

FEATURES OF THE EUROPEAN STYLE OF MANAGEMENT AS CORE COMPETENCES OF MANAGERS

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***Abstract.** The paper reveals features of a European style of management as the competencies of top managers of international companies enabling them to better understand the processes taking place in modern business environment and to employ them in gaining competitive advantage. The precondition of this kind of management is based on historically formed specific features of social communication in Europe, social changes of recent decades, as well as the processes of integration, highlighting and strengthening other aspects of economy and social development. The paper consists of the introduction, two parts and the summary. The first part deals with the elements of the European management style, as distinguished by the researchers of this area, and the main aspects of international business, in which these elements manifest themselves, are identified. The second part substantiates understanding of the elements of the European style of management as the competencies of the top managers of international enterprises, based on the statements of the resource-based approach and the conception of basic competencies. The summary suggests that the elements of European management style, as the managers' competences, can operate as leverage enabling better exploitation of resources (especially, human) and opportunities emerging in a business environment.*

***Keywords:** European style of management, competences, exploitation of resources, leverage.*

Introduction

Despite the versatility of management as the science of organizations management, historically formed specific features of social communication are undoubtedly significant in the management of enterprises.¹ This is the reason why national models of management, among which the American and the Japanese models are most often mentioned are the most frequent focus of ongoing discussions. The results obtained by Gert Hofstede,² the outstanding researcher of cultural values, show that there are no two states with the same dominating viewpoint on the distribution of power in the organization (or in the community), on ambiguous or unconventional situations in business, on the interests or goals of the individuals or a group, on the relative importance of professional or personal goals, or on the relation of short or long-term goals of the organization. One of the main features of international business is multiculturalism in business conditions. It is for this reason that a lot of publications appear dealing with different unknown, “unnoticed” national aspects in management science and practice related to the appearance of the new “development centers” worldwide.³

In the recent five decades Europe has seen a lot of integration processes which led to the formation of unique legal, political, economic and social conditions for business. From separate national markets the largest single market was formed. This made quite a significant influence on different functions of the European enterprises, i.e. logistics, marketing, etc. In this respect the management of enterprises was no exception, with numerous similar features typical to the management methods of the West European enterprises, personnel management style and organizational behaviour.

Back in the 1980s the term “euro-management” came into use,⁴ the philosophy of which was developed by Bloom et al.,⁵ thus summarizing the research performed by the European Round Table Working Group on Education and Groupe ESC Lyon. Since

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- 1 Nowakowski, M. K. Eurozarządzanie. In: Nowakowski, M. K. (ed.) *Eurobiznes*. Warszawa: Szkoła Główna Handlowa w Warszawie, 2008, p. 187–203.
 - 2 Hofstede, G. *Cultural Consequences: comparing values, behaviours, institutions and organizations across nations*. Thousand Oaks: Sage publications, 2001, p. 595; Hofstede, G. *Cultures and Organizations: Software of the Mind*. New York: McGraw-Hill, 2005, p. 434.
 - 3 Sodeberg, A. M.; Holden, N. Rethinking Cross Cultural Management in a Globalizing Business World. *Cross Cultural Management: An International Journal*. 2002, 2(1): 103–121; Rice, G.; Mahmad, E. Integrating Quality Management, Creativity and Innovation in Islamic Banks. *Lariba 8th Annual International Conference*. Pasadena, Ca, June 16. The American Finance House, 2001; Rehman, A. A. The “Hajj economy” and Gulf competitiveness. Fostering and leveraging capabilities. 2008 [interactive]. [accessed 12-06-2011]. <<http://www.bi-me.com/main.php?id=29169t=1>>; de Mooij, M. K. *Global Marketing and Advertising: understanding cultural paradoxes*. Thousand Oak: Sage publications, 2005, p. 345; Khalil, M.; Abu-Saad, I. Islamic work ethic among Arab college student in Israel. *Cross Cultural Management: An International Journal* 2009, 16(4): 333–346; Mellaki, K.; Budhawar, P. S. Introduction: Islam and human resource management. *Personel Review*. 2010, 39(6): 685–691; Dong, K.; Lin, Y. Cross-cultural management in China. *Cross Cultural Management: An International Journal*. 2010, 17(3): 223–243.
 - 4 Vincall, T. What is European management? How can it be developed? *Personel Management*. 1981, October: 47–56.
 - 5 Bloom, H.; Colori, R.; de Woot, P. *European Management. A New Style for Global Market*. London: Kogan Page, 1994, p. 263.

then the euro-management terms (literature also uses terms of a European management model or style) have acquired the reputation of a “new, dynamic, uncertain, at times controversial” conception.⁶ Scientific literature on this subject is not abundant which can be explained by the imperfection and openness of the knowledge system forming the euro-management conception. It should be noted that there exist scientific sources,⁷ the authors of which understand euro-management as one of the possible “ideologies” of management science and practice. Quite a few of the Lithuania’s authors analyze individual elements of euro-management, e.g. awareness of multiculturalism in the management process, social responsibility of business, focus on internal bargaining, etc.⁸

It is not clear, however, how a European style of management as a whole or its individual elements can contribute to the enhancement of the efficiency of managerial decisions. This paper addresses a scientific problem which can be formulated as a question: how does the management of enterprises benefit from the euro-management conception and how can it be explained in terms of the modern management theories? The solution of this problem may be of a practical value: the knowledge of a European style of management serves as a specific instrument for businessmen and top managers by means of which they can acquire a better understanding of the processes in the European business environment, thus using it in favor of their competitive advantage.

