## Contents

József Poór, Csaba Kollár, Zoltán Szira, Vas Taras, Erika Varga
Central and Eastern European Experience of the X-Culture Project in Teaching International Management and Cross-Cultural Communication  5

Martin Jurek
Conflicts in Family Firms in the International Context: A Literature Review  43

Asep Hermawan, Husna Leila Yusran, Asri Nugrahanti
Exploring the Antecedents and Consequents of Student Experience in Higher Education Settings  63

Raquel Sastre
The Meaning of Work. A Semiotic Perspective for a Cross Cultural Analysis  83

Jana Blštáková, Mártonné Karoliny, Ildikó Csapó, Ádám Szobi, József Poór

Piotr Trąpczyński
Opening the “Black Box” of Firm De-internationalisation Processes: What Should We Still Know?  143
Central and Eastern European Experience of the X-Culture Project in Teaching International Management and Cross-Cultural Communication
ABSTRACT

Objective: Our paper examines the X-Culture challenges and experience through the eyes of professors and students alike and draws attention to the significance of such projects in international business practices in addition to examining the key influencing factors of interculturalism and ICT technologies.

Methodology: The students were asked to share their experience with us in a report or at an interview. Most participants considered the program to be very useful. They made the greatest progress in understanding and communicating with others and also appreciated working and collaborating with the others from different working cultures. The research was carried out in the countries of Eastern Europe to present our experience.

Findings: One of the consequences of globalization is that the various forms of contact are becoming independent of place. Adaptation to the new dimensions can be eased if the students can take part in international cooperation. A lot of students have improved their chances of landing an attractive job on the labor market and extended their social and professional networks by participating in X-Culture International Student Collaboration Project. Challenges were posed mainly by differences in time, but also cultural differences and language barriers were frequent.

Value Added: The students of our universities have taken part in the X-Culture program. In addition to studying the course material and gaining special skills in writing business plans, challenges can be experienced, and best practices learned.

Recommendations: It is extremely important in shaping the business environment of future workplaces so that is why such programs should be included in the curricula of business schools and management development programs.

Key words: International Business Education, Cross-culture training, Eastern-Europe

JEL codes: F23, F50, F69

Introduction

The initial idea for X-Culture was rooted in an attempt to find a colleague abroad who would like to team up their students with students from a different country to develop a joint project team. Collaboration was announced via the Academy of International Business mailing list. Surprisingly, within a short time, a number of academic collaborators all over the world expressed their interest in joining
the project. So, X-Culture was born. The first time (fall of 2010), lecturers from seven countries took part with their students. A total of about 450 students participated. Since then the project has been growing each semester, reaching almost 4,500 students from 100 universities in over 40 countries to date.

X-Culture is part of experiential learning theory that dates back to the beginning of the 20th century, based on Jacob Levy Moreno and Kurt Lewin’s social psychology experiments used in management education and training (Highhouse, 2002).

As Kolb (1984) states “learning involves transactions between the person and the environment” (p. 35). More specifically, experiential learning is “the process whereby knowledge is created through the transformation of experience. Knowledge results from the combination of grasping and transforming experience” (Kolb, 1984, p. 41).

More recent theories of experiential learning can be traced back to earlier theories of human development and psychology of learning (John Dewey, Paulo Freire, William James, Kurt Lewin, Jean Piaget, Carl Rogers, amongst others).

According to the Experiential learning theory (ETL) the learning process consists of four dynamic modes involving action/reflection and experience/abstraction (Kolb & Kolb, 2009): concrete experience (CE), reflective observation (RO), abstract conceptualization (AC), and active experimentation (AE). The ETL model is based on three stages of human development: acquisition, specialization, and integration (Kolb, 1984). ELT suggests that the learning cycle includes experiencing, reflecting, thinking and acting, and that concrete experiences are the foundations for observations and reflections (Kolb & Kolb, 2009).

Several studies have emphasized the positive effect of the practical component in economics (Herz & Merz, 1998), marketing (Gremler, Hoffman, Keaveney, & Wright, 2000), business communication (Saunders, 1997), entrepreneurship (Cooper, Bottomley, & Gordon, 2004) and other fields (for review studies see Cantor, 1997; Gosen & Washbush, 2004; Kolb, Boyatzis & Mainemelis, 2001).
Few empirical studies were written on the relationship between learning styles and cultural background (Joy & Kolb, 2009). Kolb (1984) discusses that experience plays a central role in both human adaptation and the learning process, rather than in acquisition, manipulation and abstraction (as other learning theories).

Experiential learning approaches can most challengingly be used in International Business and Management training and education as simulating multi-cultural global environment in the classroom is often a daunting or even an impossible task. There have also been studies evaluating experiential learning in the field of International Business and Management education (Taras et al., 2013) and using virtual teams as experiential learning vehicles (Gonzalez-Perez et al., 2014).

Experiential learning tools have increased in the recent years (Hawtrey, 2007). Several studies show that experiential learning is has a positive effect on learning in general business education (Alon, 2003). In our research we also hypothesized that X-Culture does actually assist in improving the general business skills, social awareness and communication skills of the participants.

Material and methods

The X-Culture consulting project (www.X-Culture.org) was used to collect the data. X-Culture is a large-scale international experiential learning project that involves over 3,500 MBA and business students from 100 universities from 40 countries on six continents every semester. The students are placed in global virtual teams of about seven, each student coming from a different country. Working with people from around the globe and dealing with cultural differences, time-zone dispersion, and global communication challenges, the teams complete a consulting project for a multi-national company.

This provides a context that is very similar to the real workplace, particularly with respect to the GVT environment. First, the cross-cultural international settings were very real. The study participants worked in international vir-
tual teams, each composed of about seven people with different countries represented on each team (sometimes two team members were from the same country while the rest of the team member each came from a different country). The geographic and time-zone dispersion, cultural and language differences were real. One hundred and eighty-three international teams took part in the study. Finding a large number of international work teams like this is simply impossible in the workplace. At most, an organization would have a few dozen international teams, and usually fewer than a dozen, whose performance could be observed to validate a cultural intelligence instrument with respect to behavior and performance in cross-cultural settings.

Second, the study task and environment were designed to resemble the corporate world as closely as possible. The team member interacted daily for 8-9 weeks, which is a typical project length in the corporate world.

Once the students enrolled in the course that participated in the project, they were required to take part in the project. The team assignment was random, and students had no choice over the countries represented on their teams. This is similar to how it works in the corporate world: accepting a job offer is voluntary, but once in a job, one has little choice as to what projects to work on and with whom.

The project involved development of a solution to real-life business challenges presented by real-life companies. The task involved market research, market entry plan development, and product design. The project was supervised by instructors with rich business consulting experience and managed as a regular business consulting project.

Just like in the corporate world, the teams were given significant autonomy in terms of the extent and type of communication methods. However, all participants were introduced to and were encouraged to use free collaboration tools, such as email, voice and video conferencing tools (e.g., Skype), document and collaboration platforms (e.g., Google Docs and Dropbox), and social media (e.g., Facebook and Google +), similar to what is commonly used in a corporate environment.
The stakes were very high, and the project was effectively a temporary employment for the client organization. First, the project accounted for 20 to 50% of the course grade. A failure on the project usually meant a failure in the course, with all resulting negative effects on future career prospects. The members of the best teams were invited project participants symposiums held once a year. Most attended received travel stipends. Additionally, organizations offered post-market commission, as well as prospects of internships and job offers. So, from every angle, the project settings and work design were not different from those in organizations and the threat that the findings of the present study would not generalize to the corporate employee population is extremely small.

1 Connections to the X-Culture Project

1.1 Key Influencing Factors of Interculturalism in the CEE region

Globalization is differently interpreted in different eras. After WWII in 1945 it meant the *Americanization of Europe and Asia* or the alternative of the *sovietization of Eastern Europe* (Szilágyi, 2002, p. 30). Currently, the aforementioned dual nature of globalization has stopped existing. Now globalization characterizes the market, culture and democracy. According to Meleg (2004, p. 104) globalization would make a hint that “the world is unified”. This melting pot has various effects on societies.

Internationalization and globalization have become commonplace not only in corporate life but also in education. For instance, in the United States at the beginning of the 1980’s there were only 36 accredited international management courses with a business degree. By the beginning of the past decade it approached 500 (Scherer et al., 2003). A further expansion is signaled by the publication of a handbook by Harvard Business School that
analyses the future of MBA (Master of Business Administration) courses (Datar et al., 2010, p. 108) and according to which “business schools strongly agree that MBA programs must be globalized” (Bőthe, 2011). However, differences can be noticed in the strategy of solution (Pettigrew, 2014 & Thomas, 2014). The possible answers can be classified into the following eight categories:

- There has been a significant rise in international students and professors.
- The global content of managerial subjects is increasing.
- The number of integrative courses with global context is on the rise.
- There has been an increasing demand for international exchange programs.
- Tracing international exchange students is more and more emphasized.
- The range of global projects and study trips has been rising.
- The establishment of global research centers is prioritized.
- Setting up overseas campuses is given a priority.

In the case of the examined region and also of Hungary and Slovakia the following factors are highlighted that contribute to the citizens and business students at our universities’ tighter relationship with other peoples and cultures.

- **Foreign Direct Investment (FDI):** In the early days of the transition there were about 1,000 companies with foreign investment in the CEE region operating with approximately US$ 400m of foreign capital (Simai, 1989). At that time, authorization for foreign investment could be obtained subject to strikingly different conditions of economic control in the various countries of the region.
    - As mentioned before, foreign capital was insignificant in Eastern Europe including Czechoslovakia and Hungary in the socialist era. It is possible to set up a joint venture with foreign capital in Hungary since 1972. The first subsidiary owned by foreign capital was registered by Siemens in 1973. Between the period mentioned above and 1989 approximately 350 joint ventures possessed by foreigners were established in Hungary (Inotai, 1989). The prominent growth engines
of Foreign Direct Investment are the multinational companies. So far, these companies have invested foreign capital worth nearly 1,000 billion of which approximately 60 million dollars were invested in Slovakia that became independent in 1993 (National Bank, 2015) and 100 billion dollars in Hungary till 2015.

- From a global point of view, international companies employ more than 80 million people in their subsidiaries all over the world (UNCTAD, 2016). The proportion of people employed at subsidiaries of international companies varies significantly across countries. According to the representative data of the UNCTAD World Investment Report, 50.6% of the employees in the private sector work for multinational companies in Ireland. The same indicators were 22.4% in Hungary and close to 30% in Slovakia at the beginning of the millennium, according to the aforementioned report.

- **European Union (EU):** It is worth stressing the other tendency of encouraging and enhancing meetings with foreigners and other cultures in the countries of the region including Hungary and Slovakia. This is supposedly connected to the countries’ EU accession.

- **Multicultural Characters of CEE/Europe:** Europe and more exactly Eastern Europe has always been characterized by linguistic variety.

- **Free Labor Movement:** According to most recent data nearly 7 million people migrated from the countries of the region to the western part of the EU of which both Hungary and Slovakia have a share of approximately half a million persons, respectively (Schuh, 2017).

- **New Technologies:** One of the most recent challenges of globalization is that business contacts have become independent of place and very varied and also changes have been accelerated. Adaptation to the new dimensions of business life can be eased if students have the opportunity of taking part in international cooperation (Punett, 2010a, b and 2011).
The milestone nature of the program is essential as with the help of modern ICT (information and communication) technologies our students can enter the global scenario within a minute. The program assists the students with getting acquainted with the working and studying culture of other university students. They can also face the challenges of different time zones when cooperating with the others by means of new info-communication instruments (e.g. email, Skype, Google Docs, Dropbox, Google+ and Facebook Groups).

1.2 Connections of our subjects taught with X-culture

For two decades we have been teaching International Management and IHRM at master level in Hungary and Slovakia. The objective of the course is to give a detailed account of the recent trends that managers and students alike have to face in the constantly changing world. It also makes some recommendations on the actions to be taken as well as strategic skills and competences to be developed which are of vital importance in cross-national interactions. Student participation in X-culture is not mandatory. They can choose between home assignments or X-culture project options.
**International Management**

The objective of the International Management course is to assist students in coping with the dynamically changing environment. Moreover, they are also taught how to manage organizational, strategic and interpersonal issues as well as how to cope with challenges. Recommendations are also drafted on actions to be taken and core competences that are vital for strategy making, design and implementation and also for intercultural interactions. In addition, an insight is also given into transitional and developing countries.

Key course topics are as follows:

- Presenting typical influencing factors of international and multinational firms (enterprises). It includes the following discussion topics: globalization, FDI (Foreign Direct Investment), regionalization, similarities and differences in national cultures and communication.
- Reviewing typical managerial areas/functions of international/multinational firms/enterprises. They include international strategy, marketing, organization& management, production and logistics, finance-taxation, HR, knowledge management
- Outlining important roles of professional services (management consulting, headhunting and selection, training & development, audit firms, outsourcing etc.)
- Introducing specific characteristics of internationalization of Hungarian, Slovakian and other CEE big and SME companies.

The students in both Hungary and Slovakia can opt for one of the two project tasks:

**Case Study Analysis (in mother tongue – in Hungarian or in Slovakian)**

At present they can select one of the 48 cases whose list is attached to the syllabus. The length of the written assignment is maximum 20 pages (normal page size, Times New Roman 12) and 9+1(cover pp) about the case. A case can be opted for and presented by maximum 1-2 people. The following points must be met while dealing with the case study:

- Description of the case (evolvement, development).
Central and Eastern European Experience of the X-Culture Project in Teaching International Management and Cross-Cultural Communication

- Presenting the cultural, political, economic and management culture features of the home countries of the cooperating companies.
- The similarities and differences of the management cultures of the participants (companies) of the case study.
- The issues of market entry, investment and operation.
- Highlighting and introducing some specific conflicts.
- A great emphasis placed on the effects of recovery from the ongoing economic and financial crisis.
- Analyzing the corporate (story) web-site based according to the points (criteria).

<table>
<thead>
<tr>
<th>Table 1. Example of a Project Task</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title of Short Case Description:</strong> VW (Volkswagen) makes Skoda a Czech success</td>
</tr>
<tr>
<td>‘Along with very sorry Trabants, Ladas and other relics from the Soviet era, it’s enough to make most of us look at cars anew -- and relish the state-of-the-art double cupholders and seats that heat themselves. But in the Czech Republic, Skoda is looked at very differently. The company, even though it fell on some very miserable times during the eastern bloc days, is still viewed with something approaching wonderment.’ (CNN – Richard Quest)</td>
</tr>
</tbody>
</table>


**Case Study Analysis (in the mother tongue-in Hungarian or Slovakian)**

Assignments will be carried out individually. Each person will be assigned to be the discussion leader for a review of a selected reading from a CEE research monograph to put all their effort into the oral presentation.

**Case Study Analysis in English**

The student can take part in X-culture international case solving program on a voluntary basis. Who takes this chance, takes part in international teams of 5-7 members in the program coordinated by Greensboro University in the U.S. (Note: Participants are rewarded with 10 extra points.)
International Human Resource Management

International Human Resource Management (IHRM) takes a closer look analyzing how multinational companies can manage in today’s turbulent environment, the effects of globalization and internationalization and also HR issues such as staffing, wages and salaries, remuneration, competences, performance appraisal, training efficiency and industrial relations.

The subject also familiarizes students with any other important concepts of IHRM while implementing a business plan in an international scenario with a focus on case studies, hands-on problem solving and discussion.

This course is developed around three major topic areas:

1) Introducing the similarities and differences of influencing factors of International Human Resource Management in different parts of the world (Western Europe, Eastern Europe, Southern-Eastern Europe, Russia, Asia and Middle East).

2) Managing different Human Resource functions (HR planning, recruitment and selection, performance management, training & development, pay & compensation, industrial relations, etc.) at local subsidiaries of multinational firms from developed (U.S., Western Europe) and emerging (China, India, Russia) world.

3) Learning about the implementation of different tools (strategic IHRM, performance evaluation, people development, competency modeling etc.) of International Human Resource Management in transitional environment.

2 Student and Teacher Implications

2.1 Participation

In the case of both courses (International Management and International Human Resource Management) participation in X-culture program is voluntary. On the average, 5-10 % of students (5-10 persons) take this chance.

One of the consequences of globalization is that the various forms of contact with our business partners are becoming independent of place. Changes
take place extremely fast and to teach how to adapt to them successfully at school tends to be very difficult. Adaptation to the new dimensions of business life can be eased if the students of economics and management can take part in international cooperation. It is when the students of our universities have taken part in this program coordinated by Greensboro University in the USA. In addition to the existing Erasmus student exchange program, X-Culture serves as a very modern cooperative form of studying for all the students who would like to improve their business knowledge, social skills as well as their English knowledge. The table below illustrates the changes in the number of students participating in the project between 2011 and 2017.

Table 2. Students’ participation dynamics in X-Culture (2011-2017)

<table>
<thead>
<tr>
<th>Academic years and semesters</th>
<th>students of &quot;University One&quot;</th>
<th>students of &quot;University Two&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2011-1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2011-2</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>2012-1</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>2012-2</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>2013-1</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>2013-2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2014-1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2014-2</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>2015-1</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>2015-2</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>2016-1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2016-2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2017-1</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>2017-2</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>2018-1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: Authors’ own research.
2.2 Support

Professional and technical assistance is provided by X-Culture instructors or PhD students who previously took part in the program.

2.3 Grades

- Grades of class participants will be based on three performance criteria: assignment, participation, and final exam. Each of these criteria is explained in greater detail below.

- **Assignments (40%)**: Assignments will be carried out individually. Each individual will be assigned to be the discussion leader for a review of a selected reading put all their effort into the oral presentation. X-culture participants have to make their oral presentation in English. X-culture participants are entitled for their successful report submission and final presentation extra 10% of performance reward.

- **Class Participation (20%)**: This is a 3rd level seminar, so attendance is at your discretion, but you are expected to read the assigned materials prior to class and be prepared to make thoughtful contributions during discussion – and teachers will take notice of the individual participation. Attendance will be taken during each class meeting. Students will lose points for each absence.

- **Final Exam (40%)**: The purpose of the questions has been to cover both the theoretical backgrounds and the focal areas of this course and giving a freedom to the students to choose. The final exam is based upon essay questions.

With the advent of modern ICT (information and communication) technologies students can enter the global scenario and get acquainted with the working and studying culture of other university students. They can also face the challenges of different time zones when cooperating with the others by means of new info-communication instruments (e.g. email, Skype, Google Docs, Dropbox, Google+ and Facebook Groups).
The following part summarizes some aspects of communication and interculturalism together with building virtual teams in the digital era as all these phenomena can be noticed in the X-Culture project, as well.

3 The importance of communication
3.1 Introduction

In our globalized world with the advent of state-of-the-art technology we can no longer expect to live without communicating with other people a long way away from our communities.

In our global village IT devices are used to support homogenization (Chaney, 2005). However, Dahl (2004) and De Mooij (2003) found out that in marketing and advertising this is not the case.

One thing is certain: we must all communicate in our homes, in our workplaces, in the groups we belong to, which can sometimes pose some challenges.

“Culture” is sometimes regarded to cause some misunderstandings. “Culture” stands for a special group of people or part of community whom we share our experiences, or they influence our attitude to or understanding of the world. Avruch and Black (1993) noted if people are confronted with interactions they are not familiar with, these interactions are labelled as “abnormal”, “weird”, or “wrong.”

In short, communication, similarly to patterns of human behavior, is governed unconsciously by deep cultural values, and preferences for particular value sets. In today’s multicultural work environment, we have to develop communication as a conscious skill.

The ability of communicating with people from different cultures will certainly mean a great benefit in the future. Moreover, through channels of communication we can break down stereotypes, foster respect and acceptance, and build strong relationships.

X-Culture is such an international project that has the ability to do so.

X-Culture is not only a great example for international student collaboration but also for communication.
The concept of X-Culture stems from experiential learning and the project is embedded in an international business scenario. It also serves an instrument to develop and improve cross-cultural competencies via communication, among others. In addition, cross-cultural interaction also results in the development of cultural intelligence (Earley and Peterson, 2004).

