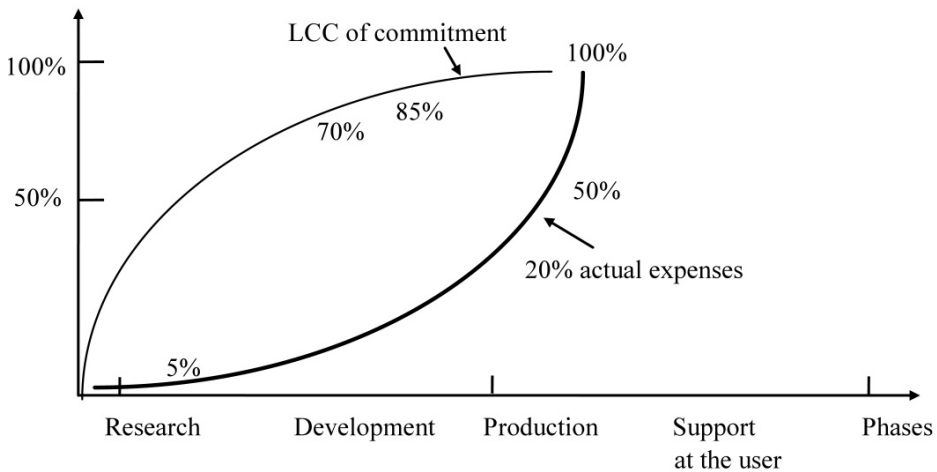


Figure 9. Scheduling the support costs and commitment L.C.C.

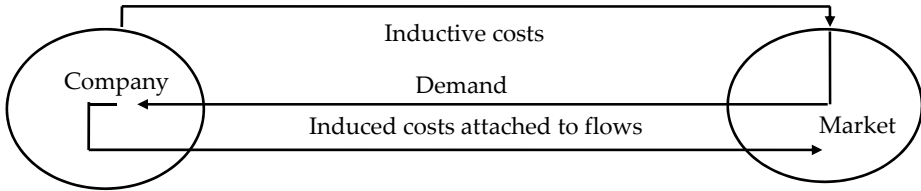


Figure 10. Correlation marketing costs – logistic costs

3.2.2. *Implementing the integrated logistic support*

It supposes going over three successive phases (fig. 11) and namely:

Phase I: defining the logistical support policies

This refers to defining the logistic support policies and consists in the optimised conception of the product and its support for minimising the related cost for the life cycle at the purchaser.

$$ecc/c = LCC \tag{2}$$

where:

ecc/c represents the global cost at the purchaser.

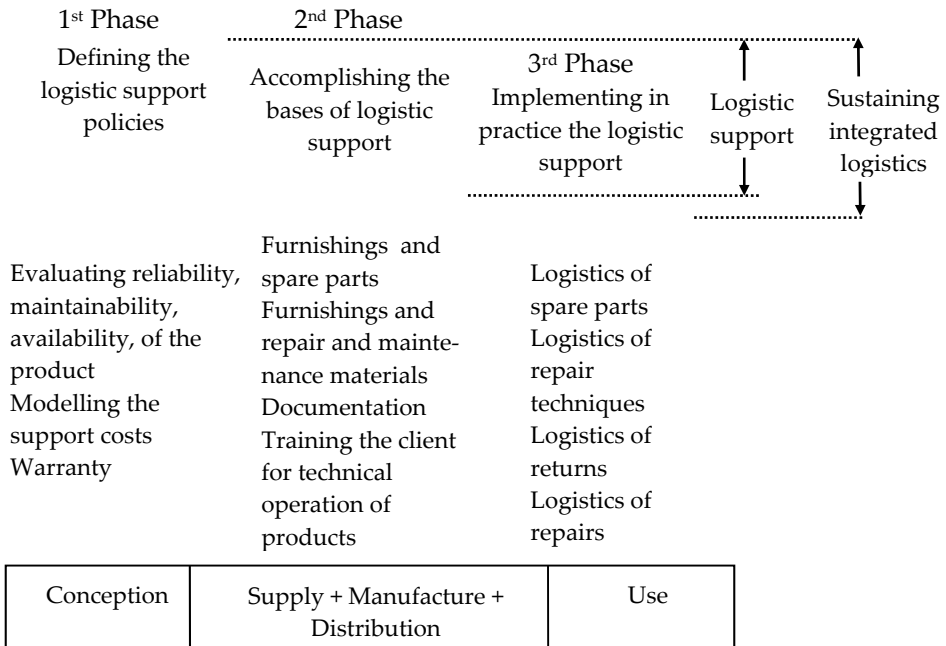


Figure 11. The phases of the integrated logistic support

At this phase, objective such as reliability, manageability and availability are aimed for (fig. 12).

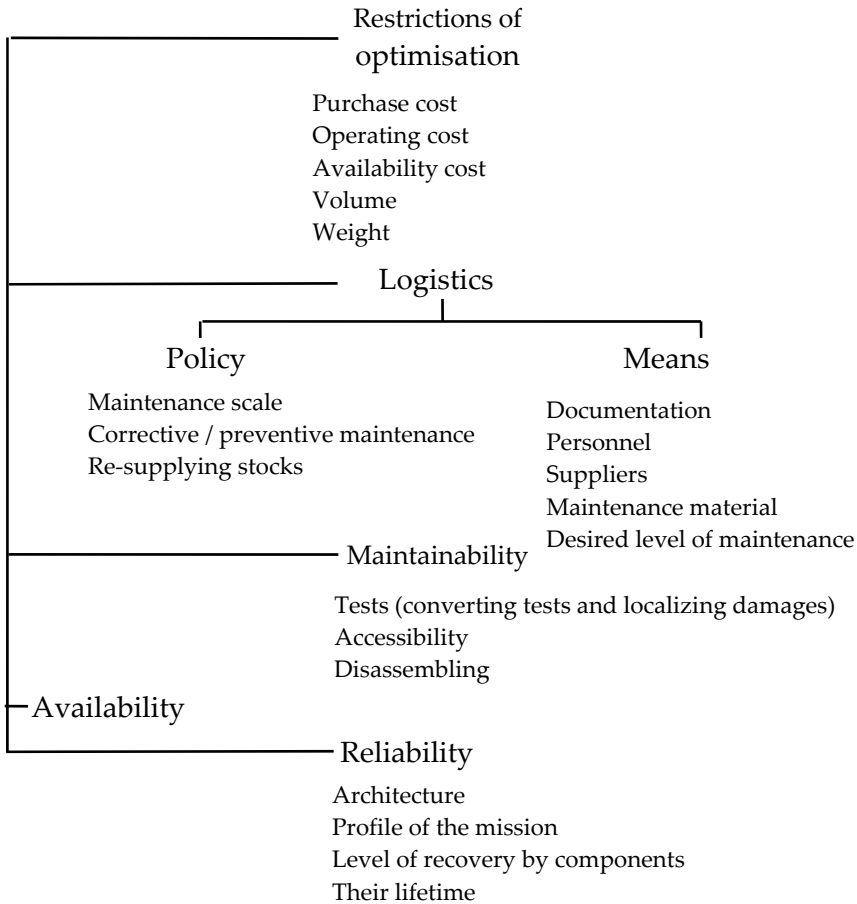


Figure 12. Reliability, manageability, availability in sustaining integrated logistics

Each product must be the object of the specific studies for being able to show clients the evaluations of the performance of logistic support as well as the data referring to the technical performances. Thusly, it may be necessary to stipulate an entire assembly of indicators, such as average time between two damages and average repair time, which must be specified in the purchase contract.

Phase II: accomplishing the logistical supports

This involves material commitments referring to: making spare parts; the design and supply of repair materials; activity of conceiving and drawing up the technical documentations, including technical training of clients.

Phase III: implementing the logistic support in practice

This leads to the occurrence of some logistics attached to the initial logistics of making the product available to clients, meaning: the logistics of spare parts (It is generally treated separately of finished products, it reclaims an organisation and means that are of its own and is featured by the important number of variants, variety of products, service life for over 10 years parts, service exigencies at the client); logistics of the repairer technicians (It must be analysed under two aspects: their availability, meaning repairer technicians are collaborators whom cost relatively much to optimise the stock of spare parts existing at the repairer technicians); logistics of changes. (The products involving a systematic organisation of their after-sale support makes some standard replacements of some of their components. For proceeding with them, a logistics of replacing damaged parts must be applied).

3.3. Logistic planning and pilotage

A good planning of the logistic activity implies:

3.3.1. Knowing the logistic families

The product has intrinsic logistic features, such as: physical features; technical features; storage features; order management features; distribution features. (fig. 13).

At a first phase, they are set forth by logistic subsystems, by creating logistic families of physical distribution, of production, supply and after-sale. From the point of view of logistic treatment, they are temporarily aggregated into homogenous logistic units. In supply as well as in distribution, these families are taken into account, in the plan of the transfer operations, which determine transporters to create service tenders differentiated by logistic families, according to the exigencies of the service level of the products.

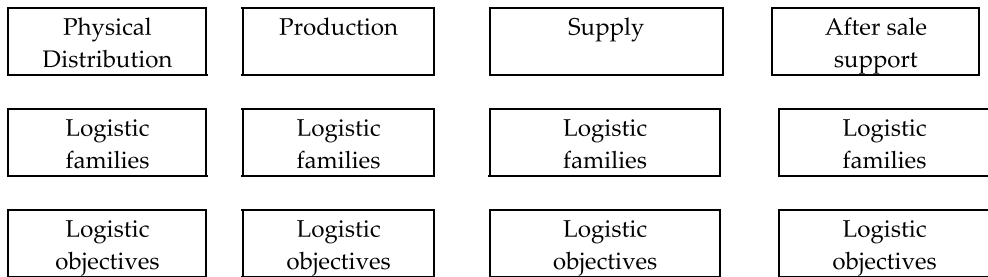


Figure 13. Positioning logistic families in the logistic support

3.3.2. Planning and pilotage

Once the logistic plan is drawn up, it is necessary to correlate it with the pilotage activities, by covering the following stages:

1. **Adjusting the parameters of planning.** Whatever the commercial environment may be where the company evolves, the conjugated planning of the operations of various logistic subsystems represents the “cupel” where the pertinence of most of the logistic decisions are realised and measured. Planning allows a sequential schedule of the operations in time (fig. 14).
2. **Previewing activities.** It is the essential element of the operational management, and its insufficient evaluation may not offer another possibility of remedy by flexible physical means, capable of adapting to the unexpected changes of the commercial activity. As unexpectedness is very costly, the reliability of the previewing activity must be raised.
3. **Progressive planning.** Aims the composition of the forecasts for the finished products by successive stages. Applying such planning schemes needs two conditions, such as: establishing information with its main commercial partners whom certify this type of circulation, information progressively required between client and its supplier; installing a quasi-contractual management of changes. A client’s anticipations, as well as his/her supplier’s, are to change in the course of time. There also occurs the possibility for the initial commitments to be eventually changed. For example, they can break-up into three stages: automatic change, negotiated change and enforced change. (fig. 15).
4. **Pilotage.** If planning allows an organisation of logistic flows in time to be anticipated, it does not mean it is sufficient, as it subsists the unexpected.

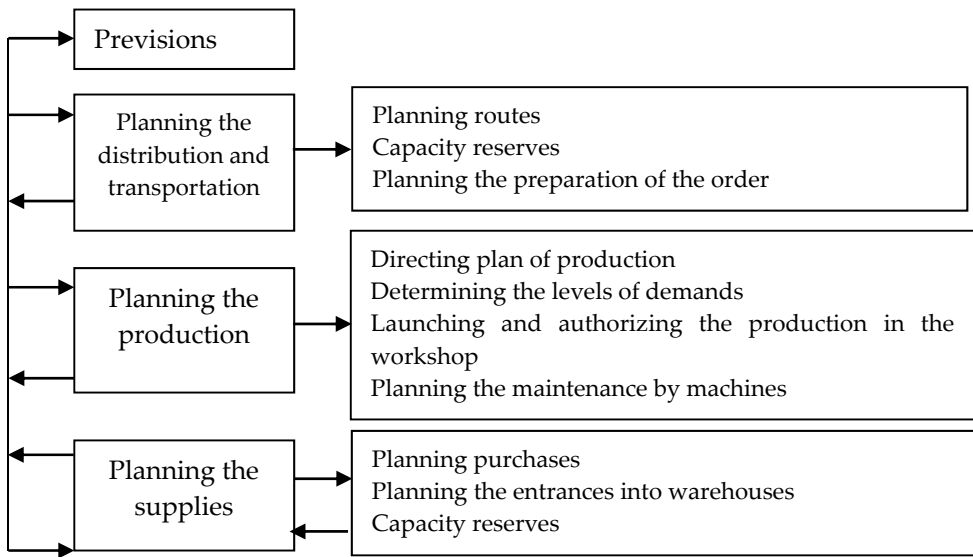


Figure 14. Sequential schedule of the planning operations

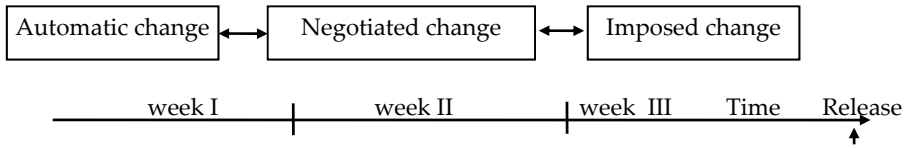


Figure 15. The structure of provisional change in time

The pilotage activity is the one guaranteeing the reactivity and continuous adaptation of the flows to the market demand. For that reason, pilotage is an auxiliary indispensable to planning and needs: the reception of stimuli; interpretation of stimuli; reaction to stimuli. The resolution of pilotage problems makes logistics to turn to some helping tools for making adequate decisions. At a first approach of the issues which the logistic operator is confronted with, it is possible to theoretically deem two big families of basic issues, such as: issues deemed as necessitarian, where the notion of risk is not taken into consideration and which lead to combination issues (delivery term, affecting the product of the means of transport, planning the operations etc.); random issues which integrate, for example, the notion of expecting lead of a length randomly varying in time.

The resolution of the necessitarian issues has benefited by the support of the techniques called by linear programming or dynamic programming, the method of graphs, PERT method etc. Under a certain number of restrictions, most of these methods aim at assigning resources (for example, trucks), by optimising an economical function (e.g.: cost of distribution).

The techniques used for solving the random issues take into account the notion of risk and therefore incertitude based on the variables used (time, costs, capacity, delivery interval etc.). A value is not assigned discreetly anymore to a variable, and a probability function features the attributes of the problem. The resolution is not accomplished anymore by an algorithm, but by a system of equations. The privileged domains of applying the random patterns are all issues including the theory of expectation leads (managing the workshops, managing the loading or unloading points etc.). A compromise must be therefore found out, between the cost of expectations and that of means, as the loading of activities is only known randomly and the notion of stock is similar to the expectation lead.

4. Implementing the logistic study into the company and the costs it occurs

4.1. Activities aiming the accomplishment of an immediate profitability

Such activities are based upon three principles [6], such as: consideration of globalising the operations as work technique, meaning the determination of the priority of the processes in relation to their component operations; intensification of the concerns of coordinating the information with the technological operations; synchronising the immediate individual objectives with the finality of the logistic project (fig. 16).

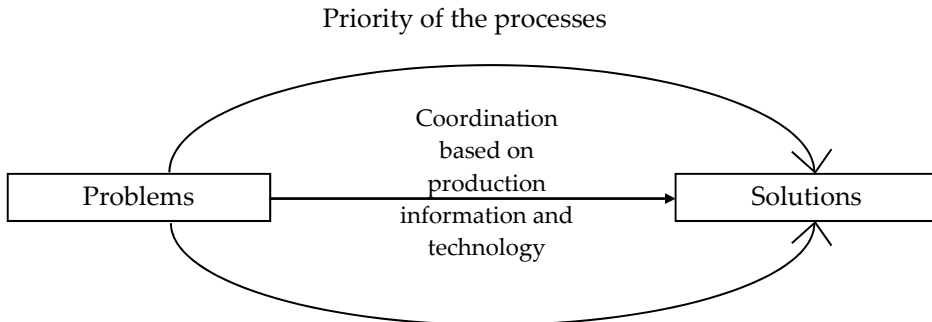


Figure 16. Synchronising the individual objectives with the logistic finality

4.1.1. Priority of the process in relation to the component operations

The study of any operation must take into account its site – first of all – within the process it is part of and therefore within the flow where it belongs to. For accomplishing an efficient logistic change, it is recommended to use some questionnaires, the filling of which shall offer answers to the following questions: Do you always provide the coherence of the operational with the strategic? Do you thoroughly know the representation of the flows? Have you repositioned the functions? Have you performed the necessary upstream and downstream standardisations? Are you prudent enough in framing the informational system of the company? Have you communicated the data you have for drawing up the logistic project?