The aim of the work is to substantiate the view on the features of a European style of management as on core (obligatory) competencies of managers in contemporary business conditions.

The objectives are the following:

1. To identify the role of the main features of a European style of management in the business management.
2. To substantiate understanding of the features of a European style of management as the competence of top managers of the international companies by using the viewpoint based on the resources and competencies as well as on the essential statements of the competencies conception.

6 Nowakowski, M. K., *supra* note 1, p. 187.

7 Smith, P. B. Leadership in Europa: Euromanagement or the Footprint of History? *European Journal of Work and Organizational Psychology*. 1997, 6(4): 375–386; Eyre, P.; Smallman, C. Euromanagement competencies in small - and medium sized enterprises: a development path for the new milenium? *Management decision*. 1998, 36(1): 34–42; Nowakowski, M. K, *supra* note 1; Rozkwitalska, M. Zarządzanie międzynarodowe a modele zarządzania amerykański, azjatycki, europejski, globalyn. *Organizacja i kierowanie – Organization and Management*. 2008, 2(132): 27–35; Veccki, A.; Brennan, L. Quality management: a cross-cultural perspective. *Cross Cultural Management: An International Journal*. 2009, 16(2): 149–164.

8 Seilius, A. Kolektyvinis valdymas: teorija ir praktika. *Organizacijų vadyba: sisteminiai tyrimai* [Management of Organization: Systematic Research]. 1999, 12: 189–129; Smilga, E.; Bosas, A. Vadovas ir jo komanda: vadovavimo-bendradarbiavimo procesas ir jo ypatybės. *Organizacijų vadyba: sisteminiai tyrimai – Management of Organization: Systematic Research*. 1999, 12: 211–225; Šimanskienė, L. Tautinių bruožų įtaka vadybos kultūrai. *Organizacijų vadyba: sisteminiai tyrimai – Management of Organization: Systematic Research*. 2000, 16: 131–143; Jucevičius, G. Lietuvos organizacijos kultūrinės charakteristikos Europos kontekste. *Socialiniai mokslai – Social Sciences*. 2001, 2(28): 20–27.

The key method of the work is the analysis of scientific sources and the synthesis of the information acquired.

1. The Features of a European Style of Management and their Role in Managing Enterprises

In summarizing the publications⁹ considered as the fundamental works in this area, the following features of a European style of management can be discerned:¹⁰

1. Recognition of cultural differences in European countries' business environment, and, what is of utmost importance, ability to make use of them.
2. Top managers' awareness of social responsibility.
3. Focus on people and recognition that internal bargaining is equally important as that with external partners.
4. Long-term thinking focused on financial criteria of the enterprise, social adaptation and internal consensus.

The importance of each of these features as the key elements of a European style of management is undoubtedly unequal which is also reflected in literature. They, however, have much in common. This can be illustrated by the following diagram (Fig.1.):

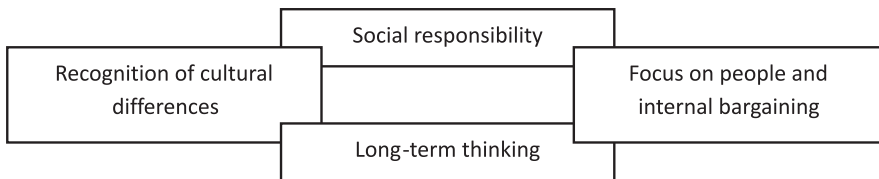


Fig. 1. The key elements of a European style of management

1.1. Recognition of Cultural Differences

Recognition of cultural differences in the European countries' business environment and ability to evaluate and utilize them is most likely the key feature of euro-management differentiating it from Japanese or American management models.

9 Madaringa, S. *Portrait of Europe*. London: Hollis and Carter, 1968, p. 204; Vincall, T. What is European management? How can it be developed? *Personal Management*. 1981, October: 47–56; Blackwell, N.; Bizet, J. P.; Child, P.; Hensley, D. Shaping a pan-European organization. *McKinsley Quarterly*. 1993, 2: 94–111; Calori, R.; de Woot, P. *An European Management Model: Beyond Diversity*. New York – London: Prentice Hall, 1994, p. 287; Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

10 Here the formulation of features of a European style of management is not the merit of the author of this work: the same opinion is maintained by El Kahal, 1998; Welford, Prescott, 1996; Bennet, 1996; Nowakowski, 2008, and other researchers of this area.

The differences between the Japanese, the American and the European approaches to business environment can be expressed by three equalities:¹¹

Japan—environment free of cultural differences;

USA—environment in which cultural differences are leveled;

Europe—environment in which cultural differences exist and are recognized.

The American and the Japanese management models are based on the homogeneity of cultures,¹² and cultural differences are understood as a problem, as something to be overcome. While in Europe, it is a common and recognized matter, therefore, the managers view it as a natural condition of environment to be taken into account in making decisions (Table 1).