X-Culture shows a great resemblance with other platforms such as Global Marketing Management System Online – GMMSO (Janavaras, 2012) and GEO (Thavikulwat, 2007a, 2007b). The task of GMMSO shows some degree of similarity while GEO primarily focuses on international trade.

X-Culture makes use of publicly available IT resources (e.g. the aforementioned Skype, Dropbox, Google Drive, Google Docs, Facebook, Skype, Viber, and WhatsApp among others) for communication, while other platforms rely on specially designed platforms or simulators.

X-Culture is an excellent opportunity for experiencing communication in the form of international cooperation and collaboration (Gonzales-Perez et al, 2014) as students are divided into Global Virtual Teams (usually about 7 students per team).

In addition to virtual collaboration, X-Culture also serves as a forum for personal meetings of the best students at semi-annual X-Culture symposiums. The ultimate goal is to give students and opportunity to experience the challenges and learn the best practices of international collaboration while gaining business knowledge and communication skills.

But how can they communicate effectively and develop their communication skills? The following part provides the students with some basic knowledge and tips on effective communication.

3.2 Challenges and benefits

Effective communication is of vital importance in developing relationships with people. However, we must instantly note that in return, communication calls for constant attention, energy, and skills.
The way cultures communicate can vary widely. One aspect of communication is sharing a common language. The choice of trade language is normally a matter of convenience, reflecting the competencies of the parties involved (Lewis, 2005). There are some basic differences even in the different use of words, voice pitch, intonation, dialect and nonverbal communication (body language); the directness with which we speak, how much emotion we express in various situations, the rules for turn-taking, the use or avoidance of silence, for instance.

Misunderstandings and offenses can also be commonplace. We may be afraid of having a negative experience with people. We are afraid of being judged or miscommunicating that can cause unintentional damage to others. On the positive sides of communication, a note must be made on learning new things, making friends, and understanding differences. The concept of “time” also differs in cultures. Punctuality is an important issue in Edward T. Hall (1959)’s monochronic cultures, where people are normally engaged in only one activity at a time while in polychronic cultures several tasks are dealt simultaneously. Punctuality is a generally accepted standard in some relationship-based countries such as China and Japan (Hooker, 2003, 2008).

The networks of personal influence and red-tape or bureaucracy play a great role in Hofstede’s “uncertainty-avoiding cultures” (2001, 2004) where life is seen with uncertainty and predictability as well as low-risk is appreciated.

The importance of relationships and individual roles in decision-making is also various. Communication styles vary around the world, which results in a variety of communication and business styles. Hall’s distinction of low-context and high-context cultures (Hall, 1976) explains how negotiation proceeds, how agreements are specified, and also how workers are managed.

Awareness of the differences and similarities can also count a lot in the effectiveness of communication as well as understanding and respecting each other.

Different cultures and ways of communication give us the opportunity to discover new ways of problem solving or just accept the difficulties and differences as “just the way things are.”
The biggest challenges of intercultural communication include being able to find common interests without being too intimate and breaking into the personal sphere of the others, overcoming language barriers by even knowing slang, idioms, jargons, and a sense of humor. Being tolerant and understanding etiquette are also fundamental values.

3.3 Some tips to effective communication

1) Learn from generalizations about other cultures, but do not use them to stereotype.
2) Practice to perform better at cross-cultural communication.
3) Do not assume that there is one right way (yours!) to communicate.
4) Do not assume that breakdowns in communication occur because other people are on the wrong track.
5) Listen actively and empathetically.
6) Respect others’ choices and opinions.
7) Be prepared for a discussion and open to learning more.
8) Remember that cultural norms may not apply to the behavior of any particular individual. We are all shaped by many, many factors such as our ethnic background, our family, our education, our personalities, and are more complicated than any cultural norm would suggest.

Lastly, if we are open to learning about people from other cultures, we become less lonely. Prejudice and stereotypes separate us from whole groups of people. Many of us long for real contact. Talking with people different from ourselves gives us hope and energizes us to take on the challenge of improving our communities and worlds. Openness, caring, and mutual respect for the dignity of individuals
## 4 Pay-offs for Students
### 4.1 Student Feedback on the Program

Our students summarized their experience in connection with the program in table below.

**Table 3. X-Culture experience of Slovakian and Hungarian students**

<table>
<thead>
<tr>
<th>Number</th>
<th>Students’ opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A correspondent student: It was most interesting to work together with my team members who came from different parts of the world. At first, I did not even know on the basis of the names, except Brianna, whether it is a boy or a girl :) As far as team work is concerned, I can say that everyone had an equal share of it, except Cheng Yang, who did not take part at all. It was not obvious at all that our team was made of totally different cultures. Everyone kept promises and we helped one another. We also talked about private issues in addition to work and we are still friends on several social media platforms. We promised to advise the others should we travel to their country. Despite of the initial fear, primarily due to language barriers, I can say that I can assess the program only positively and thank you for the opportunity to have gained such precious experience.</td>
</tr>
<tr>
<td>2.</td>
<td>A full-time student: During my participation in X-Culture program I gained a lot of experience. There were many challenges and we had to find the solutions. We also had to face cultural differences, language barriers and different time zones, as well. We were trying to find the best solutions to the problems with my team mates. To this end, we were negotiating regularly, almost on a daily basis. Due to this, not only our English improved but also our communication skills and our cooperation with people from different cultures. All in all, I can say that my participation in the program was very advantageous.</td>
</tr>
<tr>
<td>3.</td>
<td>A full-time student: X-Culture program made it possible for me to participate in an international program with students from different parts of the world. So, the program significantly contributed to getting to know different cultures, customs and traditions to extend my knowledge. In addition, I also gained experience in international management as we had to work out a successful business plan for a company. Of course, there were hardships but fortunately, they could be managed it was difficult to make appointments as in certain cases there were 10 hours’ difference in time. To cooperate more efficiently, we tried to keep in touch and talk every day. I think X-Culture served as an excellent opportunity for making friends, so I can recommend it to all young students who wish to gain experience.</td>
</tr>
</tbody>
</table>

Source: authors’ own research.
4.2 Key Results of the Program

The following points summarize the main benefits of the program.

- **Students**: The most recent research on international collaborations suggests that the student who took part in X-Culture International Student Collaboration Program could have high hopes in their professional and personal advancements and can also improve their chances of finding a job and networking (Last et al., 2000; Last et al., 2002; Teichler & Jahr, 2001), as they add value to succeed in career development and enhancing their performance. Although there were some reports on skipping some occasions to participate (free riding) and miscommunication most students could identify with the program as reflected by their follow-up evaluations. While getting acquainted with the cultures of their group mates, students could allegedly make friends and some MBA students also had the opportunity to collaborate in business. Even at this initial stage a great number of X-Culture International Student Collaboration Program participants have enhanced their professional and personal success and made themselves more attractive on the labor market as well as extended their social/professional network.

- **Instructors**: As teachers of business management, the instructors have found the program extremely useful to make their students acquainted with this hard but enjoyable work that goes beyond great distances and cultures and make them write a business plan simultaneously. However, the added value for educational purposes to students only marks the beginning of potential benefits. While participating in X-Culture program the instructors enter into a greater community of academic professionals with similar objectives and interests. Ideas are openly shared on how the program could be improved, how the interest of teachers in literature used in higher education, business management, marketing or other disciplines could be raised; new principles can be born and there might be a possible rise in the number of publications, as well.
The X-Culture International Student Collaboration Program is very useful for both students and instructors. Chances for students taking part in the project are that they enhance their professional and personal prospects can also improve the chances of working together with other students and networking (Last et al., 2000; Last et al., 2002; Teichler & Jahr, 2001) while they also add value to their career management and performance. Due to X-Culture project the instructors have a teaching aid in the classroom and also due to networking possibilities they are in contact with others, which can result in an increasing number of publications.

5 Team-building within virtual environment
5.1 Introduction – the traditional approach

Prior to the digital age team work was evidently realized in the material world. Together with or under the control of the team leader the team members prepared the project plans, marked the most important milestones, appointed the people in charge, allocated resources to single activities, decided on their order of implementation and also discussed which activities can run in parallel and then set on implementing the project plan (Görög, 2001; Kerzner, 2017).

The practice of corporate project management has appeared/appears in (higher) education (Hegedűs, 2002, 2007; Ginevri & Trilling, 2017). The main point of project pedagogy is that great part of knowledge to be acquired does not directly derive from the teacher, rather, while working out the project plan similarly to learning by doing method. This takes the following form: the instructor holds lectures in the first couple of weeks (2–3 occasions) of the 14-15-week-long semester for undergraduate students, outlines the theory, highlights relevant literature and then divides the students into small groups who have to work on a task and at the end, on 1–2 occasions they present their findings. The most frequent problems with forming student groups and team work include:
• Students did not understand the task properly and that is why they did not complete the task, or it is below the standard;
• Students did not select a leader (or the instructor failed to appoint one) so sub-tasks (project activities) are not properly distributed;
• The project task was not evaluated/interpreted carefully so they miss milestones, people in charge and deadlines;
• The team did not complete the task by deadline;
• Internal tensions were not properly treated by team members or the team leader, which hindered the job or could even result in the team’s falling apart;
• The project task required data from a company that was unwilling to disclose them.

As can be seen, in spite of the fact that project-based thinking with proper organizational skills and leadership experience could be a very resourceful and efficient method, it can only yield results in (higher) if enough care was taken and the classical role of the teacher is supplemented as usually the selected/appointed team leader does not possess the necessary leadership/management experience. Mikonya (2003), Radnóti (2008) and Wurdinger (2016) drafted the following expectations for teachers who apply project pedagogy.

• Teachers and students act in accord in the process of teaching-learning, so teachers take part in the process even after assigning the project tasks. They follow the process of solving the project tasks with advice and recommendations as a mentor.
• An important aspect is exploring the previous knowledge of the students and it is inevitable when tackling new issues. This objective is fulfilled by the several theoretical sessions held at the beginning.
• Presenting the findings and the finished product is also a must as for most (undergraduate) students this project task has been the first more serious professional challenge into which more than average energy, time etc. was invested. It is quite understandable that they would like to present it to the others so the last few occasions are devoted for this purpose in project pedagogy.
Participants continuously collect additional material and modify the internal processes of the project if necessary. It is the instructor’s task to assist them. As a mentor or coach (or by just using the methods of coaching) instructors are not supposed to tell the right solution, rather, they make the team find it.

5.2 Digital Era
5.2.1 New Challenges

As in the last ten-twenty years companies have supported more and more of their work processes by means of digital technology, idea, notions and recommendations on digital pedagogy have also appeared in education (Sadowski-Rasters, Duysters & Sadowski, 2007). Digital board, digital learning materials, the possibility of keeping electronic contacts between teacher-student and computer assisted distance education (e-learning) have become part of the everyday routine at almost all higher education institutions. The internationalization of education has resulted in a multicultural environment of students where the teacher has to take part in assimilating students of different cultural backgrounds in addition to imparting professional knowledge even if the distant education student hardly ever or does not at all turn up at classes. The success of the distant team work depends on how the project pedagogist manages to harmonize the team. Hunya (2009) names the following competences by referring to Oracle Education Foundation.

<table>
<thead>
<tr>
<th>Critical thinking</th>
<th>Examining problems and situations from different points of view; preparing a plan for intervention; evaluating the results of intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity</td>
<td>Creating new ideas and thoughts</td>
</tr>
<tr>
<td>Team work</td>
<td>Cooperation with others toward a common objective</td>
</tr>
</tbody>
</table>
In the case of the e-learning team methods in higher education the instructor decides which competencies to improve before the project starts. In a multicultural student environment, it is practical to improve work efficiency by communication (1) and successful completion by team working competencies (2).

There are new competency requirements of the digital age – or, as termed by Hess and Ludwig (2017, 33) Smart Machine Age (SMA) – such as „Quitting Ego, Managing Self or Reflective Listening and Otherness (emotionally connecting and relating to others).”

### 5.2.2 Communication

There are several opportunities to connect students who are physically a long way away (Strawser ed., 2017). It is practical for the project pedagogist to indicate or create the compulsory platforms through which students can keep in touch. It is important as the teacher’s role is extended (mentor, coach) and has to participate in the discourse that takes place on these platforms and interfere in the course/subject of communication if necessary. If the topic/company of the task and the information on them are not confidential (students only use OSINT source) the proper services of Google and Facebook can be offered.

- **Closed group**: It can be created at [groups.google.com](http://groups.google.com) among others. It is practical if the teacher creates it and invites the students on the basis of their email addresses. In an international, multicultural environment it is practical...
to select English as the language of the group and it holds true for the other applications. When creating the group, it is practical to set as one of the basic permissions that only users with a valid invitation can join. In addition to Google group services Facebook also offers an opportunity for creating groups where accession is also regulated (closed but rather a covert group).

- **Consultation with the teacher and team members:** the most traditional online form of consulting with the teacher is e-mail. Teachers are advised to discuss with the students what the subject of the e-mail should be as most corresponding systems are able to divide the incoming mail into folders by their subject, so it becomes much clearer from which member the message was received. In addition to e-mails, Facebook Messenger and Google Gmail can also be an efficient method of communicating with the teacher or group members. The aforementioned services can be found both landline and mobile environments similarly to Skype or Viber. By means of these applications not only texts are transferred but also sounds and individual or team-based video calls and conferences can be organized.

### 5.2.3 Teamwork

Searle & Swartz (2015) organize the work into four key steps:

1. “establishing guidelines and protocols, including drafting agendas and timelines;
2. managing and resolving conflicts, including giving honest feedback and building team morale;
3. refining decision-making skills, including creating win-win situations and improving flexibility and efficiency;
4. building team capacity, including evaluating and sustaining teamwork.”

- **Calendar and project:** The team members can construct their own calendars at calendar.google.com and they can also share the events listed there with one another. In addition to sharing events group calls can also be scheduled by inviting one another for the event and reply about accepting/
refusing it. Scheduling of the project task can be carried out on doodle.com. An online easy to-reach project management application is also an important part of team work. Duffy (2017) has a short, comparative study on it. There are several platforms for online project management and online cooperation like Asana. When browsing among online applications, it is practical to choose one where the scheduled tasks and people in charge in the Gantt diagram can be synchronized with Google calendar.

- **Storage and editing**: During the project work students create several documents online (usually texts, tables). If the objective is only storage, then Box, Dropbox offers free solutions among others. However, if the task is real tie group editing of documents, it is more practical to choose a service from drive.google.com. Google Drive can also offer the following services in addition to storing files:
  - creating and editing documents,
  - creating and editing tables,
  - creating and editing slides,
  - creating and editing spreadsheets.

When creating documents, tables and slides the teacher can set and manage access rights (editing, only notes, view). The content modifications of the online edited documents can be traced down or the teacher as a mentor can make comments on team work.

Business projects usually contain primary research. Team members can relatively easily create online questionnaires by means of Google and the link can be shared e.g. with the relevant Facebook groups. Answers to the online questionnaire can be monitored real time and first releases are also available.

**Discussion and conclusions**

The efficient project work of students physically a long way away from one another can be assisted by several applications free of charge or for a fee. How these resources can optimally be combined for the team to reach the
best results depends on the digital competences and software or application knowledge of the teacher. Due to the abundance of applications the teacher must decide which communication and cooperation platforms are worth using or have to be used. The redundant share of information, the processes running in parallel and student initiatives as well as the use of the most recent applications can lead to a chaos. The project pedagogist should check the communication platforms and make it clear for students, which applications are recommended for certain communication activities and must consequently be used in addition to professionally completing the project task which was planned online.

As our students have been participating in the International Student Collaboration Project since 2011, they are asked to share their experience with us, what they think the challenges are and also what knowledge and skills they gained while working with other team members from different parts of the world.

To sum up, the following points were made:

- Most participants considered the program to be very useful.
- The following points were stressed in connection with acquiring tacit knowledge competencies:
  1) The program assisted in developing these competencies most.
  2) They made the greatest progress in understanding and communicating with others from different cultures.
  3) They also improved their skills in organizing and managing non-hierarchical team work.
  4) The students also appreciated working and collaborating with the others from different working cultures. In some cases, they had to cover or replace their slower teammates or the dropouts but generally, they could succeed in doing so, as well.
  5) Of the labor market competencies projected by the Institute for the future in their study „Future work skills 2020“ X-Culture improved some, among others, virtual work. (http://www.iftf.org/uploads/media/SR1382A_UPRI_future_work_skills_sm.pdf)
• As far as explicit knowledge competencies are concerned, the participants highlighted the following ones:

1) Using new social media platforms, mostly e-mails, Facebook and Google Doc.

2) Deadlines were met in most cases and project tasks could be completed.

Within the framework of a program of such nature, it is natural to experience not only positive things but also some hardships such as different cultural background or the significant differences in time due to the time zones. Our hypothesis and research question according to which X-Culture does actually assist in improving the general business skills, social awareness and communication skills of the participants was finally proved.

X-Culture is still very much work in progress. Every semester changes are made, and the format of the project is modified together with the task, policies and procedures.

Our immediate plans include experimenting with a few new features of the project.

First, we are considering running X-Culture in languages other than English. There is a regular request to have a Spanish language track for Latin America and Spain, and possibly a French track for French-speaking countries.

Second, we are considering adding a non-business track. At this time, pretty much all X-Culture participants are business students and, hence, the task is very much business related. However, international collaboration is equally important in arts, engineering, natural sciences, and humanities. We are exploring opportunities to add a group of students from non-business disciplines with a task that is more suitable for their areas of studies.

Third, we would like to expand our collaboration with real-life businesses. Our initial experience with our corporate partners has been extremely positive. Not only do the companies receive valuable input and ideas from our bright students. Involvement of real business and work on real-life business challenges makes the project more practical and educational for the students. Furthermore, working with a real company, students
get a chance to impress their “clients” and possibly get a chance of an internship or a job.

Fourth, we would like to devote more attention to exploring funding opportunities. At some level, volunteer time is not sufficient to run a successful project. Even Wikipedia has a small group of paid staff. In addition to exploring grant options, we are also considering soliciting sponsor funding.

Finally, in our spirit of open collaboration, we are experimenting with opening up our immense database to the public and inviting researchers of all background and interests to download our data and use them in their research. While it is common in the publish-or-parish academic community to closely guard one’s own data, we believe open data sharing and collaboration will speed up knowledge creation and ultimately benefit all parties.
References


Last, M., Daniels, M., Almstrum, V., Erickson, C., & Klein, B. (2000). An international student/faculty collaboration: the Runestone project. *ITiCSE ’00 Innovation and technology in computer science education, 32.*


ABSTRACT

Objective: This paper reviews the major family business research papers that address factors related to relationship and work-to-family conflicts.

Methodology: The procedure this paper applies follows recommendations for literature reviews by Fink (2010) consisting of: (1) selecting a research question (2) selecting bibliographic or article databases, (3) choosing search terms, (4) applying practical screening criteria, (5) applying methodical screening criteria, (6) doing the review and (7) synthesizing the results.
Findings: The article summarizes that, although family business research is progressing in terms of theory building, it continues to lack a systematic adoption of longitudinal, cross-national and multi-theoretical approaches. To date, research on conflict in family firms remains underdeveloped in the CEE.

Value Added: Outlining the state of the art of theoretical and empirical studies by applying a resource-based view.

Recommendations: Application of control variables, such as size of the business, business life cycles, generational status, type of industry and various cultural settings. Furthermore, the role of communication, sibling rivalry and perceived justice of family members could be investigated more thoroughly.

Key words: international family firm, family-owned business enterprise, relationship conflict, work-to-family conflict

JEL Classification codes: D10, D64, M21

Introduction

Family business prevails as the most pervasive form of business in many countries and raises specific questions concerning succession, governance and particularly relationships between family members. Over 70 percent of businesses worldwide are private or family owned. Further, according to Hnilica and Machek (2015), family businesses play a powerful role in the world economy, constituting more than 30 percent of all companies with sales in excess of $1 billion. Family businesses tend to take a long-term view, can be quite risk-averse and favour debt-free growth strategies offering economic stability in times of financial crisis.