The answers to such a questionnaire allow the separate analysis of each operation, as well as the analysis of the way of their being within the flow they form.

4.1.2. Coordinating the information with the technological operation

One of the major causes for the occurrence of the primary disfunctionality - which shall be improved and even eliminated by the logistic project - consists in the disaccord between information and technological operation, meaning not harmonising the information with the technological operation which these refer to.

The factors acting over the logistic flow are multiple, and the downstream activities are tributary to the coherence established between the information available at a given moment and the effective accomplishment the flow renders.

4.1.3. Synchronising the individual objectives with the logistic finalities

The objectives that have an individual feature within the company are not always adapted to the specific of the logistic activity. They often ignore the impact they have onto the client's or company's interest. Another failure occurs when there happens a change in the composition of a full order formed by standardised products, a fact raising special problems for the product programming service.

The resolution of such disfunctionalities supposes the establishment of real objectives, as well as the intensification of the capacity of communication between the compartments belonging to various functions of the company.

4.2. Activities which consider logistics as a means of introducing the progress into the company

The thorough analysis of a logistic system needs its structured representation, which allows the anticipation of the logistic system reaction to the changes it will undergo. Any structured representation supposes the covering of three stages, such as: **1st Stage** has as aim the retention of the logistic variables of the system, the selection of which, as well as observance possibility and measure, lead to the optimum representation of the logistic system; **2nd Stage** consists in creating some patterns of costs attached to each physical variable retained in the previous stage; **3rd Stage** allows the predetermination of the influence of various parameters over the system's behaviour and, therefore, the pattern it represents.

4.2.1. Choosing the logistic variables

In order to choose the logistic variables, it is necessary to know the elements of the logistic system. Let us take into account the example of a central warehouse of finished products charged with supplying the regional warehouses. It is tried to change its configuration. The objective aimed is therefore to decrease of operating costs of the central warehouse. In order to attain this objective, two elements shall be studied – which become logistic variables – such as: flows that shall determine the necessary human and material means of manutention at the entrance as well as at the exit; size of stocks that determine the necessary storage volumes and surfaces. Each of these two elements must be quantified into representative units of the real activity.

4.2.2. Patterns of costs

The patterns of costs consist in representing the cost variables of the logistic operations, by starting from the logistic elements retained as logistic variables.

The transportation costs occurred by supply, indicated in lei/t, can be theoretically represented by the straight line equation:

$$C_t = a + bx \quad (3)$$

In fact, the transportation cost is actually represented by a family of equations, each one of them referring to a certain transported quantity.

Total distribution costs. The total cost of the warehouses within a distribution system is set according to the formula:

$$C_{\text{annual}} = a + bQ \quad (4)$$

where: Q represents the annual tonnage distributed by the warehouse.

The same result is obtained by using a linear regression performed over the assembly of the warehouses, by taking into account two coordinates, such as: the quantity sold annually by the warehouse; the operating cost (fig. 17).

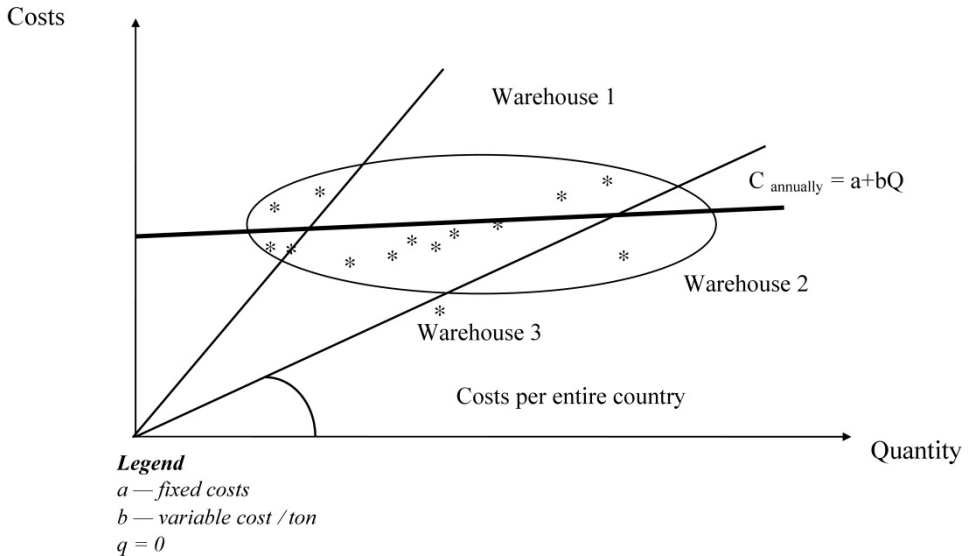


Figure 17. The coordinates of the total distribution costs

The representation in figure no. 17 highlights a class of homogenous warehouses, the global costs of which are approximated by a straight-line and two “abnormal” warehouses. Additionally, it may be observed the simple study of the “cost per ton” is insufficient for grasping the particularities of these warehouses. Therefore, the accomplishment of such patterns of costs becomes an additional means of study and analysis, by highlighting the class of homogenous warehouses and by discovering the abnormal points which a veridical explanation must be found for.

The monthly cost occurred by the operation of a warehouse may be calculated with the formula:

$$C_{\text{monthly}} = A + B \cdot Q \tag{5}$$

where: Q represents the tonnage monthly transiting the warehouse.

The determination of this linear pattern supposes the evaluation of two parts: a fixed part (for a given activity level) and a variable part (determined by the managing tasks, administrative management tasks, surfaces, expenses occurred by the structure and system of information).

4.2.3. Influence of representative parameters

The logistic study is influenced by the representative parameters: frequency of deliveries and price of the products. The two parameters are represented by the Histograms of orders, accomplished by volumes or weight. They influence the decision of direct delivery from the factory or through warehouses. The orders to be directly delivered (they have sufficient tonnages or volumes) represent an important part of the total tonnages or volumes, but occupy a relatively small ponderosity in the total order. Warehouses are therefore necessary, the number of which must be set and the position of which must be stipulated.

4.3. Activities occurred by the elaboration of the logistic projects

Any logistic operator must respond to two interlocutors [7]: to a client in the logistic chain, whom he/she cannot respond to unless they have a certain degree of autonomy and only within the logistic regulations and procedures established and within the capacities they have; to a certain hierarchic position that must rethink its role for keeping the autonomies and for focusing the actions over determining the capacities, formation, control, management, by exceptions and periodical recurrences of the major, strategic options. Such an evolution is attained only by the logistic demarche, which fundamentally changes the connections between various agents, the ratios with the hierarchical echelons and modalities of exchanging information.

Any logistic project comprises four phases, such as: a phase for evaluating the performance level aimed for; a phase for evaluating the current performance level; a phase for defining the various scenarios of evolution; a phase for planning in time the chosen scenario (fig 18).

The logistic projects understood as an assembly of logistic demarches have an impact over the structure as well as over the company's culture. The structural changes have led to modifying the contents of some positions in the company and to creating new rules in the dialogue and exchanges with the logistic suppliers and providers. The thorough cultural changes of structures are those performed on time. They keep the role as engine of logistics and encumber the occurrence of some restrictions at a given time, in the way of applying certain competitive logistics in practice.

5. The use of persuasive communication in logistic negotiation

5.1. Purpose and stakes of the logistic negotiation

The object of the logistic negotiation is to seek through communication the convenient proportion between cost and quality. Within it, as well as throughout the logistic problem solving, there can be, as M. Hülsmann and K. Windt show [6], two types of communication: "direct communication", "indirect communication". The specificity of the logistic communication is the result of the main object of interaction: deciding the price through a debate, contributions, performances, opinions or conduct in relation to the quality of a product.

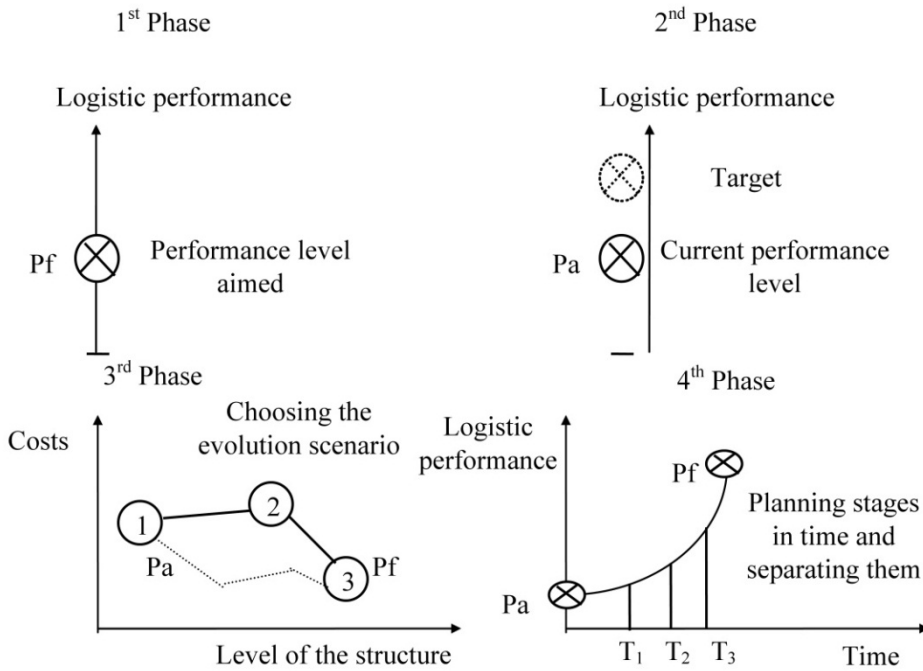


Figure 18. The phases of the logistic project (a, b)

Purchaser and provider debate the elements of cost and quality. In negotiation, the rarest case is that of providing a fair price for a legitimate quality. Usually, the negotiation experts considered that the major stake of the purchaser is to offer a lower price for a fair quality: that is to persuade the supplier that that quality is not worth the basic price. The purchaser is motivated to accept a lower price for fair quality, because he knows that the supplier will almost always require a higher price than the right one for the offered quality. Therefore, the purchaser and the supplier are prepared to communicate persuasively: to persuade or be persuaded.

The negotiable-logistic communication has specific stakes. First, to develop a negotiable relationship that allows the approach and the debate of a structure of logistic results. Then to implement the strategies capable of leading to the goals achievement. In this sense, the negotiable phenomenon is also governed by persuasive stakes. Beyond knowing and explaining the negotiable behavior of the dialogue partner, informative targets fall besides stakes. Since in any situation of communication the recipient is the one leading the destinator's reasoning, we can define two types of message stakes: taking into account the recipient and the conviction or, in the worst case scenario, the persuasion of him in the direction of insuring the achieving of the personal aims.

The negotiable logistic discourse dresses up the economic and persuasive reasons in an ambiguous vocabulary and entails them in persuasive strategies-maneuvers. When the

stakes are factic (triggering acts of purchase, for instance), they will rely on the springs of tactical persuasion and will leave in the background the strategic purposes.

5.2. Strategies and stratagems, tactics and maneuvers of logistic negotiation

Logistic negotiation allocates much of the effort on achieving the practical purpose: obtaining a favorable price compared to the quality level.

Cogitationally speaking, negotiation is a discursive structure focused on deliberate operations. The operational thinking is a strategic thinking, because "in all forms of human interaction is at stake a certain degree of strategy and tactics." Satisfying the interests of the negotiating partners is by using a range of strategies and tactics.

In our opinion, in terms of discursive structures based on conviction (like dialogue) we deal with operations, actions, tactics and strategies. Equivalent in terms of discursive structures based on persuasion (like negotiation) is: moves, tricks, maneuvers and stratagems. Similar to strategies, stratagems may be: direct or indirect, cooperative or conflictual. But unlike the first, the latter is not based on conviction, but on persuasion, on operations such as: lies, seduction, fiction and myth. The persuasive strategies control maneuvers and tricks in which prevails one or the other of the fundamental persuasive operations of pre-qualifying as a win-win negotiation for anyone involved in the process of negotiation, is a meta-maneuver, that is a maneuver projecting a reassuring negotiable demarche, an essential condition for developing the persuasive maneuvers. Because, the fact that the overwhelming majority of studies on negotiation focuses on techniques, tactics, stratagems and negotiable maneuvers proves that negotiation is mainly a persuasive construction.

Mostly negotiation means controlling through maneuvers. Considering stratagems as persuasive strategies, bringing into the analysis the classification of the latter and comparing the two above mentioned taxonomic approaches, reveals that there are authors who do not take into account the existence of stratagems and that some of the so-called stratagems of some authors are actually maneuvers.

If stratagems include projections of conduct in achieving the purpose, maneuvers are precise steps in the influencing of the elements of the negotiable system or interventions during the negotiation process. Maneuvers in the negotiable process can be considered, separately examined, the constituting methods of the control stratagem. There are 6 weapons of persuasion: reciprocity (reciprocation), consistency (consistency), social validation (social validation), authority (authority), the person liking (liking) "insufficiency" (scarcity).

In the case of logistic negotiation the operation of the six weapons (reciprocity, consistency, social validation, authority, liking, scarcity) of persuasion can be illustrated like this: reciprocity (ie, I will buy from you, as you make a discount for me), consistency (I will buy from you, for I usually do so), social validation (I will buy from you, because you have good products and you are appreciated), authority (I will buy from you because, in this respect, I was advised by an expert), pleasure (I will buy from you because I like you as a person and

as a supplier), "scarcity" (I will buy from you for, due to the good quality products, they do not run out). He considers that these "weapons" is each and everyone a persuasive maneuver [8].

The most commonly used maneuvers of persuasive communication in the logistic negotiation are "door in the face" and "low balling". According to some authors, persuasion is an area "adjacent" to social influence; in the area of interpersonal influence there are "techniques" with manipulative qualities. These "techniques" (foot in the door, the door in the face, low ball, etc.) with "manipulative qualities" should more accurately be called standard forms of interpersonal maneuvers. Calling them one time "techniques" and then "strategies", Joule and Beauvois consider that foot in the door, the door in the face and priming are, generically, "the daily manipulations."

5.3. Used maneuvers of persuasive communication in the logistic negotiation

Persuasive maneuver *door in the face* starts with a strikingly high cost compared to quality. By contrast, *low-balling - the cost extremely profitable over the quality* (also known as priming) is based on a highly affordable cost in relation to quality. The idea behind the low ball type handling is that "balls thrown at low height are easier to catch." The priming shows an obvious configurational similarity with the "foot in the door." In these forms of persuasion, the one making the maneuver seeks to obtain compliance in relation to an application, obtaining the prior approval of an application less expensive. The similarity of the manipulative message that goes up to the limit that the "foot in the door" first gets a conformation to a minor request, but keeping hidden the real demand, while priming performs a conformation to a real demand, but keeping hidden the costs. The both maneuvers are insidious, "foot in the door" hides a greater demand and priming hides the costs subsidiary to the request acceptance.

The majority of primings occur in the commercial. The seller leads the client to make a purchasing decision hiding him some inconvenience, or throwing in his face fictitious advantages. The advertising and publicity industry uses this strategy. It is worth mentioning here the example of car dealers, who after the client has accepted the price, notify him that the price does not include a range of accessories and, if they are desired, an additional cost must be paid.

The priming message involves two decisions: the first decision is taken knowing the "listed" or presented costs; the second must be taken when actual costs are known.

For engaging in making the first decision, the subject is seduced by appearance, deceived by the price. In making the second decision "lying" occurs: now he is informed that the real price is higher. People tend to be consistent with them and to maintain a decision. Moreover, they insist on the decision coming after the initial decision. In priming case we are dealing with an inertial persevering in a decision whose validity has been questioned even by the fact that a second decision is required to be taken. Many types of priming begin with an innocent and insignificant question to which the manipulated answers, without experiencing

any pressure, "yes": "Would you do me a small favor?" Once accepted the undertaking, the next step of the priming completion is already made. The manipulated may be required an expensive service which, if the request had been made without the little pace, he would have refused to do it. The primed individual has the impression that he would not be able to reverse his "yes" original decision after seeing the inconveniences entailed by his affirmative answer. Saved by priming are the one who have the lucidity to make two different decisions, and not two decisions of which the second would appear as required in relation to the first.