Both the Americans and the Japanese are trying to establish organizational cultures specific to their native countries in the branches operating abroad. While the Europeans tend to identify themselves with the local environment, which Bloom et al.¹³ describe by the expression “without imperialism.”

Cultural differences due to their importance are a feature of euro-management which is the focus of attention of numerous researchers. The concept of culture, though, is defined differently by specialists of different areas of science (e.g. sociologists, anthropologists, psychologists, etc.) Researchers in management are trying to reveal the influence of national cultures on the processes within the company as well as on the way the management functions are performed.¹⁴ The diversity of management models across the world and in Europe can be explained by differences existing in national characters.¹⁵

Cultural differences of business environment in the European countries as well as tolerant approach by the Europeans have been formed through decades, and modern integration principles have highlighted advantages of this approach. European economic integration, while eliminating formal, artificially established differences (legal, political, economic, technological, etc.) in the operation conditions of overseas companies, deprived them of the opportunity to make use of the possible competitive advantages in separated markets: differences in resource costs, availability of technologies, advantages provided by legal principles of the companies’ performance, etc. The companies, therefore, were forced to look for possibilities to gain advantage in competitive struggle by enhancing their efficiency. One of such possibilities is the principle of “global thinking, global action,” which means making an effort to exploit the only remaining market differences, i.e. cultural peculiarities in the European countries.

The awareness of these peculiarities and their integration into the operational methods became an important precondition for the companies’ success in the European single

11 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

12 *Ibid.*

13 *Ibid.*

14 Jucevičius, G., *supra* note 8.

15 The way how the differences in decisions made by top managers representing different management models manifest themselves is shown by the above mentioned authors: Jucevicius (2001); Mockaitis, Miskinis (2001); Bennet (1997), etc.

market. A great many of the European enterprises started operation in comparatively small local markets, so, to ensure further development they had to expand abroad. The ability to understand and to recognize national differences resulted in their successful operation.

1.2. Social Responsibility

Social dimensions are and have always been considered an inseparable part of European integration. The provisions of social and other policies of the European Union, Social Charter or the EU Social action program undoubtedly affect the principles of business organization and management. This effect is all the more strengthened by the fact that in order to survive in the socially-oriented EU market, the companies have to change the value system based on the ideology of global competition into one which can be referred to as social responsibility of enterprises.

The enterprise which maintains a positive attitude towards its employees and environment in a broad sense of the word can be regarded as a socially-focused entity.

Table 1. Differences in viewpoints to management in different cultural environments (according to Bloom, et al.¹⁶)

| Viewpoint Feature | American | Japanese | European |
|------------------------------|--|--|--|
| Who is managing? | The team from USA | Japanese + local team | If possible—local team |
| How do they manage? | “We are working this way, and this is the only good way. Take it or leave it.” | “All of the employees must see the advantages of the Japanese model and take it over.” | “We must become a part of the country where the company is operating. No need to change viewpoints or thinking of the people.” |

In other words, socially-focused enterprise must meet the expectations of all interested stakeholders, i.e. individuals, organizations or institutions. It must be stressed that socially responsible enterprises should not be regarded as a purely European “product.” Meeting the expectations of all individuals or institutions interested in the company’s performance is more or less characteristic of the operation of companies’ of other countries (Table 2). It is the priorities that differ. In the USA companies, the decisions are made with greater regard to the shareholders’ (or owners’) expectations (three fourths of decisions are in their favor), while the Japanese companies are entangled in the mesh of relations with government, unions, employees and other stakeholders. In Europe they are trying to hold balance between these two positions.

16 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

Table 2. Management of the company according to how the interest groups' goals are met¹⁷

| Country | Shareholders' (owners') priorities, % | All of the groups' priorities, % |
|---------------|---------------------------------------|----------------------------------|
| Great Britain | 75,5 | 29,5 |
| USA | 75,6 | 24,4 |
| France | 22,0 | 78,0 |
| Germany | 17,3 | 82,7 |
| Japan | 2,9 | 97,1 |

The number of stakeholders in a modern enterprise is rather great, and their expectations are diverse.¹⁸ They show which criteria have to be met to make managerial decisions. In a socially responsible company, the economic categories, such as capital return, value added, pay, accounts, are considered very important, but not the only objectives. No less important are employees' satisfaction and chances for professional development, quality of the product or service, long-term relations with suppliers, community's security, contribution to social development, balanced cooperation with government or maintaining competitiveness of the whole economic group on a world scale.

The leader of the socially responsible company, being aware of the fact that the company does not operate in isolation, makes assessment of not only economic, but, also, social environment in making decisions. Functioning within the framework of a specific social system, the company gains a definite benefit, therefore, must act in regard of the needs of other members of this system. Undoubtedly, both stakeholders and their expectations are variable factors. Some may get weaker with time, others, on the contrary, may strengthen and become of greater importance. Besides, absolutely new expectations related to the products or services launched or with the relations of the company to the environment, e.g. local community, government, etc., might emerge.