A family’s vision and succession intentions are among the most important characteristics distinguishing between family and non-family businesses. Family businesses in Central and Eastern Europe (CEE) virtually re-emerged after the fall of communism. Newly created family businesses were part of the transition from a centrally planned economy to a market economy and served as the “backbone” of the economy (Gallo, 2004) ever since. Family
businesses in the CEE with continuous development were very rare. Considering the average age of the founders of businesses created/privatized in the last decade of the 20th century in the CEE, the following observation can be made: nowadays, a quarter of a century later, most of their founders are between the age 55 and 65. Thus, the process of the first succession of founders to the first generation successors has been occurring. As a result, family businesses in the CEE are compared to Western countries in specific situations. They have, however, the opportunity to learn about the specifics of family businesses from a vast offer of foreign literature and experience.

Very few family firms survive to the second (Beckhard & Dyer, Jr., 1983) or third generation (Applegate & Feldman, 1994), mainly due to unsuccessful succession planning. Not only succession, but conflicts are two of the greatest threats to the successful continuity of family businesses (Nasser, 2014). The handling of conflict is thus crucial for the long term survival of a family business. One of the main reasons for conflict in family business is an underestimation of the specifics of the three systems described in Figure 1.

Figure 1. Logic of three systems involved in family business

![Figure 1](source: Groth & Slevogt, 2004, p. 4)

From a sociological systems theory perspective, family businesses can be seen as social systems characterized by the coupling of family and
business (Valentinov, 2014). The functional logics of these two systems differ in many elements as described in Table 1. The interaction of the family culture on one side and business culture on the other is the cornerstone of misunderstanding. In a family business, conflict can arise from the dominant presence of the family – setting the rules and having ultimate power, the lack of formalized systems and structures to deal with conflict, and having no formal organizational structure or operative systems, along with the co-mingling of business and family roles (Harvey & Evans, 1994). As a result, the co-existence of business and family is a fertile field for conflict and may make them especially vulnerable to negative consequences.

**Table 1. Functional logics of business and family**

<table>
<thead>
<tr>
<th>Element</th>
<th>Business</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survival condition</td>
<td>As long as payments can be made</td>
<td>As long members exist</td>
</tr>
<tr>
<td>Survival means</td>
<td>Development and sale of products and services</td>
<td>Physical and emotional integrity of members</td>
</tr>
<tr>
<td>Membership conditions</td>
<td>By reciprocal decision (hire, fire, entry, exit)</td>
<td>By destiny (birth, death) or singular existential events/decisions (adoption, marriage, divorce)</td>
</tr>
<tr>
<td>Membership status</td>
<td>Exchangeable bearer of function</td>
<td>Unexchangeable individual</td>
</tr>
<tr>
<td>Prevalent mode of communication</td>
<td>Interaction between present persons (oral communication) and formalized bureaucracy (written communication)</td>
<td>Interaction between present persons (oral communication)</td>
</tr>
<tr>
<td>Interaction rules motivation</td>
<td>By tasks</td>
<td>By needs of persons and family tradition</td>
</tr>
<tr>
<td>Main communication address</td>
<td>Function, competence</td>
<td>Emotional, psychological and physiological needs and conditions</td>
</tr>
<tr>
<td>Rule of justice</td>
<td>Equity</td>
<td>Equality, need or balancing accounts</td>
</tr>
</tbody>
</table>

Conflicts in Family Firms in the International Context: A Literature Review

Literature review

The theoretical background applied for this literature review, is the resource-based view (RBV), which stands out due to its simplicity (Kraaijenbrink et al., 2010). The idea of looking at firms as a broader set of resources goes back to the seminal work of Penrose from 1959 (Wernerfelt, 1984). When classifying resources, it is important to distinguish between tangible and intangible resources, with the latter often being more likely to generate a competitive advantage due to their rare and socially complex nature that impedes imitation (Suess-Reyes & Fuetsch, 2016).

As stated in the introduction, the family business is a specific social system characterized by the coupling of a family and a business (Valentinov, 2014). This “coupling” can constitute a liability or an asset for the business. This paper is thus simultaneously grounded in sustainable family business theory (SFBT), a behavior-oriented systems theory demonstrating integration of the family system, the business system, and their interplay (Danes & Brewton, 2012). SFBT recognizes that conflict among related family members is distinct from conflict among unrelated organizational team members (Kaye, 1991).

Methodology

The procedure this paper applies follows recommendations for literature reviews by Fink (2010) consisting of: (1) selecting a research question (2) selecting bibliographic or article databases, (3) choosing search terms, (4) applying practical screening criteria, (5) applying methodical screening criteria, (6) doing the review and (7) synthesizing the results.

After selection of the research terms, two databases (Web of Science and EBSCO Business Source) were chosen and search terms shown in Table 2 were employed. In order to use a valid knowledge base, the following procedure from Suess-Reyes and Fuetsch [2016] was applied: first, the search was restricted to peer-reviewed, English language, scholarly journal articles and
second, the time frame was limited to articles published between January 1997 and January 2018.

Applying these restrictions, an initial article search resulted in 2729 matches, in the first step. In the second step, 163 articles with low relevance from EBSCO Business Source were eliminated by reading titles and abstracts. Further, articles from Web of Science were eliminated, due to a very low compliance rate. In the third step, 23 additional articles were excluded based on their remote thematic focus on relationship conflict or work-to-family conflict. In order to extend the scope of the search, in the fourth step, 15 additional articles were identified from the reference lists of the 11 articles selected up to that point.

### Table 2. Search and selection procedure

<table>
<thead>
<tr>
<th></th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Σ</th>
<th>Step 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web of Science</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(TS=(family AND business* OR firm*) AND TS=(relation* and conflict*))</td>
<td>1545</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBSCO Business Source</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(AB family) AND (AB business* OR firm*) AND (AB relation* conflict*)</td>
<td>44</td>
<td>-23</td>
<td>-15</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(AB family) AND (AB business* OR firm*) AND (AB work conflict*)</td>
<td>153</td>
<td>-140</td>
<td>-8</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2729</td>
<td>-2695</td>
<td>-23</td>
<td>11</td>
<td>15</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Author.
**Step 1:** A broad paper search in two databases (criteria: peer-reviewed articles, published between 1997 and 2018, English language

**Step 2:** Elimination of irrelevant articles from EBSCO Business Source by reading titles and abstracts and leaving out Web of Science articles.

**Step 3:** Elimination of articles failing to address the thematic focus by reading the articles.

**Step 4:** Adding further relevant articles by screening reference lists of articles after step 3.

**Results**

The 26 articles under review were published in 17 different journals from, among others, the economic, management, sociological and psychological fields from the period 1997 to 2018. Journals with the largest output were *Family Business Review*, *Entrepreneurship: Theory & Practice* and *Journal of Small Business Management*. The majority of articles (21) followed a quantitative approach. With regard to topical focus, the sample contains 12 articles addressing relationship conflict and 14 articles addressing work-to-family or family-to-work conflict. The location of the majority of articles is the USA. In the following two subsections, the key findings are presented from a selection of articles reviewed on relationship conflict and work-to-family conflict.

### 3.1. Relationship conflict

Members of family who have difficulties juggling multiple simultaneous roles, such as father, son, brother, boss, owner, etc. – may spur conflicts in the business (Dyer & Handler, 1994). Conflicts can be categorized into three types – task, process, and relationship (Jehn, 1995). These conflicts arise in the context of organizational issues and relate, in particular, to differences in viewpoints and opinions regarding a task or controversies over aspects of how task accomplishment will proceed (Jehn & Mannix, 2001).
Relationship conflict exists when there are interpersonal incompatibilities and disagreements that typically include tension, animosity, and annoyance (Simons & Peterson, 2000). In the Kellermanns and Eddleston study (2004), relationship conflict conceptually represents the frequency and intensity of interpersonal conflicts between family members within the business system. It is often believed that the presence of relationship conflict is an important factor to consider in understanding family member obstruction because it has been found to both interfere with work efforts as well as lessen cohesion and goodwill (Jehn 1997).

Family members often differ with the founder and conflict frequently results (Beckhard & Dyer, 1983). In the concept of preference incongruity among individual family members, Davis and Harveston (2001) reveal a relationship between conflict in a family business and the composition of the family’s work group. They find that relationships between conflict and family influence differ according to the generation of the family business, thus supporting the presence of a moderating generational influence. They conclude that specifically third or later generation firms were subject to more conflict than were either first or second generation firms. In this sense, the lack of accumulated organizational learning might be an advantage for the majority of family businesses in the CEE.

As Kellermanns and Eddleston (2004) put it – family members are “locked” into the firm because of their inability to sell their shares at current market prices. Furthermore, the exit costs of leaving the family firm are high because the family member may lose firm-specific knowledge, experience, possible rights of inheritance, status, and other privileges associated with employment in the family firm (Gersick et al., 1997; Schulze et al., 2003).

Relationship conflict has been established as a key construct with the potential to destroy value in family firms (Kidwell et al., 2011). Ownership families experience high relationship conflicts, have low cohesion (lower emotional bonding) and the relationship conflict negatively affects firm satisfaction and firm performance (Nosé et al., 2017). Further, Kellermanns and Eddleston (2004)
argue that not only does relationship conflict have a devastating effect on a family firm’s performance, but also prevents task and process conflict from having a beneficial effect on performance. In so doing they acknowledge that the effects of conflict on performance cannot be completely understood without taking into account the relationship among family members in family firms. They propose that greater generational involvement heightens the importance of task and process conflict to family firm performance.

The study of Eddleston et al. (2008) elaborates further on the variable of generational involvement and examines the impact of participative decision-making on relationship conflict. Their findings indicate that at higher levels of participative decision-making for first and second-generational firms, cognitive and relationship conflicts decrease, whereas for multigenerational firms, both types of conflict increase.

Table 3. Random selection of 5 out of 12 papers reviewed on “relationship conflict”

<table>
<thead>
<tr>
<th>Author(s), year</th>
<th>Journal</th>
<th>Research question/topic</th>
<th>Geo. setting of the study</th>
<th>Methods</th>
<th>Nr. of citations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kellermanns and Eddleston (2004)</td>
<td>Entrepreneurship: Theory &amp; Practice</td>
<td>How can a firm gain the benefits of conflict without the costs</td>
<td>Qualitative: 7 propositions model</td>
<td>496</td>
<td></td>
</tr>
<tr>
<td>Nosé et al. (2017)</td>
<td>Journal of Family Issues</td>
<td>if positive family climate influences the negative effect of relationship conflict on both of the business outcomes (firm satisfaction and firm performance)</td>
<td>Austria</td>
<td>Quantitative: 392 family businesses</td>
<td>6</td>
</tr>
</tbody>
</table>
Work-to-family and family-to-work conflict

When roles related to family and work are in conflict, it is globally termed as work-to-family conflict. Work-to-family conflict is defined as a form of inter-role conflict in which the role pressures from the work and family domains are mutually incompatible in some respect (Greenhaus & Beutell, 1985). Researchers have argued that work and family conflict is particularly relevant to family business owners regardless of whether the conflict is rooted in family demands that reduce their ability to attend to business needs, work demands that reduce their ability to fulfil the (non-work related) needs of
family members, or a combination of both (Foley & Powell, 1997; Kellermanns & Eddleston, 2004).

Family business owners face additional pressures to maintain both business processes and healthy family relationships while at work (Werbel & Danes, 2010), which suggests that the means by which work and family conflict affects work-related and family-related outcomes may be different for family firms versus non-family firms. Generally speaking, work and family conflict occurs when work demands interfere with family responsibilities (work-to-family conflict: WFC), and when family demands interfere with work responsibilities or requirements (family-to-work conflict: FWC) (Frone, Russell & Cooper, 1992).

Smyrnios et al. (2002) underscores the importance of specific mediating factors being associated with types of work-to-family conflict. They emphasize that work-to-family conflict should no longer be regarded as broad-based. Distinct forms of work-family conflict should rather be identified and evaluated for their impact on overall measures of role performance. Next, they demonstrate that different types of work-to-family conflict indirectly and differentially affect family role performance with the influence of a mediating variable such as family cohesion. Last, they prove a positive reciprocal relationship between work-to-household and work-to-interpersonal conflict. This finding is to be expected, given that owners who indicate that work has a negative effect on interpersonal relationships are more likely to report that working in the business interferes with household responsibilities (Smyrnios et al., 2002).

The main findings of a recent study (Carr & Hmieleski, 2015) indicate that family-to-work conflict serves as a greater source of work tension for founders leading family business than for those leading non-family businesses, and work-to-family conflict serves as a greater source of work tension for founders leading non-family business than for those leading family businesses. These results are, however, to a large extent dependent on cultural differences and priorities. Implications for family businesses in the CEE might require a cautious approach. As an example, Wu et al. (2010) found that work
and family were asymmetrically permeable, with work-to-family conflict being significantly more predominant than family-to-work conflict.

Memili et al. (2015) developed a theoretical framework that highlights the role of conflicts that emerge among family members working for the family firm. First, family business members’ role conflict differs from that of employees in non-family firms due to the duality of roles, heavy influence of family firm-specific socio-psychological factors, and high levels of reliance on family members’ human and social capital to achieve a competitive advantage and ensure the long-term survival of the firm.

The Wu et al. (2010) study incorporates the aspect of partners in family businesses, which is not a rare situation in the CEE. Their results have important implications for theories concerning the co-entrepreneur’s balance of work and home life. Many co-entrepreneur’s believe that small business ownership would enhance the quality of life is questionable, according to this study.

Table 4. Random selection of 5 out of 14 papers reviewed on “work-to-family conflict” and “family-to-work conflict”

<table>
<thead>
<tr>
<th>Author(s), year</th>
<th>Journal</th>
<th>Research question/topic</th>
<th>Geo. setting of the study</th>
<th>Methods</th>
<th>Nr. of Citations</th>
</tr>
</thead>
</table>
Conflicts in Family Firms in the International Context: A Literature Review

<table>
<thead>
<tr>
<th>Author(s), year</th>
<th>Journal</th>
<th>Research question/topic</th>
<th>Geo. setting of the study</th>
<th>Methods</th>
<th>Nr. of Citations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kellermanns et al. (2007)</td>
<td>Journal of Business Research</td>
<td>The relationship between (a) cognitive conflict and (b) process conflict and family firm performance is moderated by generational ownership dispersion.</td>
<td>Northeastern USA</td>
<td>Quantitative: 36 firms with multiple respondents</td>
<td>153</td>
</tr>
<tr>
<td>Smyrnios et al. (2002)</td>
<td>Understanding the Small Family Business</td>
<td>Testing a causal model of stress-based conflict and family cohesion to family role performance</td>
<td>Australia and USA (New England)</td>
<td>Quantitative: 1320 businesses (Australia) and 156 businesses (USA)</td>
<td>71</td>
</tr>
</tbody>
</table>

Source: Author.

Conclusion

The aim of this paper is to review the literature on relationship and work-to-family conflict in family firms. It proves that managers and owners of family firms face challenges not only from operational business, but also from issues connected with family. To date, research on conflict in family firms remains underdeveloped in the CEE. All papers reviewed do not come from this region. The interactions and dynamics of family business as a social system are characterized by the coupling of a family and a business need to be better understood in the CEE. Underestimation of the role of conflict could have a deleterious effect on the succession rates of family businesses in the CEE.

Most of those studies reviewed rely on data collected at a particular time. One suggestion would be to observe measures in a longitudinal study. Very often the control of variables, such as size of the business, business life cycles, generational status, type of industry, and so on are being omitted. The generational status is actually extremely important with regard to the context of the CEE situation of from founder to first generation of successors.
Next, family business members’ conflicts might differ under various cultural settings. A cross-national CEE comparative study would reveal the specific characteristics of the CEE region. Furthermore, the role of communication, sibling rivalry and perceived justice of family members should be more thoroughly researched. Last, while most studies tend to assume that conflict is unhealthy and disruptive, it should be noted that conflict may have a positive effect on a family and their business, mainly through the learning process of problem solving.
References


ABSTRACT

Objective: The objective of this paper is to explore the antecedents and consequents of student experience in higher education settings. Several variables such as co-creation value, social
environment, physical environment and relational benefits are predicted as antecedents and consequents of student experience.

**Methodology:** The authors proposed the conceptual framework to identify antecedents and consequents of student experience in higher education.

**Findings:** Theoretically, there is a possibility to create and the use of co-creation in the higher education context to enhance student experience. The other factors should also be considered, such as physical environment (ambient, design and IT), social environment (Employee displayed emotion, and customer climate), and relational benefits. The findings suggest the necessary changes in how higher education institutions should be marketed with more focus on creating, communicating, and delivering value to enhance student experience.

**Value Added:** The author's perspective on antecedents and consequents of student experience is a new interesting theme in higher education marketing. The paper proposed a testable propositions regarding the antecedents and consequences of student experience.

**Key words:** Student co-creation value, student experience, physical environment, social environment, relational benefits.

**JEL codes:** M31

---

**Introduction**

Higher education students today are different from the students in the past. Those entering higher education have more information, greater needs, and more options compared to previous students.

The higher institutions face new challenges such as the increased competition on the educational market (Orîndaru, 2015; Moogan, 2011), reduction of public financing, increased pressure towards adapting the teaching learning process to the needs of the new generation of students that have more various and different learning instruments open to them than in the past, another changes are related to students’ approach in learning. This situation, make the higher education institutions have a difficult decision: to innovate or disrupted (Knapp & Siegel, 2009).
The higher education institutions which want to win and survive, need a new approach in providing their educational program and services. The approach which based on the students’ perspective and their relationship with the institution: Market oriented (Orîndaru, 2015). Within this concept, students are perceived as customers and active players in creating value in learning activities, as opposed to their rather passive role in the higher education of the past.

Creating superior customer experience is one of the main objectives in today’s marketing activities. Creating, delivering and communicating customer value is deemed very important for any organization, including higher education institutions.

Superior customer value means continuously creating business experiences that exceed customer expectation (Weinstein & Johnson, 1999). Pine and Gilmore (1999) stated that creating a distinctive customer experience can give a high economic value for customers. They claimed that the customer experience that the firms create will matter most, as goods and services tend to be commoditized (Pine & Gilmore, 1998). Research found that today’s consumers no longer buy products and service, but they buy experience (Morrison & Crane, 2007).

Understanding customer value will become increasingly important to educational institutions as the rapid pace of environmental changes in the higher education institution external environment. Little research has been found on this issue in higher education settings in Indonesia. The objective of this paper is to explore antecedents and consequents of student experience in higher education institutions.

Literature Review and Propositions

Customer Experience in Higher Education Context

Various terminology related to experience reveal in the marketing literature such as customer experience (Lemon & Verhoef, 2016; Yang & He, 2011),
consumer experience (Tsai, 2005), service experience (Hui & Bateson, 1991), consumption experience (Holbrook & Hirschman, 1982), shopping experience (Kerin, Jain, & Howard 1992), and brand experience (Brakus et al., 2009). These terms are frequently used interchangeably. Previous studies in service management and marketing, have not considered customer experience as a distinct and separate construct. Many researchers focused their studies on customer satisfaction and service quality (Klaus and Makan, 2011; Parasuraman et al, 1988; Verhoef et al, 2007).

Pine and Gilmore (1998, 1999) are among the first writers who mentioned the customer experience. Various definitions of customer experience exist in the literature. Schmitt (1999) proposed five types of experiences: sensory (sense), affective (feel), cognitive (think), physical (act), and social-identity (relate) experiences. Verhoef et al. (2009) define customer experience in a retail context as a multidimensional construct and specifically state that the customer experience construct is holistic in nature and involves the customer’s cognitive, affective, emotional, social, and physical responses to the retailer. In their study on brand experience, Brakus, Schmitt, & Zarantonello (2009) argue that brand experience as subjective, internal consumer responses (sensations, feelings, and cognitions). They identify that brand experience consists of four dimensions: sensory, affective, intellectual, and behavioral. The total customer experience is a multidimensional construct that involves cognitive, emotional, behavioral, sensory, and social components (Verhoef et al., 2009).