Priming and other forms of interpersonal maneuver could be avoided by isolating the two decisions required by the manipulative message launched in a behavioral manipulative event. Classical priming means that "lie" refers not to the product (this is real and true), but to the cost: compared to the initial seductive cost, the real cost in the second sequence is higher. The actual product is displayed with two prices: one initial seductive price and the second a lying price. When the product does not really exist, then we are dealing with bait. Most common example is the shop window or advertising. Let say very cheap and quality shoes are displayed. The seduced enters the store decided to buy. He is told that, in fact, the pair in the window is the only one left and that it has defects, but, if the defective pair is not wanted for purchase, in stock there are shoes as good as those. The manipulated sees stock shoes, likes them and wants to buy them, then he finds out that they are double the cost of the window shoes: far more than he expected. Most likely, entered in the store to buy "those" cheap shoes, the manipulated will come out with "other" shoes: expensive ones. Seduction is followed by a lie.

The classic priming is about a real product; authentic and available, the bait is about a real product, tainted or unavailable, or tainted and unavailable. With priming you get the object to another price, with bait you get other object than the one you have wanted.

The priming mechanism works as the manipulated feels compelled inertially to complet an undertaking entailed by his first decision To the manipulator's progressive demands, the manipulated inadequately answers with a inertial decision. To the manipulator's low ball, the manipulated responds with an answer of "clinging" to an initial decision. The perseveration in the initial decision has been also called the escalation of commitment.

6. Company's non-logistics – a "Logidram" for the company

6.1. The client-supplier

This conflict knows a special acuity, illustrated under various domains, such as: managing the transfers from the supplier to clients, managing packages, contribution to increasing quality etc.

The merchandisers upstream and downstream of the manufacturer [9] have today the increasing tendency of initiating new measures, aiming their suppliers or clients when they see the stocks of products are increasing.

Among these measures, the most important ones are:

6.1.1. Setting forth a new way of exchange and negotiation between manufacturers and distributors.

Logistics forms a special investigation area as interface between the upstream and downstream, in a commercial exchange process. If at a first stage it acts internally, the client slightly realises that the most interesting sources of improving the management of its operations directly involve its supplier. To this effect, it has two ways available: to work individually, by imposing additional restrictions even in special situations, with the risk of exacerbating the multiple areas of conflicts (a way frequently followed) and to collectively approach issues, meaning to evaluate the advantages obtained from their resolution for being further shared (a more difficult way to follow, as it requests a good prior domination of logistics internally, and the capacity of initiating negotiations with the suppliers or clients shall exceed the only dimension quality – price).

There are numerous conflicts between the manufacturer and wholesaler, as their interests are divergent. By means of logistics, the manufacturer researches downstream the possibility: of keeping the control over the formation of its costs and thusly ensuring the real competitiveness by the prices of products at final client; of choosing its distribution channels for keeping control over its marketing mixture (choosing the product, its price, distribution and promotion); of preserving a complete image over the end client, thusly orientating its activity over the real consumption; of adding new services attached to its products, accomplishing additional operations with high added value.

On the contrary, the distributor has multiple interests which determine him/her to wish to have direct responsibility of the logistical upstream or downstream operations. That is why he/she wants to: accomplish important economies thanks to the orders that become mass orders, as such an order to the supplying factory is susceptible of commercial conditions clearly better than those obtained by various smaller orders besides the regional warehouses; simultaneous optimisation of supplying transportations (from the producers) and distribution transportations (to clients); totally controlling its extremely sensitive supplies, as its logic is to obtain the highest speed of rotating current assets and a minimum stock.

6.1.2. The increase of the distributors' importance in the global logistic process in the case of the great distribution.

The example of the convenience products [10] distributed by the great distribution, featured by the risk logistics represents to the interface between the producers and distributors is eloquent to this effect. By the beginning of the '90's, manufacturers dominated the pilotage of the physical distribution operations in the sector of the convenience products, Today, distributors have developed the distribution channel, by trying to ensure the logistical domination of the transport and storage operations. Thusly, producers must now deliver

mainly to the distributors' platforms, when their products are not directly taken from the producer by distributors' means of transport.

6.1.3. organising the logistical arbitrage between the client and supplier in the industrial domain.

Let us take into consideration the manufacturers with a process in continuous flow, which needs to receive daily a delivery from each of its suppliers of raw materials and material. While the manufacturer wants to regroup its transports and homogenise them, its suppliers do not succeed to coordinate each other. Dispersed, and with specific internal preoccupations, suppliers have an inefficient inter-company communicating and coordinating manner. In order to develop this situation, the beneficiary requests the prices of transport put into practice by its suppliers and tries to personally take care of the transportation, after gathering the necessary information, by using a regrouping centre of the sales;

6.2. The conflicts connected to the logistical operators' activity

For a long time, logistics has been considered a juxtaposition of the operational activities. Since the beginning of the '80's, it has been structured at an economical scale in a profession composed by various skills (specialists in stocks, in storing etc.). They are qualified as logistical operators or logistical service providers. Their development is basically connected to the tendency existing in companies of entrusting the performance of some logistical operations to some public specialists. This is why the external logistical operators' recruitment process raises multiple problems in a context of logistical providers' new offers, the companies have started asking a series of questions regarding the request for these providers' services, and namely: What will be the social impact in the (hiring) company of using some external logistical operators? Who are these providers and how are the relations with them managed? What are the implications of this policy in managing the activities of the company hiring them? What will be the implication of the provider's operational system into that of the company?

The answers to these questions are the one that shall determine mostly the decision of turning to logistic operators. It must be insisted upon the fact: concerning the working climate, there shall be created the quality of the original context of integrating the logistic operator into the beneficiary company. The resolution of such conflicts leads to developing the logistics, which has as aim: the improvement of the economical profitability, by a better management of a domain which greatly contributes to the costs of investments; of mediating areas of conflict needlessly consuming resources; of formalising a management instrument, meaning a tool suiting the parameters of the structure; of widening the vision and measure of performance.

The existence of an inadequate logistics determines the deterioration of the economical indicators connected to the logistical activity, mainly the logistical costs (which must be identified and kept under control) and the size of the logistical investments more or less concentrated (the increase of which must be controlled). The logistical costs fluctuate

between 3% and 10% of the turnover for the industrial companies and may reach 15% for those specialised in the distribution of products.

7. The Logitest – A tool for assessing the company’s logistical competence

Understanding the new concept – that of logistics – involves certain difficulties either because reconsidering the contents causes undesired side effects or simply because implementing this thinking makes it difficult to draw the borders of a new concept. Innovators are always willing to face the reality of their new centre of interest as quickly as possible, and the old ones on the matter are curious to face each other and enrich their thinking. [11]

In order to satisfy both categories, the **Logitest** may be introduced as work tool which proposes 16 questions allowing it to have access to the core of logistic thinking. It is a small multiple choice questionnaire, where just one variant is correct.

7.1. Structure of the Logitest

1. Responsibility of logistics in terms of objectives consists of:
 - a. Manufacturing the products at the lowest cost, eliminating almost all stocks
 - b. Balancing the workload by modulating the service level depending on the fluctuation of sales
 - c. Maximising the service provided to the client
 - d. Targeting a service level with minimum acquisition cost.
2. The evolution tendencies of the industrial logistical systems over the last 15 years are featured by one of the following variants:
 - a. Industrial company’s increased integration and centralisation of its physical activities and commercial distribution
 - b. Full separation of production activities from distribution and sales
 - c. Sub-treating or decentralising the downstream production activities and their possession due to the informational systems
 - d. Meeting the industrial productivity goals.
3. What does LIS mean?
 - a. Logistics Information System
 - b. Internal Logistics Strategy
 - c. Integrated Logistics Support
 - d. Interconnected Logistics Position (*Site Logistique Interconnectée*) .
4. The production upon receipt of order generally involves:
 - a. The existence of stocks of finished products
 - b. The systematic launch of manufacturing batches in economic quantity
 - c. Manufacturing times shorter than the delivery interval / period
 - d. A very high productivity.

5. The annual interest rate is 10%. The volume of stocks in Logistik Company is equivalent to a turnover in a month. The management is committed to reduce their level by 50%. What profit can be expected (in percent) of the turnover?
 - a. Approximately 0.5%
 - b. Approximately 1.5%
 - c. Approximately 3%
 - d. Approximately 5%

6. If the machine loading time is reduced by 4 times, then:
 - a. The size of the manufacturing batches is reduced twice
 - b. The size of the manufacturing batches is increased twice
 - c. The size of the manufacturing batches is decreased by four times
 - d. The size of the manufacturing batches is increased by four times

7. Is MRP:
 - a. A pattern for managing the stocks?
 - b. A pattern for production management inquiring about the bottleneck areas?
 - c. A pattern for production management based on management of stocks?
 - d. A pattern for optimal management of using the fleet of machine-tools?

8. Client's "Order Penetration Point" in the company is:
 - a. The entity of the commercial service which it addresses the order to and which is responsible to track it
 - b. The starting point from where a product is affected to a certain customer
 - c. The point of taking over the order by the computer system
 - d. The location of delivering the products to the customer who ordered them.

9. The value of logistic costs in relation to the turnover in the vast distribution amounts approximately:
 - a. Less than 25%
 - b. 25 – 45%
 - c. 45 – 60%
 - d. More than 60%

10. The role of the safety stock is:
 - a. To ultimately reduce the global cost for managing the stocks
 - b. To protect against risks
 - c. To enable the control of deliveries
 - d. To accelerate the flows of products.

11. Excluding the Director Production Planning, what else does PDP stand for?
 - a. Product Divided Production (Production Deportee par Produit)
 - b. Detailed Production Loss

- c. Product Direct Profit
 - d. Compact Range of Products.
12. Logistik Company has a physical distribution network with the following structure:
- A central warehouse (three weeks of covering the sales);
 - Three warehouses (one week of covering the sales);
 - Four platforms.

What is the time interval the stock of a platform will be sufficient for?

- a. one day
 - b. one week
 - c. two weeks
 - d. three weeks.
13. In a logistic process, the bottlenecks:
- a. simultaneously influence the outflows and ongoing stocks
 - b. temporarily diminish the outflow, but only have a low effect on the ongoing stocks
 - c. accelerate the flow of products and increase the downstream stocks
 - d. diminish the upstream stocks by increasing the downstream stocks.
14. Can the Push and Pull (Pousse et Tire) methods to begin the manufacturing process coexist in a discontinuous industrial process?
- a. Push upstream, Pull downstream
 - b. Pull upstream, Push downstream
 - c. Push and Pull are incompatible
 - d. Push and Pull are always incompatible
15. In order to reduce the effects of a bottleneck, one of the following actions is inefficient:
- a. Increasing the schedule of bottleneck operation
 - b. Organising the upstream quality controls
 - c. Reducing the size of batches that must be treated
 - d. Rendering the material reliable.
16. A cement factory has a distribution network with three customer areas supplied by 26 t trucks from one central warehouse. The average flows between the central warehouse and customer areas are as follows:
- Area one - 5 tons per day;
 - Area two - 15 tons per day;
 - Area three - 26 tons per day;

Should a warehouse or a platform be located in the “centre” of each of these areas?

- a. Area one: Platform
Area two: Platform
Area three: Platform

- b. Area one: Warehouse
Area two: Platform
Area three: Platform
- c. Area one: Warehouse
Area two: Warehouse
Area three: Platform
- d. Area one: Warehouse
Area two: Warehouse
Area three: Warehouse.

By using the logistic theory, the correct answers to the questions in the Logitest are: 1 – D; 2 – C; 3 – C; 4 – C; 5 – A; 6 – A; 7 – C; 8 – B; 9 – A; 10 – B; 11 – C; 12 – A; 13 – A; 14 – A; 15 – C; 16 – C.

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Strategic Dimensions of the SME System in Romania in the Context of the European Strategic Framework

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Additional information is available at the end of the chapter

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1. Introduction

The SMEs are frequently considered as the backbone of the European economy and represent a potential growth and job source. The strategy of the European Commission in favor of the SMEs aims to apply the principle “*Think small first*” in order to simplify their business environment. **This policy focuses on five priority domains, covering the following areas:**

1. promoting entrepreneurship and skills;
2. improving the SMEs’ access to the markets;
3. simplifying the legislation;
4. optimizing the SMEs’ growth potential; and
5. consolidating the consulting process and the dialogue with the SMEs.

In an international economy undergoing full changes, characterized by continuous structural changes and an increased concurrent pressure, the role of the SMEs is crucial as they are the creators of employment opportunities and they are considered to be key-actors for the prosperity of the local and regional communities. The dynamic enterprisers will be able to strengthen Europe in front of the uncertainty caused by the actual globalization. This is the reason why the EU has situated the SMEs at the heart of its Lisbon Strategy for Growth and Jobs, especially after the year 2005, when the partnership approach was used¹, which has resulted into tangible results.

¹ COM (2005) 551 final, 10.11.2005, p.

The EU member states have committed – in regards to the European Charter of the SMEs – to the development of a favorable environment for the SMEs. Despite some encouraging progress, especially after the intermediary reconsideration of the SMEs' modern policy, which occurred from 2005 to 2007 (CE, COM (2007), 592 final 4.10.2007), the EU will have to adopt as well other important measures for the potential of the SMEs to be fully exploitable. Generally, the gap between the SMEs of the EU and those of the US is characterized by a lower productivity rate and a slower growth of the small and medium-sized enterprises of the EU member states. In the US, the surviving enterprises - on average - increase their number of employees by 60% during their first seven years of existence, while in Europe this increase ranges between 10% to 20%².

Recognizing the role of the SMEs and aiming to go over the dysfunctionalities they are still facing, the European Council of March 2008 has strongly encouraged an initiative called "**Small Business Act**" (SBA) for Europe, which focuses on the continuation of the consolidation of the SMEs' sustainable growth and competitiveness, and has asked for the fast adoption of this initiative³. The symbolical name "Act", given to this initiative highlights the political will to acknowledge the fundamental role of the SMEs in the economy of the EU and to instate, for the first time, a **large strategic framework for the EU and its member states, using a set of instruments**⁴:

- **A set of 10 principles meant to guide the conception and application of the policies both on the level of the EU and on the level of the member states;** these principles are essential to confer added value on the community level, to situate the SMEs on an equal footing and to improve the juridical and administrative framework all over the EU;
- **A set of new legislative propositions** oriented according to the principle "*Think small first*" of which: the regulation concerning the exceptions on categories as far as the state aids are concerned; the regulation concerning the status of the private European companies; the decision concerning the reduced VAT coefficients etc.;
- **A set of new strategic measures that will apply the 10 principles according to the SMEs' needs** both on the level of the community, and on the level of the member states.

Principles foreseen by the "Small Business Act" for Europe, meant to guide the conception and implementation of the policies promoting the SME's growth on the level of the EU member states⁵

1. Creating an environment in which enterprisers and family businesses may prosper and where the enterprising spirit is rewarded.
2. Assuring the possibility that the honest enterprisers who went bankrupt may rapidly benefit of a second chance.
3. Defining the rules according to the principle "*Think small first*".
4. Assuring the administrations' reactivity to the SME's needs.

² CE, SEC (2008)2101 / SEC (2008) 2102, p. 4

³ CE, SEC (2008) 2101 / SEC (2008) 2102, p. 4

⁴ CE, SEC (2008) 2101 / SEC (2008) 2102, pp.5/6

⁵ CE, COM(2008)394 final, 25.62008, pp.5-6

5. Adapting the tools of the public powers to the SME's needs: facilitating the SME's participation to public acquisitions and a more judicious exploitation of the possibilities provided to the SMEs to benefit of state aids.
6. Facilitating the SMEs' access to finance and implementing a juridical and commercial framework favoring the punctuality of the payments occasioned by commercial trading.
7. Supporting the SMEs to benefit more from the opportunities provided by the unique market.
8. Promoting skill improvements inside the SMEs and all types of innovation.
9. Helping the SMEs transform the environmental challenges into opportunities.
10. Helping and supporting the SMEs in taking advantage of the market growth.