Unlike cultural differences, which the top managers are made to consider due to economic (market) forces, social responsibility is such a feature of euro-management which is subject to legal and political factors formed by integration processes. The functioning of the EU single market is based on a multitude of legal acts among which there are quite a few designed for regulating market relations among the companies and the above mentioned interest groups. In other words, social responsibility of the companies and their leaders is reared not only for the sake of harmonizing social systems in West Europe with its favorable cultural and historical conditions, but also due to the regulating effect of legal and administrative acts provided by the procedures and provisions of the EEC treaty.

17 Wawrzyniak, B. *Odnawiane przedsiębiorstwa*. Warszawa: Poltext, 1999, p. 251.

18 Starkus, A. Akcininkų ir įmonės vadovų interesų konfliktas. *Organizacijų vadyba: sisteminiai tyrimai – Management of Organization: Systematic Research*. 2001, 17: 191–203.

It must be emphasized that the European companies pay a price for their social focus. No doubt this price is only to be desired, but in some cases, it means that the companies might not be able to reach their goals, i.e. the planned share of the market, profit, quality of a good or service, etc. On the other hand, the companies willing to operate in the EU internal market have no choice. Social responsibility is not only the result of cultural attitudes of all interest groups; rather, it is imposed by the laws of the EU and its Member states.

1.3. Focus on People and Internal Bargaining

In accordance with strong feeling of reality, willingness to overcome problems and careful optimism, the Europeans highly appreciate the social market economy, and evaluate their subordinates as the most important guarantee of success. The USA business tends to be more interested in quantity, figures and results, while in Europe business seeks to make people the centre of interests and philosophy of management. The USA economic system is highly competitive and this must be the reason why the companies tend to be 'more rigorous' and less interested in private affairs of the employees. The European and American managers look upon their employees very differently, especially in considering the issues of respect or trust. Taking the attitude of the European managers to their employees as a reference, the analogous relations in the USA should be regarded as brutal.¹⁹

The representatives of the main models of management observe different principles of employees' assessment. (Fig. 2.). The Japanese managers make assessment on their own. The American managers consider their wages system the only possible and absolutely just assessment of the employees. In Europe they think that these measures are quite adequate, only they should not be too rigid or formal: managers make assessment of their employees on the basis of constant contacts and dialogue.

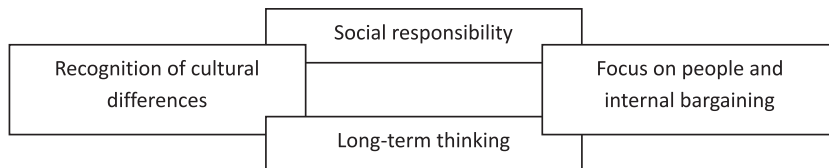


Fig. 2. The employees' assessment principles (according to Bloom, et al.²⁰)

The European enterprises consider that the details of definite tasks to be performed should be discussed with all the employees.²¹ Here the usual relations between the top and bottom and vice versa turn into multilateral bargaining where each party defends

19 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

20 *Ibid.*

21 *Ibid.*

its view until the solution acceptable for all is reached. It is only natural that creating common position is rather a complicated process. In one stage of bargaining the employees' representatives are incorporated, but their role in different European states is different. Jucevičius, Norberg²² distinguish three types of the employee participation, i.e. the employees' council provided by law, board participation of the employees and collective bargaining (defending the rights of the employees through trade unions) as well as three levels of employee involvement, i.e. information, consultation and co-determination.

In analyzing the reasons for the workers' participation in the company's management as the feature typical to euro-management, some conflict may arise in the very idea of common decision-making. On the one hand, the necessity to discuss managerial decisions in Europe is caused by caution and realism characteristic of the Europeans: since for some it is difficult to accept the decision already taken without being absolutely convinced of its righteousness, the employee involvement in the management process is most probably the only reasonable solution of the problem.

It is noticed that directions "from above" in Europe are not understood properly, if the employees were not informed about the goals of the planned actions earlier. In the USA, where the relations between management and employees are based on pay agreement and working conditions, each decision made by the manager is accepted unconditionally and effectively. While in Europe only 50% of the employees would behave adequately, 25% would act in a similar way and the remaining 25% would not do what was meant by the manager.²³ It is for this reason that the European companies are seeking to "transform" the goals of the company into the tasks for the individual workers, so that they can become aware of their own role in the ongoing processes.

On the other hand, the efforts to regulate employees' participation in managing the company on a legal basis across the European Union failed to produce satisfactory results. This is proved by the above mentioned variety of levels and types of this participation. Ironically, the reason of this situation is the recognition and tolerance of cultural differences in the European states.²⁴ In other words, the synergy of historical and cultural heritage and integration processes as the cause of the appearance of the European model of management does not manifest itself.

In spite of the unfavorable situation, harmonization of the legal basis for the employee participation is in process in the EU, because the present differences in legal acts of different countries are a great barrier for free movement of capital and workforce. The European Company Law passed in 2001 can be regarded as a partial solution of the problem.

22 Jucevičius, G.; Norberg, C. The tensions of European integration – employee participation dilemma. *Socialiniai mokslai – Social Sciences*. 1999, 2(19): 52–61.

23 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

24 Jucevičius, G.; Norberg, C., *op. cit.*; Juhowicz, M. *Standardy Europejskie w zarządzaniu zasobami ludzkimi*. Warszawa: Poltext, 2004, p. 212.