Verhoef et al. (2009) states that customer experience construct is holistic in nature and involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer. Furthermore, Schmitt (1999) proposes five experiences: sense, feel, think, act, and relate.

Referring to the definition given by Verhoef et al. (2009) and the five experience proposed by Schmitt (1999), Yang and He (2011) proposed that customer experience includes three dimensions: Sensory Experience, Emotional Experience, and Social Experience. Sensory Experience is related to
the aesthetics and sensory perceptions about the shopping environment, atmosphere, products and service. On the other hand Emotional Experience is related to mood and emotion. Social Experience emphasizes on the relationship with others. Service Experience has been described as the core of the service offering and service design (Helkkula, 2011). It is a core concept in the perspective of service-dominant logic (S-D logic), which regards the service experience as the basis of all business (Lusch & Vargo, 2006; Lusch, Vargo & Wessels, 2008).

A few researcher discussed this construct, e.g. Holbrook and Hirschman (1982) theorized that consumption has experiential aspects. Furthermore, Schmitt (1999) describes how firms create experiential marketing by including customers’ sense, feel, think, and relate to the firm and brand. Verhoef (2009) argues that the customer experience construct is holistic in nature, and involving cognitive, affective, emotional, social and physical aspects of customer responses to the firm.

Service experience refers to personal reactions and feelings experienced during the consumption or use of the service. In higher education context, the service experience could be similar to student experience (Baird & Gordon, 2009).

**Student Co-creation and Student Experience**

Creating a unique experience involves customer participation and connection. Connect the customer with the experience (Pine & Gilmore, 1998). Service dominant logic was based on this perspective and giving the priority to the interaction between the firm and the customer (Grissemann & Stokburger-Sauer, 2012).

Value is co-created through the joint efforts of several actors such as: educational institutions, staffs, students, government agencies and other actors, and determined by the beneficiary such as students, parents (Seligman, 2012). From the perspective of S-DL, students are co-creator of value.
The value goes beyond money (Michel et al., 2008) students play an active role in the value they expect from the higher education service service. Díaz-Méndez and Gummesson (2012), criticized that some universities perceived that student satisfaction equal to the lectures quality. They argue that there is a problem with the value concept in university.

Initiated by the study of Vargo and Lusch (2004) for what has become known as co-creative service-dominant logic (SDL) of marketing, research interest in this perspective has developed in recent years.

The SDL approach argues that consumers are a key component in creating value, as value is determined through the use of a good or service of consumer through exchange. Based on this perspective, consumers are always co-creators of value and play a central role in creating value (Gyimóthy & Larson, 2015; Terblanche, 2014; Grönroos, 2008, Vargo & Lusch, 2004; Vargo et al., 2008).

Service-Dominant (S-D) logic emphasizes the interaction between the firm and the customer. Value occurs in the interaction process itself rather than exclusively in the provision of the service (Grissemann & Stokburger-Sauer, 2012). The activities help customizing the service to the customers’ particular needs and also could assist in creating a unique experience. The SDL approach provides some insights into how co-creation adds value to a consumer’s experience (Van Winkle & Bueddefeld, 2016). Value co-creation is a central concept that generally could be applied to the service (Díaz-Méndez & Gummesson, 2012).

In higher education context, the service experience could be similar to student experience (Baird & Gordon, 2009). It implies that the student experience is defined by the affective experience that students encounter during their interaction with the higher education (Baird & Gordon, 2009).

There is an increasing concern for engaging students as a means to achieve superior learning outcomes. When referring to the link between students’ engagement and educational quality, Harper and Quaye (2009) argue that student engagement is a measure of institutional quality. Furthermore engaged its students are in educationally purposeful activities.
Adopting the student-as-customer model with higher education settings is defined as an attempt to increase accountability and modernization of the academic life under the pressure of customer on higher education (Furedi, 2011).

Creating a unique experience involves customer participation and connection which relate the customer to the experience (Pine & Gilmore, 1998). Service dominant logic was based on this perspective and giving the priority to the interaction between the firm and the customer (Grissemann & Stokburger-Saue, 2012).

Díaz–Ménde and Gummesson (2012) consider that teaching is a service encounter while the student must be treated as the customer, and value is approached mainly from the perspective of students. Value co-creation is a learning process, the delivery of activities is important, and faculty-student and student-student interactions are key to the learning experience (Pinar et al., 2011).

Verhoef et al. (2009) propose a conceptual model of customer experience: the antecedents, consequents, and the moderators of customer experience. The antecedents consist of: social environment, retail atmosphere, assortments, service interface, i.e. service person, technology, co-creation/customization), price, customer experiences in alternative channels, retail brand and past experience.

The following proposition was suggested:

P1: Student co-creation value will have influence on student experience.

Physical Environments and Student Experience

Walls et al. (2011) suggest that experiential marketing is the process of creating experiences for customers through physical environment and social interactions. Physical environments play an important role in service delivery because it can foster emotional reactions, while enhancing customer perception and retention (Tsai & Huang, 2002; Bitner, 1992; Baker et al., 2002). The Research found that customers respond emotionally to various physical environments
(e.g. Bitner, 1992; Wakefield & Baker, 1998), included design and ambient factors (Baker et al., 2004; Lin et al., 2011). Another study conducted by Slåtten et al. (2009) found that design factors and interaction or social factors had a positive effect on customers’ feeling of joy.

Investment in higher education is a very important prerequisite for economic growth and national competitiveness as well as for achieving a higher level of prosperity. To realize it, the physical environment of an educational institution, as an affecting factor, plays a major role that affects the learning process, determines physical and mental self-feeling and motivation and influencing emotional and behavioral responses (Licite & Janmere, 2018). Chism (2006) argues that learning space needs flexibility, comfort, sensory stimulation, technology support and decenteredness. It is a key driver to be changing student expectations and study patterns.

Previous studies have established the relationship of atmospherics and behavioral intentions (Jang & Namkung, 2009; Kincaid et al., 2010) based on a review of the literature, the following propositions were proposed:

P2: Ambient Factors will influence student experience.

P3: Design Factors will have a positive effect on student experience.

P4: Information technology will have a positive effect on student experience.

Social Environment and Student Experience

Lin et al. (2011) found that both social and physical environments have a positive effect on customer emotion and satisfaction that lead to behavioral intentions. Service employees’ expression of emotion can result in customers’ emotional state (Pugh, 2001; Tsai & Huang, 2002). Several studies have shown the importance of a friendly employee’s in improving service outcomes (Hurley, 1998; Bitner et al., 1992; Lin et al., 2011; Hennig-Thurau et al., 2006).

In many service contexts, fellow customers are present in the service environment and can influence the nature of the service outcome processes (Zeithaml et al., 2013). Lin et al. (2011) found that customer climate, i.e. cus-
Exploring the Antecedents and Consequents of Student Experience in Higher Education Settings

tomer’s perception of the environment shared by other customers receiving the service influenced customer positive emotion. Furthermore, Moore et al (2005) indicated that interaction among customers within a service environment influences emotion.

Social and physical factors of a higher education institution could influence the students’ overall satisfaction. Social factors consist of student-faculty members relationships, student-administration members relationships and student-student relationships. Then, physical factors represent the class size and the environment, technology used during the lectures, library and computer laboratory, internet connections in the campus, cafeteria and all student related service facilities.

The following propositions were proposed:

P5: Employee Displayed Emotion influences Positive Emotion.


Relational Benefits and Student Experience

Relational benefits include confidence benefits, social benefits and special treatment benefits (Gwinner et al., 1998). Confidence benefits refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter; social benefits are related to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer’s own familiarity with employees, and the creation of friendships between customers and employees; and special treatment benefits.

A review of the literature has revealed that relational benefits positively influence customer satisfaction (e.g. Hennig-Thurau et al., 2002; Huang et al., 2015; Brady et al, 2012). Most satisfaction studies have focused mainly on the cognitive aspect, while seemingly important affective aspect has been largely ignored (Stauss & Neuhaus, 1997). It is inappropriate to ignore the emotional aspect of satisfaction (Liljander & Strandvik, 1997; Stauss & Neuhaus, 1997; Wirtz & Bateson, 1999).
Students are customers of higher education institutions (Finney & Finney, 2010). Few studies regarding the higher education institution have taken Morgan and Hunt’s (1994) model to investigate the relationship of students and their education institutions (Holdford & White, 1997; Hennig-Thurau et al., 2002). Building relationship with students is important to create student experience and behavioral intentions.

Therefore, we suggest a proposition:

P7: Relational Benefits will have an influence on student experience.

Student Experience and Behavioral Intentions

Previous studies have shown a relationship of customer positive emotions and behavioral intentions (Lin et al., 2011; Jang & Namkung, 2009; Kincaid et al., 2010). Liljander and Strandvik (1997, Stauss & Neuhaus, 1997) found that there was a positive relationship between emotion and loyalty behavior. Yu and Dean (2001) found that the affective component of satisfaction serves as a better predictor of customer loyalty. A recent study (Prayag et al. 2014) found that positive emotion has a direct effect on behavioral intentions.

Several researchers (e.g. Pine & Gilmore, 1998, 1999; Voss, 2003; Prahalad & Ramaswamy 2004; Meyer & Schwager, 2007) suggested that the customer experience may provide a new means of competition. Providing a good experience is also important because it influences customer satisfaction (Liljander & Strandvik 1997) delivers customer loyalty (Yu & Dean 2001; Pullman & Gross 2004).

Kim and Choi (2013) found that customer experience influenced behavioral intentions. Customer experience involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer; it is related to all aspects of the emotional and subjective side of customer behavior, the whole experience coming from the interactions between a company and its customer (Gentile et al., 2007).

Satisfied students with university experience may encourage to attract new students to join the university through word-of-mouth communication, return
to the university to take further courses (Mavondo et al., 2004), involve and co-operate with their institution during and after their studies (Wilkins & Balakrishnan, 2013), recommend the university to employers for recruitment purposes (Clemes et al., 2008), and be potential donors as alumni (Parahoo et al., 2013).

The following proposition is suggested:

P8: Student experience will have an influence on behavioral intentions.

Conclusions and implications

In today’s competitive environment, higher education institution needs a new approach in providing their educational service. The higher education institution should continuously create unique value that could increase student educational experience. Teaching is a service encounter while the student must be treated as the customer, and value is approached mainly from the perspective of students.

Several antecedents and consequents of student experience were explored from the literature review: Student co-creation, social and physical environment, including information technology, and relational benefits. The influence of these constructs toward students’ experience and its consequents has implications for empirical study.
References


The Meaning of Work.
A Semiotic Perspective
for a Cross Cultural Analysis

ABSTRACT

Objective: to compare the meaning of work for three different samples of people working in private companies and in the public sector in one hand, and living in two different countries: Argentina and the Canary Islands.

Methodology: original semiotics-based methodology

Findings: most of the variables that were ranked in the top three average results match in all three samples; Canarians and Argentineans have a different perspective about the State’s...
role; Canarian workers prefer social relationships over economic and security aspects while Argentineans prefer job stability due to a job insecurity context in the country.

Value Added: the new methodology helps in organizing thought using abductive logic. It helps understanding the meaning of complex phenomena.

Recommendations: it may be useful for managers and researchers in the area of Management for creating creative answers and solutions through the analysis of facts.

Key words: Social Cognition - Comparative Thinking – Cultural Dimensions – Semiotics – Job Satisfaction – Values

JEL codes: M54 (Labor Management); M51 (Firm Employment Decisions • Promotions); M12 (Personnel Management • Executives; Executive Compensation); M14 (Corporate Culture • Diversity • Social Responsibility)

Introduction

The best practices in management recommend focusing attention on the development of their human resources. Administration theories with a humanistic perspective can be considered already scheduled on the main business schools agenda (Aktouf, 1992; Canals, 2009). In line with this, managing with people implies getting to know them as well as possible, in particular, understanding what is the meaning they assign to work and which are the goals and purposes guiding their behaviours.

In Administration studies, the focus of research on work, in the private sector, has been on aspects such as motivation and well-being or satisfaction at work, as a mean to sustain productivity and competitiveness. What we are somehow trying to measure are individual’s rate about work, based on their beliefs and culture.

This paper’s main goal is to compare the meaning of work in three different samples: the first one comprises people working in private companies administration, the second one people working in the public administration sector (both in Argentina) and a third sample people who work in different organisations in Canary Islands.
The originality of this paper does not reside in the theme that is being researched but in the way it is done, that is, in the triadic perspective proposed by the American philosopher Charles Sanders Peirce in his semiotics logic. This can be highlighted as the most important contribution of the present research since, as can be observed in its development and conclusions, this methodology allows to deepen the knowledge of complex phenomena like the meaning of work.

In order to fulfil the main purpose, an empiric tool was built following the triadic logic gleaned from semiotics and was applied to two non-statistical samples of people working in the public and private sectors in Argentina. Subsequently these results were compared with the ones obtained in the Canarian sample of the research made by Pérezgonzález and Díaz Vilela (2005).

This paper is organized in four sections as follows: the first one describes in detail the methodology used in this research, while the second part describes briefly the background of previous studies on the meaning of work. In the third section the results are presented. Finally, the fourth section exposes the conclusions and suggests new lines of research.

Materials & Methods
The methodological tool

This paper uses a methodological tool based on semiotics, which was already tested in previous research on the sustainability of organisations (Sastre, 2016). This method was designed to be applied in research on organisations and allows diagnosing the meaning that people individually or collectively assign to complex concepts or phenomena. This research is primarily aimed to Administration researchers and managers of public or private organisations.

The main feature of this method consists in helping organizing the mind and ideas in order to analyse the meaning of complex phenomena. It also contributes in creating a link between Peirce’s semiotics theory (1893, 1931) and the practice of Management.
How can it be used? Basically the method consists in three steps or processes: 1) The assembly of the general conceptual matrix, 2) The construction of the specific conceptual matrix of the sign being analysed, in this case: the meaning of work and 3) making a questionnaire. These steps are described as follows:

**STEP 1. The assembly of the general conceptual matrix.** Influenced by the triadic logical categories of Peirce’s sign, Guerri developed an operational model for qualitative research called *Semiotic Nonagon* (Guerri et al., 2016). This nonagon is a conceptual matrix comprised of three columns and three rows. *Table 1* shows the conceptual matrix which served as the base to design the questionnaire.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical Actions</td>
<td>Quadrant 4 Work roles/job positions and relationships.</td>
<td>Quadrant 5 Concrete actions in the everyday job. The different</td>
<td>Quadrant 6 Ethic aspects of work role. Work confrontation with the outside world.</td>
</tr>
<tr>
<td>Political Practice</td>
<td>Quadrant 7 Cultural aspects and specific job legislation.</td>
<td>Quadrant 8 Situations in job practice. Pragmatic effect of concrete actions in everyday job.</td>
<td>Quadrant 9 Purposes and goals that lead job action (the mission as the ordering principle) The differentiation</td>
</tr>
</tbody>
</table>

*Table 1. Conceptual Matrix*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadrant 4 Work roles/job positions and relationships.</td>
<td>Quadrant 5 Concrete actions in the everyday job. The different</td>
<td>Quadrant 6 Ethic aspects of work role. Work confrontation with the outside world.</td>
</tr>
<tr>
<td>Quadrant 7 Cultural aspects and specific job legislation.</td>
<td>Quadrant 8 Situations in job practice. Pragmatic effect of concrete actions in everyday job.</td>
<td>Quadrant 9 Purposes and goals that lead job action (the mission as the ordering principle) The differentiation</td>
</tr>
</tbody>
</table>

A working tool was elaborated based on this conceptual matrix. It consists of three parts which are related to the way of exteriorizing the sign we would like to research. Those three parts mentioned above are: 1) the Theoretical
Practice, 2) the Practical Actions and 3) the Political Practice. To complete the nine logic quadrants of the semiotic matrix, each part of the questionnaire has three subdivisions.

**STEP 2: Assembling the specific conceptual matrix for the sign ‘Meaning of Work.’** Previous research done in private organisations environment was used as the base to elaborate the specific conceptual matrix of the present research.

In first place, we have used the variables proposed by Pérezgonzález y Díaz Vilela (2005) in their research, based on the heuristic model proposed by *Meaning of Work* (MOW) International Research Team (MOW, 1987). As already mentioned in the background studies’ section, this was the first theoretical model referring to: the Centrality and importance of work, its rules and beliefs about it; work as an individual’s right or as a society’s duty and outer and inner assessment about work. To complete the conceptual matrix quadrants, we have used MOW dimensions and variables.

In second place, we have completed some semiotic quadrants with variables used by Broveglio, Genoud and Picasso (2012), where no MOW variables were found. The selected variables were distributed in a conceptual matrix and some others were added. In Table 2 we present the variables used as the base to elaborate the questionnaire (next step) and we identify the theoretical model source for each one.

<table>
<thead>
<tr>
<th>Theoretical Practice</th>
<th>Knowledge (Past)</th>
<th>Behaviour (Present)</th>
<th>Social Value (Future)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadrant 1</td>
<td>MOW Labour rights F1-F3-F5-F7-F9 (5 variables) + 2 added variables</td>
<td>Quadrant 2 BGP Resources and satisfaction at job (6 variables) + 6 added variables</td>
<td>Quadrant 3 MOW Work Involvement B1-B3-B5-B7-B8-B11-B12-B14 (8 variables)</td>
</tr>
</tbody>
</table>

Table 2. Meaning of Work Conceptual Matrix
**STEP 3. The questionnaire assembly.** Using the conceptual matrix of Table 2, we have designed a questionnaire. The first part consists in biographic questions, which afterwards (the working tool questions) are organised along the different quadrants of the matrix and new questions are elaborated for the added variables.

Following Díaz Vilela’s (1997) methodological recommendations, the answer range for all questions remained homogeneous. The respondent was asked to rate from 1 to 10 each of the propositions mentioned in the questionnaire, being 10 the most valuable or important option and 1 the less valuable or important. Afterwards the results obtained were summoned, averaged and organized in the same way as the questionnaire, that is to say, in nine parts or quadrants. Three of these quadrants express the **possibilities**, three other express the **way of expressing** and the last three express the **social values** of work.

### The sample

In order to expose a cross-cultural analysis, it was taken three different samples from two different countries. The Canarian sample consists of 169
people and the results were obtained from Pérezgonzález y Díaz Vilela (2005, p. 96) research. The public administration workers’ sample consisted in 103 people working in different modalities (PAW). The private sector workers’ sample consisted in 130 people (PSW).

Current state of knowledge

From an anthropological perspective, work could be defined as the task everyone has to do in order to discover the meaning and purpose of life (Martínez-Echevarría, 2015). Therefore, besides its objective dimension which is determined by technique and technology, work acquires a subjective dimension, presented as a non-biological need related to human dignity (Corazón González, 1999).

In the last centuries, the concept of work has been studied from different fields such as Economy, Sociology, Psychology and Philosophy, among others. Hackman et al. (2010) have admitted recently that work phenomenon has changed. They have introduced the idea that job is in flux thus, proposing the development of conceptual models and more comprehensive research instruments. Moreover, it has been recognised the importance of considering social or/and interpersonal aspects as a mean to understand the interactions and relations structured at work (Grant & Parker, 2009).

Generational changes have guided research on the meaning of work in the direction of young people, who, despite of their mainly instrumental vision, have a positive attitude towards work. They have expectations, demands and search for a job with meaning to their lives (Agulló, 1998). In addition, some researches indicate that young people tend to consider work as a duty during the first working years (Martínez Sijas et al., 2001).