2. Coordinates of the development strategy for the SME sector in Romania

Naturally continuing the strategic framework for the 2004-2008 stage, "The governmental strategy for the development of the SME sector", during the period 2009-2013, also corresponds to the priorities promoted by the European Commission in the "Europe Strategy 2020"⁶:

- **Intelligent growth:** development of an economy based on knowledge and innovation;
- **Sustainable growth:** promoting a resource-efficient, more ecological and more competitive economy;
- **A growth favorable to inclusion:** promoting an economy with a high employment rate, assuring social and territorial cohesion.

Through the "Governmental Strategy for the development of the SME sector" for the period 2009-2013⁷, **five strategic priorities** were established, priorities which are considered to assure the pragmatic qualities required in order for the implementation of the programs meant to develop and sustain the SMEs in Romania to be realistic:

1. Improving the SMEs' access to financing;
2. Supporting the SMEs innovative spirit and improving their competitiveness;
3. Simplifying and improving the regulating framework regarding the SMEs and cooperation;
4. Supporting the development of the enterprisers' education;
5. Improving the SMEs' participation on the Internal Market and on third markets.

Supporting the development of an economically competitive and sustainable SME sector constitutes a transversal topic approached within the policies, strategies and programs managed both by structures of the local and central public administration and by structures from the private or nongovernmental sector⁸. If we take into consideration as well the target groups addressed by the "Governmental Strategy for the development of the SME sector", it is unconceivable to lack coordination – on the macroeconomic level – for the measures that are to be implemented by the structures of the domain, whose purpose is to encourage the enterprisers' initiative and to valorize the SMEs' competitive potential.

⁶ CE, 3.3.2010, COM(2010)2020 final_ro

⁷ MECMA, p. 48

⁸ MECMA, p.6

3. Synthesis of the analysis of the SME sector in Romania

The SWOT analysis highlights a **series of measures** that have to be taken into account regarding the **development of the SME sector in Romania**, such as:

- Improving the SMEs' access to financing;
- Developing the system of entrepreneurship education;
- Facilitating the access to technology;
- Supporting the increase of the SMEs' competitiveness and their participation on external markets;
- Implementing the European policies meant for the SBA sector, "Europe Strategy 2020";
- Supporting the development of the cooperative sector;
- Simplifying and improving the legislative framework dedicated to the SMEs and cooperatives.

Within the "Governmental Strategy for the development of the SME sector", during the period 2009-2013⁹, it is highlighted that a **series of weaknesses of the SME sector in Romania may prevent the diminution of certain threats from the economic environment**. Among these there are:

- **The precarious entrepreneurship education** hindering the access to the financing lines and to external markets (because of the SMEs' vulnerabilities in front of the increased market concurrence and of the low availability of bank credits);
- The existence of a **low technological level** and of a **low competitiveness** increasing the SMEs' vulnerability in front of the general decline of the demand and of the increased concurrence on the external markets.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Easy founding procedures • High capacity to valorize the local resources / business opportunities • High adaptability to market dynamics • Direct introduction into the economic circuit of the population's financial resources • Economic importance of the SME sector: <ul style="list-style-type: none"> - weight: over 90% of all the firms; - providing over 60% of all the occupied work places; - a weight of 70% of the GDP • High capacity of creating new jobs, compared to the large firms • Low costs, compared to the large firms, for products and services • High capability of innovation 	<ul style="list-style-type: none"> • Orientation mainly towards trade and services (over 65%) to the detriment of production • Low technological level • Low competitiveness • Low indebtedness degree • Modest individual financial resources /low liquidity • Precarious entrepreneurship education: <ul style="list-style-type: none"> - modest management - poor knowledge of the export/access techniques on external markets - insufficient awareness of the rights and opportunities provided to the SMEs by Romania's status as EU member state - poor knowledge concerning the external financing instruments • the products/ services do not match the European/ international quality standards

⁹ MECMA, p. 45

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • The EU's special concern for the development of the SMEs: - SBA - Europe Strategy 2020 • Financing lines from European funds open including to the SMEs by means of Operational Programs • Financing lines opened by BERD, BM and BEI for SMEs • Governmental programs dedicated to the development of the SME sector • Advantages provided by the cooperative sector • Governmental and non-governmental sources of information and consulting dedicated to the SME sector, including the network for Romania's external representation , by means of MECMA, MAE and the external partnership system of the Commerce and Industry Chambers (in order to facilitate the access to foreign markets) • Access to external markets, especially the EU and traditional export markets. 	<ul style="list-style-type: none"> • The effects of the economic-financial crisis: - Decline of the direct foreign investments /of the large investments - General decline of the demand • Accumulation of state debts to the SMEs, with a multiplication effect to the subcontractors • Instability of the legal framework • Delays in the payment of the invoices • Slow juridical system • Increased concurrence on the market following the combined effect of the adhesion to the EU and of globalization • Low availability of bank credits • High bureaucracy • Excessive fiscality/ tax system • Migration of the qualified / trained labor force to the developed EU countries • Low institutional capacity of the central and local public authorities to elaborate and implement the policies meant for this sector and to provide public services to the SMEs

Source: MECMA, *Governmental Strategy for the Development of the SME sector during the period 2009-2013 (Strategia Guvernamentală pentru dezvoltarea sectorului IMM, în perioada 2009-2013)*, pp.43-44

Table 1. Table 1. SWOT analysis of the SME sector in Romania

On the basis of the SWOT analysis, the measures which should be taken to develop the SME sector in Romania should pursue¹⁰:

- Improving the SMEs' access to financing;
- Developing the entrepreneurship education system;
- Facilitating the access to technology;
- Supporting the SMEs' innovative capacity;
- Supporting the increase of the SMEs' competitiveness and their participation on the external markets;
- Implementing the European policies for this sector: SBA, Europe Strategy 2020;
- Supporting the development of the cooperative sector;
- Simplifying and improving the legal framework for SMEs and cooperatives.

4. The SMEs in Romania: Challenges and perspectives

The context in which the SMEs from the emerging countries evolve is marked by a few significant features¹¹ (table 2):

¹⁰ MECMA, 2010, p. 48

- **The markets’ and the environments’ globalization is speeding up.** Under these circumstances, the SMEs can no longer operate on a local market and they have to risk evolving in a global international environment, where though the concurrence and the competition are more intense, there are also more business opportunities. Consequently, the SMEs need to learn to detect these opportunities in time.
- **The environment and the markets are becoming increasingly turbulent, with a constant dynamics towards change.** These turbulences may turn a friendly environment into a hostile environment or a simple environment into a complex environment. This requires a management of these new environments.

	STRENGTHS (S): S ₀ – Capacity of innovation S ₁ – Low costs for products and/or services S ₂ – Capacity of valorizing the resources / opportunities of local businesses S ₃ – Adaptability to market dynamics	WEAKNESSES (s): w ₀ –Modest financial resources w ₁ –Precarious managerial training w ₂ – Low technological level and low competitiveness
OPPORTUNITIES (O): O ₀ –Implementing SBA and the “Europe Strategy 2020” O ₁ –Competitive advantage of the cooperative sector (products with low costs) O ₂ –Financing lines from European funds, as well as financing lines opened by BERD, BM and BEI for SMEs	S.O. - Support for the SMEs’ innovative capacity (S ₀) - Facilitating the SMEs’ access on external markets, using information/ consulting sources (S ₃) - Creating work places in the SMEs and, by doing so, reducing unemployment (S ₂)	w.O. - Developing the entrepreneurship education system (w ₁) - Improving the SMEs’ access to financing (w ₀) - Facilitating the access to technology by implementing SBA and the “Europe Strategy 2020” (w ₂) - Supporting the development of the cooperative sector may lead to an increase in competitiveness (w ₂)
THREATS (T): T ₀ –The effects of the economic-financial crisis T ₁ Accumulation of state-debts to the SMEs T ₂ –Instability of the legislative framework, low taxation T ₃ –Low availability of credits from banks	S.T. - Simplifying and improving the legislative framework meant for the SMEs (S ₂ and S ₃)	w.T. - Stimulating openings for SME-related bank crediting (w ₀)

Source: our own processing starting from the data Governmental Strategy for the development of the SME sector, for the period 2009-2013

Table 2. Table 2. Matrix of the SME Sector Strategy in Romania

¹¹ H. Lesca and M.L. Caron-Fasan, 2003, pp.2-3

- **The international enterprises and the large companies**, in answer to the changes of their socio-economic environment, focus on their profession(s) and skills and in this way they will try **to move outwards, by contracting externalized services, the tasks for which they do not have developed skills and know-how**. This new way of management constitutes an opportunity for the SMEs interested in becoming providers of transnational corporations (TNC). Obviously, if they have become TNC providers, there are risks related to the obligation to carry out fundamental changes in order to answer high demands, especially in terms of quality of the products and services concerned as well as of the procedures applied, in terms of increased flexibility and use of the New Information and Communication Technologies (NICT).
- The SMEs in the economies going through transition have to answer supplementary demands, such as the development or the improvement of their management-related skills.

5. Strategic planning – Best practice guide for the SMEs

The notion of strategic planning describes, *“from a paradigmatic viewpoint, the process by which the rational analysis of the present situation and of the future possibilities and dangers leads to the formulation of intentions, strategies, measures and purposes. These intentions, strategies, measures and purposes indicate how the enterprise, through the best use of its existing resources, controls the chances defined by its environment and diminishes the threats’ pressure”*¹².

Any strategic planning approach is articulated according to 5 dimensions:

- **goal**, its specificity being the determination of purposes and objectives, in a temporal horizon and respecting the measurement criteria for the levels that have to be reached for the indicators projected in the subsystems to attain the strategic planning ;
- **programming**, concerning the definition of operations for the implementation of the strategic planning; it is a stage situated between goal and action;
- **action**, consisting in the concretization, by means of a number of actions, of the purposes and objectives concerning the “planned object” (in our case, a SME’s activity);
- **strategic diagnosis**, representing an *ex-ante* analysis (a diagnosis of the strategic position, using a SWOT analysis) ;
- **ex-post control**, being *“the conception of an anticipation and detection method, meant to detect the errors or failures slipped into the plan, as well as of a permanent prevention and correction method”*¹³.

These five dimensions represent a strategic planning architecture, with practical attributes both on the macro and mesoeconomic level, and also on the microeconomic level, namely on the level of the enterprise.

This section has been developed as a guide proposed in order to realize a synthetic and clear approach of the different aspects of the strategic planning process adapted to the extremely specific SME sector.

¹² H. Kreikebaum, 1991, p.26

¹³ Ackoff, 1973, quoted in H. Goy and R. Patuarel, 2004, p.60

5.1. Globalization: A challenge for the governance of the SME sector in Romania

The globalization of the competition and the diversity of the market as well as the rapid innovation of the products and technological processes have modified the determining factors of the industrial competitiveness worldwide. The New paradigm of the industrial competitiveness, concerning the international market dimension (figure 1.) has in view the fact that the sources of the concurrential advantage are not just related to the cost of the production factors and the availability of the raw matters, but also increasingly to the quality of the infrastructure of the institutions meant to support the industry, on the efficiency of the innovation sources, on the level of the competitive pressure, on the corporate organizational and technical skills and abilities to acquire and master new technologies and to provide a rapid answer to the needs and demand changes.

Old paradigm	New paradigm
From the point of view of the governance:	
From interventionism	To laissez-faire
From the State as actor	To the State as facilitating partner
From the operating State	To the accompanying State
From the owner State	To the private owner
From the point of view of the market:	
From protection	To openness
From natural standard	To international norms and standards
From ability sub-contracting	To skill sub-contracting
From geocentric market	To spatial market
From the point of view of the enterprises:	
From scale economies	To flexibility economies
From material production	To immaterial production
From integration	To disintegration
NEW COMPETITIVENESS FACTORS	
Old paradigm	New paradigm
From productive skills	To managerial skills
From labor costs	To mastering international norms and technologies
From transactional strategies	To partnership strategies

Source : M.L.Dhaoui, 2002, p. 5.

Figure 1. New industrial competitiveness paradigm

In this new environment, undergoing a permanent evolution, more than ever, the enterprises need to realize a **strategic diagnosis and an analysis of the industrial sector to which they belong, following as targets:**

- The analysis of the general economic environment in which the industry operates;
- The analysis of the industry’s historical development;
- The study of the industry’s key actors (internal and international competitors, providers, clients etc.);

- The evaluation of the key indicators for industrial performance;
- The identification of the key success factors and of the decisive elements for each industry;
- The concrete knowledge of the products, technologies, technical regulations and norms;
- The conception of integrated practical implementation and development programs for the industries with perspectives of survival and growth.

As M.E. Porter has highlighted¹⁴, **in the new mondialization context, successful countries will be only those that will know how to get prepared, to get integrated and to put into practice the following basic principles:**

- The enterprises fight in the framework provided by the industries, not by the nations.
- A competitive advantage is built on a difference, not on a similarity.
- An advantage is often geographically focused.
- An advantage is built in the long run.

In order to answer the demands of this new mondialization context, ONUDI has promoted a global assistance program meant to restructure and support the industrial enterprises. Justifying the opportunity of such a comprehensive and multidisciplinary global approach, ONUDI has highlighted the fact that it is necessary for the countries to reorient their industrial strategies in order to have a significant impact on the sustainable competitiveness of their national industry (M.L.Dhaoui, 2002, p. 6)¹⁵.

Appreciating the usefulness of such a program meant to modernize the industry and to support the SME system in our country, we have developed a good practice guide for the elaboration of strategies adapted to the specifics of the small and medium enterprises. We would like to underline the fact that the above-mentioned ONUDI Guide has constituted a bibliographic reference for our approach¹⁶. The operationalization of a global program meant to support the dynamics of restructuring, of competitiveness, of the integration and growth of the industries and work places is translated into a double target for the SME system in our country:

- Creating and consolidating competitiveness in terms of price, quality and innovation;
- Increasing the capacity of survival and mastering the technique- and market-related evolution.

5.2. The goals of a global support program for the SME system in Romania

The global support program for the SME system in Romania has to be modulable and adaptable based on a harmonization with:

¹⁴ 1993, quoted in M.L. Dhaoui, 2002, p.5

¹⁵ In the Methodological Guide concerning the restructuring and the support for the industrial enterprises and competitiveness, ONUDI presents some international experiences related to the way the national programs were substantiated starting from the recommendations of this guide. Such is the case of some developing countries or of some countries undergoing a period of transition such as: Portugal, Tunis, Morocco and Egypt.

¹⁶ We shall mention that the total or partial reproduction of the ONUDI (2002) publication text is authorized.

- **The principles foreseen by the “Small Business Act” for Europe**, meant to guide the conception and the implementation of the policies for promoting the quality of the SMEs on the level of the EU member states and
- The “Governmental strategy for the development of the SME sector in Romania”, for the period 2009-2013, a strategy that, at the same time, answers the **priorities promoted by the European Commission in the “Europe Strategy 2020”**.

In table 3. we have selected the actions that we consider a priority from the perspective of the “Matrix Strategy of the SME sector in Romania”. However, we consider that this priority actions selection does not marginalize the entire action package foreseen in the structure made up of ten components of the “**Governmental strategy for the development of the SME sector in Romania**”, for the period 2009-2013.

1. Creating an environment in which the enterprisers and family businesses may prosper and entrepreneurship is rewarded.	1.1. Creating specific modules in the curricula, giving pupils the possibility to learn concrete things and to opt for the improvement of their enterprising knowledge. 1.2. Assuring some consistent elements of enterprising education for the higher education level.
2. Defining the rules according to the principle “Think small first”.	2.1. Consulting the local authorities in order to elaborate public policies and regulations. 2.2. Consulting and increasing the skills related to the elaboration of public policy propositions by the relevant non-governmental actors for the representation, the support and the development of the SME sector. 2.3. Supporting the local authorities or the organizations with a role in the planning of the regional development in order to improve the development planning processes for the SME sector, as an element of the local/regional development policy.
3. Supporting the SMEs to benefit more of the opportunities provided by the unique market.	3.1. Providing specialized information and assistance. 3.2. Support for the dissemination of a new quality culture in Romania, especially by means of business development support structures. 3.3. Financing consulting services in the domain of innovation and services supporting SME innovation
4. Promoting skill improvement inside the SMEs and all the innovation forms.	4.1. Developing public-private business partnerships to develop the export activity. 4.2. Intensifying the cooperation between SMEs and universities/ research centers to improve the research and innovation for products meant to be exported. 4.3. Supporting the SMEs’ access to the Framework Program 7, Competitiveness and Innovation Framework Program and other community programs supporting knowledge transfer.
5. Helping the SMEs turn environmental challenges into opportunities.	5.1. Developing businesses based on production quality increase and on eco-efficient business models. 5.2. Supporting the access on new markets and the internationalization by promoting the financing scheme “Support for access on new markets and internationalization”.
6. Helping and supporting the SMEs in taking advantage of the market growth.	6.1. Stimulating communication between the public authorities and the SMEs concerning foreign investments.