1.4. Long-Term Thinking

This feature of thinking is the effect of the first three features: if the manager tunes the operation of the company to the cultural background of the country where the company is based, meets the expectations of all social partners and receives support within the company, it means that he aims not a short-term success, but, rather, a stable functioning in the future. Long-term thinking typical to the Europeans is more linked to the decision making than to time, because, in organizing the performance of the company they must consider the interests of all interest groups and their response to specific problems.

Long-term thinking mostly manifests itself in creating strategies of the companies, i.e. perspective plans of operation. Socially -focused internal market in the EU requires a slightly different strategy than that applied in the USA or Japan.²⁵ All of the three strategies are compared in Table 3.

According to Bloom et al.²⁶ the strategies of the USA companies look like a combination of long and short-term actions. The American managers while evaluating the best place and time for making investment are motivated to ensure the shareholders' fast and stable growth of capital, which to a great degree constrains their actions of a short-term perspective. In Japan such constraint is rather unlikely, because their companies while making use of rather cheap capital tend to focus on the growth of the market share, therefore, their strategies usually cover a considerably long term and provide the possibility of flexible response to the current changes. In Europe the companies' strategies are developed with regard to the strength of market regulation, social responsibility and commitment of the employees. There exists an assumption that this strategy will ensure the acknowledgement of the company in the community, internal consensus and, at the same time, short or long-term perspective of financial stability.

It has to be admitted that the historical and cultural heritage in Europe is not favorable to the feature of management under discussion, because long-term orientation is not characteristic of the Europeans.²⁷ Integration processes, however, made a considerable influence on long-term thinking of Europeans leading to its rise. The success of the European strategy highly depends on development, stability and integrity of business conditions within the socially-focused internal EU market. The European economic integration, one of the goals of which is economic and social stabilization of the European countries, creates conditions for predicting long-term factors of economic, legal and social development of business environment.

25 Cullen, J. B. *International Business Strategy*. London: Routledge, 2010, p. 500; Sitkin, A. *International Business: Challenges and Choices*. Oxford: Oxford University Press, 2010, p. 426; Verbeke, A. *International Business Strategy: Rethinking the Foundations of Global Corporate Success*. New York: Cambridge University Press, 2009, p. 481.

26 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

27 Hofstede, G., *supra* note 2.

Table 3. Comparison of strategies (according to Bloom, et al.²⁸)

| Management model Feature | American | Japanese | European |
|---|--|--|---|
| Focus | On financial indexes and capital return | On market share growth | On balancing financial indexes with social acknowledgement and internal consensus |
| Character of strategy | Strategy involving long and short-term actions and based on comprehensive analysis of the environment and the company's capabilities | Long-term strategy with no constraints on short-term actions and based on rather low capital cost. | Strategy based on strong regulation of the market, social responsibility and employees' commitment which guarantees both long and short-term perspective success. |

2. Understanding of Features of a European Style of Management as Manager's Competence

Like any phenomenon, a European style of management has the reasons of its origin. Their entirety is best defined by Cameron and Neal²⁹ idea that the development of European economy has always been characteristic of features with no equivalent in any of the world's region. In this paper we will distinguish two principal groups of reasons:

1. Similarity of cultural and social development of the European countries. It has been noticed that in all times, irrespective of intensive economic and political cooperation within Europe, most significant changes in Europe were not limited to solely one country. This brought about quite a lot of features common to all European countries and comprising a specific heritage due to which the paradigm of European management, i.e. the entirety of assumptions as the basis for the analysis of this phenomenon was formed:³⁰

- Optimism based on a nearly cynically realistic approach to environment;
- An individual is in the centre of life, actions and, consequently, management;
- An individual is imperfect; everyone can and must study to improve;
- An enterprise is a part of the community, a social institution;

28 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

29 Cameron, R.; Neal, L. *Historia gospodarcza swiata*. Warszawa: Ksiazka i Wiedza, 2004, p. 488.

30 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

- Profit is very important, but not the only goal of a business;
- No one is a leader or a hero in the enterprise; all the members are equal; the basis of business is humanism and universalism;
- The priority of cooperation against competition; necessity to regulate relations with all the interest groups.

2. Economic integration. This phenomenon identified as a convergence of different economies very actively forms all environment of business for European enterprises. Firstly, the principles of free movement of labor, services and capital make any enterprise “international” i.e. operating not in the national, but in the common EU market consisting of markets of different countries. Secondly, constantly growing competition leads to the enhancement of the efficiency of performance by means of measures created by the principles of EU single market, or even by cooperating, where possible, with competitors in the framework of different European networks, projects and organizations. Thirdly, in order to maintain competitiveness of all economic groups in the world markets, the European companies must operate in compliance with the European Union common policy (competition, production, trade, etc.). Fourthly, the operation of the European enterprises in the socially-focused European market is regulated by plenty of legal acts and regulations to protect the population from the negative effects of the company’s operation, i.e. unfair competition, low quality, or even hazardous, products, pollution, etc.

It must be stressed that even though both groups of reasons emerged at a different time, their common features are obvious. Without the relevant historical and cultural heritage the fifty-year old integration processes would be impossible. On the other hand, these processes reveal and enable us to make use of what the European countries have accumulated through centuries of communication.