The importance that it is attributed to work also depends on other factors besides the generational ones. Work can acquire different shades depending on the surrounding culture and the socioeconomic context (Zubieta et al., 2008). In less developed societies with high rates of unemployment, ma-
Materialistic values are emphasised (Carballo, 2005) while in more developed societies with economic stability, values related with leisure and other life areas are highlighted (Peiró & Prieto, 1996).

Therefore, the meaning of work is a multifaceted and interdisciplinary phenomenon, and in the field of organizational studies, the main studies on the meaning of work go back to the last years of the 1960s. Hulin and Blood (1968) have done research on the values of the Protestant ethic as a variable involved in work satisfaction. Following research has sought to develop a conceptual framework for classifying, describing and operationalizing the belief system about work (Buchholz, 1978). The first structured theoretical model to analyse the concept was proposed by the Meaning of Working (MOW) International Research Team in 1987. In this model the meaning of work is determined not only by the person (his experience and decisions) but also by his surrounding life context. For this reason, the researchers have worked with a sample of 8,700 workers from eight countries.

The MOW International Research Team (1987) finishes the model which is represented by three domains as follows: 1) the Centrality of Work defined as the belief about the value that work has in people’s lives. Two main components can be noted. The first one is related to beliefs and values translated into two mutually reinforcing concepts: Identification with work and Work involvement (Lawler & Hall, 1970). The second one can be associated with central life interests (Dubin, 1956); 2) Duty and labour rights oriented Social Norms. It refers to normative beliefs about work including duties and labour obligations (Ruiz Quintanilla S.A. & Wilpert, 1991) along with its underlying rights, that is, responsibility of society and 3) Work Results / Goals valued in economic and comfort terms.

The MOW International Research Team (1987) considers six possible work roles: 1) providing status or prestige 2) providing income 3) keeping people busy 4) providing social contacts 5) being a way of serving society 6) the role of being satisfactory and interesting by itself.

The model was afterwards replicated in numerous post-MOW academic researches, so it is validated both theoretically and empirically. In line with
this it is worth mentioning academic research of authors such as Harpaz, (1990) and Díaz Vilella (1994, 1997), among others.

In order to compare possible cultural differences when rating the meaning of work, we took into account the results of the research done by Pérezgonzález and Díaz Vilela (2005) who have surveyed a sample comprised of 146 people in Tenerife. This research was selected because the authors have had as the main purpose to replicate the conclusions of Díaz Vilela (1994) who stated that due to the tourism orientation and leisure activities of the Canarian population, there is no high index of work centrality (Pérezgonzález & Díaz Vilela, 2005, pp. 91–92). Moreover, these authors present a comparison between all the variables, which makes it possible to evaluate the results with the research carried out in Argentina.

Some variables were taken from the research done by Broveglio, Genoud & Picasso (2012) in which the social representations of 400 Argentine workers in Buenos Aires city (C.A.B.A.) and Greater Buenos Aires area (G.B.A.) from different hierarchical levels in production and service companies are described.

Results

In this section we compare the results obtained in Pérezgonzález & Díaz Vilela’s (2005) research with the one obtained using PAW and PSW samples. With the rating obtained from each of the respondents individually or collectively, we have elaborated a numeric data matrix where we can see the most important quadrants emerge, or the most valuable ones, and the variables that were placed last. Table 4 presents the average of each sample.

Table 3. Matrix for average results

<table>
<thead>
<tr>
<th>Quadrant 1</th>
<th>RIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Canary sample</td>
</tr>
<tr>
<td>Quadrant 7</td>
<td>DUTIES</td>
</tr>
<tr>
<td>Quadrant 8</td>
<td>FUNCTIONS</td>
</tr>
<tr>
<td>Quadrant 9</td>
<td>GOALS</td>
</tr>
</tbody>
</table>

Source: author’s own editing, based on n=146 (Canary Islands), n=103 (PAW) and n=130 (PSW).
From a general perspective, most of the variables that were ranked in the top three average results match in all three samples. The same applies to variables that were ranked last.

In Quadrant 1, the Canarian sample has ranked in first place the variable: “Every person who wants to work should be given a job.” This was not valued by the Argentine samples. Instead, “Our education system should prepare all people to do a good job” appears in the first places of both samples’ rating. This shows the different perspective that the Canaries and Argentines have about the State’s role. The emphasis in the educational system can be observed in quadrant 2 rankings, in which both private and public sector workers assume that „The activity they perform requires professional training” and that “They feel they must be personally responsible for the correct or incorrect results of their job.” From the semiotic point of view, these feelings about the practice of work materialize the enabling conditions, which were expressed in the previous quadrant in the form of ideologies about the performance of work.

Quadrant 3, which refers to the work involvement, is the only one in which all the variables coincide: both those placed in the first places and those placed last. The proposition “I believe that work should consume a minimum part of people’s lives” was ranked first, while in consonance with this, the variable that holds “I believe that in life there is nothing more important than work” was placed last. This coincidence shows that there are no cultural differences in the ways of perceiving and understanding the importance of work.

Quadrant 4 addresses the roles that people assign to work. The Argentine samples have ranked in second place “The money obtained working”, while the Canarian sample rated in first place “The kind of people with whom one works.” From hiring modality perspective, in the sample of public administration workers, those who most valued the money were those with political appointment, i.e., workers with no career or temporary contracts. In the sample of people who work in the private sector, those who most valued money were the businessmen, that is 12% on average above people who
work with a contract of employment. Both Argentine samples valued in the first place, as the most important role of their work, “The product or service that results from my job.” A semiotic perspective of this answer requires an evaluation of the results of the added quadrants, that is, Quadrant 5, in which the role is materialized in tasks in the practice and Quadrant 6 in which the effects or results of those tasks are valued in the outside world. In this sense, a semiotic coherence was found in both samples that ranked first the same variable. Workers of the mentioned samples have expressed that “I know well the results of my work performance” (Quadrant 5) and that “Many people can be affected by the quality of my work” (Quadrant 6). This chaining logic of quadrants 4, 5 and 6 seems to indicate that people in the Argentine sample perceive and perform significant tasks in terms of the products or services that reach and qualitatively affect the context in which they work.

In Quadrant 7 the variable that appears in third place in the Canarian sample is the one that states “The improvement of work is the responsibility of the worker.” This variable was low ranked by the Argentine sample, coinciding in both samples’ first place the one that states “Every trained citizen has to contribute to society with his work.” This social duty also appears in second place of importance in the Canarian sample.

In Quadrant 8 the three samples ranked in second place the variable that states “I believe that the main role of work is to produce income.” Only those who work in the public administration ranked first the variable that states that “Work is mainly a useful way of serving society.” This rating is consistent with what was rated in the previous quadrant and with the kind of work that these people perform in the public service.

Quadrant 9 is possibly the most relevant because it addresses the purposes and goals that guide ones actions towards work. In this quadrant the differences in social and cultural aspects are revealed. As can be seen in Table 4, the Argentine samples coincide in the rating of both the first two places and the last one. “Having a good salary and good working conditions” was ranked in the first place while “Having a good stability in employment
(permanent work, stability for the family, retirement)” in second place. These rankings reflect the context of job insecurity that Argentina is living at the time of the survey and that, apparently, is not the case of the Canarian workers who prefer social relationships over economic and security aspects. They also consider important to have a varied (multitasking) and interesting work, while the Argentinean sample in the private sector considers important “The opportunities to learn new things through work.” It is worth noticing that those who have most valued learning in the workplace were people over 56 and those who have completed at least one university postgraduate course.

**Final remarks**

This paper has addressed an issue that has been researched with scientific rigour in the last 50 years. For this reason we have not given deep treatment to the epistemological framework, already well explored. Instead, a new methodological framework was proposed.

The main objective is to compare the meaning of work for three different samples of people working in private companies and in the public sector in one hand, and living in two different countries: Argentina and the Canary Islands, in the other hand.

The contribution of this work is related to the methodology used in this research, which proposes a semiotic perspective to analyse the meaning that people, individually or collectively, assign to facts or concepts. What is the difference between the methodology proposed here compared to others? After the analysis of the results obtained it is possible to conclude that, at least, three differences or contributions can be observed.

Following the semiotics triadic logic, the first contribution comes from the category of **Firstness** that has to do with the abstraction or the mere possibility of thinking a phenomenon. In this way, the method allows to organize and systematize thought, in this case the phenomenon “Meaning of Work.” This previous conceptualization allowed us to design a conceptual matrix
(see Table 1), to then identify the variables contained in each logical quadrant.

When concepts are materialized in the category of Secondness, it is possible to perceive the lack of some variables which were not considered in former studies. As can be seen in Table 2, the variables of the MOW model were not enough and we have had to complete the matrix with another theoretical model. Moreover, we have added variables that later resulted in high evaluations by the respondents, such as, the trainings perceived as required for the job position. The category of the Secondness is the category of the facts, of the practice. This means that previous research with variables that can be incorporated in this method can be found for any sign or phenomenon in research, making it an interdisciplinary method.

Thirdness refers to a system of values in a cultural context at a given moment. In this sense, the contribution of the method used in this work is the attribute of being open to the community of researchers and the researched. In the phase of Firstness (thinking about the possibilities of the phenomenon) and Secondness (updating those possibilities in concrete models), researchers and other participants in the research, such as managers or employees of organisations that are being researched, can take part in. Valuations in the category of Thirdness maintain a logical connection with the other quadrants, giving the matrix dynamism to interpret the results. It is worth noticing that the samples that were used in this study are not representative of the population. That means that the possibility of expanding the database in order to make the inferences significant is open for future research in the field.

After presenting at least the three contributions of the methodology based on semiotics it is worth highlighting the advantages that, managers and researchers could obtain by using it. In first place this is a diagnostic tool. Naturally the more complete a diagnosis of a situation or of an attributed meaning is, the better decisions can be made. Administration as a science or technique, generally, has no interest in doing research in organizations in order to have a better understanding of them. Instead, its interest resides in getting to know those organizations to take action in them. In other words,
diagnostics offered by administrative models are meant for action. Peirce’s pragmatism and semiotics propose learning reality through the facts presented to us, hence becoming this the main reason to connect Peirce’s philosophy with the practice of Management.

In short, we can conclude that the method may be useful for managers and researchers in the area of Management. The proposal open to discussion is to invert the so called onus probandi (in legal terminology). That is to say, not to look in empirical facts for proofs of models that provide answers using deductive logic, but to follow an abductive logic, and search in empirical facts for hypotheses or possible creative answers to our research questions.
References


ABSTRACT

Objective: Our article was prepared to outline how Human Resource Management developed in Hungary and Slovakia. We considered it was important to highlight in light of empirical data on the most important features of this development in both countries.

Methodology: Our research is based on the Cranet international research questionnaire. The survey was carried out in Hungary and Slovakia in 2015 and 2016. More than five hundred (527) organizations took part in the survey, and the findings of the report are based on normal statistical methods (mean, frequency, distribution). Our analysis was carried out with the help of SPSS software.

Findings: In Hungary and Slovakia, the ongoing economic transformation has produced significant changes in the practice of Human Resource Management (HRM) in both institutions and enterprises and its evaluation. The organization has become an increasingly important factor in the strategic significance of the function itself and of HR departments in general, and this survey details the personnel or human resources (HR) management policies and practices of organizations or enterprises in both the public and private sectors.

Value Added: We believe that through our article we are able to expose the similar and different characteristics of HRM in the two countries examined.

Recommendations: We believe that the similarities and differences between countries are not only to be reviewed in traditional areas, as in language, culture or economic development, it is worth looking at areas such as similarities and differences of HRM.

Key words: Human Resource Management, Hungary, Slovakia, Cranet, institutions, strategic

JEL codes: J24, J40

Introduction

The economic changes in Hungary and Slovakia have a huge impact on the human resource management (HRM). These changes affect both the private and public sectors. Based on this change we carried out our research in these two countries, where we queried more than 500 organizations in the first and second quarters in 2015 and 2016. Our questionnaire was based on the Cranet (Cranet, 2011) survey and our results were analyzed using different statistical methods. In this paper we will only present a part of our
research, which is related to sectoral distribution, size and HR. In the first part we present the theoretical background of the subject based on the relevant literature. Then in the practical part we analyze some of the answers from our questionnaire based on this paper. Our two main goals with the whole research were to get an adequate picture of the Hungarian and Slovakian HR, and to follow the changes that took place in this area. Our main goal in this paper is to present the differences between the two countries, with the analysis of the elements what we have selected (organizational size, sectoral distribution, HR department, HR role and strategy). We believe it is important to emphasize the different features of human resource management in Hungary and Slovakia, because the HRM became fundamental to the competitiveness of organizations, whether they are private companies or public institutions (Poór, 2008). Therefore, the HRM is not considered as a normal task, and the occurred problems should be solved before they arise (Mura, Švec, 2017), also the HRM has an impact on the organizational culture as well as the organizational culture has impact on the HRM (Stacho et al., 2017).

Literature review
Role of HR

The competitiveness of our countries depends on how and to what extent organizations can use the competences (knowledge, experience and behavior) of their employee, whether they are managers or workers, as efficiently as possible (Csath, 2010). The HR function is not for itself and does not exist in an “airtight” space. There are many different external and internal factors, with the use of this article in this contribution, which influence HR work. Some authors speak about environmental conditions in this context (DeCenzo et al., 2013), while others deal with business conditions (Ulrich et al., 2009). It must be recognized that, after the global economic and financial crisis in 2008, our worldview on capitalism has changed a lot. Today, we are less and less talking about share-holder capitalism described by Adam Smith (1775), but
the capitalism of a much wider stakeholder is valid. (Brooks-Edwards, 2014) New management theories are trying to determine the most convenient way and way of managing people in this new area (Maney et al., 2011). Wages in the area heavily affected by unemployment are considerably lower than in the capital. We can’t forget about what we are doing in time of “Digital Industrial Revolution” today. The new digital technologies are making new and innovative solutions available today and in the future even more in the HR area (Susskind-Susskind, 2015). The size and sector of companies also have a big impact on HR work. While a 10–20 person small business is the owner or the manager who is appointed by him who is in charge of HR work, in a large corporation of 1000, a separate organization is already managing the management of human resources. In a professional service company that is organized for a project where the majority of employees are highly qualified people, the working environment differs greatly from one banking and financial organization. It is important to pay attention to the above described or similar influences when a company develops or develops its HR activity.

Legal environment

Two of the EU’s countries, such as Hungary and Slovakia, are the most influential agents and legal resources of the labor law system: international organizations, the United Nations (UN) and the International Labor Organization (ILO), and the EU’s general and labor law.

- The basic pillars of the Hungarian labor law regime after the change of regime were born in 1992 when a codex-like law package that divided labor law into three parts came into force as follows: The Labor Code which regulates economic labor law (1992, XXII Tv), The Act on Public Employment (1992, XXXIII Tv) and the Act on Civil Servants (1992, XXIII). It needs to be emphasized, but in addition to these laws, we find other legal labor regulator of Hungarian economy. The regulatory structure, that is, the trichotomies (threefold) regulatory nature of the Hungarian labor law has persisted ever
since: there is a competition sector and two public sector labor law laws in force, of course its renewed content since 1992.

- Labor Code (Zákonnik práce, Tt. 311/2001) in Slovakia was introduced on July 2, 2001, it has been modified 44 times. It covers all types business and cooperative employment relations but doesn’t include public sector related employments. Public and civil service employment is cover by Public employment Law (zákon c. 312/2001 Z. z. o státnej sluzbe a o zmene a doplnení niektorych zákonov)

Interpretation of HRM

In our article under the HRM principles, functions, systems and solutions, are mutually based on each other, which cause: that the employees of the organizations develop, i.e. human capital, and their individual and collective performance, attitude, or social capital is forming. According to our research (Karoliny & Poór, 2016), the typical functions of the HRM include the following activities/subsystems or functions:

- HR planning and controlling,
- The working system: job and competence analysis,
- Outsourcing and adaptation of working systems: the job and its environment,
- Human Resource Replacement Systems: Recruitment, Selection, Integration and Downsizing,
- Performance management systems,
- Personnel development systems,
- Talent and Career management,
- Compensation systems,
- Employee communication systems,
- HR Integrated Information System.
Characteristics of some HR functions

In the empirical part of our contribution, we examine three distinct HR issues. The most important sources of literature referring to them are the following:

Number of HR staff per employee

Who is responsible for HR work

Who carries out HR activities, who is involved in the exercise of the functions? Although universal answer cannot be given to this question, it is true that in most cases human resource management work involves two groups:

- different levels of management at an organizations,
- the specialists and managers of HR departments.

The division of labor between the two groups can generally be characterized by the fact that, while members of the managerial hierarchy are leaders of the people, members of the HR department are leaders of “human systems.”

Small organizations do not usually have a distinct human resources department, so the owner or the members of the management hierarchy share all the functions of people management from work assignment to recruitment, from selection to salary management. Many of these organizations are often assisted by accountants, especially in the application of statutory requirements for personal administration (Armstrong, 2006).

As can be seen from the foregoing, human resource management is a multi-player area in which HR professionals play a pivotal role. Value-creating work is carried out, HR-programs and methods developed and operated based on their advice are useful and useful to the extent that their users—employees, managers, buyers / customers and investors - support their own aspects (Ulrich-Brockbank, 2005). The areas of value-creating work can be found on all three business levels, including administrative tasks, operational activities, and strategic management.
According to Mathis-Jackson (2008), while the elements of the above written activities can be retained, their weight and importance during HR work is undergoing substantial transformation and the pyramid that is built on administrative tasks in the future will turn 360 degree direction in the future. In addition to the significant reduction in administrative tasks, HR’s strategic role will be dominant. The aforementioned activities are not in themselves and are largely dependent on the internal and external influencing factors and institutional features of the given organization.

New evolution on labor market

As an important new phenomenon for the Hungarian and Slovak labor markets is that the unemployment rate fell below the level of the EU-28 before the level of the 2008-09 economic crisis (Shortage, 2017). We also want to point out that the unfavorable economic and social changes in the countries played a significant role, causing a fierce labor market situation in the 1990s. After the change of former political regime, high unemployment in these countries led the more talented and skilled workers and peoples to move towards Western European countries in the hope of easier prosperity (Bilsen-Konings, 1998; Jeong et al., 2008). Due to the marked migration, unfavorable demographic factors, previous written economic crisis and wage differences comparing with Western countries in the European Union, labor shortages are drastically increasing in these countries (Brixiova et al., 2009), which are beginning to endanger the production of our country’s leading industries (eg automotive industry) (Labor, 2017; Slovakia’s, 2018). The question is today whether the wage competition or efficiency gains and the industry 4.0 (robotization) have to be used by the Hungarian and Slovakian companies in this situation. With the aforementioned tendencies we wanted to point out that the hypotheses and orientation in this field are constantly changing as well, until a few years of labor abundance were typical in both countries but this situation has changed significantly today.
HR development

In both countries like in the whole CEE (Central and Eastern European) region the multinational companies (MNCs) moved there over the two decades after the communism collapsed and the globalization started, from which some companies benefited, and the others didn’t. The biggest challenge for the MNCs was apply the principles of international HRM across the region, in which they operated (Brewster & Bennett, 2010; Mura, 2011).

Hungary

The development of human resource management from the 19th century is divided into four phases:

- **First stage**: This period was characterized by the tendency of industrialization. During this period the humanitarian era, the welfare concept is emerging at larger companies in Hungary. At this time, they began to form the first working colonies and began to care of the workers living conditions. As a humane bureaucrat, HR departments appeared in large corporations where staff administrators mainly performed the operational tasks of traditional staff functions (recruitment, standardization, payroll accounting). Elsewhere, HR staff had the opportunity to practice “firefighters” or consensus-building roles negotiating with trade unions (Karoliny, 2017). The practice of public sector personnel development has also begun to follow the western guidelines. The personnel policy associated with the state system has more than a hundred years of history in Hungary since the law were established in 1833, what was adapting the personnel practices and policy of the sector to the state bureaucracy’s administrative system (Kachaňáková, Nachtmannová, Joniaková, 2007).