Source: processed by the authors starting from a selection of the actions foreseen in the “Governmental strategy for the development of the SME sector in Romania”, for the period 2009-2013 (MECMA, 2009, pp. 55-67).

Table 3. Priority actions that should be included in the Global program supporting the SME system in Romania

5.3. An approach for the elaboration of a global strategic diagnosis

For the implementation of the **Global program for supporting the SME system in Romania**, it is necessary to undergo a strategic diagnosis meant to identify and to define the true problems and the realistic solutions that could solve them. This strategic diagnosis is:

- The systematic analysis of the environment in which the enterprise operates, of its market and concurrential position and
- A deepened and global analysis of the different internal functions, including an objective evolution of the corporate skills and performances.

The strategic global diagnosis concerning the microeconomic analysis level, namely the enterprise level, is realized in steps based on five diagnosis categories which constitute its backbone and which need to be interconnected logically and coherently. We shall mention that this approach of the global strategic diagnosis is inspired by the methods developed in the existing documentation of ONUDI¹⁷. **The five interrelated diagnosis categories are:**

1. **Analysis of the external and competitiveness sources.** The purpose of this analysis is: a) a diagnosis of the socio-economic concurrential environment; b) diagnosis of the industrial competitive environment for the enterprise, made up of different institutional and support structures (normalization, certification, accreditation, metrology, financing, management, maintenance and consulting services) and the costs of the production factors; c) diagnosis of the technological environment (technical support systems allowing the enterprise to exploit and to have access to technical and technological information, to adapt and to master technological transfers, to develop technological know-how).
2. **Market-products and strategic positioning diagnosis.** The approach of this diagnosis consists in: a) the analysis of the enterprise's trading performances (segmentation of the enterprise's activities in strategic activity domains, performance analysis for the strategic activity domain, evaluation of the corporate strategic positioning); b) analysis of the marketing mix policies; c) market study (brand image, product quality, trading services, price).
3. **Financial diagnosis.** The corporate economic and financial situation is appreciated by: a) readjusting the accounting data; b) analyzing the result costs; c) analyzing the balance sheets; d) analyzing the products' costs.
4. **Technical skills diagnosis.** Its purpose is: a) analyzing the corporate production system and equipments; b) evaluating technical performances (productivity, costs, final product quality); c) analyzing the technical support function and the environmental aspects (engineering, maintenance, waste management).

¹⁷ M.L.Dhaoui, 2002, pp. 11-28

5. **Managerial skills and quality diagnosis.** It aims to: a) evaluate the corporate managerial skills (vision, mission and strategy, corporate culture, financial administration system); b) evaluate the corporate organizational structure (organizational chart, resource management, remuneration and motivation); c) audit the corporate quality system.

To conclude, we should highlight the fact that the realism and the credibility of a global strategic diagnosis depends on the skills, the experience and the know-how of the consultants carrying out syntheses on the corporate dimensions and environment, as well as making propositions to assure the corporate change dynamics in the enterprise's new economic and social context.

6. The behavior of the SMEs in Romania in the contemporary economic contexts

The SMEs are not small-scale copies of the large enterprises. They are distinct both in what concerns their administration models and also regarding their ways of action¹⁸.

Aiming to identify the essential elements needed in order to know the Romanian SMEs' growth potential, we have used as a fundamental research model, the knowledge-base model, which is looking for a problem to which one can beneficially apply a solution known *a priori*. Such a model is recommended in the case of the demand to introduce certain European programs / practices from the perspective of Romania's integration in the structures of the Unique Market.

6.1. Methodological considerations

The SMEs' growth remains a research topic that, during the last six decennia, has generated a large number of papers, mainly focused on the importance of this phenomenon for the creation of jobs and for the economic dynamics. As a tendency, the epistemological approach of the different researches had for a goal the identification of the growing SMEs' peculiarities, as well as bringing to light certain features highlighting the development potential or the impact of the endogenous and exogenous variables of this potential.

Yet, the heterogeneity of the SME sector has led to a diversity of results and an incoherence of certain conclusions related to the strategic goals adaptable to these types of enterprises. Some authors¹⁹ underline the need to extend the field of the research, taking into account as well the determining factors of growth and the conditions in which the SMEs' activity can record an efficient increase.

For our scientific approach, we will use clarifying information taken from a **series of research works developed both in our country and in other EU countries**, namely:

¹⁸ Fisher et al., 2009; Jenkins, 2009, quoted in Labelle & J. St.-Pierre, 2010, p. 1

¹⁹ J. St.-Pierre, F. Janssen, P.H. Julien and C. Therrien, 2005

1. **The research works especially for the SME sector in Romania**, based on a compatible, convergent methodology comparable to the European approaches in the domain carried out by **Consiliul Național al Întreprinderilor Private Mici and Mijlocii din România (The National SME Council of Romania) and Agenția pentru Implementarea Proiectelor și Programelor pentru IMM-uri (The Agency for the Implementation of the SME Projects and Programs)**. The results of this research works are valorized through the editing of the White Book of the SMEs in Romania, which, in the year 2011, has reached its ninth edition. This last edition approaches two big categories of major problems related to entrepreneurship and SME development in Romania: a) the perception of the last socioeconomic evolutions by the enterprisers in Romania and b) the characterization of the enterprises in Romania²⁰.

In case 6.1, we have presented the defining elements of the SME sample used in the survey conducted in the year 2011.

2. **The study carried out in the year 2006 in Romania on a sample of 305 SME owners-managers in the province of Transylvania**. The goal of this survey was to know the Romanian enterprisers' viewpoint on the influence of the main macro and microeconomic factors concerning the development of their enterprise. The study was performed as an integrated module of an international research program (L. Bacalli et al, 2011).
3. The research program carried out by "Valahia" University of Târgoviște and "Côte d'Opale" University of Dunkerque, on the topic **"The SMEs and local development"**. Within this research project, in the year 2005, a survey was carried out on a sample of 68 micro and small enterprises in the urban area. The survey used was based on the concept of the enterpriser's resource potential.
4. The scientific research project CEEX M I no. 2/2006 *"Generating positive synergies in the industrial enterprises by harmonizing the binomial relation between corporate culture and firm strategy to obtain an evolutionary trend towards competitiveness and excellence"* (project director: I. Verboncu).
5. The community survey *"Success factors for enterprises"*, realized based on volunteers and aiming to determine the factors influencing the success and growth of newly created enterprises and the study of the motivations pushing enterprisers towards the creation of their own enterprise, the obstacles and the risks encountered during the enterprise's first years of existence, the enterprise's present day situation and future development plans. The survey was carried out between June 2005 and January 2006 by the national statistics institutes from 13 EU member states and from two countries on the verge of adhesion²¹. Six characteristics of the leader-enterprisers were concerned: activity domain, administration experience, age, gender, training and citizenship.

²⁰ The processing of certain data from the SMEs' White Book was authorized by Univ. Prof Dr. O. Nicolescu.

²¹ The 13 EU member states: the Czech Republic, Denmark, France, Italy, Latvia, Lithuania, Luxemburg, Austria, Portugal, Slovakia, Slovenia and Sweden; the countries about to adhere to the EU: Bulgaria and Romania.

Case 6.1.**Defining elements of the SME sample used in the 2011 survey by CNIPMMR**

- The questionnaire-based research sample included 1723 SMEs whose dimensions were considered by the research authors as representative for Romania.
- Most SMEs' ages are under 5 years (37.05%).
- The structure of the sample on the 8 Romanian development regions ranges from 22.8% (South region) to 4.4% (West Region).
- In the total sample, the SMEs hold bigger ratios than in the official statistical data, in order to allow an analysis on a representative number of SME subjects.
- The SMEs from commerce, services, industry, transports, tourism and constructions provide representative samples for each activity domain.
- The inquiry was designed as a survey, for an optimally stratified type, by which the ratio of the homogeneous layers was reduced within the sample (for example, microenterprises whose activity object is represented by services and whose proportion is of 35-40% of the total number of the microenterprises recorded in the entire Romanian economy), assuring in this way a better quality of the information and a better knowledge of the realities under investigation.

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, p. 20

6.2. The SME sector in Romania – Present coordinates

In the year 2009, there were 611.142 SMEs whose financial situations were handed out and were homologated for the fiscal year 2009²². An image of a trend of the number and the structure of the SMEs in our country, in point of size, activity sector, and territorial distribution will be obtained based on the National Statistics Institute data for the years 2000-2008, and on the data in the White Book of the SMEs in Romania 2011 (O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators)).

6.2.1. The place of the SME sector in Romania's economy

Seen as a whole, the Romanian SME sector, concentrating 99.6% of the total number of enterprises recorded and active in the year 2008, realizes 61% of the turnover of the total economy. We should notice the fact that during the period under analysis the SME sector has generally recorded a tendency of growth in the Romanian economy (Table 4.) for all the economic-financial indicators taken into account. Only the year 2008 distinguishes itself from this tendency, that is when the VAT ratio and the investments volume pertaining to the SME sector were under the level of those in the preceding year (2007). The explanation for these diminutions can be found in the impact of the beginning of the economic-financial crisis starting with the fourth trimester of the year 2008.

²² O. Nicolescu, I.C. Haiduc, D. Nancu (coordinators), 2011, p. 279

	2004	2005	2006	2007	2008
• Number of enterprises	99.5	99.6	99.6	99.6	99.6
• Number of employees	58.2	60.7	63.2	64.9	65.8
• Turnover	57.5	57.6	59.0	60.8	61.0
• VAT	45.0	47.6	49.5	52.2	51.8
• Investments	42.8	49.7	51.9	62.7	57.5
• Gross Result	63.3	64.0	62.2	52.4	65.6

Source:

- Years 2004-2007, MECMA (*Analiza situației actuale a IMM-urilor din România, 2010 / Analysis of the actual situation of the Romanian SMEs, 2010, p. 28*);
- Year 2008, INS – *Anuarul statistic al României/ Romania's Statistic Yearbook, 2009*.

Table 4. SMEs' contribution to the Romanian economy during the period - % -

A synthetic image on the role of buffer for the economic crises or trigger of the economic relaunch can be obtained from the evolution of the "economic situation appreciation indicator" of the SME sector in Romania. This indicator's²³ evolution (2005-2009) is presented in Table 5.

Year	Semester	Mark	Overall evolution index	Business environment index	SME evolution index	Economic situation appreciation index
2005	I	satisfactory	28.8	30	33	6
2005	II	satisfactory	26.1	25	21	51
2006	I	satisfactory	32.0	35	27	45
2006	II	satisfactory	35.4	39	25	73
2007	I	satisfactory	38.5	26	46	51
2007	II	satisfactory	40.7	33	42	65
2008	I	satisfactory	37.3	37	38	35
2008	II	unsatisfactory	12.4	31	-3	15
2009	I	unsatisfactory	+15.3	14	+2.8	+53

Source: CNIPMMR, *Index for the evolution of the SMEs, a source quoted in MECMA (2010, p. 35)*

Table 5. Overall evaluation of the SME sector in Romania

²³ Each semester, CNIPMMR realizes an evaluation of the overall situation of the SME sector and calculates an indicator for the SME evolution, characterizing the overall evolution as matching a grade given on a scale from 1 (very unsatisfactory) to 5 (very good). In the calculation of this indicator are included three elements: 1) business environment index (evaluation of a set of 13 statistic indicators concerning the economic growth, inflation, unemployment, labor force, exchange rate etc.); 2) SME evolution indicator (number of SMEs registered, erased, which obtained profit/loss, number of employees, exports, patrimony indicators etc.); 3) index concerning the appreciation of the firms' own situation (survey on a series of SMEs concerning their appreciation of their own evolution as better/worse or similar). The indicator of the overall evolution is obtained as a weighted mean of the three indicators, with different ratios (40% – index 1, 50% index 2, 10% index 3) (Source: MECMA, 2010, pp.34-35).

During the period 2005-2009, the research undertaken by CNIPMMR indicates an overall SME situation which is considered “satisfactory” until the 1st semester of 2008, after which, beginning with the second semester of 2008 and continuing with the 1st semester of 2009, the situation becomes “unsatisfactory”. This “unsatisfactory” state is generated by the entry into the global economic-financial crisis which our country is still going through even to this day.

6.2.2. Changes in the SMEs’ demography

The series of data for the period 2000-2009²⁴ (Table 6) brings to light a positive trend of the SME number, with a particular evolution on size categories. **We should highlight a few features of this evolution:**

- A marked dynamics can be noticed in the segment of micro-enterprises, their number doubling during the time interval under analysis;
- The dynamics of the small enterprises and especially of the medium enterprises was situated within the limit of some growth indicators significantly under the level recorded by the microenterprises (for example between the years 2005-2009, the number of the microenterprises recorded a growth of 45.9%, while the number of the small enterprises increased by 11.8%, and the number of the medium enterprises even decreased by -9.55);

SME size	Number			Dynamics (%)		
	2000	2005	2009	2009/2000	2009/2005	2005/2000
Micro	273836	383892	560248	204.5	145.9	140.2
Small	29516	38175	42688	144.6	111.8	129.3
Medium	7725	9068	8206	106.3	90.5	117.4
Total	311077	431135	611142	196.5	141.8	138.6

Source: Our own calculations based on the National Statistics Institute (INS) data for the years 2000 and 2005 and O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, for the year 2009.

Table 6. Dynamics of the number of the SMEs in Romania, during the period 2000-2009, on size categories

The microenterprises represent 91.7% of the number of the SMEs recorded in the year 2009 (Table 8.), this ratio being part of the general tendency recorded by the EU for the year 2007 (Table 7).

²⁴ The Statistic Yearbook of Romania (Anuarul statistic al României) for the year 2010 is to be published in December 2011.

	Measurement unit	Micro	Small	Medium	Total SMEs	Large	Total
Number of enterprises	(thousands)	18788	1402	220	20409	43	20452
Weight of the SMEs	(%)	91.86	6.86	1.08	99.79	0.21	100.00
Number of employees	(thousands)	38.890	27.062	21.957	87.909	42.895	130.805
SME weight	(%)	29.73	20.69	16.79	67.21	32.79	100.00
Average size	Occupied persons/ per enterprise	2	19	100	4	1003	6

Source: Eurostat 2009, quoted in MECMA, 2010, p. 34

Table 7. SME indicators in the EU-27, in the year 2007

SME size	2000	2005	2006	2007	2008	2009
Micro	90.2	89.0	88.7	88.7	89.5	91.7
Small	8.0	8.9	9.3	9.3	8.7	7.0
Medium	1.8	2.1	2.0	2.0	1.8	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: our own calculations using INS data, *The Statistical Yearbook of Romania (Anuarul statistic al României) 2009*, INS, *Territorial statistics (Statistica teritorială) 2008* and O. Nicolescu, I. C. Haiduc, D. Nancu (2011)

Table 8. Table 8. Structure of the active SMEs in Romania, during the period 2000-2008, depending on size - in percentage -

The number of the microenterprises is high because of several determining factors, such as:

- The fact that this is the first step in business made by the new enterprisers, and the barriers at the entrance on the market are low;
- Many microenterprises are created in the context triggered by the stimulation of the externalization process for some activities²⁵, especially services, which has encouraged the creation of such enterprises.

From the perspective of the **main activity sectors concerned**, in Table 9. we present the evolution of the number and structure of the SMEs. There are a few basic features of the SME evolution in different activity sectors:

²⁵ In Romania, the Labor Code (Codul Muncii) entered into force in March 2003 has stimulated the externalization of certain activities, which has led to the responsabilization of former employees and their encouragement to create microenterprises continuing their activity as self-employed.