It is common knowledge that at such circumstances, the best results in management can be expected only in applying a particularly adequate, i.e. a European style of management, however, this was understood but only recently. It may be because of this that the comparatively new concept of a European style of management, still in a stage of formation, has a rather controversial evaluation. In the second half of the 19th century due to understandable reasons the world was dominated by the American and Japanese styles of management.³¹ They were universally accepted as exemplary, and their influence was so great that the European managers viewed themselves and their responsibilities through the eyes of the Japanese or Americans. This way they often were caught by their own traps in thinking that they were of worse value because of inability to reach efficiency equal to the one reached by the Americans or the Japanese. Such attitudes were also supported by overseas countries. Richard D. Robinson in his book “International Management” suggested in 1967 that “Europe needs a great many of American managers to supervise managers descending from different European cultures” (cited from Nowakowski³²).

31 Bloom, H.; Colori, R.; de Woot, P., *supra* note 5.

32 Nowakowski, M. K., *supra* note 1, p. 188.

Only in 1990 the hypothesis was raised that Europe as the country with the greatest human potential in the Triad and due to this potential as well as to naturally formed diversity is capable of highlighting the managerial paradigm. European diversity, the pursuit of homogeneity of the European values and globalization³³ are considered the origin of this paradigm. Irrespective of the works by the pioneers of euro-management as well as of different publications promoting this concept, the attitude commonly expressed by the representatives of management science is rather skeptical. Practically, manifestations of the elements of the euro-management style (e.g. social responsibility, awareness of multiculturalism of business environment and specific behavior in this environment, focus on minimization of formal structures, etc.) are rather frequent. Most often this is the effect of market forces (e.g. efforts to improve the image and ensure the consumers' commitment, the actions demonstrating social responsibility), or they appear as positive practical examples to be followed. The conscious systematic application of these elements, however, could help the managers to better understand the processes in the European business environment, to adapt and even make use of them to their own advantage. The study carried out in Poland showed that this is the approach maintained by more than half of middle-size companies' managers.³⁴

Then the question of why the style of euro-management fails to attract the attention of representatives of management science and practice arises. One of the possible reasons is theoretical explanations on how the elements of this style enhance the company's management efficiency, relating these explanations with the universally accepted theories and conceptions of management science. In other words, enabling of a European management style is not adequate. This shortcoming can be at least partially eliminated by viewing the features of a European style of management as the managers' mandatory competencies which could act as leverage in exploiting the companies' resources and external opportunities. This paper uses fairly well developed approaches which produce good practical results and are based on resources and competencies, as well as the conception of core competences, which are a key to elucidate activation of the elements of European style of management in directing the company's operation.

One of the main statements of these theories is that the resources themselves do not guarantee any advantage either in the present or, all the more, in the future. This fact was noticed at the first stage of development of the resources-based approach.³⁵ Back then it was emphasized that it is in the market that the utilization of resources prove their worth.³⁶ Therefore, the role of management has been stressed in transforming the resources into the benefit in the market.³⁷

33 Thurow, L. *Head to Head*. New York: Morrow, 1992, p. 384.

34 Struzycki, M. Struktura wyrozników europejskich w zarządzaniu małymi i średnimi przedsiębiorstwami. In: Struzycki, M. (ed.) *Zarządzanie małym i średnim przedsiębiorstwem*. Warszawa: Difin, 2002, p. 47–76.

35 Fahy, J. The resource-based view of the firm: same stumbling – blocks on the road to understanding sustainable competitive advantage. *Journal of European Industrial Training*. 2000, 24(2/3/4): 94–104.

36 Kay, J. *Podstawy sukcesu firmy*. Warszawa: PWE, 1996, p. 315.

37 Castanias, R. P.; Helfat, C. E. Managerial resources and rents. *Journal of Management*. 1991, 17: 155–171; Castanias, R. P. The managerial rents model: theory and empirical analysis. *Journal of Management*. 2001, 27(6): 661–678; Choi, Y. R.; Stepher, D. A. Entrepreneurs Decision to Exploit Opportunities. *Journal of*

R. Sanchez,³⁸ alongside with other resources of all types, considers properly administered processes of management as a prerequisite of the company's competitiveness. During the management process both material or immaterial resources in the company are identified, acquired or created, allocated, coordinated, supervised, exploited and, if necessary, modified. The mentioned author also emphasizes the importance of management processes in creating the company's state which expresses competitive advantage as the ability to compete in the future. "In a dynamic environment the company's internal analysis must cover its management processes stipulating the resources of the future. The very understanding how the resources are to be selected, developed and exploited in the management process, is the central problem of the competence-based approach in strategic management."³⁹ In this approach the competences are given the role of a substance enabling mobilization of resources in pursuing the goal. Bratnicki⁴⁰ defines competences as 'willingness of the company to realize something of value as provided within the framework of strategic activity. The company has competences in some areas when beside resources it manages relevant capabilities and processes and has the attitude (willingness for action), the right relation with environment (ability to take action), knowledge (ability to perform actions), and values (responsibility to act). The carriers of the company's attitudes, relations with the environment, knowledge and values are people. The four mentioned dimensions must be supplemented by the fifth which combines the conflicts of strategic management. The competences understood this way are complementary with respect to resources and only together they can (and must) embody the company's advantage."