- **Second stage**: The post-1945 stages of development were separated from the practice of the Western world and the construction of a pathway, which was typical of socialism, proved to be later detached. The solutions
used during the next four decades were, of course, well-captivating characteristic phases, but we now outline their common features. In the midst of the “socialist” power relations post-1948, a cadre policy reflecting the heightened ambience of political mistrust prevailed. In the 1950s, the selection and development of new managers, in the absence of legal and other normative regulations, acted as a forward-looking bastion of politics. Personnel work was enacted by regulations and resolutions, and the political priorities were primarily enforced, were negligible. For example, the Resolution of the Hungarian Revolutionary Workers ‘and Peasants’ Government of 1050, issued on 31 December 1957, states that “the decisive criterion of the cast iron work is to work trustworthy people in the state apparatus, to be faithful to the socialist revolution, to squeeze class-alien elements.” Decisions have formulated the same personnel policy principles as state, economic, scientific and cultural areas. However, in the scope of personnel work, only the politically important – chiefly managerial – positions were listed. Labor regulations had to be applied to neutral positions in this respect. From that time on, in the Hungarian professional language, the work of staff, the work of the staff – as opposed to the Anglo-Saxon interpretation – not to all members of the staff of the organization, not to blue collar workers, physical workers, as in the beginning, in England, but to managers, their employment (selection, further training, promotion, qualification, etc.) their case. The staff of this position gained their influence not primarily by their professionalism but by their political loyalty. In the era of socialism, he was separated from the western path of the Torrington-tones (2014) in the principles, content and actors of Hungarian HR work. The management of the personnel of the organizations was separated from party-based considerations, and centrally controlled with different principles and with force, but with central decisions. As a result, HR positions in the socialist companies and budgetary institutions were mainly executing administrative tasks, most of which had sufficient secondary vocational qualifications (Karoliny, 2017).
· **Third stage:** This period is characterized by professional vacuum. After the change of regime for recovery, during the various privatization measures, were number of places where there was a decrease in the workplaces, disappearance of departments and groups (Poór, 2008).

· **Forth stage:** At that time professionalism is typical and continues to be typical nowadays too. After the regime change in Hungary the corporate management and personnel management tasks were undergoing major changes. These trends, along most dimensions are similar with the trends happened in the modern advanced world. At the turn of the millennium, personnel management work, one of the most problematic areas of Hungarian company management, occurred during the 8–10 years following the change of the political regime, with significant trends evolving towards the trends of the developed world along most dimensions. The main signs of this are:

  · One of the most significant changes in the changes was the presence of the wide range of multinationals and other foreign-owned companies, where modern HR principles and methods of mother companies were quickly transferred to the daily work of local subsidiaries.

  · The increasingly competitive market conditions for more and more home-based organizations have made it clear that their efficient operation requires high-quality employees, their acquisition, application, retention and development with advanced HR tools. For this, more and more places required new HR knowledge, professionals with such knowledge.

  · The professional supporters for the development of human resource management initially were large – also international – personnel and HR consultants, to which later more and more Hungarian counterparts joined.

  · In this phase, more and more domestic colleges and universities have started HRM programs, so the field of professional training has shifted to universities in this period, which, on the one hand, has signaled the growing prestige of the profession and on the other hand it
has based the growth of another prestige. The basic and master-level programs of Bologna-based training now form a more uniformly accredited way of increasing educational programs of educational institutions (Karoliny, 2017).

Slovakia

The Slovakian literature only started to apply the definition of human resource management after the 1989s. Several Slovak authors have dealt with it professionally. According to Kachaňáková (2007) the organization can only achieve its goal by completing two basic tasks: to achieve the strategic goal, the organization provides the right number of employees and the appropriate skills and manages the employees to reach the main goal as efficiently as possible. To be able to shape the right strategy it is important to take into consideration the internal and external environment of the company (Hradecká & Koudelka, 1998).

After the regime change, foreign investors brought several new ideas and management methods to the Slovak market, which were to be applied as soon as possible. During this period unemployment grew steadily, reaching 15.2% in 1995 (Statistical office, 2016). Many companies haven’t been able to adapt to the changing circumstances, so foreign firms had hard time to find the proper workforce, and that is the reason why the labor market was strongly determined by foreign companies. Resourcing practices were applied as the part of the HR concepts of companies owned by foreign investors, thus they have influenced the recruitment and selection practices in the major extent.

The best way to present the human resource management in Slovakia is to divide it into four stages of development:

· **First stage – Age of the spontaneous management:** Slovakia has historically spent most of its economic development as the part of empire of common state. As the part of Czechoslovakia has been strongly agricultural country. Only during the World War II. It has been forced to become
independent state for political reasons. During this period there was no adequate management training that would have dealt with human resource management. With few exceptions, who applied the method of trial and error. The role of HR has neither been identified, nor defined yet. The HR agenda has shaped as the evidence of presence at the workplace and processing the wages (Joniakova, 2007)

**Second stage – Age of the classical management:** In the labor legislation and in the field of social insurance, several pioneering regulations have been introduced in the Czechoslovak state. The most important law modification was the introduction of the eight-hour work shifts. The best-known representative of this era was Tomáš Baťa (1876–1932). Basically, he followed the management principle of Taylor, but he developed his own Baťa management system, which was based on the division of companies separated into sub-accounting units. These units always purchased the necessary raw materials or ready-made products form those who were in front of them in the production process. After the plan was completed, each division received its share from the revenue. If they failed to complete the plan various penalties have been imposed on that department (division).

In addition, Tomáš Baťa has properly developed the scope of activities (positions) and precisely defined those (Stachová, 2013). With the postwar policy of 1945, there has been exclusive state ownership of majority of enterprises, strong centralization of management decisions linked directly to the communist party, which was able to dominate society and lead the totalitarian Czechoslovakia. Personnel – HR strategic decisions were strictly supervised by the state and controlled in the phase of implementation. For people working in companies the expression “cadre” has was used. Thus, employees were perceived rather object of the political force than contributors to added value development. Over time, there were significant differences between the countries of the socialist camp. The management practices related to employees has been strongly determined by centrally directed system, planned usually for the period of five years. It is worth to
point out by Havlovic (1996) that the influence of the party and the interior organs was much smaller in the HR area of Poland than, for example in the Czechoslovakian human resource departments.

- **Third stage – The era of management oriented towards production processes**: At this stage the guidance of human resources is already concrete and the first signs of management appear. In the key competences of HR practice at this stage there are continuous functions of management recognizable, and personal management appears among basic functions of management. In the 1970s the Czechoslovak government tried to find a solution to leading of this area through many administrative decisions. The companies set up an establishment plans; with them the state defined the number of available workforce in each district. This system was operated until 1989 the beginning of privatization (Bělohlávek at al., 2006). The biggest boost in the field of HR was the period of the “Velvet Revolution”, resulting in profound political and economic changes in the former socialist Czechoslovakia and later in the independent Slovak Republic. One of the first major challenges faced by the transforming countries, including the Czech Republic and Slovakia was to deal with the massive layoffs following privatization (Redman & Keithley, 1998). According to a research done in the Czech Republic and Poland, their managers and HR professionals followed much more human layoff practices than the managers from the Western World (Poór et al., 1992; Koubek & Brewster, 1995).

- There has emerged the demand for market oriented economists and managers, development of capabilities of competitiveness and support of legislative framework. For regulation of the labor market, Slovakia has reached for the inspirations to German model (Stacho, 2013). These changes greatly influenced the various management practices of companies and institutions, including the management of human resources. Based on the previous statements, we can say that, before the political changes at the end of the 1980s, HR activity was under a very strict control by the state in most European countries, including Czechoslovakia (Pundziene & Bučiūnienė, 2008).
Fourth stage – Active use of knowledge: During this period, managers and specialists working on HR have integrated the positives and the successful methods of the past era into their thinking. The era of globalization has boosted the challenge of HR processes internationalization, international competitiveness has forced the demand for strategic HR business partnership and post-globalization era has forced the challenge for IT/IC competencies reflecting digitalization tendencies. New paradigms emerge, and the effect of increasing digitalization results in various formed strategic alliances. E-business and e-commerce learning processes within the organizations continue to evolve (Truneček, 2004). In the 21st century the biggest impact on Slovak HRM was the tempo of the globalization and the European Union. Human resource management needs to acquire the European style and needs to learn how to use it (Kachaňáková & Nachtmannová, 2007). During this period the style of the HRM changed from the traditional personnel management into more strategic based management (Svatková, 2012). The Slovak and Czech companies and organizations are influenced by the globalization and the world economy, therefore this fact brings the need for flexibility in the management (Dubravska and Solankova, 2015). The globalization also has impact on the competitive environment of the companies in these countries, and the need to learn to scope with new situations and impulses (Stacho, 2013).

HR similarities and differences

Cranet

Cranfield Network (CRANET) (Founded by the Cranfield Business School in England and operated by the European Human Research Network), was established in 1988 by the ILO initiative in Cranfield (UK) (Lazarova et al., 2008). The pioneer network of European and later research of the HRM model in other regions has now emerged from the old continent and became global (Mayrhofer, 1998).
At the beginning, only the universities of the Western European countries were members of this network. Nowadays, it is the world’s largest non-profit HR research network and it contains researchers from more than 40 countries. The methodology of the Cranet research questionnaire barely changed. With the help of this questionnaire consisting of seven main parts and about sixty – factual data, which is not based on opinions – to provide the spatial – countries, regions – and the possibility of time-based comparisons, and longitudinal analyzes (Karoliny & Poór, 2016).

Our research is based on the Cranet questionnaire, which consists of the following seven parts:

- The first section examines the organizational units and the main characteristics of the Human Resource Management activities of the organizations participating in the survey.
- The second part of the questionnaire questions the practice of the staffing policy.
- Part Three analyzes issues related to benchmarking, staff development and career development.
- Part four deals with the methods and participants involved in wage/benefits.
- In the fifth part the questionnaire seeks answers for employee communications, labor relations.
- The sixth part contains general organizational data.
- The seventh part of this questionnaire covers the personal data of the respondents.

The survey gives a picture of management and HR policies and practices on the human and financial resources of public and private companies. The research is descriptive, and always builds on objective data. The survey was carried out in the First and Second Quarter of 2015 and 2016. More than half a hundred (n=535) organizations participated in the survey, 51% of

1. From Hungary, the University of Pécs joined this network in 2004, while the Szent István University became a member in 2011. From Slovakia, the University of Economics in Bratislava (Slovakia) joined the Cranet network in 2004.
the organizations was from Hungary (n=273) and the other 49% was from Slovakia (n=262).

**Characteristics of participants (Hungary and Slovakia)**

Table 1 shows that most of the organizations operates in the private sector. This ratio is very significant in Slovakia 90.1%, while in Hungary it is 63.8%. The second most common answer was the Public sector, 32.8% of organizations operates in this sector in Hungary, while in Slovakia this number is only 8.8%.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>63.80%</td>
<td>90.10%</td>
</tr>
<tr>
<td>Public sector</td>
<td>32.80%</td>
<td>8.80%</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>3.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Mixed</td>
<td>0.40%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Authors own research.

The respondent’s breakdown by industry: In Hungary most of the organizations operate in public administration (15.3%), and in the Telecommunications and IT sector (13.9%). The least-favored industries are the following: construction industry, electricity, accommodation services, book publishing, and broadcasting. In Slovakia most organizations operate in other industries section (16%), followed by the Financial, Telecommunications and IT sector (13% – 13%). There is a similarity between these two countries, which is the approximately same values in Telecommunication, IT (13.9%, 13%) and in financial sectors (11%, 13%).
Figure one shows that most of the respondents in Hungary (63.4%) belong to small and medium-sized enterprises (SMEs). In this category the distribution is relatively even among small and medium-sized enterprises, while in Slovakia the SME sector makes up 78.7% of the respondents, with 50% of them belongs to medium-sized enterprises. Interesting fact is also that the proportion of companies employing 250–1000 people, is more common in the Hungarian sample (23.3%) than in Slovakia (14.9%).

**Figure 1. Distribution by headcount**

Source: Author’s own research.

From the table 2 below, stands out that the majority of the employees are employed in non-executive positions. In Hungary it is 47%, and in Slovakia these employees make up 66% of the organizations. Executives/managers are 13% in Slovakia and in Hungary 11%. Administrative and physical workers represent fairly high proportion (42%) in Hungary, and in Slovakia this makes only half of this ratio (21%).
Table 2. Composition of employees

<table>
<thead>
<tr>
<th>Employee categories</th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives / Managers</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Employees (non-executive)</td>
<td>47%</td>
<td>66%</td>
</tr>
<tr>
<td>Office administrative and / or</td>
<td>42%</td>
<td>21%</td>
</tr>
<tr>
<td>physical workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Author’s own research.

Characteristics of human resource functions and department

In this part of our research we made a comparison of the HR activities of these two countries. Figure 2 shows that there is an independent HR department in the larger part of the respondent organizations. In Slovakia this ratio is slightly higher (87.4%) than in Hungary where the ratio is 80.1%. This is almost the same value as the latest Cranet research had (Karoliny & Poór, 2016).
The next figure shows how many employees work at the HR department. In Slovakia there are 4436 employees working in the HR division, where the proportion of the female employees is higher, while in Hungary 5030 employees work at the HR department and the situation is same. In Hungary there is an average 67 HR employee for one worker, while in Slovakia the same figure shows 57.
In the context of organizational strategies, we have examined whether these two countries have formal or informal strategies. In Hungary the most common formal strategic documents include business/service (65.7%), and mission statement (61.8%). Among the least used strategies belongs the Declaration of diversity (19.5%), and Social Responsibility statement (36.2%).

In Slovakia we have similar situation like in Hungary, the most common strategies are the mission statement (79%) and service/business (78.3%). In Slovakia, most of the answers are over 50% (6 cases), while in Hungary only 4 cases were above 50%. The least used strategy in both countries is the Diversity statement (28.4%).
In Slovakia, the person responsible for HR activities was involved in the development of the organizational strategy from the beginning (24.5%). In Hungary this ratio is much lower, reaching only 8%. In Slovakia, most respondents said that they are involved in planning in the later stages (40.5%). While in Hungary this ratio is only 18.7%. In the next phase, rates have been reversed, and 44% of Hungarian organizations responded, that they are involved in strategic planning in the phase of implementation.

Hypothesis

The above descriptive statistical characteristics are now followed by an analysis of five major hypotheses groups, which had been formulated as follows:

- **H1a**: In Hungary, in the public sector, the number of employees per HR staff member is lower than in the private sector, regardless of organizational size.
· **H1b:** In Slovakia, in the public sector, the number of employees per HR staff member is lower than in the private sector, regardless of organizational size.

· **H2a:** In Hungary, in the public sector, the HR department’s performance is much less evaluated – or simply to a lesser extent – than in the private sector, regardless of organizational size.

· **H2b:** In Slovakia, in the public sector, the HR department’s performance is much less evaluated – or simply to a lesser extent – than in the private sector, regardless of organizational size.

· **H3:** In the private sector, over the past three years Slovakian companies’ headcount has grown more strongly than Hungarian, regardless of whether the company is domestic- or foreign-owned.

· **H4a:** In Hungary, the average annual number of training days is higher in the public than in the private sector, regardless of whether the competitive sector company is domestic- or foreign-owned.

· **H4b:** In Slovakia, the annual average number of training days is higher in the public than in the private sector, regardless of whether the competitive sector company is domestic- or foreign-owned.

· **H5a:** In Hungarian organizations the proportion of trade union members is lower in the private than in the public sector, regardless of the number of employees.

· **H5b:** In Slovakian organizations the proportion of trade union members is lower in the private than in the public sector, regardless of the number of employees.

## Number of HR staff per employees (H1a and H1b)

In this hypothesis, we examine whether in the public sector, the number of employees per HR staff member is lower than in the private sector in Hungary and in Slovakia, regardless of organizational size. To analyze this hypothesis we mainly use the first and the sixth part of the Cranet survey.

A T-test was performed for different sized organizations. With the Hungarian respondents, only with employee numbers from 250–999 can we see
that the number of employees per HR staff member is significantly lower in the public sector than in the private sector (Table 3 and 4). This part of the hypothesis has not been confirmed.

**Table 3. Total headcount and HR headcount data of the respondent organizations – Hungary**

<table>
<thead>
<tr>
<th>Hungary</th>
<th>Total employees</th>
<th>Number of HR staff</th>
<th>Number employed per HR staff member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>185,554</td>
<td>2,659</td>
<td>70</td>
</tr>
<tr>
<td>Private sector</td>
<td>116,095</td>
<td>2,118</td>
<td>55</td>
</tr>
</tbody>
</table>

*Source: Author’s own research.*
Table 4. T-test – Hungary

<table>
<thead>
<tr>
<th>Sector</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>38</td>
<td>85.8158</td>
<td>92.57338</td>
<td>15.01738</td>
</tr>
<tr>
<td>Public</td>
<td>18</td>
<td>40.3889</td>
<td>22.01106</td>
<td>5.18806</td>
</tr>
</tbody>
</table>

Source: Author’s own research.
Table 5. Total headcount and HR headcount data of the respondent organizations – Slovakia

<table>
<thead>
<tr>
<th>Slovakia</th>
<th>Total employees</th>
<th>Number of HR staff</th>
<th>Number employed per HR staff member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>13,444</td>
<td>170</td>
<td>79</td>
</tr>
<tr>
<td>Private sector</td>
<td>234,875</td>
<td>4,138</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Author’s own research.

At the Slovakian respondents, after carrying out the T-test no significant difference can be observed in any headcount number of employee groups between the public and private sector. We can see that that part of the hypothesis relating to Slovakia has not been confirmed either.

Evaluation of HR Department Performance (H2a and H2b)

In this hypothesis, we examine whether in Hungary and in Slovakia in the public sector the HR department’s performance is much less evaluated – or merely not a lesser extent – than in the private sector regardless of organizational size. For the analysis of hypothesis 2 we use the first and the third part of the Cranet survey.

Table 6. Evaluation of HR performance by sector

<table>
<thead>
<tr>
<th>Hungary</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not at all</td>
<td>24%</td>
<td>28%</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>1</td>
<td>8%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>2</td>
<td>23%</td>
<td>26%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>3</td>
<td>17%</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Based on the cross table it can be stated that in Hungary the HR department’s performance is less evaluated in the public sector. However, based on the values of the Chi-square (Table 7) there is no significant difference between the public and private sectors in this field, so the part of the hypothesis in relation to Hungary can be considered as confirmed.

**Table 7. Chi-square test (Hungary)**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.977a</td>
<td>4</td>
<td>.562</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>3.126</td>
<td>4</td>
<td>.537</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc</td>
<td>.867</td>
<td>1</td>
<td>.352</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>254</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own research.

Analyzing the Slovakian responses, we found that in 47% of the private sector there was no evaluation of the HR performance or merely a minimal one, whilst in the public sector 50% responded in this way. So, there is a difference between the two sectors, even if it is minimal. In the case of the Slovakian respondents, neither the Chi-square test (table 9) nor the T-test showed any significant difference. Besides a lack of significance, we regard this part of the hypothesis as confirmed.
Table 8. Evaluation of HR performance by sector

<table>
<thead>
<tr>
<th></th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>Not at all</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>1</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>2</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>3</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>to a very great extent</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author's own research.

Table 9. Chi-square test (Slovakia)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Dr</th>
<th>Asp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.461a</td>
<td>4</td>
<td>.977</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.475</td>
<td>4</td>
<td>.976</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.265</td>
<td>1</td>
<td>.607</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>258</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 3 cells (30, 0%) have expected count less than 5. The minimum expected count is 2, 13.

Source: Author’s own research.