- A positive, ascending evolution of the SME number in all the main activity sectors;
- A very marked dynamics can be noticed for the SMEs in the category “other services”, whose number has grown in the year 2008 compared to the year 2000, of over 4.6 times. A much more significant growth than the previously mentioned one was realized by the subcategory “real estate transactions, lease and service activities provided mainly to enterprises” (the number of the SMEs of this type grew over 5.7 times); following this trend, this subcategory ended up by holding about 80% of the number of the SMEs included in the category “other services” (this ratio was of 63% in the year 2000);
- A marked dynamics was also recorded by the sector “transport, storage and communications” (the number of these SMEs has becomes 3 times higher);
- A very small growth (of 5.4%) was recorded by the sector of “commerce”; actually the ration of the SMEs in commerce has recorded a significant and increasingly faster decrease during the period under consideration, from 65.9% in the year 2000, to 42.4% in the year 2007 and 40.6% in the year 2008;
- At the same time, tourism slightly increases its ratio, from 3.2% in the year 2000 to 4.5% in the year 2007, while in the year 2008 the same ratio was preserved.

Activity sector	SMEs number			In percentage		
	2000	2007	2008	2000	2007	2008
Industry, energy, constructions	54.077	107.101	118.966	17.4	21.5	22.4
Commerce	205.080	211.358	216.096	65.9	42.4	40.6
Tourism	10.018	22.063	23.631	3.2	4.5	4.5
Transport, storage and communications	12.997	36.379	40.787	4.2	7.3	7.6
Other services	28.763	121.113	132.660	9.3	24.3	24.9
TOTAL	311.077	498.014	532.140	100.0	100.0	100.0

Source: Our own calculations according to INS data, *The Statistical Yearbook of Romania (Anuarul statistic al României) 2009 and INS, Territorial statistics (Statistica teritorială) 2008.*

Table 9. Number and structure of the active SMEs in Romania, during the period 2000-2008, depending on the activity sector

In order to fully understand the significance of these trends we must use a **transversal** (crossed) **analysis of the contribution of the SMEs on relevant economic sectors and their size category** (Table 10). The data in Table 10. bring to light supplementary features which complete and in this way give a clearer image of the SME sector in Romania, as well as the position of this sector in the year 2008.

Activity sector	Total SMEs	Of which		
		Micro	Small	Medium
Industry, energy, constructions	100.0	79.3	15.9	4.8
Commerce	100.0	92.1	7.1	0.8
Tourism	100.0	88.2	10.6	1.2
Transport, storage and communications	100.0	91.4	7.3	1.3
Other services	100.0	94.2	4.8	1.0
Total	100.0	89.5	8.7	1.8

Source: Our own calculations according to INS data, *The Statistical Yearbook of Romania (Anuarul Statistic al României) 2009*

Table 10. The structure of the SMEs in Romania according to size and activity sector, in 2008 - % -

In this sense, we can notice that:

- The industry, energy, constructions SMEs are larger in what concerns size than the others comprised in other types of activities, so that the weight of the medium enterprises is highest in the industry, energy, constructions sectors (4.8%), compared to the average of about 1% for the other activity sectors; the same conclusion is reached looking at the weight of the microenterprises in industry, energy and constructions compared to the other activity sectors (79.3%) by comparison to 88.2%-94.2%.
- However, in all the main activity sectors, the overwhelming majority is represented by the microenterprises.

6.2.3. Changes in the territorial distribution of the SMEs in Romania

The geographic distribution of the SMEs in Romania reflects some differentiations related to the uneven repartition of the population on region, a fact highlighted by the density of the firms per 1000 inhabitants (Table 11.). Compared to the average national level, an unfavorable position, with a very low number of SMEs per 1000 inhabitants, goes to the regions: North-East (61.50, in the year 2009), South (69.80), South-West (69.80). The weakest ratio is present in the North-East Region.

Region	Disparities (SMEs per 1000 inhabitants./average national level)		Disparities (regional level/minimal level)	
	2001	2009	2001	2009
North-East	68.60	61.50	100.00	100.00
South-East	101.60	87.70	118.30	142.70
South	74.40	69.80	108.50	113.60
South –West	84.90	69.80	123.80	113.84
West	95.70	105.80	139.50	172.10
North –West	107.80	111.80	157.10	181.90
Center	102.70	103.60	149.70	168.50
București – Ilfov	196.40	230.30	286.30	374.30
Average national level	100.00	100.00	145.9	162.70

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators) (2011, p.291)

Table 11. Regional disparities in the entrepreneurship intensity in Romania for the years 2001 and 2009 - % -

6.3. The SMEs' perception concerning the present situation of the economic context in Romania

6.3.1. The SMEs' appreciations concerning the overall evolution of the economic environment in Romania

The SMEs' perception concerning the present situation of the economic context in Romania must be analyzed in correlation to the competitive performances of our country. From this perspective, a recent study on the evaluation of the competitiveness increase policies realized by the World Economic Forum²⁶, an independent international organization²⁷, situates Romania on the 25th position (Table 12.), before Poland and Bulgaria. Compared to the study realized in the year 2006, Romania moved up, gaining one position, in this top, in the year 2008 (from the 26th place).

²⁶ In the study "The Lisbon Review 2008 – Measuring Europe's Progress in Reform", World Economic Forum realizes an evaluation of the progresses realized by the EU member states, individually, in the implementation of the reforms included in the Lisbon Strategy, and on the whole of the EU, as well as a comparison between them and the evolutions in the US and East Asia (Hong-Kong, Japan, Korea, Singapore, Taiwan and China). The calculation of the measurement indicators of the regresses' progress (on a 1 to 7 scale) in the strategy implementation was organized for 8 dimensions (priority directions): a) The creation of an informatics society for all; b) the development of a European innovation area, C-D; c) market liberalization; d) the construction of network industries (telecommunications, utilities and transports); e) creation of an efficient and integrated financial system; f) the improvement of the business environment; g) the growth of social inclusion; h) the creation of the conditions needed for a sustainable growth.

²⁷ MECMA, 2010, pp.25-27

	Informational society	Innovation and research	Liberalization	Network industries	Financial services	Business environment	Social Inclusion	Sustainable development
Score	3.7	3.3	4.04	3.74	4.35	4.52	3.92	3.19
Position	25	24	26	27	26	18	23	25

Source: MECMA, 2010, p. 27

Table 12. Romania's competitive performances

The scores, calculated for the eight dimensions, indicate the fact that Romania records important disparities in relation to the other EU member states. This highlights the **hypothesis that: the economic recession triggered beginning with the 4th trimester 2008 has accentuated the imbalances and the gaps among the EU countries, Romania being considered among the riskiest countries**, faced with a series of constraints in the evolution of its economic indicators, of which: the generalized economic decline has strongly affected both the internal and the external demand, leading to a business reduction with effects concerning the growth of unemployment; the access to financing has become more difficult and more expensive; the foreign investments have diminished dramatically (from 14 billion lei for 9 months of the year 2008 to 6.8 billion lei, during the same period of the year 2009)²⁸.

The research undertaken on a sample of 304 SMEs from the province of Transylvania ²⁹ also brought to light a hierarchy of the socioeconomic factors' impact on the enterprise's activity. So, the intensity of the impact of the macroeconomic environment on the enterprise, calculated as average (score) on an evaluation scale from 1 to 5 (Table 13.), highlights an appreciation over the *average of the SME sample* for three domains of the macro environment: **technological, economic and socio-cultural**.

Macro-environment domains	Average
Technological	3.49
Economic	3.31
Natural (ecological) environment	3.24
Demographic	3.23
Socio-cultural	3.29
Politico-legal	2.89
General average	3.24

Source: Laura Bacali et al. (2011, p. 71)

Table 13. Intensity of the impact of the macroeconomic environment on the enterprise

The survey realized by CNIPMMR observes that in the year 2010 over two thirds of the SMEs under analysis appreciated that the overall situation of the economic context in Romania was an impediment for development.

²⁸ MECMA, 2010, p. 25

²⁹ L. Bacali, 2011, p. 71

Years	Total sample	Of which the situation was		
		Favorable to business	Neutral	An impediment to business development
2008	100.00	17.1	24.7	58.2
2009	100.00	16.7	25.1	58.2
2010	100.00	7.7	22.7	69.6

Source:

- for the years 2008 and 2009: MECMA, 2010, p. 71;
- for the year 2010: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), 2011, p. 29

Table 14. Evaluation of the situation of the economic environment by the SMEs under analysis, in the years 2008, 2009 and 2010 - %-

The data in Table 14. confirm the hypothesis mentioned above, the crisis condition of the Romanian economy explaining the significant increase (by 11.4 % in the year 2010 compared to the year 2008) of the SME segment that considers the situation of the economic environment as an impediment to business development.

Compared to the average frequency, of 69.6%, of the SMEs that, during the last survey (in the year 2011) considered that the situation of the economic environment is an impediment to business development, differences are recording depending on the criteria used to structure the sample (annex 4.2.). So, higher ratios than the average of the sample (69.6%) in the appreciation of the economic context as an impediment for business development are recorded in the case of:

- microenterprises: 70.6%;
- SMEs over 5 years old: 71.4% – 72.1%;
- SMEs from the regions: Center (81.1%), North-West (81.0%) and North-East (75.2%).

6.3.2. *The influence of the central and local authorities on the development of the SME sector in Romania*

The survey realized by CNIPMMR aimed to know the SMEs' self-image. The Agency for the Implementation of the Projects and Programs for Small and Medium Enterprises (AIPPIMM), a public institution subordinated to MECMA, elaborating the Governmental policy in the domain of the implementation of the SME projects and programs meant to encourage and stimulate their creation and development.

The appreciations of the SMEs investigated concerning the impact of AIPPIMM on the business environment in Romania are presented in Table 15.

Appreciations on the impact of AIPPIMM on the business environment	Total sample	Of which		
		Micro-enterprises	Small enterprises	Medium enterprises
Significant positive influence	8.00	7.2	7.4	19.8
Moderate positive influence	27.7	26.0	33.3	33.7
No positive influence	8.8	8.3	10.3	9.9
Unknown influence of AIPPIMM	55.5	58.5	49.0	36.6

Source: processed after O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators), (2011, pp. 54 and 56)

Table 15. Differentiation in the appreciations on the influence of AIPPIMM on the business environment, according to the SMEs' size - % -

The data in Table 16. highlight two **very important aspects that have to be taken into account as weaknesses of the institutional context** – one of the determining factors of the SME growth, namely:

- **The very high ratio of the SMEs** investigates that do not know the **influence of AIPPIMM**: respectively 58.5% and 49.0%, compared to the same ratio recorded by the medium enterprises, of 36.6%;
- **The ratio of the enterprises from the investigated sample which appreciated that AIPPIMM has a positive influence**, either significant or moderate, **grows with the size of the enterprise.**

So, the weaknesses are:

- the AIPPIMM activities are not adequately publicized;
- the microenterprises (representing 71.8% in the total of the sample investigated) are not adequately supported by AIPPIMM.

This negative situation resulted as well from the research realized, in the year 2006, by Laura Bacali et al. (2011, p.69).

Opinions	Local authorities		Central authorities	
	Total	%	Total	%
Important	29	10	16	5
Averagely important	77	25	112	37
Weak	162	53	146	49
Do not know	28	9	19	6
Are not interested	8	3	10	3
Total respondents	304	100	303	100

Source: Laura Bacali et al. (2011, p. 69)

Table 16. Opinions on the support for the SMEs from the central and local authorities

The ratios of the SMEs that appreciated the support from the central and local authorities as “weak” is totally unacceptable: respectively 49% and 53%.

A detailed image is provided by the data in Table 17., which presents the justification of these opinions. On the first position is highlighted the authorities’ “lack of interest” for supporting the SMEs (25% of the sample investigated), followed by the “**excessive bureaucracy**” (18%), “**high taxation**” (13%) and “**low financing possibilities**” (12%).

In the category “other motivations”, a point to be remembered is, however, the lack of professionalism and the inefficiency of the SMEs’ managers, as well as the lack of information and communication between the respective parties. Some enterprisers admit that all the problems are not related to factors on which they have no control.

Justification	%
Lack of interest	25
Excessive bureaucracy	18
High taxation	14
Economic and legislative instability	13
Low financing possibilities	12
Corruption	6
Other reasons	5
Enterprisers who declared themselves satisfied or not interested	7

Source: Laura Bacali et al. (2011, p. 70)

Table 17. Justification of the opinions concerning the support of the SMEs by the central and local authorities

7. Key activities and strategic priorities approached by the SMEs

The economic recession begun starting with the 4th semester of 2008 has generated significant mutations in the frequency of the SMEs' focusing on **certain key activities** and on the **strategic priorities** followed. A few such tendencies should be kept in mind.

No.	Managerial approach	SME size		
		Micro-enterprises	Small enterprises	Medium enterprises
1.	Elaboration of corporate strategies and policies	12.90	21.26	19.81
2.	Relation with providers	44.71	41.67	39.62
3.	Relation with distributors and clients	57.62	49.43	47.17
4.	Realization of new products/services	14.78	20.98	18.87
5.	Cost reduction	31.27	29.89	37.74
6.	Introduction of new technological processes	3.94	9.48	10.38
7.	Obtaining and using information and knowledge	7.89	5.46	8.49
8.	Restructuring the decision-making process	1.34	0.86	1.89
9.	Delivery, logistic methods	3.14	1.72	1.89
10.	Corporate capitalization	1.70	2.30	2.83
11.	Personnel training	3.05	5.46	4.72
12.	Employee number diminution	0.81	1.15	1.89
13.	Assuring the employees needed by the firm	3.41	5.17	3.77

Source: O. Nicolescu, I. C. Haiduc, D. Nancu (coordinators) (2011, p. 174)

Table 18. Frequency of the approach of the key activities, according to the dimension of the SMEs under analysis - % -

- As far as their **Key activities** are concerned, **in the year 2010**, the SMEs under analysis relied mainly on the **relations with the distributors and clients** (54.9% of the enterprises in the sample), **on the relations with the providers** (43.4%) and on **cost reduction** (31.4%). Comparatively, in the year 2009, the SMEs have considered a priority the relation with their providers (40.3%), the realization of new products/services (33.8%) and the elaboration of corporate strategies and policies (31.1%). The difficulties the SMEs are faced with after two years of crisis (especially the lack of financial resources) explain the **negative trend of the frequencies of the key activities** situated on a relatively good position in the year 2009: the **realization of new products and services** attained - in the year 2010 - a frequency of just 16.5% (compared to 31.1% in the year 2009), the **introduction of new technological processes** went down to 5.8% (compared to 9.6%). The frequency of the approach of the key-activities according to the development regions in which the SMEs are located brings to light a series of quite significant **territorial disparities**, confirming the great **territorial development gaps of the SME sector**:
 - The three key managerial approaches, the relation with the distributors and the clients, the relation with the providers and cost reduction are, in all the regions, major preoccupations for the SMEs; but the intensity of their promotion differs significantly, as there are **big gaps among the eight development regions**: so, for instance, the frequency of the relation with distributors and clients varies from 50.4% in Bucharest Municipality (including Ilfov County) to 71.9% in the North-West region, while the frequency of the relation with the providers oscillates between 30.6% (North-East region) and 61.1% (Central region);
 - The frequency of the corporate strategy and policy elaboration differs within a margin of 7.22% (Central region) and 20.6% (North-East region);
 - The realization of new products/services differs in point of frequencies within a margin of 6.1% (Central region) and 25.9% (North-East region).
- **In relation to the strategic priorities**, one can notice a simultaneous reduction and repositioning of the frequencies of the strategic goals situated on the **first four places**:
 - **The amplification of the marketing activity** remains on the first place as importance, but records a diminution in ratio from 58.1% (year 2009) to 53.6% (2010);
 - **The production diversification** “falls” from the second place (in the year 2009 with a ratio of 42%) to the fourth place (31.2% in the year 2010);
 - **The acquisition of new technique remains a strategic preoccupation**, justified for attaining certain competitive performance parameters (second place in the year 2010, with a ratio of 39.1%, from the fourth place in the year 2009, with a ratio of 36.3%);
 - The intense preparation of the labor force is maintained on the third place, but with a decreasing ratio, from 40.1% (in 2009) to 34% (in 2010).