Winterton, Delamare-Le Deist and Stringfellow⁴¹ use the term "action competence" to define management competences and include such elements as intellectual capacities, specific knowledge, cognitive skills, strategies of specific areas, routines and subroutines, motivation tendencies, control systems, individual values and social behavior. The

Management. 2004, 30(3): 377–395; Collis, D. J.; Montgomery, C. A. Competing on resources: strategy in the 1990s. *Harvard Business Review*. 1995, 73: 118–128; Hunt, S. D.; Morgan, R. M. The resources advantage theory of competition: dynamics, path dependences, and evolutionary dimension. *Journal of Marketing*. 1996, 60: 107–114; Whittington, R. The work of strategizing and organizing: for a practice perspective. *Strategic Organization*. 2003, 1(1): 117–125; Williams, J. R. How sustainable is your competitive advantage? *California Management review*. 1992, 34: 29–51; Kučinskienė, M.; Jatuliavičienė, G. Konkurencinio pranašumo siekis atviroje rinkoje: globalizacijos kontekstas. *Business development possibilities in the new European area: scientific proceedings*, 31-22 September, 2006. Part 1. Vilnius, 2006, p. 251–260; Mahoney, J. T.; McCahan, A. M. The field of strategic management within the evolving science of strategic organization. *Strategic organization*. 2007, 5(1): 79–99; Carter, C.; Clegg, S. R.; Kornberg, M. Strategy as practice? *Strategic Organization*. 2008, 6(1): 83–99.

38 Sanchez, R. Analyzing internal and competitor competences: resources, capabilities and management processes. In: Foulkner, D. (ed.) *The Handbook of Strategy*. Oxford: Oxford University Press, 2002, p. 344–371.

39 *Ibid.*, p. 359.

40 Bratnicki, M. *Kompetencja przedsiębiorstwa: od określenia kompetencji do zbudowania strategii*. Warszawa: Agencja Wydawnictwa Placet, 2000.

41 Winterton, J.; Delamare-Le Deist, F.; Stingfellow, E. *Typology of knowledge, skills and competencies. Clarification of the concept and prototype*. Luxembourg: Office of Official Publications of European Communities, 2006, p. 231.

authors view organization's competences as the system of the mentioned and other elements necessary to perform specific functions.

Speaking about competence-based competition it is necessary to mention the American researchers C.K. Prahalad and G. Hamel⁴² who developed a well-known and widely cited approach to the origin of competitive advantage referred to as the conception of core competences. The authors considered core competences as the capability of the company to collectively learn and accumulate knowledge in different areas of coordination and integration of different types of activities⁴³. They stress that core competences appear as the effect of integration of different skills. They are not individual abilities or experiences, but "...the sum of the effects of the learning process going on outside the limits of the individual's and the organizational units' abilities."⁴⁴ Though there are attempts to control this process, this is an uphill task as it does not conform to a simple formalized and/or algorithmic modeling. This can be explained by the uncertainty of the sources of core competences.

Sanchez⁴⁵ has presented a comprehensive explanation how and in what way competences perform the role of the "joining substance" of the company's resources and processes and provide the possibility to accumulate, activate and coordinate them. Regarding a company as a system, he distinguishes competences of five types which provide the following:

Level 1: to develop alternatives of the company's strategic logic which describe noticeable possibilities to create value;

Level 2: to determine the alternative management processes which describe the attitude to the management of value creation process;

Level 3: to determine the sequence of resources configuration and utilization;

Level 4: to determine what resources and in which processes they have to be used;

Level 5: to determine skills and abilities necessary to manage production processes leading to the production of goods or services.

On the basis of the presented classification the author defines competences as 'ability to sustain coordinated mobilization of valuable resources in pursuit of the company's goals'.

Conclusions

1. As the authors of the conception of core competences maintain, in case there are inadequacies between the company's goals and instruments at its disposal to reach these

42 Hamel, G.; Prahalad, C. K. The Core Competence of the Corporation. *Harvard Business Review*. 1990, 68(3): 79–92.

43 *Ibid.*, p. 81.

44 Hamel, G.; Prahalad, C. K. *Przewaga konkurencyjna jutro*. Warszawa: Business Press, 1999, p. 170.

45 Sanchez, R. Understanding competence-based management: identifying and managing five modes of competences. *Journal of Business Research*. 2004, 57: 518–532.

goals, there occurs a “dynamic tension.”⁴⁶ Presently, a lot of Lithuanian enterprises are in the state of such tension as a result of “brain drain”; they are losing their consumers and do not see the way for improvement. Considering their aim to successfully operate in the market (which is absolutely logical) for at least some time, it becomes obvious that they do not possess such instruments, as social trust (caused by social responsibility), employees’ commitment (which depends on the employer’s attitude to the employee as a human) or long-term strategy (for the most part based on the first two elements).