Headcount growth (H3)

In this hypothesis, we examine whether, in the private sector, in the past three years, Slovakian companies’ headcount growth has been stronger than the Hungarian, regardless of whether the company is domestic- or foreign-owned. In this part we use the first, second and the sixth part of the Cranet survey.
Table 10. Trends in headcount change in the private sector

<table>
<thead>
<tr>
<th>Headcount changes</th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Decreased greatly</td>
<td>11</td>
<td>7%</td>
</tr>
<tr>
<td>Decreased</td>
<td>17</td>
<td>10%</td>
</tr>
<tr>
<td>Unchanged</td>
<td>46</td>
<td>28%</td>
</tr>
<tr>
<td>Increased</td>
<td>50</td>
<td>30%</td>
</tr>
<tr>
<td>Increased greatly</td>
<td>43</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>167</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author's own research.

In Hungary 56% of the organizations indicated an increase in the number of employees, whilst in Slovakia only 39% did so. We can see that Hungary had a greater increase in employment in the private sector than in Slovakia. Carrying out a chi-square test, we found that there was a significant difference between the two countries in the numbers involved in corporate headcount growth. Thus, the hypothesis was not confirmed, although we achieved exactly the opposite result to that assumed.

Table 11. Chi-square test (Hungary and Slovakia)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>18.817a</td>
<td>4</td>
<td>.001</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>19.473</td>
<td>4</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc.</td>
<td>13.658</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>402</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.63.

Source: Author's own research.

Surveying the ownership there is in neither Hungary nor Slovakia a significant difference between the respondents whether the organizations are domestic- or foreign-owned.
Average annual number of training days (H4a and H4b)

At this hypothesis we try to find out, whether in Hungary, the average annual number of training days is higher in the public sector than in the private sector, regardless of whether the competitive sector company is domestic- or foreign-owned (H4a). In this part we mainly focus on the third part of the Cranet survey.

Table 12. Sectoral distribution of the annual amount of training days

<table>
<thead>
<tr>
<th></th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>Responses</td>
<td>169</td>
<td>87</td>
</tr>
<tr>
<td>Total days</td>
<td>2,987</td>
<td>2,110</td>
</tr>
<tr>
<td>Average days</td>
<td>17.7</td>
<td>24.3</td>
</tr>
</tbody>
</table>

Source: Author’s own research.

As Table 12 clearly shows, the average number of training days in Hungary per employee is higher in the public than in the private sector. This part of the hypothesis seems to be true despite the fact that, as shown in Table 13, in the public sector there are fewer respondents.

Table 13. Distribution of respondents according to ownership

<table>
<thead>
<tr>
<th></th>
<th>Hungary</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>Domestic</td>
<td>78</td>
<td>74</td>
</tr>
<tr>
<td>Foreign owned</td>
<td>90</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>168</td>
<td>76</td>
</tr>
</tbody>
</table>

Source: Author’s own research.
In this case we will examine it, whether in Slovakia, the annual average number of training days is higher in the public sector than in the private sector, regardless of whether the competitive sector company is domestic-or foreign-owned (H4b).

Table 14 also shows that, in Slovakia there is a minimal difference between the two sectors concerning the average number of training days. After completing the T-test we did not find any significant difference between the Hungarian and the Slovakian data, in terms of the average number of training days.

### Table 14. Hungary and Slovakia Private and Public sector training days

<table>
<thead>
<tr>
<th></th>
<th>Hungary</th>
<th></th>
<th>Slovakia</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>Responses</td>
<td>169</td>
<td>87</td>
<td>235</td>
<td>23</td>
</tr>
<tr>
<td>Total days</td>
<td>2,987</td>
<td>2,110</td>
<td>7,937</td>
<td>739</td>
</tr>
<tr>
<td>Average days</td>
<td>17.7</td>
<td>24.3</td>
<td>33.8</td>
<td>32.1</td>
</tr>
</tbody>
</table>

Source: Author’s own research.

**Proportion of trade union members (H5a and H5b)**

Our assumption is that in the Hungarian organizations the proportion of trade union members is lower in the private sector than in the public sector, regardless of the number of employees (H5a). In order to prove this hypothesis we use the first and the forth part of the Cranet survey.

### Table 15. Distribution according to the proportion of trade union members – Hungary

<table>
<thead>
<tr>
<th></th>
<th>Hungary</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
<td></td>
</tr>
<tr>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>0%</td>
<td>92</td>
<td>13</td>
<td>66.2%</td>
</tr>
</tbody>
</table>
More than 80% (82.7%) of the organizations operating in the private sector in Hungary reported that there were no trade union members among their employees or their proportion was less than 10%. The Chi-square test also confirms that a significant difference can be observed between the private and public sector regarding trade union membership. Hence this part of the hypothesis can be considered as confirmed.

Table 16. Chi-square test (Hungary)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>40.331a</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>42.425</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>28.140</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>203</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 4 cells (33.3%) expected count less than 5. The minimum expected count is 0.63.

Source: Author’s own research.

We think so, that in Slovakian organizations the proportion of trade union members is lower in the private sector than in the public sector, regardless of the number of employees. (H5b).
Table 17. Distribution according to the proportion of trade union members – Slovakia

<table>
<thead>
<tr>
<th></th>
<th>Slovakia</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
<td></td>
</tr>
<tr>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>0%</td>
<td>121</td>
<td>60.2%</td>
<td>2</td>
</tr>
<tr>
<td>1%–10%</td>
<td>46</td>
<td>22.9%</td>
<td>5</td>
</tr>
<tr>
<td>11%–25%</td>
<td>27</td>
<td>13.4%</td>
<td>4</td>
</tr>
<tr>
<td>26%–50%</td>
<td>2</td>
<td>1.0%</td>
<td>8</td>
</tr>
<tr>
<td>51–75%</td>
<td>4</td>
<td>2.0%</td>
<td>0</td>
</tr>
<tr>
<td>76–100%</td>
<td>1</td>
<td>0.5%</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>100%</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Author’s own research

The Slovakian results are similar to those seen in Hungary. 83.1% of the Slovakian respondent organizations said that there were no trade union members or that the proportion was under 10% in the private sector. The Chi-square test supported the received significant difference. Therefore this part of the hypothesis can also be considered as confirmed.

Table 18. Chi-square test – Slovakia

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>73.480a</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>42.369</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>28.390</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .09.

Source: Author’s own research.
Conclusion

Our research was conducted in two countries (Hungary and Slovakia). Our questionnaire is based on the Cranet questionnaire. The questionnaire was divided into 7 parts and contained about 70 questions. In this analysis we presented the basic characteristic of HR department and the participating organizations. The general statistical analysis of the responses received in the two countries examined shows the following picture.

- Our research revealed that most of the respondents were working in private and public sectors. According the industry distribution, most of the organizations in Hungary operate in public administration and telecommunications/IT sectors. In Slovakia this distribution manifested differently. These organizations were mostly in the other sector category, financial services and telecommunications/IT sector. We can find similarities between the two countries in the financial and IT sector. From the view of the company size, the sector of small and medium-sized enterprises dominated. Regarding of the composition of the employees, majority were non-executive intellectual employees. In Hungary the proportion of administrative/physical workers was also significant.

<table>
<thead>
<tr>
<th>Table 19. Results of Hypothesis analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>H1a</strong></td>
</tr>
<tr>
<td>H1b</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>H2a</td>
</tr>
<tr>
<td>H2b</td>
</tr>
<tr>
<td>H3</td>
</tr>
<tr>
<td>H4a</td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>H4b</th>
<th>In Slovakia, the average annual number of training days is higher in the public than in the private sector</th>
<th>✓</th>
<th>There was no significant difference between the two sectors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5a</td>
<td>In Hungarian organizations the proportion of trade union members is lower in the private than in the public sector</td>
<td>✓</td>
<td>More than 80% of the respondents reported that there are no trade union members among their employees (private sector).</td>
</tr>
<tr>
<td>H5b</td>
<td>In Slovakian organizations the proportion of trade union members is lower in the private than in the public sector</td>
<td>✓</td>
<td>More than 80% of the respondents reported that there are no trade union members among their employees (private sector).</td>
</tr>
</tbody>
</table>

Source: Author’s own research.

- During the analysis of the HR department, we firstly asked about the existence of an independent HR department. According our data, we can state that most of the respondents have an independent HR department, in Hungary is 80.1%, while in Slovakia this ratio is 87.4%. In Hungary there is an average 67 HR employee for one worker, while in Slovakia the same figure shows 57. These data are in line with the regional and global data of the international Cranet report (2017).
- From the HR strategies, the most commonly occurring strategic documents are business/service strategy, and mission statement. In Slovakia,
most of the answer is over 50% (6 cases); while in Hungary only 4 cases were above 50%. The least used strategy in both countries is the Diversity statement. Involvement of HR personnel in the development of the organizational strategy in Hungary mostly occurring in the phase of implementation (44%), while in Slovakia they are involved before the phase of implementation (later stages 40.5%).

Acknowledgement:

The authors thank Gergő Ádám Kiss, PhD for his excellent analytical research work.
References


Opening the “Black Box” of Firm De-internationalisation Processes: What Should We Still Know?

ABSTRACT

Objective: The purpose of the paper is to review extant research of firm de-internationalisation processes, considering the changing patterns in international operations, as well as the underlying decision-making logic.

Methodology: The paper draws on two process perspectives in management research to refine the understanding of de-internationalisation process and provide a contribution to this still under-researched area. Contrary to many reviews of international management literature, the paper adopts a deductive analytical approach by applying theory-driven process perspectives to diagnose extant research, identify key developments and research gaps.
Findings: In particular, decision-making processes still require a deeper exploration. The review provides a synthesis of extant knowledge on the antecedents, patterns and outcomes of de-internationalisation processes, which is of particular value.

Value Added: By applying two different process approaches known from strategic management research, the paper presents a comprehensive review of existing studies, summarising the current stock of knowledge about both patterns of de-internationalisation and the underlying decision-making logic, and indicating certain gaps therein.

Recommendations: The paper ends up with recommendations for future research, which relate to the subject of de-internationalisation processes, i.e. aspects of internationalization strategy which change, as well the nature of the underlying decision-making processes. interest for decision-makers responsible for international expansion.

Key words: de-internationalisation, international divestment, withdrawal, foreign market exit, strategic change, decision-making processes

JEL codes: F20, F21, F23, M16

1. Introduction

Nordic researchers proposing a learning model (Johanson and Wiedersheim-Paul, 1975; Luostarinen, 1979; Johanson and Vahlne, 1990) have considered internationalisation as a gradual, evolutionary and sequential process, evolving in an interplay between the development of knowledge about foreign markets and operations on the one hand, and an increasing commitment of resources on the other. In contrast to the linear character of the process perspective, empirical evidence shows that paths observed in reality often tend to be irregular (Buckley, 1982; Van de Ven, 1992). The deterministic character of the stage sequence has recently been questioned by developments including leapfrogging of intermediate stages (McKiernan, 1992; Bell, 1995), as well as emergence of international new ventures (Oviatt and McDougall, 1997) or born globals (Freeman and Cavusgil, 1984).

On the other hand, Welch and Luostarinen (1988, p. 47) point out that “once a company has embarked on the process, there is no inevitability
about its continuance” (Welch and Luostarinen 1988, p. 37). In fact, empirical evidence shows that international evolution in itself can turn out to be negative (Fletcher, 2001). Macharzina and Engelhard (1991, p. 34) in their gestalt-oriented approach assert that the internationalisation can be regarded as a result of a series of strategic decisions by the use of which “the firm increases (or decreases) its level of international economic involvement or inward-outward connection.” To explain this possibility, Benito and Welch (1994) argue that the learning process of internationalisation might correct the initial unawareness of certain risks of international involvement, therefore prompting decision makers to pay a greater attention to subsequent foreign moves, or – in more extreme instances – temporarily reverse some of the foreign commitments. In a similar vein, Calof and Beamish (1995) note that during their internationalisation companies sometimes drop a product, divest a division, sell a foreign production plant or lay off people involved in their international operations. While the choice of a market entry mode can be considered as one of the most important decisions in the internationalisation of the firm (Brouthers & Hennart, 2007), the related, predominantly static research stream has looked into motives behind given entry modes. Meanwhile, far less attention has been paid to differentiating between first entry and subsequent mode decisions which may change previous choices (Calof, 1993; Fletcher, 2001). Internationalisation process research has neither devoted sufficient attention to explaining the mechanics behind internationalisation strategy changes, nor explicitly considered a downgrade of an operating mode as one of scenarios in the internationalisation process (Gomes-Casseres, 1987; Calof & Beamish, 1995).

Secondly, apart from analysing patterns of foreign operating modes, internationalisation process research has addressed international market choices. The conventional approach to internationalisation process assumes that firms follow an incremental pattern from geo-culturally close to more distant markets (Johanson & Vahlne, 1990; Andersen, 1993). From a portfolio perspective, firms can allocate their resources over a limited
number of markets or follow a strategy of market diversification (Ayal & Zif, 1978). However, in the long run the strategy of diversification could lead to the decrease of the number of markets, as a result of re-concentration and exit from less profitable markets in the international portfolio (Cairns et al., 2008). In fact, a fast rate of expansion can result in a limited attention and resource allocation to single markets, thus exposing entrants to mistakes in the market choice (Ayal & Zif, 1979). In addition, expansion into unfamiliar markets can result in a higher failure rate (Zaheer & Mosakowski, 1997; Sounder and Song, 1998). This assertion is supported by inconsistent empirical evidence on the relationship between firm internationalisation degree, mostly measured by its international sales, and the performance outcomes of the firm (Matysiak & Bausch, 2012). In fact, after a certain threshold of internationalisation managerial and coordination costs exceed its benefits (Hennart, 2011). And yet, reduction patterns in the diversification of foreign markets and their underlying motives have only received limited attention (Swoboda et al., 2011; Turner and Gardiner, 2007).

Thirdly, a hitherto poorly explored area of research on internationalisation processes pertains to the actual decision-making processes which lead to possible reductions of foreign commitment, partial or complete withdrawals from international operations. Andersson and Florén (2008) argue that managerial characteristics and behaviour are critical determinants of a firm’s internationalisation process. However, apart from several contributions, including Aharoni’s (1999) seminal study on managerial behaviour behind U.S. outward FDI decisions, or Larimo’s (1995) qualitative study of FDI by Finnish firms, there has been little research on the related decision processes. Even more so, decision processes leading to reductions in international operations have received little attention despite their theoretical and practical relevance (Pauwels & Matthyssens, 2003; Torneden, 1976). While it has sometimes been argued that divestment is the reverse of the investment decision process (Boddewyn, 1983), this symmetry cannot be easily assumed since decision-making processes and their rationality can be affected by firm-level
or individual factors, such as international experience (Buckley, Devinney & Louviere, 2007). In fact, the relevance of microfoundations of management has recently been stressed, pertaining specifically to behavioural strategies in organisational action (Greve, 2013).

Accordingly, to address the three above deficiencies in extant process research, the purpose of this paper is to critically review empirical research on de-internationalisation processes. In doing so, a conceptual framework of strategy process perspectives will be applied to the phenomenon of de-internationalisation in order to diagnose the current state of related research and formulate recommendations for future studies. The process is understood both as a dynamic pattern of changing strategies, but also as a set of organisational activities that lead to strategy formation and implementation. The paper is organised as follows. The subsequent section discusses influential concepts of firm internationalisation with regard to their ability to explain the opposite phenomenon. Subsequently, the literature on international strategy of the firm serves as a foundation for identifying important dimensions of internationalisation strategy. These dimensions are then adopted as a heuristic lens applied to existing studies on the reduction of international firm operations to examine the already developed insights and the existing research gaps.

2. Process perspectives in management research

Despite the vital importance of processes, the process perspective has always played a minor role in the literature on international management as compared to the static view (Kutschker et al., 1997). The distinction between static and dynamic perspectives is inherent to strategy research (Ginsberg & Venkatraman, 1985). Research on strategy content has focused on the determinants of particular strategic decisions, as well as their impact for firm success (Fahey & Christensen, 1986). The authors summarise this approach as one revolving around the question what “performance results
arise from following specific strategies under different conditions” (p. 169). Thereby, strategy content research frequently addresses the positioning of the firm with respect to its environment, drawing a lot of attention to external conditions, yet frequently neglecting the inside of the firm. In a similar vein, Ginsberg and Venkatraman (1985) argue that in contingency-theory based strategic research, strategy is formulated based on the input of environmental variables, and it is implemented by means of a process which involves different organisational variables, ultimately leading to performance outcomes. By large, most firm-level theoretical concepts explaining foreign expansion, particularly in the form of FDI, can be argued to be predominantly of static character and fall into the content-based paradigm, i.e. linking certain external (and internal) antecedents to strategic choices and, at a more normative level, to their performance outcomes.

On the other hand, the process perspective in strategy research concentrates on two areas. Firstly, “process” can mean the change of a given strategy and its characteristics over time, in the meaning of organisational change (it can be referred to as the “content-oriented process view”). It can be imagined as a “dynamised” content perspective (Bamberger and Wrona, 2012). In the context of firm internationalisation, specifically, this perspective embraces all approaches seeking to describe or explain the sequence of different foreign entry modes, foreign market choices or allocation of value-adding activities (see e.g. Bell, 1995; Johanson & Vahlne, 1990). A number of process models has been developed, whose common denominator is the premise that firms start their internationalisation with entry modes requiring the least commitment of resources and gradually increase this commitment. Thereby, the progression along the sequence of operating modes is driven by the learning process related with innovation adoption, i.e. internationalisation can be regarded as (strategic and organisational) innovation to the firm (Andersen, 1993). However, many of these approaches are mostly descriptive in nature, without explicitly addressing the actual mechanisms of foreign expansion.
Secondly, “process” can be understood as a sequence of decisions, interactions, events or activities within the organisation, which ultimately lead to the creation of a strategy, in the meaning of a decision process (“activity-oriented process view”) (Bamberger & Capallo, 2003). Thereby, the interest of this perspective is focused around actors participating in the processes, the methods used, as well as the conditions in which these processes occur. Applying this perspective to firm internationalisation concepts, the activity-oriented view is focused on all the activities within the MNE which lead to foreign expansion. This perspective is crucial given that internationalisation decisions are highly strategic by nature, with a high influence of individual values in the decision-making process. Andersson and Florén (2008) argue that managerial characteristics and behaviour are critical determinants of a firm’s internationalisation process. The decision-making approach, which has gained a prominent role in international entrepreneurship literature, explores the character of decision making processes characterised by high uncertainty and goal ambiguity (Acedo & Jones, 2007). Innovative, proactive, and risk-seeking behaviour has been regarded as a source of value creation (McDougall & Oviatt, 2000). A seminal contribution to understanding the organisational process leading to FDI was made by Aharoni (1999). In his concept, the organisation is perceived as a system of individuals involved in continuous interactions, who pursue specific goals, act in conditions of uncertainty and given constraints. According to Aharoni (1999), the decision to invest abroad results from the interest of managers to undertake foreign ventures on the one hand, and from a set of environmental factors, on the other. The aforesaid two perspectives on strategy process are summarised in Figure 1.
3. Literature review design

Rather than performing a conventional review of de-internationalisation literature, subsequent sections of the paper will aim to apply the above two-sided approach to strategy processes to the body of existing studies so as to identify key research problems, as well as those yet to be answered. Extant literature reviews in management research have used qualitative and quantitative methodological designs, depending on the purpose and contents of literature analysis.

Since the purpose of the current review is to present a possibly comprehensive overview of the existing research on de-internationalisation processes, a query in all management, marketing, strategy and international business journals was run in the EBSCOhost, ScienceDirect, Emerald, JSTOR and ProQuest databases. The triangulation of these sources was aimed
At maximising search results, given the limited number of articles on this topic. The search was not confined to a specific publication period, all relevant articles irrespective of their publication dates being included instead. A systematic search process combined identification of papers in the said electronic databases by keywords with manual search for printed materials, books, as well as sources tagged by authors dealing with this area of study. While the initial set of keywords in titles and abstracts (“(de-)internationalisation process”, “market exit process”, “export withdrawal process”, “international/foreign divestment process”) was provided by general readings on de-internationalisation, in order to identify the relevant contributions it was systematically extended and adjusted due to the multidimensional character of the phenomenon, as well as heterogeneity in the related vocabulary. Moreover, studies pertaining only to the national context, as well as those not based on a process perspective, had to be filtered out of the scope of review. In total, the search revealed only 15 process contributions, while 55 further contributions were not retained for analysis due to their static character and predominant focus on the determinants of exit or divestment, while neglecting the broader process perspective or the underlying decision logic.