8. Typology of the Romanian industrial enterprises according to the strategic dimension of their management

This section has been realized starting from the conclusions of the research project coordinated by I. Verboncu (2008, pp. 199-204)³⁰. The typology proposed by the authors of

³⁰ The research study was valorized by editing the book “Strategie – Cultura – Performanta” (Strategy, Culture, Performance), authors I.Verboncu (coordinator), O. Nicolescu, I. Popa, M.Nastase, Editura PRINTECH, 2008.

this research study relied on the **measurement of the strategic dimension of the management** of a sample of 126 Romanian industrial enterprises, of which 100 small and medium enterprises. The strategic dimension of the management of each enterprise in the sample under analysis was highlighted by three **model situations** delimited based on **three appreciation (evaluation) criteria**:

- **Criterion C1:** Degree of substantiation of the global and partial strategies (the extent to which diagnosis, marketing, ecological studies and the national or sectorial strategy were taken into account).
- **Criterion C2:** Degree of satisfaction of the (internal and external) stakeholders' interests.
- **Criterion C3:** Degree of implementation (application) of the strategies for industrial enterprises.

The three model situations present the following characteristic elements:

- Model 1 – Lack of strategy or sporadic existence of some strategy components (average strategic dimension); it includes:
 - newly created small and medium enterprises;
 - microenterprises and the small enterprises undergoing a period of economic and commercial decline;
 - microenterprises and small enterprises created following a decision of externalization, and which have become aware of and moved away from their old activity status or some structural components of some medium or large enterprises.
- Model 2 – The existence of some strategic components, without being articulated in a realistic global strategy (medium strategic dimension); it includes:
 - small and medium enterprises with a modest potential, in which the management did not get separated from the property (the manager is at the same time owner-patron and enterpriser);
 - enterprises with state capital, lead and managed by incompetent managers or by managers with poor managerial skills;
 - enterprises interested only in obtaining immediate gains, which “force” the law and behave on the verge of the economic and fiscal normality; usually, such enterprises have a short life in a healthy economic, political and managerial environment.
- Model 3 - The existence of some realistic global and partial strategies, namely a true strategic management (a strong strategic dimension); it includes:
 - mature enterprises, with a solid managerial, economic and commercial experience;
 - enterprises with visible managerial and economic performances, recorded in a sufficiently consistent period of time;
 - innovative enterprises, with a marked entrepreneurial spirit;
 - enterprises with an aggressive management, in full economic and commercial expansion.

This research, just like others, confirms the fact that most of the SMEs manifest only a marginal interest for strategic planning.

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The Impact of Globalization on Cross-Cultural Communication

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Additional information is available at the end of the chapter

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1. Introduction

In a global environment the ability to communicate effectively can be a challenge. Even when both parties speak the same language there can still be misunderstandings due to ethnic and cultural differences. Over the last decade, there have been countless examples from the business sector that demonstrate how poor communication can lead to poor organizational performance. Understanding the impact of globalization on cross-culture communication is imperative for organizations seeking to create a competitive advantage in the global market. Recent economic challenges further highlight the need for organizations to develop the internal communication capacity necessary to control and monitor external threats. As society becomes more globally connected the ability to communicate across cultural boundaries has gained increasing prominence. Global businesses must understand how to communicate with employees and customers from different cultures in order to fulfill the organization's mission and build value for stakeholders. The use of technology has had a profound impact on how businesses communicate globally and market their products and services. However, with the advancements in technology organizations must still be cognoscente of the culture nuisances that can potentially present obstacles in trying to increase profits and market share. According to Genevieve Hilton, "cultural proficiency doesn't mean memorizing every cultural nuance of every market. It's knowing when to listen, when to ask for help, and when—finally—to speak" [1].

For companies involved in global business operations the relationship of managers and subordinates in multinational firms is important. In research conducted by Thomas and Ravlin [2] it was found that participants to whom nationality was more important indicated lower perceptions of similarity with the manager, lower intentions to associate, and lower perceptions of managerial effectiveness. The results of the study strongly indicate that teaching members of different cultures to behave like each other is an ineffective approach

to improving intercultural interactions in business settings [2]. Focus should be placed on using individual differences to create innovation. Training and development of individuals involved in intercultural interactions should involve more than simply promoting cultural adaptation

Communication is vital for businesses to effectively explain how their products and services differ from their competitors. Companies that are successfully able to communicate cross-culturally have a competitive advantage because they can devote more time and resources to conducting business and less time on internal and external communication issues [1]. Communication is necessary for individuals to express themselves and to fulfill basic needs. The same holds true for businesses, governments, and countries. Without the ability to communicate and understand each other, there would be chaos. Communication that is based on cultural understanding is more apt to prevent misunderstandings caused by personal biases and prejudices.

To illustrate the importance of communication on building relationships globally consider the example of the United States and South Korea. The relationship between these two countries is one built upon a rich history. In 1884, the United States government became the first foreign entity to purchase property in Korea [3]. Before this time no foreigner was permitted to live inside Seoul. Despite significant cultural differences, South Korea and the United States have been able to develop a communication process that other countries seek to replicate. The American Chamber of Commerce in Korea was established in 1953 with the chief purpose to promote the advancement of trade and commerce between Korea and the United States. Article II of the Chamber's constitution outlines the following six objectives [4]:

1. To promote the development of commerce between the United States of America and Korea;
2. To promote measure calculated to benefit and protect the interests in Korea of member companies and citizens of the United States;
3. To represent, express, and give effect to the opinions of the Chamber business community of the United States regarding trade, commerce, finance, industry, and related questions;
4. To collect, evaluate, and disseminate among its members statistical and other information concerning commerce or other undertakings of interest to them;
5. To associate and cooperate with other organizations sharing mutual interests;
6. To do any and all other things incidental or related to the attainment of the above objectives.

When countries are able to exchange ideas and communicate in an open society everyone benefits. Kathleen Stephens, U.S. Ambassador to the Republic of Korea, summed it up by saying, "we must use our shared interests and values to compliment and transform each other's growth" [5]. The main purpose of this study is to develop a cross-cultural communication model that can be applied by companies that communicate with employees from different cultures. The aim is to identify the steps that leaders of organizations

competing in a global environment should consider when communicating to different cultures. This study uses a group of college students participating in the 2nd Korea America Student Conference (KASC) as the main research source for creating the model. KASC is supported by the International Student Conferences, a non-profit organization located in Washington, D.C., which sponsors student-run educational and cultural exchange programs for university students from the United States, Japan, and Korea [6]. The researchers used a mix of qualitative and quantitative research methodologies to generate the model. A comparative literature review is conducted and organizational examples of Samsung and Hyundai are considered to demonstrate the impact of globalization on cross-culture communication practices. The study also highlights the action research methodology that was employed to design the cross-culture communication model. In conclusion, the 4 C's Global Leadership Model is introduced to demonstrate how organizational leaders can create innovation in a global environment by managing conflict, communication, creativity, and connectivity.

2. Literature review

Research on cross-cultural communication often focuses on understanding how individual differences influence our ability to communicate with others. Since most individuals grow up within a single culture having to interact with others from a different culture or background can represent a challenge [7]. Exposure to different cultures affects our ability to communicate with others in a way that leads to positive outcomes. Fink, Neyer, and Kölling propose that researchers involved in cross-cultural studies should develop an understanding of the interrelations between cultural dimensions, cultural standards, and personality traits [7]. This increased awareness helps an individual to manage their own cross-cultural behavior as well as that of others.

Reza Najafbazy refers to co-orientation, the ability to familiarize all aspects of one's own life in relation to someone of a different culture, as a primary component of intercultural communication [8]. Individuals that have experienced different cultures are more cognizant of how to alter their communication style so that others understand the information they are trying to transfer. Research conducted by Seak and Enderwick revealed the importance of providing cross-cultural communication and training skills for expatriates assigned to foreign locations in particular, China, Hong Kong, Taiwan, Japan and South Korea [9]. Now more than ever global organizations must ensure that their employees have the skills required to communicate across cultural boundaries. Cross-cultural communication enhances innovation by allowing for collective problem solving and the open dissemination of information [10].

Cohen and Levinthal define the term absorptive capacity as an organization's ability to identify and recognize the value of new external information, absorb it, and implement it into their business operations [11]. Organizations that understand the importance of external information are better able to use their core competencies to create a competitive advantage. Cross-culture communication enhances an organization's absorptive capacity because it provides a new of perspective for satisfying the needs of stakeholders.

Communication is the life-blood of organizations and must be allowed to flow throughout the entire organization. However, when information flows are random and there is no apparent directive of how to apply the outside knowledge the organization will not benefit [11]. Productivity decreases when organizational leaders are not able to communicate clear and concise expectations. Furthermore, conflict and tension arises when employees do not understand how their personal efforts contribute to the overall success of the organization.

Culture can affect how we perceive the actions of others. Ambassador Stephens gave the example of a “cheerleading group from North Korea that was participating in a sports competition in South Korea. When the group was heading to the venue one of the cheerleaders yelled for the bus stop. She then proceeds to get off the bus in the rain to get a poster of the North Korean leader that was getting wet. Why? Usually, 70% of Americans would say it was for show. 70% of Koreans would respond that the cheerleader really felt something” [5]. Our perception of others directly affects how we interpret their behavior and actions. Effective cross-culture communication requires that we base our perceptions on facts and not merely on personal biases and prejudices. The Global Leadership and Organizational Behavior Effectiveness Project (GLOBE) examined cultural values of organizational practices and leadership. The study focuses on identifying cultural influences on leadership and management practices. Some scholars believe that as society becomes more interconnected cultural differences will converge [12]. Even though some convergence may occur over time, countries will still maintain distinct cultural differences that will transcend technology and external influences.

Successful business leaders must be able to balance organizational objectives with external global challenges. As organizations become more interconnected the role of leaders in managing global teams is becoming increasingly important. Being able to navigate through different cultural nuances is a key skill for global leaders. Rabotin defines cultural intelligence as “the ability to interact with others from diverse cultural backgrounds, being aware of our cultural values that drive our attitudes, behaviors, and beliefs” [13]. Regardless of their geographic location leaders must be able to communicate across borders in order to create a competitive advantage and achieve results. It is clearly apparent that physical boundaries are increasingly becoming transparent. A global leader must be aware of their personal cultural biases and be willing to change their opinions by learning from those that are different from them [13].

In research conducted by Choi and Chang it was noted that organizational culture directly impacts the attitudes and motivation of employees towards innovation [14]. The researchers identified three organizational factors of management support, resource availability, and support for learning as key enablers for innovation [14]. All three factors were found to be significantly correlated to implementation, however; only management support was determined to be a significant predictor of innovation [14]. This research supports the conclusion that when employees are fully engaged in the process of innovation success is more likely to be achieved. Organizations must have in place procedures that encourage innovation throughout the entire company. Every employee must feel vested in the company and continually seeking ways to improve processes.

3. Methodology

A qualitative and quantitative research strategy consisting of group observations, interviews, and surveys were used to gather information. These methods are most appropriate because of the complexity involved in studying culture and communication from an individual perspective. By using these methods the researchers were able to ascertain underlying factors that are relevant to understanding the affects of culture on communication when two different groups interact with each other.

Participants were undergraduate and graduate students from South Korea and the United States selected to participate in the 2nd Korea America Student Conference (KASC). Selection to KASC is based on a competitive process. Participation in the study was completely voluntary and students were asked to complete a consent form. A total of 46 students attended KASC and 65% were female. 52% of the students resided in South Korea and 48% in the United States. Interestingly, 73% of all the students identified Korean as part of their ethnicity. 91% of the students were 19 to 23 years of age.

The researchers focused on collecting data from participants to assist in the development of a cross-cultural communication model. The researcher addressed the differences and similarities in communication strategies and the affect on building relationships. Previous research on culture has applied a field-based approach that allows for the exchange of information from multiple sources. The researchers followed a similar structure when participating in KASC over a two-week period.

The role of the researchers was that of consultants that sought to serve as a bridge between the participants and the administrators of the conference. It was important for the researcher to develop a level of trust with the participants quickly. To accomplish this, the researchers assisted staff with administrative tasks during the conference and shared in activities with the participants. The researchers used current programs established by KASC to expand opportunities to exchange information. For example, the researcher attended lectures, group discussions, and roundtable sessions.

The topics discussed during interviews included: a) reasons for participating in KASC, b) individual experiences and interactions with different cultures, c) reactions to changes that occurred during the conference, and d) discussion of how culture affects the communication between American and Korean students. During group observations the researchers focused on key words and phrases that were used by the students and categorized them according to relevant themes. Based on the words and phrases a concept map was created that helped to identify the predictors used in the study.

Five cultural measurements of acceptance, conflict, individualism, risk, and sharing were used to predict the country of residence. Table 1 defines the variables used in the study. The country of residence index was selected as the dependent variable because it is directly affected by culture.

Rigor and validity were addressed by continuously redefining the key issues identified by participants. Participant feedback was vital to this study and was used to form and shape

Variable	Definition
Acceptance	A measure of how important it is for an individual to be liked and accepted by others
Conflict	A measure of an individual's ability to work with those they do not agree with
Individualism	An assessment of how independent an individual behaves in making decisions
Risk	A measure of how open an individual is to trying new things and stepping outside of their comfort zone
Sharing	A measure of how willing an individual is to share their opinions and feelings
Country of residence	The country identified as the primary place of residence

Table 1. Variables in Cross-Cultural Communication Study

the cross-cultural communication model. The survey that was developed for this study consisted of 23 items that were rated on five point Likert scale with 1=strongly disagree to 5=strongly agree. Each of the items assessed one of the cultural measurements of acceptance, conflict, individualism, risk, or sharing.

4. Results

A multiple regression analysis was conducted to evaluate how well the five independent variables for culture predict the country of residence. The linear combination of culture measures was significantly related to the country of residence index, $F(5, 17) = 3.57, p < .01$. The sample multiple correlation coefficient was .71, indicating that approximately 51% of the variance of the country of residence index in the sample can be accounted for by the linear combination of culture measures.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.512	.368	.471

a. Predictors: (Constant), Risk, Acceptance, Conflict, Individualism, Share

b. Dependent Variable: Residence

Table 2. Model Summary

The partial regression plots for conflict and sharing exhibit the best correlations for predicting the country of residence index. Table 3 presents indices to indicate the relative strength of the individual predictors. As expected all of the bivariate correlations between the country of residence index were positive.

Predictors	Correlation between each predictor and the country of residence index	Correlation between each predictor and the country of residence index controlling for all other predictors
Acceptance	.123	-.140
Conflict	.556	.558
Individualism	.243	-.045
Share	.493	.457
Risk	.021	-.341

Table 3. The Bivariate and Partial Correlations of the Predictors with the Country of Residence Index

5. Cross-cultural communication model

The purpose of communication is to transfer ideas and knowledge from one entity to the other. The first step in communication is input; someone must say something that is received by someone else. The communication loop is successful when the receiver demonstrates that he or she understands what was being communicated. From an organizational perspective there are many barriers than can impede the flow of communication. These barriers include culture, technology, language, workforce, and environment. For the purpose of this model culture refers to the traditions and customs that are prevalent in the country where each company is located. These traditions and customs influence policies and procedures implemented by businesses. Technology is simply the use of mediums such as email, Internet, text messaging, and cell phones to communicate. When a company does not have experience using a particular technological medium to communicate it may rely on older methods that the other company views as inadequate. Language is what is spoken in the country where the company is located. If the languages of the two companies are different, then one company must learn the other's language or a new language must be created. Workforce refers to the internal structure of the company, including employees, managers, and organizational leaders. Environment refers to the external forces that affect the company. For example, the economy can have an adverse impact on an organization and present an obstacle to cross-culture communication.

As illustrated in Figure 1, when these barriers are eliminated companies are able to experience innovation, reduced conflict, and better dissemination of information. J. Ku-Hyun (personal communication, July 20, 2009) stated "to be successful as a global corporation communication is critical." Without communication organizations will cease to be. The challenge for organizations that must communicate cross-culturally is to ensure that their message is understood the way that it was intended. When communication barriers are not removed it is easy to make assumptions about what is being communicated. Our assumptions of what we thought was being communicated can be very different from the original message. Communication takes effort, it is much easier to sit back and simply assume what we think others are trying to tell us. To actively engage in communication takes time and energy. Organizations must be willing to invest the resources needed to support cross-culture communication.

Successful cross-cultural communication creates a dialogue, a continuous transfer of information. This exchange of information addresses our assumptions and clarifies points we do not understand. It also provides the opportunity for us to ask questions and confirm the information that was received. Having a dialogue reduces conflict because cultural misunderstandings can be dealt with when they arise. The dialogue only occurs when both parties agree to share information and ensure that the transfer of information is not blocked.