2. Practically, making managerial decisions based exceptionally on market categories (as in an American style of management) fails to produce positive results, while considering a European management style features as managerial competences essential for the present conditions, it is possible to ensure the following:

- a) pragmatism based on empiricism and individualism and thinking in the categories of competitiveness;
- b) rationalism related to depersonalization of management and greater weight given to structures;
- c) holism viewing the enterprise as a constituent part of a bigger system (i.e. economy of the country or region and the community);
- d) humanism focused on the role of a human in business and non-economic motifs of activity.

This is how the features a European style of management become a leverage which can help the managers of the companies to alleviate the state referred to as ‘dynamic tension’ in the core competences conception.

3. The process of crystallization of the European style of management is going on in the area in which common business culture is being formed. The success of this process is also of importance for the process of development of global business; irrespective of the conception of global business’ transcontinental nature, it will keep to be related to the geographical, political or cultural diversity. Together with the European style of management, the features of future management are also in a development stage.⁴⁷

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46 Hamel, G.; Prahalad, C. K., *supra* note 43, p. 132–147.

47 Nowakowski, M. K., *supra* note 1, p. 188.

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EUROPIETIŠKOJO VADYBOS STILIAUS BRUOŽAI KAIP ESMINĖS ĮMONIŲ VADOVŲ KOMPETENCIJOS

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Santrauka. Straipsnyje europietiškojo stiliaus bruožai yra atskleidžiami kaip tam tikras tarptautinių įmonių vadovų kompetencijos, leidžiančios jiems geriau suvokti šiuolaikinėje Europos verslo aplinkoje vykstančius procesus ir išnaudoti juos įgyjant konkurencinį pranašumą. Tokio požiūrio prielaida yra Europoje istoriškai susiklostę žmonių bendravimo ypatumai, pastarųjų dešimtmečių socialinės permainos, taip pat integraciniai procesai, išryškinantys ir sustiprinantys kitus mūsų žemyno ekonomikos ir visuomenės raidos aspektus. Straipsnį sudaro įvadas, dvi dalys ir apibendrinimas. Pirmoje dalyje yra aptariami europietiškojo vadybos stiliaus bruožai, išskirti šį klausimą nagrinėjusių mokslininkų, bei nurodomi pagrindiniai tarptautinio verslo vykdymo aspektai, kuriuose šie bruožai pasireiškia. Antroje dalyje, remiantis ištekliais grįsto požiūrio ir esminių kompetencijų koncepcijos teiginiais, yra pagrindžiamos europietiškojo vadybos stiliaus bruožai kaip tarptautinių įmonių vadovų kompetencijų suvokimas.

Kaip teigia esminių kompetencijų koncepcijos autoriai, esant bet kokių neatitikimų tarp įmonės tikslų ir disponuojamų instrumentų šiems tikslams pasiekti, atsiranda „dinaminė įtampa“. Kaip tik tokios būsenos šiuo metu yra daugelis Lietuvos įmonių, kurios praranda kvalifikuotą darbo jėgą, vietinius vartotojus ir nemato būdų esamai situacijai pakeisti. Jei jų tikslu laikysime (tai atrodo visai logiška) siekimą bent kiek ilgiau sėkmingai veikti rinkoje, tampa akivaizdu, kad šiam tikslui siekti jos neturi tokių instrumentų kaip visuomenės pasitikėjimas (suponuojamas socialinės atsakomybės), darbuotojų lojalumas (kuris priklauso nuo darbdavio / vadovo požiūrio į darbuotoją kaip į žmogų) ar ilgalaikė strategija (didele dalimi grindžiama pirmaisiais dviem elementais).

Kaip rodo praktika, vadybinių sprendimų priėmimas vadovaujantis vien rinkos kategorijomis (kuriomis grįstas amerikietiškas vadybos stilius), tokioje situacijoje laukiamų rezultatų neduoda. Tuo tarpu, laikant europietiškojo vadybos stiliaus elementus vadybinėmis kompetencijomis, esminėmis dabartinėmis sąlygomis, galima užtikrinti sprendimų:

- pragmatiškumą, paremtą empirizmu, individualizmu ir mąstymu konkurencingumo kategorijomis;

- *racionalumą, susijusį su vadybos depersonalizacija ir didesnio svorio suteikimu struktūroms;*
- *holistiškumą, akcentuojantį įmonės, kaip didesnės sistemos (šalies ar regiono ekonomikos ir visuomenės) sudėtinės dalies matymą;*
- *humaniškumą, pabrėžiantį žmogaus vaidmenį versle ir neekonominius veiklos motyvus.*

Taip europietiškojo vadybos stiliaus elementai tampa svertu, kuris gali padėti įmonių vadovams sušvelninti būseną, esminių kompetencijų koncepcijoje vadinamą „dinamine įtampa“.

Europietiškojo vadybos stiliaus kristalizavimosi procesas vyksta erdvėje, kurioje formuojasi vieninga verslo kultūra. Šio proceso sėkmė taip pat turi reikšmės ir globalaus verslo plėtrai: nepriklausomai nuo globalaus verslo transkontinentalumo koncepcijos, jis vis tiek išliks susijęs su geografine, politine ar kultūrine įvairove. Galbūt kartu su europietišku vadybos stiliumi kristalizuojasi ir ateities vadybos užuomazgos.

Reikšminiai žodžiai: *europietiškas vadybos stilius, kompetencijos, išteklių panaudojimas, svertas.*

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