Subsequently, the identified empirical contributions underwent content analysis (Seuring & Gold, 2012), involving the said dimensions of both process approaches (see Tables 1a and 1b). A quantitative analysis of the direction of influence of focal antecedents of de-internationalisation would have not been possible due to the different forms of de-internationalisation under study, the predominance of qualitative research designs, as well as distinct research objectives and designs for both process views. Thus, instead of devising a meta-analysis (Sousa et al., 2008), the review is narrowed down to the main findings of analysed studies, providing available information on the character of relationships (positive or negative). For the activity-oriented process perspective, studies were screened from the perspective of providing insights on relevant aspects of decision processes, as proposed by Bamberger & Capallo (2003) and Rajagopalan, Rasheed & Datta (1993). These
dimensions are visible in Table 1b. The use of the conceptual framework as a lens for review reveals the state-of-the-art and missing relationships related to de-internationalisation processes.

4. Findings
4.1. Content-based process perspective

It can be observed that the process perspective focused on changes in the international strategy has been clearly dominated by qualitative research designs, as well as empirical contributions stemming from the retail sector. For instance, Turner and Gardiner (2007) explored the case of British Telecommunications’ de-internationalisation process, reinforcing the premise of the present paper that this phenomenon requires consideration along several dimensions. In fact, British Telecommunications experienced declining performance, as it was offering its corporate services in cooperative modes with foreign partners on several continents. The decision was to re-focus on markets where the company could establish market leadership and recur to highly integrated operating modes. Mellahi (2003), on the other hand, elaborated on the case of Marks and Spencer to shed more light on the implementation aspects of foreign exit via sale of extant operations to competitors and closures. He highlighted the role of appropriate management of the processes, the accompanying communication activities and tackling the reactions of public opinion and trade unions, particularly in foreign countries where the latter have strong bargaining power.

Cairns et al. (2008), also focusing on the retail sector, proposed a process model for withdrawing from foreign markets, which is initiated by the divestment decision in order to re-focus on improving performance. Subsequently, the process itself involves announcement activities, a specific timeframe, types of divestment, as well as the management of the process. At the third stage, strategic reorientation should ideally take place, whereby the
divestment should affect the strategic direction of the company. Finally, the last stage called strategic and operational response is concerned with how the company responded at home and in foreign markets to the divestment, which can include re-establishing core organisational values, refocusing on core products, managerial restructuring, restructuring of the international franchise business, and so on. Burt et al. (2002) provide a process perspective on Marks and Spencer based on extensive documentation, however no clear conclusions as to a generalisable process model and its antecedents could be formulated. Rather, the diversity of motives for exit was shown, as well as the clear fact that the process is multi-dimensional, thus a withdrawal from one market can be compensated with an upgraded operating mode in another one. Otherwise, little, is known about the specific determinants of deinternationalisation patterns. Burt et al. (2004) as well as Alexander et al. (2005) only use overall industry data to observe divestment levels in specific countries, regional exit rates of retail firms, as well as their average length of country operations before exit.

Finally, the said process-oriented studies generally do not discuss performance implications for the de-internationalising firms, apart from some background information based on secondary performance data which is not directly attributable to de-internationalisation. Only Palmer (2004), in an in-depth longitudinal case study, explored the process of deinternationalisation of Tesco in Ireland and France, pointing the attention to the fact that it has important implications for the competitive positioning of the firm in terms of international markets portfolio. It leads to the creation of higher operational flexibility and thus lower exit costs in the future, as well as better defined exit options within the international strategy and more focus on international stakeholders (such as customers, investors and financial institutions).
4.2. Activity-based process perspective

Apart from early studies of Gilmour (1973) or Nees (1978), which were focused on detailed descriptions of divestment-decision processes involved in corporate divestments and their characteristics, albeit not in the international context, little efforts have been devoted to opening the “black box” of decision processes underlying de-internationalisation decisions. A seminal contribution shedding light on the decision process leading to the disinvestment of foreign subsidiaries was made by Torneden (1976). It was arguable the only one to explore in-depth the determinants of the process, its duration and actors involved. He concluded that companies were particularly active in divesting foreign operations when their long-term earnings growth was endangered. Moreover, few companies – regardless of their international operations size – had clearly defined processes for the case of divestments. Middle management was only involved in formal rationalisation to top-executive decisions, also regardless of the overall international operations scale of the parent. Interestingly, firms with limited divestment experience made divestment decisions more rapidly. Finally, as to the role of host-country governments, the author concluded that few companies worked with governments on managing the exit process, including pre-divestment discussions. Also, only few companies solicited assistance from outside consultants.

Notable contributions were also made by Pauwels and Matthyssens (1999, 2003), who studied cases of foreign market withdrawal with focus on internal behaviour in these firms leading to de-internationalisation. They formulated a process model, starting with the accumulating commitment, whereby the management keeps investing in the venture and developing a strategic logic. Secondly, endogenous and exogenous stress increases, leading to an analysis of causes, but hampered by threat-rigidity behaviour. Thirdly, conflicting reactions occur, involving tactical measures at the level of executive management and reactions among challenging groups of middle managers, whereby they identified two types of reaction:
A challenging coalition of middle managers rejects the current tactical measures. However, no alternative solution is proposed.

A challenging coalition rejects the current tactical measures. Moreover, it initiates the development of and experimentation with a strategic alternative.

Fourthly, within the stage of power play, the failing course of action is still pursued by the executive management despite increasing stress (also see Matthyssen & Pauwels, 2000). In case of passive rejection among middle management, current tactical cures continue to be questioned by some middle level managers. However, rejection fades out, as it does not take root in the organization due to a lack of a strategic alternative, a prerequisite for organizational support. In case of pro-active rejection, increasing stress and poor performance strengthen the creative efforts of knowledgeable and independent challengers, who try to formulate strategic alternatives and enhance the firm’s portfolio flexibility. Fifthly, upon the stress threshold the formal decision to withdraw from a foreign market is made, taking from several hours to several years (Pauwels & Matthyssens, 1999).

The authors argue that the withdrawal of a venture is not a real option if the venture cannot be isolated from the rest of portfolio and if no accepted strategic alternative is available for the freed resources. Otherwise, the failing venture may come into a state of strategic drift. Sixthly, the stage after withdrawal differs in consequences for the firm depending on whether exit was of strategic or only tactical character. The authors proposed that strategic withdrawal of a failing international venture is the germ of strategic reorientation in the entire international market portfolio, whist tactical withdrawal of a failing venture prevents learning and strategic change within and beyond this venture (Pauwels & Matthyssens, 2003).

Tables 1a-1b summarises the reviewed studies, highlighting their position in the conceptual framework and presenting the research aspects covered.
<table>
<thead>
<tr>
<th>Study</th>
<th>Research design</th>
<th>Research findings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Theoretical approach</td>
<td>Sample size</td>
</tr>
<tr>
<td>Turner and Gardiner (2007)</td>
<td>Global strategy framework</td>
<td>British Telecommunications’ international operations in 1998–2004</td>
</tr>
<tr>
<td>Mellahi (2003)</td>
<td>None; de-internationalisation literature</td>
<td>Marks &amp; Spencer exits from France, Spain, Belgium, Germany and Portugal</td>
</tr>
<tr>
<td>Cairns et al. (2008)</td>
<td>None; domestic and international divestment literature review</td>
<td>UK-based general merchandise fashion retailer trading in fashion, food and homeware sectors</td>
</tr>
<tr>
<td>Burt et al. (2002)</td>
<td>None; domestic and international divestment literature review</td>
<td>Marks &amp; Spencer</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Literature</td>
<td>Methodology</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Alexander and Quinn (2002)</td>
<td>None; domestic and international divestment literature review</td>
<td>Arcadia and Marks &amp; Spencer</td>
</tr>
<tr>
<td>Jackson et al. (2004)</td>
<td>None; international divestment literature review</td>
<td>Marks &amp; Spencer’s exit from France</td>
</tr>
<tr>
<td>Alexander et al. (2005)</td>
<td>None; retail divestment review</td>
<td>167 cases of retailer divestment activity during the years 1987-2003</td>
</tr>
<tr>
<td>Burt et al. (2004)</td>
<td>None; international divestment literature review</td>
<td>International activity by European based grocery retailers; 1200 international actions (entry, consolidation, growth, divestment) in the period 1970-2003</td>
</tr>
<tr>
<td>Palmer (2004)</td>
<td>Literature on financial restructuring, portfolio restructuring and organisational restructuring, spatial restructuring</td>
<td>Tesco’s divestments in Ireland and France</td>
</tr>
</tbody>
</table>

Source: own work.
Table 1b. Overview of studies on de-internationalisation: activity-oriented process perspective

<table>
<thead>
<tr>
<th>Study</th>
<th>Research design</th>
<th>Sample size</th>
<th>Research findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Griffin (2003)</td>
<td>None; review of empirical studies</td>
<td>1 Irish subsidiary of an MNE (CDMI Corporation), 1970–2002</td>
<td>Longitudinal single case study over four years; interviews of senior managers</td>
</tr>
<tr>
<td>Toneden (1976)</td>
<td>None; review of empirical studies</td>
<td>15 U.S. firms making foreign disinvestments</td>
<td>Qualitative analysis based on interviews with senior executives</td>
</tr>
<tr>
<td>MatthysSENS and PauwELS (2003)</td>
<td>Global portfolio perspective</td>
<td>2 Belgian SMEs withdrawing from export ventures</td>
<td>Iterative grounded theory methodology; comparative case study approach based on collected interview material</td>
</tr>
<tr>
<td>PauwELS and MatthysSENS (1999)</td>
<td>Strategic fit concept, strategic flexibility</td>
<td>4 Belgian SMEs exporting to the U.S., Poland and France prior to exit</td>
<td>Qualitative analysis based on interviews with multiple informants in each organisation</td>
</tr>
<tr>
<td>PauwELS and MatthysSENS (2003)</td>
<td>Strategy process concept</td>
<td>8 SMEs exporting to Spain, Belgium, Japan, Germany, Turkey, Russia, Brunei and UK prior to exit</td>
<td>Qualitative analysis based on interviews with multiple informants in each organisation</td>
</tr>
<tr>
<td>Ghertman (1987)</td>
<td>None; review of empirical studies</td>
<td>Foreign subsidiaries of 3 multinationals from Canada, Europe and U.S.A in 1985</td>
<td>Qualitative analysis based on interviews, study of internal documents</td>
</tr>
<tr>
<td>Research findings</td>
<td>Process stages and duration</td>
<td>Involved actors and organisational levels</td>
<td>Decision-making practices and procedures</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>No information</td>
<td>Rationalisation of actions taken at headquarters level; actions aimed at subsidiary survival by subsidiary managers</td>
<td>No structured process; process affected by tacitly held views of actors within the network</td>
<td>No information</td>
</tr>
<tr>
<td>No information</td>
<td>Middle management role limited to formal rationalization of top-executive decisions (no influence on top managers’ decisions); Limited cooperation with host-country government; pre-divestment consultations with host government only if initiated by the latter; limited role of external consultants</td>
<td>Limited scale of well-defined processes; 2-3 criteria for the decision.</td>
<td>No information</td>
</tr>
<tr>
<td>(a) the escalation of commitment, an inhibitor of change process; (b) the creation of strategic flexibility, an accelerator of change process; and (c) a confrontation between processes (a) and (b)—a dialectical process</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
</tr>
<tr>
<td>(1) initial and accumulating market commitment, (2) increasing stress, (3) two opposite reactions, (4) toward a stress threshold, (5) confrontation at the threshold, and (6) learning beyond the withdrawal</td>
<td>Decision process model involving executive and middle management coalitions driven by commitment, stress and threat-rigidity behaviour</td>
<td>No information</td>
<td>Change of corporate strategy, cost-cutting, increased control, production process adaptation, revision of international portfolio (outcome dependent on case)</td>
</tr>
<tr>
<td>(1) Accumulating Commitment, (2) Increasing Stress, (3) Conflicting Reactions to Increasing Stress, (4) Power Play towards the Stress Threshold, (5) A Fait Accompli or A Vacuum (depending on exit type) (6) Beyond the Withdrawal</td>
<td>To redress a failing venture, a business unit’s executive management adopts tactical routine measures within the scope of the venture’s marketing strategy; tactical routine measures in reaction to decreasing performance induce rejection of these measures and of the current strategic logic; Rejection of tactical routine measures in reaction to decreasing performance induces the creation of alternative strategic options if (1) sufficient, and (2) relevant market and business knowledge is (3) autonomously available in the venture’s organization.</td>
<td>No information</td>
<td>Strategic withdrawal of a failing international venture is the germ of strategic reorientation in the entire international market portfolio. Tactical withdrawal of a failing venture prevents learning and strategic change within and beyond this venture.</td>
</tr>
<tr>
<td>No information; processes spread over years due to lack of time pressure</td>
<td>Actors involved vary across types of decisions: for restructuring of the business portfolio – top management decisions without subsidiary, hierarchic process; some initiative and impetus phases from the CEO; for plant closure – actors entirely from subsidiary; parent intervenes late to give approval, standard hierarchic process, for closures in a situation of crisis – actors located one level above subsidiary CEO, process is standard hierarchic or with initiative from higher levels of hierarchy</td>
<td>Dismissal of subsidiary CEO brings rupture in the system of actors and starts a new process with impetus from the new subsidiary CEO</td>
<td>Limited consequences for competitiveness, but negative social effects could affect price negotiations</td>
</tr>
</tbody>
</table>

Source: own work.
5. Discussion and further research

The negative aspects of firm internationalisation have so far received far less attention than the process of international expansion itself. The rarity of studies devoted to the negative evolution of international operations of firms can be partly attributed to the fact that exit is often perceived as failure rather than a proactive stance and sign of optimisation. Burt et al. (2003) argue that this situation results from the fact that international operations are the result of successes, hence failures are less visible. Thus, it is crucial to note that exit or reduction may not necessarily express failure, particularly if it makes part of broader reorganisation actions. Whether regarded as a necessity or as a novel strategic option, they constitute an inherent part of the corporate life cycle (Boddewyn, 1979). Thus, while it has been argued that the divestment process is the opposite side of the investment process (Boddewyn, 1983), this symmetry should be challenged. In fact, it cannot be just assumed that divestment is caused by the same factors that led to international investment, which the present review highlights, nor can it be supposed that a same decision process leads to de-internationalisation.

On the whole, the present paper indicates that process-oriented studies have remained in the minority of de-internationalisation research. There have been numerous studies on different forms of de-internationalisation, such as export withdrawals (e.g. Crick, 2004), operating mode downgrades (e.g. Swoboda et al., 2011), foreign divestments (e.g. Belderbos & Zou, 2009), or product exits (e.g. Rahu, 2015), however predominantly adopting a static perspective and hence not discussed in this paper. This scarcity refers to both studies describing how international divestments unfold change over time, as well those pertaining to organisational decision-making processes that underlie de-internationalisation. For the first category, there is a clear need for more case studies from a variety of industries (which also affect de-internationalisation processes) and other empirical contexts than Anglo-Saxon countries, which have clearly prevailed in the reviewed studies.
For instance, recent developments related to the shifting competitiveness of the emerging economies of Central and Eastern Europe and the frequently changing strategic approaches of multinational firms towards markets of this region can provide a fruitful context for investigation.

Moreover, analysis of research belonging to the content-related process perspective, with distinction of several relevant dimensions (antecedents, strategies, consequences) also leads to several findings. While the majority of extant research has focused on internal (parent and foreign subsidiary-level), as well as to a lesser extent external (mostly host-country-level) variables affecting the likelihood of divestment, reduction or market exit altogether, far less attention has been paid to the actual implementation of exits and the related strategies. In fact, most studies answer the question as to the market exit altogether, not the specific method of doing it, which remains a gap for future research efforts. In the same vein, an important finding of the present review is that performance implications, which are important in corporate divestment research (Alexander & Quinn, 2002; Lee & Madhavan, 2010), have remained limited in de-internationalisation research (see Tables 1a and 1b). While there have been a few studies in relation to foreign divestments, they have remained centred around financial or capital market indicators, particularly stock reactions to divestment announcements (e.g. Tsetsekos & Gombola, 1992). More research seems relevant to shed light on the non-financial, competitiveness-related outcomes of international exit processes.

Further, most studies exploring the de-internationalisation patterns over time focus on specific episodes, or epochs in corporate history. While their longitudinal designs should be appreciated, further research could be devoted to a more comprehensive approach to foreign exits or reductions as stages in the long-term management of the international market portfolio, especially for larger firms. As Welch and Welch (2009) argue, firms may undertake re-internationalisation after prior withdrawal from inward and outward international operations. From this perspective, de-internationalisation can be perceived as a merely temporary market withdrawal after an initial
international experience, which might then be followed by an international time-out stage and re-entry process.

More strikingly, we still know little about the underlying decision processes, as opposed to business divestment literature rooted in finance or corporate strategy (e.g. Brauer, 2009). As Boddewyn (1983) argued, it is not given that international divestment decisions are identical to domestic divestment processes. Most process-related studies have dealt mainly with U.S. and UK multinationals and the empirical evidence is now outdated and thus cannot be easily generalised for contemporary MNEs. Moreover, we know little about the cognitive aspects in managerial decision-making related to contraction decisions in foreign operations. It is yet to be found out whether the cognitive barriers for managers in relation to reducing commitment to a given foreign involvement are indeed lower because of the distance involved, and do they hinder the consideration of exit or reduction as viable options of action. Conversely, it may happen that managerial cognitions affect exit decisions even if objective variables do not trigger such decision. A distinct research question pertains to the determinants of decision processes: how do factors such as industry, entry mode, foreign venture size, internationalisation degree, parent size, or subsidiary role affect decision-making in its different dimensions, such as the type and sequence of activities, involved actors and their (changing) roles within the process, use of methods, degree of formalisation, presence of political processes and managerial coalitions, locus of decision-making (headquarters or foreign venture) or overall process duration.

To summarise, the contribution of the present paper is twofold. It draws attention to the dynamic nature of foreign expansion, taking into account its multi-faceted evolution which can at times involve negative developments. Moreover, by applying the two different process approaches known from strategic management research, it presents a comprehensive review of existing studies, summarising the current stock of knowledge about both patterns of de-internationalisation and the underlying decision-making logic, and indicating certain gaps therein. The review is nonetheless bur-
dened with some limitations. In particular, the allocation to the dimensions of the present review framework is not unambiguous. In fact, some studies address the decision-making process, while they also refer to antecedents of the changing patterns of international operations of the firm. Hence, the division between the two aforementioned process perspectives may not always be clear-cut. Furthermore, a more detailed review with a detailed list of variables would be possible for a focus on international divest, or export discontinuation only, yet this was not the purpose here. Rather, the aim was to take stock of what dimensions are discussed to diagnose what should be added to the research efforts. Moreover, studies frequently focus on isolated retraction activities without considering the overall extent of international operations, thus making it doubtful whether de-internationalisation of the firm as a whole actually took place. To avoid these shortcomings, Ghertman (1987) took into account that one plant closure can be replaced by another factory establishment, which has a different scope of operations and serves different markets. While it is not possible include all aspects at once, more awareness of the studied context of the phenomenon would nonetheless be important for a better understanding and formulation of conclusions. Moreover, the distinction between active and reactive exits is not always clear in many studies. The two types of de-internationalisation differ essentially in terms of antecedents, decision-making processes and consequences for the firm, hence this distinction should make part of an appropriate research design. Despite these shortcomings, it is hoped that it will contribute both to conceptual development and upcoming research designs.
References