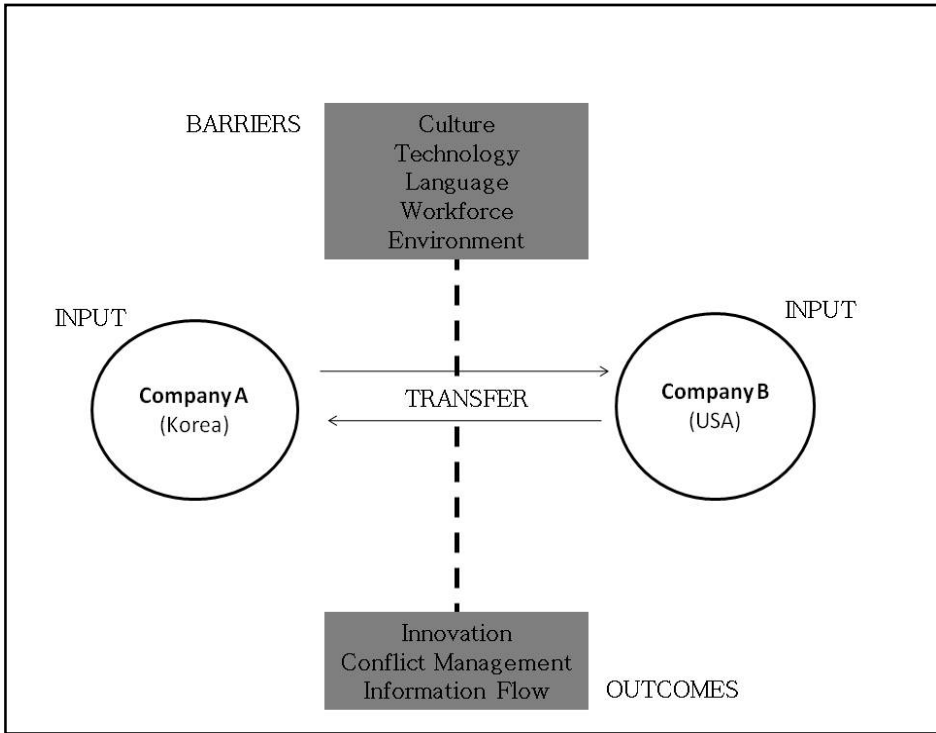


Figure 1. Cross-Culture Communication Model

6. Samsung and Hyundai

To illustrate how companies can utilize the cross-culture communication model to improve business practices consider the examples of Samsung and Hyundai. Samsung is unique because of its focus on human resources and risk taking initiatives. The company was founded in 1938 and is the world’s largest conglomerate. Samsung is recognized as a global industry leader because of its inner capacity to take advantage of distinct initiatives (J. Ku-Hyun, personal communication, July 20, 2009). It hires a small percentage of non-Koreans inside Korea but employs a higher percentage off non-Koreans outside of Korea. The culture of the organization is very family centric. Decisions occur in a collective atmosphere that allows for communication at all levels of the organization. However, even when decisions are clearly communicated throughout the organization employees may not always show support.

The workforce can represent a barrier to cross-cultural communication when employees feel they are not valued. This presented an issue at Samsung. The expectation was that you stayed at job until your assignment was completed. However, with the increase of younger employees entering the workforce who had different expectations, Samsung had to make a change. Management made the decision to change the workday from five-to-nine to seven-

to-four [15]. The reason for Samsung's change was to get employees to be more team oriented and more productive. Changing the hours of the workday required employees to work together and it also required managers and supervisors to have a more active role in completing daily tasks. The seven-to-four schedule was a cultural shift that was instigated by new employees entering the company with a different outlook towards work and personal time. Prior to the change, employees were expected to stay on the job until it was completed. With the change the office closed at four and everything stopped. Now employees have to proactively plan their workday in order to ensure that everything is accomplished in a timely fashion.

Samsung has been able to become a global leader because of its commitment to the development of technological capabilities [16]. Management's objective is to "develop technology capabilities for value creation in diverse business areas" that will ultimately support growth in global competition [16]. The focus on innovation requires the sharing of business practices and technology throughout the organization. Samsung must communicate with employees and customers simultaneously to ensure that company objectives are met.

J. Ku-Hyun (personal communication, July 20, 2009) reports that Samsung's competitive advantages include 1) commitment to work that is translated into speed advantages, 2) highly skilled engineers and technicians, and 3) management talent and experience. Samsung has used these competitive advantages to enhance its relationship with customers and expand globally.

Hyundai Motor Company was formed in 1967 and has established itself as company that focuses on quality improvement and innovation [17]. From the small beginning in Seoul, Korea the company has now expanded to more than ten countries including the United States, Canada, India, China, Turkey, Russia, Malaysia, Sudan, Egypt, Indonesia, Iran, and Japan [17]. For this expansion to take place requires effective communication that is able to overcome cultural barriers and accomplish global management initiatives. Research conducted by Wright, Suh, and Leggett revealed that Hyundai's achievement at globalization depended upon its ability to expand international sales as it gained experience in international markets [18]. The move from domestic to global production means Hyundai must operate in "unfamiliar and uncertain economic and cultural contexts" [18].

Over the years Hyundai has learned valuable lessons on the importance of knowing and valuing the needs of its customers. In the early 1990s, Hyundai experienced problems when trying to expand production to Canada. The primary issue was that the company did not adapt the design of the Sonata for North American customers [18]. Consequently, the company lost market share to Toyota's Camry and Honda's Accord. Another important lesson was learned when Hyundai made the decision to start production in Turkey because of the lower cost for workers. Because of the lower wages management decided to use more hand-operated technology instead of the automated manufacturing processes utilized in its domestic plants. As a result, the production rate of the Turkish plant was 25% lower than

that in Korea [18]. From these experiences Hyundai learned the importance of researching the culture of a country before making profound business decisions. Cross-culture communication involves adapting organizational policies to fit the context of where business transactions will occur.

Key to Hyundai's success is its corporate philosophy that places the needs of customers as top priority in all business areas. This customer-oriented management style requires organizational leaders to be receptive to new ideas and to think outside the box. To encourage employees to expand their cultural awareness the company encourages three-month assignments to its overseas sites. For example, when the company was building a site in Alabama it allowed employees to visit and study the culture [19]. The company promotes an employee backpack travel program around the globe where teams of three design their cultural experience. The teams compete for a company sponsorship of 15-day expeditions by writing what they hope to learn [19]. More than 47 teams have traveled to 70 countries, including Peru, Turkey, and Greece [19]. Employees that participate bring back what they learn and share it with their colleagues.

"Hyundai Motor Company is strengthening its position as a global brand, establishing local production systems on a global scale and supplying automobiles that meet the needs and tastes of customers in each specific region" [17]. During a visit to the Asan Plant located in Chungchungnam-do, Korea, it was very apparent of how the company is being innovative. The plant has a production capacity of 300,000 units and utilizes the latest in robotic technology to assemble vehicles (Tour Guide, personal communication, July 27, 2009). One unit is produced every 57 seconds and 100% of all the welding is completely automated. The Asan plant has 34,000 employees; the average annual salary is \$50,000. The plant operates two ten-hour shifts and provides numerous incentives for employees that are innovative on the job.

7. Conclusion

The researchers proposed attending the 2nd Korea-America Student Conference in order to develop a relationship with participants that have a vested interest in global issues and to define the criteria for the proposed cross-culture communication model by using various qualitative methods. These objectives were accomplished and much insight gained into understanding how culture affects communication.

Samsung and Hyundai are only two examples of organizations that are effectively communicating cross-culturally. Both organizations have been able to learn from their past mistakes and create strategies that support their growth in the global market. The sharing of information makes it possible for other organizations to also benefit from the mistakes made by these organizations.

During one of the group observations a Korean participant stated, "A smile is a basic tool of communication" (personal communication, July 16, 2009). How true it is that a simple smile can break down communication barriers and build bridges of understanding. Cross-culture

communication is not easy, especially when we are unfamiliar with the receiver of the information. Organizational leaders that have to communicate cross-culturally can use the following steps:

1. Develop clear and concise expectations for how the organization will accomplish its mission;
2. Ensure that employees understand their role in the organization;
3. Be willing to invest time to communicate;
4. Remember that communication is a two-way process, listen before you speak.

“Many misunderstanding have occurred, not only because of mistakes in the usage of words or expressions, but also because of the lack of goodwill and cultural knowledge” [8]. Mistakes are a normal part life and at times if we are not careful our mistakes can have lasting consequences. “We can make mistakes as long as we can correct mistakes. We can get feedback from the global market” [10]. The cross-culture communication model developed from this study provides a mechanism for obtaining feedback from the global market. The model identifies the barriers to cross-culture communication and summarizes the outcomes that can be achieved when these barriers are tackled.

The results of study verified that the five independent variables of acceptance, conflict, individualism, risk, and sharing could be used to predict country residence. A limitation to this study was the small sample size that used. In order to validate the validity and reliability of the study a larger sample size should be used in future studies. The participants of the study were also aware of the need to increase cultural awareness and displayed a desire to gain a deeper understanding of American and Korean relations. The study adds to the current body of knowledge on cross-culture communication by demonstrating the importance of culture in business settings.

Organizational cross-functionality or connectivity is essential to innovation because it brings together a diverse group of people from different functional backgrounds [20]. Management must take steps to ensure that cross-functionality does not create conflict and hinder communication within the team [20]. To effectively generate innovation the level of expertise and individual skill set of each team member must be ascertained. The innovation process is supported when members share a common vision and goal. Research indicates that cross-functional teams are more effective at new produce development that is valued by the customer [21].

Leadership is the foundation to cross-functionality because it provides the oversight and direction necessary for it to work. Leaders that are innovators are receptive to change and value feedback from those around them. They recognize that they cannot be successful unless those around them are successful. For innovative organizations it is necessary for management to develop innovative leaders. This is done by having in place recruitment strategies that target successful applicants that possess the skills necessary to the organization to the next level [22]. There should also be in place a well-developed talent-management process that identifies innovators, connects them to the mission of the organization, and provides the necessary internal resources for them to be successful.

4 C's Global Leadership Model: Supporting Innovation and Change

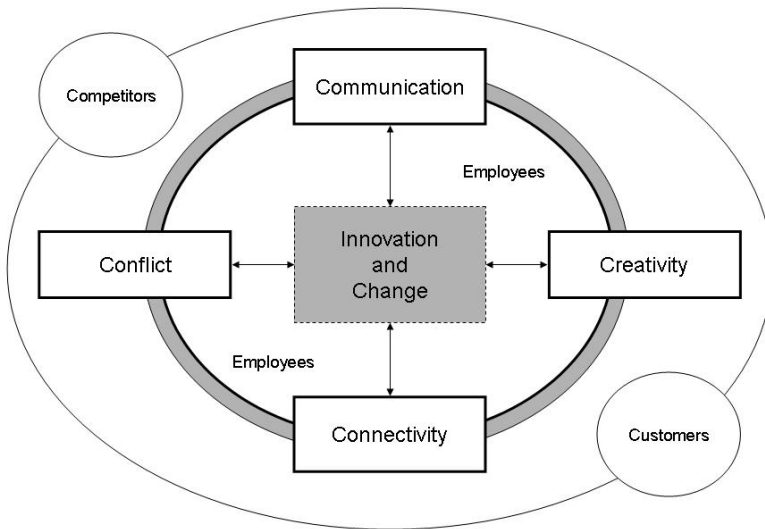


Figure 2. The 4 C's Global Leadership Model

A comparison of leadership strategies between Samsung and Hyundai provides the basis for developing the 4 C's Global Leadership Model that can be employed by organizations to make certain that they have the right person for the job. The model consists of four key factors: communication, conflict, creativity, and connectivity. Being aware of what types of individuals make good global leaders allows the organization to develop HR policies to support recruitment and succession. By creating a pipeline of capable global leaders the organization is able to sustain innovation and change.

Leaders are the main link responsible for harnessing the ideas of employees to create innovation. They must also assess the development of their competitors and the needs of customers. Bringing together individuals from different cultural backgrounds will lead to conflict; however, this does not have to be perceived as a negative. The challenge for global leaders is to use the conflict as a benefit for the organization. Gehani and Gehani define conflict as simply the result of natural differences that occur between people from different backgrounds [23]. Different ideas and views lead to innovation and new products and services. From this perspective leaders should encourage healthy conflict. "Conflict between diverse groups of people can be used to drive the growth of their organizations" [23]. If there were no conflict to spark discussion there would be no innovation.

Communication helps to moderate the relationship between conflict and innovation. This fact is furthermore impacted by the complexity of competing in global environment. Leaders must be aware of the communication styles that are needed when working with

multicultural teams. The use of the email, conference calls, and other technological innovations to communicate need to be addressed to ensure that all members are able to participate fully. When members feel they are not able to communicate openly innovation is hindered and the organization suffers.

As global competition continues to increase, successful organizations must evolve to meet the changing needs of consumers. Innovation provides the opportunity for organizations to think outside the box and “produce better product, faster, cheaper and more efficiently than competitors [24]. Creativity is directly linked to communication and innovation. Increased attention on innovation has caused organizational leaders to develop systems to manage the process and support the efforts of employees. According to Dooley & O’Sullivan being able to identify the correct process for implementing innovation will directly impact the success [24]. It is easier to implement innovation when the culture of the organization allows for employee feedback, planning, and evaluation.

Employees play a vital role in innovation. In research conducted by Barnett and Storey it was found that there was a strong connection between learning and innovation in organizations [25]. The researchers studied 220 employees at a manufacturing company, Tensator, located in the United Kingdom. Key to Tensator’s success is their ability to integrate succession planning with sustaining innovation [25]. Instead of focusing solely on keeping top management positions filled, the organization seeks to keep the pipeline of skilled laborers in ample supply to support innovation. Tensator follows a growth strategy that centers on “grow-your-own” [25]. This strategy requires the company to continually provide learning and development opportunities for employees to ensure that they remain at the top of their game.

Microsoft is applying a holistic approach to innovation in seeking to compete with Yahoo and Google in the development of search engines [26]. Management is aware they must do more than simply try to catch up with their competitors; they must redesign the way that search engines are viewed and utilized. The holistic approach is further supported by Porter in work done with organizations to help them improve their supply chains [27]. Organizations that use a holistic approach are able to obtain a broader view of how they fit into the global market. Instead of focusing on small segments of their business operations, attention is given to the entire process. This allows for the organization to implement innovation that will create value for customers.

Connectivity is defined as the ability to orchestrate organizational networks to move in the same direction in order to accomplish the company’s mission. Employees must feel connected to the organization and understand how their individual effort contributes to the bottom line. Global leaders must look for opportunities to connect everyone within the organization to the overall goals and objectives. When employees understand the big picture and the direction the organization is taking innovation and change are supported.

The 4 C’s Global Leadership Model is designed to provide a basis for organizational leaders to use in mapping out strategies for working globally with multicultural teams. The

business environment is continually evolving and global leaders must persistently develop new organization strategies to meet global challenges. Although, Samsung and Hyundai both compete in different industries there are parallels that can be gleaned from how they communicate and inspire innovation from their employees. The Cross-Culture Communication Model and 4 C's Global Leadership Model are tools designed to assist organizational leaders to compete in the ever-changing global environment.

The core aspects of global leadership critical to leading innovation and change are vision, communication, and responsibility. In 2008 a group of scholars and business leaders identified twenty-five factors that are important for managers in implementing innovation [28]. Key among them was that management must have a clear vision for the organization. The organizational vision provides a roadmap for employees by defining what the organization hopes to accomplish. Communication is important because it allows for the exchange and refinement of ideas. Effective communication requires that organizations not become bogged down with hierarchical thinking that can typically slow down the communication process. Large organizations must operate like small organizations and be able to respond quickly to organizational and market changes [28].

Successful organizations must focus on goals that are socially responsible [28]. Innovation is not just creating the coolest new gadget but it is creating the coolest new gadget that serves the environment in a sustainable manner. As organizations become more global the focus on corporate social responsibility increases. Organizations can no longer operate within a silo. The actions of one organization can affect many others. According to Westlund it is no longer sufficient for organizations only to make a profit and comply with the law [29]. They must also be socially responsible and give something back to the global community that they serve.

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